INTESA SANPAOLO

Annual Report 2024

Consolidated Financial Statements

Parent Company's Draft Financial Statements

This document is an additional version of the official version compliant with Delegated Regulation (EU) 2019/815 of the European Commission (ESEF Regulation – European Single Electronic Format) published on the website at group.intesasanpaolo.com.

This is an English translation of the original Italian document "Bilanci 2024". In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails. The Italian original is available on group.intesasanpaolo.com.

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

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

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

Ordinary Shareholders' Meeting of 29 April 2025

Report and consolidated financial statements of the Intesa Sanpaolo Group 2024

Report and Parent Company's financial statements 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

Contents

The Intesa Sanpaolo Group

The Intesa Sanpaolo Group: presence in Italy

Banks

INTESA SANPAOLO

FIDEURAM INTESA SANPAOLO PRIVATE BANKING

isybank

	Branches
NORTH WEST	944
NORTH EAST	616
CENTRE	639
SOUTH	567
ISLANDS	205

Figures as at 31 December 2024

Product Companies[1]

FIDEURAM VITA · INTESA SANPAOLO ASSICURAZIONI · INTESA SANPAOLO INSURANCE AGENCY · INTESA SANPAOLO PROTEZIONE · InSalute SERVIZI

Bancassurance and Pension Funds

PRESTITALIA

Consumer Credit[2]

EURIZON ASSET MANAGEMENT

Asset Management

SIREF FIDUCIARIA

Fiduciary Services

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

The Intesa Sanpaolo Group: international presence

Banks, Branches and Representative Offices

INTESA SANPAOLO

ALEXBANK بنك الإسكندرية
BANCA INTESA
BANCA INTESA Beograd
CIB BANK
EXIMBANK
FIRSTBANK
INTESA SANPAOLO BANK Albania
INTESA SANPAOLO BANK LUXEMBOURG
INTESA SANPAOLO BANK Romania
INTESA SANPAOLO BANK Slovenia
INTESA SANPAOLO BANKA Bosna i Hercegovina
INTESA SANPAOLO BANK IRELAND
INTESA SANPAOLO BRASIL SA
INTESA SANPAOLO WEALTH MANAGEMENT Luxembourg
PRAVEX BANK
PRIVREDNA BANKA ZAGREB
REYL INTESA SANPAOLO
VÚB BANKA

AMERICA

Direct Branches	Representative Offices
New York	Washington D.C.

Country	Subsidiaries	Branches
Brazil	Intesa Sanpaolo Brasil	1

AUSTRALIA/OCEANIA

Direct Branches
Sydney

ASIA

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

EUROPE

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

Country	Subsidiaries	Branches
Albania	Intesa Sanpaolo Bank Albania	35
Belgium	Intesa Sanpaolo Wealth Management	2
Bosnia and Herzegovina	Intesa Sanpaolo Banka Bosna i Hercegovina	43
Croatia	Privredna Banka Zagreb	138
Czech Republic	VUB Banka	1
Hungary	CIB Bank	59
Ireland	Intesa Sanpaolo Bank Ireland	1
Luxembourg	Intesa Sanpaolo Wealth Management	1
	Intesa Sanpaolo Bank Luxembourg	1
Moldova	Eximbank	17
Romania	Intesa Sanpaolo Bank Romania	34
	First Bank	40
Russian Federation	Banca Intesa	22
Serbia	Banca Intesa Beograd	134
Slovakia	VUB Banka	153
Slovenia	Intesa Sanpaolo Bank	40
Switzerland	Reyl Intesa Sanpaolo	3
Ukraine	Pravex Bank	39

AFRICA

Representative Offices	Country	Subsidiaries	Branches
Cairo	Egypt	Bank of Alexandria	174

Figures as at 31 December 2024
** European Regulatory & Public Affairs*

Product Companies

EURIZON ASSET MANAGEMENT
FIDEURAM ASSET MANAGEMENT IRELAND
INTESA INVEST Beograd
INTESA SANPAOLO ASSICURAZIONI
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

Letter from the Chair

Distinguished Shareholders,

The year just ended was particularly challenging and marked by events, some expected and some unforeseen, that had a significant impact on the economic landscape and will continue to shape its evolution in the years to come.

In 2024, the inflation pressures from earlier periods subsided. Global economic growth showed signs of stability, but with indications of a slowdown emerging in Europe and weaker performance for the manufacturing industry than originally forecast.

On the geopolitical front, instability factors have led to abrupt changes, and their future development remains uncertain. These include the effects of the results of the US elections on the international order, political instability in several key European Union countries, escalation of the conflict in the Middle East and the risk of its spread, the downfall of the Assad regime in Syria, and the mounting concerns stemming from the war in Ukraine, all contributing to a climate of widespread uncertainty. Vulnerabilities emerged in the Western economies, together with potential instability of international relations, which is making them more fragile and volatile in the face of changes in the global landscape.

In a challenging and rapidly shifting global economic scenario, the Italian economy showed considerable resilience and stability, partly due to the execution of the projects envisaged by the National Recovery and Resilience Plan (NRRP).

In the period from 2010 to 2019, Italy’s GDP grew less than the Eurozone average. However, post-Covid, from 2021 to 2024, Italy’s cumulative growth was higher than the European average and that of Germany.

A moderate acceleration in GDP is forecast for 2025, with growth slightly outpacing the previous year, supported by increased consumption. Nevertheless, it is shaping up to be a challenging year, due to the numerous threats that could erode the certainties built over decades of globalisation and cooperation. The shift in international geopolitical balances, coupled with potential trade war escalations between the major economic blocs, could have adverse impacts on economic growth and inflation, with potentially harmful effects on the most vulnerable sections of society and the transition to a sustainable economy.

The shifting landscape, the increase in associated risks, the weakness of European industry, and the accumulated delays in the technology sector are critical challenges for the European Union and for the revival of its role on the international stage. Only a political and economic strengthening of the Union will allow it to speak with one voice at international forums, secure the same opportunities as other global players, and stimulate the public and private investments necessary for the modernisation of energy, transport, and telecommunications infrastructures. Only then will it be able to face new challenges, not just as a bystander, but as a leading actor.

In an era of growing uncertainty and fast-paced technological change, it is crucial to develop players in the banking sector capable of competing, not only with the US and Chinese credit giants, but also with international digital challengers such as big tech firms, fintechs, and native digital banks.

In 2024, Intesa Sanpaolo strengthened its competitive position by pursuing an internal growth strategy, achieving – and in several cases exceeding – the targets set in the 2022-2025 Business Plan. Intesa Sanpaolo’s process of transformation into an efficient and modern bank with a low-risk profile and a strong commitment to environmental and social issues has enabled us to achieve excellent results, including becoming the largest bank in the Eurozone by market capitalisation by the end of 2024, exceeding the 69 billion euro mark.

Technology investments enabled the strengthening of the digital bank Isybank and the implementation of the Group’s digital transformation, effectively integrating cloud technology into the Bank’s business model. The use of technology improved the customer offering through omnichannel services, sustained profitability, and enhanced efficiency, delivering significant savings that will continue in the coming years.

The Group’s strong earnings allowed it to provide substantial resources to the most vulnerable sectors of society and to combat poverty through various Group functions and projects, such as Allowance for Charitable, the Social and Cultural Contributions, which donated 22.9 million euro in 2024, and the “Programme to Combat Inequalities”, which will reach 1.5 billion euro by 2027.

In the year just ended, Intesa Sanpaolo strengthened its Wealth Management, Protection & Advisory business model by bringing the product factories under a single governance. In particular, the Group’s commitment to protecting vulnerable groups such as youth, families, and the elderly, was reaffirmed with the restructuring of the insurance segment, which led to the creation of Intesa Sanpaolo Protezione, a company operating in the non-life and health insurance sector, committed to promoting insurance awareness and understanding in our communities, which are increasingly affected by natural disasters.

In practical terms, Intesa Sanpaolo provided a real contribution to society in the areas of social inclusion, environmental awareness, and cultural enrichment through its eponymously-named project, in addition to promoting quality education and spreading financial literacy, also through the Museo del Risparmio (Museum of Saving), which reached over 100,000 users in 2024.

The excellent results achieved so far have been possible thanks to the dedication and professionalism of Intesa Sanpaolo's people and calm and constructive dialogue with the unions on key issues such as training, professional growth, and generational change. The well-being of our people is a key element of our Business Plan and is evidenced by the careful monitoring of the commitments made, particularly in terms of equity and inclusion. In terms of gender equity, several initiatives have ensured an equal presence of men and women in new senior leadership appointments. Thanks to these initiatives and the positive atmosphere within our company, the internal satisfaction index has reached its highest level in the past ten years. The Bank has received significant accolades, including being named Top Employer 2025 in Europe and Italy, the leading bank for diversity and inclusion in the 2024 FTSE Diversity and Inclusion Index – Top 100, and the best company in Italy for career development and professional growth, according to the LinkedIn Top Companies 2024 ranking.

Our commitment to ESG, also demonstrated by the establishment of a dedicated governance area, is recognised at international level. Intesa Sanpaolo ranks among the top 100 most sustainable companies – the only bank in Italy, the first in Europe, and the second in the world – in the Corporate Knights ranking of the 100 best listed companies, and for the fourteenth year running it is the only Italian bank in the Dow Jones World and Europe Sustainability Indices (recently renamed Dow Jones Best-in-Class World and Europe Indices). The Bank's commitment is also reaffirmed through support for the energy and digital transition of companies, with initiatives complementary to government-provided funds, such as the introduction of the "Your Future is Our Business" programme, which makes 120 billion euro available until 2026.

For the first time, the 2024 Annual Report includes the Consolidated Sustainability Statement, marking a milestone in Intesa Sanpaolo's history, as it evidences the Bank's commitments to truly embedding the green and digital transition into the Group's strategies. It also underscores the close connection between the Bank's excellent financial and operating results and the well-being of its people, customers, and the local communities and areas it serves.

Intesa Sanpaolo will address the challenges of 2025 from a position of strength and leadership, aware of its responsibilities as the Nation's leading bank. Chief among these is the protection of household savings and support for businesses in both domestic and international markets.

Accordingly, the Bank will continue to operate prudently, by managing emerging risks, focusing on credit quality, and maintaining high capital ratios and a strong liquidity position.

For 2024, in consideration of a Group consolidated net income of 8,666 million euro and a Parent Company net income of around 5,604 million euro, a proposal is being made to the Ordinary Shareholders' Meeting to distribute cash dividends for a total of 6,067 million euro, which, taking into account the interim dividend of over 3,022 million euro paid last November, corresponding to a unit dividend of 17 euro cents, results in a proposal to distribute a remaining dividend of over 3,044 million euro, corresponding to a unit dividend of 17.1 euro cents. The total proposed dividend per share for 2024 is therefore 34.1 euro cents.

In addition, a buy-back of own shares for annulment is being proposed for 2 billion euro, already authorised by the ECB, to be launched in June 2025, subject to approval from the Shareholders' Meeting, as a result of which shareholders, without having to make any additional investment, will see their share of Intesa Sanpaolo's total dividends increase.

Gian Maria Gros-Pietro

Intesa Sanpaolo Group Report on operations and consolidated financial statements

Introduction

As set forth by Legislative Decree 38 of 28 February 2005, the Intesa Sanpaolo Group's consolidated financial statements have been prepared in compliance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Standards - Interpretations Committee (IFRS-IC), endorsed by the European Commission, as provided for by EC Regulation 1606 of 19 July 2002.
The consolidated financial statements as at 31 December 2024 have been prepared based on the "Instructions for the preparation of the separate and consolidated financial statements of banks and financial companies, which are parent companies of banking groups" published by the Bank of Italy, in the exercise of powers set forth by Article 43 of Legislative Decree 136/2015, with Regulation of 22 December 2005 issuing Circular 262/2005 as amended. These Instructions set out compulsory financial statement formats and the related methods of compilation, as well as the content of the Notes to the consolidated financial statements.
In particular, these 2024 consolidated financial statements have been prepared according to the formats and the compilation rules contained in the 8th update of 17 November 2022, which amended Circular 262 to take account of the new IFRS 17 Insurance Contracts, which entered into force on 1 January 2023 and was applied for the first time from the financial statements as at 31 December 2023. For the preparation of the 2024 consolidated financial statements, the provisions introduced by IVASS Order no. 152 of 26 November 2024 regarding insurance contracts also applied. Indeed, IVASS provisions are directly applicable pursuant to Bank of Italy Circular 262/2005 for aspects related to insurance contracts pertaining to consolidated insurance companies.

The consolidated financial statements are made up of the Balance sheet, the Income statement, the Statement of comprehensive income, the Changes in shareholders' equity, the Statement of cash flows, the Notes to the consolidated financial statements and the related comparative information. They are accompanied by the Directors' Report on operations, both at overall level and within the various sectors in which the Group operates, on the economic results achieved and on the Group's balance sheet and financial position.
The Report on operations contains financial information taken from or attributable to the consolidated financial statements, as well as other information – for example, figures on quarterly trends, and certain Alternative Performance Measures – not directly attributable to the consolidated financial statements. See the chapter "Alternative Performance Measures" of the Report for the definition of these measures and their calculation methods, confirming that, with specific regard to the military conflict between Russia and Ukraine, in line with the ESMA guidance, no new measures have been added, nor have any changes been made to the measures used.
In view of the ongoing Russian-Ukrainian military conflict, these consolidated financial statements include a disclosure that restates and updates the information previously provided during the year. In particular, the introductory chapter of the Report on operations contains a specific paragraph outlining the risk management actions along with the Intesa Sanpaolo Group's approach regarding the main related accounting aspects. These are further discussed in the Notes to the consolidated financial statements, Part E, credit risk, where details are provided of the existing exposures and the valuation choices adopted.

In support of the comments on results for the year, the Report on operations also provides a reclassified Income Statement and Balance Sheet.
In the reclassified statements, the figures are normally restated, where necessary and if they are material, to enable a like-for-like comparison. In particular, the amounts are provided as consistently as possible with reference to the different periods covered, above all in relation to intervening changes in the scope of consolidation. This uniformity is achieved through "restated" figures, which include/exclude the values of the companies that entered or left the scope of consolidation.
Breakdowns of the restatements made and the reclassifications with respect to the format provided in Bank of Italy Circular 262 are presented in separate tables published in the attachments, as also required by Consob in its Communication 6064293 of 28 July 2006.

In accordance with Legislative Decree 125 of 6 September 2024, which implemented the Directive 2022/2464/EU on corporate sustainability reporting in Italy, starting from the financial year beginning on 1 January 2024, Intesa Sanpaolo is required to prepare the "Consolidated Sustainability Statement" as it is a public-interest entity and the parent company of a large group with an average number of employees during the financial year exceeding five hundred. In accordance with this regulation, the reporting has been included in a specific section of the Report on operations of the consolidated financial statements and contains information necessary to understand the company's impact on sustainability matters and how sustainability matters affect the company's development, performance and position.

The information regarding the Corporate governance and ownership structures required by Article 123-bis of the Consolidated Law on Finance is included, as permitted, in a separate report approved by the Board of Directors and published together with these Financial Statements, available at the Governance/Company Documents section of Intesa Sanpaolo Group's website, at group.intesasanpaolo.com. A summary of this information is also provided in the Report on operations, in the chapter "Corporate Governance and remuneration policies".

The Report on remuneration policy and compensation paid, required by Article 123-ter of the Consolidated Law on Finance, and the Basel 3 Pillar 3 Disclosure are also published and made available on the website, based on their respective approval processes.

Report on operations

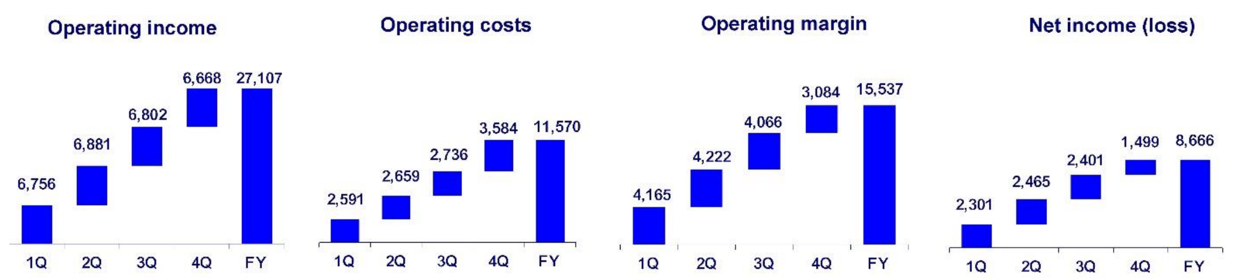
Overview of 2024

Income statement figures and Alternative Performance Measures(°)

Consolidated income statement figures (millions of euro)			Changes amount	%
Net interest income	15,718	14,700	1,018	6.9
Net fee and commission income	9,386	8,576	810	9.4
Income from insurance business	1,735	1,666	69	4.1
Profits (Losses) on financial assets and liabilities at fair value	256	306	-50	-16.3
Operating income	27,107	25,227	1,880	7.5
Operating costs	-11,570	-11,420	150	1.3
Operating margin	15,537	13,807	1,730	12.5
Net adjustments to loans	-1,274	-1,529	-255	-16.7
Net income (loss)	8,666	7,724	942	12.2

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

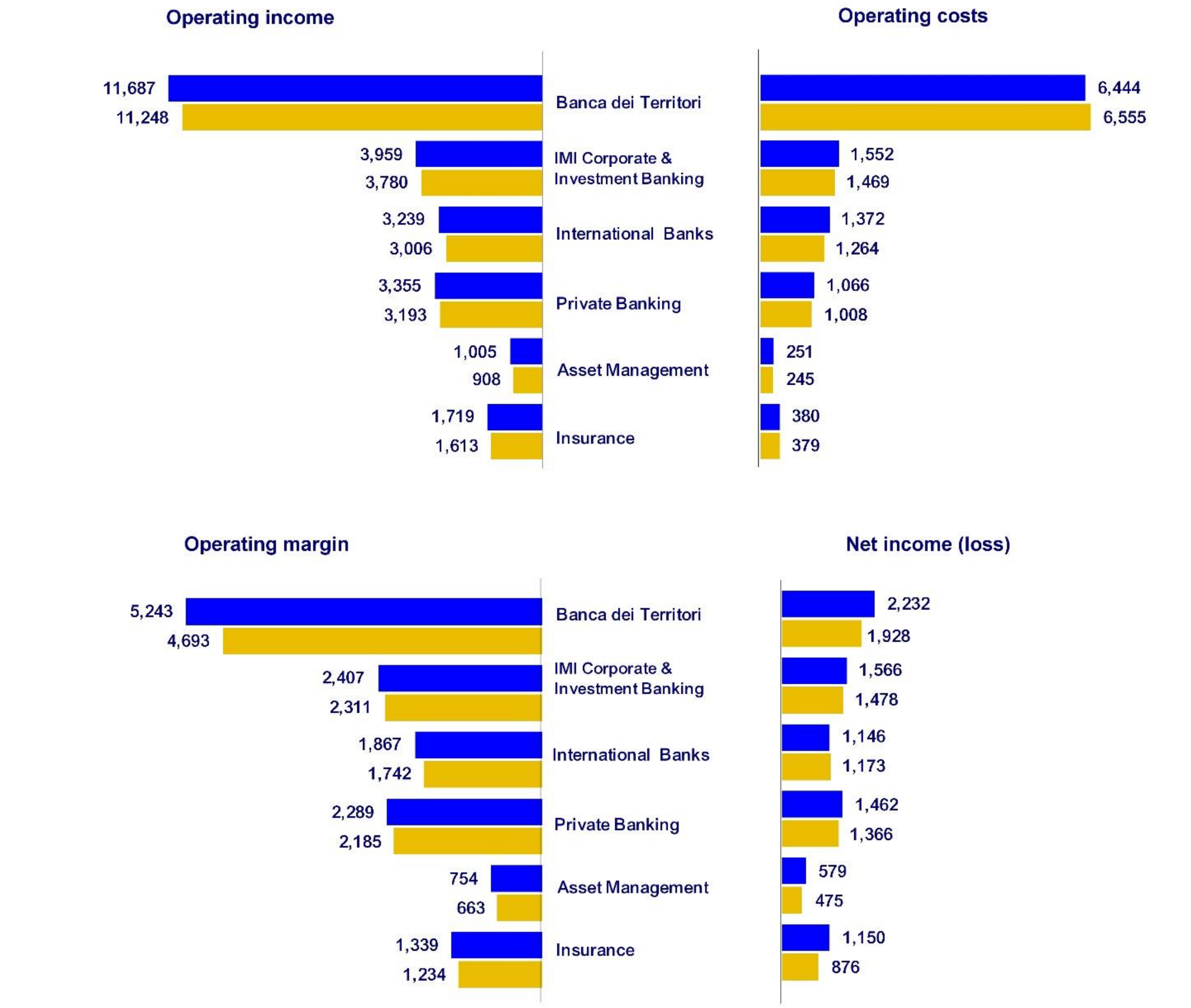
Quarterly development of main consolidated income statement figures
(millions of euro)



2024
2023

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

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



(*) Excluding Corporate Centre

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

Balance sheet figures and Alternative Performance Measures(°)

Consolidated balance sheet figures (millions of euro)	31.12.2024	31.12.2023	Changes amount	Changes %
Banking business financial assets	184,988	169,904	15,084	8.9
Financial assets pertaining to insurance companies	177,322	173,858	3,464	2.0
Loans to customers	421,512	430,493	-8,981	-2.1
Total assets	933,285	965,313	-32,028	-3.3
Direct deposits from banking business	584,508	577,582	6,926	1.2
Direct deposits from insurance business	177,430	172,746	4,684	2.7
Indirect deposits:	788,399	720,392	68,007	9.4
of which: Assets under management	*473,129*	*442,229*	*30,900*	*7.0*
Shareholders' equity	65,176	63,963	1,213	1.9
Loans to customers / Direct deposits from banking business (%) (Loan to deposit ratio)	72.1%	74.5%		

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

	Loans to customers 31.12.2024	Loans to customers 31.12.2023	Direct deposits from banking business 31.12.2024	Direct deposits from banking business 31.12.2023
Banca dei Territori	221,231	232,406	258,772	270,604
IMI Corporate & Investment Banking	126,059	124,215	125,194	113,087
International Banks	45,255	43,002	60,922	59,317
Private Banking	14,022	14,373	47,921	45,844
Asset Management	254	243	15	16
Insurance	-	-	-	-

(*) Excluding Corporate Centre

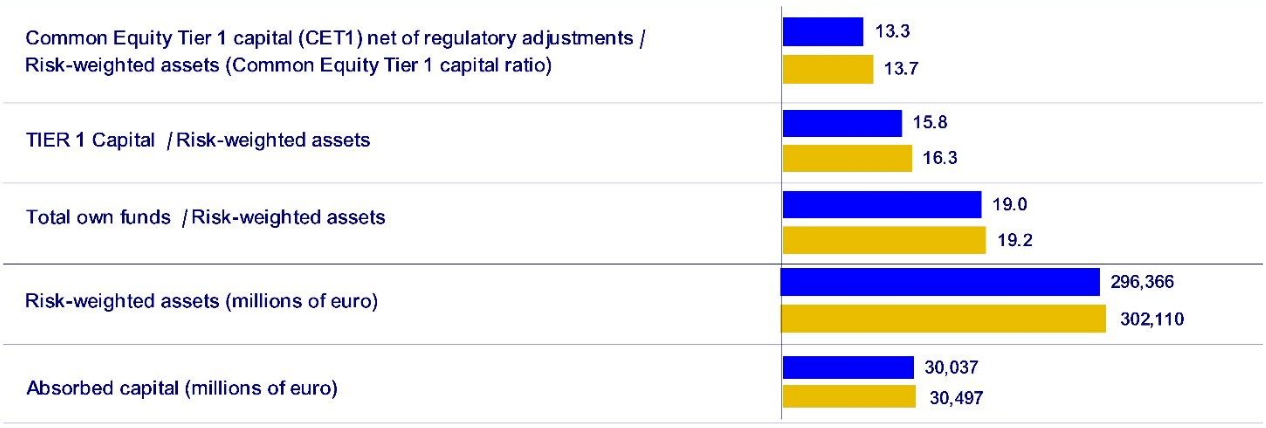
Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

31.12.2024 (blue)
31.12.2023 (yellow)

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

Alternative Performance Measures and other measures(°)

Consolidated capital ratios (%)



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

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

(*) Excluding Corporate Centre

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

31.12.2024
31.12.2023

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

Information on the shares	2024	2023
Number of ordinary shares	17,803,670,501	18,282,798,989
Share price at period-end - ordinary share (euro)	3.863	2.644
Average share price for the period - ordinary share (euro)	3.481	2.438
Average market capitalisation (million)	63,323	45,144
Book value per share (euro) (*)	3.682	3.520

Rating - Long-term debt (senior preferred unsecured)	2024	2023
Moody's	Baa1	Baa1
S&P Global Ratings	BBB	BBB
Fitch Ratings	BBB	BBB
Morningstar DBRS	BBB (high)	BBB (high)

(*) Book value per share includes minority interests and does not consider own shares.

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

(a) Ratio between net income and shareholders' equity at the end of the period. Shareholders' equity does not include AT1 capital instruments and income for the period. The comparative figure has not been restated.

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

2024 (Income statement figures)
31.12.2024 (Balance sheet figures)

2023 (Income statement figures)
31.12.2023 (Balance sheet figures)

Earnings per share (euro)

Basic earnings per share (basic EPS) [c]	0.48	0.42
Diluted earnings per share (diluted EPS) [d]	0.48	0.42

(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.

Consolidated risk ratios (%)

Net bad loans / Net loans to customers	0.3	0.2
Net non-performing loans / Net loans to customers	1.2	1.2
Cumulated adjustments on bad loans / Gross bad loans to customers	68.0	72.4
Cumulated adjustments on non-performing loans / Gross non-performing loans to customers	49.5	49.9

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

Operating structure	31.12.2024	31.12.2023	Changes amount
Number of employees (e)	**94,736**	**95,366**	**-630**
Italy	71,320	72,010	-690
Abroad	23,416	23,356	60
Number of financial advisors	**5,868**	**5,761**	**107**
Number of branches (f)	**3,925**	**4,259**	**-334**
Italy	2,971	3,323	-352
Abroad	954	936	18

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. The comparative figure has not been restated.

2024 (Income statement figures)
31.12.2024 (Balance sheet figures)

2023 (Income statement figures)
31.12.2023 (Balance sheet figures)

Overview of 2024

Economic trends

In 2024, global growth remained steady at a moderate pace of 3% per year. World trade continued to show modest expansion. Energy commodity prices showed limited increases and volatility, despite the ongoing conflicts in Ukraine and the Middle East. The disinflation process continued, facilitating the easing of monetary policies. The Federal Reserve reduced its Fed Funds target three times, which stood at 4.25-4.50% at the end of the year. The last months of the year saw a marked increase in uncertainty over economic policies, linked to Donald Trump's victory in the US presidential election, with repercussions also on market dynamics.

In the euro area, economic activity remained weak in both industry and construction; nevertheless, solid demand in services supported quarterly GDP growth up to the third quarter. In the fourth quarter, economic surveys showed a worsening in manufacturing, stability at subdued levels in construction and continued positive performance in services. According to preliminary Eurostat estimates, the year 2024 ended with a stagnant quarter and average annual GDP growth of 0.7%. Despite the modest economic growth, the unemployment rate dropped further (to 6.3% in December). The average annual inflation rate was 2.4%.

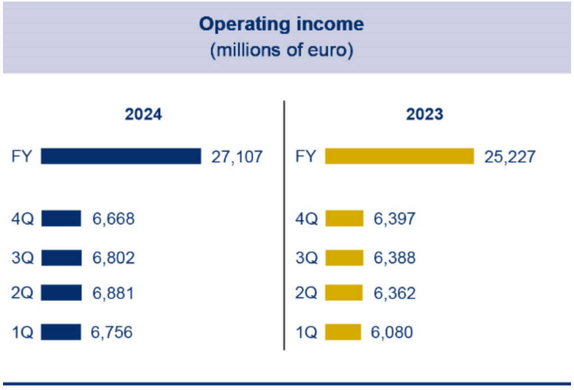
In Italy, industrial production decreased by 3.5% compared to the previous year, continuing the negative trend that had characterised 2023. In construction, on the other hand, production was up by 5.0% compared to the previous year. As to the performance of services, the economic surveys revealed a mixed picture in the fourth quarter, after a moderate expansion in the first nine months. According to the preliminary ISTAT estimate, the average annual GDP growth in 2024 was half a percentage point. In the fourth quarter, the unemployment rate fell to 6.0%, the lowest level since 1981. Employment growth and above-inflation wage increases have supported a recovery in real household income. Until the second quarter, this mainly translated into an increase in gross savings, but in the third quarter the savings rate dropped as the growth in consumption gained momentum.

In 2024, the European Central Bank cut the deposit rate by 100 basis points, to 3%. Market expectations of central bank rate cuts fluctuated. Starting in summer, the change in expectations led to a decline in medium- to long-term government bond yields, which continued until early December. Since then, however, long-term government bond yields have risen again, a move that was reinforced by the outcome of the US presidential election. The yield curves regained a positive slope. The Btp-Bund spread gradually narrowed over the course of the year. The positive performance of Italian government bonds also reflects the improvement of public finances in 2024 and the commitment to bring the budget deficit below 3% by 2026. Since October, the widening of the interest rate differential between the US and the Eurozone and changing expectations about the US economic policy have been accompanied by a strengthening of the US dollar: the EUR/USD exchange rate reached a low of 1.04 at the end of the year.

In the Italian banking market, the year 2024 witnessed an alternating evolution of lending and deposit rates. In the first half of the year, the rate increases applied until 2023 by the ECB continued to be reflected in banks' rates; after the start of the official rate cuts in June, the second half of the year was characterised by a contraction in bank lending and funding rates, which was sharper and faster for lending rates. In annual average terms, however, the spread between the average rate on the stock of loans and the cost of funding was wider than in 2023, narrowing slightly in the second half of the year. Despite the reduction in interest rates, loans to businesses remained on a downward trend due to weak demand, reflecting reliance on self-financing and the postponement of investments. Conversely, the more accommodative financial conditions supported the recovery of loans to households for house purchase, which started to increase again in the spring months and accelerated in the second half of the year. Falling yields have contributed to dampening savers' propensity to buy government bonds directly. Moderate growth was recorded in deposits, while the increase of securities under administration slowed down. A recovery was observed in assets under management, with net flows into investment funds returning to a positive value, driven by inflows into bond funds. The new life insurance business also regained momentum, achieving a significant increase during the year.

Consolidated results of Intesa Sanpaolo

The consolidated income statement for 2024 posted *net income* of 8,666 million euro, up by 12.2% (+942 million euro) on the 7,724 million euro recorded in 2023. This improvement was driven by the positive performance of the operating margin, with continued revenue growth alongside effective management of costs - which only increased slightly despite substantial investments in technology - low cost of risk, in line with the Bank's Zero-NPL status, and despite the recognition of some non-recurring charges.



Operating income rose to 27,107 million euro, from 25,227 million euro in 2023 (+1,880 million euro; +7.5%).

The revenue performance continued to be driven primarily by *net interest income*, which grew by 6.9% to 15,718 million euro[1]. The aggregate benefited from double-digit positive changes in all the main components: interest on financial assets in the portfolio, supported by increased investments in government securities, interest on relations with banks, other net interest income as well as differentials on hedging derivatives, due to the marked reduction in their negative contribution. Only customer dealing declined, due to the higher interest expenses on securities issued in connection with the significant funding plan progressively implemented from 2023 onwards.

Net fee and commission income increased by 9.4% to 9,386 million euro, driven by the management, dealing and consultancy activities segment, which, supported also by the positive market trend, recorded a significant increase in revenues from both placement activities and individual and collective portfolio management schemes (recurring fees and commissions generated by the increase in average assets under management and over-performance fees and commissions), together with an improved contribution from the distribution of insurance products. Commercial banking activities also performed positively, across all the various determinants except for current accounts, due to more favourable conditions applied to customers. Lastly, there was an increase in other net fee and commission income, specifically that related to lending activities.

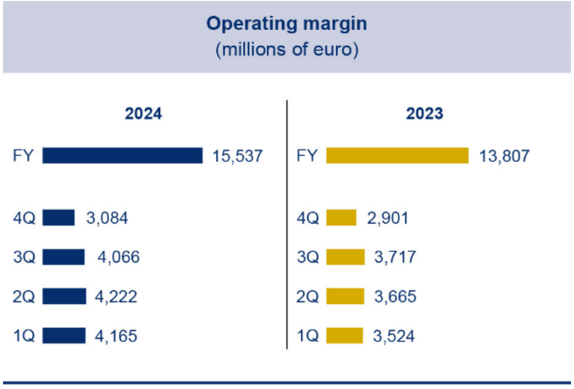
The *income from insurance business* also showed an increase to 1,735 million euro (+4.1%), mainly attributable to the non-life business and, to a lesser extent, the life business (within which the significant recovery of the net investment result, which returned to positive values, was offset by the reduction in the technical margin), while total premiums written increased overall by more than 17%.
The combined contribution of net fee and commission income and income from insurance business accounted for 41% of operating income, confirming the diversification of the Group's business model.

The positive trend of the revenue items described above contrasted with the downward trend of the *profits (losses) on financial assets and liabilities at fair value*, which fell by 16.3% to 256 million euro. It is worth recalling that this performance should always be viewed in conjunction with the increase in net interest income linked to the growth in transactions in certificates, measured at fair value, which has positive effects on net interest income in terms of greater liquidity invested and negative effects on trading related to the management of financial risks in connection with market interest rate movements. Indeed, the decrease is concentrated at the level of "Profits (losses) on trading and on financial instruments under fair value option", only partially offset by the improved contribution of the other components, excluding the repurchase of financial liabilities.

Lastly, the caption *other operating income (expenses)*, which includes profits on investments carried at equity and other income/expenses from continuing operations, showed a positive net balance of 12 million euro, compared to -21 million euro in 2023, having benefited from higher profits on investments carried at equity (from 52 million euro to 57 million euro) and from a decrease in other operating costs.

Overall, *operating costs* increased modestly to 11,570 million euro from 11,420 million euro in the previous year (+150 million euro; +1.3%), with differing trends at the level of individual expense categories.
Personnel expenses increased by 2.3% to 7,185 million euro, despite a reduction in the average workforce (-774 people; -0.8%), as they included salary adjustments resulting from the renewal of the National Collective Bargaining Agreement related to the tranches effective from 1 July 2023 and 1 September 2024.
Administrative expenses decreased by 1.8% to 2,979 million euro thanks to savings in property management, IT services and indirect taxes, compared to increases for all other items.
Lastly, *depreciation/amortisation* increased by 3.3% to 1,406 million euro and summarised a positive change in amortisation of intangible assets, related to investments in technology, and a decrease in depreciation of property and equipment, reflecting the streamlining of the real estate segment.

[1] The two years under comparison are still characterised by different levels of market interest rates, albeit moving closer as a result of the current monetary easing: the average 1-month Euribor was 3.56% in 2024 compared to 3.24% in 2023.



As a result of the revenue and cost dynamics described above, the *operating margin* rose to 15,537 million euro from the previous 13,807 million euro (+1,730 million euro; +12.5%) and the *cost/income ratio* decreased to 42.7% from 45.3% in 2023.

Net adjustments to loans totalled 1,274 million euro, down from 1,529 million euro in the comparative year (-255 million euro; -16.7%).
The improvement essentially reflects (i) lower adjustments on Stage 3 non-performing exposures (-107 million euro), concentrated at the level of bad loans, only partially offset by higher adjustments on unlikely-to-pay loans and past due loans; (ii) increased recoveries on Stage 1 and Stage 2 performing loans, (+277 million euro), mainly attributable to the transition to Stage 3, and to the portfolio management performance; (iii) increased net provisions for credit risk associated with commitments and financial guarantees given (+130 million euro). The cost of risk, represented as the ratio of net adjustments to net loans, consequently stood at 30 basis points (36 basis points for the full year 2023).

Other net provisions and net impairment losses on other assets increased overall to 680 million euro from the 570 million euro of the previous year (+110 million euro; +19.3%). The caption consists of: (i) 505 million euro in other net provisions (256 million euro in 2023), which include, in addition to 91 million euro in net provisions for legal and tax disputes (96 million euro in 2023), also 263 million euro made on consolidation of the Russian investee (114 million euro in 2023) in order to write off its equity contribution to the consolidated financial statements against the net income accrued during the year; (ii) 175 million euro from net impairment losses on securities and other assets, of which 44 million euro on securities in the portfolio and 131 million euro on other assets (314 million euro in 2023, of which 117 million euro mainly for credit risk on securities in the portfolio and 197 million euro 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, made a positive contribution of 153 million euro, having benefited – in the first and fourth quarters – from income related to commercial agreements entered into by the Group. This amount compares with 348 million euro recorded in 2023, which included the capital gain of 116 million euro from the sale of the PBZ Card acquiring business line to Nexi and 192 million euro[2] from the sale of the equity investment in Zhong Ou Asset Management.

As a result of the aforementioned accounting entries, the *gross income* rose to 13,736 million euro from the comparative 12,056 million euro (+1,680 million euro; +13.9%).
Taxes on income for the year amounted to 4,048 million euro, compared to 3,440 million euro in 2023 (+608 million euro; +17.7%). The change reflects the growth in the taxable base, partially offset by the benefit of the recognition of deferred tax assets amounting to 499 million euro, relating to losses carried forward pertaining to the merged companies UBI Banca and Provis and intangibles of the merged company ISP Life, which occurred in the fourth quarter (352 million euro in 2023). The tax rate was 29.5% (28.5% in 2023).

After tax, *charges for integration and exit incentives* of 587 million euro (222 million euro in 2023) were recognised, including 295 million euro related to the trade union agreement of October 2024 (in this regard see the paragraph “Other highlights” in this chapter), as well as negative *effects of purchase price allocation* of 94 million euro (-161 million euro in 2023).
Levies and other charges concerning the banking and insurance industry, considered net of taxes, decreased significantly to 348 million euro (508 million euro gross of tax), from 486 million euro (707 million euro gross) previously.
These essentially consisted of: (i) the amount of the 2024 contributions to the deposit guarantee scheme for the Group’s Italian banks (234 million euro net of tax; 349 million euro gross of tax), for which an early call up of the last instalment was made[3]; (ii) the contribution for 2024 (57 million euro net; 83 million euro gross) from the Group’s insurance companies and distribution companies to the Life Insurance Guarantee Fund being set up pursuant to Law 213 of 30 December 2023 (Budget Act)[4]; and (iii) the write-down of the Atlante Fund (31 million euro net; 46 million euro gross).
In contrast, the following main charges were incurred in 2023: (i) 222 million euro net (324 million euro gross) as ordinary contributions to the single resolution fund for the Group’s Italian and international banks, which will no longer apply in 2024[5]; and (ii) 239 million euro net (356 million euro gross) as the contribution to the deposit guarantee scheme for the Group’s Italian banks.

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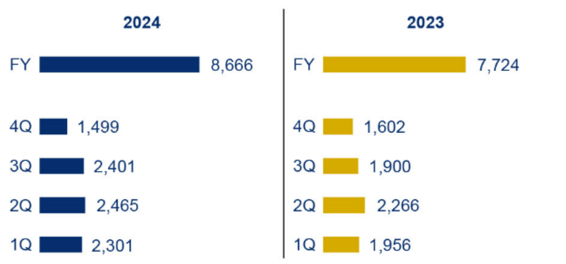
[2] This figure included the remaining amount received from the buyer as consideration, following the payment of the Chinese local tax on the capital gain, made by Intesa Sanpaolo in September 2023 and recognised under the caption taxes. Considered in net tax terms, the contribution of the capital gain at consolidated level remained unchanged at 154 million euro.

[3] In line with the DGS Directive, the Statute of the National Interbank Deposit Guarantee Fund had stipulated that the Fund should create a financial endowment until the target level of 0.8% of total covered deposits was 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 Guarantee Fund announced an early call up of the 2024 contribution by 2 July 2024.

[4] The Fund is an association established among insurance companies and participating intermediaries with the primary aim of protecting policyholders up to a maximum limit of 100,000 euro, supporting confidence in the market and contributing to the financial stability of insurance companies. The capital of the Fund, supported by member contributions made at least annually, must gradually reach an amount equal to at least 0.4% of the technical reserves of the life insurance segments held by the member companies as at 31 December of the previous year, starting from 1 January 2024 through to 31 December 2035.

[5] The Single Resolution Board (SRB) had announced that in 2024 no contribution would be required from the European banking system, unless specific circumstances or resolution actions lead to use of the Single Resolution Fund.



Finally, after the allocation of *minority interests* – which showed a loss of 7 million euro compared to net income of 23 million euro recognised in the previous year – the consolidated income statement for 2024 closed, as mentioned, with *net income* of 8,666 million euro, up 12.2% compared to the 7,724 million euro achieved in 2023.

The *consolidated income statement for the fourth quarter of 2024* showed net income of 1,499 million euro, down from the 2,401 million euro recorded in the previous three months (-902 million euro; -37.6%) due to the presence of certain non-recurring expense items recognised in the period and the effects of the valuations made when closing the year-end financial statements.

Compared to the third quarter, operating income, at 6,668 million euro, showed a moderate decrease (-134 million euro; -2%), attributable to net interest income (-3.6%), in a context of a progressive reduction in market rates[6], and to the profits (losses) on financial assets and liabilities at fair value, which fell almost to zero due to offsetting performance of the different components. The decline in net interest income affected customer dealing, relations with banks, due to the decrease in ECB deposits, and the differentials on hedging derivatives, which returned to a negative contribution.

On the other hand, the other revenue items improved: net fee and commission income grew by 4.7%, supported by all the main drivers; the income from insurance business increased by 3.9%, with the technical margin more than offsetting the decrease in the net investment result; other operating income (expenses) made a positive contribution of 22 million euro, compared to -5 million euro in the previous year, thanks to the increase in profits from investments carried at equity and the decrease in other operating costs.

Operating costs rose overall to 3,584 million euro (+848 million euro; +31%). The increase affected to a greater extent personnel expenses (+36.1%), which included a non-recurring variable portion linked to the results and contractual adjustments effective from 1 September 2024, in the presence of a moderate increase in the average workforce (+271 people; +0.3%). Influenced by the usual year-end spike in invoicing, administrative expenses grew by 27.8%, affecting, albeit to varying degrees, almost all expense categories. Finally, depreciation/amortisation increased by 12.8%, with the change mainly driven by intangible fixed assets due to the major technological investments under way.

The described trend in revenues and costs affected the operating margin, of 3,084 million euro (-982 million euro; -24.2%) and the cost/income ratio, equal to 53.7% (40.2% in the third quarter).

Net adjustments to loans rose from 238 million euro to 482 million euro, mainly reflecting: (i) increased adjustments on Stage 3 non-performing exposures (+185 million euro), following the reclassifications from performing to non-performing during the period; lower recoveries on performing exposures (-17 million euro), also in relation to the methodological updates made in application of IFRS 9 (scenario and satellite models, time series, management adjustments for extreme scenarios/risk factors); (iii) higher provisions for credit risk associated with commitments and financial guarantees given (+17 million euro).

Other net provisions and net impairment losses on other assets totalled 353 million euro (150 million euro in the previous three months). The change (+203 million euro) was the result of: (i) +66 million euro in other net provisions, which rose to 205 million euro, including 104 million euro (from 69 million euro in the third quarter) for the write-off of the equity contribution of the Russian investee to the consolidated financial statements and (ii) +137 million euro in higher net impairment losses on securities (+24 million euro) and other assets (+113 million euro).

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, highlighted a positive net contribution of 67 million euro in the fourth quarter (-2 million euro in the previous quarter), having benefited from income related to commercial agreements entered into by the Group.

As a result, gross income amounted to 2,316 million euro from 3,676 million euro in the third quarter (-1,360 million euro; -37%).

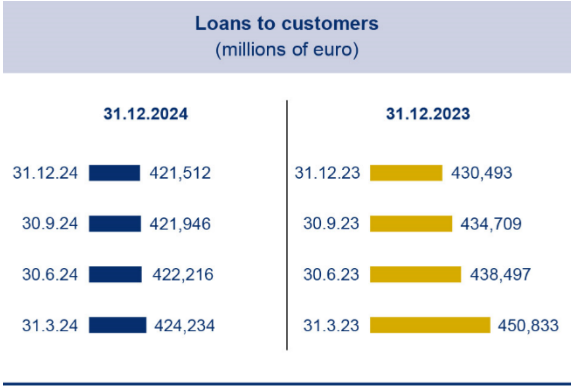
Income taxes for the period amounted to 345 million euro, compared to 1,189 million euro in the previous three months (-844 million euro; -71%). The change in the item reflects both the evolution of the tax base and the aforementioned benefit of the recognition of deferred tax assets of 499 million euro.

Charges for integration and exit incentives of 424 million euro (61 million euro in the third quarter) were also recognised, net of tax. This item includes 295 million euro related to the aforementioned union agreement of October 2024. Negative purchase price allocation effects of 12 million euro (-28 million euro in the third quarter), net of tax, were also recognised.

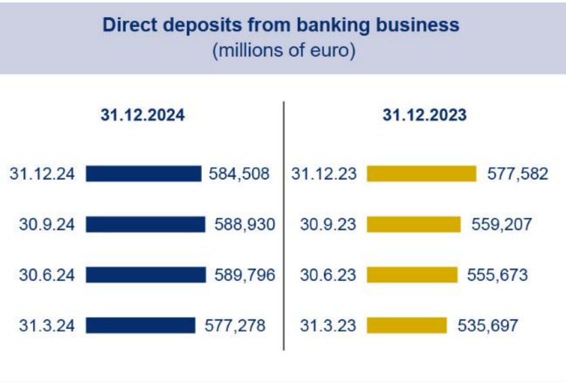
Again net of tax, levies and other charges concerning the banking and insurance industry amounted to 55 million euro (79 million euro gross of pre-tax), compared to recoveries of 1 million euro (4 million euro gross) in the third quarter. This amount includes 29 million euro (42 million euro gross of tax) as the Group's contribution for 2024 to the Life Insurance Guarantee Fund being set up, supplementing the amount charged in the second quarter, and 20 million euro (30 million euro gross) from the write-down of the Atlante Fund.

Finally, the allocation to minority interests in the fourth quarter concerned a loss of 19 million euro (loss of 2 million euro in the previous three months).

[6] In the fourth quarter of 2024, the average 1-month Euribor was 3.06%, compared to 3.55% in the previous three months.



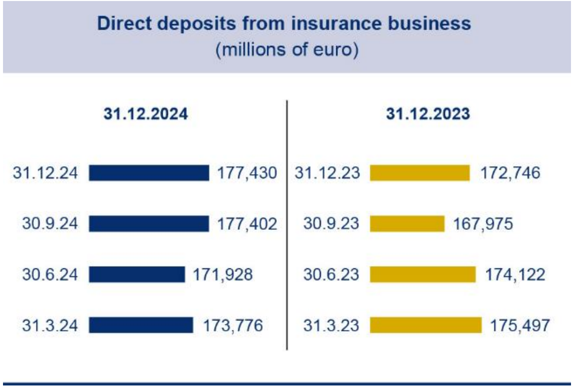
With regard to the main balance sheet aggregates, *loans to customers* amounted to 421.5 billion euro as at 31 December 2024, with no major changes in the fourth quarter but down over the twelve months (-9 billion euro, -2.1%).
Annual performance continued to be driven by commercial banking loans, which, reflecting the system-wide trend since 2023 and despite a recovery in the fourth quarter, declined overall to 392.3 billion euro (-10.7 billion euro, -2.7% compared to December 2023). Against the backdrop of an economic slowdown, demand for credit from businesses remained weak, reflecting their reliance on self-financing. In the second half of the year the recovery of credit demand from households strengthened, particularly for house purchase mortgage loans, favoured by lower rates. The contraction in loan volumes mainly concerned medium/long-term loans (-4.8% to 215 billion euro), due to the greater volume of repayments/extinguishments compared to new lending, and only partially concerned short-term lending, within which current accounts recorded a modest decline (-2.2% to 21.2 billion euro), while advances grew slightly (+0.5% to 156.1 billion euro), thanks to the recovery of working capital financing in the fourth quarter.
The decline in commercial banking loans was only partially offset by the increase in (i) short-term financial loans, composed of repurchase agreements used in overall treasury management which rose to 18 billion euro (+1.4 billion euro, +8.1% from December 2023) despite a significant contraction in the fourth quarter, and by the increase in (ii) loans represented by securities, which rose to 6.3 billion euro (+0.4 billion euro; +7.5% compared to the end of 2023), despite a reduction in the fourth quarter. Net non-performing loans, having benefited from ongoing de-risking initiatives and despite a small increase in the fourth quarter, decreased further to 4.9 billion euro (-0.1 billion euro compared to end-2023).
In terms of credit quality, the NPL ratio remained stable at 2.3% in gross terms and 1.2% in net terms (2.3% and 1.2% in December 2023)[7]. Their coverage marginally decreased to 49.5%, as a result of the exit of the portfolios object of sale/transfer, which had higher coverage levels than the average for the category (49.9% at the end of 2023). Coverage on performing loans, at 0.53%, also decreased slightly from 0.58% in December 2023.



On the funding side, *direct deposits from banking business* totalled 584.5 billion euro at the end of 2024, up by 1.2% (+6.9 billion euro) compared to 577.6 billion euro twelve months earlier, notwithstanding a modest decline in the fourth quarter resulting from the contrasting performance of the various types of funding.
In detail, comparing with December 2023, current accounts and deposits were virtually unchanged at 409 billion euro (-0.3 billion euro; -0.1%), also thanks to the recovery recorded in the last three months (+14.1 billion euro; +3.6%). Within the item, the downward trend in current accounts has eased - both on the part of businesses, which had used liquidity to reduce their recourse to bank lending, and on the part of households, which had reallocated their savings - and has been largely offset by the growth in time deposits.
Current accounts and deposits accounted for 70% of total direct deposits from banking business, confirming their role as a key strength of the Group's liquidity position.
Bonds grew to 80.4 billion euro (+2.1 billion euro; +2.7% compared to December 2023) also thanks to the institutional funding made possible by broad access to international markets. Subordinated liabilities, on the other hand, decreased to 11.8 billion euro (-0.4 billion euro; -3%) as a result of issues totalling 2.6 billion euro in nominal value and maturities/early repayments totalling 3 billion euro in nominal value. Other deposits came close to 65 billion euro, up on 2023 by 2.6 billion euro (+4.1%), an increase entirely attributable to the fair-value component (+8.5% to 32.5 billion euro), almost all consisting of investment certificates. Financial funding, consisting of repurchase agreements and securities lending, used for treasury management and therefore subject to short-term fluctuations, more than halved in the fourth quarter, reaching 15.6 billion euro at the end of the year, while still showing an increase of 2.6 billion euro (+20.2%) compared to December 2023.
Lastly, with regard to certificates of deposit, which rose to 2.6 billion euro (+0.3 billion euro, +13.5%), this form of funding is now very marginal in terms of the Group's overall funding from customers.

As a result of the different trends in the two aggregates, the loan to deposit ratio decreased to 72.1% from 74.5% in December 2023.

[7] Based on the EBA definition, as at 31 December 2024, the gross NPL ratio was 2% and the net NPL ratio was 1%. Compared to the figures as at December 2023 – which were 1.8% and 0.9% respectively – there was a slight increase due to the reduction in the total exposures used as the denominator of the ratio, which also include all exposures to banks (including therefore both the reserve requirement and on-demand receivables, i.e. current accounts and on-demand deposits).



As at 31 December 2024, *direct deposits from insurance business* totalled 177.4 billion euro, stable in the fourth quarter but up by 4.7 billion euro (+2.7%) on the end of the previous year.
The annual performance was driven by insurance liabilities, which rose to 126.1 billion euro (+6.2 billion euro, 5.2%) as a result of the progress of the life business segment in the second half of the year, and came to account for 71% of the total aggregate, having also benefited from significant growth in collected premiums (+16% from 2023).
Affected by the performance of the markets, the financial liabilities of the insurance segment – consisting entirely of unit-linked investment contracts included under Financial liabilities designated at fair value pertaining to insurance companies in the reclassified balance sheet – decreased slightly to 50.6 billion euro (-0.8 billion euro, -1.5%), primarily attributable to the first half, despite an increase in collected premiums (+26.4% compared to 2023). Their weight on the total therefore decreased to 28.6%.
Lastly, the residual portion, amounting to 0.4%, consisted of other insurance deposits – included among Financial liabilities at amortised cost pertaining to insurance companies in the reclassified balance sheet and which also include the subordinated liabilities – falling in the last quarter to 703 million euro (-756 million euro; -51.8% since the end of 2023).

Indirect customer deposits, valued at market prices, amounted to 788.4 billion euro at the end of 2024, up by 68 billion euro or 9.4% over the twelve months (+9 billion euro; +1.2% in the fourth quarter). This item benefited from both the positive trend in net inflows and favourable market price developments.
More in detail, assets under administration reached 315.3 billion euro (+37.1 billion euro, +13.3% on December 2023), equivalent to 40% of total indirect customer deposits, reflecting the shift of customers' savings towards bonds and domestic government securities, which slowed down in the second half of the year as market rates fell.
Assets under management rose to 473.1 billion euro (+30.9 billion euro, +7% from end-2023), corresponding to 60% of total indirect customer deposits, also supported by a recovery in net inflows in the third and fourth quarters. All the captions recorded annual increases: mutual funds (+7.5% to 167.2 billion euro), portfolio management schemes (+13.3% to 90.7 billion euro), and, albeit as a small proportion of the total, deposits from institutional customers (+13.6% to 29.8 billion euro) and pension funds (+15.9% to 17.2 billion euro). Total insurance liabilities and insurance financial liabilities increased more moderately (+1.6% to 168.2 billion euro).

Results of the Business Units

The Intesa Sanpaolo Group organisational structure is based on six business areas: Banca dei Territori, IMI Corporate & Investment Banking, International Banks, Asset Management, Private Banking and Insurance. In addition, there is the Corporate Centre, which is responsible for guidance, coordination and control of the entire Group, as well as for the Treasury and ALM operations.

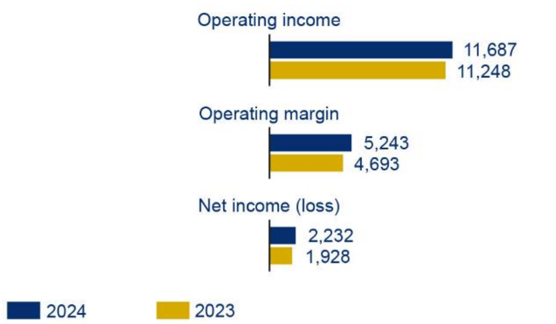
As can be seen in the chart, the share of operating income attributable to each business area (excluding the Corporate Centre) confirmed that commercial banking activities in Italy continue to account for the majority (46.8% of the operating income of the business areas), although significant contributions were also provided by corporate and investment banking (15.9%), private banking (13.4%), commercial banking activity abroad (13.0%), insurance business (6.9%) and asset management (4.0%).

Where necessary and where material, the division figures are restated to reflect the changes in scope of the business units to enable a like-for-like comparison.

Operating income: Breakdown by business area[1]

[1] Excluding Corporate Centre

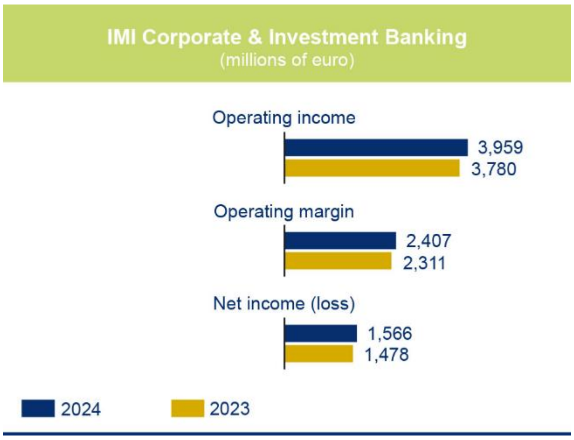
Banca dei Territori
(millions of euro)



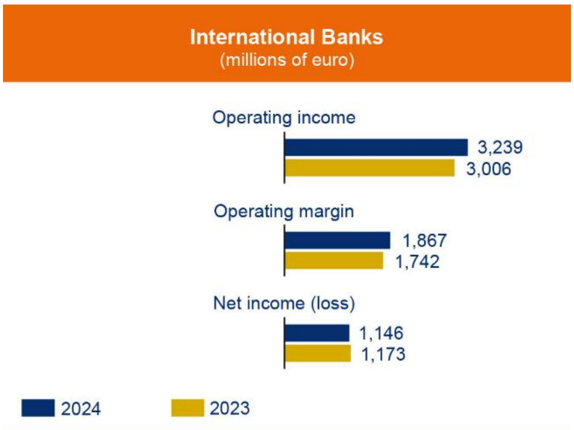
During 2024, the operating income of the Banca dei Territori Division – which oversees the traditional lending and deposit collecting activities in Italy and the related financial services – rose by 3.9% to 11,687 million euro. That trend was driven primarily by net fee and commission income (+6.3%), specifically in the segments of assets under management and non-life insurance, but also by net interest income (+2%), by virtue of the performance of market interest rates which favoured the profitability of customer dealing.

On the other hand, operating costs decreased by 1.7% to 6,444 million euro thanks to savings on personnel expenses, but above all to the containment of administrative expenses, particularly those for property management, IT services and legal fees. As a result, the operating margin rose by 11.7% to 5,243 million euro. Gross income also improved (+23.6% to 4,066 million euro), benefiting from decreased adjustments to loans. Banca dei Territori ended the year with net income up by 15.8% to 2,232 million euro.

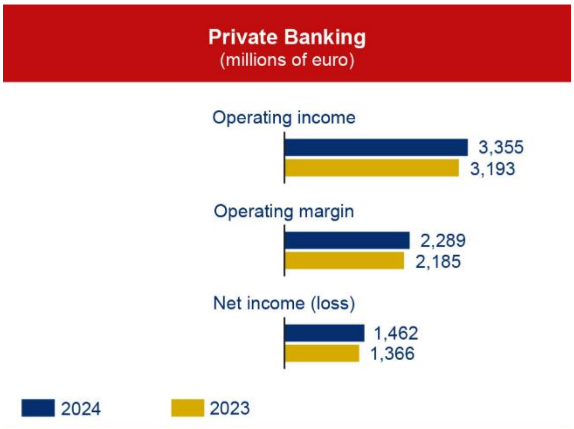
As at 31 December 2024, the Division's balance sheet showed a 4.6% decline in total intermediated volumes of loans and deposits compared to twelve months earlier. In detail, loans to customers (-4.8% to 221.2 billion euro) continued to be affected by demand factors linked to businesses which limited their use of bank loans privileging their own liquidity or alternative funding sources. Direct deposits from banking business (-4.4% to 258.8 billion euro) was, in turn, impacted by those uses of liquidity by businesses and the portfolio decisions by private customers, who reallocated some of the amounts available on current accounts towards more remunerative investment products.



The IMI Corporate & Investment Banking Division – which oversees corporate and transaction banking, investment banking, public finance and capital markets activities, in Italy and abroad – made net operating income of 3,959 million euro, up by 4.7% from 2023. There were increases in net interest income (+11.9% to 3,075 million euro), due to Global Markets and security portfolio operations, as well as in net fee and commission income (+19.1% to 1,286 million euro), essentially due to the positive performance in the segments of structured finance and investment banking and in the International Network. Profits (losses) on financial assets and liabilities at fair value were negative by 402 million euro (similarly, they had been negative by 48 million euro in 2023), attributable to the results of trading operations in the Global Markets area, which were negatively affected by (i) the management of financial risks related to funding in certificates, due to the trend in market interest rates, which, however, produced positive effects on net interest income in terms of greater liquidity invested, as well as (ii) the negative contribution of Own Credit Risk (OCR) of certificates, due to the tightening of the Intesa Sanpaolo credit spread.
With operating costs growing by 5.7% to 1,552 million euro, attributable to personnel expenses and administrative expenses, the operating margin improved by 4.2% to 2,407 million euro. A similar positive development was recorded in gross income (+6.8% to 2,334 million euro), which benefited from a reduction in other net provisions and net impairment losses on other assets. The year ended with net income of 1,566 million euro, an increase of 6%.
Total volumes intermediated by the Division increased by 5.9% compared to the end of 2023. Direct deposits from banking business rose by 10.7% to 125.2 billion euro, driven by increased business in the Global Corporate and Global Markets sector and by the development of certificates. Loans to customers increased by 1.5% to 126.1 billion euro, reflecting the positive performance of international and institutional customers and a declining trend in Global Corporate and Global Markets.

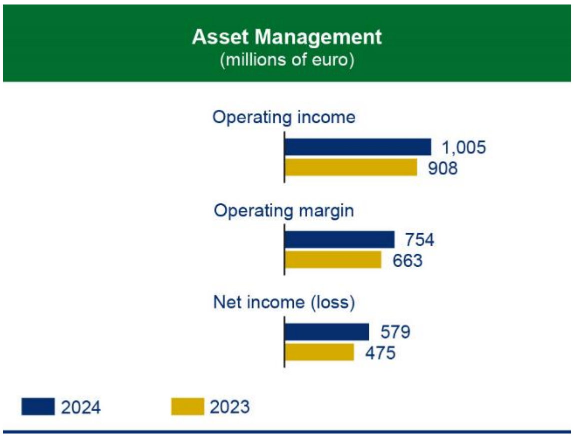


In 2024, the operating income of the International Banks Division – which is responsible for the Group's operations on international markets through commercial banking subsidiaries and associates that mainly carry out retail banking activities – amounted to 3,239 million euro, up on the previous year (+7.8%; around +15% at constant exchange rates). All the main revenue items provided positive contributions: net interest income (+5.8% to 2,525 million euro), net fee and commission income (+7.8% to 648 million euro) and profits (losses) on financial assets and liabilities at fair value (+34.3% to 133 million euro).
At 1,372 million euro, operating costs also increased (+8.5%; around +13% at constant exchange rates), mainly due to personnel and administrative expenses. As a result of the combined performance of the two aggregates, the operating margin increased by 7.2% to 1,867 million euro. Gross income showed a smaller improvement (+5.1%) to 1,688 million euro, as 2023 had benefited from the capital gain from the sale of the PBZ Card acquiring business line: net of this item, the change in gross income would be +13.3%. The Division ended the year with a slightly lower net income at 1,146 million euro (-2.3%).
As at 31 December 2024, total intermediated volumes showed an increase of 3.8% compared to twelve months earlier, attributable to both loans to customers (+5.2% to 45.3 billion euro) and direct deposits from banking business (+2.7% to 60.9 billion euro).



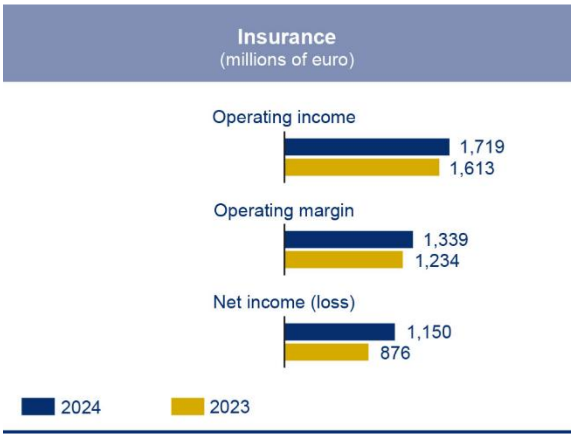
The Private Banking Division – which serves the top customer segment (Private and High Net Worth Individuals), creating value by offering top products and services – posted operating income up 5.1% to 3,355 million euro. The development was supported by net fee and commission income (+12.7% to 2,094 million euro) – both recurring commissions, in relation to the increase in average assets under management, and those related to the reception and transmission of orders and the placement of mutual funds and bonds – against a decline in net interest income (-6.8% to 1,181 million euro), particularly on debt securities and relations with banks.
Operating costs increased by 5.8% to 1,066 million euro; this trend affected all components: administrative expenses, due to higher charges for services rendered by third parties, personnel expenses and amortisation and depreciation. Given the performance described, the operating margin improved by 4.8% to 2,289 million euro. Benefiting from lower adjustments and provisions, gross income rose by 7.3% to 2,241 million euro. The year ended with net income of 1,462 million euro, an increase of 7%.

At the end of 2024, assets under management and administration, which also include the contribution of the trust mandates to SIREF Fiduciaria, amounted to 335 billion euro (+31.4 billion euro over the twelve months). 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 171.4 billion euro (+13.9 billion euro).



The Asset Management Division – which pursues the mission of developing the best asset management solutions aimed at the Group's customers and its presence on the open market segment through Eurizon Capital SGR and its subsidiaries – posted operating income of 1,005 million euro in 2024, up 10.7%. The growth in revenue is mainly attributable to the performance of net interest income (61 million euro compared to the previous 18 million euro) and of net fee and commission income (+9.6% to 894 million euro), especially placement fees on mutual funds and incentive fees. In the presence of operating costs that reported a slight change overall (+2.4% to 251 million euro), the operating margin rose to 754 million euro, with an increase of 13.7%. Significant improvements were also recorded for gross income (+17.9% to 782 million euro) and net income (+21.9% to 579 million euro).

As at 31 December 2024, the Division's assets under management totalled 333.1 billion euro (+21.8 billion euro compared to the end of 2023), having benefited from the revaluation of managed assets related to the good market performance and, to a lesser extent, from positive net inflows (+2.5 billion euro).



The Insurance Division – with the mission of synergically developing the insurance product mix targeting Group customers – generated operating income up by 6.6% to 1,719 million euro in 2024, almost completely composed of income from insurance business (+5.6% to 1,716 million euro), due to the contributions from both the life business and the non-life business, the former primarily through the financial component and the latter thanks to the technical contribution and the net investment result. By virtue of a substantial stability of operating costs (+0.3% to 380 million euro), the operating margin improved by 8.5% to 1,339 million euro. Given the small amount of provisions made, gross income amounted to 1,338 million euro (+3.3%). The income statement for the year, which also recorded the charge of 46 million euro for the Life Insurance Guarantee Fund being set up and the recognition of deferred tax assets for 293 million euro, ended with net income for the Insurance Division increased by 31.3% to 1,150 million euro.

The performance of the direct deposits from insurance business was described in the section above containing the commentary on the Group's results.

The Corporate Centre departments generated an operating margin of 1,638 million euro in 2024, compared to 979 million euro in the previous year. This development was driven by growth in net operating income, attributable to net interest income, which benefited from higher average short-term market rates, and to the profits (losses) on financial assets and liabilities at fair value. Operating costs remained stable. Gross income amounted to 1,287 million euro compared to 927 million euro in 2023. The income statement of the Corporate Centre recorded charges aimed at maintaining the stability of the banking industry, after tax, totalling 67 million euro compared to 245 million euro in 2023, which included 222 million euro related to the Resolution fund that is currently funded for the EU countries of the banking union. The year ended with net income of 531 million euro, compared to 428 million euro realised in the previous year.

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 22 branches and 797 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*, 100%-owned by Intesa Sanpaolo. This is a small commercial bank based in Kyiv, part of the International Banks Division, which operates with 39 branches mainly in the Kyiv region and employs 612 people. Intesa Sanpaolo acquired the bank in 2008 and has been operating in the country continuously since that date.

The observations made 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.
Despite the objective constraints imposed by the current situation, particularly for Pravex, the two subsidiaries are continuing to operate with the support of the Parent Company structures while the overall exposure to the Russian Federation has decreased significantly over the past three years, as required by the European regulators and the ECB recommendations, the latest of which was issued in December 2024.

Risk management

In light of the continuing military conflict between Russia and Ukraine, in 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
With regard to the monitoring of credit risk, in 2024 there were no significant new developments to report. In continuity with the second half of 2022, there were no specific initiatives under the Credit Action Plan dedicated to the conflict between Russia and Ukraine. However, the specific diagnostic initiatives designed to prevent flows into non-performing status for exposures showing signs of difficulty, but without being past due, are still being implemented for companies in the energy and gas sectors that are particularly sensitive to fluctuations in the cost of energy, also linked to the continuation of the conflict.
In light of the further tightening of the sanctions imposed on Russia by Western countries, in order to ensure regulatory compliance, the close supervision continued through a specific dashboard at Group level, aimed at monitoring 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 December 2024, the exposure to Russian counterparties included in the OFAC (Office of Foreign Assets Control) SDN and/or EU asset freeze lists amounted to 219.5 million euro, compared to 237 million euro at the end of 2023. Despite the inclusion of new sanctioned parties – as a result of the application of the thirteenth, fourteenth and fifteenth packages of sanctions, enacted on 23 February, 24 June and 16 December 2024 respectively – the Group's overall exposure has reduced as a result of a series of repayments of loans already in place with several EU/OFAC SDN sanctioned parties, authorised by the competent Authorities.
Since the beginning of the conflict, the Group has also continued to 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.

The Operational Resilience Task Force
Regarding the initiatives implemented from the early stages of the conflict for Pravex employees, to support their expatriation and/or that of their families, where requested, as at 31 December 2024 there were no longer any employees or family members housed in the Group-owned apartments and residential facilities provided in Bergamo (64 residents at the end of December 2023 compared to 200 initially hosted during 2022). All those who received assistance from the Bank have become independent (some have returned to their home country, while others have settled independently in Italy) while continuing to maintain contact with the staff who assisted them.
With regard to business continuity in Ukraine, operations have been maintained throughout the three years of the conflict by adopting solutions to ensure normal functioning in the event of interruptions to essential services. Specifically, to address the electricity supply issues, generators were installed at all operational branches, and power banks were provided to central offices and personnel with critical and strategic roles. During the second half of the year, the branches were also equipped with inverter generators that were easier and quicker for the staff to use.

In terms of connectivity, satellite devices were installed from the beginning of 2023 to ensure data connectivity. The measures implemented are continuing to ensure 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.
From the third quarter onwards, the number of branches opened daily stabilised consistently at the total number of available branches compared to over 90% in the first half of the year. The decision-making process regarding the operations of the individual branches continues to be based on a risk assessment methodology agreed with the Parent Company, which involves the use of specific indicators, always prioritising the safety of the staff. No branches were temporarily damaged by Russian attacks in 2024. However, a branch in Kharkiv, which had incurred heavy damage from the conflict, was permanently closed in the first half of the year following an assessment of the alteration of the risk scenario in the area.
At Banca Intesa Russia, the systems have always functioned without any operational problems since the beginning of the conflict.
In 2024, the monitoring 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. Within the threat intelligence activities aimed at monitoring possible cyber threats to Pravex, the containment measures have enabled the management of the attacks suffered, ensuring service delivery with minimal disruption. Specific educational initiatives on cyber risks, through training courses and in-depth studies on specific topics, are regularly implemented to continually raise awareness among all the Group's staff.
As usual, the additional costs incurred for business continuity and any losses resulting from physical damage to premises/branches located in the conflict zone form part of the monitoring of the exposure to operational risk, including that relating to the Risk Appetite Framework.

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

The main accounting issues arising from the ongoing conflict between the Russian Federation and Ukraine and the Intesa Sanpaolo Group's approach to addressing them are summarised in the paragraphs below. The situation of the Russian/Ukrainian crisis has been the subject of close attention since the outbreak of hostilities at the end of February 2022. The Group had significant cross-border exposures to counterparties resident in the Russian Federation, as well as, as already mentioned, two subsidiaries operating in the warring countries, which were therefore particularly exposed to the consequences of the conflict: Pravex and Banca Intesa Russia.

At the beginning of 2022, loans to Russian customers represented around 1% (almost 5 billion euro) of the Intesa Sanpaolo Group's total loans to customers (net of the exposures backed by Export Credit Agency - ECA guarantees). The de-risking has therefore focused on reducing these exposures; the Group already started carrying it out in the second half of 2022 and continued during 2023 and 2024. In particular, the business conducted in the Russian Federation has significantly decreased over the past three years, as also requested by the European regulators. Total gross exposures (customers, banks and securities) as at 31 December 2024 to counterparties resident in Russia and Ukraine amounted to just 1,625 million euro gross (1,421 million euro after adjustments), a decrease of 264 million euro or -14% (-159 million euro in net values, -10%) 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 December 2024, the remaining exposures to customers amounted, in terms of gross values, to 126 million euro (71 million euro net) for Banca Intesa Russia and 421 million euro (338 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 759 million euro (751 million euro net), of which 721 million euro (717 million euro net) due to Banca Intesa Russia from central banks, and in securities totalling 1 million euro (book value nil in net terms)[8]. Gross exposures to customers resident in Ukraine amounted to 193 million euro (138 million euro net), of which 54 million euro (book value nil in net terms) related to the subsidiary Pravex (figures as at 30 September 2024, as described below)[9], in addition to exposures to banks and in Ukrainian short-term government bonds totalling 125 million euro gross (123 million euro net).

That said, the situation as at 31 December 2024 is essentially the same as that described in the Annual Report as at 31 December 2023 and the 2024 Half-yearly Report. The Intesa Sanpaolo Group continued to exercise control over the two banks, which operated on the basis of the Parent Company's instructions in their respective environments. Consequently, the main methodological choices – both in terms of consolidation of the two subsidiaries and valuation of the credit exposures – are essentially the same as those used in the 2023 Annual Report. Before outlining the valuation issues regarding the two subsidiaries and the aspects related to the valuation of the cross-border exposures, it is necessary to provide some preliminary information about how Pravex and Banca Intesa Russia contributed to the consolidated financial statements as at 31 December 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 December 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 30 September 2024, translated at the exchange rate of 31 December 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

[8] There were also 29 million euro (25 million euro net) in gross off-balance sheet exposures to customers at Banca Intesa Russia and 20 million euro cross-border (with no impact in terms of net values) with customers resident in Russia (net of ECA). Lastly, there were 27 million euro (gross and net values) of cross-border positions with Russian resident banks.

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

31 December 2024 do not show any significant differences – in the total aggregates – compared to those at the end of September.

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 December 2024, as in the 2023 Consolidated Financial Statements, it was considered appropriate to maintain the full write down of Pravex's on-balance sheet loans to customers, with consequent classification to Stage 3. As a result of that choice, for the purposes of the Group's consolidated financial statements, the equity of the subsidiary has essentially been reduced to zero. Also for Banca Intesa Russia, an approach to classifying and measuring performing loans continued to be adopted that strongly considers the geopolitical risk deriving from the ongoing crisis. Therefore, as was already the case in the 2023 Annual Report, the assessments carried out as at 31 December 2024 on the loans of the subsidiary included a centrally determined prudent factor that takes account of the worsening of the domestic economic situation in light of the continuation of the conflict and the increased isolation of the Russian economy. As a result of the recomposition of the portfolio following repayments and reclassifications to non-performing loans, the total coverage of performing loans of the Russian subsidiary amounted to around 36% of their gross value, up slightly on 35% in December 2023. As in the past accounting closings, the provision aimed at reducing the equity of the investee to zero has also been maintained. The significant adjustments on the credit exposures of Banca Intesa Russia and Pravex were maintained, which were made on a prudential basis to 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 2024, the Group recorded a negative profit and loss impact, before tax, of 273 million euro related to the exposures to Russian or Ukrainian counterparties. This impact was essentially due to the provision of 263 million euro made upon consolidation of Banca Intesa Russia to write off its equity contribution to the Group's consolidated financial statements, while the other effects relating to collections and valuations of other items related to Russian or Ukrainian counterparties were substantially offset, which amounted to a total of -10 million euro. With regard to the year 2023, it is worth recalling that the flow of collections and the valuation processes established upon closure of the financial statements led to the recognition of write-backs on loans and securities, before tax, totalling 205 million euro, partially offset by the provision made upon consolidation of Banca Intesa Russia to write off its equity contribution to the Group's consolidated financial statements, amounting to 114 million euro, with an overall positive impact of 91 million euro.

Other highlights

The other significant events that occurred in 2024, as well as some updates since the end of the year, are described below.

The transfer from Intesa Sanpaolo to Isybank of the second business line – consisting of the set of assets and legal relations operationally organised for the management of private individual customers holding transactional products (accounts and payment cards), loans and mortgages (with related CPI and fire protection insurance), meeting a number of requirements including being aged under 65, the prevalent use of digital channels, and express consent to the transfer – took legal effect on 18 March 2024.
The deed of transfer, signed on 13 March, was implemented upon subscription and release of the second tranche of the 700-thousand-euro capital increase approved by the Extraordinary Shareholders' Meeting of 11 October 2023. As a result, Isybank's share capital increased to 31,000,000 euro. The related IT migration was completed over the weekend of 16 and 17 March. The transfers from Intesa Sanpaolo to Isybank involved a total of around 350,000 customers.
As detailed in Part E – Risks and relative hedging policies, 1.5 Operational risks, of the Notes to the consolidated financial statements, on 12 June 2024 the Italian Antitrust Authority announced the closure of the proceedings brought against Intesa Sanpaolo and Isybank, accepting the commitments proposed by the two Banks, while on 14 June 2024 Intesa Sanpaolo, Isybank and the consumer association "Associazione Movimento Consumatori" announced the settlement agreement reached at the end of May to remedy the issues raised by the association in the representative injunction action to protect the collective interests of consumers brought in December 2023. On 3 January 2025, following an investigation during which Intesa Sanpaolo had duly responded to the information requests received, the Italian Personal Data Protection Authority notified the Bank of breaches to the General Data Protection Regulation and initiated the related sanctions procedure.

On 28 March 2024, the Board of Directors of Intesa Sanpaolo, upon proposal by the Managing Director and CEO Carlo Messina, adopted a new organisational structure that leverages the strengths that have established the Bank as a leader in Europe and focuses on the Group's capacity to innovate. The renewed organisation readies the Group to tackle the challenges facing the European banking sector, by harnessing the best new managerial talents and by valuing internal resources, all with a long-term perspective. These significant and wide-ranging changes were marked by a generational transition introducing new talents in key positions, guided and supported by highly-experienced individuals who have long held leadership roles within the Group. The average age of those taking on new top-level responsibilities is 49. The new organisational structure, effective from 2 April 2024, also represents a particularly important step in the longstanding initiative to nurture female talent.

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

Two new control rooms have also been created: the first, called "Fees & Commissions" and chaired directly by the Managing Director and CEO, is focused on monitoring, overseeing and coordinating the strategies necessary to develop the Group's fee and commission income; the second, launched at the end of May, called "Acceleration of Synergies of International Banks", is aimed at promoting the transfer of the best practices adopted by the Banca dei Territori and the IMI Corporate & Investment Banking Division to the international banks.
The new organisational structure of Intesa Sanpaolo was subsequently completed with the establishment of the new "Chief Security Officer" Governance Area, as resolved by the Board of Directors on 17 October 2024, reporting directly to Managing Director and CEO Carlo Messina and assigned to General Antonio De Vita.
The new Governance Area will oversee physical security, IT security (cybersecurity) and business continuity to ensure:
- a single point of control for security models and solutions;
- governance of the budget;
- identification of priorities;
- strengthening alignment with the best international security standards and models.

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, approved by the Board of Directors of Intesa Sanpaolo on 28 March 2024, which reflects changing strategies in real estate in response to the increased emphasis on ESG objectives in the sector, includes the contribution of two real estate asset portfolios held by Intesa Sanpaolo to several funds established and managed by COIMA SGR, with a total value of over 0.5 billion euro, identified based on their type and the related strategy for optimising their value.
In 2024, the necessary preliminary activities were carried out for the completion of the transaction, expected in 2025 after the conditions precedent established by the parties have been fulfilled. Specifically, the contribution, which will result in a significant reduction in the real estate assets of the Parent Company, will involve (i) three prime assets located in Rome in Via dei Crociferi 44, and in Milan in Via Clerici 4-6 / Piazza Ferrari 10 and Via Verdi 9-11-13; and (ii) a portfolio of investment properties located in various towns, the scope of which was initially identified upon signing of the agreement and confirmed in the third quarter of the year.
Therefore, as at 31 December 2024, all the properties that will be contributed upon the closing were reclassified among assets held for sale.
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/or active management via leasing or the creation of new businesses.

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 (for details on the majority of votes please see the press release published on the Group's official website).
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)[10]. Also taking into account the interim dividend paid in November 2023, amounting to 2,628,985,341.02 euro[11] (corresponding to 14.40 euro cents per share), the total interim and remaining dividends distributed for the year 2023 amounted to 5,405,295,975.10 euro, corresponding to a 70% payout of the consolidated net income;
- *the remuneration policies and incentive plans*. The Shareholders' Meeting (i) approved the remuneration and incentive policies for 2024, together with the related adoption and implementation procedures, as described respectively in

[10] The remaining dividend for the year 2023, paid on 22 May 2024 (with coupon presentation on 20 May and record date on 21 May), amounted to 2,776,310,634.08 euro, corresponding to 15.20 euro cents for each of the 18,265,201,540 ordinary shares without nominal value outstanding on the record date (thus excluding the 17,597,449 own shares held by the Bank on the same date, to which no dividends are due, for an amount of 2,674,812.25 euro that was allocated to the Extraordinary Reserve).

[11] 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.

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

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

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

The execution of the programme of purchase of own shares for annulment (buyback) – which was authorised by the ECB with decision notified on 11 March 2024 – began on 3 June 2024 in the manner and within the terms approved by the above-described Shareholders' Meeting of Intesa Sanpaolo of 24 April 2024 and ended on 18 October 2024[12]. During the period, a total of 479,128,488 shares were purchased, equal to around 2.62% of the share capital outstanding at the end of the programme, at an average purchase price of 3.5481 euro per share, for a total countervalue of 1,699,999,992.53 euro.
The transactions took place on the regulated market Euronext Milan managed by Borsa Italiana through the third-party intermediary appointed to execute the programme, in full independence and without any involvement of the Intesa Sanpaolo Group.
The annulment of the shares took place on 23 October 2024. While the share capital remained unchanged at 10,368,870,930.08 euro, the number of ordinary shares without nominal value decreased from 18,282,798,989 to 17,803,670,501. The Articles of Association amended to reflect said annulment were filed with the Turin Company Register on 28 October and registered on 30 October 2024.

During the period from 9 September to 11 September 2024 an Intesa Sanpaolo ordinary share buyback programme was also implemented to service plans for the assignment of shares, free of charge, to the employees and the Financial Advisors of the Group, in relation to (i) mainly, the Intesa Sanpaolo Group share-based incentive system for 2023; and (ii) to a lesser extent, the incentive systems of certain subsidiaries (Intesa Sanpaolo Private Banking, for the network in Italy, and Fideuram - Intesa Sanpaolo Private Banking Group for the Relationship Managers of the international commercial networks and non-employee Financial Advisors), also relating to 2023. These incentive systems are reserved for Risk Takers who accrue a bonus in excess of the so called "materiality threshold"[13], for those who are paid a "particularly high" amount[14] and for those who, among Middle Managers or Professionals that are not Risk Takers, accrue a bonus exceeding both the so called "materiality threshold"[15] and 100% of the fixed remuneration. In addition, the programme was implemented in order to grant, when certain conditions occur, severance payments upon early termination of employment.
Intesa Sanpaolo carried out the purchases according to the methods and within the terms authorised by the Shareholders' Meeting of 24 April 2024, also on behalf of the subsidiaries involved, which thereby concluded the programmes regarding the purchase of the parent company shares approved by their respective corporate bodies within their remits and analogous to the programme approved by the Parent Company Shareholders' Meeting.
In the three days during which the programme was executed, a total of 21,000,000 Intesa Sanpaolo ordinary shares were purchased, through the IMI Corporate & Investment Banking Division, tasked with the programme execution, representing around 0.11% of the share capital outstanding at the end of the programme. The average price was 3.7154 euro per share, for a total countervalue of 78,023,430.57 euro.
The Parent Company purchased 10,301,330 shares at an average price of 3.7146 euro per share, for a countervalue of 38,265,555.39 euro.
The transactions were executed in compliance with provisions included in Articles 2357 et seq., and 2359-bis et seq.of the Italian Civil Code and within the limits determined in the resolutions passed by the competent corporate bodies.

[12] The purchases were suspended during the three days (from 9 to 11 September 2024) of execution of the share buyback programme relating to plans of assignment, free of charge, of Intesa Sanpaolo ordinary shares to the employees and the financial advisors of the Group.

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

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

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

Pursuant to Article 132 of the Consolidated Law on Finance and Article 144-bis, paragraph 1, letter b) of the Issuers' Regulation and subsequent amendments, purchases were executed on the regulated market Euronext Milan managed by Borsa Italiana in accordance with trading methods laid down in the market rules for these transactions.
Moreover, the execution method complied with the conditions and the restrictions under Article 5 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014, and Articles 2, 3, and 4 of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.
The number of shares purchased daily did not exceed 25% of the daily average volume of the Intesa Sanpaolo ordinary shares traded in August 2024, which was equal to 70.2 million shares, as well as the additional limit, to the above-mentioned regulatory conditions and restrictions, of 15% of the volume traded on the Euronext Milan market on each of the days when purchases were executed.
Note that, pursuant to Article 2357-ter of the Italian Civil Code, the Intesa Sanpaolo Shareholders' Meeting authorised the disposal on the regulated market of own ordinary shares exceeding the actual requirement, under the same conditions as those applied to the purchases, and at a price of no less than the reference price recorded by the share in the stock market session on the day prior to each single disposal transaction, less 10%. Alternatively, these shares may be retained for future incentive plans and/or remuneration payable upon early termination of employment relationship (Severance).

With regard to the scope of consolidation, on 31 May 2024, after obtaining the necessary approvals from the various supervisory authorities, Intesa Sanpaolo S.p.A. completed the acquisition of 99.98% of the shares of the Romanian bank First Bank S.A. held by JCF IV Tiger Holdings S.à R.L. (Luxembourg). The related sale agreement had been signed on 28 October 2023 by Intesa Sanpaolo with the US private investment fund J.C. Flowers & Co and had already been announced in the 2023 Annual Report.
First Bank is a medium-sized local bank primarily focused on the SME and Corporate sectors, with a notable presence in the Retail (consumer lending) segment.
The acquisition strengthens Intesa Sanpaolo Group's presence in Central and Eastern Europe, particularly in Romania, where it has been operating since 1996 through Banca Comerciala Intesa Sanpaolo Romania S.A. (Intesa Sanpaolo Bank Romania), part of the International Banks Division, and now ranks among the top 10 banks in the country. Cost synergies are also expected, mainly related to the streamlining of the branch network, together with revenue synergies, through an expanded offering of high-quality financial services.
From an accounting perspective, the Purchase Price Allocation (PPA) process required by IFRS 3 was completed during the second half of the year, with the determination of the fair value of First Bank's assets and liabilities and the identification of any specific intangibles not previously recognised in its financial statements. The comparison between the acquisition cost and the shareholders' equity at fair value identified a difference of around 10 million euro, which was recognised as negative goodwill within the positive items in the consolidated income statement.

After having received the ECB and FINMA authorisations (issued on 3 June and 12 July respectively), on 8 August 2024 the CHF 40 million capital increase was completed and registered in the Swiss Company Register for Alpian S.A., the digital wealth bank in the start-up phase set up in 2019 and based in Geneva, which as at 31 December 2023 was 41.626% owned by the Intesa Sanpaolo Group (of which 28.134% held by Fideuram - Intesa Sanpaolo Private Banking and 13.492% by Reyl & Cie) and recognised in the consolidated financial statements under companies subject to significant influence in accordance with IAS 28.
The subscription to the recapitalisation of Alpian was approved by the Boards of Directors of Fideuram - Intesa Sanpaolo Private Banking on 26 February 2024 and of Intesa Sanpaolo, for the issuance of the necessary approval, on the following 27 February with the intention of fully subscribing any unsubscribed capital to ensure the success of the transaction, in view of the asset's strategic importance. In March, Fideuram - Intesa Sanpaolo Private Banking subscribed the capital increase for an amount of CHF 38,572,344.52, equal to its pro-rata share (including the share of Reyl & Cie) and the total of the unsubscribed capital. The conditions of the recapitalisation enabled the exercise, already authorised by the respective competent bodies, of the anti-dilution option in favour of Fideuram - Intesa Sanpaolo Private Banking and Reyl & Cie, which jointly subscribed a further capital increase at nominal value of CHF 2,431,349.67 on 10 September 2024.
Upon completion of the overall transaction (capital increase and exercise of the anti-dilution option), the Intesa Sanpaolo Group's ownership percentage rose to 61.599% (with 51.141% held by Fideuram - Intesa Sanpaolo Private Banking and 10.458% by Reyl & Cie), resulting in the acquisition of control of the company in accordance with IFRS 10 and its inclusion in the scope of line-by-line consolidation.
From an accounting perspective, the transaction was classified as a business combination achieved in stages. The Purchase Price Allocation process required by IFRS 3 was completed in the fourth quarter. The comparison between the acquisition cost (calculated by adding the subscribed capital increase and the fair value of the interest already held) and the pro-rata shareholders' equity at fair value of the company identified a residual difference of 28 million euro, which was allocated to goodwill.

On 19 November 2024, the merger deed was signed for the incorporation of Intesa Sanpaolo RBM Salute S.p.A., a company specialising in health insurance, into Intesa Sanpaolo Assicura S.p.A., a company specialising in damage insurance coverage for people, vehicles, and home, as well as loan protection. Both companies were 100% controlled by Intesa Sanpaolo Vita S.p.A., the Parent Company of the Intesa Sanpaolo Vita Insurance Group.
The merger was approved by the Extraordinary Shareholders' Meetings of Intesa Sanpaolo Assicura and Intesa Sanpaolo RBM Salute on 11 September 2024, in accordance with the merger plan approved on 8 April 2024 by the Boards of Directors of the two companies and registered with the Company Registers of Turin and Venice Rovigo on 19 July 2024, following the receipt of authorisation no. 173294 from the Institute for the Supervision of Insurance (IVASS) on 17 July 2024.
The merger took legal effect from 1 December 2024. On that date, the absorbing company adopted the new name "Intesa Sanpaolo Protezione S.p.A.". The civil and tax effects, on the other hand, commenced from 1 January 2024. Given that it was a merger in which both the share capital of the incorporated company and that of the absorbing company were wholly owned by the same shareholder, it was completed through the simplified procedure provided for in Article 2505 of the Italian Civil Code.

From a strategic perspective, the corporate transaction – which had no impact on the policies subscribed by customers – is part of the process of streamlining the Intesa Sanpaolo Group's non-life insurance segment by creating a single hub for asset and personal protection, combining the expertise gained by the two companies to develop an integrated offering and facilitating simpler and more efficient relations with the networks (both within the ISP Group and external) by standardising and unifying processes, particularly at the after-sales stage. The expected benefits also include organisational, administrative, and operational simplification.
From 1 December 2024, the name of the parent company Intesa Sanpaolo Vita was also changed to "Intesa Sanpaolo Assicurazioni S.p.A." with the related change in the name of the Intesa Sanpaolo Vita Insurance Group to "Intesa Sanpaolo Assicurazioni Group". This change was approved by the Extraordinary Shareholders' Meeting of the Company held on 11 April 2024 and authorised by IVASS by Order no. 0119676 of 6 May 2024[16].

The streamlining process also involved the Private Banking Division. Specifically, on 20 November 2024, the deed of merger was signed for the merger by incorporation of IW Private Investments Società di Intermediazione Mobiliare S.p.A. into its 100% parent company, Fideuram - Intesa Sanpaolo Private Banking S.p.A.
The transaction, completed through the simplified procedure set out in Article 2505 of the Italian Civil Code, with legal effect from 2 December 2024 and accounting and tax effects from 1 January 2024, was approved by the Extraordinary Shareholders' Meetings of the two companies on 24 September 2024, based on the merger plan approved by the two Boards of Directors on 15 May 2024[17] and following the authorisation issued by the European Central Bank with a letter dated 17 July 2024.
This completes the process of integration of the company into Fideuram - Intesa Sanpaolo Private Banking's operational model, which had already begun with the transformation of IW Bank (a company of the former UBI Banca Group) into a securities brokerage firm, while maintaining the customer relations and the network of Financial Advisors, brand value, and service excellence. Following the transaction, the product and service catalogue offered to customers was retained, together with the distribution model based on the network of Financial Advisors, which was transferred to Fideuram - Intesa Sanpaolo Private Banking and the "IW Private Investments" brand, to accompany the "Fideuram" brand.

Lastly, to complete the disclosure for 2024, the voluntary exits plan continued in accordance with the trade union agreements of 29 September 2020 and 16 November 2021.
In the year, there were 1,543 voluntary exits (32 in the fourth quarter, 405 in the third quarter, of which 377 with effect from 1 July; 295 in the second quarter, of which 265 with effect from 1 April; 811 in the first quarter, of which 774 with effect from 1 January) for a total since the beginning of 2021 of 8,661 exits, 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.
During 2024, there were approximately 1,550 hires (with slight differences in the four quarters) under those agreements, for a total of around 4,550 since the beginning of 2021 against the 4,600 planned by the end of 2025.
In addition, there were further voluntary exits on 1 January 2025 involving a total of 1,314 Group employees, of which 966 linked to the new Agreement signed in the fourth quarter of 2024.

In this regard, it is noted that, on 23 October 2024, Intesa Sanpaolo signed an agreement with the Trade Unions, which aims at enabling generational change at no social cost, also owing to significant investment in technology. The agreement also aims at defining the steps of a path leading to enabling service and offering models oriented towards greater simplicity and effectiveness for customers, as well as freeing up time for professional development through a major upskilling/reskilling training programme to better address the need for new widespread digital skills and new professions.
The agreement – addressed to all the people who meet pension requirements by 31 December 2030 of the Intesa Sanpaolo Group's Italian companies, including the managers – identifies ways and criteria to reach the target of 4,000 people voluntary leaving the Group by 2027, either by retiring or accessing the Solidarity Fund. Furthermore, by June 2028, the Group will hire 3,500 young people on indefinite-term contracts, 1,500 of whom as Global Advisors for the Network commercial activities in order to ensure greater proximity to customers, specifically in Wealth Management & Protection. The new hires will sustain the Group's growth and its new activities and are in addition to the aforementioned 4,600 hires by December 2025 already envisaged under the 2022-2025 Business Plan against 9,200 people leaving the Group by the end of the first quarter 2025.
Furthermore, by 2027, 3,000 exits are expected to take place in Italy and 2,000 net exits in the international subsidiaries, the latter entirely involving roles in central functions with no impact on the commercial roles, through actions on natural turnover.
Overall, upon full implementation (from 2028), the Group is expected to achieve annual savings in personnel expenses, taking into account the above-mentioned hires, of around 500 million euro compared to costs recognised in the fourth quarter of 2024 of 439 million euro before tax, including the discounting effect (295 million euro net of tax).

Under the Next Way of Working project – aimed at implementing a new working model based on strengthening individual responsibility and improving work-life balance – the preliminary real estate and technological interventions continued throughout 2024 and are still ongoing, aimed at constructing new workspaces designed to enhance the moments of presence in the office. At the end of 2024, the work had been completed at the sites in Treviso, Bologna, Padua, and Sarmeola di Rubano, Bari, Chieti, and Rome Via Lamaro. The work on the sites in Milan via Bisceglie and Moncalieri was completed in the initial weeks of 2025. In Rome, some minor refinements still need to be made to complete the functional layout of the spaces in Via del Corso. In Cuneo, the work is scheduled to start in February 2025.
The renovation of the spaces is continuing alongside the implementation of technological tools (release of the space booking function within the planning and reservation tool) and specific communication campaigns.

[16] With regard to (i) the merger by incorporation of Intesa Sanpaolo RBM Salute S.p.A. into Intesa Sanpaolo Assicura S.p.A., (ii) the amendments to the Articles of Association of the absorbing company Intesa Sanpaolo Assicura S.p.A. related to the merger and its re-branding, as well as (iii) the amendments to the Articles of Association resulting from the re-branding of Intesa Sanpaolo Vita and the Insurance Group, the Board of Directors of Intesa Sanpaolo had given its prior approval on 28 March 2024.

[17] The prior approval for the transaction was given by the Parent Company Intesa Sanpaolo to Fideuram - Intesa Sanpaolo Private Banking on 3 May 2024.

In parallel, the implementation continued of the plan aimed at expanding national coverage by progressively increasing the number of Flexible Work HUBs available to employees, providing them alternative spaces to their main offices to carry out their work. At the end of 2024, the number of available workstations had more than doubled (over 1,200 compared to around 600 at the beginning of the year). Currently, HUB spaces bookable by the Network staff and governance structures authorised for flexible work are available in all the Italian regions.
In addition, to promote increasing access to the flexibility tools by the Network staff who intend to use them on a voluntary basis, a significant expansion of the scope of application of these tools has been implemented in the Banca dei Territori and Private Banking Divisions starting from July.
Lastly, as part of the Energy Management strategies, and in particular as part of the initiatives aimed at improving ESG performance, the pilot phase initiated in December 2023 was continued in August 2024 and during the Christmas period (23 December 2024 - 3 January 2025) with the temporary closure of several head offices, making other company spaces in nearby areas available through booking to provide the possibility of working on-site, as an alternative to voluntary remote working.

The 2022-2025 Business Plan

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

Over the years, the Intesa Sanpaolo Group has confirmed its solidity and strengths, and in particular its earnings resilience, solid capitalisation, risk control, and high flexibility in managing operating costs.
The implementation of the Plan is proceeding at full speed. The results achieved in 2024 confirm that the Intesa Sanpaolo Group is able to generate sustainable profitability even in complex environments thanks to its well-diversified business model. During the year, the Group strengthened its competitive position by pursuing a strategy of organic growth, achieving – and in some cases exceeding – the targets set out in the 2022-2025 Business Plan.

In relation to the Group's strong commitment to ESG, the following information is provided in line with previous years, some of which is also presented in the Consolidated Sustainability Statement, included in this Report, where further details can be found.

Massive upfront de-risking, slashing Cost of risk

During the year, the Intesa Sanpaolo Group achieved a further improvement in asset quality, both through credit risk transfers and capital efficiency initiatives, leading to a reduction of 5.5 billion euro in the stock of gross non-performing loans since the start of the Plan, with gross and net NPL ratios, calculated according to the EBA methodology, of 2% and 1% respectively in 2024.
In 2024, the Balance Sheet Optimisation (BSO) unit continued to expand its credit risk coverage schemes for optimising capital absorption, reporting an outstanding volume of synthetic securitisations included in the GARC (Gestione Attiva Rischio di Credito – Active Credit Risk Management) Programme of around 29 billion euro. Several new synthetic securitisations were completed during the year, details of which are provided in the Notes to the Consolidated Financial Statements, Part E – Information on risks and relative hedging policies, Credit risk, Securitisations.
The work also continued on the further strengthening of capital efficiency initiatives and the expansion of the scope of application of the lending strategy to ESG criteria, with around 38 billion euro new loans in 2022-2023 and around 21 billion euro since the beginning of 2024 directed towards more sustainable economic sectors with the best risk/return profile and broadening the scope of alternative financing solutions for high-risk customers.
The Group has introduced a Sectoral Framework to enhance its credit assessment capabilities, which assesses the forward-looking profile of each economic sector on a quarterly basis across different countries and aims to evolve the main credit processes (granting and proactive management) by adding sectoral information. The approval of a sectoral view by a specialised managerial committee, which feeds into all the credit processes, improves the effectiveness of the credit decisions and action plans.
With regard to the proactive management of other risks, anti-fraud cybersecurity protection has been extended to new products and services for retail customers, also through the use of Artificial Intelligence solutions. Open Source Intelligence solutions have also been adopted to enhance the ability to respond to cyber threats and increase the protection from cyber attacks (in relation to detection and recovery) and internal awareness of threats of this kind, such as phishing. Under the EBA Clearing "Fraud Pattern and Anomaly Detection" (FPAD) project, Intesa Sanpaolo is one of the first European banks to incorporate the risk score established by the EBA into its anti-fraud system for corporate transactions (bank transfers and instant payments).
Significant attention has also been given to improving security in identity and access management both for employees and customers. Employees have been provided increased protection both for remote access to applications and for on-site company workstations, through the implementation of multi-factor authentication, while customers have benefited from an improved level of security in digital services, aided by the adoption of advanced solutions and technologies for the remote biometric recognition of users, which has also enhanced the user experience.
In 2022, the Bank established the Anti-Financial Crime Digital Hub (AFC Digital Hub), a national and international centre also open to other financial institutions and intermediaries in the industry, aimed at combating money laundering and terrorism by means of increasingly advanced technologies. The aim of the centre is to use new technologies and Artificial Intelligence to

create a public-private collaboration model which promotes the introduction of innovation in business processes through applied research.

With regard to the de-risking initiatives, on April 15, 2024, a newly established Alternative Investment Fund (AIF) acquired a portfolio from Intesa Sanpaolo with a total Gross Book Value (GBV) of around 0.2 billion euro, consisting of both non-performing exposures classified as unlikely-to-pay (UTP) and positions not yet classified as non-performing but considered high-risk. The transaction was approved by the Board of Directors in December 2023 and the loans identified, after having verified the fulfilment of the requirements of IFRS 5, were reclassified as assets held for sale as at 31 December 2023. There are some remaining minor short-term exposures that will be sold in 2025.
With regard to de-risking initiatives, three projects were launched in the second quarter, for the disposal of non-performing loans of Intesa Sanpaolo, mainly through transfers to Alternative Investment Funds (AIF) that invest in credit exposures, all completed within the set timeframes. More specifically, the three transactions involved:

– the transfer to an AIF of a portfolio of UTP small ticket loans with a Gross Book Value (GBV) of around 0.2 billion euro;
– the cash sale of bad loans with a GBV of around 0.2 billion euro;
– the transfer of non-performing loans (UTP and past due loans), divided into three distinct perimeters for a total GBV of over 0.6 billion euro, to the same number of AIFs, selected based on the characteristics of the transferred exposures.

The closing of the first two transactions was carried out in July, while the third was partially finalised in July and partially in October[18].
In the fourth quarter, a new transaction was initiated involving the true sale of an Intesa Sanpaolo portfolio of bad loans with a GBV of 0.3 billion euro. The transaction is scheduled to be completed in 2025. Since the conditions of IFRS 5 applied, the portfolio was reclassified as held for sale as at 31 December 2024, aligning its carrying amount to the sale price.

Structural Cost reduction, enabled by technology

The streamlining of the retail network and the real estate scale back in Italy continued, with the closure of 1,190 branches[19] (of which around 360 in 2024) and the release of around 713,000 square metres of owned or leased property[20] (of which around 227,000 in 2024). Since the beginning of the Plan, 178 owned real estate assets have been sold for a total value of around 137 million euro. The streamlining of the branch network was enabled by Group's continuous strategic investments in technology, leading to a profound digital transformation over the years, strongly oriented towards customer relationship care.
The Group's new digital bank, Isybank, was launched in 2023 and plays a key role in Intesa Sanpaolo's customer service model and digital development strategy. Its creation is aimed at further strengthening the Group's competitive advantage in cost management and achieving leadership in Europe in operational efficiency and customer service innovation. In 2024, the technological developments necessary to complete Isybank's digital offering for loans, protection and investments were completed according to plan.
The development of isytech, the new cloud-native digital platform and technology infrastructure of Isybank, which is being extended to the entire Group, is also continuing. At the end of 2024, the progress of the isytech adoption at the Parent Company was in line with the plan, which targets completion in 2026, both for the areas being redesigned in the cloud (i.e. Apps, Loans, Current Accounts, Payments, Investments and Data) and for the necessary adjustments to the remaining applications.
During the year, artificial intelligence emerged as a strategic enabler and now provides the foundation for Intesa Sanpaolo's strategy for improving risk management, enhancing operational efficiency, and creating new business opportunities through targeted investments. In particular:

– launch of the AIXeleration programme, with the aim of creating around 150 solutions to support the business and governance areas within timeframe of the Plan. There are currently around 215 staff dedicated to the development of AI use cases (104 already developed in 2024) supporting Business, Planning and Control, Compliance, Risk Management and HR processes;
– adoption of a conscious approach to AI ("Responsible AI") through the definition of risk-based rules and operational processes which will enable the Group to adopt AI solutions safely and responsibly, including those that address Fairness, Explainability, Data Quality and Human Oversight;
– continuation of the activities of the Centai Institute, artificial intelligence laboratory in Turin;
– continuation of the digitalisation strategy for E2E (End-to-End) processes, using both Process Intelligent Automation (e.g. with Artificial Intelligence and/or Robotic Process Automation) and traditional re-engineering methods;
– Eurizon's launch of digitalisation projects related to Artificial Intelligence (implementation phase of the Proof of Concept on Group infrastructure) and Digital Ledger Technology (successful completion of the trial on the tokenisation of fund units and launch of the pilot project for their distribution).

The numerous other technological initiatives pursued by the Group since the beginning of the Plan include the:

– hiring of around 2,320 people in the technology area;
– establishment of the new digital platform for analytical cost management, which uses integrated advanced analytics and benchmarking techniques and has led to the identification of 44 cost efficiency initiatives;
– extension of the Hub Procurement system to the entire centralised procurement management perimeter and launch of the first pilot projects in the area of procurement analytics;
– modernisation of technology solutions in the International Branches, in particular with regard to Originate to Share and data management solutions;
– reduction of loan disbursement times (-50% for Corporate and -30% for Retail) thanks to the new credit granting process;
– start, in line with the SkyRocket plan (a cloud solution enabled by the partnership with Google Cloud and TIM), of the operations of the new Cloud Region in Turin, adding to the one in Milan; at the end of 2024, the progress of the migration

[18] The transactions described were also accompanied by sales of single name loans for a total of 0.1 billion euro completed during 2024.
[19] From the fourth quarter of 2021.
[20] From the fourth quarter of 2021.

onto the Skyrocket Cloud infrastructure in Turin and Milan, involving the migration to Skyrocket of 60% of the cloud ready applications, was on schedule and the cost reduction in terms of Total Cost of Ownership (TCO) was also in line with project objectives;
- launch of the new core banking system in Egypt and gradual release of applications for the target platform in all the countries of the International Banks Division;
- launch of the new core banking system in Albania.

Lastly, the reduction in staff due to voluntary exits, amounting to over 8,650 people since 2021, continues to be supported and offset by the ongoing digital transformation strategy.

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

The expansion continues of "Valore Insieme", the advanced advisory service for Affluent and Exclusive customers of Banca dei Territori, with new insurance and asset management products. At the end of 2024, Valore Insieme's stock of financial assets amounted to 81.5 billion euro, with around 67 thousand new contracts signed and approximately 18.5 billion euro of new financial asset flows gathered since the beginning of the year. In early March, the marketing began of Eurizon mutual funds dedicated to customers with the Valore Insieme Exclusive Package. In September, a communication campaign targeting potential customers was launched via direct emails and ATM messages.
In Private Banking, We Add, the new advanced advisory service for the Intesa Sanpaolo Private Banking network, has been released, and the new Aladdin Robo4advisory features have been added to support the advisory activities for the Fideuram network. New features have also been developed for the advisory tools dedicated to UHNWI (Ultra High Net Worth Individual) customers and the service model for family offices has been strengthened. In addition, the new SEI (Advanced Advisory Services) agreement for Fideuram was launched, which allows for the inclusion of assets under administration into its scope.
The strengthening is continuing of Fideuram Direct (Fideuram's digital wealth management service for investing in managed products and trading in over 50 cash and derivatives markets, with advanced services). The new remote advisory service, Direct Advisory, allows customers to open accounts and subscribe to asset management products themselves, in addition to building investment portfolios with the help of direct bankers operating remotely. Cash deposits have also been added to the catalogue, to complement wealth management product solutions, and the range of advanced trading services offered by Fideuram Direct has been expanded. In addition, the Direct Advisory services have been extended to customers of traditional networks, based on their preferences and operational characteristics.
The offering of Alpian, Switzerland's first digital private bank with a mobile-only platform, including multi-currency, wealth management and financial advisory services with experienced consultants, was strengthened through the introduction of the in-self configurable mandates and the Apple Pay service.
Reyl & Cie, the Swiss hub of the Private Banking Division, continues to contribute to the growth in fees and commissions generated internationally, together with Intesa Sanpaolo Wealth Management in Luxembourg. The implementation of the Reyl's growth strategy is continuing through synergies with the Italian Private Banking networks and the other Group companies and the launch of a project to implement a distribution model for selected Reyl banking products within the Italian networks. In November 2024, a new strategic initiative was announced, designed to accelerate the growth of the Digital Wealth Management offering in Europe (Belgian and Luxembourg markets) in collaboration with BlackRock. A new fully digital Business Unit will be established within Intesa Sanpaolo Wealth Management aimed at expanding the customer base across Europe by offering cutting-edge solutions.
Intesa Sanpaolo was the first bank in Italy to offer Nexi SoftPOS in 2023, a solution allowing contactless digital payments from smartphones/tablets without a card payment machine (POS terminal). Since June 2024, the service has been extended to the iOS operating system and the advanced SoftPOS PRO version for medium/large-sized corporate customers has been launched on Android.
In addition, the ring wearable payment service was launched in the first quarter of 2024, in collaboration with Mastercard and Tapster, a pioneering Swedish company operating in the contactless payments sector.
In 2024, a strategic partnership became operational with Man Group in Asteria Investment Managers, focused on the creation of a wide range of alternative and strictly long-term investment strategies using cutting-edge technology, with the aim of generating innovative investment opportunities for Fideuram - Intesa Sanpaolo Private Banking customers. In March 2024, the first fund classified as Article 8 SFDR was launched on the Italian networks, which has already exceeded 1 billion euro in funding. In addition, 100% of Carnegie Fund Services S.A., an active player in fund distribution, was acquired and merged into Reyl & Cie S.A. with accounting effect from 1 January 2024.
The expansion continues of Eurizon's offering for captive and third-party distributors through the progressive enhancement of the ESG product offering for asset management and insurance, which has brought their penetration to over 76.4% of Eurizon's total assets under management. Eurizon's continues its commitment to financial education, ESG training (towards distributors and academics) and stewardship.
A business partnership was also initiated with Eurobank Asset Management, a management company wholly-owned by Eurobank, involving the distribution of Eurizon funds by Eurobank and support from Eurizon for growth in asset management, and a memorandum of understanding was signed in July 2024, which will allow Eurizon to enter the Greek market.
From 1 January 2024, InSalute Servizi, a company of the Insurance Division of Intesa Sanpaolo, became the TPA (Third Party Administrator) of the Intesa Sanpaolo Group's Health Fund. The company, which also manages the Banca dei Territori customers with Intesa Sanpaolo Protezione health policies, is currently the fourth-largest TPA in the Italian market, handling over 1.5 million cases per year. Thanks to partnerships with leading healthcare facilities, new online booking services for medical treatments have been released, with the possibility of receiving reports directly on the App, which are currently aimed at the Group's individual customers.
As already mentioned in the paragraph above, in December 2024 Intesa Sanpaolo Vita changed its name to Intesa Sanpaolo Assicurazioni. In addition, in the non-life business, Intesa Sanpaolo Protezione was created from the merger of Intesa Sanpaolo RBM Salute with Intesa Sanpaolo Assicura to consolidate the leadership in the Italian insurance market.

The Group has dedicated numerous initiatives to businesses and financial institutions, including the:
- launch of IncentNow, a digital platform able to provide information to Italian companies and institutions on the opportunities offered by the public tenders related to the National Recovery and Resilience Plan, and the offering of webinars and workshops with customers aimed at educating and sharing views on key topics such as the digital transition;
- commercial initiatives to support customers in different sectors to optimise the incorporation of European and Italian post-pandemic recovery plans;
- strengthening of the Global Transaction Banking platform through digital enhancement initiated by the IMI Corporate & Investment Banking Division, in collaboration with isytech at Group level. IMI C&IB's capital light toolkit is also being expanded, with the introduction of new instruments such as credit risk insurance and portfolio hedging;
- origination and distribution activities, both in Italy and abroad, also through the enhancement of the Originate-to-Share model, with the introduction of additional risk-sharing instruments and the strengthening of relationships with institutional customers;
- ESG advisory services to corporates to steer the energy transition through a scalable approach, with a focus on energy, infrastructure and the automotive & industrial sectors, also through supply chain agreements with specialised partners, and integrating working capital funding solutions;
- enhancement of the digital platforms serving Corporate customers, with a focus on Cash and Trade services and the Global Markets offering, also through the launch of Cardea, an innovative and digital platform for financial institutions;
- development of the synergies between the IMI Corporate & Investment Banking Division and the Group's main international banks and continuation of (i) the ESG value proposition initiative, dedicated to the priority sectors of the commercial strategy, for the Corporate and SME customer segments of the Group banks in Slovakia, Hungary, Croatia, Serbia and Egypt; and (ii) the business partnership with a leading insurance group for the distribution of bancassurance products in Slovakia, Croatia, Hungary, Serbia and Slovenia.

Also worth noting were:
- the launch of a synergy project between the International Banks (IBD) and Banca dei Territori Divisions, which will further enhance the cross-border business opportunities for mid-corporates operating in markets where the international subsidiaries are present;
- the launch of initiatives for the development of synergies – in Global Market, Structured Finance and Investment Banking – between IMI C&IB and the Group's main international banks with a significant increase in business and pipeline since the start of the Business Plan;
- the acquisition, in May 2024, of 99.98% of First Bank, a Romanian commercial bank focused on services to SME and retail customers, which will strengthen the Group's presence in Romania and offer new opportunities to Italian companies.

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

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

As a large banking Group, Intesa Sanpaolo is aware that it has a considerable impact on the social and environmental context in which it carries out its business and chooses to act not only on the basis of profit, but also with the aim of creating long-term value for the Bank and the community, in the knowledge that it can contribute to reducing the impact of phenomena such as climate change and social inequalities.

The Group's commitment to ESG issues is ensured by the numerous initiatives it is pursuing for each of the main strategic drivers it has decided to adopt:
- support to address social needs;
- focus on financial inclusion;
- commitment to culture;
- promoting innovation;
- accelerating on commitment to Net-Zero;
- supporting clients through the ESG/climate Transition.

In 2024, Intesa Sanpaolo continued to expand the Food and shelter for the needy programme to combat poverty by providing concrete aid throughout Italy and abroad, with over 54 million interventions completed since the beginning of the year, including meals, shelters and beds, clothing items, and medication prescriptions. The social housing initiatives underway were strengthened by promoting housing units and identifying some new partnerships with leading operators in the sector, to achieve the Business Plan targets (promotion of 6,000 - 8,000 units of social housing and student beds).

In the area of employability, the "Giovani e Lavoro" programmes continued, aimed at training and introducing more than 3,000 young people to the Italian labour market over the 2022-2025 Business Plan horizon, together with "Digital Restart", focused on training and reintegrating unemployed people aged between 40 and 50 into the labour market, by funding a Master's degree in Data Analysis to develop new digital skills and re-enter the workforce.

In 2024, the Group's educational inclusion initiative strengthened its partnerships with top Italian universities and schools, maintaining its commitment to merit and social mobility. Additionally, since the beginning of the Plan, the Group has launched "Futura" – a new programme promoted by Save the Children, Forum Disuguaglianze e Diversità and Yolk, with the collaboration of Intesa Sanpaolo, to combat female educational poverty, educational failure and early school leaving – as well as "In Action ESG NEET", a social impact initiative launched by the Insurance Division dedicated to the promotion and inclusion of NEET – Not (engaged) in Education, Employment or Training youths and other vulnerable categories in the world of work.

Intesa Sanpaolo's focus on financial inclusion in 2024 was supported by the disbursement of around 5.6 billion euro in social lending and urban regeneration and 271 million euro in lending to non-profit entities, in addition to the "Fund for Impact" programme (110 million euro provided through dedicated initiatives to meet the needs of individuals and families, to ensure wider and more sustainable access to credit) and the urban regeneration programme (234 million euro of commitments made for new investments for initiatives in housing, services, and sustainable infrastructure, in addition to the most important urban regeneration initiatives underway in Italy).

The promotion of art and culture is a core part of the Group's identity in its role as a key player in Italy's social and cultural development and contributes to making the Bank a recognised leader in the Italian and European cultural landscape. More details on the Group's numerous initiatives in this area are provided in the section dedicated to this subject.

Intesa Sanpaolo recognises that promoting innovation is a strategic factor in becoming the driving force for a more aware, inclusive, and sustainable economy. The continued commitment to the growth of start-ups and the development of innovation ecosystems is reflected in the activities carried out during the year and since the beginning of the Plan.
These consisted of the launch of 241 innovation projects by ISPIC – Intesa Sanpaolo Innovation Center in 2024, bringing the total to 572 projects since 2022, as well as numerous initiatives for the growth of start-ups and the development of innovation ecosystems (more than 230 start-ups accelerated and over 450 proofs of concept and other collaborations since 2019), the development of multidisciplinary applied research projects, with 18 research projects currently ongoing and a total of 27 projects launched since 2022, and the implementation of 5 industrialisations and the acquisition of one patent.
The key activities included the business transformation initiatives, with 79 companies engaged in open innovation programmes since 2022, including 11 focused on circular economy projects, and the advancement of an innovation mindset and culture, with the organisation of 41 positioning and match-making events[21] attended by over 12,000 participants in 2024 (around 110 events and more than 17,000 participants since 2022), the release from the start of the year of 18 reports and publications focusing on technology innovation (around 50 since 2022), and lastly over 33 million euro of investments made by Neva SGR in support of start-ups in 2024 (around 118 million euro since 2022).
The acceleration towards "net-zero" emissions (carbon neutrality) continues following the Group's adherence to the Net-Zero alliances (NZBA, NZAOA and FIT, formerly NZIA)[22], which began with the publication of the interim 2030 targets in the 2022-2025 Business Plan for four high-emission sectors (Oil & Gas, Power Generation, Automotive, and Coal Mining). Further targets have been set for additional sectors (Iron & Steel, Commercial Real Estate, Agriculture – Primary Farming, Aluminium, Cement, and Residential Real Estate), alongside a revision of those related to Power Generation and Automotive in terms of value chain and scope, to align with the Science-Based Targets Initiative (SBTi) requirements.
Other important initiatives included the "Think Forestry" project, aimed at reforestation and the preservation of natural capital, to promote environmental sustainability and the transition towards a zero-emissions economy, as well as Intesa Sanpaolo's signing of the "Finance Leadership Statement on Plastic Pollution" with over 160 other financial institutions involved in an ambitious environmental agreement to end plastic pollution.
The main activities carried out by the Group to support its customers in the ESG/climate transition included:

- the disbursement since 2021 of around 68.3 billion euro out of the 76 billion euro in new lending available for the green economy, circular economy and green transition envisaged in the 2022-2025 Business Plan;
- the disbursement of around 4.1 billion euro of Green Mortgages in 2024 (9 billion euro since 2022), out of the 12 billion euro of new Green lending to individuals envisaged in the Plan;
- in the circular economy, in addition to the 8 billion euro of dedicated credit lines announced in the Business Plan, in 2024 Intesa Sanpaolo, a Strategic Partner of the Ellen MacArthur Foundation since 2015, assessed and validated 285 projects for a total of around 13.1 billion euro, granted around 8.3 billion euro in 170 transactions (of which around 4.4 billion euro related to green criteria), and disbursed 4 billion euro taking into account previously granted projects (of which 2.2 billion euro related to green criteria). Overall, since 2022, over 1,050 projects have been assessed and validated for a value of around 34 billion euro, with over 20 billion euro granted in 642 transactions (of which around 12 related to green criteria), with around 12.6 billion euro disbursed taking into account previously granted projects (of which 9.1 billion euro related to green criteria). The collaboration also continued between Intesa Sanpaolo, ISPIC, Fondazione Cariplo and Cariplo Factory on issues related to the circular economy, also through the Circular Economy Lab;
- activation in Italy of 16 ESG Laboratories, physical and virtual meeting points to support enterprises in approaching sustainability, and evolution of the advisory services offered by partners;
- streamlining of the S-Loan offering, from six to three lines in 2024 (S-Loan ESG, S-Loan CER and S-Loan Diversity), and the disbursement of 1.6 billion euro during the year (around 6.8 billion euro since the launch of the product line in July 2020);
- implementation of the ESG/Climate evolution of the credit framework for non-financial companies, leveraging on the ESG sectoral assessment and the ESG sectoral strategy, the ESG scoring at counterparty level and new guidelines on sustainable products; in addition to the development of the analysis methodology for the transition plan for Oil & Gas, Power Generation, and Automotive customers, and extension to Iron & Steel;
- ESG advisory services to corporates to steer the energy transition through a scalable approach, with a focus on energy, infrastructure and the automotive & industrial sectors;
- significant development of the ESG value proposition for the Corporate, SME and Retail customer segments in all the banks of the International Banks Division (excluding Moldova and Ukraine), with the expansion of the Retail product catalogue and the launch of the Green Dedicated S-Loan in VUB Banka (Slovakia), CIB Bank (Hungary) and BIB (Serbia);

[21] In a positioning event, a key player discusses innovation issues, while a matchmaking event facilitates the matching of supply and demand in innovation.

[22] On 25 April 2024, the UN Environment Programme (UNEP) announced the creation of the Forum for Insurance Transition to Net Zero (FIT), a new UN-led and convened structured dialogue and multistakeholder forum to support the necessary acceleration and strengthening of voluntary climate action by the insurance industry and key stakeholders. Intesa Sanpaolo Assicurazioni is one of the Founding FIT Participants. On the same date, NZIA ceased its operations. (NZBA = Net-Zero Banking Alliance; NZAOA = Net-Zero Asset Owner Alliance; FIT = Forum for Insurance Transition to Net Zero; and NZIA = The Net-Zero Industry Act)

- enhancement of the ESG investment products for asset management, continued expansion of the Insurance Based Investment Products (IBIPs), and the continued maintenance and increase in investment options with underlying insurance products for customers;
- strong commitment to Stewardship, with Eurizon Capital SGR taking part in 1,566 shareholder meetings (of which 90% involving international listed issuers) and 837 engagements (of which 37% on ESG issues) from the beginning of the year; during the same period, the subsidiaries Eurizon Capital S.A. and Epsilon SGR took part in 3,870 and 409 shareholder meetings respectively (both of which with 97% involving internationally listed issuers), while Fideuram took part in 47 shareholder meetings and 166 engagements (of which 83% on ESG issues);
- establishment of the "ESG Ambassador" role in the Private Banking Division, with the aim of promoting a culture of sustainability in their local areas, promoting sustainable behaviour and providing a listening point for the needs of customers and Private Bankers.

The Group's commitment to ESG issues is also ensured by the strengthening of ESG governance. This has led to the transformation of the Risks Committee into the Risks and Sustainability Committee, with the assignment of more ESG responsibilities, and the recent appointment of the Chief Sustainability Officer. A dedicated governance area has been created to consolidate ESG activities and strengthen the steering of the ESG business, with a strong commitment to social initiatives and combating inequality, continuous support for culture and a significant contribution to sustainability through innovation projects and investments in start-ups.

The Group's people as its most important asset

Intesa Sanpaolo continues its commitment to investing strengthening its human capital through a range of initiatives aimed at its People, for their growth, development, and satisfaction. Creating a unique ecosystem of skills aligned with the Bank's evolution is one of the primary goals for the Group, which actively focuses on talent and the promotion of diversity and inclusion, because it recognises that People are the most important resource for achieving the Plan objectives and the enablers for future success.
The generational change continues, aimed at supporting the Group's growth and best meeting the challenges of coming years by developing and maintaining suitable skills, with the hiring of professionals and reskilling and training of internal staff. The target over the Plan period is to make 4,600 permanent hires (around 4,550 professionals hired since 2021).
The engagement of the Group's People in achieving the Plan's objectives is pursued through the reskilling and redeployment of people towards priority and strategic initiatives, in addition to long-term incentive plans that also foster individual entrepreneurship. The third edition of the International Talent Program also continues, alongside targeted development and training initiatives for a selected number of key middle management staff.
The staff training strategy, a key aspect for the Group, is being implemented through the new leading education player in Italy, created through the combination between Intesa Sanpaolo Formazione and Digit'Ed (a Nextalia Fund company). Today's environment requires the ongoing development of skills and flexibility and, in 2024, the Bank delivered around 40.7 million hours of training since 2022, against a target of 50 million hours envisaged over the Plan period.
Supporting the well-being and work-life balance of Group's People remains a key element of its strategy. In response to the need for flexibility, a new organisational framework has been set up that provides greater flexibility in terms of daily work schedule, remote working, together with the introduction of a four-day working week on a voluntary basis with no change in remuneration. This has been accompanied by the launch of dedicated platform, in support of the physical, emotional, psychological and social well-being of the Group's employees, which offers video content, podcasts, articles, tools and apps, accompanied by events and initiatives organised both in-person and digitally.
Intesa Sanpaolo pursues the objective of fostering an inclusive working environment, promoting the respect and value of diversity and enhancing the multicultural heritage, experiences and characteristics of the Group's People. It is also committed to promoting people management and development policies based on fairness, meritocracy and nurturing each person's talent without discrimination of any kind. To this end, the Diversity, Equity & Inclusion objectives of each Division and Governance Area are closely monitored, and the collaboration has been strengthened with ISPROUD, the Group's first employee community, which now includes LGBTQ+ people and allies, and the cooperation with the new internal community ARTICOLO19 on disability issues has been initiated.
In addition to the Group's presence in important sustainability indexes and rankings, the attention paid to our People is also reflected in the numerous awards received:

- Top Employer Europe 2025 for the first time and Top Employer Italy 2025 for the fourth year running (given to the bank by the Top Employers Institute, a global authority on HR best practices) and first place in the LinkedIn Top Companies 2024 ranking as the best company in Italy in which to develop one's career and grow professionally;
- world leader among the 100 most inclusive and diversity-conscious workplaces: Intesa Sanpaolo was included in the FTSE Diversity & Inclusion Index Top 100, where it was ranked seventh in the world, the first and only Banking Group;
- achievement of the Gender Equality European & International Standard (GEEIS) – Diversity Certification (first bank in Italy and one of the first in Europe);
- "Prassi di Riferimento (PDR) 125:2022" certification for gender equality envisaged by the National Recovery and Resilience Plan (NRRP) (first major Italian banking group to obtain it), successfully maintained through an annual audit;
- ranked first in the global ESG Corporate Award ranking, in the Best Company for Diversity Equity & Inclusion category, among large cap companies.

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

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The Group's strategy outlined in the 2022-2025 Business Plan recognises that: 1) intellectual capital, comprising organisational capital and the value of knowledge; 2) human capital, representing the collective skills, abilities, experiences, and innovation drive of our people; and 3) social and relational capital, which includes our interactions with diverse stakeholders and information exchange capabilities, are unique intangible resources that are crucial to achieving the goals set. These resources are described in the Report on operations and the Consolidated Sustainability Statement to highlight their fundamental contribution to the corporate strategies and their ability to serve as a source of value creation for the business.

Progetto Cultura

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

For a full discussion of the topic discussed below, see also the Consolidated Sustainability Statement, and in particular the chapter ESRS S3 "Affected communities".

Gallerie d'Italia

Gallerie d'Italia is Intesa Sanpaolo's museum network with four venues, in Milan, Naples, Turin and Vicenza, developed from the transformation of historic buildings owned by the Bank, which now serve as public museums that offer access to art collections, exhibitions and cultural and social programmes.
In 2024, the Gallerie d'Italia received a total of around 754,000 visitors, with free admission for under 18s and school groups (131,000 children and young people).

Exhibition Projects
The Gallerie d'Italia host selections of Intesa Sanpaolo's artworks from their own collections in permanent itineraries, which are regularly updated. During the year, the sections dedicated to 20th-century art in Milan and Naples were expanded with three installations featuring the works of Alighiero Boetti, Robert Ryman, and Dan Flavin from the Agrati Collection.
Twelve major temporary exhibitions were inaugurated, organised together with national and international partners and featuring loans from around 180 museums and collections. In Milan: *Il genio di Milano*, under the High Patronage of the President of the Italian Republic, curated by Marco Carminati, Fernando Mazzocca, Alessandro Morandotti, and Paola Zatti, in partnership with Veneranda Biblioteca Ambrosiana (a tribute to the city of Milan as a centre of innovation and inclusion for foreign artists from the Middle Ages to the 20th century); and *Felice Carena*, curated by Luca Massimo Barbero, Virginia Baradel, Luigi Cavallo, and Elena Pontiggia (a project for the "rediscovery" of a significant twentieth-century painter). In Naples: *Sir William and Lady Hamilton*, curated by Fernando Mazzocca and Francesco Leone, in collaboration with the Italian Embassy in the United Kingdom and the British Embassy in Italy (an in-depth look at the figure of the ambassador and collector William Hamilton in 18th-century Naples); *Velázquez*, in partnership with The National Gallery in London (two masterpieces from the National Gallery as part of the "L'Ospite illustre", and an exchange of loans for Intesa Sanpaolo's Caravaggio exhibition in London); and *Andy Warhol*, curated by Luca Massimo Barbero, in coordination with the "Vitalità del Tempo" museum section (the first exhibition to feature Warhol's artworks from the Group's collections). In Turin: photographic projects related to ESG issues: *Cristina Mittermeier*, curated by Lauren Johnston, in collaboration with National Geographic (the beauty and defence of the planet in the images of one of the world's most influential activist photographers); *Mitch Epstein*, curated by Brian Wallis (works by the well-known American photographer on the relationship between society, progress and nature, partly commissioned by Gallerie d'Italia); *Antonio Biasiucci*, curated by Roberto Koch (third event in the "La Grande Fotografia Italiana" series); *Non ha l'età* curated by Aldo Grasso, in collaboration with RAI (photos of the first editions of the Sanremo Festival from the Intesa Sanpaolo Publifoto Archive); and *Gentileschi e Van Dyck,* in partnership with Gallerie Nazionali di Arte Antica in Rome (two masterpieces from the Galleria Corsini as part of the "L'Ospite illustre" series). In Vicenza: *Francesco Bertos*, curated by Monica De Vincenti and Fernando Mazzocca (a project of "rediscovery" of a great 18th-century sculptor present in the Bank's collections with his major work, *La caduta degli angeli ribelli*); and *Javier Jaén* curated by Francesco Poroli (exhibition featuring the Spanish designer and illustrator as part of the "Illustrissimo" section of the Illustri Festival of Vicenza). In parallel, 4 dossier exhibitions were organised alongside 8 digital exhibitions at the Gallerie di Torino, including highlights such as *Cronache d'acqua* (second chapter, focusing on Southern Italy, of the photographic project commissioned by the Bank in collaboration with Green&Blue on the theme of water and the climate crisis) and *In viaggio con l'America* (an image-based depiction of the American elections in collaboration with Mario Calabresi).
Gallerie d'Italia exhibitions were also held at other venues in Italy and abroad (featuring both existing projects previously shown at the Gallerie and new productions): *Mimmo Jodice* at Villa Bardini in Florence, with the Fondazione CR Firenze; *Luca Locatelli-The Circle* at the IED in Milan, with Fondazione Cariplo; *Gregory Crewdson* at the VB Photography Center in Kuopio, Finland and the Marubi Museum in Albania; *Cronache d'acqua* at the Cortona On The Move International Photography Festival; *Non solo signorine* (photos from the Historical Archive and Publifoto) at the Turin International Book Fair; *Io sono una forza del passato* at Miart in Milan, with Intesa Sanpaolo Private Banking; *Le vedute urbane di Olivo Barbieri nelle collezioni Intesa Sanpaolo* at Artissima in Turin; and *Il caso Africo* (photos from the Publifoto Archive) at the Trame Festival in Lamezia Terme, Catanzaro.
Other initiatives included the joint organisation of exhibitions, originating from ongoing collaborations with other institutions: in partnership with Fondazione CR Cuneo, the exhibition *Canaletto, Van Wittel, Bellotto* (with artworks from the Gallerie Nazionali di Arte Antica in Rome, third edition of the series of exhibitions hosted in the Complesso Monumentale in Cuneo); and with Fondazione Costruiamo il Futuro*, Caravaggio, Palazzo Barberini's Narcissus* at Villa Confalonieri in Merate (with the masterpiece from the Gallerie Nazionali di Arte Antica, second edition of the "*La Grande Arte in Brianza*" exhibition); in

addition to jointly organised exhibitions in key Italian regions, aimed at promoting selections of the bank's artworks (see the Art Assets section).

Workshops with schools, social inclusion activities, activities for adults and families, and cultural initiatives
The Gallerie offer a range of activities and initiatives for the public, in line with the ICOM-International Council of Museums' definition of a museum as a key place for promoting participation, growth, accessibility and social inclusion. In 2024, around 4,300 educational activities were organised (visits and workshops for students from local schools of all levels), involving over 97,000 children and young people. Around 690 itineraries were designed for audiences with disabilities or in situations of vulnerability, involving around 8,300 participants. All of these educational and inclusive proposals, carried out in partnership with Civita Mostre Musei, are free of charge. Around 895 visits and activities were also organised for adults and families, which attracted around 14,290 participants. The Gallerie hosted around 480 initiatives and cultural events (study days, meetings, talks, courses, book presentations, press conferences, and musical events), with around 38,490 participants. Highlights included over 60 sessions of the public programme #Inside (in-depth sessions on exhibition themes), the international study conference dedicated to the painter Velázquez, and over 70 concerts from the *È aperto a tutti quanti* series with students from the Conservatory of Music in Naples. The museum venues also host events in support of the Bank's other structures.

Creation of new spaces
In the inner courtyard of the Gallerie di Torino, the *Urban woods-Il bosco urbano* project was implemented in collaboration with Aboca and the International Book Fair, creating a green and wholesome space open to the entire city. The Gallerie di Vicenza completed the renovation of the former stables area, which now serve as a multi-purpose room for hosting discussions and small exhibitions.

Lastly, Progetto Cultura also includes the coordination of the activities of the Palazzo degli Alberti Gallery in Prato and the Casa Museo of the Fondazione Ivan Bruschi in Arezzo.

Restituzioni

One of the most iconic components of Progetto Cultura, alongside the Gallerie d'Italia, is the *Restituzioni* restoration programme dedicated to the preservation and promotion of Italy's artistic and architectural heritage. The programme is managed by the Bank in collaboration with the Ministry of Culture and the Entities responsible for protecting art assets (Inspectorates, Regional Museum Directorates, and Autonomous Museums) under the scientific supervision of Giorgio Bonsanti and Carla Di Francesco, with Carlo Bertelli serving as honorary curator.
In 2024, the organisation continued of the 20th edition involving 122 artworks from all 20 Italian regions (as well as Belgium from European areas), with the participation of 51 conservation bodies, 63 owner entities, 57 restoration centres, and hundreds of art historians. The final exhibition for the presentation of the results of the restorations will be held in Rome in the current Jubilee year.
Under the *Restituzioni monumentali* programme, restorations are underway of two large 17th-18th century altarpieces by Andrea Celesti and Sebastiano Ricci, housed in two churches in the Brescia area, in collaboration with the Bergamo and Brescia ABAP Inspectorate, in addition to the important series of medieval frescos at Castelseprio, in collaboration with the Regional Museum Directorate in Lombardy region. Lastly, in 2024 the *Restituzioni* project was presented at the International Restoration Exhibition in Ferrara and at the EU Council Conference in Brussels as an example of international best practice in the field of art restoration.

Art Assets

Intesa Sanpaolo's art collections contain over 35,000 artworks, ranging from archaeology to contemporary art. In terms completeness and quality it is considered one of the most prestigious corporate collections in the world. The assets are constantly subject to study, protection, and promotion activities, aimed at increasing their accessibility to the public, mainly at the Gallerie d'Italia venues.
The management of the owned assets (from protection to loans) includes the artworks from the Luigi and Peppino Agrati Collection and Fondazione Cariplo e Cariplo Iniziative Collection (artistic assets under management).
The main activities carried out during the year are described below.

- the Diogene Project (a programme for verifying the location, conservation status, and classification of artworks distributed across the Bank's various venues) continued with initiatives on 2,500 artworks classified under the "other assets of historical and decorative interest" category, as well as on assets belonging to the Fondazione Cariplo Collection and on assets of the Group's Italian and international companies;
- 253 maintenance and restoration interventions (some of which carried out at the laboratories of the Fondazione Centro Conservazione e Restauro "La Venaria Reale" and the Scuola di Restauro di Botticino, also for educational purposes, in support youth training in restoration);
- 300 logistical operations (ranging from outfitting of bank sites to the reorganisation of storage facilities) involving the movement of around 4,000 artworks;
- in addition to the exhibition projects at the Gallerie d'Italia described above, the promotion of the Bank's collections through loans for use to national institutions that provide public access to the collections, loans for exhibitions both in Italy and abroad, joint organisation of initiatives in key strategic areas of Italy for the Group, also considering the presence of the bank foundations, to strengthen ties with local communities and institutions, as detailed below:

- loans for use to 10 entities (for a total of 126 artworks) including the Municipality of Clusone (Bergamo), the Regional Museum Directorate Campania-Museum and Certosa di San Martino in Naples; Fondazione CR Bologna, Fondazione CR Jesi, and Fondazione Ivan Bruschi in Arezzo; and ASST Papa Giovanni XXIII (Bergamo);
- loan of a total of 297 artworks for 72 temporary exhibitions in Italian venues (including Castello di Rivoli, Museo del Duomo in Milan, Fondazione Prada in Venice, Scuderie del Quirinale and GNAM in Rome, Civic Museums of Pesaro as part of the Italian Capital of Culture 2024, and Palazzo Reale in Naples) and abroad (from the work of Michelangelo Pistoletto at the National Museum in Bucharest, to three pieces by Lucio Fontana at the Musée Soulages in Rodez);
- exhibition of the masterpiece from the Bank's collections, the *Martyrdom of St. Ursula*, at the National Gallery in London in the exclusive exhibition *The Last Caravaggio*, organised by the British museum to celebrate its bicentenary; this event was the tenth most visited exhibition in the history of the National Gallery;
- promotion and protection initiatives in Italy, including the projects with Fondazione CR Pistoia e Pescia at the Fondazione Pistoia Musei venues (substantial loan of artworks for the *Pop Art Italia* exhibition and presentation of a work by Maria Lai for the "In visita" series); the two-part exhibition *La libera maniera* jointly organised with Fondazione Bruschi in Arezzo and Fondazione CR Jesi, hosted in their respective exhibition venues and dedicated to a collection of Intesa Sanpaolo's 20th-century artworks; the *Francesco Trevisani* exhibition at Fondazione CR Jesi Palazzo Bisaccioni, with five of the Bank's paintings on long-term loan; and the restoration projects in collaboration with Fondazione CR Mirandola on the paintings from the former CR Mirandola collection that were relocated to Florence after the 2012 earthquake in Emilia.

– "Linee di Energia", a series of conferences in collaboration with Fondazione Centro Conservazione e Restauro La Venaria Reale and IGIIC-Italian Group International Institute for Conservation, dedicated to the restoration of contemporary artworks: the 8th edition took place at the Gallerie d'Italia-Torino during Artissima, focused on video art;

– Fair value and art advisory: following the 2023 update of the fair value of the entire "valuable art assets" asset class, in current financial year the work involved the planned monitoring of market trends carried out through scenario analysis (which covered 97% of the valuable artworks). The management of acquisitions and donations included the collection of over 160 artworks donated by the photographers showcased at the Gallerie di Torino exhibitions (Jodice, Locatelli, and Biasiucci). Lastly, the significant initiatives included participation in major art fairs such as Miart, Artissima, and Luxembourg Art Week, as well as the publication of the third volume of the biennial research project *Collezionisti e valore dell'arte in Italia*, produced with Intesa Sanpaolo Private Banking and the CFO-Research structure.

Historical archive

The Group's Historical Archive is one of the first and most important bank archives in Europe. It holds 20 linear kilometres of papers, spanning from the 1360s to the 2000s, from the banks merged into the Group, and manages the Publifoto Archive consisting of 7 million photographs kept at the Gallerie d'Italia in Turin. The archive assets are subject to extensive activities for their conservation, restoration, digitalisation, inventorying, cataloguing, and promotion, with particular attention to improving public access, also through the most advanced digital technologies available (especially online publication in the innovative LOD-Linked Open Data format, which ensures greater visibility and data sharing, forming part of Intesa Sanpaolo's activities for the NRRP).

Group Archives

The core activities continued, which included the restoration of 5,647 documents; the digitalisation of 470,000 pages of paper documentation (to date, over a million digitised pages have been made available online, including the Board minutes of many banks); the inventorying of historical documentation (projects such as *Carte dei Vertici,* dedicated to the papers of the Group's senior executives, *Fondi del Personale,* dedicated to the personnel records of the banks, and *Patrimonio IMI* for the integration of the mortgage series database) with over 11,000 new record cards (as they are completed the inventories are made available online and the documents described are open for consultation, with tens of thousands of record cards been published so far).
The projects published in LOD format achieved significant results (in particular *Project EGELI* on data concerning the seizure of Jewish assets by banks, *Archivi che imprese!* regarding the data on loans to businesses from the banks, and the *Publifoto Archive*). On the *Historical Map* website, the inclusion of profiles for the former UBI banks made it possible to complete the publication of all the 629 profiles of the Group's banks.
Usage of the Archive's websites is growing, with over 267,000 users and more than 495,000 views. In the reading rooms in Milan, Rome, and Turin, there were 634 consultation days, 331 research requests, and 27 ongoing theses, facilitated by the opening of four new consultation points in Milan, Arezzo, Bergamo, and Jesi for the preservation of the former UBI archives.
Notable achievements have been made through the *Carte dell'arte* project, involving the reorganisation and research of documents verifying the acquisition and origin of valuable artworks in the Group's collection (the records of 10,000 valuable artworks have been recovered to date), while the *Archivi Digitali* project saved over 12,000 digitally native documents produced by the bank. The commitment to encouraging the engagement of university and other students with the Archives continues. The notable educational activities included the two modules held in the Archive for the History degree course at the University of Milan and the *A scuola di impresa* training project for secondary school students promoted by Museimpresa.
Numerous research and promotion projects were conducted in collaboration with other institutions (ranging from the *EGELI Project* with Fondazione 1563, to the digital atlas *Spatializing Jews and Economy* with the Universities of Rome, Bologna, Pisa, and Milan, to other collaborations with the City of Milan-Libraries Area, Archivio Flamigni in Rome, Museimpresa, Rete Fotografia, ICCD-Istituto Centrale per il Catalogo e la Documentazione, and Osservatorio Innovazione Digitale per la Cultura).
Lastly, material from the Archive was promoted through exhibitions, conferences, documentaries and publications.

Publifoto Archive
The activities in 2024 included the restoration of 6,600 negatives; the digitalisation of 5,532 photos (with around 60,000 photos digitised to date, and a space was set up at the Gallerie d'Italia in Turin that will be dedicated to the "Digital Archives Hub"); cataloguing produced 24,421 new record cards of individual photos and photo series, and 460 personal authority record cards; currently, around 33,000 photographs and around 27,000 photo record cards are accessible online, also in LOD format, and through the interactive *Archivio Vivo* wall at the Gallerie di Torino.
In the educational sphere, the Archive hosted 130 visits and activities (for schools, people with disabilities, sensitive audiences, and families) involving 2,246 participants. Collections of images were promoted in the Gallerie d'Italia exhibitions mentioned above, in addition to exhibitions at other venues such as the Italian Cultural Institute in Paris, the Rectorate of the University of Milan, and the Biblioteca Nazionale Braidense. The special projects included the *Prints Project*, focused on original historical prints (with over 25,000 prints catalogued and 2,297 photographers identified, from Robert Doisneau to Mario De Biasi), and the *Eva Barret Project*, dedicated to cataloguing the British photographer's plates (48 project record cards and 436 individual photo record cards).

The Bank's historical, artistic and archive assets are also promoted to create opportunities for engagement of the Group's staff through the initiatives of the multi-year ***Art & People*** project aimed at colleagues and conducted with the various internal stakeholders. During the year, these activities focused again on themes such as accessibility, inclusion, appreciation of differences, multiculturalism, and multidisciplinarity (such as the various initiatives under the *Arte e inclusione* programme designed with Diversity, Equity and Inclusion), reaching over 1,000 of the Group's people in 2024. In addition, the *Arte e Cultura* tribe, launched in June in collaboration with Remuneration Policies and Learning, has attracted over 2,400 colleagues to date.

Partnerships, sponsorships and donations

Progetto Cultura, in particular through the Gallerie d'Italia, builds and nurtures partnerships with public and private entities, both national and international, using a network approach that reinforces the common goal of promoting Italy's cultural heritage, with a preference for forms of collaboration where the Bank's contribution consists of support and also co-design and the sharing of content, spaces, and relationships.
In 2024 these included:

- partnerships with the bank foundations, including Fondazione Compagnia di San Paolo, Fondazione Cariplo, Fondazione Cariparo, Fondazione CR Firenze, Fondazione CR Cuneo and Fondazione CR Forlì, collaborating in educational projects (*Gallerie d'Italia Academy* with Compagnia di San Paolo and Cariplo), Art bonus contribution (such as *Liber* project in Mondovì, Cuneo), and artistic and cultural initiatives (such as the support to the *Preraffaelliti* exhibition in Musei di San Domenico in Forlì); the relations with Fondazione Caript, Fondazione CR Jesi and Fondazione CR Mirandola are mainly based on projects for the promotion of their own collections;
- 15 initiatives supporting public cultural heritage through Art Bonus grants (including construction of the new venue of the GAMeC museum in Bergamo; restoration of the church of Sant'Aspreno ai Crociferi in Naples, now the Jago Museum, under a redevelopment project for the Rione Sanità; renovation of the inner courtyard of the Palazzo del Collegio dei Nobili as part of the bicentenary of the Egyptian Museum in Turin; restoration of the facades of the Teatro Olimpico in Vicenza; promotion of the Historical Fund of the town of Mondovì in the *Liber* cultural complex; and support for the activities of a number of Italian museums, from the Palazzo Ducale in Genoa, to the Gallerie dell'Accademia in Venice, and the Museo e Real Bosco di Capodimonte);
- signing of a collaboration agreement with the Ministry of the Interior-Department for civil liberties and immigration-Fund for places of worship (FEC) (with the Chief Institutional Affairs and External Communication Officer Governance Area), for which Progetto Cultura will provide its expertise to support a project for the fair value measurement of a selection of art, archive and book assets of 862 churches owned by the FEC;
- main partnership in international modern and contemporary art fairs and exhibitions in Italy: *Miart*, Milan and *Artissima*, Turin, also contributing with our own exhibits; and *Padiglione della Santa Sede* at the Venice Art Biennale (with the Communications and Corporate Image Department);
- collaborations with museum and cultural institutions in Italy, supporting their activities and implementing joint initiatives, including the Egyptian Museum of Turin (for the bicentenary, main partnership for the reinstallation of the Hall of Kings, inaugurated in November with the President of the Italian Republic, and the sharing of the *Paesaggi/Landscapes* programme at the Gallerie di Torino during the museum's closure for renovations); Gallerie Nazionali di Arte Antica, Rome; Palazzo Strozzi, Florence (main partnership in the *Anselm Kiefer* exhibition); Museo Poldi Pezzoli, Milan (institutional partnership in the *Piero della Francesca* exhibition); Veneranda Biblioteca Ambrosiana, Milan; Museo del Risorgimento, Turin (main partnership in the *Rileggere il Risorgimento* exhibition with the Communications and Corporate Image Department); Fondazione Costruiamo il Futuro; Fondazione Ivan Bruschi, Arezzo; Castello di Rivoli (programme of meetings with artists at the Gallerie di Torino); Italics (support for the *Panorama Monferrato* project); and Polo del 900, Turin;
- collaborations with local entities: institutional partnership in the traditional Christmas exhibition of the City of Milan at Palazzo Marino *(Federico Barocci*) and joint organisation of the Christmas exhibition *Tre capolavori in Basilica* of the City of Vicenza in the Basilica Palladiana *(Leonardo da Vinci, Jacopo Bassano,* and *Andrea Gazzola*);
- promotion of books and reading: main partnership in the Turin *International Book Fair*, also contributing with our own exhibit, initiatives linked to the Fair (*Un Libro Tante Scuole* and *Portici di Carta*), partnership in *Una Basilica di Libri*, Vicenza, *Circolo dei Lettori*, Milan (with events hosted in the respective Gallerie d'Italia in Turin, Vicenza, Milan); and main partnership in *La Grande Invasione,* Ivrea;
- promotion of photography: main partnership in the *International Festival of Photography Cortona On The Move* and institutional partnership in the *Exposed-Torino Foto Festival*, also with our own exhibition contributions; and institutional partnership in Camera-Centro Italiano per la Fotografia in Turin;

- promotion of archive assets (as part of the activities of our Historical Archive): main partnership in *Archivissima*, Turin, also contributing our own content and hosting events; and support and collaborations with Fondazione 1563 per l'Arte e la Cultura, Turin; Museimpresa; Rete fotografia; and EABH-European Association for Banking and Financial History;
- promotion of music and other forms of creativity: implementation of the *Gallerie sonore* project in collaboration with the artist Boosta; main partnership in *To Listen To-Festival dell'ascolto sperimentale*, Turin, with events at the Gallerie d'Italia; sponsorship of musical events (concert season of the Società del Quartetto and *Palazzo Marino in Musica* in Milan, *Festival Milano Musica*, and *Stresa Festival*) and musical education projects (*Esperienza Orchestra* with Orchestra Filarmonica del Teatro Regio in Turin and *MusiCasanova* with Associazione Scarlatti in Naples); and collaboration with *Buonissima*, Turin;
- support for CIRCI-Associazione Centro Internazionale di Ricerca della Cultura dell'Infanzia, and contributions to the organisation of conferences (including *Lucio Fontana* at the Giorgio Cini Foundation in Venice) and publications;
- relationships with universities and higher education schools: IED in Turin and Milan, IAAD in Turin, Fondazione Scuola dei beni e delle attività culturali (see paragraph below); and University of Turin (three-year research initiative on measuring the social impact of Progetto Cultura); and Brera Academy of Fine Arts (joint funding of a PhD scholarship);
- international partnerships: collaborations with the National Gallery in London and the presentation of Progetto Cultura at the Philharmonie Luxembourg in cooperation with the Italian Embassy, Fondation Cavour, Intesa Sanpaolo Bank Luxembourg and Eurizon Capital.

Training and skill development projects in the arts and culture

Training and skill development projects in the arts and culture are offered in collaboration with higher education institutions and schools, with a particular focus on young people, in recognition of the potential of cultural heritage, also as a driver of economic and employment growth.
The following projects were carried out in 2024:

- *Gallerie d'Italia Academy*, with Fondazione Compagnia di San Paolo, Fondazione Cariplo, Ministry of Culture-Fondazione Scuola dei beni e delle attività culturali, Fondazione 1563, and Digit'Ed: 4th edition of the Advanced Training Course in *Management of Artistic-Cultural Heritage and Corporate Collections* aimed at strengthening the expertise of professionals in the culture sector, based on the sharing of Progetto Cultura's experience in managing museums, collections, and cultural activities and relations; over 100 applications, 29 participating students, 8 scholarships, around 60 lecturers, and 162 hours of lessons (at the Gallerie d'Italia venues and via webinar). The Course also included the production of the position paper *L'occupazione culturale in Italia* written by Franco Amato, Lucio Aragno and Michele Coppola, and published by Aragno; 5th edition of the Course was initiated, which will be take place in 2025;
- the *Euploos Project* with the Gallerie degli Uffizi in Florence: this year marked the conclusion of the interdisciplinary educational research programme, supported over three triennial periods, aimed at creating the online accessible digital catalogue of the drawings kept in the Gabinetto dei Disegni e delle Stampe degli Uffizi, curated by a team of young art historians, IT specialists, and photographers. A total of 2,252 scientific record cards and 3,250 images were produced in 2024. More than 73,500 artworks have been made accessible since the start of the project, over 9,600 of which with a scientific record card. The exceptional value of the database has been publicly recognised by the scientific community;
- projects of Gallerie d'Italia in Turin with academic institutions in the visual arts: with students of the IAAD-Istituto d'Arte Applicata e Design in Turin (digital project dedicated to the Gallerie d'Italia App and the storytelling project linked to the exhibition *Cronache d'acqua*, also with the Scuola Holden of Turin); with IED-Istituto Europeo di Design in Turin (third and last stage of the three-year photographic project *Bureau Metamorfosi* dedicated to the transformations of the Turin area); and with students of the IED in Milan (the *Rethink* photographic project connected to the exhibition *The Circle* and the theme of the circular economy).

Lastly, over 120 young art historians work at the Gallerie d'Italia under the collaboration with Civita Mostre e Musei.

Digital promotion

The promotion of the Gallerie d'Italia activities (exhibitions, accessibility and inclusion initiatives, and events) and the owned art and archive assets, as well as partnership projects, is also carried out through the production and dissemination of original content on the web and social channels of Gallerie d'Italia and the Group, which complement the "physical" experience and promote the engagement of an increasingly broad and diverse audience. The content is generating interesting results in terms of views and interactions[23].
The Gallerie d'Italia app, a digital guide that offers an enhanced and interactive visit experience, was extended in 2024 to all 4 museum venues (almost 61,400 downloads to date), and the *Archivio Vivo* ledwall at the Gallerie di Torino, which allows visitors to download photos from the Publifoto Archive, has registered 26,322 downloads to date.
In parallel, the work continued on the company intranet aimed at encouraging staff engagement (156 news items, 8 articles on Mosaic, and 14 clips/podcasts).

[23] For example, the digital content, organic social media, and advertising dedicated to the Gallerie d'Italia exhibitions inaugurated in 2023 and concluded in early 2024 (*Moroni*, *Rebell*, *The Circle*, *Mimmo Jodice*, and *Le trecce di Faustina*) generated an average of 18 million impressions (with a peak of 27 million for *The Circle*). For the exhibitions inaugurated and concluded in 2024, there were 17.2 million impressions for *Mittermeier*, 14.5 million for *Carena*, 16.5 million for *Velázquez*, 13.5 million for *Jaén*, 9.5 million for *Biasiucci.* And, for the exhibitions inaugurated in 2024 and continuing in 2025, 14.4 million impressions were received by *Warhol*, 14.1 million by *Il genio di Milano*, 13.5 million by *Epstein*, 13.5 million by *Gentileschi e Van Dyck*, 9.3 million by *Hamilton*, and 9.2 million by *Bertos* (data provided by the Communications and Corporate Image Head Office Department).

Publishing

Within the Edizioni Gallerie d'Italia-Skira, dedicated to the Progetto Cultura initiatives, 15 publications were produced during the year (ranging from exhibition catalogues to volumes from the Historical Archive and the 20th edition of Vox Imago, this year dedicated to *La rondine* by Giacomo Puccini as staged at the Teatro alla Scala).
December saw the announcement of the acquisition of Società Editrice Allemandi by Intesa Sanpaolo, Fondazione 1563 of the Fondazione Compagnia di San Paolo, and Fondazione CR Cuneo. This prestigious publishing house, established in 1982, specialises in books on art and culture and publishes the leading magazine in the sector, *Il Giornale dell'Arte*.

Main risks and uncertainties

The main information on risks and uncertainties to which the Intesa Sanpaolo Group is exposed are described in the Report on operations and in the Notes to the consolidated financial statements.

As usual, the introductory part of this chapter provides a summary of the background scenario, which is discussed in more detail in the chapter "The macroeconomic context and the banking system" and supplemented, in the chapter "Forecast for 2025", with the forward-looking information regarding the main associated risks.

This chapter also includes an update of the disclosure on the management of the main risk aspects for the Intesa Sanpaolo Group linked to the military conflict between Russia and Ukraine. Further information in this regard is provided in the Notes to the consolidated financial statements: (i) in Part A – Accounting policies, Section 5 – Other Aspects, which discusses certain aspects of the risks and uncertainties related to the war; and (ii) Part E – Information on risks and relative hedging policies, in the section on credit risk, where details are provided of the exposures to Russia and Ukraine and the related valuation aspects.

The information on risks at a general level, and in particular on financial risks (credit risks and market risks), operational risks and the risks of insurance companies is as usual contained in Part E of the Notes to the consolidated financial statements.

In relation to ESG (Environmental, Social and Governance) risks and climate risk, Part A, Section 5 – Other Aspects, of the Notes to the consolidated financial statements describes the characteristics and risk aspects of the financial instruments within the Group's green financing activities. Information is also provided on how the Intesa Sanpaolo Group identifies and monitors climate-related issues, to be read together with Part E, Scope of risks, which discusses the integration into the risk management framework of ESG risks and climate risk in particular.
Additional information can also be found in the Consolidated Sustainability Statement.

Lastly, with regard to capital strength, the Report on operations includes, as usual, the disclosure on own funds and capital ratios, supplemented by Part F of the Notes to the consolidated financial statements and the further details provided in the update of the Basel 3 Pillar 3 Disclosure.

With regard to the going concern assumption, the Directors of Intesa Sanpaolo re-affirm that they have a reasonable certainty that the Company and the Group will continue in operational existence in the foreseeable future and consequently the 2024 Financial Statements have been prepared on a going concern basis. The Directors have not detected any uncertainties in the consolidated balance sheet and financial structure or in the operating performance of the Group that question the going concern assumption.

The macroeconomic context and the banking system

The macroeconomic context and the banking system

The macroeconomic context

The economy and the financial and foreign exchange markets

In 2024, global growth remained steady at a moderate pace of 3% per year. World trade volumes continued their recovery, but showed only modest growth. Energy commodity prices showed limited increases and volatility, despite the ongoing conflicts in Ukraine and the Middle East. The disinflation process continued, facilitating the easing of monetary policies. The only country currently raising official rates is Japan, but with considerable caution and from a very low base. The Federal Reserve reduced its Fed Funds target three times, which stood at 4.25-4.50% at the end of the year. The last months of the year saw a marked increase in uncertainty over economic policies, linked to Donald Trump's victory in the US presidential election, with repercussions also on market dynamics.

In the euro area, economic activity remained weak in both industry and construction; nevertheless, solid demand in services supported quarterly GDP growth up to the third quarter. In the fourth quarter, economic surveys showed a worsening in manufacturing, stability at subdued levels in construction and continued positive performance in services. According to preliminary Eurostat estimates, the year 2024 ended with a stagnant quarter and average annual GDP growth of 0.7%. Despite the modest economic growth, the unemployment rate dropped further (to 6.3% in December). The average annual inflation rate was 2.4%.

In Italy, industrial production fell by 3.5% year-on-year, continuing the negative trend that marked 2023. In the construction industry, instead, production posted growth of 5.0% year-on-year. As to the performance of services, the economic surveys revealed a mixed picture in the fourth quarter, after a moderate expansion in the first nine months. According to the preliminary ISTAT estimate, the average annual GDP growth in 2024 was half a percentage point. Despite modest overall GDP growth, the employment rate rose during the year (62.3% in December) and the unemployment rate fell to 6.0% in the fourth quarter, its lowest level since 1981. Employment growth and above-inflation wage increases have supported a recovery in real household income. Until the second quarter, this mainly translated into an increase in gross savings, which rose to 10.2% of disposable income, but in the third quarter the savings rate dropped to 9.2% as growth in consumption gained momentum.

In 2024, the European Central Bank cut the deposit rate by 100 basis points, to 3%. The main refinancing operations rate fell by 135 basis points, as the central bank implemented the decision to narrow the official interest rate corridor in September. On the other hand, the draining of excess reserves has intensified. In addition to the APP (Asset Purchase Programme) portfolio, from July the non-reinvestment of maturities has also been partially extended to the PEPP (Pandemic Emergency Purchase Programme) portfolio. Additionally, the repayment of TLTRO III has not been offset by an increase in demand for liquidity at the regular open market operations.

Market expectations of central bank rate cuts fluctuated. Starting in summer, changing expectations led to a decline in the medium- and long-term government bond yields, which continued until early December. Since then, however, long-term government bond yields have risen sharply, a move that was reinforced by Donald Trump's victory in the US presidential election. The yield curves regained a positive slope, extending to increasingly longer time frames. Furthermore, a widening in the differentials between government bond yields and swap rates has been observed, probably reflecting supply dynamics and the gradual reduction of portfolios accumulated in the past by central banks. The Btp–Bund spread progressively narrowed over the year as a whole, with a short pause at the end of June/early July in response to tensions over French debt. The positive performance of Italian government bonds, despite high net issuances, also reflects improvements in the public accounts already seen in 2024 and the Italian government's commitment to bring the deficit back below 3% by 2026. Since October, the widening of the interest rate differentials between the USA and the Eurozone and changing expectations about the US economic policy have been accompanied by a significant strengthening of the US dollar in the foreign exchange markets, with the EUR/USD exchange rate reaching a low of 1.04 at the end of the year.

In 2024, the international equity markets were positive overall, with differences witnessed across geographical areas and some periods of volatility. In the initial months of the year, the gradual improvement in global growth prospects and expectations of a rapid loosening of monetary policy by central banks fuelled greater risk appetite in investors. After peaking in May, stock markets stabilized as the slower-than-expected fall in consumer prices led investors to prudentially review their expectations for interest rate cuts over the year. The uncertainty following the results of the European elections prompted a first correction on the European equity markets. A sharper fall in stock prices came in August, triggered by the closing of major Yen carry-trade positions, resulting in heightened market volatility. The ground lost by indices was later recovered, in part thanks to the ECB's decision to ease monetary policy.

Half-yearly earnings announcements highlighted a slowdown in profit growth in the Non-Financial securities segment, especially in cyclical sectors such as Automotive industry. The Financial segment instead confirmed its positive growth trend in profitability. Company figures for the third quarter showed signs of earnings stabilisation in the Non-Financial segment, with year-end targets for 2024 generally confirmed.

The Euro Stoxx index closed the year 2024 up by 6.6%. It was outperformed by the DAX, which closed the year at +18.9% and by the IBEX 35, which posted growth of 14.8% for the period. The CAC 40 instead closed the year down by -2.2%, hampered by political uncertainty. Outside the euro area, the Swiss SMI market index closed the year at +4.2%, while the FTSE 100 index in the UK rose by +5.7%.

The US stock market performed largely positively in 2024, with the S&P 500 index up by 23.3% and NASDAQ 100 technology sector index up by 24.9%. The major Asian stock markets also posted positive performances, with the NIKKEI 225 index closing the year at +19.2% and China's SSE Composite index up by 12.7%.
The Italian stock market similarly posted positive growth in 2024, with the FTSE MIB index closing the year at +12.6%, after peaking in mid-May at +16.7%, while the FTSE Italia All Share index closed at +12%. By contrast, mid-cap stocks underperformed, posting a negative performance (-5.1%).

Europe's corporate bond markets were positive overall in 2024, with risk premiums (measured by the asset swap spread, or ASW) generally declining from the start of the year. In the cash segment, the strong growth of High Yield (HY) securities was driven by investors looking for higher returns. Investment Grade (IG) securities closed the year largely in line with the previous one. The breakdown by sector shows financial securities performed positively, whereas spreads widened in the non-financial segment. Volatility during the year was more subdued than in 2023, as evidenced by the performance of CDS indices (iTraxx).
Expectations of a normalization in monetary policy by central banks proved the underlying driver for markets throughout the period. Following a positive start to the year, indices entered a phase of substantial consolidation in March, also due to more prudent expectations regarding the decrease of interest rates. In the first half of June, the results of the European elections produced a short phase of spread widening, which was then partially reversed in the following weeks. The second half of the year was marked by a slowdown, especially in the Investment Grade (IG) segment.
Bloomberg data show a growthing primary market. In this framework, favourable financing conditions paired with the search for returns by investors led to a marked rise in issues of subordinated hybrid instruments by non-financial issuers. Corporate ESG issues also increased in volume. The breakdown by type of sustainable bond shows that the growth was driven by green bonds (accounting for approx. 80% of all issues).
In performance terms, IG securities closed the first half of the year with an ASW (source: IHS Markit iBoxx) of 98 basis points, versus 94 basis points at the start of the year. Financial issuers in the segment performed positively (-13 basis points to 105 basis points), whereas the spread widened for non-financial securities (+14 basis points to 94 basis points). Expectations on interest rates favoured shorter maturities with a steepening of the curves. HY securities markedly performed better, with spreads closing at 290 basis points compared to 331 at the start of the year. Even in this case, the financial segment outperformed non-financial securities.

The economies and markets of the countries where the Intesa Sanpaolo Group has a presence

In the main countries where ISP has a presence, GDP of Central Eastern Europe (CEE) expanded by 1.9% year-on-year in the first nine months of 2024 (vs. +0.8% in the fourth quarter of 2023). Economic growth was strongest in Poland (2.7%) and Slovakia (2.2%), with more modest rates posted by the Czech Republic and Hungary (0.7% in both countries). In South-Eastern Europe (SEE), GDP growth reached almost 1.9% (vs. +2.7% in the fourth quarter of 2023), driven primarily by the strong performances of Croatia (+3.8%) and Serbia (+3.9%), which partially offset the weakness shown by the Romanian economy (+0.8%). Over the same period in Eastern Europe (EE), GDP expanded in Russia in the second and third quarter (+4.1% and +3.1%) but contracted in Moldova by 0.9% in the third quarter after two quarters of growth (+0.9% and +1.2%), while in Ukraine the growth rate slowed (+6.5%, +3.7% and +2% for each quarter, respectively). Finally, Egypt's growth accelerated to 3.5% year-on-year in the third quarter, from +2.2% yoy in the first quarter and +2.4% yoy in the second quarter.
In line with the global scenario, inflation slowed down in 2024. In December, the year-on-year change in the harmonised index of consumer prices was 4% in the CEE area and 4.4% in the SEE area, with individual country rates ranging from 1.8% in Slovenia to 5.0% in Romania. In Eastern Europe (EE), due to the significant weight of the figure for Russia, inflation in November had risen by 9.1% year-on-year. In Egypt, inflation slowed down to 24.1% year-on-year (vs. 33.7% in December 2023).
With regard to monetary policy, the picture is mixed, reflecting the different levels of inflation. In the CEE and SEE countries where ISP has a presence, the monetary easing cycle has paused. Central banks have kept key interest rates unchanged in their last meetings in the Czech Republic (at 4%), in Poland (at 5.75%) and in Hungary (at 6.5%), as well as in the SEE countries of Albania (at 2.75%), Romania (at 6.5%) and Serbia (at 5.75%). In Russia, the policy rate increased by 5 percentage points over the year to reach 21%, due to persistent inflationary pressures. By contrast, the central bank of Ukraine cut interest rates from 15% to 13% in the first half of the year, but then raised them again to 13.5% at the end of the year due to persistent inflationary pressures. In Moldova, the central bank has made four cuts since the beginning of 2024, bringing the rate down from 4.75% to 3.60%. Finally, in Egypt, the key interest rate was raised twice over the year, from 20.25% to 28.25%, in an effort to curb price growth.
Turning to financial markets, in 2024 the MSCI Emerging Markets Equity Index, denominated in US dollars, rose moderately (+5%). Among the countries where ISP has a presence in the CEE/SEE area, some of the local currency stock indices recorded double-digit gains, with the biggest rises seen in Hungary, Serbia, Slovenia, Croatia and the Czech Republic. Bosnia Herzegovina, Romania and Poland posted more moderate rises. Slovakia's performance was penalised by sales. Stock markets in Russia and Ukraine continued to be affected by operational difficulties due to the ongoing war. In the Middle East and North Africa (MENA) region, the Egyptian stock exchange ended the year well into positive territory.
In the foreign exchange markets, in relation to the US Dollar (USD/local currency), there was a widespread weakening in the main currencies of the CEE/SEE/EE countries where ISP subsidiaries operate, in particular the Russian rouble (27.2%). In the MENA area, the Egyptian pound depreciated sharply. In relation to the exchange rates of CEE/SEE currencies with the Euro, the Albanian lek appreciated markedly, while the Polish zloty gained to a lesser extent.
Yield spreads between emerging market and US government bonds widened marginally in 2024 (EMBI Plus +19 basis points) despite some volatility, while the cost of credit risk protection remained in line with last year (CDS +6 basis points).

The Italian banking system

Interest rates and spreads

An alternating evolution was observed in 2024 in lending and funding rates. In the first half of the year, interest rate hikes applied until 2023 by the ECB continued to be reflected in banks' rates, but once official rate cuts began in June, lending and funding rates fell in the second half. As such, while in the comparison between annual averages the rates on the stocks of loans and funding were higher than in 2023, in the comparison of year-end rates the decline is almost generalized in 2024, albeit at different speeds and intensities for bank lending and bank funding. In the case of new transactions, the drop in interest rates got underway in the early months of 2024. The average interest rate on new loans to non-financial companies at the end of 2024 stood at 4.4%, a fall of 105 basis points year-on-year. Even more marked was the decline in the interest rate on new mortgage loans to households in the same period, falling by 1.3 basis points to 3.1%, its lowest level since the end of 2022. The average lending rate on the stock of loans to households and businesses also fell, but at a slower pace, dropping by just 31 basis points year-on-year to 4.4%.
On the funding side, the reductions occurred in 2024 were marginal for the rates on outstanding deposits, just as the increases in the previous two years had been limited. By contrast, rates on new time deposits were highly reactive, falling significantly. The minimal drop in the average deposit rate was due to the stickiness of the on-demand rates and the high proportion of overnight deposits on total deposits. The substantial stability in the overall cost of funding from customers also reflected average bond rates, which remained unchanged for most of the year.
The spread between lending and funding rates narrowed by just under 30 basis points year-on-year, whereas in terms of annual averages, the spread widened from 3.3% in 2023 to 3.5%. A turnaround was seen during the year in the mark-down on sight deposits, which after the all-time high posted at the end of 2023 began falling. By contrast, the mark-up on short-term lending rates showed little movement in 2024, after the drop witnessed in response to the tightening in monetary policy in 2022–2023. Only a slight increase was seen in the last part of the year, as cuts in reference rates passed on quickly to the rates on loans with a duration of up to 1 year.

Loans

In 2024, the credit market saw the first signs of improvement in lending criteria, as interest rates fell in line with the progressive easing of monetary policy, while on the bank balance sheets side, no lending supply constraints emerged, with the good liquidity and funding situation maintained, the degree of capitalisation further strengthened and credit quality stable. Despite the reduction in interest rates, demand for loans by businesses continued to drop for most of the year, due to the use of self-financing options and the postponement of investments. Demand for credit experienced a recovery in the last quarter, driven by large corporates and motivated by financing needs for fixed investments, inventory and working capital. Nevertheless, loans to businesses continued to fall, on the back of the negative trend already posted in 2023. The decline was particularly sharp and persistent for medium-to-long-term loans, which posted a constant drop – at an annual average of -4.5% – due to weakness in investment and, like in 2023, the repayment of outstanding loans.
Unlike business loans, lending to households showed a steady improvement through the second half of 2024, with the downward trend associated with the tighter monetary policy stance of 2022–2023 bottoming out and a progressive recovery in loan stock, albeit still modest at the end of the year. The recovery was driven by the return to growth of mortgage loans for house purchase and continued increase in consumer credit. Thanks to the drop in interest rates on new loans, which began at the start of 2024 for fixed rates, the spring quarter saw a recovery in new mortgage granted to households, with growth rising to double-digit figures in the second half of the year. In June, the stock of mortgage loans began growing again, posting a rise of +1.2% year-on-year in December.
With regard to the credit quality, there continue to be no particular signs of deterioration. The default rate in terms of annualised flow of non-performing loans in relation to total performing loans rose slightly but remained historically low at 1.3% in September, compared to an average 1.1% for the last four years. The slight rise in the default rate was driven by loans to businesses, whereas the rate on loans to households remained at its low. As a percentage of total loans, for significant banking groups, the NPL ratio was stable in September at 2.4% gross of value adjustments, in line with the figure recorded during 2023.

Funding from customers

Bank deposits in 2024 bounced back to growth, initially driven by those from non-financial companies, which have recorded a recovery since the start of the year, with subsequent accelerations and a net inflows of liquidity. The process of reallocating savings to domestic government securities has gradually lost strenght, and household deposits posted a gradual recovery, with moderately positive annual changes in the second half, after 18 months of decreases. In terms of deposit aggregates, reallocations towards time deposits slowed, while current accounts returned to growth, rising by 1.4% in December. The sharp dynamics in bank bonds also decelerated, following over a year of double digit growth. Nonetheless, the pace of bonds remained robust, contributing to supporting the increase in total funding from customers. The evolution of total funding, which includes the ECB refinancing and deposits of non-residents, and has been dropping since the fourth quarter of 2022, was sharply impacted by the reduction in liabilities due to the Eurosystem.

Indirect deposits and asset management

In 2024, assets under administration also recorded a slowdown in the strong growth, which continued at a robust pace until the first half of the year. Interest rate cuts put an end to the process of reallocation of savers' portfolios to domestic government securities and bank bonds. Debt securities of households in custody at banks continued to show a positive trend until August, subsequently registering the first net outflows, which could indicate the beginning of a consecutive phase of shifting savings towards managed forms. Overall, the stock of consumer household assets under administration rose by 47 billion euro over the year, significantly less than the staggering rise recorded in 2023 of 149 billion euro.

By contrast, a turnaround was witnessed in the asset management industry, with net flows to open-ended investment funds back into positive, thanks to strong investments in bond funds which more than offset outflows from the equity, balanced and flexible segments. Portfolio management also saw a turnaround in net inflows at the end of the year driven by institutional mandates, after a long period of outflows, while the retail segment posted constant inflows throughout the year.

Life insurance recorded a slightly negative balance between gross premiums and incurred claims for 2024, but performed decisively better than in 2023, with the third quarter marking a return to positive net flows. This result was primarily driven by traditional policies, which saw a fall in incurred claims and a continuous increase in gross premiums throughout 2024 and new business that was also growing. For unit-linked policies, despite the ongoing rise in incurred claims, gross premiums and new business turned around to post strong growth. Overall, new life insurance business increased by approximately 25% in 2024.

Economic results and balance sheet aggregates

Economic results

General aspects

A condensed reclassified consolidated income statement has been prepared to give a more immediate understanding of results. In addition to the amounts for the reporting period, the format adopted shows the comparative figures for the same period 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.

In this Report on operations, the reclassified consolidated income statement figures for the four quarters of 2023 and the first two quarters of 2024 were restated to take account of the following changes in the scope of consolidation, with the conventional attribution of the net economic effect to the caption Minority interests:
- the inclusion of the Romanian bank First Bank, acquired on 31 May 2024;
- the inclusion of Alpian S.A., previously consolidated using the equity method. Following the completion of the capital increase (in this regard, see the information in the Highlights section of the opening chapter), the percentage of the Group's stake in the company increased from 41.626% as at 31 December 2023 (comprising 28.134% attributable to Fideuram - Intesa Sanpaolo Private Banking and 13.492% to Reyl & Cie) to 61.599% (of which 51.141% held by Fideuram - Intesa Sanpaolo Private Banking and 10.458% by Reyl & Cie), resulting in the change to line-by-line consolidation of the company. On consolidating the income statement of Alpian for the quarters indicated on a line-by-line basis, the contribution of the company in terms of dividends and profits (losses) on investments carried at equity, included among Other operating income (expenses) of the reclassified consolidated income statement, was derecognised.

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

The reclassifications and aggregations of captions in the reclassified consolidated income statement refer to:
- dividends relating to shares or units in portfolio and dividends collected or paid within the framework of securities lending, which have been reallocated to the caption Profits (losses) on financial assets and liabilities at fair value;
- insurance companies' portions of Net interest income, Dividends, Profits (Losses) on other financial assets and liabilities at fair value, Net losses/recoveries for credit risk associated with financial assets measured at amortised cost and with financial assets measured at fair value through other comprehensive income, which are posted, along with the Insurance service result and the Balance of financial income and expenses related to insurance operations, in the specific caption Income from insurance business. The Insurance service 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 the representation of costs by the nature of the expense, are attributed to the specific captions;
- differentials on derivatives, classified to the trading book and contracted to hedge transactions in foreign currencies, which have been allocated among Net interest income owing to the close correlation;
- net fee and commission income, which includes the above-mentioned fees and commissions paid to financial advisors of the Private Banking Division for placing and managing insurance products, in line with the representation of costs by the nature of the expense;
- Profits (losses) on trading, Fair value adjustments in hedge accounting, Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss, Profits (losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income and on disposal or repurchase of financial liabilities – for the portion contributed by the banking segment – which have been reallocated to the single caption Profits (losses) on financial assets and liabilities at fair value, except for any amounts relating to adjustments on portions of loans mandatorily measured at fair value which, as they relate to the measurements of credit positions, are reclassified to the caption Net adjustments to loans in order to permit unitary representation of the adjustments relating to the same position;
- the share of the premium on the issue of the certificates paid to the networks for their placement, which is reclassified from Profits (losses) on trading and Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss to Net fee and commission income;
- the return components of the insurance policies taken out to cover contractual indemnities and retention plans for financial advisors, which are deducted directly from Profits (Losses) on financial assets and liabilities at fair value, in accordance with the valuation effect of the assets in question, rather than being presented – as attributable to the advisors – among Other net provisions and net impairment losses on other assets (for valuation effects) or among Net fee and commission income or Other operating income (expenses), depending on the type of insurance policy used (for effects from realisation);
- the operating income and costs of entities operating in sectors entirely distinct from banking and finance, synthetically reallocated to Other operating income (expenses), including that of the entities not subject to management and coordination within the framework of the Group (Risanamento and its subsidiaries);

- the costs of several incentive systems for employees of the Group's distribution networks, where funded by fee and commission income generated by the networks in question on the basis of deterministic quantification criteria correlated to the revenues concerned, which are reclassified from Personnel expenses to Fee and commission expense by analogy to the accounting treatment of incentive systems for non-employee financial advisors;
- the recoveries of expenses and indirect taxes, which are deducted from Administrative expenses, rather than being included under Other operating income (expenses), as well as the amounts relating to certain taxes of some international subsidiary banks, which – due to their nature – have been reclassified from Administrative expenses to Taxes on income;
- operating costs, which include the above operating costs relating to the Insurance service result attributed to the specific captions (personnel expenses, administrative expenses and amortisation/depreciation), in line with the representation of costs by the nature of the expense;
- profits and losses on disposal or repurchase of financial assets measured at amortised cost (loans and debt securities representing loans), which have been allocated to Net adjustments to loans;
- the portion of net losses/recoveries for credit risk associated with financial assets measured at amortised cost (loans and debt securities representing loans) and financial assets measured at fair value through other comprehensive income contributed by the banking segment, the effects on the income statement of the changes in contracts without derecognition as well as the net provisions for risks and charges for credit risk relating to commitments and guarantees given, attributed to the single caption Net adjustments to loans. The caption also includes any amounts relating to credit risk adjustments to portions of loans mandatorily measured at fair value, which, as they relate to the measurement of credit positions, are reclassified to the caption Net adjustments to loans to permit unitary representation of the adjustments relating to the same position;
- the reversal in the time value of Employee termination indemnities and Allowances for risks and charges, which has been included among Net interest income, as a phenomenon deriving directly from the application of the amortised cost criterion, in the absence of changes in projected future cash flows, in keeping with the treatment of the time value of financial assets measured at amortised cost;
- Net losses for credit risk associated with financial assets measured at amortised cost other than loans and net impairment losses on equity investments, as well as property and equipment and intangible assets (including property and other assets, also those resulting from the enforcement of guarantees or purchase at auction and intended for sale on the market in the near future), which have been reclassified to Other net provisions and net impairment losses on other assets. This last caption consequently includes – in addition to the provisions for risks and charges other than those relating to commitments and guarantees – the valuation effects of the assets other than loans, with the sole exception of impairment losses on intangible assets that have been reclassified to Impairment (net of tax) of goodwill and other intangible assets;
- realised profits (losses) on financial assets measured at amortised cost other than loans, on equity investments and on other investments, which have been reclassified to Other income (expenses). Accordingly, in addition to the income and expenses not strictly related to operations, this caption represents the summary of the effects from the realisation of assets other than loans. Profits (Losses) realised on debt securities represent an exception; in view of their business model, which involves management closely correlated with the other financial instruments, they are classified to Profits (Losses) on financial assets and liabilities at fair value;
- the amount paid by Intesa Sanpaolo to the National Resolution Fund under the settlement agreement signed by Intesa Sanpaolo (as the absorbing company of the former UBI Banca) and the Bank of Italy (as the managing entity of the National Resolution Fund) – aimed at regulating an aspect of the contract signed on 18 January 2017 between UBI Banca and the National Resolution Fund for the transfer from the Fund to UBI Banca of the entire share capital of Nuova Banca delle Marche S.p.A., Nuova Banca dell'Etruria e del Lazio S.p.A. and Nuova Cassa di Risparmio di Chieti S.p.A. – which was reclassified from Other operating expenses (income) to Taxes on income;
- Charges (net of tax) for integration and exit incentives, which are reclassified from Personnel expenses, Administrative expenses and other captions of the income statement to a separate caption;
- the Effects of purchase price allocation, net of tax, which are indicated in a specific caption. They normally represent adjustments to and any impairment losses on financial assets and liabilities as well as property, equipment and intangible assets which are measured at fair value as provided for by IFRS 3;
- levies and other charges concerning the banking and insurance industry, with the latter relating to the Group's contribution to the Life Insurance Guarantee Fund being set up, which have been reclassified, net of tax, to the specific caption;
- impairment of goodwill and other intangible assets, which – where present – is shown net of tax in this specific caption, as stated above.

Reclassified consolidated income statement

(millions of euro)

	31.12.2024	31.12.2023	Changes	
			amount	%
Net interest income	15,718	14,700	1,018	6.9
Net fee and commission income	9,386	8,576	810	9.4
Income from insurance business	1,735	1,666	69	4.1
Profits (Losses) on financial assets and liabilities at fair value	256	306	-50	-16.3
Other operating income (expenses)	12	-21	33	
Operating income	**27,107**	**25,227**	**1,880**	**7.5**
Personnel expenses	-7,185	-7,026	159	2.3
Administrative expenses	-2,979	-3,033	-54	-1.8
Adjustments to property, equipment and intangible assets	-1,406	-1,361	45	3.3
Operating costs	**-11,570**	**-11,420**	**150**	**1.3**
Operating margin	**15,537**	**13,807**	**1,730**	**12.5**
Net adjustments to loans	-1,274	-1,529	-255	-16.7
Other net provisions and net impairment losses on other assets	-680	-570	110	19.3
Other income (expenses)	153	348	-195	-56.0
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**13,736**	**12,056**	**1,680**	**13.9**
Taxes on income	-4,048	-3,440	608	17.7
Charges (net of tax) for integration and exit incentives	-587	-222	365	
Effect of purchase price allocation (net of tax)	-94	-161	-67	-41.6
Levies and other charges concerning the banking and insurance industry (net of tax)	-348	-486	-138	-28.4
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	7	-23	30	
Net income (loss)	**8,666**	**7,724**	**942**	**12.2**

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

Quarterly development of the reclassified consolidated income statement

(millions of euro)

	2024				2023			
	Fourth quarter	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	3,801	3,942	4,028	3,947	4,009	3,826	3,597	3,268
Net fee and commission income	2,416	2,307	2,387	2,276	2,115	2,099	2,220	2,142
Income from insurance business	424	408	448	455	391	419	459	397
Profits (Losses) on financial assets and liabilities at fair value	5	150	20	81	-90	55	77	264
Other operating income (expenses)	22	-5	-2	-3	-28	-11	9	9
Operating income	**6,668**	**6,802**	**6,881**	**6,756**	**6,397**	**6,388**	**6,362**	**6,080**
Personnel expenses	-2,285	-1,679	-1,619	-1,602	-2,200	-1,621	-1,636	-1,569
Administrative expenses	-911	-713	-725	-630	-925	-718	-739	-651
Adjustments to property, equipment and intangible assets	-388	-344	-315	-359	-371	-332	-322	-336
Operating costs	**-3,584**	**-2,736**	**-2,659**	**-2,591**	**-3,496**	**-2,671**	**-2,697**	**-2,556**
Operating margin	**3,084**	**4,066**	**4,222**	**4,165**	**2,901**	**3,717**	**3,665**	**3,524**
Net adjustments to loans	-482	-238	-320	-234	-616	-354	-370	-189
Other net provisions and net impairment losses on other assets	-353	-150	-125	-52	-332	-47	-121	-70
Other income (expenses)	67	-2	31	57	29	15	203	101
Income (Loss) from discontinued operations	-	-	-	-	-	-	-	-
Gross income (loss)	**2,316**	**3,676**	**3,808**	**3,936**	**1,982**	**3,331**	**3,377**	**3,366**
Taxes on income	-345	-1,189	-1,234	-1,280	-288	-1,067	-1,000	-1,085
Charges (net of tax) for integration and exit incentives	-424	-61	-46	-56	-80	-56	-44	-42
Effect of purchase price allocation (net of tax)	-12	-28	-25	-29	-35	-36	-44	-46
Levies and other charges concerning the banking and insurance industry (net of tax)	-55	1	-37	-257	18	-264	-12	-228
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-	-	-	-
Minority interests	19	2	-1	-13	5	-8	-11	-9
Net income (loss)	**1,499**	**2,401**	**2,465**	**2,301**	**1,602**	**1,900**	**2,266**	**1,956**

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

Operating income

In an economic environment featuring weak growth and continuing uncertainty at international level, in 2024 the Intesa Sanpaolo Group achieved excellent results in terms of profitability, liquidity and capital position, which translated into the best performance in terms of net income and gross operating margin since 2007, the year the Group was established. Operating income amounted to 27,107 million euro in 2024, up by 7.5% from 25,227 million euro in 2023. This performance was mainly driven by the increase in net interest income, which benefited from the high levels of interest rates, and by the growth in net fee and commission income. There was also a rise in income deriving from insurance business and the caption Other operating income (expenses). In contrast, profits (losses) on financial assets and liabilities at fair value decreased.

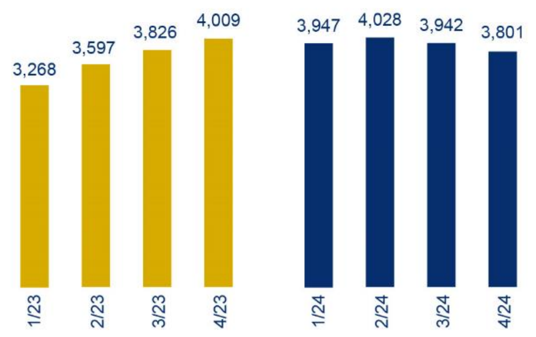
Net interest income

(millions of euro)

	31.12.2024	31.12.2023	Changes	
			amount	%
Relations with customers	13,934	13,798	136	1.0
Securities issued	-4,623	-3,343	1,280	38.3
Customer dealing	**9,311**	**10,455**	**-1,144**	**-10.9**
Instruments measured at amortised cost which do not constitute loans	1,836	1,638	198	12.1
Other financial assets and liabilities measured at fair value through profit or loss	162	180	-18	-10.0
Other financial assets measured at fair value through other comprehensive income	2,354	1,562	792	50.7
Financial assets and liabilities	**4,352**	**3,380**	**972**	**28.8**
Relations with banks	**648**	**466**	**182**	**39.1**
Differentials on hedging derivatives	**-142**	**-650**	**-508**	**-78.2**
Other net interest income	**1,549**	**1,049**	**500**	**47.7**
Net interest income	**15,718**	**14,700**	**1,018**	**6.9**

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 15,718 million euro, up by 6.9% on 2023. In particular, financial assets and liabilities made a higher contribution (+28.8%, or +972 million euro) thanks to the positive performance of other financial assets measured at fair value through other comprehensive income (+792 million euro) and instruments measured at amortised cost which do not constitute loans (+198 million euro). Other financial assets and liabilities at fair value through profit or loss decreased.
Good performance was also recorded by both net interest income on relations with banks (+182 million euro) and negative differentials on hedging derivatives, which decreased by 78.2%.
In contrast, customer dealing recorded a decrease (-10.9%, or -1,144 million euro), mainly attributable to higher interest expense on securities issued, only partially offset by the increase in interest on relations with customers.
Finally, other net interest income, inclusive of the income accrued on non-performing assets and other transactions with customers reached 1,549 million euro, an increase of 500 million euro.

The performance of relations with banks also incorporated the effects of the changes, in terms of end-of-period and average balances, in the amounts placed in on-demand deposits with the ECB and the funds obtained through the TLTROs, as well as the interest rate applied, both end-of-period and average. More specifically, the TLTROs III with the ECB led to an interest expense of 526 million euro in 2024, compared to 1,958 million euro in 2023, also as a result of the progressive repayment of all the existing operations in the first three quarters of 2024. In 2023, on the other hand, the average stock of TLTRO was around 58 billion euro, with progressively rising rates applied (deposit facility rate): the weighted average rate was 3.3% in 2023 compared to 3.9% in 2024.
The liquidity invested in on-demand deposits (overnight deposits) with the ECB generated interest income of 1,792 million euro, compared to 3,220 million euro recorded in 2023, a year when the average balance was double that of 2024, despite lower rates applied (deposit facility rate).

(millions of euro)

	2024				Changes %		
	Fourth quarter (a)	Third quarter (b)	Second quarter (c)	First quarter (d)	(a/b)	(b/c)	(c/d)
Relations with customers	3,413	3,472	3,497	3,552	-1.7	-0.7	-1.5
Securities issued	-1,180	-1,176	-1,165	-1,102	0.3	0.9	5.7
Customer dealing	**2,233**	**2,296**	**2,332**	**2,450**	**-2.7**	**-1.5**	**-4.8**
Instruments measured at amortised cost which do not constitute loans	459	456	498	423	0.7	-8.4	17.7
Other financial assets and liabilities measured at fair value through profit or loss	29	36	38	59	-19.4	-5.3	-35.6
Other financial assets measured at fair value through other comprehensive income	614	597	585	558	2.8	2.1	4.8
Financial assets and liabilities	**1,102**	**1,089**	**1,121**	**1,040**	**1.2**	**-2.9**	**7.8**
Relations with banks	**99**	**166**	**207**	**176**	**-40.4**	**-19.8**	**17.6**
Differentials on hedging derivatives	**-10**	**20**	**-76**	**-76**			**-**
Other net interest income	**377**	**371**	**444**	**357**	**1.6**	**-16.4**	**24.4**
Net interest income	**3,801**	**3,942**	**4,028**	**3,947**	**-3.6**	**-2.1**	**2.1**

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

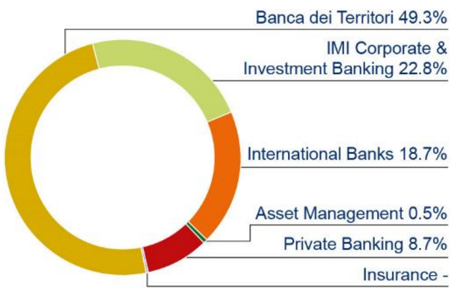
The flow of net interest income in the fourth quarter 2024 was slightly lower than in the previous quarters due to the decline in interest rates over the entire year.

(millions of euro)

	31.12.2024	31.12.2023	Changes	
			amount	%
Banca dei Territori	6,673	6,539	134	2.0
IMI Corporate & Investment Banking	3,075	2,748	327	11.9
International Banks	2,525	2,387	138	5.8
Private Banking	1,181	1,267	-86	-6.8
Asset Management	61	18	43	
Insurance	-	-	-	-
Total business areas	**13,515**	**12,959**	**556**	**4.3**
Corporate Centre	2,203	1,741	462	26.5
Intesa Sanpaolo Group	**15,718**	**14,700**	**1,018**	**6.9**

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 49.3% of the operating business areas' results, recorded net interest income of 6,673 million euro, up compared to 2023 (+2%, equal to +134 million euro), due to the performance of market interest rates, which favoured the profitability of customer dealing.
A higher contribution to net interest income was also provided by the IMI Corporate & Investment Banking Division (+11.9%, or +327 million euro), mainly attributable to the operations of Global Markets and the securities portfolio, by the International Banks Division, formerly the International Subsidiary Banks Division (+5.8%, or +138 million euro), primarily due to the positive performance of the subsidiaries operating in Slovakia, Serbia, Croatia and Egypt, and by Asset Management (+43 million euro).
Conversely, the Private Banking Division recorded a decline (-6.8%, equal to -86 million euro), due to higher interest expense on funding from customers, only partly offset by the increase in interest income on debt securities and on interbank relations.
The Corporate Centre's net interest income grew sharply (+462 million euro), benefiting from higher short-term market interest rates than in the previous year.

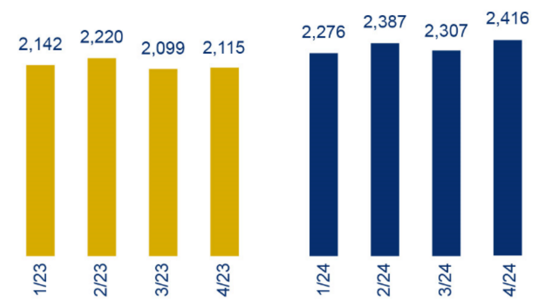
Net fee and commission income

(millions of euro)

	31.12.2024			31.12.2023			Changes	
	Income	Expense	Net	Income	Expense	Net	amount	%
Guarantees given / received	508	-321	187	483	-328	155	32	20.6
Collection and payment services	858	-147	711	810	-141	669	42	6.3
Current accounts	1,322	-	1,322	1,361	-	1,361	-39	-2.9
Credit and debit cards	961	-542	419	905	-495	410	9	2.2
Commercial banking activities	**3,649**	**-1,010**	**2,639**	**3,559**	**-964**	**2,595**	**44**	**1.7**
Dealing and placement of securities	1,333	-283	1,050	1,040	-274	766	284	37.1
Currency dealing	17	-6	11	14	-5	9	2	22.2
Portfolio management	3,818	-1,108	2,710	3,513	-993	2,520	190	7.5
Distribution of insurance products	1,575	-	1,575	1,513	-	1,513	62	4.1
Other	587	-201	386	496	-207	289	97	33.6
Management, dealing and consultancy activities	**7,330**	**-1,598**	**5,732**	**6,576**	**-1,479**	**5,097**	**635**	**12.5**
Other net fee and commission income	**1,292**	**-277**	**1,015**	**1,150**	**-266**	**884**	**131**	**14.8**
Net fee and commission income	**12,271**	**-2,885**	**9,386**	**11,285**	**-2,709**	**8,576**	**810**	**9.4**

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 2024 amounted to 9,386 million euro, up by 9.4% from the 8,576 million euro recorded in 2023.
This result was driven by the increase in fees and commissions on management, dealing and consultancy activities (+12.5%, or +635 million euro) and, to a lesser extent, on commercial banking (+1.7%, or +44 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 (+37.1%, or +284 million euro), supported by new placements of mutual funds, portfolio management schemes (+7.5%, or +190 million euro), both collective and individual, which showed accelerating net inflows, other management and dealing commissions (+97 million euro), in particular related to advisory activities, and fee and commission from the distribution of insurance products (+62 million euro), largely attributable to the non-life business.
In the commercial banking area, there was an increase for fee and commission income on collection and payment services (+42 million euro), on guarantees given/received (+32 million euro) and on ATM and credit card services (+9 million euro), partly offset by current accounts (-39 million euro), related to the Bank's reduction of the account maintenance fees charged to customers.
Lastly, other net fee and commission income increased (+131 million euro), mainly due to higher fee and commission income on loans.

(millions of euro)

	2024				Changes %		
	Fourth quarter (a)	**Third quarter (b)**	**Second quarter (c)**	**First quarter (d)**	(a/b)	(b/c)	(c/d)
Guarantees given / received	45	44	50	48	2.3	-12.0	4.2
Collection and payment services	188	178	178	167	5.6	-	6.6
Current accounts	335	332	328	327	0.9	1.2	0.3
Credit and debit cards	101	102	120	96	-1.0	-15.0	25.0
Commercial banking activities	**669**	**656**	**676**	**638**	**2.0**	**-3.0**	**6.0**
Dealing and placement of securities	235	230	282	303	2.2	-18.4	-6.9
Currency dealing	3	2	3	3	50.0	-33.3	-
Portfolio management	688	683	679	660	0.7	0.6	2.9
Distribution of insurance products	394	404	402	375	-2.5	0.5	7.2
Other	132	97	84	73	36.1	15.5	15.1
Management, dealing and consultancy activities	**1,452**	**1,416**	**1,450**	**1,414**	**2.5**	**-2.3**	**2.5**
Other net fee and commission income	**295**	**235**	**261**	**224**	**25.5**	**-10.0**	**16.5**
Net fee and commission income	**2,416**	**2,307**	**2,387**	**2,276**	**4.7**	**-3.4**	**4.9**

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

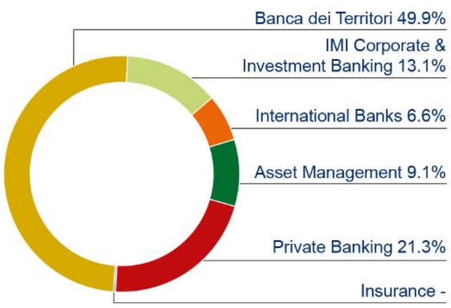
In the fourth quarter of 2024, the figure for this caption was higher than in all the previous quarters, reflecting the significant improvement during the year except for the third quarter, which was affected by the usual seasonal slowdowns in operations during the summer.

(millions of euro)

	31.12.2024	**31.12.2023**	**Changes**	
			amount	**%**
Banca dei Territori	4,891	4,603	288	6.3
IMI Corporate & Investment Banking	1,286	1,080	206	19.1
International Banks	648	601	47	7.8
Private Banking	2,094	1,858	236	12.7
Asset Management	894	816	78	9.6
Insurance	3	3	-	-
Total business areas	**9,816**	**8,961**	**855**	**9.5**
Corporate Centre	-430	-385	45	11.7
Intesa Sanpaolo Group	**9,386**	**8,576**	**810**	**9.4**

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 49.9% of the business areas' results, recorded an increase in fee and commission income in 2024 (+6.3%, or +288 million euro), mainly deriving from assets under management and, to a lesser extent, from advisory services. The other Divisions also posted an increase in fee and commission income, specifically: Private Banking (+12.7%, or +236 million euro), attributable to recurring fees related to the increase in average assets under management, and up-front fees, as a result of increased placements; IMI Corporate & Investment Banking Division (+19.1%, or +206 million euro), essentially due to the performance of structured finance and investment banking and in the International Network; Asset Management (+9.6%, or +78 million euro), due to growth in placement fees for mutual funds and incentive fees; and International Banks (+7.8%, or +47 million euro), mainly thanks to the positive contribution of the subsidiaries operating in Slovakia, Serbia and Egypt.
The Corporate Centre recorded an increase in the negative balance of net fee and commission income, which grew from -385 million euro in the previous year to -430 million euro in 2024.

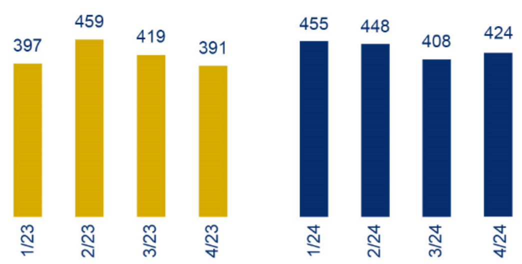
Income from insurance business

(millions of euro)

	31.12.2024			31.12.2023			Changes	
	Life	Non-life	**Total**	Life	Non-life	**Total**	**amount**	**%**
TECHNICAL MARGIN	**838**	**489**	**1,327**	**1,211**	**462**	**1,673**	**-346**	**-20.7**
Contractual service margin release	1,079	65	1,144	1,152	71	1,223	-79	-6.5
Claims, expected expenses and other amounts	637	1,219	1,856	622	1,106	1,728	128	7.4
Insurance revenue	**1,716**	**1,284**	**3,000**	**1,774**	**1,177**	**2,951**	**49**	**1.7**
Total actual claims and expenses	-799	-794	-1,593	-704	-693	-1,397	196	14.0
Other Insurance Expenses	-79	-1	-80	141	-22	119	-199	
Insurance expenses	**-878**	**-795**	**-1,673**	**-563**	**-715**	**-1,278**	**395**	**30.9**
NET INVESTMENT RESULT	**357**	**32**	**389**	**-51**	**4**	**-47**	**436**	
Net financial income and expenses related to insurance contracts issued	-5,794	-10	-5,804	-5,308	-10	-5,318	486	9.1
Net interest income	2,226	53	2,279	2,101	31	2,132	147	6.9
Dividends	519	-	519	453	-	453	66	14.6
Gains/losses on disposal	1,107	-3	1,104	-1,227	-7	-1,234	2,338	
Valuation gains/losses	2,070	-	2,070	3,689	-	3,689	-1,619	-43.9
Net fee and commission income	229	-8	221	241	-10	231	-10	-4.3
Income from insurance business gross of consolidation effects	**1,195**	**521**	**1,716**	**1,160**	**466**	**1,626**	**90**	**5.5**
Consolidation effects	**19**	**-**	**19**	**40**	**-**	**40**	**-21**	**-52.5**
INCOME FROM INSURANCE BUSINESS	**1,214**	**521**	**1,735**	**1,200**	**466**	**1,666**	**69**	**4.1**

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

Quarterly development
Income from insurance business
(millions of euro)



Income from insurance business includes the cost and revenue captions of the insurance business, including the reinsurance component, of the Group’s life and non-life companies. In 2024, this income amounted to 1,735 million euro, an improvement of 4.1% compared to the previous year. This trend was mainly attributable to the non-life business, which benefited from higher insurance revenues as well as from financial components, specifically net interest income. The life business showed moderate growth as a result of the increase in the net investment result, due to higher realised gains, net interest income and dividends, and the decline in the technical margin, largely attributable to higher insurance costs, as well as the reduction in the release of the contractual service margin (CSM) due to the increase in surrenders across the entire insurance sector.

(millions of euro)

	2024				Changes %		
	Fourth quarter (a)	**Third quarter (b)**	**Second quarter (c)**	**First quarter (d)**	(a/b)	(b/c)	(c/d)
TECHNICAL MARGIN	**342**	**286**	**356**	**343**	**19.6**	**-19.7**	**3.8**
Contractual service margin release	287	274	290	293	4.7	-5.5	-1.0
Claims, expected expenses and other amounts	490	471	463	432	4.0	1.7	7.2
Insurance revenue	**777**	**745**	**753**	**725**	**4.3**	**-1.1**	**3.9**
Total actual claims and expenses	-375	-438	-416	-364	-14.4	5.3	14.3
Other Insurance Expenses	-60	-21	19	-18			
Insurance expenses	**-435**	**-459**	**-397**	**-382**	**-5.2**	**15.6**	**3.9**
NET INVESTMENT RESULT	**78**	**121**	**85**	**105**	**-35.5**	**42.4**	**-19.0**
Net financial income and expenses related to insurance contracts issued	-1,057	-1,919	-894	-1,934	-44.9		-53.8
Net interest income	583	579	621	496	0.7	-6.8	25.2
Dividends	133	118	170	98	12.7	-30.6	73.5
Gains/losses on disposal	902	-25	196	31			
Valuation gains/losses	-546	1,313	-60	1,363			
Net fee and commission income	63	55	52	51	14.5	5.8	2.0
Income from insurance business gross of consolidation effects	**420**	**407**	**441**	**448**	**3.2**	**-7.7**	**-1.6**
Consolidation effects	**4**	**1**	**7**	**7**		**-85.7**	**-**
INCOME FROM INSURANCE BUSINESS	**424**	**408**	**448**	**455**	**3.9**	**-8.9**	**-1.5**

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

Income from insurance business, including both life and non-life segments, in the fourth quarter of 2024 was higher than in the third quarter, thanks to the strong performance of the technical margin, but was lower than in the first two quarters of 2024, mainly due to the decline in the net investment result.

(millions of euro)

Business	**31.12.2024**		**31.12.2023**
		of which new business	
Life insurance business	**15,417**	***15,108***	**13,165**
Premiums issued on traditional products	10,734	*10,613*	9,693
Premiums issued on unit-linked products	2,133	*1,970*	1,198
Premiums issued on multi-line products	1,503	*1,487*	1,189
Premiums issued on pension funds	1,044	*1,037*	1,080
Premiums issued on capitalisation products	3	*1*	5
Non-life insurance business	**1,516**	***316***	**1,467**
Premiums issued	1,516	*316*	1,467
Premiums ceded to reinsurers	**-165**	***-33***	**-180**
Net premiums issued from insurance products	**16,768**	***15,391***	**14,452**
Business on unit-linked contracts	2,703	*2,666*	2,139
Total business from investment contracts	**2,703**	***2,666***	**2,139**
Total business	**19,471**	***18,057***	**16,591**

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

In 2024 total business in the insurance segment amounted to 19.5 billion euro, higher than the business recorded in 2023 (16.6 billion euro). The growth in premiums was mainly driven by the increase in the life business, particularly traditional products (+1 billion euro), unit-linked policies of a mainly insurance nature (+0.9 billion euro), and multi-line policies (+0.3 billion euro), while pension funds were substantially stable. Class III unit-linked policies of a mainly financial nature grew (+0.6 billion euro). In the non-life business (+49 million euro), performance was good for both the motor segment and the non-motor segment, including the CPI – Credit Protection Insurance.
New business totalled 18.1 billion euro, accounting for over 90% of the total collected premiums of the Group's insurance companies.

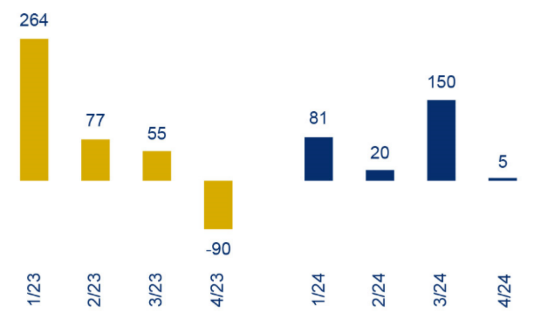
Profits (losses) on financial assets and liabilities at fair value

(millions of euro)

	31.12.2024	31.12.2023	Changes	
			amount	%
Profits (losses) on trading and on financial instruments under fair value option	-591	-262	329	
Profits (losses) on hedges under hedge accounting	7	-59	66	
Profits (losses) on assets mandatorily measured at fair value through profit or loss	366	190	176	92.6
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	478	402	76	18.9
Profits (losses) on the buyback of financial liabilities	-4	35	-39	
Profits (Losses) on financial assets and liabilities at fair value	**256**	**306**	**-50**	**-16.3**

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 2024, profits (losses) on financial assets and liabilities at fair value, amounting to 256 million euro, declined by 50 million euro compared to 2023. In interpreting this performance it should be considered that the transactions in certificates, measured at fair value, generated positive effects on net interest income in terms of greater liquidity invested and negative effects on trading related to the management of financial risks as a result of the market interest rate conditions as well as the increase in the average volumes of certificates funding.
The decrease, amounting to 16.3%, was attributable to profits (losses) on trading and on financial instruments under fair value option (-329 million euro), due in particular to the transactions in certificates described above, as well as the negative impact of the Own Credit Risk (OCR) of the certificates. There was also a decrease in the profits (losses) on the repurchase of financial liabilities (-39 million euro). In contrast, assets measured at fair value through profit or loss provided a positive contribution, with an increase of 176 million euro, attributable to equities and quotas of UCI, including dividends, and to loans. Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost also increased (+76 million euro), following the disposal of mainly government HTCS and HTC securities. Lastly, profits (losses) on hedges under hedge accounting went from a loss of 59 million euro in 2023 to a profit of 7 million euro in 2024.

(millions of euro)

	2024				Changes%		
	Fourth quarter (a)	Third quarter (b)	Second quarter (c)	First quarter (d)	(a/b)	(b/c)	(c/d)
Profits (losses) on trading and on financial instruments under fair value option	-162	-5	-190	-234		-97.4	-18.8
Profits (losses) on hedges under hedge accounting	12	-	-7	2	-		
Profits (losses) on assets mandatorily measured at fair value through profit or loss	140	58	107	61		-45.8	75.4
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	33	86	123	236	-61.6	-30.1	-47.9
Profits (losses) on the buyback of financial liabilities	-18	11	-13	16			
Profits (Losses) on financial assets and liabilities at fair value	**5**	**150**	**20**	**81**	**-96.7**		**-75.3**

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

The result for the fourth quarter of 2024 was significantly lower than in previous quarters, reflecting the high volatility of the assets measured at fair value and trading operations.

Other operating income (expenses)

In 2024, other net operating income amounted to 12 million euro, compared with expenses of -21 million euro recorded in 2023. This caption includes both operating income and expenses – including those of subsidiaries not subject to management and coordination and operating in sectors completely distinct from banking and finance – and profits on equity investments carried at equity. The performance of this caption was due to the decrease in other operating expenses (-28 million euro) and, to a lesser extent, the higher contribution from dividends and profits on investments carried at equity (+5 million euro).

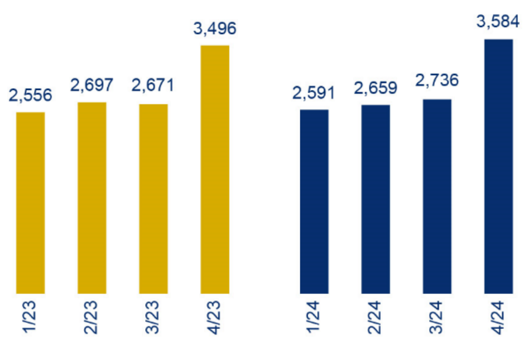
Operating costs

(millions of euro)

	31.12.2024	31.12.2023	Changes	
			amount	%
Wages and salaries	5,014	4,930	84	1.7
Social security charges	1,259	1,242	17	1.4
Other	912	854	58	6.8
Personnel expenses	**7,185**	**7,026**	**159**	**2.3**
Information technology expenses	849	876	-27	-3.1
Management of real estate assets expenses	348	399	-51	-12.8
General structure costs	428	407	21	5.2
Professional and legal expenses	290	280	10	3.6
Advertising and promotional expenses	174	166	8	4.8
Indirect personnel costs	177	171	6	3.5
Other costs	569	564	5	0.9
Indirect taxes and duties	175	198	-23	-11.6
Recovery of expenses and charges	-31	-28	3	10.7
Administrative expenses	**2,979**	**3,033**	**-54**	**-1.8**
Property and equipment	531	563	-32	-5.7
Intangible assets	875	798	77	9.6
Adjustments	**1,406**	**1,361**	**45**	**3.3**
Operating costs	**11,570**	**11,420**	**150**	**1.3**

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

Quarterly development
Operating costs
(millions of euro)



In 2024, operating costs amounted to 11,570 million euro, up slightly on the figure recorded in 2023 (+1.3%).
Personnel expenses, amounting to 7,185 million euro, were up (+2.3%), mainly as a consequence of the renewal of the National Collective Bargaining Agreement at the end of 2023, partially offset by the savings due to the exits negotiated with the trade unions.
Administrative expenses amounted to 2,979 million euro, down by 1.8%. The main savings were recorded in property management expenses (-51 million euro), mainly due to lower energy tariffs and the actions to reduce consumption, in information technology expenses (-27 million euro), related to lower outsourcing costs and indirect taxes and duties (-23 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 (+3.3%) on 2023, due to the intangible assets, driven by technology investments focused on software which continue the process of development already reported in the previous year. Despite significant investments in technology, the cost/income ratio in 2024 stood at 42.7%, among the best in the European banking sector, compared to the higher figure for 2023 (45.3%).

(millions of euro)

	2024				Changes %		
	Fourth quarter (a)	Third quarter (b)	Second quarter (c)	First quarter (d)	(a/b)	(b/c)	(c/d)
Wages and salaries	1,630	1,164	1,120	1,100	40.0	3.9	1.8
Social security charges	404	290	284	281	39.3	2.1	1.1
Other	251	225	215	221	11.6	4.7	-2.7
Personnel expenses	**2,285**	**1,679**	**1,619**	**1,602**	**36.1**	**3.7**	**1.1**
Information technology expenses	241	207	208	193	16.4	-0.5	7.8
Management of real estate assets expenses	100	86	83	79	16.3	3.6	5.1
General structure costs	112	108	106	102	3.7	1.9	3.9
Professional and legal expenses	106	60	67	57	76.7	-10.4	17.5
Advertising and promotional expenses	72	35	45	22		-22.2	
Indirect personnel costs	52	41	46	38	26.8	-10.9	21.1
Other costs	195	141	129	104	38.3	9.3	24.0
Indirect taxes and duties	41	44	48	42	-6.8	-8.3	14.3
Recovery of expenses and charges	-8	-9	-7	-7	-11.1	28.6	-
Administrative expenses	**911**	**713**	**725**	**630**	**27.8**	**-1.7**	**15.1**
Property and equipment	135	131	126	139	3.1	4.0	-9.4
Intangible assets	253	213	189	220	18.8	12.7	-14.1
Adjustments	**388**	**344**	**315**	**359**	**12.8**	**9.2**	**-12.3**
Operating costs	**3,584**	**2,736**	**2,659**	**2,591**	**31.0**	**2.9**	**2.6**

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

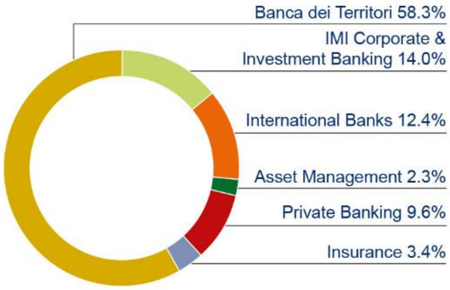
Operating costs for the fourth quarter of 2024 were up compared to the previous quarters due to higher personnel expenses and the seasonal effects of administrative expenses.

(millions of euro)

	31.12.2024	31.12.2023	Changes	
			amount	%
Banca dei Territori	6,444	6,555	-111	-1.7
IMI Corporate & Investment Banking	1,552	1,469	83	5.7
International Banks	1,372	1,264	108	8.5
Private Banking	1,066	1,008	58	5.8
Asset Management	251	245	6	2.4
Insurance	380	379	1	0.3
Total business areas	**11,065**	**10,920**	**145**	**1.3**
Corporate Centre	505	500	5	1.0
Intesa Sanpaolo Group	**11,570**	**11,420**	**150**	**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



At the level of operating costs, the Banca dei Territori Division, which accounts for 58.3% of the costs of the operating business areas, reported a decrease (-1.7%, or -111 million euro), primarily due to savings on administrative expenses. Conversely, there were increases for the International Banks (+8.5%, or +108 million euro) and for IMI Corporate & Investment Banking (+5.7%, or +83 million euro), mainly attributable to personnel and administrative expenses, for the Private Banking Division (+5.8%, or +58 million euro), related to all the expense captions, and for Asset Management (+2.4%, +6 million euro), largely attributable to personnel expenses. Operating costs for the Insurance Division and the Corporate Centre were substantially stable.

Operating margin

The operating margin amounted to 15,537 million euro, up by 12.5% from the figure recorded in the previous year, due to an increase in revenues that exceeded the moderate rise in operating costs.

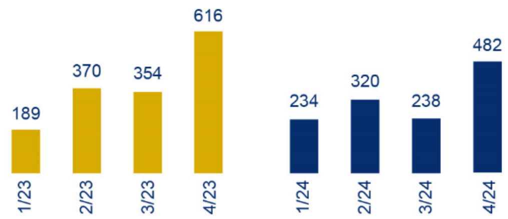
Net adjustments to loans

(millions of euro)

	31.12.2024	31.12.2023	Changes	
			amount	%
Bad loans	-246	-536	-290	-54.1
Unlikely to pay	-795	-661	134	20.3
Past due loans	-344	-295	49	16.6
Stage 3 loans	**-1,385**	**-1,492**	**-107**	**-7.2**
of which debt securities	*-12*	*-3*	*9*	
Stage 2 loans	**19**	**-79**	**98**	
of which debt securities	*4*	*-2*	*6*	
Stage 1 loans	**200**	**21**	**179**	
of which debt securities	*13*	*19*	*-6*	*-31.6*
Net losses/recoveries on impairment of loans	**-1,166**	**-1,550**	**-384**	**-24.8**
Profits/losses from changes in contracts without derecognition	**-28**	**-29**	**-1**	**-3.4**
Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given	**-80**	**50**	**-130**	
Net adjustments to loans	**-1,274**	**-1,529**	**-255**	**-16.7**

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 1,274 million euro, down from those recorded in 2023 (1,529 million euro).
The movement in the caption was essentially attributable to recoveries on Stage 1 loans (+179 million euro) and Stage 2 loans (+98 million euro) – mainly attributable to transfers to Stage 3 and to operational performance of the portfolio – and a reduction in adjustments to non-performing loans in Stage 3 (-107 million euro). With the latter resulting from adjustments of -290 million euro to bad loans, +134 million euro to unlikely-to-pay loans, and +49 million euro to past due loans.
In contrast, there were net provisions for commitments and guarantees amounting to 80 million euro in 2024, compared with 50 million euro in recoveries in the previous year.
In December 2024, the ratio of gross non-performing loans to total loans stood at 2.3%, at the same levels as December 2023.
The cost of credit – expressed as the ratio of net adjustments to net loans – decreased in 2024 to 30 bps, without release of prudential provisions (overlays), compared to 36 bps in 2023. This figure, which represents a historic low, was supported by the reduction in adjustments in the presence of low inflows from performing loans to non-performing loans during 2024 (2.9 billion euro net of outflows from non-performing loans to performing loans).
The coverage ratio of non-performing loans in December 2024 amounted to 49.5%. In detail, bad loans required net adjustments of 246 million euro, down 54.1% on the 2023 figure (536 million euro), with a coverage ratio of 68%. Net adjustments to unlikely-to-pay loans, totalling 795 million euro, were up (20.3%) from 661 million euro recorded in 2023; the coverage ratio for these exposures amounted to 39.8%. Net adjustments to past-due loans amounted to 344 million euro (295 million euro for the previous year), with a coverage ratio of 29.8%. The coverage ratio for forborne positions within the non-performing loan category was 44.8%. Finally, the coverage ratio of performing loans was 0.5% and incorporated the physiological risk inherent in the loan portfolio.

(millions of euro)

	2024				Changes %		
	Fourth quarter (a)	Third quarter (b)	Second quarter (c)	First quarter (d)	(a/b)	(b/c)	(c/d)
Bad loans	-103	-47	-35	-61		34.3	-42.6
Unlikely to pay	-294	-112	-227	-162		-50.7	40.1
Past due loans	-36	-89	-128	-91	-59.6	-30.5	40.7
Stage 3 loans	**-433**	**-248**	**-390**	**-314**	**74.6**	**-36.4**	**24.2**
of which debt securities	*-11*	*-*	*-*	*-1*	*-*	*-*	
Stage 2 loans	**-74**	**68**	**23**	**2**			
of which debt securities	*-2*	*2*	*3*	*1*		*-33.3*	
Stage 1 loans	**112**	**-13**	**51**	**50**			**2.0**
of which debt securities	*1*	*1*	*5*	*6*	*-*	*-80.0*	*-16.7*
Net losses/recoveries on impairment of loans	**-395**	**-193**	**-316**	**-262**		**-38.9**	**20.6**
Profits/losses from changes in contracts without derecognition	**-23**	**2**	**-7**	**-**			**-**
Net provisions for risks and for credit risk associated with commitments and financial guarantees given	**-64**	**-47**	**3**	**28**	**36.2**		**-89.3**
Net adjustments to loans	**-482**	**-238**	**-320**	**-234**		**-25.6**	**36.8**

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

At the quarterly level, the adjustments in the fourth quarter of 2024 were higher than in previous quarters, as a result of higher adjustments to Stage 3 and Stage 2 loans, as well as provisions related to commitments and guarantees.

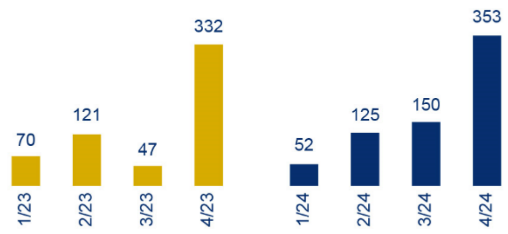
Other net provisions and net impairment losses on other assets

(millions of euro)

	31.12.2024	31.12.2023	Changes	
			amount	%
Other net provisions	-505	-256	249	97.3
Net impairment losses on instruments measured at amortised cost and on instruments measured at fair value through other comprehensive income	-44	-117	-73	-62.4
Net impairment losses on other assets	-131	-197	-66	-33.5
Other net provisions and net impairment losses on other assets	**-680**	**-570**	**110**	**19.3**

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 2024, other net provisions and net impairment losses on other assets amounted to 680 million euro, a value in excess of the 570 million euro recognised in 2023. The increase is related to the caption Other net provisions, which rose from 256 million euro in 2023 to 505 million euro in 2024, largely attributable to the higher charges to offset the net income (loss) of the subsidiary Banca Intesa Russia recognised upon consolidation to write off its equity contribution to the Group's consolidated financial statements. Conversely, there was a reduction in both net adjustments on securities measured at amortised cost and securities measured at fair value through other comprehensive income, which decreased to -44 million euro from -117 million euro in 2023, mainly referring to the credit risk component inherent in those portfolios, and net impairment losses on other assets, which amounted to 131 million euro (197 million euro in 2023).

(millions of euro)

	2024				Changes %		
	Fourth quarter (a)	Third quarter (b)	Second quarter (c)	First quarter (d)	(a/b)	(b/c)	(c/d)
Other net provisions	-205	-139	-108	-53	47.5	28.7	
Net impairment losses on instruments measured at amortised cost and on instruments measured at fair value through other comprehensive income	-31	-7	-10	4		-30.0	
Net impairment losses on other assets	-117	-4	-7	-3		-42.9	
Other net provisions and net impairment losses on other assets	**-353**	**-150**	**-125**	**-52**		**20.0**	

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

In conjunctural terms, the provisions in the fourth quarter of 2024 were significantly higher than in the previous three quarters. Specifically, there was an increase in other net provisions, also related to charges for the consolidation of the above-mentioned Russian bank, as well as the net impairment losses on other assets.

Other income (expenses)

Other income (expenses), which include realised gains and losses on investments, equity investments, and financial assets at amortised cost other than loans, as well as income/expenses not strictly related to operations, made a positive contribution of 153 million euro, having benefited – in the first and fourth quarters – from income related to commercial agreements entered into by the Group. This amount compares with 348 million euro recorded in 2023, which included the capital gain of 116 million euro from the sale of the PBZ Card acquiring business line to Nexi and 192 million euro from the sale of the equity investment in Zhong Ou Asset Management.

Gross income (loss)
In 2024, income before tax from continuing operations came to 13,736 million euro, up by 13.9% compared with 12,056 million euro for 2023.

Taxes on income
Current and deferred taxes amounted to 4,048 million euro – including a benefit of 499 million euro from the recognition of deferred tax assets (352 million euro in 2023) related to losses carried forward pertaining to the merged UBI Banca and Provis and intangibles of the merged ISP Life – corresponding to a tax rate of 29.5%, one percentage point higher than in 2023 (28.5%).

Charges (net of tax) for integration and exit incentives
In 2024 this caption amounted to 587 million euro, compared to the 222 million euro recorded in the previous year.
The large increase was mainly attributable to charges related to staff leaving incentives under the agreement of 23 October 2024.

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 2024 this caption amounted to -94 million euro, compared to the -161 million euro recorded in the previous year.

Levies and other charges concerning the banking and insurance industry (net of tax)
The caption includes the levies imposed by legislative provisions and/or aimed at maintaining the stability of the banking and insurance industry and consequently outside the company management. In 2024, those charges amounted to 348 million euro, compared with 486 million euro in 2023, which included 222 million euro in charges for the European Resolution Fund, which is currently funded for the EU countries in the banking union.
The levies recognised during the reporting period may be broken down as follows: 236 million euro attributable to deposit guarantee funds, 2 million euro to the European Resolution Fund, 22 million euro to levies recognised by the international subsidiary banks, 31 million euro to the write-down of the Atlante Fund, and 57 million euro to the new Life Insurance Guarantee Fund (46 million euro relating to the insurance segment and 11 million euro to the banking segment).

Minority interests
In 2024, this caption showed net losses of 7 million euro attributable to minority interests relating to companies subject to line-by-line consolidation, compared with net income of 23 million euro in 2023.

Net income (loss)
The Intesa Sanpaolo Group closed 2024 with a net income of 8,666 million euro, up on 2023 (+12.2%). 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 growth in volumes of assets under management. The double-digit increase was the result of the healthy revenue performance, which benefited from the strong momentum of the interest component and the recovery of net fee and commission income and income from insurance business, as well as the limited adjustments to loans and the focused management of operating costs, despite significant investments in technology.

Balance sheet aggregates

General aspects

A reclassified consolidated balance sheet has been prepared to permit a more immediate understanding of the Group's assets and liabilities.
In addition to the amounts as at the reporting date, the format adopted shows the comparative figures as at 31 December 2023 and their quarterly development. To enable a like-for-like comparison, the figures from the previous periods are normally restated, where necessary and material, to make them as consistent as possible, particularly in relation to any changes in the scope of consolidation.
In this Report on operations, the reclassified consolidated balance sheets for the four quarters of 2023 and the first two quarters of 2024 have been restated to take account of the following changes in the scope of consolidation, with the usual attribution of the equity of the companies being restated to the caption Minority interests:

- the inclusion of the Romanian bank First Bank, acquired on 31 May 2024;
- the inclusion of Alpian S.A., previously consolidated using the equity method. Following the completion of the capital increase (in this regard, see the information in the Highlights section of the opening chapter), the percentage of the Group's stake in the company increased from 41.626% as at 31 December 2023 (comprising 28.134% attributable to Fideuram - Intesa Sanpaolo Private Banking and 13.492% to Reyl & Cie) to 61.599% (of which 51.141% held by Fideuram - Intesa Sanpaolo Private Banking and 10.458% by Reyl & Cie), resulting in the change to line-by-line consolidation of the company.

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

Aggregations and reclassifications of captions in the consolidated 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 of the banking segment and Fair value change of financial assets/liabilities in hedged portfolios 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 consolidated balance sheet

(millions of euro)

Assets	**31.12.2024**	**31.12.2023**	**Changes**	
			amount	**%**
Cash and cash equivalents	40,533	89,717	-49,184	-54.8
Due from banks	36,128	31,299	4,829	15.4
Loans to customers	421,512	430,493	-8,981	-2.1
Loans to customers measured at amortised cost	*419,658*	*428,759*	*-9,101*	*-2.1*
Loans to customers measured at fair value through other comprehensive income and through profit or loss	*1,854*	*1,734*	*120*	*6.9*
Financial assets measured at amortised cost which do not constitute loans	62,979	60,145	2,834	4.7
Financial assets measured at fair value through profit or loss	45,706	42,027	3,679	8.8
Financial assets measured at fair value through other comprehensive income	76,303	67,732	8,571	12.7
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	104,344	101,718	2,626	2.6
Financial assets pertaining to insurance companies measured at fair value through other comprehensive income	72,973	72,135	838	1.2
Investments in associates and companies subject to joint control	3,036	2,490	546	21.9
Property, equipment and intangible assets	18,884	19,409	-525	-2.7
Assets owned	*17,655*	*18,020*	*-365*	*-2.0*
Rights of use acquired under leases	*1,229*	*1,389*	*-160*	*-11.5*
Tax assets	12,916	14,536	-1,620	-11.1
Non-current assets held for sale and discontinued operations	667	265	402	
Other assets	37,299	33,342	3,957	11.9
Total Assets	**933,285**	**965,313**	**-32,028**	**-3.3**

Liabilities	**31.12.2024**	**31.12.2023**	**Changes**	
			amount	**%**
Due to banks at amortised cost	45,082	92,545	-47,463	-51.3
Due to customers at amortised cost and securities issued	552,029	547,652	4,377	0.8
Financial liabilities held for trading	42,866	43,487	-621	-1.4
Financial liabilities designated at fair value	23,437	21,344	2,093	9.8
Financial liabilities at amortised cost pertaining to insurance companies	1,412	2,199	-787	-35.8
Financial liabilities held for trading pertaining to insurance companies	63	90	-27	-30.0
Financial liabilities designated at fair value pertaining to insurance companies	50,646	51,438	-792	-1.5
Tax liabilities	2,097	1,947	150	7.7
Liabilities associated with non-current assets held for sale and discontinued operations	5	2	3	
Other liabilities	18,655	15,125	3,530	23.3
of which lease payables	*1,097*	*1,232*	*-135*	*-11.0*
Insurance liabilities	126,081	119,849	6,232	5.2
Allowances for risks and charges	5,591	5,308	283	5.3
of which allowances for commitments and financial guarantees given	*601*	*525*	*76*	*14.5*
Share capital	10,369	10,369	-	-
Reserves	42,789	42,560	229	0.5
Valuation reserves	-2,035	-1,711	324	18.9
Valuation reserves pertaining to insurance companies	-297	-298	-1	-0.3
Interim dividend	-3,022	-2,629	393	14.9
Equity instruments	8,706	7,948	758	9.5
Minority interests	145	364	-219	-60.2
Net income (loss)	8,666	7,724	942	12.2
Total liabilities and shareholders' equity	**933,285**	**965,313**	**-32,028**	**-3.3**

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

Quarterly development of the reclassified consolidated balance sheet

(millions of euro)

Assets	2024				2023			
	31/12	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Cash and cash equivalents	40,533	56,071	55,582	51,462	89,717	85,839	80,085	77,885
Due from banks	36,128	34,139	33,028	29,041	31,299	30,151	30,167	30,553
Loans to customers	421,512	421,946	422,216	424,234	430,493	434,709	438,497	450,833
Loans to customers measured at amortised cost	*419,658*	*419,559*	*420,420*	*421,899*	*428,759*	*432,823*	*436,583*	*448,392*
Loans to customers measured at fair value through other comprehensive income and through profit or loss	*1,854*	*2,387*	*1,796*	*2,335*	*1,734*	*1,886*	*1,914*	*2,441*
Financial assets measured at amortised cost which do not constitute loans	62,979	62,868	60,779	62,749	60,145	57,809	60,215	58,932
Financial assets measured at fair value through profit or loss	45,706	45,608	41,914	42,029	42,027	45,654	48,436	45,990
Financial assets measured at fair value through other comprehensive income	76,303	79,500	77,018	77,230	67,732	60,366	59,430	53,377
Financial assets pertaining to insurance companies measured at amortised cost	5	2	2	5	5	2	3	3
Financial assets pertaining to insurance companies measured at fair value through profit or loss	104,344	103,872	101,961	103,265	101,718	99,226	102,480	103,096
Financial assets pertaining to insurance companies measured at fair value through other comprehensive income	72,973	72,797	69,150	70,928	72,135	69,136	71,724	72,562
Investments in associates and companies subject to joint control	3,036	2,799	2,621	2,495	2,490	2,554	2,593	2,387
Property, equipment and intangible assets	18,884	18,542	18,611	18,651	19,409	18,947	18,952	19,521
Assets owned	*17,655*	*17,285*	*17,276*	*17,257*	*18,020*	*17,532*	*17,502*	*18,040*
Rights of use acquired under leases	*1,229*	*1,257*	*1,335*	*1,394*	*1,389*	*1,415*	*1,450*	*1,481*
Tax assets	12,916	13,150	14,095	14,470	14,536	15,872	16,082	17,106
Non-current assets held for sale and discontinued operations	667	1,024	1,139	732	265	258	615	244
Other assets	37,299	36,868	36,406	35,936	33,342	28,207	27,468	24,246
Total Assets	**933,285**	**949,186**	**934,522**	**933,227**	**965,313**	**948,730**	**956,747**	**956,735**

Liabilities	2024				2023			
	31/12	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Due to banks at amortised cost	45,082	51,013	48,176	55,998	92,545	97,432	94,123	120,108
Due to customers at amortised cost and securities issued	552,029	555,320	557,052	545,019	547,652	534,466	533,734	516,604
Financial liabilities held for trading	42,866	44,528	45,078	44,737	43,487	47,428	47,639	45,682
Financial liabilities designated at fair value	23,437	24,088	23,314	23,218	21,344	16,388	13,608	10,893
Financial liabilities at amortised cost pertaining to insurance companies	1,412	2,247	2,185	2,222	2,199	2,422	2,326	2,275
Financial liabilities held for trading pertaining to insurance companies	63	64	107	67	90	193	96	111
Financial liabilities designated at fair value pertaining to insurance companies	50,646	50,685	50,775	51,748	51,438	50,715	53,160	54,099
Tax liabilities	2,097	2,467	2,700	2,672	1,947	3,117	2,939	1,965
Liabilities associated with non-current assets held for sale and discontinued operations	5	7	17	5	2	13	-	-
Other liabilities	18,655	21,716	15,513	15,690	15,125	11,162	22,132	17,738
of which lease payables	*1,097*	*1,117*	*1,185*	*1,245*	*1,232*	*1,244*	*1,275*	*1,306*
Insurance liabilities	126,081	125,232	119,676	120,561	119,849	115,616	119,381	119,815
Allowances for risks and charges	5,591	4,589	4,520	5,161	5,308	4,909	4,956	5,645
of which allowances for commitments and financial guarantees given	*601*	*536*	*495*	*496*	*525*	*538*	*539*	*673*
Share capital	10,369	10,369	10,369	10,369	10,369	10,369	10,369	10,369
Reserves	42,789	42,953	43,933	50,153	42,560	42,464	42,585	45,538
Valuation reserves	-2,035	-1,805	-2,079	-1,977	-1,711	-1,917	-1,709	-1,794
Valuation reserves pertaining to insurance companies	-297	-278	-366	-302	-298	-466	-375	-420
Interim dividend	-3,022	-	-	-2,629	-2,629	-	-	-1,400
Equity instruments	8,706	8,682	8,652	7,889	7,948	7,939	7,217	7,214
Minority interests	145	142	134	325	364	358	344	337
Net income (loss)	8,666	7,167	4,766	2,301	7,724	6,122	4,222	1,956
Total Liabilities and Shareholders' Equity	**933,285**	**949,186**	**934,522**	**933,227**	**965,313**	**948,730**	**956,747**	**956,735**

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

BANKING BUSINESS

Loans to customers

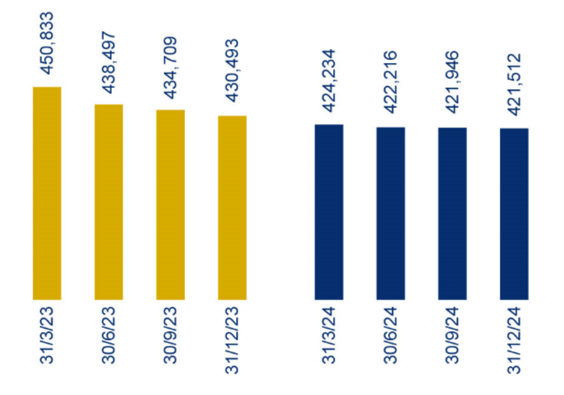
Loans to customers: breakdown

(millions of euro)

	31.12.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Current accounts	21,188	5.0	21,663	5.0	-475	-2.2
Mortgages	214,980	51.0	225,928	52.4	-10,948	-4.8
Advances and other loans	156,145	37.0	155,436	36.1	709	0.5
Commercial banking loans	**392,313**	**93.0**	**403,027**	**93.5**	**-10,714**	**-2.7**
Repurchase agreements	**17,991**	**4.3**	**16,636**	**3.9**	**1,355**	**8.1**
Loans represented by securities	**6,288**	**1.5**	**5,850**	**1.4**	**438**	**7.5**
Non-performing loans	**4,920**	**1.2**	**4,980**	**1.2**	**-60**	**-1.2**
Loans to customers	**421,512**	**100.0**	**430,493**	**100.0**	**-8,981**	**-2.1**

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 December 2024, loans to customers of the Group totalled 421.5 billion euro, down slightly (-2.1%) from the end of 2023. This performance was driven by commercial banking loans (-2.7%, or -10.7 billion euro), notably the medium to long-term component represented by mortgage loans (-10.9 billion euro), particularly to businesses. The were no significant changes for other commercial banking loans, with the increase in advances and loans (+0.7 billion euro) offsetting the decrease in overdraft facilities (-0.5 billion euro). With regard to businesses, the Intesa Sanpaolo Group's policy has been based on close attention to risk, as well as safeguarding profitability in a highly competitive environment. For their part, businesses, in response to high interest rates, have limited their use of bank loans, relying instead on their own liquidity or alternative sources of funding. Additionally, the expiry of loans granted during the pandemic to support the economy using state aid has continued.
Among the other components, which represent a less significant proportion of the total aggregate, there was an increase in repurchase agreements (+8.1%, or +1.4 billion euro) and loans represented by securities (+7.5%, or +0.4 billion euro). Lastly, non-performing loans remained at levels slightly below those at the end of 2023.

In 2024, the Group made total medium/long-term disbursements of 69.8 billion euro, consisting of 43.4 billion euro for Italy and 26.4 billion euro for the international operations.
In the domestic market, the Banca dei Territori recorded loans of 29.4 billion euro, of which 17.6 billion euro to households (retail and exclusive segments), 9.3 billion euro to SMEs (companies with a turnover of up to 350 million euro), 1.9 billion euro to agribusiness, and 0.6 billion euro to the non-profit sector, third party networks, Prestitalia and Isybank. In addition, disbursements of the IMI Corporate & Investment Banking Division amounted to 13.6 billion euro and Originate to Share (OTS) operations totalled 0.4 billion euro.
For the international operations, the loans included IMI C&IB international, for 15.2 billion euro, and the International Banks Division (formerly International Subsidiary Banks), for 11.2 billion euro.
As at 31 December 2024, the Intesa Sanpaolo Group's share of the Italian domestic market was estimated at 17.8% for total loans to customers. This estimate was based on the sample deriving from the ten-day report of the Bank of Italy for December, as the global banking system figures were not yet available.

(millions of euro)

	31.12.2024	31.12.2023	Changes	
			amount	%
Banca dei Territori	221,231	232,406	-11,175	-4.8
IMI Corporate & Investment Banking	126,059	124,215	1,844	1.5
International Banks	45,255	43,002	2,253	5.2
Private Banking	14,022	14,373	-351	-2.4
Asset Management	254	243	11	4.5
Insurance	-	-	-	-
Total business areas	**406,821**	**414,239**	**-7,418**	**-1.8**
Corporate Centre	14,691	16,254	-1,563	-9.6
Intesa Sanpaolo Group	**421,512**	**430,493**	**-8,981**	**-2.1**

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

Business areas
Loans to customers

In the breakdown by business area, the Banca dei Territori Division, which accounts for 54.4% of the aggregate of the Group's business areas, recorded a decrease from the end of 2023 (-4.8%, or -11.2 billion euro), essentially due to the performance of loans to businesses which, in response to high interest rates, have limited their use of bank loans, relying instead on their own liquidity or alternative sources of funding. The loans of the Private Banking Division also decreased (-2.4%, or -0.4 billion euro), mainly due to the reduction in mortgages. In contrast, loans of the International Banks Division increased (+5.2%, or +2.3 billion euro), mainly attributable to the higher contribution from the subsidiaries operating in Slovakia and Croatia, as well as those of the IMI Corporate & Investment Banking Division (+1.5%, or +1.8 billion euro), due to the positive performance with international and institutional customers, partially offset by the decline for Global Corporate and Global Markets.
The loans of the Asset Management Division, which are relatively modest in scope owing to its line of business, increased by 4.5%.
The Corporate Centre's loans decreased by 9.6% (-1.6 billion euro).

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[24] 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 the end of 2024 the residual debt of exposures subject to government guarantee schemes totalled 15.4 billion euro, compared to 24.5 billion euro in December 2023. The decrease, essentially attributable to the Parent Company, was correlated with the redemptions and partial extinguishments during the period.

Under the Bank's initiatives related to the measures established by the "Rilancio" Decree (Decree Law 34/2020) for the relaunch of the construction sector, Intesa Sanpaolo – through the Banca dei Territori and IMI Corporate & Investment Banking Divisions – has purchased tax credits of 37.5 billion euro (27.1 billion euro as at 31 December 2023) from the start of the operations through to 31 December 2024. In addition, there is an amount of 1.7 billion euro of contracts signed and applications received, which will be assessed in light of the changed regulatory framework introduced by Decree Law no. 39 of 29 March 2024 converted into Law no. 67 of 23 May 2024.
Net of the overall decreases of around 15 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 December 2024 tax credits of 22.5 billion euro (20.1 billion euro at the end of 2023) were recognised in the financial statements under caption 130 Other assets of the Consolidated balance sheet, which in the Reclassified consolidated balance sheet converge in the caption Other assets.

[24] 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)

	31.12.2024		31.12.2023		Change
	Net exposure	% breakdown	Net exposure	% breakdown	Net exposure
Bad loans	1,120	0.3	940	0.2	180
Unlikely to pay	3,438	0.8	3,575	0.9	-137
Past due loans	362	0.1	465	0.1	-103
Non-Performing Loans	**4,920**	**1.2**	**4,980**	**1.2**	**-60**
Non-performing loans in Stage 3 (subject to impairment)	*4,889*	*1.2*	*4,932*	*1.2*	*-43*
Non-performing loans measured at fair value through profit or loss	*31*	*-*	*48*	*-*	*-17*
Performing loans	**410,230**	**97.3**	**419,568**	**97.4**	**-9,338**
Stage 2	*33,422*	*7.9*	*36,275*	*8.4*	*-2,853*
Stage 1	*376,051*	*89.2*	*382,604*	*88.8*	*-6,553*
Performing loans measured at fair value through profit or loss	*757*	*0.2*	*689*	*0.2*	*68*
Performing loans represented by securities	**6,288**	**1.5**	**5,850**	**1.4**	**438**
Stage 2	*188*	*-*	*339*	*0.1*	*-151*
Stage 1	*6,100*	*1.5*	*5,511*	*1.3*	*589*
Loans held for trading	**74**	**-**	**95**	**-**	**-21**
Total loans to customers	**421,512**	**100.0**	**430,493**	**100.0**	**-8,981**
of which forborne performing	***4,168***		***4,797***		***-629***
of which forborne non-performing	***1,691***		***1,806***		***-115***
Loans to customers classified as non-current assets held for sale	**39**		**139**		**-100**

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

As at 31 December 2024, the Group's net non-performing loans amounted to 4,920 million euro, lower than the figure recorded as at 31 December 2023 (4,980 million euro), confirming the virtuous trend already seen in previous quarters, consistent with the status of Zero NPL Bank declared in the 2022-2025 Business Plan. 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 decreasing to 49.5% from 49.9% at the end of 2023.
In further detail, in December 2024 bad loans amounted to 1,120 million euro (+19.1% from 31 December 2023), net of adjustments, representing 0.3% of total net loans with a coverage ratio of 68%. Loans included in the unlikely-to-pay category amounted to 3,438 million euro, down by 3.8%, accounting for 0.8% of total net loans to customers, with a coverage ratio of 39.8%. Past due loans amounted to 362 million euro (-22.2% from the end of 2023), with a coverage ratio of 29.8%. Within the non-performing loan category, forborne exposures, generated by forbearance measures for borrowers experiencing difficulty in meeting their financial obligations, amounted to 1.7 billion euro, with a coverage ratio of 44.8%. Forborne exposures in the performing loan category amounted to 4.2 billion euro.

At the end of December 2024, net performing loans amounted to 410.2 billion euro, down by 9.3 billion euro (-2.2%) on the end of 2023, with an overall coverage ratio of 0.53% of which 4.6% (from 4.59% at the end of 2023) for Stage 2 loans and 0.15% (0.18% at the end of December 2023) for Stage 1 loans. In terms of stock, net loans in Stage 1 decreased by 1.7% to 376.1 billion euro and those in Stage 2 fell by 7.9% to 33.4 billion euro.

(millions of euro)

	31.12.2024			31.12.2023			Change
	Gross exposure	**Total adjustments**	**Net exposure**	**Gross exposure**	**Total adjustments**	**Net exposure**	**Net exposure**
Bad loans	3,502	-2,382	1,120	3,400	-2,460	940	180
Unlikely to pay	5,715	-2,277	3,438	5,889	-2,314	3,575	-137
Past due loans	516	-154	362	649	-184	465	-103
Non-Performing Loans	**9,733**	**-4,813**	**4,920**	**9,938**	**-4,958**	**4,980**	**-60**
Non-performing loans in Stage 3 (subject to impairment)	*9,666*	*-4,777*	*4,889*	*9,860*	*-4,928*	*4,932*	*-43*
Non-performing loans measured at fair value through profit or loss	*67*	*-36*	*31*	*78*	*-30*	*48*	*-17*
Performing loans	**412,397**	**-2,167**	**410,230**	**422,020**	**-2,452**	**419,568**	**-9,338**
Stage 2	*35,032*	*-1,610*	*33,422*	*38,021*	*-1,746*	*36,275*	*-2,853*
Stage 1	*376,608*	*-557*	*376,051*	*383,310*	*-706*	*382,604*	*-6,553*
Performing loans measured at fair value through profit or loss	*757*	*-*	*757*	*689*	*-*	*689*	*68*
Performing loans represented by securities	**6,300**	**-12**	**6,288**	**5,875**	**-25**	**5,850**	**438**
Stage 2	*195*	*-7*	*188*	*358*	*-19*	*339*	*-151*
Stage 1	*6,105*	*-5*	*6,100*	*5,517*	*-6*	*5,511*	*589*
Loans held for trading	**74**	**-**	**74**	**95**	**-**	**95**	**-21**
Total loans to customers	**428,504**	**-6,992**	**421,512**	**437,928**	**-7,435**	**430,493**	**-8,981**
of which forborne performing	***4,465***	***-297***	***4,168***	***5,134***	***-337***	***4,797***	***-629***
of which forborne non-performing	***3,061***	***-1,370***	***1,691***	***3,230***	***-1,424***	***1,806***	***-115***
Loans to customers classified as non-current assets held for sale	**330**	**-291**	**39**	**181**	**-42**	**139**	**-100**

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

As at 31 December 2024, the Group's gross non-performing loans fell to 9.7 billion euro, down by 0.2 billion euro (-2.1%) compared to December 2023. This performance was driven by unlikely-to-pay loans (-3%, or -174 million euro) and past-due loans (-20.5%, or -133 million euro), against an increase in bad loans of 102 million euro (+3%).

As already described above, this result was attributable to the ongoing de-risking initiatives and benefited from low new inflows from performing loans, thanks to the results of the prevention initiatives.

The NPL ratio was 2.3% gross of adjustments and 1.2% net (2% and 1%, respectively, gross and net according to the EBA methodology).

In 2024, gross inflows amounted to 3.5 billion euro (1.5 billion euro in the first half and 2 billion euro in the second half year), slightly higher than the figure recorded in 2023 (3.3 billion euro). In net terms, that is, net of outflows to performing loans, inflows amounted to 2.9 billion euro (1.3 billion euro in the first half and 1.6 billion euro in the second half), compared to 2.5 billion euro in 2023.

Other banking business financial assets and liabilities: breakdown

(millions of euro)

Type of financial instruments	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL Banking business financial assets	Banking business financial liabilities held for trading (*)
Debt securities issued by Governments					
31.12.2024	3,505	51,576	42,966	**98,047**	X
31.12.2023	5,953	44,780	38,014	**88,747**	X
Changes amount	-2,448	6,796	4,952	**9,300**	X
Changes %	-41.1	15.2	13.0	**10.5**	X
Other debt securities					
31.12.2024	4,724	23,422	20,013	**48,159**	X
31.12.2023	4,379	21,660	22,131	**48,170**	X
Changes amount	345	1,762	-2,118	**-11**	X
Changes %	7.9	8.1	-9.6	**-**	X
Equities					
31.12.2024	8,070	1,305	X	**9,375**	X
31.12.2023	2,385	1,292	X	**3,677**	X
Changes amount	5,685	13	X	**5,698**	X
Changes %		1.0	X		X
Quotas of UCI					
31.12.2024	4,272	X	X	**4,272**	X
31.12.2023	3,817	X	X	**3,817**	X
Changes amount	455	X	X	**455**	X
Changes %	11.9	X	X	**11.9**	X
Due to banks and to customers					
31.12.2024	X	X	X	**X**	-7,264
31.12.2023	X	X	X	**X**	-8,713
Changes amount	X	X	X	**X**	-1,449
Changes %	X	X	X	**X**	-16.6
Financial derivatives					
31.12.2024	22,083	X	X	**22,083**	-23,507
31.12.2023	24,218	X	X	**24,218**	-25,051
Changes amount	-2,135	X	X	**-2,135**	-1,544
Changes %	-8.8	X	X	**-8.8**	-6.2
Credit derivatives					
31.12.2024	3,052	X	X	**3,052**	-3,053
31.12.2023	1,275	X	X	**1,275**	-1,137
Changes amount	1,777	X	X	**1,777**	1,916
Changes %		X	X		
TOTAL 31.12.2024	**45,706**	**76,303**	**62,979**	**184,988**	**-33,824**
TOTAL 31.12.2023	**42,027**	**67,732**	**60,145**	**169,904**	**-34,901**
Changes amount	**3,679**	**8,571**	**2,834**	**15,084**	**-1,077**
Changes %	**8.8**	**12.7**	**4.7**	**8.9**	**-3.1**

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

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

The table above shows the breakdown of other financial assets and liabilities, excluding those pertaining to insurance companies. Financial liabilities held for trading do not include certificates, which are included in the direct deposits from banking business aggregates.
The Intesa Sanpaolo Group’s other financial assets, excluding those of the insurance companies, amounted to 185 billion euro, up by 15.1 billion euro compared to the end of the year (+8.9%). Financial liabilities held for trading decreased by 3.1% to 33.8 billion euro.

The increase in total financial assets was essentially due to the performance of debt securities (+9.3 billion euro) and, to a lesser extent, equities and quotas of UCI (+6.2 billion euro), while the decline in financial derivatives (-2.1 billion euro) was largely offset by an increase in credit derivatives (+1.8 billion euro).

Financial assets measured at fair value through profit or loss amounted to 45.7 billion euro, up by 3.7 billion euro from the end of 2023. The change was attributable to an increase in equities and quotas of UCI (+6.1 billion euro), only partially offset by the reduction in debt securities (-2.1 billion euro).

Instruments measured at amortised cost which do not constitute loans amounted to 63 billion euro, up by 4.7%, due to the performance of government debt securities. HTC debt securities have primarily been classified to Stage 1 (91%).
Financial assets measured at fair value through other comprehensive income, which reached 76.3 billion euro, also increased from the end of 2023 (+12.7%), essentially due to the performance of debt securities. HTCS debt securities have been classified almost exclusively to Stage 1 (98%).

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			
31.12.2024	73,608	57,590	**131,198**
31.12.2023	64,752	53,141	**117,893**
Changes amount	8,856	4,449	**13,305**
Changes %	13.7	8.4	**11.3**
Stage 2			
31.12.2024	1,390	5,381	**6,771**
31.12.2023	1,688	6,982	**8,670**
Changes amount	-298	-1,601	**-1,899**
Changes %	-17.7	-22.9	**-21.9**
Stage 3			
31.12.2024	-	8	**8**
31.12.2023	-	22	**22**
Changes amount	-	-14	**-14**
Changes %	-	-63.6	**-63.6**
TOTAL 31.12.2024	**74,998**	**62,979**	**137,977**
TOTAL 31.12.2023	**66,440**	**60,145**	**126,585**
Changes amount	**8,558**	**2,834**	**11,392**
Changes %	**12.9**	**4.7**	**9.0**

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

The reduction from December in securities classified as Stage 2, which totalled -1.9 billion euro, was attributable for 84% to instruments measured at amortised cost which do not constitute loans and for the remainder to securities measured at fair value through other comprehensive income.

Customer financial assets

(millions of euro)

	31.12.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Direct deposits from banking business	584,508	42.3	577,582	44.3	6,926	1.2
Direct deposits from insurance business	177,430	12.8	172,746	13.2	4,684	2.7
Indirect customer deposits	788,399	57.1	720,392	55.2	68,007	9.4
Netting (a)	-168,163	-12.2	-165,543	-12.7	2,620	1.6
Customer financial assets	**1,382,174**	**100.0**	**1,305,177**	**100.0**	**76,997**	**5.9**

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 December 2024 customer financial assets, after netting, reached 1,382 billion euro, up from the year-end (+5.9%, or +77 billion euro), driven by indirect customer deposits (+9.4%, or +68 billion euro) and, to a lesser extent, by direct deposits from banking business (+1.2%, or +6.9 billion euro). Direct deposits from insurance business also increased (+2.7%, or 4.7 billion euro) 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)

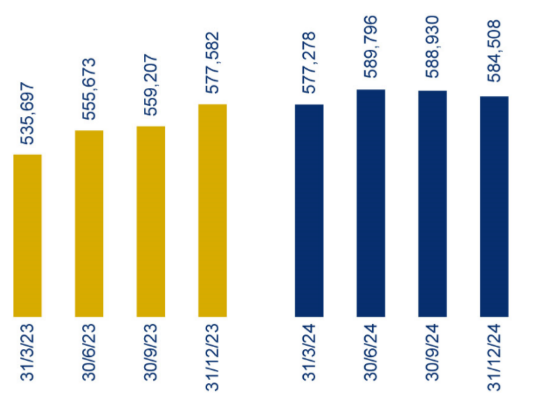
	31.12.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Current accounts and deposits	409,039	70.0	409,350	70.8	-311	-0.1
Repurchase agreements and securities lending	15,642	2.7	13,009	2.3	2,633	20.2
Bonds	80,414	13.8	78,321	13.6	2,093	2.7
Certificates of deposit	2,648	0.4	2,334	0.4	314	13.5
Subordinated liabilities	11,791	2.0	12,158	2.1	-367	-3.0
Other deposits	64,974	11.1	62,410	10.8	2,564	4.1
of which measured at fair value (*)	*32,479*	*5.6*	*29,930*	*5.2*	*2,549*	*8.5*
Direct deposits from banking business	**584,508**	**100.0**	**577,582**	**100.0**	**6,926**	**1.2**

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 December 2024, this caption consisted of 9,042 million euro of certificates classified under “Financial liabilities held for trading” and 23,437 million euro of certificates (23,432 million euro) and other forms of funding (5 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 amounted to 584.5 billion euro, up slightly from the end of the year (+1.2%, or +6.9 billion euro), essentially due to an increase in repurchase agreements (+2.6 billion euro), bonds (+2.1 billion euro), and other funding (+2.6 billion euro), thanks to the growth of certificates, while current accounts and deposits remained substantially stable.
The recomposition within the direct deposits aggregate, already underway in 2023, should be viewed in a scenario of continued high interest rates, where companies used their liquidity to reduce their use of bank loans, and retail customers redirected a portion of their available funds held on current accounts to more remunerative investment products, such as certificates and asset under management products, as well as government and corporate bond issues, which increased the dossiers of assets under administration (+37.1 billion euro).
As at 31 December 2024, the Intesa Sanpaolo Group's direct deposits (deposits and bonds) represented a 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)

	31.12.2024	31.12.2023	Changes	
			amount	%
Banca dei Territori	258,772	270,604	-11,832	-4.4
IMI Corporate & Investment Banking	125,194	113,087	12,107	10.7
International Banks	60,922	59,317	1,605	2.7
Private Banking	47,921	45,844	2,077	4.5
Asset Management	15	16	-1	-6.3
Insurance	-	-	-	-
Total business areas	**492,824**	**488,868**	**3,956**	**0.8**
Corporate Centre	91,684	88,714	2,970	3.3
Intesa Sanpaolo Group	**584,508**	**577,582**	**6,926**	**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
Direct deposits from banking business

In the analysis of funding by sector, the Banca dei Territori Division, which accounts for 52.5% of the aggregate attributable to the Group's operating business areas, came in below the levels of the end of 2024 (-4.4%, or -11.8 billion euro), in view of the decrease in amounts due to customers. In response to continued high interest rates, businesses used their liquidity to limit the use of bank loans, and households redirected a portion of their available funds on current accounts to more remunerative investment products.
In contrast, there was a rise in direct deposits for the IMI Corporate & Investment Banking Division (+10.7%, or +12.1 billion euro), as a result of the increase in operations in Global Corporate, Global Markets, and the growth in operations in certificates, for the Private Banking Division (+4.5%, or +2.1 billion euro), due to the increase in inflows in current account deposits, and for International Banks (+2.7%, or +1.6 billion euro), as a result of the performance in Slovakia, Serbia, and Croatia, only partially offset by the negative performance of the subsidiary operating in Egypt.
The growth in Corporate Centre funding (+3 billion euro) was mainly attributable to transactions in wholesale securities.

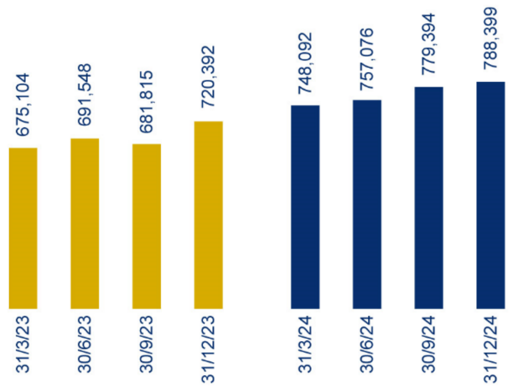
Indirect customer deposits

(millions of euro)

	31.12.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Mutual funds [(a)]	167,249	21.2	155,524	21.6	11,725	7.5
Open-ended pension funds and individual pension plans	17,215	2.2	14,855	2.1	2,360	15.9
Portfolio management	90,704	11.5	80,076	11.1	10,628	13.3
Insurance liabilities and insurance financial liabilities	168,163	21.3	165,543	23.0	2,620	1.6
Relations with institutional customers	29,798	3.8	26,231	3.6	3,567	13.6
Assets under management	**473,129**	**60.0**	**442,229**	**61.4**	**30,900**	**7.0**
Assets under administration and in custody	**315,270**	**40.0**	**278,163**	**38.6**	**37,107**	**13.3**
Indirect customer deposits	**788,399**	**100.0**	**720,392**	**100.0**	**68,007**	**9.4**

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 December 2024, indirect customer deposits exceeded 788 billion euro, up by 9.4% from the end of 2023. The trend was due to assets under administration and assets under management, which benefited from strong market performance, as well as positive net inflows.
Assets under management, which at 473.1 billion euro accounted for 60% of the total aggregate, recorded an increase (+7%, or +30.9 billion euro). This increase was attributable to mutual funds (+11.7 billion euro), portfolio management schemes (+10.6 billion euro), relations with institutional customers (+3.6 billion euro), insurance liabilities and insurance financial liabilities (+2.6 billion euro) and open pension funds and individual pension policies (+2.4 billion euro). In 2024, the new life business of the insurance companies of the Intesa Sanpaolo Group, including pension products and those of a predominantly financial nature, amounted to 17.8 billion euro. Assets under administration, amounting to 315.2 billion euro, increased (+13.3%, or +37.1 billion euro), concentrated in securities and third-party products in custody, to which investors have transferred part of their liquidity in order to benefit from higher yields.

Amounts due from and to banks - net interbank position

(millions of euro)

	31.12.2024	31.12.2023	Changes	
			amount	%
Cash and cash equivalents	**36,651**	**85,722**	**-49,071**	**-57.2**
- Current accounts and on demand deposits with Central Banks (*)	*32,531*	*81,881*	*-49,350*	*-60.3*
- Current accounts and on demand deposits with banks	*4,120*	*3,841*	*279*	*7.3*
Due from banks	**36,128**	**31,299**	**4,829**	**15.4**
- Reserve requirement (**)	*7,740*	*7,773*	*-33*	*-0.4*
- Time deposits	*3,719*	*3,949*	*-230*	*-5.8*
- Repurchase agreements	*14,316*	*8,957*	*5,359*	*59.8*
- Other	*10,353*	*10,620*	*-267*	*-2.5*
Total due from banks	**72,779**	**117,021**	**-44,242**	**-37.8**
- Demand deposits and time deposits	*7,672*	*6,980*	*692*	*9.9*
- TLTRO III	*-*	*45,060*	*-45,060*	
- Repurchase agreements	*23,067*	*21,911*	*1,156*	*5.3*
- Other debts	*14,343*	*18,594*	*-4,251*	*-22.9*
Total due to banks	**45,082**	**92,545**	**-47,463**	**-51.3**
NET INTERBANK POSITION	**27,697**	**24,476**	**3,221**	**13.2**

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

(*) Of which with European Central Bank: 26,496 million euro as at 31 December 2024 and 75,162 million euro as at 31 December 2023.

(**) Of which with European Central Bank: 4,018 million euro as at 31 December 2024 and 4,603 million euro as at 31 December 2023.

As at 31 December 2024, the Group's net interbank position – calculated considering all the on-demand liquidity, both at Central Banks and at other banks, recognised under "Cash and cash equivalents", and no longer just that with the ECB – presented a positive imbalance of 27.7 billion euro, an improvement compared to 24.5 billion euro at the end of 2023.
The change reflects a 51.3% reduction in liabilities, mainly attributable to the total repayment of the TLTROs III during the year (36 billion euro in March, 9 billion euro in June, and 60 million euro in September).
On the side of assets held at banks, there was also a decrease, although smaller (-37.8%), due to liquidity in on-demand deposits with central banks (-49.4 billion euro), and in particular with the ECB (-48.7 billion euro). The amounts due from banks increased by 15.4% overall, driven by operations in repurchase agreements which more than offset the slight decreases in other technical forms.

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						
31.12.2024	5,749	54,685	-	**60,434**	X	
31.12.2023	4,536	55,834	-	**60,370**	X	
Changes amount	1,213	-1,149	-	**64**	X	
Changes %	26.7	-2.1	-	**0.1**	X	
Other debt securities						
31.12.2024	3,593	18,281	-	**21,874**	X	
31.12.2023	3,185	16,294	-	**19,479**	X	
Changes amount	408	1,987	-	**2,395**	X	
Changes %	12.8	12.2	-	**12.3**	X	
Equities						
31.12.2024	6,009	7	-	**6,016**	X	
31.12.2023	5,523	7	-	**5,530**	X	
Changes amount	486	-	-	**486**	X	
Changes %	8.8	-	-	**8.8**	X	
Quotas of UCI						
31.12.2024	88,526	-	-	**88,526**	X	
31.12.2023	87,998	-	-	**87,998**	X	
Changes amount	528	-	-	**528**	X	
Changes %	0.6	-	-	**0.6**	X	
Due from banks and loans to customers						
31.12.2024	393	-	5	**398**	X	
31.12.2023	425	-	5	**430**	X	
Changes amount	-32	-	-	**-32**	X	
Changes %	-7.5	-	-	**-7.4**	X	
Due to banks						
31.12.2024	X	X	X	**X**	709	(**)
31.12.2023	X	X	X	**X**	740	(**)
Changes amount	X	X	X	**X**	-31	
Changes %	X	X	X	**X**	-4.2	
Financial derivatives						
31.12.2024	74	-	-	**74**	63	(***)
31.12.2023	51	-	-	**51**	90	(***)
Changes amount	23	-	-	**23**	-27	
Changes %	45.1	-	-	**45.1**	-30.0	
Credit derivatives						
31.12.2024	-	-	-	**-**	-	(***)
31.12.2023	-	-	-	**-**	-	(***)
Changes amount	-	-	-	**-**	-	
Changes %	-	-	-	**-**	-	
TOTAL 31.12.2024	**104,344**	**72,973**	**5**	**177,322**	**772**	
TOTAL 31.12.2023	**101,718**	**72,135**	**5**	**173,858**	**830**	
Changes amount	**2,626**	**838**	**-**	**3,464**	**-58**	
Changes %	**2.6**	**1.2**	**-**	**2.0**	**-7.0**	

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 177.3 billion euro and 772 million euro, respectively. Financial assets increased compared to the figure at the end of 2023 (+2%), mainly due to the rise in other debt securities (+2.4 billion euro) and equities and quotas of UCI (+1 billion euro). There were no significant changes for the other captions.

Direct deposits from insurance business

(millions of euro)

	31.12.2024				31.12.2023				Changes	
	Life	Non-life	Total	% breakdown	Life	Non-life	Total	% breakdown	amount	%
Liabilities for remaining coverage (*)	123,568	1,015	124,583	70.2	117,353	944	118,297	68.5	6,286	5.3
of which: Present value of cash flows	*114,624*	*181*	*114,805*	*64.7*	*108,482*	*193*	*108,675*	*62.9*	*6,130*	*5.6*
of which: Adjustment for non-financial risks	*464*	*17*	*481*	*0.3*	*387*	*16*	*403*	*0.2*	*78*	*19.4*
of which: Contractual service margin	*8,480*	*321*	*8,801*	*5.0*	*8,484*	*336*	*8,820*	*5.1*	*-19*	*-0.2*
Liabilities for incurred claims	821	677	1,498	0.8	667	885	1,552	0.9	-54	-3.5
Total Insurance liabilities	**124,389**	**1,692**	**126,081**	**71.0**	**118,020**	**1,829**	**119,849**	**69.4**	**6,232**	**5.2**
Investment contracts										
Unit linked (**)	50,646	-	50,646	28.6	51,438	-	51,438	29.8	-792	-1.5
Total Financial liabilities	**50,646**	**-**	**50,646**	**28.6**	**51,438**	**-**	**51,438**	**29.8**	**-792**	**-1.5**
Other insurance deposits (***)	**703**	**-**	**703**	**0.4**	**1,459**	**-**	**1,459**	**0.8**	**-756**	**-51.8**
Direct deposits from insurance business	**175,738**	**1,692**	**177,430**	**100.0**	**170,917**	**1,829**	**172,746**	**100.0**	**4,684**	**2.7**

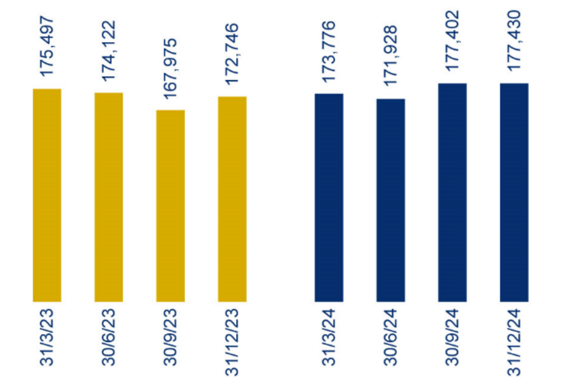
Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(*) 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 177.4 billion euro as at 31 December 2024, up (+2.7%, or +4.7 billion euro) on the end of 2023. The change was attributable to insurance liabilities (+5.2%, or +6.2 billion euro), particularly liabilities for remaining coverage. In contrast, there was a decrease in the financial liabilities of the life business (-1.5%, or -0.8 billion euro), consisting of unit-linked products. Other insurance deposits, which represent a marginal component of the total aggregate and include subordinated liabilities, halved 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 December 2024, assets held for sale amounted to 667 million euro, mainly consisting of: (i) the investment in Cronos Vita Assicurazioni, acquired by Intesa Sanpaolo Assicurazioni (formerly Intesa Sanpaolo Vita) as part of the system-wide transaction aimed at protecting the policyholders of Eurovita, 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); (ii) properties, including those with a total value of around 0.5 billion euro, subject to transfer under the agreement between Intesa Sanpaolo and COIMA, due to be completed in 2025; and (iii) non-performing loans of 0.3 billion euro gross, due to be sold under a de-risking transaction approved in December 2024. The associated liabilities amounted to 5 million euro.
At the end of 2023, assets held for sale amounted to 0.3 billion euro, including a portfolio consisting of both unlikely-to-pay loans and high-risk performing positions with a total gross book value of around 0.2 billion euro. The majority of this exposure was sold on 15 April 2024, with only minor amount remaining that will be sold in 2025. The associated liabilities amounted to 2 million euro.

SHAREHOLDERS' EQUITY

As at 31 December 2024, the Group's shareholders' equity amounted to 65,176 million euro compared to the 63,963 million euro as at 31 December 2023. This aggregate included the net income earned in the current year (8,666 million euro) and reflected the remaining dividend for 2023 paid in May 2024 (-2.8 billion euro) and the interim dividend from the 2024 net income paid in November 2024 (3 billion euro; 2.6 billion euro in November 2023).
The shareholders' equity as at 31 December 2024 also includes a deduction of 1.7 billion euro related to purchases made under the programme of purchase of own shares for annulment (buyback), which was authorised by the ECB by decision notified on 11 March 2024. The execution of the programme – in accordance with the terms and conditions approved by the Shareholders' Meeting of Intesa Sanpaolo on 24 April 2024 – began on 3 June and ended on 18 October 2024.
The shareholders' equity at the end of the year included the allocation to the Reserve pursuant to Article 26 (one-off tax calculated on the increase in banks' net interest income), paragraph 5-bis of Decree Law no. 104 of 10 August 2023, converted with amendments by Law no. 136 of 9 October 2023 (2.1 billion euro) in accordance with the resolutions adopted by the Shareholders' Meetings, called to approve the 2023 Financial Statements of Intesa Sanpaolo and the other Group banks affected by the measure, upon allocation of the net income for 2023.

Valuation reserves

	Reserve 31.12.2023	Change of the period	Reserve 31.12.2024
Financial assets measured at fair value through other comprehensive income (debt instruments)	-1,508	-464	-1,972
Financial assets measured at fair value through other comprehensive income (equities)	-476	206	-270
Property and equipment	1,863	-16	1,847
Foreign investment hedges	-24	14	-10
Cash flow hedges	-318	199	-119
Foreign exchange differences	-1,248	-242	-1,490
Non-current assets held for sale and discontinued operations	-	-	-
Financial liabilities designated at fair value through profit or loss (change in its creditworthiness)	-125	-65	-190
Actuarial profits (losses) on defined benefit pension plans	-187	9	-178
Portion of the valuation reserves connected with investments carried at equity	1	34	35
Legally-required revaluations	311	1	312
Valuation reserves (excluding valuation reserves pertaining to insurance companies)	**-1,711**	**-324**	**-2,035**
Valuation reserves pertaining to insurance companies	**-298**	**1**	**-297**

Bank valuation reserves were negative (-2,035 million euro), up by 324 million euro compared to 31 December 2023 (-1,711 million euro). The negative impact was mainly due to the reserves on debt securities, the exchange rate differences, primarily related to the devaluation of the Egyptian pound, and, to a lesser extent, the financial liabilities designated at fair value through profit or loss. The valuation reserves of the insurance companies, amounting to -297 million euro, remained substantially stable compared to the end of 2023.

Reconciliation of the Parent Company's shareholders' equity and net income (loss) with consolidated shareholders' equity and net income (loss)

(millions of euro)

	Shareholders' equity	of which Net income (loss) as at 31.12.2024
Parent Company's balances as at 31 December 2024	**54,368**	**5,604**
Effect of consolidation of subsidiaries	4,241	6,666
Effect of valuation at equity of companies subject to joint control and other significant equity investments	-260	57
Elimination of adjustments to equity investments and recognition of impairment of goodwill	6,835	67
Dividends collected during the period	-	-3,733
Other	-8	5
Consolidated balances as at 31 December 2024	**65,176**	**8,666**

OWN FUNDS AND CAPITAL RATIOS

(millions of euro)

Own funds and capital ratios	31.12.2024	31.12.2023
Own funds		
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	39,307	41,476
Additional Tier 1 capital (AT1) net of regulatory adjustments	7,551	7,707
TIER 1 CAPITAL	**46,858**	**49,183**
Tier 2 capital net of regulatory adjustments	9,539	8,799
TOTAL OWN FUNDS	**56,397**	**57,982**
Risk-weighted assets		
Credit and counterparty risks	252,395	260,815
Market and settlement risks	12,690	12,621
Operational risks	31,098	28,471
Other specific risks (a)	183	203
RISK-WEIGHTED ASSETS	**296,366**	**302,110**
% Capital ratios		
Common Equity Tier 1 capital ratio	13.3%	13.7%
Tier 1 capital ratio	15.8%	16.3%
Total capital ratio	19.0%	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 December 2024 were calculated according to the harmonised rules and regulations for banks and investment firms contained in Directive 2013/36/EU (CRD) and in Regulation (EU) 575/2013 (CRR) as amended, which transpose into the European Union the standards defined by the Basel Committee on Banking Supervision (the Basel Framework), and on the basis of the related Bank of Italy Circulars.

Own funds

As at 31 December 2024, Own funds amounted to 56,397 million euro.

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

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

Moreover, in compliance with Article 3 of the CRR ("Application of stricter requirements by institutions"), the calculation of the own funds as at 31 December 2024 included the voluntary deduction of around 31 basis points from the CET 1 of the calendar provisioning[25] on exposures within the scope of Pillar 2.
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 December 2024 the net income for 2024 was considered, less the related dividend and other foreseeable charges[26]. These foreseeable charges also take into account the maximum amount (2 billion euro), authorised by the ECB, for the share buyback to be initiated in June 2025, which the Board of Directors resolved on 4 February 2025 to submit for approval to the Shareholders' Meeting.

Risk-weighted assets

As at 31 December 2024, risk-weighted assets came to 296,366 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 December 2024 take account of the impact of the application of the "Danish Compromise" (Art. 49.1 of Regulation (EU) 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.

Capital ratios

On the basis of the foregoing, capital ratios as at 31 December 2024 highlighted a Common Equity ratio of 13.3%, a Tier 1 ratio of 15.8% and a Total capital ratio of 19.0%.
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 9.88%, inclusive of the Capital Conservation Buffer, O-SII Buffer and Countercyclical Capital Buffer[27] and Systemic Risk Buffer[28] requirements.

[25] 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.

[26] Coupons accrued on Additional Tier 1 issues (406 million euro) and proposed assignment to the Allowance for charitable, social and cultural contributions (24 million euro).

[27] The Countercyclical Capital Buffer is calculated taking into account the exposure as at 31 December 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 2026, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for 2024 and for the first quarter of 2025).

[28] Fully loaded. On 26 April 2024, the Bank of Italy announced the introduction of the new Systemic Risk Buffer (SyRB) amounting to 1% of the risk-weighted exposures to credit and counterparty risks for residents in Italy. The target rate must be reached gradually by establishing a reserve equal to 0.5% of the relevant exposures by 31 December 2024 and the remaining 0.5% by 30 June 2025.

Reconciliation of Shareholders' equity and Common Equity Tier 1 capital

(millions of euro)

	31.12.2024	31.12.2023
Group Shareholders' equity	65,176	63,963
Minority interests	145	164
Shareholders' equity as per the Balance Sheet	**65,321**	**64,127**
Interim dividend (a)	3,022	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	-7,551	-7,707
- Minority interests eligible for inclusion in AT1	-	-
- Minority interests eligible for inclusion in T2	-	-
- Ineligible minority interests on full phase-in	-145	-164
- Ineligible net income for the period (b)	-6,217	-5,787
- Own shares included under regulatory adjustments (c)	2,176	165
- Buyback of own shares (d)	-2,000	-
- Other ineligible components on full phase-in (e)	-1,247	-325
Common Equity Tier 1 capital (CET1) before regulatory adjustments	**53,359**	**52,938**
Regulatory adjustments (f)	**-14,052**	**-11,462**
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	**39,307**	**41,476**

(a) As at 31 December 2024 and 31 December 2023 the Shareholders' equity as per the Balance Sheet did not include the interim dividend, of 3,022 and 2,629 million euro respectively (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 December 2024 includes the net income as at that date, less the related dividend, the accrued coupon on Additional Tier 1 instruments net of tax effects and charity allowance.

(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) As at 31 December 2024, the amount refers to the total value of the programme of purchase of own shares for annulment (buyback), amounting to 2 billion euro, as the related authorisation from the Supervisory Authority was received on January 31, 2025, subject to the approval of the Shareholders' Meeting.

(e) As at 31 December 2024, the amount includes a deduction of 1,150 million euro following the authorisation - received during the fourth quarter - for the repurchase of two AT1 instruments.

(f) The regulatory adjustments as at 31 December 2024 no longer include the impact of the application of the IFRS 9 transitional filter - the applicability of which ended in 2022 - conversely, they include 941 million euro of Article 3 CRR additional deduction (for the calendar provisioning on exposures included within the scope of Pillar 2).

Performance of risk-weighted assets

(millions of euro)

Risk-weighted assets as at 31.12.2023	**302,110**
Credit and counterparty risk	-8,420
Market and settlement risk	69
Operational risks	2,627
Other specific risks	-20
Risk-weighted assets as at 31.12.2024	**296,366**

In 2024, the risk-weighted assets for credit and counterparty risk decreased by around +8.4 billion euro, mainly attributable to the improvement in credit quality, portfolio optimisation measures, and movements in volumes.
The figure for risk-weighted assets relating to market risks (around +0.1 billion euro) was essentially stable.
The increase in risk-weighted assets for operational risks (around +2.6 billion euro) was mainly attributable to the update of the components measured using internal models and, to a lesser extent, to the increase in the relevant indicator for the components measured using the standard approach.
There were no significant changes for the other specific risk-weighted assets.

Breakdown of consolidated results by business area and geographical area

Breakdown of consolidated results by business area and geographical area

The Intesa Sanpaolo Group

Banca dei Territori	IMI Corporate & Investment Banking	International Banks	Private Banking	Asset Management	Insurance	Corporate Centre (*)

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

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

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

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

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

Division figures for the comparative periods have been restated to reflect the changes in scope of the Business Units, where necessary and if they are material. In particular:
- the entry into the scope of consolidation of the Romanian bank First Bank S.A. (International Banks Division, formerly International Subsidiary Banks Division), acquired on 31 May 2024;
- the entry into the line-by-line scope of consolidation of Alpian S.A. (Private Banking Division), previously consolidated using the equity method, following the completion of the capital increase which brought the Group's percentage ownership to 61.599% (of which 51.141% held by Fideuram - Intesa Sanpaolo Private Banking and 10.458% by Reyl & Cie);
- the reallocation of Banca Intesa Russia 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 Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total
Operating income								
2024	11,687	3,959	3,239	3,355	1,005	1,719	2,143	27,107
2023	11,248	3,780	3,006	3,193	908	1,613	1,479	25,227
% change	3.9	4.7	7.8	5.1	10.7	6.6	44.9	7.5
Operating costs								
2024	-6,444	-1,552	-1,372	-1,066	-251	-380	-505	-11,570
2023	-6,555	-1,469	-1,264	-1,008	-245	-379	-500	-11,420
% change	-1.7	5.7	8.5	5.8	2.4	0.3	1.0	1.3
Operating margin								
2024	5,243	2,407	1,867	2,289	754	1,339	1,638	15,537
2023	4,693	2,311	1,742	2,185	663	1,234	979	13,807
% change	11.7	4.2	7.2	4.8	13.7	8.5	67.3	12.5
Net income (loss)								
2024	2,232	1,566	1,146	1,462	579	1,150	531	8,666
2023	1,928	1,478	1,173	1,366	475	876	428	7,724
% change	15.8	6.0	-2.3	7.0	21.9	31.3	24.1	12.2

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total
Loans to customers								
31.12.2024	221,231	126,059	45,255	14,022	254	-	14,691	421,512
31.12.2023	232,406	124,215	43,002	14,373	243	-	16,254	430,493
% change	-4.8	1.5	5.2	-2.4	4.5	-	-9.6	-2.1
Direct deposits from banking business								
31.12.2024	258,772	125,194	60,922	47,921	15	-	91,684	584,508
31.12.2023	270,604	113,087	59,317	45,844	16	-	88,714	577,582
% change	-4.4	10.7	2.7	4.5	-6.3	-	3.3	1.2
Risk-weighted assets								
31.12.2024	76,385	106,027	38,271	12,388	2,027	-	61,268	296,366
31.12.2023	79,502	108,183	36,071	11,924	1,990	-	64,440	302,110
% change	-3.9	-2.0	6.1	3.9	1.9	-	-4.9	-1.9
Absorbed capital								
31.12.2024	6,943	9,663	4,311	1,195	219	4,419	3,287	30,037
31.12.2023	7,227	9,861	3,943	1,167	213	4,398	3,688	30,497
% change	-3.9	-2.0	9.3	2.4	2.8	0.5	-10.9	-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

Banca dei Territori

(millions of euro)

Income statement	2024	2023	Changes amount	Changes %
Net interest income	6,673	6,539	134	2.0
Net fee and commission income	4,891	4,603	288	6.3
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	120	111	9	8.1
Other operating income (expenses)	3	-5	8	
Operating income	**11,687**	**11,248**	**439**	**3.9**
Personnel expenses	-3,456	-3,482	-26	-0.7
Administrative expenses	-2,987	-3,071	-84	-2.7
Adjustments to property, equipment and intangible assets	-1	-2	-1	-50.0
Operating costs	**-6,444**	**-6,555**	**-111**	**-1.7**
Operating margin	**5,243**	**4,693**	**550**	**11.7**
Net adjustments to loans	-1,043	-1,306	-263	-20.1
Other net provisions and net impairment losses on other assets	-151	-114	37	32.5
Other income (expenses)	17	17	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**4,066**	**3,290**	**776**	**23.6**
Taxes on income	-1,337	-1,080	257	23.8
Charges (net of tax) for integration and exit incentives	-287	-70	217	
Effect of purchase price allocation (net of tax)	-20	-24	-4	-16.7
Levies and other charges concerning the banking and insurance industry (net of tax)	-190	-188	2	1.1
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-	-	-
Net income (loss)	**2,232**	**1,928**	**304**	**15.8**

(millions of euro)

	31.12.2024	31.12.2023	Changes amount	Changes %
Loans to customers	221,231	232,406	-11,175	-4.8
Direct deposits from banking business	258,772	270,604	-11,832	-4.4
Risk-weighted assets	76,385	79,502	-3,117	-3.9
Absorbed capital	6,943	7,227	-284	-3.9

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

The **Banca dei Territori Division** oversees the traditional lending and deposit collection operations in Italy and associated financial services, targeted to Retail, Exclusive and SMEs, including Agribusiness and non-profits.
This Division also includes leasing, factoring and subsidised finance activities, as well as the digital bank Isybank (which also operates in instant banking through Mooney, in partnership with Enel) and Prestitalia (operating in the consumer credit segment).

Banca dei Territori's operating income was 11,687 million euro in 2024, amounting to 43% of the Group's consolidated revenues, showing growth (+3.9%) on the previous year.
In detail, net interest income increased (+2%), due to the trend in market interest rates, which favoured the profitability of customer dealing. Net fee and commission income also increased (+6.3%), largely driven by the assets under management segment, bolstered by higher placement levels than in 2023, by the higher contribution from advisory services and the non-life insurance segment. Within the commercial banking fees, there was a positive contribution from cards and other payment services, against a decrease in fee and commission income on current accounts, related to the decrease in the account maintenance fees charged by the Bank to customers. 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 120 million euro (+9 million euro) and other net operating income amounted to 3 million euro (compared to a net expense of

5 million euro in the previous year). Operating costs of 6,444 million euro decreased by 1.7%, mainly thanks to the containment of administrative expenses, particularly those related to property management, IT services, and legal fees. As a result of the above, the operating margin rose to 5,243 million euro compared to 4,693 million euro in 2023 (+11.7%) and the gross income came to 4,066 million euro, up 23.6%, benefiting from lower net adjustments to loans. Lastly, after allocation to the Division of taxes of 1,337 million euro, charges for integration of 287 million euro, the effects of purchase price allocation of 20 million euro and the levies and other charges concerning the banking and insurance industry of 190 million euro, net income came to 2,232 million euro, up by 15.8% on 1,928 million euro in 2023.

In quarterly terms, the operating margin decreased on the third quarter of 2024, attributable to an increase in operating costs, typical of the end of the year, against a slight increase in revenues. Gross income also showed a declining trend, which was impacted by higher provisions and adjustments to other assets, as well as the net income, impacted by higher charges for exit incentives for personnel.

The balance sheet figures at the end of December 2024 showed a decline in total intermediated volumes of funding and deposits from the end of December 2023 (-4.6%). In detail, loans to customers, amounting to 221,231 million euro, decreased (-4.8%, or -11.2 billion euro) mainly due to the trend in loans to businesses, which, in response to high interest rates, limited their use of bank loans, relying instead on their own liquidity or alternative sources of funding. In a highly competitive environment, the Division maintained profitability, while closely controlling risk in credit provision. Direct deposits from banking business, amounting to 258,772 million euro, stood at lower levels than the end of 2023 (-4.4%, equal to -11.8 billion euro) in relation to the decrease in amounts due to customers. Businesses drew on their liquidity to reduce their use of bank loans, and retail customers redirected a portion of their available funds on current accounts to more remunerative investment products, such as Intesa Sanpaolo certificates structured by the IMI Corporate & Investment Banking Division and asset management products, as well as government and corporate bond issuances, which increased the dossiers of the assets under administration.

Business

Traditional lending and deposit collection operations in Italy and associated financial services.

Mission

To serve Retail, Exclusive, and Small and Medium Enterprise customers, including Agribusiness and non-profits, creating value through:
- widespread local coverage;
- focus on the characteristics of local markets, and the needs of customer segments serviced;
- development of service levels to customers using different channels in order to improve the efficiency of the commercial offering;
- development and management of products and services for the target customers, as well as of leasing, factoring and subsidised finance products for the Group in Italy;
- the centrality of the roles of the officers responsible for the Regional Governance Centres, Area Governance Centres and branches as points of reference for the Group at local level.

Organisational structure

Wealth Management & Protection Sales & Marketing; Digital Retail Sales & Marketing and SME Sales & Marketing Departments	Overseeing the Retail sector, which consists of the segments Individuals, Affluent and Retail Companies, the Exclusive sector (retail customers with high asset and wealth standing and complex financial needs) and the SME area (small businesses, businesses and top businesses with high complexity and potential for growth).
Agribusiness Department	Serving agriculture and agribusiness.
Impact Department	Aimed at developing the initiatives of Impact Bank and serving non-profit organisations.
Isybank	The Group's new digital bank developed for customers that primarily use on-line channels, who can carry out operations that meet their needs autonomously and remotely, using the app and with the support of the Digital Branch.
Product companies	Prestitalia: a financial intermediary operating in the Italian market of consumer credit, specialising in the salary-backed loans segment.

Distribution structure

2,700 branches, including Retail, Exclusive and Business branches, distributed broadly throughout Italy, the Agribusiness branches dedicated to companies operating in agribusiness, and Impact branches dedicated to the non-profit sector. The territorial structure is divided into 14 Governance Centres: Agribusiness, Impact and 12 Regional Governance Centres, with around 320 commercial areas. In order to favour the commercial focus and guarantee a better control of the service level, there are three Commercial Managers, specialised by "commercial territory" (Retail, Exclusive and Corporates) that report directly to the Regional Manager. These were joined by the Digital Channels Bdt structure, as part of the strategic initiatives to develop the new digital bank, and the Digital Branch Department, to oversee commercial relations with customers via the telephone channel and other related channels (chat, video calls) and the remote offering.

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

Investment and Pension Funds

The advanced advisory paid service "Valore Insieme", launched in 2017, proposes a global advisory model over all of the customer's assets, including real estate, also assisting customers in planning the transfer of wealth to their loved ones. From March, customers who have subscribed to the Exclusive Package have been offered three flexible "Eurizon Exclusive Multimanager Trend" mutual funds, with a predominantly multimanager component. Since April, it has been possible to send proposals by remote offering to customers that have subscribed to the "Valore Insieme" service for subscriptions and contract changes. In addition, again from April, a "Welcome Letter" has been introduced for new customers of the service, to promote the advisory content in all the wealth areas. In December, securities reporting was updated.

The offering in support of asset management products has also been expanded promoting solutions aligned to the pursuit of medium- to long-term growth objectives, in addition to capital-protected solutions. The range of protected funds was expanded with the new funds Epsilon Orizzonte Protetto 5 Anni and Epsilon Progressione 20 Protetto, whose launch contributed to extending - during the year - the reference time horizon in a range from 2 to 5 years. With regard to the offering aimed at portfolio diversification and capital growth, the offering of funds with the gradual entry into the equity markets was enriched with the funds Eurizon Bilanciato 25 and Eurizon Bilanciato 50 and, more recently, with the funds Eurizon Progressione 25 and Eurizon Progressione 50, which, in their first year, before the phase of gradual entry, have Buy&Watch bond management and the distribution of a preset amount. The following were also launched: the new 8-year bond fund Epsilon Bond Opportunità and, in April, the portfolio management service GP Strategia Valore Opportunità, featuring a high level of personalisation, with which the customer can choose from 18 exclusively bond components differentiated by the maturity date of the securities, including short term, and by issuer type. In the second half, the fund Epsilon Imprese Protezione 1 anno, was made available for legal persons. This fund provides ongoing protection of invested capital and the distribution of a preset amount on maturity.

Within the insurance investment products, in the first part of the year, two new business Class I policies were launched by Intesa Sanpaolo Assicurazioni (formerly Intesa Sanpaolo Vita): "Patrimonio Garanzia 5 anni" and "Patrimonio Garanzia 3 anni" which provide the guarantee from the insurance company that it will return the invested amount at maturity and in the case of surrender or claim. Patrimonio Garanzia 5 anni, also offers customers a bonus, at the 5-year maturity, of 1.5%, before tax, of the revalued capital. In the second half, Intesa Sanpaolo Assicurazioni's offering was enriched and updated with the policies Patrimonio Sprint, Traguardo Sicuro 7 Plus and Patrimonio Domani Plus. Patrimonio Sprint offers predetermined returns on 30% of the amount invested during the initial phase of the investment, while Traguardo Sicuro 7 Plus and Patrimonio Domani Plus provide significant enrichment of the insurance component due to the present of accessory insurance cover, which are mandatory at the time of underwriting, to protect and support customers and their loved ones in the event of unforeseen events (accidental death or permanent loss of self-sufficiency). Moreover, Patrimonio Garanzia 5 anni supported Class I policies with accessory insurance cover, which was replaced at the end of the year with Patrimonio Garanzia Solida 5 anni, for customers that do not need additional cover. As regards Class II (unit-linked) insurance investment products, from the end of April to 21 June, the new protected internal fund Base Protetta 100 ed. 04/24 was made available within Prospettiva Dublin Branch and Patrimonio Pro Dublin Branch, as well as in the stock products, which made it possible to support advisory services and capture opportunities in the bond markets while also participating in any potential growth in the equity markets.

The placement of certificates continued during 2024, with a diversified offering, differentiated by structure, level of protection and duration. Products with protected capital on maturity were privileged, selecting new underlyings to increase the variety of instruments and guarantee greater diversification of the portfolio. Moreover, the evolution of monetary policy, featuring lower interest rates, resulted in a trend of extending durations.

Lastly, the offering of savings certificates has been maintained, also in combination with the subscription of asset management products.

With the aim of expanding the ways customers can access financial advice through the bank's digital channels, the RoboAdvisor feature has been activated for a selected group of customers, allowing customers to receive centrally generated investment suggestions or request them independently through the App and Internet Banking. This runs alongside Robo4Advisor available to the relationship managers, which has seen a steady rise in usage since the beginning of the year.

Starting from June, the new "Gold Deposit" service has been available on the entire network, offering customers the opportunity to buy and sell gold bars stored in the Bank's vault or at third-party custodians. The initiative is aimed at customers who prefer physical assets and who are interested in diversifying their portfolio with an asset class that complements traditional investments.

Mortgages

In 2024, Intesa Sanpaolo introduced new offerings for customers aimed at further enhancing its catalogue, with a particular focus on "Green", "Youth", "Consap", and "Subrogations".

For under-36s applying for a loan for the purchase of their first home, the offering continued of the dedicated fixed-rate mortgage loans, also with high LTV (over 80%) and a duration of up to 40 years. The discounts, applicable to all durations and LTV levels, have also been maintained, which include the waiver of instalment collection fees and payment due or receipt notice fees, and the activation of flexibility options, while for applications for fixed-rate mortgages with a duration of 35 or 40 years and LTV of less than 80%, a discount of 50% was applied on processing fees.

The 2024 budget act maintained the possibility until 31 December 2024 of accessing the public guarantee of the First Home Guarantee Fund up to a maximum of 80% for high LTV mortgages, introducing a new priority category for large households (at least 3 children). Intesa Sanpaolo has therefore added the option to this category of subscribing to the Mutuo a Tasso Fisso Domus Fondo di Garanzia Prima Casa – Consap, which provides an interest rate discount of 35 basis points for LTV up to 80% and 115 basis points for LTV above 80%, in addition to the waiver of processing fees, collection fees and payment notice fees, and additional options.

The trend in interest rates in the money markets has provided the opportunity to subrogate considerable volumes disbursed,

also recently, by other banks. Intesa Sanpaolo has therefore introduced a new Subrogation Promotion, offering a discount of 40 basis points for LTV up to 80% on fixed-rate subrogations exceeding 100 thousand euro. Additionally, the increasing customer focus on Green loans and the success of this type of product prompted the desire to enhance the financial solutions available in Green Subrogation, with the following repayment plans: Multi-Option Plan, Rate Cap Plan, and Balanced Plan.
Also in the area of "Green" products, on 25 November, in line with the Bank's objectives and the need to offer products increasingly aligned with the indications of European Taxonomy, Intesa Sanpaolo renewed the product "Mutuo Domus Green", for those who buy properties with high energy efficiency or who carry out renovation of the property to increase its energy efficiency, to enhance the characteristic elements regarding how much the property consumes and the climate context. The new Mutuo Domus Green mortgage loan considers the energy consumption of the property expressed in Kwh/m^2 (PED) of the year of construction (pre- or post-2020) its location in one of the six climate zones of Italy. This made it possible to ensure the utmost transparency to customers, giving them the option to subscribe a product in line with regulations and to preserve their properties from a possible "energy downgrade". The favourable terms were confirmed, eliminating processing fees. This "Green" discount can also be combined with the Youth and Consap promotions.
People are increasingly choosing their properties and mortgages online, through portals that compare offerings for loans. For that reason, in December, Intesa Sanpaolo signed an agreement with Mutui Master, a credit brokerage operating in online comparison. As a result of these partnerships with online brokers, the Bank can capture customers' needs from the moment the need is born, as well as strengthen its leadership in the household mortgage market.

Personal loans

The offering on multi-channel personal loans continued, with a particular focus on digital sales supported by various commercial initiatives. As part of the digital evolution of the Bank, which is based on principles of using multiple channels and simplifying products, in October, the pilot phase was begun for the release of the new product XME Prestito, which replaces XME Prestito Facile, still offered for the rest of the network.
Moreover, to combat the loss in value of purchasing power of pensions and favour access to credit for socio-economically fragile persons, from September to the end of the year, a promotion was activated for retirees up to 80 years of age at the time of expiry of the loan, with net monthly pensions of less than 1,000 euro, which provides an annual nominal rate of 5.75% on the XME Prestito Pensionati INPS, without processing fees.
Intesa Sanpaolo also continued the activity of directing customers towards Prestitalia, a Group company specialised in the sale of salary-backed loans, for the XME Prestito Cessione del Quinto (CQS), XME Prestito Pensionati INPS (CQP) and XME Anticipo TFS (Trattamento di Fine Servizio) products for public sector pensioners. For the latter product, in December, to favour customers who need loans of significant amounts to execute large projects (home renovation, car purchases, etc.), a promotional rate was defined, with fixed annual nominal rate and annual percentage rate at 3.45%, for loans exceeding 50 thousand euro.

Protection and Welfare

"XME Protezione" is a flexible multi-guarantee insurance solution that allows customers to purchase coverage (modules) in the areas they need, relating to Healthcare, the Home and Family. In the Healthcare area, the coverage was expanded for the Physiotherapy and Ophthalmology and visual wellness modules, generating an increase in value for policyholders. Innovative services were also launched to access healthcare services, such as direct booking on the facility's structure and telemedicine for several affiliated structures. In the Home area, in July, coverage was restyled to keep the pace with the evolution of the range of homes, and the needs for protection, both for home owners and tenants. The changes introduced include the extension of coverage also to owners of homes built of laminated wood, a specific extension dedicated to photovoltaic plants and solar plants, and new coverage dedicated to customers who run bed and breakfasts or short-term rentals not as a company. Also in the Family area, in December, the Mugging Theft and Assistance module was updated to improve the value for customers, increasing the limits and sub-limits, and eliminating the deductible, where provided. Moreover, all the (private and business) policies offered which require a healthcare questionnaire to be filled out have been aligned with the new regulations on the "right to be forgotten for former cancer patients".
Also in the Health area, from September to 17 January 2025 (extended up to 31 March), two initiatives were activated: one for retail customers and one for business customers. The first initiative, "XME Protezione Salute e Infortuni", for retail customers, protects the health of customers and their family members, with a discount of 20% on the premium for Infortuni+ coverage for those purchasing a healthcare module and an accident module. The second initiative, "Salute Protetta", dedicated to all business customers who have already subscribed a Healthcare product (Piano Sanitario Rimborso Spese Mediche or the Collettiva Malattie Gravi policy) provides a discount of 20% on the premium for the first year of the second product purchased between the two.
The following promotions continued until July 2024 in the Motor segment: buyers of a ViaggiaConMe a Consumo policy got free assistance for travel by bicycle; and holders of a ViaggiaConMe or MotoConMe policy who bought another policy (for themselves or for a friend) received Legal Protection cover for the token price of 1 euro.
In the Business segment, starting in 2024, the Insurance Company partnered with Intesa Sanpaolo Insurance Agency (ISIA) in offering tailor-made products, strengthening the model created to best serve business customers with specific and non-standard insurance needs. From April, business customers who underwrote a new Cyber Protection Business policy availed of a discount on the first year's premium, up to October. Additionally, the Tutela Business - Commercio e Manifattura can be subscribed to both in branch and via remote offering. For the Tutela Business policies (Agricoltura, Commercio, Manifattura, Uffici and Studi), at the end of June, the new after-sales function "Replace through Upgrade" was made available, which enables customers to expand the level or type of cover without waiting for the end of the year of the policy.
Note that, on 1 December, following the reorganisation of the Intesa Sanpaolo Insurance Group, Intesa Sanpaolo RBM Salute was merged by incorporation into Intesa Sanpaolo Assicura, which then took on the name Intesa Sanpaolo Protezione. Intesa Sanpaolo Vita took on the name Intesa Sanpaolo Assicurazioni. The corporate transaction makes the Insurance Group a more recognisable player on the market, with a complete offering, both in the area of protection (pension, non-life, health and welfare) and in investment and savings management.

Young people

In addition to the above mortgage initiatives, Intesa Sanpaolo has continued its efforts to attract young customers with personalised and free solutions such as "XME Conto UP!", the current account for under-18s, and for the under-35s, Intesa Sanpaolo and Isybank signed an agreement to offer the isyLight Plan and isyPrime Plan at the branches at a discount, with zero monthly fees and stamp duty paid by the Bank until the customer reaches 35 years of age. Intesa Sanpaolo participates in the Carta Giovani Nazionale (CGN) project, an initiative promoted by the President of the Council of Ministers - Department of Youth Policies and Universal Civil Service, targeted to young Italians and Europeans resident in Italy, aged 18 to 35 (until they reach their 36th birthday) which provides them with subsidised access to goods, services, experiences and opportunities. Intesa Sanpaolo allows holders of the Carta Giovani Nazionale to open an XME Conto with a single account holder, availing of zero monthly fee or stamp duty until they reach 40 years of age, and zero monthly fee for the XME Card Plus debit card and the Classic Card for the holder. Holders of the Carta Giovani Nazionale also have the right to a 50% reduction in processing fees when they apply for a fixed or floating-rate Giovani loan or mortgage. The "Giovani e Lavoro" programme continued, aimed at supporting the employment of young people aged 18 to 29, which offers targeted training, free of charge, both for young people and for the participating businesses, favouring the effective matching of labour demand and supply, in addition to the Generation4Universities, which helps young university students start a career that offers opportunities for professional and personal growth, and involves around 50 universities throughout the country.

Transactional products and digital payments

Since February, Intesa Sanpaolo has expanded the range of payment solutions available with the launch of the ring wearable payment service, in collaboration with Mastercard and Tapster, a pioneering Swedish company operating in the contactless payments sector. The wearable is a ring that can be worn and linked to the customer's Intesa Sanpaolo Mastercard (and also Visa, from December) to make contactless payments. Intesa Sanpaolo received the "Product of the Year 2024" award for the Tapster smart ring and SoftPOS, the solution that turns your smartphone into a POS terminal. In December, the Tapster ring was joined by a new wristband which is not only a useful tool for digital payments, but also has the innovative feature "Tapster Share", which can be used to quickly share the information that customers decide to upload and make accessible. In June, the Bancomat co-badge card became available for use with Apple Pay, including the international circuit, and BANCOMAT Pay could be used for purchases on Amazon's website. In the issuing are, the solution for Commercial Visa credit cards for integration with the management systems of business customers (Visa Business Solution) was released. The Cross Border Account has also been introduced for international and Italian corporate customers who want to develop their business in a country other than their home country and need a current account. For these customers, a standardised agreement in English has been created for the 27 entities of the Group, and the intragroup handling of current account opening requests between countries has been simplified. The Virtual Account service has been launched to meet the needs of businesses that receive or make a large number of payments, by SEPA or international bank transfer. The service improves the efficiency of the administrative tasks within the companies, enables faster reporting, and streamlines the reconciliation of payments. The promotional offers for POS terminals continued, including the Micropayments initiative, which enables small business owners to obtain refunds of the commissions charged on transactions of amounts up to 10 euro. Additionally, in June, the advanced SoftPOS PRO solution for Android was introduced for integration with the management systems of medium and large-sized customers. Lastly, in December, the networks available to merchants were expanded with SoftPOS and SoftPOS PRO, which introduce the American Express network.

Multichannel Project

In 2024, the development of multi-channel and digital banking continued, in line with the Group's ESG objectives, with the introduction of new multi-channel customer journeys and the expansion of those available, to improve the offering and the customer experience, increasing the remote usability of the services offered by the digital channels. The goal of that transformation is greater customer oversight, with increased penetration of products and services. In particular, for business customers, thanks to the introduction of digital signatures on an increasing range of products (POS terminals and credit advance requests), a growing number of document sets have been signed remotely through a fully digital process, in addition to cutting paper consumption. To enable customers to independently manage their interactions and enhance their digital experience, the new customer journey for import loans has been introduced, which allows customers to make self requests for import loans in euro and foreign currencies through the Inbiz portal, with funds credited to their current account, and to monitor their progress. Since June, Inbiz has become a content-rich platform, enabling customers to obtain all the information on the available offerings and solutions. Additionally, a new feature has been created within the Inbiz workspaces to provide a new way of communicating with the Bank and sending documentation. After it has been received and digitised, the documentation can now be tracked and archived digitally within the Bank's systems. Also for business customers, in November, the Anticipo Fatture product was added in the Credit User Journey, which enables automatic approval of a loan application.

In the second half, as part of the Group's digital transformation, the "Isytech" project began, implemented by adopting cloud native technological structure and processes. In addition to simplifying the activities required by the network, this new system enables the move from a multichannel approach to an omnichannel approach, where the user's experience is the same between the branch manager and the customer, irrespective of the channel used to purchase the product (App, website or branch). The programme includes a series of gradual releases of products and services, first tested on the pilot branches and then gradually extended to all Regional Governance Centres. The first step was carried out in October with XME Prestito, which will be released to the entire network by the end of the first quarter of 2025, along with the loan protection policies. This will be followed by current accounts, credit cards, mortgage loans and investments. During 2024, the new process of Digital Onboarding of Natural Persons was released, which provides the digital management, with fully-automated checks, of both the registering of prospects, with remote subscription of services using My Key, and positions of previously registered persons. Also with a view to digital transformation, in September improvements were made which resulted in benefits for payments (aligning due dates for all products that provide the option of scheduling a payment at a future date, up to 12 calendar months in the future, blocking the funds only on the future execution dates of the scheduled payments and introducing the new Paym0 platform to manage payments of F24 tax forms, utility bills, CBILLs and MAV (payments by notice)). In addition, improvements were made linked to releases in the App of the new credential management and identification systems, adding a new section of the App called "Recurring charges", including planned, recurring and scheduled transactions, and the streamlining of the product catalogue, updated with an interface in the Isybank style.

Agreements

Also in 2024, Intesa Sanpaolo has renewed its commitment to tourism, due to its collaboration launched with the main sector trade associations, including Federalberghi, Faita Federcamping and Confindustria Alberghi. The Intesa Sanpaolo Group's support for investments in the tourism and hospitality sector has accompanied the industry through the different stages of the pandemic to date and has recently been strengthened with the allocation of 10 billion euro in new credit for hospitality refurbishment and digital and sustainable transformation. This is part of the Group's broader plan, which envisages medium to long-term disbursements of over 410 billion euro by 2026, of which 120 billion euro allocated to SMEs, to support the NRRP investments. Intesa Sanpaolo has also signed a new Framework Agreement "Innoviamo le relazioni 3.0 2024 – 2026" with the Consumer Associations of the CNCU (National Council of Consumers and Users), in line with the previous agreements of 2019 and 2021, confirming the shared commitment to an open and constructive dialogue for greater consumer protection and customer satisfaction. The new features introduced by the new agreement include the new digital education program and joint projects on sustainability and technological innovation. The partnership agreements with the trade associations Confcommercio, Confartigianato, and Confesercenti have also been strengthened. Specifically, concessions have been reserved for eligible members under the CresciBusiness Programme, which supports Retail Companies and self-employed professionals in their process of digital growth and sustainable transition. Within the same programme, an agreement was signed with Cassa Forense, as part of the broader collaboration strategy between Intesa Sanpaolo and Adepp, aimed at stimulating professional growth and facilitating access to credit for members of Cassa Forense. To promote business investments in environmental sustainability and renewable energy sources, an agreement was signed in March with the National Council of Shopping Centres (CNCC), which is one of the main objectives of the "Motore Italia Transizione Energetica" programme. Specifically, companies affiliated with the CNCC will be aided by Intesa Sanpaolo and specialised partners with solutions focused on the energy transition, including loans with interest rate incentives upon attaining agreed sustainability goals. In addition, thanks to the new agreement with the European Investment Bank (EIB), Intesa Sanpaolo is providing 1 billion euro for credit lines to companies specialising in wind farms and companies that supply and install interconnection systems for these farms to the "Made in Europe" power grids, using EIB guarantees of 500 million euro. The transaction favours the wind energy industry at a crucial time for the green transition in Europe, to safeguard the competitiveness of the European manufacturers of the plants, who are often restricted in terms of credit and guarantees. Also regarding environmental sustainability, Intesa Sanpaolo and ACEA have signed the first national agreement for the protection and sustainable management of water in company production processes, also in relation to the measures of the National Recovery and Resilience Plan. The aim is to develop new systemic initiatives with solutions to encourage the efficient use of water resources through technological advisory services, along with investments for the reuse of purified water within "water communities". Intesa Sanpaolo will make available 20 billion euro to support the initiatives of companies and operators in the water supply chain. In addition, Intesa Sanpaolo and APE-Associazione Produttori Esecutivi Italiani (Association of Italian Executive Producers) have signed an agreement to support foreign executive productions in Italy, confirming the Bank's commitment to the cinematographic industry and the entire audiovisual industry.

Loans

Intesa Sanpaolo has launched the new programme "Your Future is Our Business", designed to aid the recovery and future growth of Italian businesses, with a range of services that can assist businesses of all sizes and across different industries. The Bank is committed to offering a credit plafond of 120 billion euro for the period 2024-2026 to accelerate the sustainable and innovative recovery of investments. The priority areas of intervention are: investments to enhance business competitiveness by capitalising on opportunities linked to Transition 5.0 and other initiatives such as the Renewable Energy Communities (RECs) and self-consumption; research and access to new markets for the growth of Italian businesses; promotion of digitalisation and protection against cyber risks; and concentration on particular industries in Italy, with a particular focus Agribusiness and Tourism. The transition plan towards Industry 5.0 builds on the existing 4.0 paradigm, focusing on innovation for the green transition. The new Transition Plan 5.0 offers a tax credit to businesses that invest in new production facilities in 2024 and in 2025, for projects that achieve a reduction in energy consumption. Intesa Sanpaolo is the first bank to support companies in benefiting from this incentive, providing financial incentives on investment funding, advice through Forvalue, and an audit service via a network of Deloitte auditors. As previously mentioned, another priority of the programme "Your Future is Our Business", is to favour the digital progress of businesses, without forgetting security systems that can protect customers. For this reason, Intesa Sanpaolo has set up financial instruments including the new D-Loan, which can be used to support all types of investments targeted to companies' digital and innovative transformations. The loan can be used for training and learning programs, hardware supply and cybersecurity and robotics solutions. From February, Intesa Sanpaolo has streamlined the S-Loan range, consolidating the Climate Change, Agribusiness, and Tourism lines into the new S-Loan Green Projects product, which offers greater financial benefits. S-Loan Progetti Green is a flexible loan supporting all types of business investments capable of generating a positive environmental impact on processes, infrastructure, technologies, services, and products. Significant changes have been made to the agreement governing the SACE Green guarantee (intended for projects aimed at achieving environmental objectives as defined by the Green MEF agreement signed with SACE), raising the maximum amount for each individual loan to 50 million euro. The new SACE Futuro Agreement was launched in January to assist SMEs in relation to international expansion, economic security, and the activation of production and employment processes in Italy. For businesses that do not benefit from public guarantees, in pursuing investments targeted to ecological transition, digitalisation and internationalisation, in June the Plus initiative was activated, which provides a benefit for new loans, also applicable in addition to discounts normally granted by agreements.
In relation to ESG, the Bank activated the Condominio per Autoconsumo Collettivo loan, which meets the need for credit for condominiums to buy energy generation plans fuelled by renewable resources. additionally, in February Cassa Depositi e Prestiti (CDP) and Intesa Sanpaolo made 800 million euro available for the social impact investments of Italian SMEs and Mid-Caps, and in June, CDP provided Intesa Sanpaolo with a new dedicated funding line of 1 billion euro to fund Italian SMEs

and Mid Caps, promote new investments, and support working capital to encourage the development of the Italian production sector. Also thanks to the funds from the European Investment Bank (EIB), Intesa Sanpaolo offered loans dedicated to supporting investments and the need for liquidity at financial conditions that are normally more beneficial than those of other ordinary types of loans. Specifically, in the second half, the EIB made available to Intesa Sanpaolo 500 million euro to disburse to SMEs and Mid Caps as loans and leases at subsidised rates, up to a maximum of 12.5 million euro. A portion of the funding is reserved for investments that contribute to climate and environmental sustainability action. From June, the scope of the EIF InvestEU guarantees was expanded to support investments in research and innovation and sustainability, thanks to the increase in the coverage percentage of the guarantee. The Green and Sustainability credit plafond has now been increased from 50 to 150 million euro, and the InvestEU guaranteed loans, on the two thematic Innovation and Digitalisation and Green and Sustainability funds, are able to benefit from interest rate reductions. Also regarding subsidised finance, the Ministry for Business and Made in Italy (MIMIT) issued the new measure “Smart Specialisation” to support R&D projects in less developed regions (Sicily, Sardinia, Calabria, Campania, Basilicata, Puglia and Molise), which the Bank is participating in. Moreover, as part of the subsidy for Capital Goods – New Sabatini, the MIMIT set out a higher grant to SMEs that are established as corporations which intend to implement a capitalisation process against investments in machinery, plant, and capital goods of the business, production equipment, hardware, software and digital technologies. Starting in November, medium/long-term Capital Goods – New Sabatini loans can also be supported by EIB funding. This way, businesses will be able to use the benefits provided by those funds, in terms of conditions of funding costs. Intesa Sanpaolo acts to help customers benefit from this grant through the financing or lease of capital goods.

Sviluppo Filiere

The “Sviluppo Filiere Programme” is designed to support businesses of all sectors and sizes by facilitating access to credit and focusing on the relationship between the lead companies and their network of direct and indirect suppliers and/or their reseller network, enabling a better understanding of the financial needs of the individual sectors. Starting in October, in response to businesses’ growing needs for protection against cyber risk, with the support of partner companies, Intesa Sanpaolo has developed a new offering of services ranging from diagnostics to protection and financing solutions to activate investments in hardware, software and training and learning.

Agribusiness Department

The Agribusiness Department is the Intesa Sanpaolo Group’s national network dedicated to the agri-food sector, which acts as a strategic partner to support the sector, contributing to the growth, innovation and resilience of companies that represent one of Italy’s most important production sectors. The Department has 246 branches located throughout Italy, with specialist professionals, concentrated in the most agricultural areas of the country, serving over 80,000 customers. The Agribusiness Department positions itself as the main qualified interlocutor to assist operators in all phases of development, supporting their investments and promoting new business projects, with specific attention to the criteria of sustainability and the circular economy. The Agribusiness Programme was launched in February, consisting of a range of solutions designed to enhance and develop the offering for customers in the sector. This includes “Crescita Agri”, the new loan to support investment and development programmes for agri-food businesses, which can be combined with government guarantees (ISMEA Diretta, Guarantee Fund). The activities of this Department also contributed to the finalisation of important agreements. In particular, Intesa Sanpaolo, the Ministry of Agriculture, Food and Forestry and Cassa Depositi e Prestiti (CDP) signed an agreement in May to promote lending policies and synergies aimed at the development of the agricultural and agri-food sector, also in relation to the measures of the National Recovery and Resilience Plan. The Bank will make 20 billion euro available to the sector for the revival of Italian agriculture – under the broader credit plafond of 410 billion euro in support of the NRRP initiatives – also using the funding provided by CDP. Moreover, thanks to “Your Future is Our Business”, the new programme to support the plans of SMEs and smaller companies, which at national level is making 120 billion euro available until 2026, Intesa Sanpaolo allocated 15 billion euro to companies that are customers of the Agribusiness Department. The agri-food sector is an important part of this programme, presenting unique characteristics and the need for specific support in transitioning to more innovative, profitable and sustainable models.

Impact Department

The Impact Department is dedicated to managing non-profit customers and coordinating the activation and management of social impact funds created to foster the financial inclusion of individuals, households and non-profit organisations. Specifically, the Fund for Impact, with a value of 300 million euro, has made it possible to disburse new loans up to 1.5 billion euro, specifically targeted to categories that have difficulty in accessing credit, for the purpose of realising their projects. The first beneficiaries were University students, working mothers, families involved in their children's education and growth processes, unemployed persons nearing retirement, caregivers dealing with assisting non-self-sufficient family members and civil service volunteers. This is accompanied by the "Solidarity and Development Fund", with a value of over 50 million euro, which enables loans to non-profit organisations with important projects, which would otherwise be excluded from ordinary credit.
The Department also continued its commitment to promoting the Impact offering and related credit inclusion initiatives across the network, developing collaborations with the non-profit sector, and supporting communities, also through specific agreements. During the year, the third Finance and the Non-Profit Sector Monitor was carried out, with the report "Verso Nuovi Strumenti di Economia Sociale", which involved 350 enterprises, including cooperatives, social enterprises and consortia, to investigate their relationships with banks. The monitor highlighted that the satisfaction with the Bank's people and services, along with greater support for realising projects, are the key elements of banks' relationships with the local areas. Moreover, the Impact Counter, a proprietary tool for measuring impacts, and the analysis of 533 questionnaires showed that in 2023, 144 million euro in loans of the Bank supported around 3,300 jobs, generating a multiplier effect on the social impact generated on the community.
Lastly, in the area of donations, in 2024, the "For Funding" platform maintained its leadership in Italian crowdfunding, enabling non-profit organisations to secure donations across the country.

Isybank

Isybank is the digital bank of Intesa Sanpaolo, based on state-of-the-art technology, which targets both Intesa Sanpaolo customers who do not use the physical branches as they are mainly digital users of banking services and oriented to mobile banking, and to new customers. Isybank offers customers a complete experience through its App and website, with the support of the Digital Branch. Isybank was established in June 2023, opening to new customers in October 2023 and March 2024, followed by two migrations of existing Intesa Sanpaolo customers only after the Group responded positively to the observations from the Italian Antitrust Authority, which closed the proceedings initiated against Intesa Sanpaolo and Isybank, accepting the commitments proposed by the two banks.
During the year, Isybank further strengthened its offering by expanding its product catalogue, services, and features. Specifically, in February, the Bank made the new Internet Banking available online, which allows customers to easily and quickly manager their accounts via App, PC and tablets. Since May, the "Insurance" section has been available on the App, allowing Isybank customers to subscribe to four new small ticket protection policies dedicated to them: isyProtezione Casa, isyProtezione Smartphone, isyProtezione Sport, and isyProtezione Bici&Monopattino. Also in May, the offering of cards was expanded with a credit card and prepaid card, made of recycled plastic and issued on the Mastercard network. In the area of loans, in 2024, the Anticipo Stipendio and Spensierata loans were offered to Isybank customers through digital engagement activities, promoting both product awareness and dedicated commercial initiatives. At the end of June, the Loan catalogue was expanded with isyPrestito, a fully digital personal loan, also offered on favourable terms until the end of the year. Isybank has a specific focus on young people, who can take advantage of a promotion, for people under 35, that eliminates the fee of the isyPrime account - the most complete plan - and provides payment of stamp duty by the bank. Just as Intesa Sanpaolo, Isybank participates in the Carta Giovani Nazionale (CGN) project and, in December, allowed cardholders to open the isyPrime plan, availing of the free monthly fee and stamp duty on the account until the account holders turn 40.

Product companies

Prestitalia is the "product company" of the Intesa Sanpaolo Group for salary-backed loans and advances on employee termination indemnities.
A financial company that operates in the consumer credit market, highly specialised in salary-backed loans, it is one of the leading operators in the sector, with an average stock of around 2.7 billion euro.
As at 31 December, with 50 thousand completed applications, it had disbursed loans totalling 1,005 million euro, through three main channels: Intesa Sanpaolo branch network supported by "light" agents (tied agents that are natural persons), third-party agencies, and online channel.
The range of offerings includes "Cessione del Quinto per Pensionati", "Anticipo TFS" (a product reserved for former public employees who want to access all or part of their severance pay without waiting for the periods set by the Public Administration), and "Cessione del Quinto per dipendenti pubblici e privati".
In addition, the agents supporting Intesa Sanpaolo branches may propose POS terminals to customers.

IMI Corporate & Investment Banking

(millions of euro)

Income statement	2024	2023	Changes amount	Changes %
Net interest income	3,075	2,748	327	11.9
Net fee and commission income	1,286	1,080	206	19.1
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	-402	-48	354	
Other operating income (expenses)	-	-	-	-
Operating income	**3,959**	**3,780**	**179**	**4.7**
Personnel expenses	-584	-541	43	7.9
Administrative expenses	-952	-913	39	4.3
Adjustments to property, equipment and intangible assets	-16	-15	1	6.7
Operating costs	**-1,552**	**-1,469**	**83**	**5.7**
Operating margin	**2,407**	**2,311**	**96**	**4.2**
Net adjustments to loans	-68	-63	5	7.9
Other net provisions and net impairment losses on other assets	-5	-62	-57	-91.9
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**2,334**	**2,186**	**148**	**6.8**
Taxes on income	-735	-682	53	7.8
Charges (net of tax) for integration and exit incentives	-33	-26	7	26.9
Effect of purchase price allocation (net of tax)	-	-	-	-
Levies and other charges concerning the banking and insurance industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-	-	-
Net income (loss)	**1,566**	**1,478**	**88**	**6.0**

(millions of euro)

	31.12.2024	31.12.2023	Changes amount	Changes %
Loans to customers	126,059	124,215	1,844	1.5
Direct deposits from banking business (1)	125,194	113,087	12,107	10.7
Risk-weighted assets	106,027	108,183	-2,156	-2.0
Absorbed capital	9,663	9,861	-198	-2.0

(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.

The **IMI Corporate & Investment Banking Division** oversees corporate and transaction banking, investment banking, public finance and capital markets activities, in Italy and abroad.

In 2024, the Division recorded operating income of 3,959 million euro (representing around 15% of the Group's consolidated total), up 4.7% compared to the previous year.
In detail, net interest income, amounting to 3,075 million euro, was up 11.9%, mainly due to the operations of Global Markets and the securities portfolio. Net fee and commission income, amounting to 1,286 million euro, increased by 19.1%, essentially due to the performance of the structured finance and investment banking segments, and in the International Network. The losses on financial assets and liabilities at fair value, which amounted to -402 million euro, grew sharply compared to -48 million euro in 2023, attributable to the results of trading activities in the Global Markets area. The segment was negatively impacted by the management of financial risks related to funding in certificates due to the market interest rate conditions, which also had positive effects on net interest income in terms of greater liquidity invested, as well as the negative contribution from the Own Credit Risk (OCR) of the certificates, impacted by the tightening of Intesa Sanpaolo's credit spread.
Operating costs amounted to 1,552 million euro, an increase of 5.7%, essentially attributable to personnel and administrative expenses. As a result of the above revenue and cost trends, the operating margin came to 2,407 million euro, up 4.2% compared to the value recorded in 2023. The performance for gross income was similar, with a rise to 2,334 million euro

(+6.8%), benefiting from lower provisions and net impairment losses on other assets. Lastly, net income reached 1,566 million euro, above the 1,478 million euro realised in 2023 (+6%).

In the fourth quarter of 2024, the operating margin of the IMI Corporate & Investment Banking Division decreased on the third quarter, attributable to higher operating costs and a small decrease in revenues. Gross income and net income were also down, impacted by the adjustments to loans made in the quarter compared to recoveries recognised in the previous quarter.

The Division's intermediated volumes increased compared to the end of 2023 (+5.9%). Specifically, direct deposits from banking business, amounting to 125,194 million euro, were up (+10.7%, or +12.1 billion euro) thanks to the increase in operations in Global Corporate and Global Markets and to the growth in operations in certificates. Loans to customers, amounting to 126,059 million euro, increased (1.5%, or 1.8 billion euro) due to the positive performance of operations with international and institutional customers, partially offset by the decline in Global Corporate and Global Markets.

Business

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

Mission

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

Organisational structure

Client Coverage & Advisory Coordination Area

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

Distribution Platform & Global Transaction Banking Coordination Area

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

Global Banking & Markets Coordination Area

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

Distribution structure

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

Client Coverage & Advisory Coordination Area

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

In 2024, Intesa Sanpaolo confirmed to perform its role as strategic partner to its Italian and international Global Corporate customers, supporting them by organising and participating in a number of financing and investment banking transactions, thanks to its specialised expertise linked to the Industry model and the cooperation with the other structures of the Division. The Bank continued to play an active role in supporting the revival of the Italian economy, including through development of its production chains, an indispensable driver for Italy and the heart of its economic and entrepreneurial system, and also through support to the various initiatives launched by the National Recovery and Resilience Plan (NRRP). In this context, Intesa Sanpaolo, together with a pool of banks, arranged a substantial loan, through a public-private partnership (PPP), in favour of the National Strategic Hub, a pillar of the Cloud Italy Strategy of the Department for Digital Transformation of the Prime Minister's Office, to create an innovative infrastructure serving the Italian Public Administration. The Bank also entered into an agreement with the EIB to support investments to accelerate the energy transition, as well as, in line with the objectives of the National Recovery and Resilience Plan, a partnership agreement with Edison Next, an Edison Group company, to promote the use of renewable energies and the decarbonisation of companies. The Group participated in several international syndicated loans, including those in favour of the JAB Group, LVMH, Kering, Volkswagen Financial Services, General Motors, Nordex, Mercedes-Benz, BIP Miro and, in the role of Global Coordinator, Bookrunner and MLA, in the syndicated loan in favour of Ferrero International.

In Sustainable Finance, advisory services were provided to customers for the structuring of Green, Social, Sustainability, and Sustainability-linked products and instruments. This resulted in securing the role of Sustainability/Green Coordinator and ESG Framework Structurer in numerous transactions involving syndicated loans and bond issuances. Specifically, the Bank acted as Green or Sustainability Coordinator in the syndicated transactions for Italgas, Illy, Ferrovie dello Stato, A2A, Maire, Valentino and Acque Bresciane and, on the back the expertise gained on ESG issues, took part in various loans, including those for Enel, Prada, Reno de Medici, Snam, Inwit, Coima, Publiacqua, and Axpo Holding. The bilateral ESG loans included loans to Terna and Ferrovie dello Stato. In addition, in early 2024, the ESG Rating Advisory service was introduced to assist customers in obtaining or improving their ESG rating. In project financing, the Bank participated in various transactions, including the loans to Abertis SPV for the acquisition of four motorway sections (Puerto Rico), to Energia Mayakan of the ENGIE Group for the expansion of natural gas transport capacity in the Yucatán Peninsula (Mexico), to Consorcio Eléctrico Yapay to support two of the largest electricity transmission projects in Peru, to Aguas Esperanza for projects to improve the supply of seawater and electricity in Chile, to QTS Richmond for the construction of a hyperscale data centre in Virginia (USA), and to various other loan operations to build and develop data centres, such as EdgeconneX in Europe, CyrusOne in the USA and AdaniconneX in India. The latter will be built through a sustainability-linked loan (the largest sustainability-linked loan on the Indian market). The Bank also participated in structured operations to develop projects in the sector of renewable energies in Europe, with Recurrent Energy, Sonnedix and Lightsource BP. Lastly, financial support was provided for major extraordinary transactions carried out during the period, including the loans to Douglas following its listing on the Frankfurt Stock Exchange, the loan to CEZ for the acquisition of a stake in GasNet, an operator active in gas distribution in the Czech Republic, the loan to Tages Capital for the purchase of several renewable power plants in Italy, and the loan to Prysmian for the acquisition of 100% of Encore Wire.

In the real estate sector, the Group participated as Bookrunner and MLA in the medium-long-term loan to Central Sicaf (Covivio group), to refinance the existing debt. The Bank also participated in a refinancing operation of a portfolio of upper scale/luxury hotels held by the Star Fund managed by Castello SGR.

In the Debt Capital Markets, the Bank acted as Global Coordinator and Active Bookrunner in the Mundys issuance, as Joint Global Coordinator & Bookrunner for La Doria, and as Joint Bookrunner in numerous issues, including Metro, El Corte Inglés, Enel, A2A, CNH, LVMH, Swisscom, Cellnex, ENI, CEPSA, General Motors, Pirelli and KPN. In addition, it managed various placements of Green or Sustainability-Linked bonds, including those carried out by Volkswagen Financial Services, Heidelberg Materials, Terna, Compagnie de Saint Gobain, VMED O2, Air Products and Chemicals, Metlen Energy & Metals, Avangrid, Enel, ERG, Iren and Snam. The Bank also acted as Joint Lead Manager in the issue of Snam's hybrid bond and as Joint Bookrunner in Abertis' hybrid issue.

In M&A, the Group continues to be one of the leading M&A advisors in the Italian market and provided its services in various transactions, including advising A2A on the acquisition of 90% of several Enel electricity distribution assets in Lombardy, Enel on the partnership agreement entered into with Masdar to manage photovoltaic plants in Spain, Edison on the sale of Edison Stoccaggio to SNAM, Verdalia, a company of Goldman Sachs Asset Management, on the acquisition of several biomethane plants in Italy, Snam on the acquisition of Adriatic LNG, GIP on the process of selling Italo, Antin on the process of selling Grandi Stazioni Retail and Ardian on the process of selling 2i Aeroporti.

Equity Capital Markets activities showed good volumes of secondary placements, supported by the high valuations of listed securities, a partial recovery in the volumes of IPOs in Europe and a reopening of capital increases offered in option. Instead, the volumes of equity-linked issues decreased, against the positive trend in the primary bond market. With the aim of maintaining a strong leadership position in the ECM and Equity-Linked markets in Italy and continuing the successful process of international expansion, the origination operations focused on capturing the best market opportunities and proposing structured solutions to customers. In this context, the Bank acted as Joint Global Coordinator in the capital increase of

Fincantieri to support the acquisition of Wass, in the issue of bonds by Salini which can be exchanged for Webuild ordinary shares, and in the placement by Campari of new shares and a convertible bond regarding the acquisition of Courvoisier, in the sale of a stake in Saipem held by ENI and, internationally, as Joint Bookrunning Manager in the convertible bond issuance by Southern Company and Co-Bookrunner in the capital increase of Merlin Properties.

With regard to customers in the banking sector, within the Institutional Clients structure, the Bank carried out numerous transactions for primary market issuances, refinancing, securitisation and optimisation of liquidity profiles. At domestic level, the roles included Joint Bookrunner in the AT1 issuance of BPER Banca and in the Tier 2 issuance of BP Sondrio, as well as the transactions with Credem, Unicredit, ICCREA, Banca Sella and Illimity Bank Senior loans within securitisations of performing assets also continued to be provided. Numerous transactions were also carried out in the international markets, both in the United States and in Europe: the Group acted as Joint Bookrunner in the euro benchmark covered bond issuances of Toronto Dominion, Commerzbank, Erste Group, Bawag, and in the senior issuances of BBVA, Santander, UBS Group, Deutsche Bank and Wells Fargo. In the French market, the Group participated in numerous transactions involving covered bonds and senior non-preferred bonds with country's main banks. The Bank has also maintained a significant presence in the Greek market, where it has achieved a prominent position in various products/services such as Debt Capital Markets, Synthetic Securitisation, and Global Transaction Banking, helping to strengthen the engagement and partnership built up over the years with local banks. During 2024, due to the ongoing challenging market conditions, operations with banks in emerging markets featured a selective approach and the assumption of short-term risk, primarily supporting the commercial activities of our Italian and international customers. The development of operations in Global Markets products continued, particularly in Eastern Europe, Turkey, the Middle East, and selectively in Latin America. Loans for supply chain financing continue to be of interest to the Bank, and, in this context, the strategy of gradually expanding the number of counterparties and target geographies has been consolidated. Operations with non-banking financial institutions continued to achieve positive results. The transactions in the near-banking sector included the portfolio financing through the subscription of senior tranches of securitisations, such as IBL Banca, with underlying salary- or pension-backed loans, Creditis, with underlying consumer credit assets, and Santander Consumer Bank, with underlying auto loans and consumer loans, in addition to the extension of the revolving period of the securitisation of factoring trade receivables originated by Banca IFIS with its Italian SME customers. The Bank also acted as Joint Bookrunner in the two public securitisations of (salary and pension-backed) assets of IBL Banca and in the securitisation of consumer credit originated by Compass Banca and Agos. In addition to asset based financing, the Bank continued to oversee the unsecured bilateral loans market, carried out with the leading operators in the consumer credit sector, in particular Agos. It is important to note the Bank's participation in the acquisition of Gardant by doValue, a leading group in credit servicing in Italy, as Mandated Lead Arranger and Lender for the syndicated loan and, as Joint Global Coordinator, in the capital increase to support the acquisition.

As regards operations with domestic and international asset managers, inflows showed good volumes, both for equity and credit. There was also a notable increase in interactions and operations with the Family Office segment.

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

Operations in the public sector (governments, public entities, local authorities, and institutional investors), with particular regard to public debt management, included the roles of Joint Bookrunner for the Ministry of the Economy and Finance in the placement of institutional BTP and BTP Italia issuances aimed at the retail market and, on behalf of CDP, in the placement of Social and USD bond issuances. The mandates received from the Emirate of Sharjah were also worth noting, as Global Coordinator in the debut bond issuance in Euro and as Joint Bookrunner in the Sukuk issuance. Moreover, the Bank operated in export finance, participating in a syndicated loan in favour of the Minister of Finance of Indonesia. Lastly, on the domestic market, it is worth noting the roles in structuring bond, Green and Sustainability-Linked loans on behalf of leading operators in local public transportation and the trade show sector.

With regard to the operations related to Private Equity Funds, the Group recorded a good number of transactions completed with its customers during the reporting period, in a market environment characterised by an improvement in liquidity and in spreads, which led to numerous refinancing operations of existing financing structures, in addition to new transactions supported by a gradual recovery in M&A. On the Italian market, it is worth noting the roles of M&A Advisor for shareholders and Joint Bookrunner in the bond issuance to support L-Catterton in the acquisition of KIKO, a leading make up brand. These also included the roles of M&A Advisor for the acquisitions of SACMI Beverage, SACMI Labelling and Tecnomaco to support Omnia Technologies, a leading group in automation solutions for the food, beverage and pharma sectors held by Investindustrial, as well as Joint Global Coordinator and Joint Bookrunner in the bond issuance to refinance the group. On international markets, where the Group continues to consolidate its presence, the Bank acted as Mandated Lead Arranger and Bookrunner to support KPS Capital in the acquisition of the German company Innomotics, a global leader in electric motors and large transmission systems, Joint Lead Arranger and Joint Bookrunner to support Blackstone in the refinancing of Geosyntec, a consulting and engineering services firm in the United States, and Mandated Lead Arranger, Bookrunner and Co-Lead Manager to support EQT and Adia in a refinancing transaction.

In Fund Financing, financing operations to the main Italian and international alternative investment funds grew. On the domestic market, it held the role of Arranger and Sole Lender in the GP (General Partners) financing for the continuation fund Ambienta Water Pumps. Internationally, the Group participated in several of the most important subscription lines as Lender and Co-Arranger, including the funds managed by Apollo, Ardian, HIG, KKR and Vista Equity Partners. The operations with Sovereign wealth funds and pension funds continued successfully in various Areas, such as direct support to sovereign funds, assistance in competitive investments and the financing of portfolio companies, particularly in the sectors of TMT, Energy, and Infrastructure, with a focus on projects with ESG characteristics. The long-standing relations with the major sovereign funds has enabled the Bank to participate in numerous transactions to directly support their needs, renewing the direct financing lines, subscribing to bonds and financing dedicated funds (separately managed accounts). Of particular importance were the roles of Bookrunner assigned to the Bank in the recent bond issuances and refinancing by ADQ and Mubadala. In its investment-related activities, the Group acted in leading roles in various loans, including for the benefit of KLP for the acquisition of the leading Norwegian maritime company, a subsidiary of Mubadala, for the acquisition of a minority share of a portfolio of photovoltaic plants of Endesa, and of the Canadian pension fund Omers, for the acquisition of Grandi Stazioni Retail. Numerous transactions were also carried out to support the portfolio companies, such as the pool refinancings of Caruna (OTPP), a Finnish Distribution System Operator, Nexus Water Group (BCI), a leading Canadian water operator, Saudi Electricity (PIF), an energy company in Saudi Arabia, Spark Infrastructure (OTPP/PSP), a portfolio of electrical assets in Australia, Associated British Ports (CPPIB/Omers/KIA), a maritime operator in the United Kingdom, and Al Dahra (ADQ), a multinational operating in the agri-food sector.

Distribution Platform & Global Transaction Banking Coordination Area

During 2024, IMI C&IB Italian Network confirmed its role as a strategic partner for Italian customers, providing high quality financial products and services. Thanks to an extensive nationwide network in 6 Regions and with 15 Corporate Centres, and the support of a team specialised in extraordinary transactions (Italian Specialized Coverage), the network assisted customers by structuring and participating in various loan and investment banking transactions.
A distinctive element was the full use of public guarantee instruments made available under support measures adopted to mitigate the challenges stemming from the international geopolitical situation. Significant support was also provided to companies through the issue of domestic and international guarantees, facilitating the participation in tenders under the National Recovery and Resilience Plan and open competitive bidding for infrastructure projects, both in Italy and abroad.
The main initiatives in 2024 included the first annual "Obiettivo Italia", a tour organised by the IMI C&IB Division to dialogue with the top management of leading public and private companies. The tour, which had six stops (Padua, Rimini, Torino, Lonato del Garda, Naples and Rome), was developed over the year to ensure continuity of the project and dialogue with customers. It involved over 250 company officers, giving an in-depth look at topics such as the (green and digital) twin transition, support for investments and management of financial risks and liquidity.
Internationally, the IMI C&IB Division operated in 24 countries, through an international network comprised of 16 wholesale branches (including the hubs), 8 representative offices (in addition to the Brussels office at Group level, reporting to European Regulatory & Public Affairs and in charge of managing relations with supranational regulators), 3 Corporate Banks (Intesa Sanpaolo Bank Ireland, Intesa Sanpaolo Bank Luxembourg and Intesa Sanpaolo Brasil S.A.), which carry out corporate and investment banking operations, in addition to Intesa Sanpaolo IMI Securities Corporation in New York. The network continued to support Italian and international customers, carefully handling the challenges deriving from the geopolitical crisis and evolution of regulations. In line with the 2022-2025 Business Plan, the International Network consolidated the offering of ESG products and undertook initiatives to optimise its operating platform, further improving support to customers.
In 2024, Global Transaction Banking (GTB) accelerated digital innovation, expanding the offering through the InBiz portal and platforms dedicated to the digitalisation of trade finance. Commercial actions targeted to IMI C&IB customers resulted in a significant increase in commissions in all operating areas (cash management, trade finance and digital payments and solutions). A new version of the showcase website of InBiz was launched, with content targeted to the various stakeholder companies to favour digital growth. Strategic partnerships, such as the one with a fintech leader in Treasury Management Systems, made it possible to offer innovative solutions to optimise treasury management.
Internationally, modern infrastructure for payment management, gradually extended also to non-EU locations. Lastly, the development of ESG solutions, including green guarantees, continued, as well as participation in institutional projects such as the Central Bank Digital Currency for the digital euro and digital assets. With regard to the latter, GTB has developed a custody service for digital assets, currently used only for property. Within the New Technologies for Wholesale Settlement Contact Group (NTW-CG), during the second wave of the Eurosystem trials that aim to explore new technologies of Wholesale Central Bank Money Settlement, the Group issued a digital financial instrument (Euro Commercial Paper – ECP), together with the Bank of Italy and Deutsche Börse.
In relation to Syndication & Risk Sharing activities, in 2024 issues of syndicated loans grew in all geographic areas and in all segments (corporate, infrastructure and leveraged finance), due to the improvement in market conditions. Syndication and Risk Sharing contributed to the structuring and distribution of significant transactions on the Italian and international markets where Intesa Sanpaolo operates, obtaining roles as Bookrunner, in all geographical areas and asset classes covered. In addition to confirming its leadership role on the Italian market, Intesa Sanpaolo improved its strategic positioning in the various international markets, acting as lead bank in numerous high visibility transactions.
During the year, the IMI C&IB Division implemented a series of strategic initiatives to optimise capital and reduce RWAs in the portfolio. Those measures regarded direct sales (Loan Stock Disposal) and the use of innovative instruments for the synthetic transfer of risk, such as credit risk insurance and single-name tranched transactions. These instruments were applied to a diversified range of typical underlyings and products of the IMI C&IB Division, including corporate loans, project financing, capital call financing and ABS senior notes. These include a financial guarantee on a portfolio of subscription lines. Moreover, insurance cover was completed on Corporate and Project Finance positions, involving a panel of 12 Lloyds Syndicates. Innovation activities also concentrated on developing risk spreading solutions, including the first Tranched Single-Loan, which enabled the synthetic disposal of first loss risk on Project and Leveraged Finance positions. Lastly, the extension of the Originate to Share model to new products continued, including securitisation and loan securities for Infrastructural and Private Equity Funds.

Global Banking & Markets Coordination Area

2024 featured a steady decrease in interest rates, correlated with the expansive monetary policies adopted by the Central Banks in Europe and the United States. That trend was partially mitigated by the most recent figures on US GDP growth and the US presidential elections, events which resulted in revisions of price forecasts on all the main asset classes: Interest Rate, FX, Equity and Credit.
The decrease in interest rates favoured the structuring of certificates at significant levels of placement, with an average duration higher than the previous year, with the goal of guaranteeing total capital protection on maturity.

The Market Hub's bond dealing increased on the previous year. The FX market featured high volatility, mainly caused by the US presidential elections. Trade volumes increased due to expectations that the spread between the Euro and the US dollar would expand. The interest in peripheral currencies continued, and their characteristics of liquidity and geopolitical implications had a significant impact on the comprehensive income of the asset class.
In the Equity area, the scenario described supported the equity markets, despite the fears of a return to tariff policies, and the continuing crisis in the Chinese real estate market, with increases in terms of value and number of orders executed, both on the domestic and international markets, with positive performance in the United States. The IMI C&IB Division developed activities linked to digital assets.

As regards investments of the IMI C&IB Division on banking books, government bonds were purchased from developed countries and emerging markets, as well as covered bonds, while in the second half of the year, several divestments were carried out on various issuers, for the purpose of the subsequent increase in allocation on new ESG issuances. The management of the HTC Emerging Markets banking book pursued a strategy based on geographical diversification. On corporate bond portfolios, in the first quarter of the year, most of the new investments planed were implemented, both on HTC and HTCS, due to high spreads on the primary market. From an ESG perspective, investments continued in thematic issuances (Green and Social) and in securities of leading issuers in terms of sustainability and commitment to decarbonisation processes.
In the first half, management of the DVA covered most of the narrowing of the ISP senior spread for the period. Following the elections in France, the coverage ratio decreased, favouring a positive performance on DVA management.
The opportunities arising on equity risk were captured during the year, creating exposures to the banking, finance and technology sectors, with highly positive performance. In addition to guaranteeing the financing of proprietary portfolios and the management of liquidity of the IMI C&IB Division, secured financing with customers was overseen, which recorded a sharp increase and diversification.

With regard to market making with customers, volumes on credit products and on certificates remained high, driven by highly active primary and secondary markets. Foreign exchange and commodities trading returned to growth in the second half, both in terms of flows and market volatility.
In the Private Investments sector, the investment in Private Equity and Private Debt funds slowed in the second half of the year, while it continued in Hedge Funds in UCITs format. Despite the adverse scenario in terms of the cost of funding, the portfolio continued generating positive results on all areas.

Regarding the primary equity market, in a favourable domestic context in the ABB and capital increase segments, but with low activity in terms of IPOs, the IMI C&IB Division concluded a number of transactions in line with the previous year, holding significant roles: Joint Global Co-ordinator and Joint Bookrunner in the ABB/placements of Salini-Webuild and Saipem, Co-lead Manager in the Galderma IPO (Zurich) and intermediary assigned to coordinate the collection of subscriptions as part of the Public Takeover Bids on Tod's, Unieuro and Monrif.

On the bond market, which saw an increase on 2023 in volumes issued, both at European and domestic level, the IMI C&IB Division recorded growth in volumes issued and a number of transactions higher than the market average, taking first place for those indicators in Italy in the general and corporate rankings (source. LSEG/Refinitiv).
In the corporate segment, the Division acted as Joint Bookrunner in numerous senior issues by Italian and international issuers, including many ESG issues (Terna, EDF, Unibail and CTP). In the High Yield segment, the Bank stood out in the issues of Neopharmed Gentili, Omnia della Toffola, Rino Mastrotto, Zegona, Ineos and Virgin Media. It carried out the private placement in euro of Fincantieri. In the financial institutions segment, it acted as Joint Bookrunner, overseeing various issues of leading financial institutions, including Banco BPM, LBBW, D-Bank, TD Bank, Eurobank and NBG (covered, SP, SNP and hybrid issues). The ABS segment included Stella Loans, Golden Bar, Sunrise, Quarzo and Alba Leasing. In the Supranational, Sovereigns and Agencies (SSA) areas, the Division stood out in its role as Joint Bookrunner in the issue of BTP Valore and 7- and 15-year BTPs in the green private placements of ATM and AGSM. In emerging markets, the Division acted as Joint Bookrunner, overseeing the issues of PIF, MDGH and Adani.

Also in 2024, Structured Finance activities carried out by the IMI C&IB Division confirmed the Bank's leadership on the Italian market (also on ESG/Circular/Green issues) and the successful continuation of the business on the international market. Corporate loans granted to Italian and international customers (including those for the purpose of acquisitions and investments for growth, in addition to those with SACE SupportItalia guarantees) reported volumes higher than the previous year, primarily driven by refinancing activities. Leverage & Acquisition Finance saw a recovery in volumes and in the number of transactions on the domestic market, as well as an increase in the participation in international transactions. Project Finance pursued various opportunities in the Energy Transition and Transport sectors: it is worth noting the continuous flows of loans in the renewables sector, both to support operators' investment plans and M&A transactions, and the refinancing of the SPV Metro 4.
The "originate to share" approach and the geographical diversification resulted in entering into numerous financing transactions to support Italian and international industrial and financial operators in various infrastructure and public utility services sectors, in line with the growth strategy of the Division, both in terms of volumes and positioning, with specific attention to ESG/Circular/Green issues.

Securitisations carried out by the IMI C&IB Division confirmed the Bank's leadership in Italy, both in supporting customers in managing financial risks and through innovative ESG-linked solutions, and in asset-based financing. Solutions for the Division's customers and the Group were structured, financed and distributed, aimed at streamlining funding and improving asset quality ratios, optimising economic and regulatory capital, and improving customers' net financial position. The Division strengthened its international presence, providing both risk management and financial support to European and non-European corporate customers and financial institutions, along with major international investors in their acquisitions of granular portfolios.
The Division also acted as a competence centre and point of reference for the Group for corporate finance transactions of customers of the Banca dei Territori Division and the banks in the International Banks Division. The most important transactions relating to this activity concluded in 2024 include the role held in the IPO of Next Geosolutions Europe on Euronext Growth Milan, in the sale of a minority share in the capital of BF International Best Fields Best Food Limited, in the acquisition of WeTransfer NV by Bending Spoons and of Tecnomaco and in the transaction supporting the public takeover bid launched by the shareholders of Finhold and of Morgan Stanley Infrastructure Partners on the shares of the Salcef Group.

International Banks (formerly International Subsidiary Banks)

(millions of euro)

Income statement	2024	2023	Changes	
			amount	%
Net interest income	2,525	2,387	138	5.8
Net fee and commission income	648	601	47	7.8
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	133	99	34	34.3
Other operating income (expenses)	-67	-81	-14	-17.3
Operating income	**3,239**	**3,006**	**233**	**7.8**
Personnel expenses	-707	-655	52	7.9
Administrative expenses	-531	-482	49	10.2
Adjustments to property, equipment and intangible assets	-134	-127	7	5.5
Operating costs	**-1,372**	**-1,264**	**108**	**8.5**
Operating margin	**1,867**	**1,742**	**125**	**7.2**
Net adjustments to loans	-134	-205	-71	-34.6
Other net provisions and net impairment losses on other assets	-46	-54	-8	-14.8
Other income (expenses)	1	123	-122	-99.2
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**1,688**	**1,606**	**82**	**5.1**
Taxes on income	-420	-332	88	26.5
Charges (net of tax) for integration and exit incentives	-94	-49	45	91.8
Effect of purchase price allocation (net of tax)	8	-6	14	
Levies and other charges concerning the banking and insurance industry (net of tax)	-23	-35	-12	-34.3
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-13	-11	2	18.2
Net income (loss)	**1,146**	**1,173**	**-27**	**-2.3**

(millions of euro)

	31.12.2024	31.12.2023	Changes	
			amount	%
Loans to customers	45,255	43,002	2,253	5.2
Direct deposits from banking business	60,922	59,317	1,605	2.7
Risk-weighted assets	38,271	36,071	2,200	6.1
Absorbed capital	4,311	3,943	368	9.3

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

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

In 2024, the Division's operating income came to 3,239 million euro, growing compared to the previous year (+7.8%; around +15% at constant exchange rates). A detailed analysis shows that net interest income came to 2,525 million euro (+5.8%), mainly due to the favourable performance of VUB Banka (+58 million euro), Banca Intesa Beograd, including Intesa Leasing Beograd (+44 million euro), PBZ – including Intesa Sanpaolo Bank (Slovenia) and Intesa Sanpaolo Banka Bosna i Hercegovina (+43 million euro) – and Bank of Alexandria (+34 million euro), only partly offset by the fall for CIB Bank (-60 million euro). Net fee and commission income, amounting to 648 million euro, reported an increase (+7.8%), mainly attributable to VUB Banka (+13 million euro), Banca Intesa Beograd (+8 million euro), Bank of Alexandria (+6 million euro) and CIB Bank and PBZ (+4 million euro each). Within the other income components, there was an increase in profits (losses) on financial assets and liabilities at fair value (+34 million euro), essentially attributable to the subsidiaries operating in Hungary, Serbia and Slovakia, offset by the weaker performance of the Egyptian investee and a reduction in other net operating costs (-14 million euro), mainly attributable to PBZ, VUB Banka and CIB Bank. Operating costs, amounting to 1,372 million euro, were up (+8.5%; around +13% 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 7.2%, amounting to 1,867 million euro. Gross income, amounting to 1,688 million euro, increased by 5.1% on the figure for 2023, while net income came to

1,146 million euro, compared to 1,173 million euro in the previous year (-2.3%). Net of the capital gain on the sale of the acquiring business line of PBZ Card, recorded under other income in 2023, gross income and net income would be up by 13.3% and 6.3%, respectively.

In the quarterly comparison, the fourth quarter 2024 showed declining trend in the operating margin compared to the third, attributable to the increase in operating costs typical of the end of the year, and a moderate decrease in revenues. Gross income and net income were also lower than in the previous quarter, mainly impacted by higher adjustments to loans.

Intermediated volumes of the Division showed a rise (+3.8%) at the end of December 2024 compared to the end of 2023, attributable to the increase in both loans to customers (+5.2%) and direct deposits from banking business (2.7%). The performance of loans was mainly attributable to the increase recorded by the subsidiaries operating in Slovakia and Croatia. For deposits, the increase was essentially attributable to the growth recorded in Slovakia, Serbia and Croatia, only partially offset by the declining trend in the subsidiary operating in Egypt.

In 2024, the International Banks Division continued its process of business development, adopting a business model targeted to increasing fee and commission income in the main European subsidiaries and maintaining a constant focus on wealth management in China.
Specifically, the Wealth Management service model was consolidated for the highest added value segments, with a focus on overseeing relationships and developing an offering of products and services that meets customers' latent, unexpressed needs. There was specific focus on increasing ESG solutions and diversifying the portfolio asset mix to guarantee beneficial performance both for customers and the distribution network. It is currently being assessed whether to upgrade the service model for Affluent and Private customers with advanced financial and service needs, working with other Group Divisions and leveraging the best expertise of the Banca dei Territori Division.
In bancassurance, the partnership with a leading insurance group continued for the distribution of bancassurance products in Slovakia, Croatia, Hungary, Serbia and Slovenia.
With regard to increasing fee and commission income, commercial initiatives continued in synergy with the IMI Corporate & Investment Banking Division in the Global Markets, Structured Finance and Investment Banking sectors in the countries identified as priority (Slovakia, Czech Republic, Hungary and Croatia), with a significant increase in operations and the pipeline since the start of the plan. The scope of observation is currently being expanded to other markets.
With regard to the development and strengthening of the service model for customers shared with the Banca dei Territori Division, the commercial initiatives to increase cross-border business opportunities of customers operating in countries of the Division continued. Specifically, joint commercial campaigns were developed on customer companies of Banca dei Territori, in all the Regional Governance Centres and Agribusiness, with foreign subsidiaries. A specific initiative has been launched for Romania involving relationship managers from both Divisions, while the joint commercial campaigns in the other countries involved continued, with new development actions in Serbia and Croatia.
As part of the ESG Business Positioning initiatives for the Corporate & SME segments in Slovakia, Hungary, Croatia, Serbia, and Egypt, following the identification of priority sectors, the work continued on developing a commercial strategy aimed at improving the ESG offering. In that sense, a multi-country loan product was launched, dedicated to achieving green objectives, as part of the S-Loan offering, in Slovakia, Hungary and Serbia, with a plan to extend it also to Croatia, Bosnia and Herzegovina and Slovenia. A survey was also completed at the main banks of the Division, with the goal of identifying the financial needs of customers in the ESG area.
Within the digital banking initiatives of Corporate & SME, following the launch of the Italy-Hungary interconnection and the activation of the "Confirming" product in six additional geographies of the Division (Slovakia, Serbia, Romania, Slovenia, Albania and, most recently, Bosnia and Herzegovina), the process of extension to Croatia and the Czech Republic) is at an advanced stage. For the new "Factoring Digital Platform", the external provider for the new IT platform was chosen, and the contract between the parties (IVS and CODIX) was signed, and a pilot phase was launched at the Prague branch of VUB Banka, with the subsequent gradual extension to other banks. The requirements of the new platform are currently being defined. For Retail & WM, the expansion of functions and digital services in the main countries where the Division operates continued. The activities to improve the customer experience of digital processes of branches in Hungary, Slovenia, Albania and Croatia were completed (for example, using Artificial Intelligence and the new Navigated Experience functionality of the chatbot), and the release of the conversational banking feature was finalised for several customer segments in Serbia.
In the IT area, the implementation of the new strategy which entails focusing on the convergence of IT applications supporting the business, continued.
Lastly, with regard to Wealth Management in China, the business activities of Yi Tsai continued through the streamlining of the network, strengthening of the coverage for institutional customers, expansion of the product mix.

Business	It is responsible for the Group's operations on the international markets through commercial bank subsidiaries and associates.
Mission	Guidance, coordination and support for international subsidiaries, which engage primarily in retail banking operations. The Division is responsible for setting the Group's strategic development guidelines in terms of its direct presence on international markets, involving systematic exploration and analysis of new growth opportunities on markets already served and new markets, the coordination of international subsidiary banks' operations and the management of the relationships between international subsidiary banks and the Parent Company's central units and the branches or other foreign offices of the IMI Corporate & Investment Banking Division.
Organisational structure	
South-Eastern Europe HUB (SEE HUB)	Presence in Croatia, Bosnia-Herzegovina and Slovenia.
Danube HUB (DNB HUB)	Presence in Slovakia, Romania and the Czech Republic.
Other banks	Presence in Albania, Hungary, Serbia, Egypt, Ukraine and Moldova.
Distribution structure	907 branches in 12 countries.

South-Eastern Europe Hub (SEE HUB)

In 2024, the operating income of the **Privredna Banka Zagreb** group amounted to 669 million euro, up on the previous year (+5.9%), due to the favourable performance of net interest income. Operating costs of 240 million euro increased (+11.9%). The operating margin came to 429 million euro (+2.8%). Gross income, amounting to 421 million euro, and net income, which amounted to 340 million euro, were down (-16% and -14.4%, respectively) compared to those of 2023. Excluding the gross capital gain from the sale of the acquiring business line of PBZ Card in the first quarter of 2023, they would have increased by 9.2% and 12.5%, respectively.

Intesa Sanpaolo Banka Bosna i Hercegovina closed 2024 with an operating margin of 21 million euro (-7.5%). This performance is attributable to the increase in operating costs, which more than offset the increase in operating income. Gross income, amounting to 18 million euro, recorded growth (+4.9%), while net income, which amounted to 13 million euro, was substantially in line with the value of 2023.

Intesa Sanpaolo Bank (Slovenia) reported operating income of 166 million euro, growing on 2023 (+7.2%), essentially due to the evolution of net interest income. Operating costs increased (+10.1%) on the previous year. As a result of the above revenue and cost trends, the operating margin increased by 5.7%. Gross income, amounting to 100 million euro, increased by 7.5%, while net income decreased by 4.2%, amounting to 69 million euro.

Danube HUB (DNB HUB)

The **VUB Banka** Group reported an operating margin of 498 million euro, up on 2023 (+13.2%) as a result of the growth in operating income (+11.6%), particularly in net interest income, only partially offset by the increase in operating costs (+8.7%). Gross income amounted to 461 million euro, up on the previous year (+22.6%). In contrast, net income was down (-3.9%) as a result of the new extraordinary tax on windfall profits introduced by the Slovakian government in 2024.

Intesa Sanpaolo Bank Romania generated an operating margin of 17 million euro, up on 2023 (+32.2%), due to higher operating income (+13.7%), specifically of net interest income. The company closed 2024 with net income of 12 million euro, up by 67.3% on the value of 2023, benefiting from the reversals of impairment losses on loans.

First Bank. On 31 May 2024, the closing was completed for the acquisition of the company First Bank S.A. in Romania, after obtaining the authorisation from the National Bank of Romania. The operating margin amounted to 22 million euro, recording an increase of 53.8% compared to the like-for-like figure in the previous year, due to the growth in operating income, specifically in net interest income, and the decrease in operating costs, specifically in personnel expenses. Gross income reached 26 million euro, an increase of 78.2% on 2023, while net income dropped by 60.4%, mainly due to charges for integration.

Other banks

Intesa Sanpaolo Bank Albania reported an operating margin of 45 million euro, up by 13.1% on 2023, due to the growth in revenues (+16.6%), particularly net interest income, which more than offset the increase in operating costs. Net income came to 31 million euro, up by 10.6% on the previous year.

The **CIB Bank** group reported net operating income of 406 million euro, a decrease compared to 2023 (-4.6%,) due to a lower contribution from net interest income, attributable to falling interest rates, partially offset by the growth in profits (losses) on financial assets and liabilities at fair value. Operating costs rose by 8.7%. As a result of the above revenue and cost trends, the operating margin decreased by 11.2% to 253 million euro. Net income rose to 175 million euro, exceeding that of the previous year (+4.5%).

Banca Intesa Beograd, including Intesa Leasing Beograd, reported an operating margin of 351 million euro, up 13.8% on 2023, supported by the development of operating income (+13.6%), which more than offset the increase in operating costs (+13.2%). Gross income amounted to 302 million euro (+25.4%), and net income was 234 million euro (+27.4%).

Bank of Alexandria, which was adversely affected by the depreciation of the Egyptian pound, reported an operating margin of 306 million euro, up by 14.7% on the previous year (+68% at constant exchange rates). Operating income of 419 million euro was up (+8.3%; around +59% at constant exchange rates, due to the performance of net interest income). Operating costs decreased (-5.8%; around +38% at constant exchange rates). Net income amounted to 153 million euro, up by 26.7% on 2023 (around +86% at constant exchange rates).

Pravex. Despite the extremely serious/uncertain situation in Ukraine, Pravex was again consolidated on a line-by-line basis in December 2024. Nonetheless, in light of the obvious logistical and execution difficulties for the administrative structures of the local bank, also with regard to the IT channels, the Group decided to consolidate the results achieved up to September 2024, recording them at the exchange rate of 31 December 2024.

Eximbank generated an operating margin of 2.2 million euro, down by 45% on 2023, due to the lower contribution from operating income and the growth in operating costs. Net income, amounting to 0.6 million euro, decreased by 76.4%.

Private Banking

(millions of euro)

Income statement	2024	2023	Changes amount	Changes %
Net interest income	1,181	1,267	-86	-6.8
Net fee and commission income	2,094	1,858	236	12.7
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	61	54	7	13.0
Other operating income (expenses)	19	14	5	35.7
Operating income	**3,355**	**3,193**	**162**	**5.1**
Personnel expenses	-544	-530	14	2.6
Administrative expenses	-416	-384	32	8.3
Adjustments to property, equipment and intangible assets	-106	-94	12	12.8
Operating costs	**-1,066**	**-1,008**	**58**	**5.8**
Operating margin	**2,289**	**2,185**	**104**	**4.8**
Net adjustments to loans	-23	-38	-15	-39.5
Other net provisions and net impairment losses on other assets	-45	-72	-27	-37.5
Other income (expenses)	20	14	6	42.9
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**2,241**	**2,089**	**152**	**7.3**
Taxes on income	-718	-672	46	6.8
Charges (net of tax) for integration and exit incentives	-42	-25	17	68.0
Effect of purchase price allocation (net of tax)	-20	-23	-3	-13.0
Levies and other charges concerning the banking and insurance industry (net of tax)	-22	-18	4	22.2
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	23	15	8	53.3
Net income (loss)	**1,462**	**1,366**	**96**	**7.0**

(millions of euro)

	31.12.2024	31.12.2023	Changes amount	Changes %
Assets under management (1)	171,385	157,436	13,949	8.9
Risk-weighted assets	12,388	11,924	464	3.9
Absorbed capital	1,195	1,167	28	2.4

(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, 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 and, from August, of Alpian S.A., a Swiss digital bank in the start-up phase. 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. At the beginning of December 2024, the merger by incorporation of IW Private Investments SIM into Fideuram - Intesa Sanpaolo Private Banking was finalised.

In 2024, the Division achieved gross income of 2,241 million euro, up by 152 million euro (+7.3%) compared to the previous year. The operating margin showed a positive trend (+104 million euro), attributable to higher operating income (+162 million euro), against an increase in operating costs (+58 million euro). The revenue performance was mainly attributable to net fee and commission income (+236 million euro), particularly for recurring fee and commission income, in connection with the increase in average assets under management, and upfront fees, related to the higher contribution from the receipt and transmission of orders and the placement of Intesa Sanpaolo mutual funds and bonds. In contrast, net interest income fell to 1,181 million euro (-86 million euro), due to higher interest expense on customer deposits, only partly offset by the increase in interest on debt securities and on interbank relationships. Among the other revenue components, other net operating income (+5 million euro) and profits (losses) on financial assets and liabilities at fair value (+7 million euro) were up. For operating costs, there was an increase in administrative expenses due to higher charges for services rendered by third parties, in personnel expenses and in amortisation for software and rights of use on leased assets. The Division closed 2024 with net income of 1,462 million euro, up by 7% compared to the previous year.

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

As at 31 December 2024, assets under management and administration, which also include the contribution of the trust mandates for SIREF Fiduciaria, amounted to 335 billion euro (+31.4 billion euro from the end of 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 171.4 billion euro (+13.9 billion euro).

In 2024, the following corporate operations were finalised:
- the merger by incorporation of Carnegie Fund Services S.A. into Reyl & Cie S.A.;
- the liquidation of the companies IIF SME Managers LTD and Morval Bank & Trust Cayman Ltd;
- the subscription by Fideuram of the capital increase of Alpian S.A. (including the unsubscribed portion), acquiring control of the company;
- the merger by incorporation of IW Private Investments SIM into Fideuram – Intesa Sanpaolo Private Banking.

Business	Generating new inflows of assets and managing them, using a network of financial advisors and in-house private bankers serving a customer base with high savings potential.
Mission	Taking care of customers' well-being and protecting all of their assets through top notch advisory services. A relationship based on listening, satisfaction and trust between the customer and the private banker is what makes the business model of the Private Banking Division unique.
Organisational structure	
Fideuram-Intesa Sanpaolo Private Banking (Italy)	Dedicated to the production, management and distribution of financial products and services to high profile customers, using a network of 5,649 Fideuram, Sanpaolo Invest and IW Private Investments financial advisors and the provision of digital advisory and advanced trading through Fideuram Direct.
Intesa Sanpaolo Private Banking (Italy)	Bank dedicated to private customers (with over 1 million euro in financial assets), providing financial services which are designed to preserve and increase wealth and provide continuity, using a network of 946 in-house private bankers and 133 freelance bankers with agency contracts.
Reyl & Cie (Switzerland)	Swiss bank dedicated to developing international private customers, which operates through a group of companies specialising in wealth management and private banking. It operates using a total network of 46 private bankers.
Alpian (Switzerland)	A Swiss Wealth Tech with a banking license, that features a digital offering focused on the needs of the upper affluent/low private segment, providing banking services and portfolio management schemes supported by multichannel remote assistance.
Intesa Sanpaolo Wealth Management (Luxembourg)	Luxembourg bank with branches in Belgium, which operates using a total network of 40 private bankers.
Fideuram Asset Management SGR (Italy)	Company that manages a wide range of mutual funds, individual portfolios and other investment instruments for private and institutional investors.
Fideuram Asset Management (Ireland)	Company that manages Luxembourg and Italian mutual funds and products designed by the Group's insurance companies.
Fideuram Asset Management (UK)	Investment company headquartered in the United Kingdom, which took over the activities previously managed by the London branch of Fideuram Asset Management (Ireland).
SIREF Fiduciaria (Italy)	Company specialised in the provision of fiduciary services.
Distribution structure	Network of 244 branches in Italy, 6 branches abroad and 6,814 financial advisors.

Asset Management

(millions of euro)

Income statement	2024	2023	Changes amount	Changes %
Net interest income	61	18	43	
Net fee and commission income	894	816	78	9.6
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	2	20	-18	-90.0
Other operating income (expenses)	48	54	-6	-11.1
Operating income	**1,005**	**908**	**97**	**10.7**
Personnel expenses	-119	-114	5	4.4
Administrative expenses	-123	-122	1	0.8
Adjustments to property, equipment and intangible assets	-9	-9	-	-
Operating costs	**-251**	**-245**	**6**	**2.4**
Operating margin	**754**	**663**	**91**	**13.7**
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)	**782**	**663**	**119**	**17.9**
Taxes on income	-196	-183	13	7.1
Charges (net of tax) for integration and exit incentives	-3	-	3	-
Effect of purchase price allocation (net of tax)	-4	-4	-	-
Levies and other charges concerning the banking and insurance industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-1	-1	
Net income (loss)	**579**	**475**	**104**	**21.9**

(millions of euro)

	31.12.2024	31.12.2023	Changes amount	Changes %
Assets under management	333,070	311,291	21,779	7.0
Risk-weighted assets	2,027	1,990	37	1.9
Absorbed capital	219	213	6	2.8

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 2024, amounting to 1,005 million euro, was up by 10.7% compared to the previous year, due to the performance of net interest income (+43 million euro) and net fee and commission income (+78 million euro). The latter have benefited from the growth in placement fees for mutual funds and incentive fees, partially offset by the reduction in recurring fee and commission income as a result of customer investment choices in the new macroeconomic reference environment of positive interest rates, and of the product innovation by Eurizon Capital SGR and its subsidiaries to improve the competitiveness of the mutual funds against other alternative financial products. Within the other revenue components, the contribution from the fair value measurement of the financial portfolio was a positive 2 million euro (20 million euro in 2023). The Chinese subsidiary Penghua, consolidated at equity, provided a positive contribution to operating income of 47 million euro, compared to 54 million euro in the previous year. Operating costs posted an increase (+2.4%), mainly attributable to personnel expenses. As a result of the above revenue and cost trends, the operating margin came to 754 million euro, up 13.7% on 2023. The Division closed 2024 with net income of 579 million euro (+21.9%).

As at 31 December 2024, assets under management of the Asset Management Division came to 333.1 billion euro, up by 21.8 billion euro (+7%) compared to the end of 2023. This trend was attributable to the revaluation of assets under management, correlated with the positive performance of the markets and, to a lesser extent, to the positive net inflows (+2.5 billion euro). The net inflows were attributable to mutual funds (4.4 billion euro), institutional mandates from non-captive customers (+1.9 billion euro) and portfolio management schemes for retail and private customers (+1.3 billion euro), only partially offset by outflows on mandates received from Group counterparties on insurance and pension products (-5.1 billion euro).

As at 31 December 2024, Eurizon Capital's Italian market share of assets under management was 15.6% (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 December rose to 16%.

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

Insurance

(millions of euro)

Income statement	2024	2023	Changes amount	Changes %
Net interest income	-	-	-	-
Net fee and commission income	3	3	-	-
Income from insurance business	1,716	1,625	91	5.6
Profits (Losses) on financial assets and liabilities at fair value	-	-	-	-
Other operating income (expenses)	-	-15	-15	
Operating income	**1,719**	**1,613**	**106**	**6.6**
Personnel expenses	-153	-152	1	0.7
Administrative expenses	-191	-195	-4	-2.1
Adjustments to property, equipment and intangible assets	-36	-32	4	12.5
Operating costs	**-380**	**-379**	**1**	**0.3**
Operating margin	**1,339**	**1,234**	**105**	**8.5**
Net adjustments to loans	-	-	-	-
Other net provisions and net impairment losses on other assets	-1	61	-62	
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**1,338**	**1,295**	**43**	**3.3**
Taxes on income	-107	-386	-279	-72.3
Charges (net of tax) for integration and exit incentives	-27	-21	6	29
Effect of purchase price allocation (net of tax)	-8	-10	-2	-20.0
Levies and other charges concerning the banking and insurance industry (net of tax)	-46	-	46	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-2	-2	
Net income (loss)	**1,150**	**876**	**274**	**31.3**

(millions of euro)

	31.12.2024	31.12.2023	Changes amount	Changes %
Direct deposits from insurance business [1]	177,448	172,746	4,702	2.7
Risk-weighted assets	-	-	-	-
Absorbed capital	4,419	4,398	21	0.5

(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 Assicurazioni, Fideuram Vita and Intesa Sanpaolo Protezione, with the mission of synergically developing the insurance product mix targeting Group customers. The scope of the Division also includes Intesa Sanpaolo Insurance Agency and InSalute Servizi.
Starting on 1 December 2024, Intesa Sanpaolo Vita took on the new name Intesa Sanpaolo Assicurazioni, the company that leads the Intesa Sanpaolo Assicurazioni Insurance Group. At the same time, the name of the Dublin branch, established on 1 December 2023, specialising in managing unit-linked policies, was changed to Intesa Sanpaolo Assicurazioni Dublin Branch. Intesa Sanpaolo Protezione, born from the merger of Intesa Sanpaolo RBM Salute into Intesa Sanpaolo Assicura, and 100%-controlled by Intesa Sanpaolo Assicurazioni was established, becoming a single company for the non-life and health classes.

In 2024, the Division reported income from insurance business of 1,716 million euro, up (+5.6%, equal to +91 million euro) on 2023. Both the life and non-life businesses were up, the former mainly due to the financial component, and the latter due to both the technical contribution and the net investment result.
Gross income, amounting to 1,338 million euro, reported growth (+3.3%) due to higher operating income (+6.6%) against substantially stable operating costs (+0.3%).
The cost/income ratio, at 22.1%, remained at very good levels, lower than those recorded in the previous year.
Lastly, net income came to 1,150 million euro (+31.3%) after the attribution of taxes of 107 million euro (benefiting from the recognition of deferred tax assets of 293 million euro), charges for integration and exit incentives of 27 million euro, effects of

purchase price allocation of 8 million euro and levies and charges of the banking and insurance system of 46 million euro, with the latter relating to the Guarantee Fund for life insurance policies pursuant to Law no. 213 of 30 December 2023.

Direct deposits from insurance business, amounting to 177,448 million euro, were up (+2.7%, or +4.7 billion euro) on the end of 2023, attributable to insurance liabilities.

The Division's collected premiums for life policies (including financial products) and pension products, equal to 18.1 billion euro, increased by 18.4% on 2023, attributable to the growth in inflows on traditional products (+11.9%) and on unit-linked products by over 40%. In contrast, inflows for pension funds segment decreased (-3.3%).

Collected premiums for the protection business totalled 1.5 billion euro, up by 3.3% on 2023. Premiums in the non-motor business (excluding CPI – Credit Protection Insurance) rose by 1.9%, mainly driven by the Businesses, Home and Family, and Accident Lines of Business (LoBs). The motor component (+5.2%) and credit-related products (+33.8%) also increased.

Business	Life and non-life insurance.
Mission	Develop the offering of insurance products for the Group's customers.
Organisational structure	
Intesa Sanpaolo Assicurazioni	Insurance parent company specialised in offering insurance, pension and personal and asset protection services through the network of Banca dei Territori. Starting on 1 December 2024, Intesa Sanpaolo Vita took on the new name Intesa Sanpaolo Assicurazioni. At the same time, the name of the Dublin branch, established on 1 December 2023, specialising in managing unit-linked policies, was changed to Intesa Sanpaolo Assicurazioni Dublin Branch. The company holds 100% of Intesa Sanpaolo Protezione, born on 1 December 2024 from the merger of Intesa Sanpaolo RBM Salute into Intesa Sanpaolo Assicura, and of Intesa Sanpaolo Insurance Agency and 65% of InSalute Servizi. Lastly, it holds 40% of Eurizon Capital Real Asset SGR, a company operational since 31 December 2019, controlled by Eurizon Capital SGR (Asset Management Division), which holds 51% of the voting rights and 20% of the capital.
Fideuram Vita	Specialised in offering insurance, pension and personal and asset protection products in service of the Private Banking Division.
Intesa Sanpaolo Protezione	A single company for the non-life and health classes, whose identity is gaining brand awareness on the market, capable of enabling business, operational and economic synergies by developing a fully comprehensive non-life offering.
InSalute Servizi	Dedicated to managing healthcare benefits.
Intesa Sanpaolo Insurance Agency	Agency that performs insurance brokerage activities of both life and non-life products.

Corporate Centre

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

The Corporate Centre Departments generated an operating margin of 1,638 million euro in 2024, compared to 979 million euro in the previous year. This performance was mainly driven by growth in net operating income, attributable to net interest income, which benefited from higher average short-term market rates, and to the profits (losses) on financial assets and liabilities at fair value. Operating costs remained substantially stable. Gross income amounted to 1,287 million euro compared to 927 million euro in 2023. The net income in 2024 was 531 million euro, compared to 428 million euro in the previous year. The income statement of the Corporate Centre includes charges aimed at maintaining the stability of the banking industry, after tax, totalling 67 million euro compared to 245 million euro in 2023, which included 222 million euro related to the European resolution fund that is currently funded for the EU countries of the banking union.

Treasury and Funding activities

In 2024 Intesa Sanpaolo kept its market shares in Settlement, at national and international levels, thus confirming its role as a systemic bank and its status as a T2 Critical Participant within the cash (T2) and securities (T2S) settlement systems of the Eurosystem.
The conclusion of the European Collateral Management System (ECMS), the new centralised collateral management system on which Intesa Sanpaolo constantly worked over the year, was postponed following the decision of the ECB's Governing Council to postpone the implementation from November 2024 to June 2025.
In 2024 Intesa Sanpaolo played a leading role in the trials conducted by the European Central Bank for the digitalisation of wholesale payment systems, which could lead, in the coming years, to cash and securities settlement solutions based on new technologies (such as Distributed Ledger Technology).

Following the initial easing of monetary policy in June 2024, the ECB continued cutting the three official rates of the Eurosystem, resulting in - at the December meeting - a deposit rate at the Central Bank of 3%, to gradually moderate the level of restriction. Inflation expectations, price dynamics, and the degree of monetary policy transmission influenced the Governing Council's decisions, which reiterated that the deflationary process is well under way. Future actions will depend on the data, and will be taken at the upcoming meetings to ensure the prompt return of inflation to its medium-term target of 2%. Market interest rates fully absorbed the monetary policy measures adopted over the year.

The official US rates remained unchanged in the range of 5.25-5.50% up to the meeting of 18 September, when, due to the significant improvement in the medium-term trend in inflation towards the target of 2%, the Fed decided to decrease the rates for the first time in more than two years, ending the long cycle of restrictive monetary policy begun in March 2022. In the following meetings of November and December, the Fed further decreased the official rates, bringing them to the range of 4.25-4.50% at the end of the year, 100 basis points lower than at the start of the year.

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

In 2024, outstanding short-term securities grew, confirming investors' interest in the Bank's issues.

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 13,429 million euro, of which 11,536 million euro in certificates, 1,753 million euro in issues placed through the Private Banking Division and 140 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 reserved for professional customers and qualified investors comprised 1,308 million euro of subordinated T2 bonds, with fixed and floating rates and a 10-year term; 374 million euro of senior preferred fixed-rate bonds with 2- and 5-year terms; and 71 million euro of private placement senior preferred bonds with fixed rates and 2- and 10-year terms.
Among the securities placed, there was a predominance of structured financial instruments made up of 33% of index-linked structures, 28% of interest rate-linked structures, and 25% of equity-linked structures, while the plain vanilla issuance component accounted for 14%. A breakdown by average maturity shows that 51% are comprised of instruments with 2- and 4-year maturities, 36% of 5- and 8-year maturities, and the remaining 13% with maturities over 8 years.

During the year, a total of 7,370 million euro in institutional unsecured funding transactions were placed, of which 6,819 million euro in debt securities issued by the Bank and 551 million euro of securities (bonds and certificates) issued by the IMI Corporate & Investment Banking Division on third-party networks.
Specifically, with regard to bond funding, the following public issuances were carried out: (i) in March, an issuance of fixed-rate senior preferred green bonds aimed at the Asian market for a total amount of 37.1 billion JPY (corresponding to around 229 million euro) divided into three tranches: 35 billion JPY with a 2-year maturity, 1.9 billion JPY with a 3-year maturity, and 200 million JPY with a 7-year maturity; (ii) in April, an issuance of senior preferred bonds for a total amount of 2 billion euro issued in two tranches: 1 billion euro of a green bond, with fixed rate and a 6.5-year maturity, and 1 billion euro of a floating-rate bond with a 3-year maturity; and (iii) in May, AT1 subordinated bonds for an amount of 1 billion euro at fixed rate. These are perpetual financial instruments with an early redemption option that can be exercised by the issuer from the eighth year; (iv) in September, fixed-rate senior non preferred bonds for 1.5 billion euro, with 8-year maturity, with an early redemption option by the issuer in the seventh year; (v) in November, T2 subordinated bonds for 1.25 billion euro, at a fixed rate and with

12-year maturity, with an early redemption option that can be exercised by the issuer from the seventh year.
In the reporting period, the following private placements were made: in February, fixed-rate senior preferred social bonds for 800 million euro, with 6.5-year maturity; in November, floating-rate senior preferred bonds for 40 million euro, with 3-year maturity.
The "green" issuances are aimed at funding all the projects in line with the green categories described in the Intesa Sanpaolo's Green, Social and Sustainability Bond Framework: "Renewable Energy", "Energy Efficiency", "Green Buildings", "Clean Transportation" and "Circular Economy". The "social" issuances are aimed at funding the assets that come under the social categories described in the Green, Social and Sustainability Bond Framework: "Access to Essential Services (Non-Profit Entities)", "Socio-economic Advancement and Empowerment" and "Employment Generation and Programmes Designed to Prevent and/or Alleviate Unemployment Stemming from Crises". Currently, the social portfolio is mainly composed of loans to SMEs operating in disadvantaged areas (including COVID-19 loans) and to non-profit organisations operating in sectors with a specific social focus (Healthcare, Education, Welfare and Solidarity).

With regard to the Covered Bond issuance programmes, under the covered bond programme guaranteed by ISP CB Pubblico, the 13th and 14th series (both retained) amounting to a total of 1.85 billion euro were redeemed in advance in January.
In preparation for the closure of this programme, which took place on 2 April, the repurchase by the Bank of the entire residual portfolio of segregated loans in the Vehicle (1.85 billion euro) was completed in the first quarter of 2024.
Under the covered bond programme guaranteed by ISP CB Ipotecario, the 25th series matured in March for an amount of 1 billion euro and in May the 21st retained series was redeemed early for a residual amount of 1.2 billion euro.
During the year, five Covered Bond issues were made. In March, retained series no. 34 was issued for 1 billion euro, with a floating rate and 5-year maturity; in May, three retained series were issued: the 36th series for 1.4 billion euro, with a floating rate and 4-year maturity; the 37th series for 1.7 billion euro, with a floating rate and 9-year maturity; and the 38th series for 1.7 billion euro, with a floating rate and 11-year maturity. Lastly, in June, a private placement was carried out involving the issuance of the 35th series of 500 million euro, with a floating rate and a 6-year maturity.
Under the covered bond programme guaranteed by ISP OBG, in February the 32nd retained series matured for an amount of 1.65 billion euro; in June the 21st retained series was partially extinguished for an amount of 500 million euro, and the total residual amount of 1.25 billion euro subsequently matured in August; in June, moreover, the 25th retained series was partially extinguished for an amount of 50 million euro, and further partially extinguished in December for an amount of 1.2 billion euro (the residual amount therefore totals 500 million euro).
Within the covered bond programme guaranteed by UBI Finance, the 14th series matured in February for an amount of 1 billion euro and in July the 24th series matured for an amount of 750 million euro.
In March, the subsidiary VUB Banka also carried out an issuance of covered bonds aimed at institutional investors. These are fixed-rate securities for an amount of 500 million euro, with 7-year maturity.

For the management of collateral, Intesa Sanpaolo also uses the A.Ba.Co. (Collateralised Bank Assets) procedure, which allows bank loans disbursed to non-financial companies to be used to secure loan transactions with the Bank of Italy: at 31 December 2024 the amount outstanding, gross of the haircuts applicable to loans lodged as pledge by the Group, amounted to 16.8 billion euro.

In the first quarter of the year, the ECB progressively steered market expectations towards a first interest rate cut at its meeting in June, but the long-term part of the European curves was initially influenced by the dynamics of US rates, pushed up by the strength of the labour market and the lower-than-expected fall in core inflation. The revision of the ECB operational framework did not alter the short-term dynamics of swap spreads, while demand for peripheral debt was still strong, in line with the risk-on tone prevailing in the markets up to June. Subsequently, the unexpected rise in political uncertainty in France caused a sharp increase in volatility. The second half was marked by a sharp but brief episode of volatility in August, after which equity markets reached new highs, supported by rate cuts from both the Fed and the ECB. The market narrative has shifted back to expectations of a soft landing for the US economy, while credit prospects in Europe were impacted by the structural weakness of the German manufacturing sector and the fiscal outlook in France.
In the first half of the year, the credit sensitivity of the portfolio was increased across all the asset classes, including Italian risk. The shift sensitivity, on the other hand, remained virtually unchanged from the end of 2023 levels, net of the portfolio rotation induced by rate volatility. From April, the allocation to Spanish government issuers was trimmed down, and in June, the portfolio of covered bonds was reduced. In the second half of the year, taking advantage of the spread correction, the portion of the portfolio allocated on French government issuers was increased slightly, from a very low weighting. In September, following a sharp decline in rates that brought expectations for the ECB's terminal rate to well below 2%, rate sensitivity was significantly reduced, awaiting more information on the evolution of the European business cycle. Subsequently, the shares of Italian and Spanish government issuers were reduced, while increasing the shift sensitivity in the last few days of December.

In the repo market, Italian government bond volumes were significantly higher than in the previous year, while interest rates were slightly higher than the depo facility rate.
The spread between the rates of the core countries and Italian government bonds gradually tightened over the year, the only exception being the expansion recorded at the changeover at the end of the year.

During the period, Intesa Sanpaolo carried out new operations to collect liquidity, by implementing securities financing transactions with underlying mainly comprised of own retained covered bonds on different maturities, primarily medium/long-term. At the end of the year, the outstanding operations with own issues of bonds as underlyings amounted to around 18 billion euro.

Strategic ALM

With regard to the Group's Asset & Liability Management (ALM), operational management of the financial risks of the Group's banking book is carried out by the Group Treasury & Capital Management area under the supervision of the CRO Area. Interest rate risk is monitored and managed by examining the sensitivity of the market value of the various positions in the banking book to parallel shifts in the interest rate curve and the sensitivity of net interest income to the market views; moreover, specific scenario analysis techniques on rate developments are used, as well as behavioural scenarios for specific positions. The strategic choices on interest rate risk are made by the Group Financial Risk Committee, Asset & Liability Committee - ALCO session, within the limits established by the Board of Directors: Group Treasury & Capital Management performs an active role in the dynamic 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 the other indicators of 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.

Data, A.I. and Technology Officer Area

In line with the 2022-2025 Business Plan, the Data, A.I. and Technology Area is continuing the process of digitalisation, technological evolution and omni-channel development.
In 2024, the Area continuously transformed to increase the effectiveness of the digitalisation process through the progressive and comprehensive overhaul of the IT platform, efficiency improvements in the operating model, the transition to the cloud.
Following the commercial launch of the new Digital Bank Isybank in 2023, in partnership with the leading fintech Thought Machine, in 2024 the offering to customers was further expanded due to the enrichment of products offered (for example: prepaid card, credit card, protection products, isyPrestito and isySalvadanaio), always maintaining Isybank's criteria of simplicity, accessibility, inclusivity and security, keeping the option of a direct relationship through the Digital Branch.
The technological upgrading of the IT system also continued, by launching the extension of the isytech platform to the Parent Company Intesa Sanpaolo, in partnership with the leading fintech Thought Machine, thereby continuing the process of evolution for retail customers.
To provide effective support for the IT transformation process, the two programmes launched in the previous years continued: in New Group Technology, the adoption of the new IT operating model was completed, in line with the best practices of the IT structures of digital companies on the market, based on a structure focused on delivery, with roles dedicating to developing IT professions; in Falcon (which aims to re-insource IT skills) 615 people were hired. The training process to support the growth of internal skills also continued, and the use of Generative AI solutions was launched, to increase efficiency on the entire lifecycle of software development.
As part of the agreement signed with TIM and Google for the migration of a significant part of Intesa Sanpaolo's information system onto Google's cloud services, which will meet the higher international standards of security and confidentiality of information, the migration continued of the applications onto the Google Cloud Platform (since the start of the Plan, 643 applications have been migrated and 159 new applications have been created directly on the cloud, 62% of applications are already cloud-based), and the return of the European Regions on Italy's Milan and Turin Regions of all the migrated applications has been completed.
Thanks to Opening Future, the portal dedicated to developing digital skills for SMEs, startups and schools, developed by the Group in partnership with Google Cloud and TIM Enterprise (the cloud company of the TIM Group), additional training and learning initiatives were promoted to increase and disseminate a digital culture and build green IT in Italy. During 2024, 1,435 SMEs, startups and fintechs and over 5,000 people were involved.
With the goal of creating, extending and consolidating the Group's unique data assets, which can be the Golden Source of governance data, to create a data driven organisation and to better know our customers, also through the use of artificial intelligence:

- the activation of the Group's Data Service Hub was completed on Google Big Query, a cloud solution, which will become the reference data architecture for all new Group initiatives; and the AIxeleration programme, launched in 2023, to bring the adoption of artificial intelligence in the Group to scale in a sustainable, responsible and standardised manner on all Divisions, favouring new business opportunities, increasing operating efficiency and further improving risk management, continued. The programme is based on developing an ecosystem whose fundamentals are comprised of: a consistent, shared base, the cloud, strengthening of skills, signing agreements with technological (e.g. Microsoft and Google) and academic partners (e.g. CETIF, London University, Fujitsu and Berkeley University), CENTAI (ISP's artificial intelligence research centre), the Anti-Financial Crime Digital Hub and the dissemination of the culture of AI (Artificial Intelligence) within the Group. Under the programme, the development of an MLOps technological platform enabling the use cases of the AIxeleration programme also continued, specifically facilitating the use of Generative AI techniques. 104 use cases were industrialised, thanks to around 215 dedicated AI Specialists, and the first Generative AI solutions tested in the laboratory were adopted. In the Digital Branch, new conversational IVR uses cases were developed and the roll out of the conversational assistant, which exploits the features of Generative AI to provide IT support to relationship managers during calls to customers, was launched;
- an initiative was launched to steer the requests expressed by the Supervisor in the ECB Guide on Risk Data Aggregation and Risk Reporting (RDARR), update the current Data Governance Model and related tools in compliance with the Supervisor's expectations, and extend/apply the Data Governance Model to in scope Uses provided by the Guide: the

priority scope was identified on which to concentrate the initial actions to improve the framework of governance and the data management process.

Also in 2024, initiatives continued for the constant improvement of interactions with customers, with a specific focus on upgrading the service model for Isybank customers, which involves assigning a dedicated digital relationship manager based on the portfolios assigned, similar to that used for the network of physical branches.

Further upgrades were also released to better integrate the channels of contact and improve the offering and the user experience.

For business customers:

- the NDCE Business platform for legal persons of Fideuram – Intesa Sanpaolo Private Banking and ISPB was released, with the opening of Family&Friends (the roll out phase will start in 2025);
- in relation to the digitalisation of the “Nuova Concessione” processes, the extension to the Retail SME segment was completed for the Short-term types, factoring in the innovative, digital elements already developed for Corporate and Corporate SME customers and introducing automated approval with the integration with the Affordability – Decision-Making Risk Engines;
- the Credit User Journey, a new process that simplifies the process of obtaining credit products for all Business customers (Retail SME and Corporate SME/Corporate) was enhanced with the release of Advances on invoices (Anticipo fatture) and integration of policies for credit lines in current accounts (Apertura di Credito in Conto Corrente - APC), and POS advances (Anticipo Transato POS - ATP);
- regarding payments, to offer increasingly simple, digital solutions, the POS offering of Intesa Sanpaolo and Nexi was expanded with the introduction of the SoftPOS PRO, the new technological solution designed for medium/large Corporate customers. The Visa Business Solutions service was also integrated to manage employees’ company credit cards for SME and Corporate customers;
- in order to completely dematerialise processes, the evolution of the Customer Journey for the business segment continued, with the closing of the paper-based process for managing signatures on the contractual documents generated by the Short-Term Uses Customer Journey and the POS Customer Journey, for all branches of Banca dei Territori;
- In order to offer business customers signed up for Inbiz an increasingly personalised and modern service, the page to access the online platform has transformed into a content-rich platform, enabling customers to obtain all the information on the available offerings and solutions. Moreover, two important features were released: Scambio Documentale and Onboarding Digitale, which allow customers to send company and personal documents, as an additional tool for remote dialogue, which saves time and guarantees data security and confidentiality.

The new Group Payment Hub platform was adopted by the main European branches, to create a centralised Group payment HUB.

The model of optimising and personalising prices was developed using AI, improving support to the relationship manager and the specialist, through chatbot systems in the phase of negotiating with customers.

In the International Banks Division (IBD), the gradual adoption of new digital features and services in Slovakia continued with the release of the remote offer and the gradual activation of customers.

As part of the Global Core HR programme, a long-term initiative aiming to define a new HR operating model and service, and to set up centralised management of the Group’s digital identities, in 2024 the extension to the Group banks and companies in scope was completed, according to the roadmap defined.

As part of the digital transformation of the Legal Affairs – Group General Counsel structure, the LexGO Portal was activated for Local Legal Advisory services (available for the Banca dei Territori branches since February 2024 and for the IMI C&IB structures since June 2024) which the enabled branches and offices can use to manage requests for legal assistance in place of the traditional channels (telephone and e-mail) through: “self-advisory” features that the tool can provide on its own for the most simple cases; an interface between the Local Legal Advisory and the branch/offices to manage requests for opinions; and an advanced archive to fetch the information on previously handled requests.

In relation to the measures envisaged by the developments in the regulatory framework, the multi-year initiative aimed at improving the structure of anti-money laundering safeguards continued, reducing the Bank’s exposure to risks and aligning the Group’s Anti Financial Crime model to international best practices. The new centralised Competence Centre model for AML transactional monitoring was also adopted by the Italian companies of the Private Banking Division, and is being further extended to the international subsidiary banks. The application of new processes and instruments continued, according to a gradual approach, to support due diligence activities in cases of sales of additional types of products and types of customers.

Lastly, the required activities were launched to meet the requirements of the new European Digital Operational Resilience Act (DORA)[29], which was fully implemented in January 2025.

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[29] European regulation conceived to strengthen the digital operational resilience of all operators in the European financial sector, whose main goal is to guarantee that financial entities can adapt to and withstand unexpected events, maintaining an acceptable service level for the digital services needed by essential or important business functions.

Transformation and Innovation

As part of the 2022-2025 Business Plan, the Group has decided to accelerate the transformation process necessary to capture future opportunities and, to that end it has changed some key elements of its organisation. In 2024 within the Chief Governance, Operating & Transformation Officer Governance Area, it took place the activation of structures of the Chief Transformation & Organisation Officer Governance Area dedicated to governing transformation, organisation and innovation matters.

The measures included the activation of the Transformation structure as an important driver for the Group's evolution process and the extension of Innovation & Business Support Reengineering presidium to the areas of organisational innovation, with a focus on developing the value of customer centricity.

In this context, the Digital Process Transformation Programme continued to identify and activate measures to transform end-to-end processes, taking advantage of the opportunities offered by new technologies. During 2024, many important releases were made on the projects in scope, completing the digital transformations according to plan and confirming the expected efficiency benefits.

In the area of Digital Accessibility – in compliance with the relevant regulations – the remediation actions continued in 2024 (and in some cases were concluded) on several priority digital touchpoints (websites and apps) of the Group's Italy Scope. As part of the project, the remediation was also completed on the architectural components planned for designing digital touchpoints for customers, and a pilot initiative and a POC (Proof of Concept) were conducted to define the best remediation approach on non-web documents (ex. PDFs and other types of documents posted and available on websites and apps). In addition, several important process guides and internal documents were further fine-tuned to guarantee a framework of accessibility by design, and the content for Accessibility training pills was prepared for all personnel in the Group's Italy Scope, also holding various workshops to transfer know-how to specific professionals of several business units of the Group.

Cybersecurity & Business Continuity Management

As part of the goals of the 2022-2025 Business Plan, Intesa Sanpaolo recognises cybersecurity as a strategic priority, essential to protect company and customer information, as well as to consolidate the overall resilience of the national economic system. In this view, in 2024, the Chief Security Officer Governance Area was established. This structure organically integrates corporate & physical security with cybersecurity and business continuity. Through this reorganisation, Intesa Sanpaolo aims to have a single point of reference for managing security solutions, while ensuring clear resource governance, effective organisation of priorities, compliance with regulations and the adherence to the best international security standards.

The Group's cybersecurity model is formed by a Strategy and an Action Plan that includes initiatives targeted to strengthening the controls against cyber threats and fraud, effectively managing vulnerabilities, improving operating resilience, disseminating a culture of cybersecurity and constantly aligning with regulations, to guarantee compliance with the rules in force on cybersecurity and business continuity.

Specific attention was focused on upgrading technologies and cybersecurity processes, such as strengthening secure backup infrastructures, anti-fraud rules and defence systems against cyber attacks. In addition to these initiatives, aimed at protecting the Group's critical systems, contributing to preventing incidents with critical third parties and improving overall risk management, Intesa Sanpaolo further strengthened its partnerships, including strategic partnerships, with the authorities (e.g. National Cybersecurity Agency) and the main European institutions (e.g. European Banking Federation) to actively contribute to raising the levels of cybersecurity of the entire international financial sector.

In 2025, with the completion of the initiatives set out in the 2024 Action Plan, the Bank will continue building on the results achieved, further enhancing its security model in line with the strategic objectives of the 2022-2025 Business Plan. This process forms a key element in building a secure, resilient digital ecosystem, strengthening the confidence of the community and consolidating our competitive advantage.

GEOGRAPHICAL AREAS

(millions of euro)

	Italy	Europe	Rest of the World	Total
Operating income				
2024	20,463	5,485	1,159	27,107
2023	19,288	4,925	1,014	25,227
% change	6.1	11.4	14.3	7.5
Loans to customers				
31.12.2024	328,491	69,808	23,213	421,512
31.12.2023	344,529	65,604	20,360	430,493
% change	-4.7	6.4	14.0	-2.1
Direct deposits from banking business				
31.12.2024	492,322	83,270	8,916	584,508
31.12.2023	489,432	79,478	8,672	577,582
% change	0.6	4.8	2.8	1.2

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

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

With regard to the subdivision by geographical areas of operations, carried out with regard to the location of the entities comprising the Group, activities continued to be concentrated primarily in the Italian market. Italy accounted for 75% of revenues, 78% of loans to customers and 84% of direct deposits from banking business.
With regard to operating performance in 2024, loans to customers decreased in Italy, but grew in Europe and the rest of the world. Direct deposits from banking business, on the other hand, increased in all the geographical areas: Italy, Europe and Rest of the World.
For details on the Group’s presence in Italy and abroad, refer to the graphic representation at the beginning of this document (The Intesa Sanpaolo Group: presence in Italy - international presence).

Consolidated Sustainability Statement

Executive Summary

Recognised internationally, Intesa Sanpaolo Group's commitment to ESG matters is built on the awareness of the major impact its actions have on the environmental and social framework in which it pursues its business. Sustainability is incorporated in all its dimensions into business strategies and in our model for creating sustainable value for all our stakeholders, in which performance and financial outcomes are strictly tied to the welfare of the Group's people, our customers, and the communities and local areas where we operate.

The introduction in the European Union of the new Corporate Sustainability Reporting Directive marks a giant leap forward on previous reporting models, allowing the extent to which the Group's commitments are incorporated into business strategies to be appreciated in terms of real outcomes. This Consolidated Sustainability Statement is our first disclosure based on the new directive. Replacing what was the consolidated non-financial statement, it has been included with the financial statements in the annual report, in a specific section of the Report on operations, to stress how sustainability is a fundamental and inseparable aspect of company performance, on par with our financials. The Statement is organised according to the specific topical standards outlined by the European Sustainability Reporting Standards (ESRS), which cover the three ESG dimensions of sustainability and provide a common, standardised framework to ensure the comparability and quality of disclosures.

The Group's commitment to ESG matters is underpinned by an expanded ESG governance system, which led to the transformation of the Risks Committee into the Risks and Sustainability Committee and the appointment of a Chief Sustainability Officer, with the creation of a relative governance area to steer Group sustainability strategies. In support of ESG efforts, in 2024 the ESG Control Room was expanded and tasked with strategically supporting the Steering Committee.

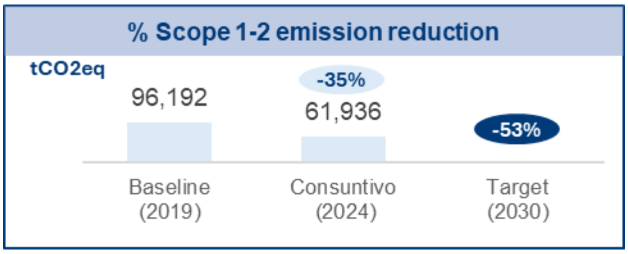
Finally, the Group places central importance on ESG perspectives in the incentive system through a dedicated KPI. Specifically, the ESG component is central in the variable remuneration of the Managing Director and CEO, making up 15% of the annual incentive system. Similarly, the Performance Share Plan (PSP) includes a composite ESG KPI that scales the accrued bonus according to three key components: 40% Environmental, 40% Social and 20% Governance.

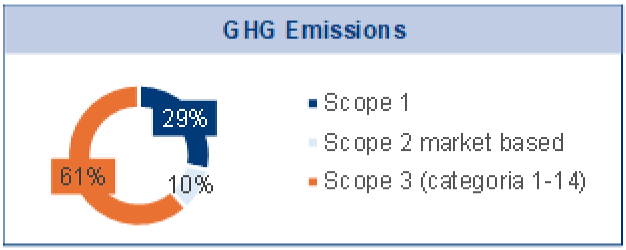
The identification of the sustainability topics most relevant to the Group, which form the framework of the Consolidated Sustainability Statement, was based on a double materiality assessment, which looks at the Group's impacts on the environment and society, on the one hand, and the risks and opportunities tied to sustainability topics that can affect its financial performance, on the other. The impacts, risks and opportunities considered cover the full length of the value chain. The specific policies, actions, targets and metrics adopted for their management and monitoring are outlined below.

E–Environmental

Climate Change

The Group pursues its ongoing commitment to furthering the transition toward a sustainable economy by setting concrete and ambitious emission reduction targets.
Within the scope of its own operations, the Group has set an Own Emissions Plan that aims to reduce scope 1 and 2 emissions by 53% by 2030, with respect to 2019 levels. At the end of 2024, emissions had fallen by as much as 35%. To achieve that target, the Group aims to purchase 100% renewable electricity by 2030. At the end of 2024, the percentage was 93%. Other decarbonisation levers identified include: (i) further actions to reduce both energy consumption and the fossil fuel dependency of Group buildings (such as the installation of heat pumps, photovoltaic panels and energy management and monitoring systems) and (ii) the transition to electric and hybrid vehicles in the company fleet, with the installation of recharging stations.





In relation to financed emissions, the Group is working towards a net-zero goal by 2050, with intermediate portfolio emission targets set for 2030 focusing on the biggest emission sectors (oil & gas, automotive, power generation, residential real estate, commercial real estate, agriculture – primary farming, aluminium, cement, iron & steel and coal mining, with the full phase-out of the latter by 2025). In addition, the Group followed up on the net-zero commitment outlined in the 2022–2025 Business Plan and submitted its targets to the SBTi in 2024, obtaining validation in January 2025.
The Group's "Sectoral Transition Plan" outlines for each sector the strategic actions to be implemented to achieve the targets set. Those actions include:

– the development of dedicated finance for initiatives that help reduce carbon emissions (such as loans for renewable energy, sustainable agriculture, electric mobility, carbon storage technology and green hydrogen);

- the consolidation of the commercial proposition for the Real Estate sector with products (such as Green–Mutuo Domus and Orizzonte Impresa–Transizione Energetica) for the purchase, construction or renovation of properties with a high energy performance or to improve the energy rating of buildings. The Group has set itself the target of providing 12 billion euro of Green Mortgages over the horizon of the business plan, for the development of high energy-efficiency real estate and for energy improvements to existing properties. Since 2022, 9 billion euro of Green Mortgages have been provided, of which 4.1 billion euro in 2024 alone;
- the creation of sustainability-linked loans, offering incentives for the delivery of decarbonisation objectives;
- the promotion of advisory services to assist customers in reducing their emissions and developing tailored decarbonisation strategies.

The Group has also adopted "ESG Risk Governance Guidelines" outlining a risk governance model based on materiality assessments of ESG factors in relation to the various risk categories (credit risk, market risk, operational risk, liquidity risk and reputational risk) and their incorporation into the various risk management areas.
With regard to lending operations, ongoing controls are in place for high emission-intensity sectors, with specific rules for lending to the oil & gas and coal sectors (with a phase-out deadline of 2025 for non-conventional oil & gas resources and coal mining).
The Group has set out an ESG/Climate Credit Framework for lending processes, organised on three levels:
- by sector, with an "ESG Sectoral Strategy – colour coding" scheme that takes into consideration risks and opportunities and creates a sectoral "heatmap" to identify the attractiveness of sectors and relative credit strategy;
- by counterparty, with the introduction of ESG scoring at the counterparty level, incorporated into credit strategies and the credit risk appetite (CRA);
- by transaction, involving an internal framework for classifying sustainable lending transactions and products.

The attention focused on climate change extends throughout the supply chain, with strict screening and monitoring criteria adopted by the Group, based on ESG principles. In 2024, the completion of an ESG questionnaire, aimed at mapping the sustainability profiles of suppliers on the environmental and social dimensions and setting improvement plans, became mandatory for suppliers to bid for contracts through the Group Supplier Portal. The Group's objective is to complete the ESG mapping of all active suppliers by the end of 2025. At the end of 2024, 86% progress had been made in the activity.

Pollution, Biodiversity and the Circular Economy

Alongside climate change, the Group is similarly devoting great effort to other material environmental topics, such as pollution, biodiversity and the circular economy.

In 2024, the Group prepared "Rules on Biodiversity and Nature", which were adopted in January 2025. The rules outline the approach to biodiversity and nature issues in relation to lending activities, wealth management & protection and direct impacts.
Applicable to all the Group, the rules also set out exclusion, heightened assessment and risk monitoring criteria for lending to new projects and counterparties. The exclusion criteria consider the location of projects and counterparties, their industry sector and certain categories of projects with a potentially negative impact on diversity and pollution. The rules additionally set out criteria for new lending, with the aim of promoting and protecting biodiversity and nature.

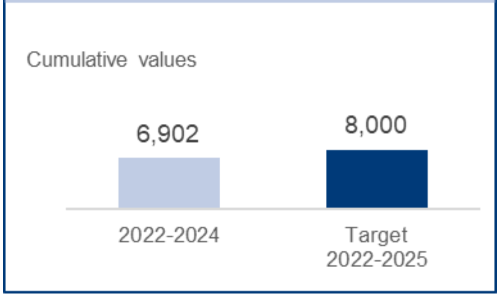
The ESG score incorporated into the credit framework, and used by the Group to assess the ESG profile of corporate customers, similarly considers components relating to biodiversity, natural resources and pollution.
The Group offers various financing solutions to support enterprises in their ecological transition, such as "S-Loan Progetti Green" and loans backed by SACE Green guarantees.

Finally, Intesa Sanpaolo Group continues to promote the circular economy with the Ellen MacArthur Foundation, as Strategic Partner since 2015, and with the contribution of the Intesa Sanpaolo Innovation Center (ISPIC), the Group's innovation pioneer and competence centre for the circular economy. More specifically, the Group has incorporated principles into lending process that promote circular business models, earmarking 8 billion euro in support of the circular economy, in line with the green and circular economy criteria of the internal framework.

S–Social

Own Workforce

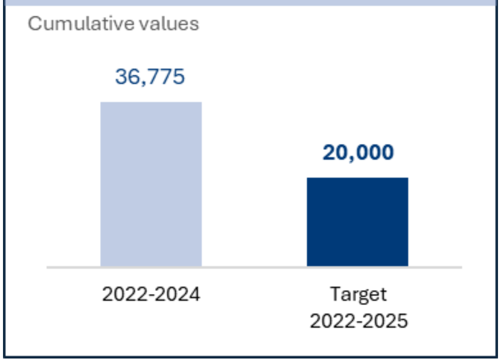
One of the overriding goals of the Group is to invest in its people and ensure their constant growth and satisfaction. That includes promoting their protection and development, respect for human rights and diversity and inclusion, to create a unique pool of skills and abilities able to support the Bank's future growth.
In this respect, the Group strives to promote respect for human rights and foster a corporate culture based on respect for the person and individual dignity by safeguarding the rights of employees, combating any direct or indirect form of forced or child labour and protecting the physical and moral integrity of all Group people.



No. of people involved in upskilling/reskilling programmes

The Group has adopted targeted policies to ensure the protection and development of its human capital. One example is the roll-out of a training plan for the upskilling and reskilling of people to enhance their key contribution to high value-added strategic activities, as envisaged by the 2022–2025 Business Plan. At the end of 2024, 6,902 people had been reached by programmes focused on digital skills, change management and sustainability.

The Group focuses special attention on diversity and inclusion issues, as set out in the Diversity, Equity and Inclusion (DE&I) Principles approved by the Board. One of the targets set by the 2022–2025 Business Plan for the Group is to achieve a gender balance (approx. 50% men and 50% women) in new appointments to senior positions – first and second reports to the CEO, with progress toward that goal monitored by the DE&I Control Room on a quarterly basis. On the basis of the organisational structure in place as at 31 December 2024, over the period 2022–2024 25 appointments were male and 25 appointments were female.
The development of female talent is encouraged through job rotation plans, shadowing programmes, training and female empowerment. Efforts also focus on disabilities, with the accessibility of IT systems guaranteed and awareness-raising promoted through training initiatives.
Finally, cooperation has been stepped up with ISPROUD, the first community bringing together LGBTQ+ people and allies in the Group.



No. of people in "job communities"

Training and people development are a fundamental pillar in which the Group continues to invest, with a view to creating a unique pool of skills and abilities matched to future challenges. In this regard, the Group has further expanded delivery of mandatory training, with methods and user criteria governed by internal rules. All employees are required to complete mandatory training, so as to ensure the proper performance of their tasks, full knowledge of company procedures and processes and compliance with the requirements of supervisory authorities.

To support the development of a comprehensive approach to growing and enhancing the professional contribution people make, job communities have been created, grouping together professionals with like interests, skills and learning paths.
While the target set in the 2022–2025 Business Plan was to involve a total of 20,000 people in the initiative by December 2025, that goal was surpassed in 2024 with 36,775 people reached.

Another initiative through which the Group is working towards its objectives is the "Future Leaders" programme, which aims to develop a new generation of managers and leaders with a broad perspective and international mindset through personalised training paths. With a target of 1,000 people to be engaged in the programme over the horizon of the 2022–2025 Business Plan, to date 975 people have already been reached.

Growing importance continues to be attached to the health, safety and welfare of people. The Group has stepped up its monitoring of workplace safety and runs a health surveillance programme covering around 50,000 people. A counselling service is also available 24/7 for all Group people in Italy and abroad.

Finally, to promote and protect the welfare of Group people, a series of initiatives has been activated to improve the work-life balance of people. Examples include the adoption of a company welfare plan and new working arrangements, such as the "Next Way of Working" project, the short working week, initiatives in support of parenting responsibilities and the "Time Bank".

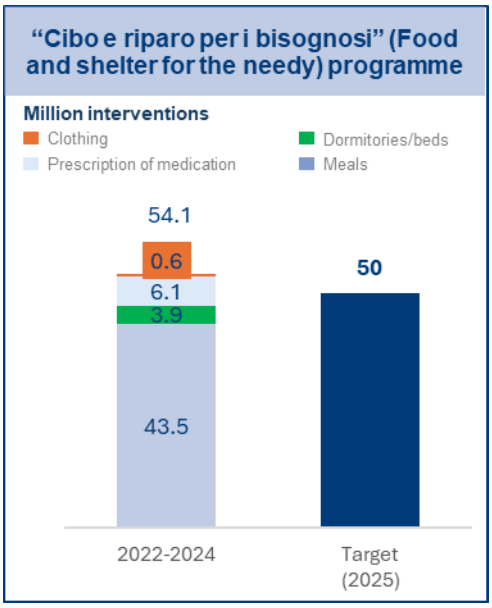
No. of people enrolled in talent management programmes (Leaders of the Future)

Workers in the Value Chain

In line with Group principles, an ESG assessment system has been introduced to check that suppliers respect workers' rights and ensure safe working conditions, as well as their compliance with Group policies. Those policies include the Code of Ethics, the Group's Internal Code of Conduct, Anti-corruption Guidelines, the Diversity, Equity and Inclusion Principles, the Organisational, Management and Control Model in accordance with Legislative Decree 231/2001 and the General Conditions of Supply. Acknowledgement of the policies is an essential requirement for all suppliers registered on the Group Supplier Portal.

The Group additionally considers the ESG risks associated with the businesses of corporate customers, through the incorporation of ESG criteria in the loan approval process. The general exclusion criteria set forth in the ESG Risk Governance Guidelines excludes Group lending to companies and projects that may have an adverse material impact on society (such as companies that make use of forced or child labour).

Affected communities



The Group places great importance on projects that promote growth and social, educational, cultural and civic inclusion in the communities where it operates. The Group has a deep-rooted and active history of support for disadvantaged groups of people, young people, local communities and areas, and the promotion of Italy's artistic and cultural heritage. It is a commitment reflected also in the creation of the governance area of the Chief Social Impact Officer.

One initiative of particular importance adopted under the Social Action Plan is the "Food and shelter for the needy" programme. As the biggest plan ever to be activated by a private entity in Italy, it involves the widespread distribution of food, beds, medicines and clothing to people in need throughout national territory.
To do that, a variety of profit and non-profit partners have been engaged to reach as many beneficiaries as possible.
Overall, since the start of the Business Plan, the Group the Group has carried out 54.1 million interventions, of which 17.3 million interventions in 2024 alone.

A series of additional initiatives are in place to support people living in fragile socio-economic situations and foster greater social cohesion (such as social housing for students and families) and to promote the training and employment of people in vulnerable social or economic circumstances (such Youth & Work).

The Charity Allowance similarly works towards the social objectives set out in the Business Plan, providing support for people in fragile situations. In 2024, it provided around 23 million euro in funding for 814 projects pursued by non-profit organisations.
Finally, with a view to promoting art and culture in the local areas where it operates, the Group runs a "Culture Project" involving initiatives developed with public and private players and institutions for the promotion of artistic heritage.

Consumers and End-Users

The Group places a special focus on customer satisfaction and the promotion of responsible sales practices, adopting a strategy that combines service quality, transparency and continuous listening to consumers. One of the main tools used to gauge customer satisfaction levels is the Net Promoter Score (NPS), which measures the likelihood of customers recommending the Bank's products and services. In 2024, the NPS was based on more than 657,000 surveys.
In line with its goal of delivering a high quality of service, the Group has adopted specific guidelines for the management of customer complaints, ensuring a structured and transparent process that complies with regulations in force.

At the same time, the group has shored up its capacity to prevent and respond to cyber-attacks, reflecting a constant commitment to data protection, customer security and compliance with the General Data Protection Regulation (GDPR). Specifically, advanced machine learning and data analytics solutions have been implemented for the detection and proactive mitigation of threats, with mandatory training provided on data protection awareness.
Another measure to ensure operational security and resilience in 2024 was the creation of the governance area of the Chief Security Officer (CSeO), responsible for cybersecurity, business continuity and physical security. The new area ensures a strategic and integrated vision of protection for the Group by setting advanced operational policies and models to effectively address emerging challenges in the area of cybersecurity and business resilience.

In 2024, 271 data breaches occurred involving the loss or theft of data relating to Group customers. Assessments found no risk to the rights and freedoms of the data subjects in 252 of those cases, for which there was no need to notify data protection authorities. For the remaining 19 cases, notifications were made on a necessary or prudent basis to the Italian Data protection Authority or the relevant country authority.

The protection of consumer health and safety is another fundamental pillar of the sustainability strategy. Accordingly, the Group has joined with the Italian Banking Association and OSSIF under a memorandum of understanding for the prevention of bank crime, to protect banking institutions and their customers from crimes such financial fraud and robbery.

The Group also works extensively to support and further the social inclusion of vulnerable groups in the population, through actions aimed to expand fair access to financial services and support the economic fabric.
In this regard, a wide range of products has been developed, featuring solutions of great social impact. They include:
- Mutuo Giovani;
- Gamma Impact (in particular, "Per Merito" and "mamma@work");
- Business Gemma loans and microcredit;
- Personal loans and anti-usury mortgage loans;
- Credit for Community Development (CRE.S.Co).

Finally, ESG Workshops continued to be organised, providing a physical and virtual space in support of SMEs in their sustainable transition. The total number of workshops organised rose to 16 in 2024, surpassing the original target of 12 workshops by 2025.

G–Governance

Business conduct in the Group is underpinned by a sound governance system built on the principles of integrity, transparency and accountability. These values are formally enshrined in the Code of Ethics, which provides the fundamental framework for steering the strategies and conduct of people in the Group.

In line with the best international standards (such as the UN Global Compact), a cardinal principle of the Group is zero tolerance of corruption, as formalised in the Anti-corruption Guidelines and incorporated into the Organisational, Management and Control Model adopted in accordance with Legislative Decree 231/2001.

Another guarantee of transparency and accountability is the Group's whistleblowing system. Active 24/7, it ensures the confidentiality of reports and the protection of whistleblowers against any form of retaliation. The Chief Audit Officer is responsible for the management of the process. The attention focused on transparency extends throughout the supply chain, with strict screening and monitoring criteria adopted by the Group, based on ESG principles.

The Group also stands out for the transparent management of its dealings with institutions and responsible approach to advocacy. The funding of political parties is prohibited.

General disclosures

ESRS 2 – General disclosures

Basis for preparation and methodology

Reporting standards

This Sustainability Statement (the “Statement”) has been prepared on a consolidated basis by the Intesa Sanpaolo Group (the “Group” or the “ISP Group”) pursuant to Legislative Decree no. 125 of 6 September 2024 which implements Directive 2022/2464/EU on corporate sustainability reporting in national law, and in accordance with the European Sustainability Reporting Standards (the “ESRS”), referred to in Delegated Regulation (EU) 2023/2772. The Manager responsible for preparing the Company’s financial reports, in collaboration with the Managing Director and CEO, certifies, with a specific report, that the Sustainability Statement included in the Report on operations has been prepared:

- in accordance with the above-mentioned reporting standards and Legislative Decree no. 125/2024;
- the specifications adopted pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

The 2024 Consolidated Sustainability Statement is subject to a limited assurance engagement by the independent auditors EY S.p.A., which also carry out the statutory audit of the financial statements. In their report, the independent auditors express their conclusion as to the compliance with:

- the reporting standards adopted by the European Commission in accordance with Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also “ESRS”);
- Article 8 of Regulation (EU) No. 852 of 18 June 2020 (hereinafter also referred to as the “Taxonomy Regulation”) of the information contained in the section “Reporting pursuant to the EU Taxonomy (Regulation (EU) 2020/852)” of the Consolidated Sustainability Statement 2024.

Reporting boundary

The consolidated financial statements are the basis of the 2024 Sustainability Statement. In the first year of application of the above-mentioned regulatory framework, the Group adopted an approach which assesses the significance of each subsidiary for the purposes of complete and representative disclosure, also based on the effort to retrieve information and the significance of the impact in terms of disclosure resulting from its inclusion.

Therefore, an analysis was conducted in order to identify the significance of the social and environmental impacts and risks of each entity, considering, in particular, the following variables:

- the type of business carried out by the companies;
- the number of full-time equivalent employees (FTE).

The analysis showed that 62 companies account for 99% of total assets and full-time equivalent employees of the ISP Group.

Given the limited significance of the subsidiaries not included in the 2024 Sustainability Statement, the reporting boundary is deemed adequate to ensure the provision of the information necessary to understand the Group's impact on sustainability matters, as well as how it affects the Group's performance, results and financial position.
The possible extension of the reporting boundary to other subsidiaries will be assessed annually in line with the evolution of the business and the profile of the risks to which the Group is exposed.

The subsidiaries making up the reporting boundary of the Consolidated Sustainability Statement are listed below.

Reporting boundary of the Consolidated Sustainability Statement at 31 December 2024	
Acantus S.p.A.	Intesa Sanpaolo Harbourmaster III S.A.
Banca Comerciala Eximbank S.A.	Intesa Sanpaolo House Luxembourg S.A.
Banca Intesa AD Beograd	Intesa Sanpaolo IMI Securities Corporation
Bank of Alexandria S.A.E.	Intesa Sanpaolo Innovation Center S.c.p.a.
Banka Intesa Sanpaolo D.D.	Intesa Sanpaolo Insurance Agency S.p.A.
CIB Bank Ltd.	Intesa Sanpaolo International Value Services D.O.O.
CIB Insurance Broker Ltd.	Intesa Sanpaolo Private Banking S.p.A.
CIB Leasing Group Ltd.	Intesa Sanpaolo Protezione S.p.A.
Epsilon SGR S.p.A.	Intesa Sanpaolo Rent Foryou S.p.A.
Eurizon Asset Management Croatia D.O.O.	Intesa Sanpaolo Romania S.A. Commercial Bank
Eurizon Asset Management Hungary Ltd.	Intesa Sanpaolo S.p.A.
Eurizon Asset Management Slovakia, správ.spol. A.S.	Intesa Sanpaolo Servitia S.A.
Eurizon Capital Real Asset SGR S.p.A.	Intesa Sanpaolo Wealth Management S.A.
Eurizon Capital S.A.	Isybank S.p.A.
Eurizon Capital SGR S.p.A.	Joint-Stock Company Banca Intesa
Exetra S.p.A.	Joint-Stock Company Intesa Leasing
Fideuram - Intesa Sanpaolo Private Banking S.p.A.	Pbz Card D.O.O.
Fideuram Asset Management (Ireland) DAC	Pbz Leasing D.O.O.
Fideuram Asset Management SGR S.p.A.	Porta Nuova Gioia
Fideuram Vita S.p.A.	Pravex Bank Joint-Stock Company
First Bank S.A.	Prestitalia S.p.A.
IMMIT - Immobili Italiani S.r.l.	Private Equity International S.A.
Immobiliare Cascina Rubina S.r.l.	Privredna Banka Zagreb D.D.
Insalute Servizi S.p.A.	REYL & Cie S.A.
Intesa Leasing D.O.O. Beograd	Reyl Finance (MEA) Ltd.
Intesa Sanpaolo Albania SH.A.	Risanamento S.p.A.
Intesa Sanpaolo Assicurazioni S.p.A.	SIREF Fiduciaria S.p.A.
Intesa Sanpaolo Bank Ireland Plc.	Eurizon Slj Capital Ltd.
Intesa Sanpaolo Bank Luxembourg S.A.	Vseobecna Uverova Banka A.S.
Intesa Sanpaolo Banka D.D. Bosna I Hercegovina	VUB Generali Dochodkova Spravcovska Spolocnost A.S.
Intesa Sanpaolo Brasil S.A. - Banco Multiplo	VUB Operating Leasing

Pursuant to Article 7 of Legislative Decree no. 125/2024, governing the rules of exemption form the preparation of individual sustainability statements, it is noted that the subsidiaries Intesa Sanpaolo Assicurazioni S.p.A. and Vseobecna Uverova Banka A.S. (both issuers of publicly traded securities) are required to prepare sub-consolidated sustainability statement as they do not meet the exemption criteria.

Reporting boundary

The Consolidated Sustainability Statement covers the following three macro-areas:
- Own operations;
- Upstream value chain, i.e. all Group's operating processes relating to the supply chain and the adopted procurement practices. The disclosure about the upstream value chain focuses, in particular, on risk management methods, including the reputational risks related to suppliers without control tools over sustainability matters[30];
- Downstream value chain, i.e. all the Group's business processes and their supporting processes, including business relationships. The disclosure about the downstream value chain focuses, in particular, on impact management methods and the risks associated with undertakings including financing and investment portfolios which may contribute negatively to sustainability matters due to their business sector or country[31].

Reporting on own operations includes policies, actions, goals and metrics related to sustainability matters which are deemed relevant to the outcomes of the Group's double materiality assessment, including organisation-specific disclosures.
In addition to the disclosure requirements of the ESRS for each topic, the ISP Group has identified entity-specific information, i.e. areas that are not comprehensively covered by the ESRS, but that need specific reporting in order to complete the description of the Group's sustainability impacts, risks and opportunities provided to all stakeholders. Entity-specific disclosure was identified and prepared in accordance with the principles set out in Appendix A to ESRS 1. It is included in the "Content index" section of this statement, in the final part of the Consolidated Sustainability Statement.

[30] For additional information, reference should be made to the "Double materiality assessment" section and the chapters covering specific sustainability matters.
[31] For additional information, reference should be made to the "Double materiality assessment" section and the chapters covering specific sustainability matters.

With respect to the Value chain, the disclosure provided in this Consolidated Sustainability Statement includes both qualitative information about the Group's policies, actions and targets to manage and monitor material sustainability matters for the upstream and downstream value chain, and quantitative information about greenhouse gas emissions ("GHG emissions[32]") and portfolio entity-specific metrics (downstream value chain).
Based on ESRS 1 transitional provisions, the Group opted not to apply the disclosure requirements that are being gradually introduced and that may be omitted in the first year of reporting pursuant to the ESRS.
In accordance with said transitional provisions, the Group disclosed information on the policies, actions and targets of its Value chain, using information already available in-house or publicly available information.

No information on intellectual property, know-how or classified as sensitive was omitted.

Time horizons

The Consolidated Sustainability Statement includes forward-looking information for which the Group decided to adopt a time horizon that is in line with that envisaged by other disclosure requirements, such as Pillar 3 or management disclosure. A five-year time horizon qualifies as medium term[33] and a time horizon ranging between five and 25 years qualifies as long term[34]. The definition of medium-term time horizon is in line with the Business Plan, while that of long-term time horizon matches the commitments arising from the Group's decision to adopt the 2050 Net Zero climate goals.

Use of estimates

Value chain

In preparing the Consolidated Sustainability Statement, the Intesa Sanpaolo Group used estimates and indirect sources to disclose the metrics of ESRS E1 – Climate change relating to:
- Scope 3 indirect greenhouse gas emissions[35] (disclosure requirement E1-6 related to the upstream and downstream Value chain). Scope 3 GHG emissions include the indirect greenhouse gas emissions generated along the undertaking's value chain, arising from indirectly held or controlled activities (e.g., waste disposal by third-party companies);
- the quantification of physical risk on portfolio exposure (disclosure requirement E1-9 on the Downstream value chain)[36].

The Group's ability to obtain the necessary upstream and downstream Value chain information may vary depending on various factors, such as the undertaking's contractual arrangements, the level of control that it exercises on the operations outside the consolidation scope and its buying power. Obtaining Value chain information could also be challenging in the case of counterparties that are not in the scope of the sustainability reporting required from time to time.
In accordance with ESRS 1, the ISP Group made every reasonable effort to collect the quantitative information concerning the Value chain. Where it was not possible to gather information about greenhouse gas emissions directly from actors in the Value chain, the Group's estimations were based on the information arising from sector-average data and other proxies.

The data sources and estimation methods used to calculate proxy values reflect the variety of cases and the counterparties involved. Generally speaking, the preparation of the above estimations is based on two main reference frameworks, i.e.:
- the GHG Protocol to calculate Scope 3 emissions on the upstream and downstream Value chain;
- the PCAF[37] to calculate Scope 3 emissions of the only category relating to financed emissions.

The method for estimating Scope 3 emissions from the Italian Banking Association's Sector guidelines were also considered.
Using nationally and internationally recognised calculation standards, as well as sector-specific approaches, limits the risk of data inaccuracy.

Finally, the Group constantly considers the possibility of increasing data accuracy, by directly engaging counterparties (companies in portfolio and suppliers) and via data providers specialised in the collection of third-party environmental data.
For additional information about calculation methodologies, estimations and the percentage share of Scope 3 emissions calculated on the basis of the official figures directly provided by the counterparty, reference should be made to the Metrics on greenhouse gas emissions section in ESRS E1 – Climate change.

The methodology used to quantify the physical risk on portfolio exposures is currently being developed within the Group and at sector level. Specifically, in order to identify the exposures subject to the climate change physical risk, the Group uses an external tool to map and measure the risks for each individual property by:
- mapping physical risks using long-term climate scenarios and subsequently allocating the climatological forecasts to high granularity grids with the calculation of hazard-specific indicators;
- calculating a high granularity synthetic physical risk indicator (SPRI) for each location based on the geo-localisation of offices and production sites for companies in portfolio, and of the building for properties provided as collateral, identifying and subsequently allocating the associated risk level. Following the assignment of the SPRI, the decision whether or not an exposure is subject to physical risk weather events is based on two criteria: maturity of the exposure and evolution of the severity of the estimated physical risk indicator.

[32] Greenhouse gas emissions.
[33] Section 6.4 of ESRS 1 defines the medium-term time horizon from the end of the reporting period up to five years.
[34] Section 6.4 of ESRS 1 defines the long-term time horizon as more than five years.
[35] For additional information about Scope 3 emissions, reference should be made to the Metrics on greenhouse gas emissions section in E1 – Climate change.
[36] The Group applies the transitional provisions that provide for the gradual implementation of the E1-9 disclosure requirement. In this statement, it only covers equivalent information, also presented in Pillar 3 disclosure.
[37] Partnership for Carbon Accounting Financials.

Own operations

The Intesa Sanpaolo Group used estimations also to calculate other metrics, such as E1-5 (energy consumption), E1-8 (portion of emissions covered by internal carbon pricing) and S1-14 (work-related accidents). For additional information about the calculation methodologies and the estimations made, reference should be made to the Metrics on energy consumption and the Metrics on greenhouse gas emissions section of ESRS E1 – Climate change and to the Metrics related to health and safety section of ESRS S1 – Own workforce.

Finally, no metrics were subject to assurance processes in addition to those carried out by the independent auditors on the Consolidated Sustainability Statement.

Comparative information

The Consolidated Sustainability Statement of the Intesa Sanpaolo Group is the first report drawn up in accordance with the ESRS, instead of the previous Consolidated Non-financial Statement prepared under the Global Reporting Initiative (GRI) standards. Consequently, the quantitative disclosure about metrics covers 2024 only as the Group opted to apply the ESRS transitional provisions (ESRS 1, par. 136).

Incorporation by reference

In 2024, the Group did not avail of the incorporation by reference option.

Statement on due diligence

The Intesa Sanpaolo Group identified due diligence processes that enable the identification and management of the negative impacts arising from own operations or from the upstream and downstream value chain. The due diligence actions carried out by the Group are embedded in the strategy and the current business model. After identifying negative impacts, the Group assesses and takes the actions necessary to manage and contain these impacts, including through its products and business relationships.
The following table shows the core elements of due diligence that are reflected in this Statement:

Core elements of due diligence	Sections of the Consolidated Sustainability Statement
Embedding due diligence in governance, strategy and business model	General disclosures: Strategy, business model and value chain General disclosures: Governance structure General disclosures: Double materiality assessment
Engaging with affected stakeholders in all key steps of the due diligence	General disclosures: Double materiality assessment
Identifying and assessing adverse impacts	General disclosures: Double materiality assessment Materiality process on impacts, risks and opportunities: E1 / E2 / E4 / E5 / S2 / S3 / G1
Taking actions to address those adverse impacts	E1 Climate change: Strategy to combat climate change at portfolio level E2 Pollution: Policies, targets and actions at portfolio level E4 Biodiversity and ecosystems: Policies, targets and actions at portfolio level E5 Resource use and circular economy: Policies, targets and actions at portfolio level S2 Workers in the value chain: Manage sustainability matters related to workers of portfolio companies S3 Affected communities: Affected communities by the undertakings included in the Group's portfolios G1 Business conduct: Policies, targets and actions related to business conduct
Tracking the effectiveness of these efforts and communicating	E1 Climate change: Strategy to combat climate change at portfolio level

With respect to ESRS E1 - Climate change, monitoring the identified negative impacts depends on the definition of specific targets at portfolio level. For the other matters whose impacts were identified and assessed in the downstream Value chain, the Group has not yet adopted measurable quantitative targets. However, through the policies and actions adopted, as described in the following chapters of this Statement, it has control tools that enable it to manage material impacts.

Strategy, business model and value chain

Strategy

The Intesa Sanpaolo Group's business model combines the generation of sustainable revenues focused on increasing fee and commission and revenues from services, high efficiency and a low risk profile. This configures a distinctive and diversified business model, both with respect to the business areas in which the Group operates and internationally. This model shows the Group as a wealth management and protection company, with a leading role in Italy and Europe.

The integration between product factories, covering portfolio management scheme, life and non-life insurance, and the Group's commercial networks, which ensure high synergies in terms of profitability and greater effectiveness and flexibility in defining the commercial offering, is another mainstay of the business model.

Furthermore, the strategy is based on the awareness that People are the Group's main resource and the enabling factor for its future success. At 31 December 2024, the Group's workforce numbered 93,539 people, of whom 71,174 based in Italy and the remaining 22,365 based abroad, with a significant share in Central/Eastern Europe. People's ongoing enhancement, growth and satisfaction are the fundamental objectives to be pursued by investing in talent, in order to create a single ecosystem of competencies that are appropriate to the evolution of the Group, in which employees are its key actors. The collection of ideas and suggestions from approximately 58,000 employees as part of the definition of the 2022-2025 Business Plan confirms the importance of people, as well as the identification of the key value pillars of the corporate mission.

The 2022-2025 Business Plan is based on a series of strategic initiatives grouped into four main action areas (the "pillars" of the Plan), which are pursued in accordance with the principles of integrity in corporate conduct and human rights along the entire value chain:

- structural risk reduction strategy - already launched with success in the previous Business Plan - positioning the Group among the best in Europe in terms of NPL ratios and stock (a Zero-NPL bank) and generating a sharp drop in the cost of risk;
- structural cost reduction, driven by technological innovation and various strategic initiatives aimed at improving operational efficiency, including the creation of the Isybank digital bank;
- increase in fee and commission by strengthening the Group's leadership in Wealth Management, Protection and Advisory through highly customised products and services, leveraging proprietary product factories, the international network, highly qualified specialists and dedicated technology tools and platforms;
- significant ESG commitment, with a worldwide leadership position in social impact and a strong focus on climate, reducing own emissions and supporting the energy transition in order to balance environmental and social needs.

The Intesa Sanpaolo Group's strategy is closely linked to sustainability matters as part of the fourth pillar, which is focused on ESG issues and whose specific objectives are discussed in the chapters covering the various standards. In this respect, the Group focuses on the following key topics:

- support to address social needs: donations and in-kind contributions, promotion of educational inclusion and youth employability, development of locally supported infrastructure and services, development of social housing for youth in Italy, and care facilities for the elderly;
- financial inclusion: contribution and credit access opportunities through the development of products dedicated to the most vulnerable social categories and contributing to the ability of customers to meet their primary needs;
- commitment to culture: promotion and development of culture (e.g. Gallerie d'Italia and Progetto Cultura activities that manage the Bank's art assets and archive collections) to promote the local area and share Italy's artistic and cultural heritage with institutions and citizens;
- promote innovation: target actions taken within the Group and with the support of companies as part of acceleration and innovation projects and the activities promoted by Intesa Sanpaolo Innovation Center (ISPIC)[38];
- accelerate on commitment to Net-Zero: pursue the Group's climate strategy in both own operations and the portfolios held. This strategy translates into the promotion of energy efficiency, the use of renewable energy within the organisation and participation in Net-Zero alliances, concurrently committing to reducing financed emissions for the main critical sectors;
- supporting customers in ESG/climate transition: disbursement of loans and financing for the sustainable transition to individuals and undertakings, enhancement of ESG proposition in Asset management and Insurance and customer assessment based on Intesa Sanpaolo proprietary ESG scoring.

The Group's commitment to sustainability goals is strengthened with its offering of products and services, thanks in part to the participation of all major business lines in their respective Net-Zero initiatives, in order to reduce emissions in the credit, investment and insurance segments.
Therefore, support to the ecological transition covers all types of customers:

- in the Retail customers and SMEs/Corporates sector, by offering sustainable lending;
- in the Asset Management sector, via sustainability-conscious investments;
- in the development of dedicated ESG advisory services for Fideuram;
- in the insurance sector, by offering ESG schemes for both the life and the non-life business.

With respect to Retail customers, mortgages and loans aimed at financing the redevelopment of the existing real estate assets (green mortgages) play a particularly important role in achieving the goals identified in the Business Plan. Again with respect to the disbursement of green loans, the 2022-2025 Plan also focuses on circular economy and supports undertakings with the dissemination and funding of this model, including in collaboration with the Ellen MacArthur Foundation.

Supporting financial inclusion through social lending engages categories of vulnerable undertakings and groups of people who may not have access to credit through traditional financial channels, such as, university students, working mothers, families affected by natural disasters, individuals or small businesses in difficulty and exposed to the risk of usury. To these categories, the Group offers a wide range of financial products and services that are constantly evolving, also thanks to market research and feedback received from customers, adapting the offering to their needs and preferences. The non-profit sector is a particular class of customers which is the target of specific offers, including, inter alia, a programme based on a crowdfunding platform. Services targeting the more disadvantaged customers are also provided by the Group's international subsidiary banks (part of the "International Banks Division" or "IBD"), via specific local initiatives.

Finally, the goals of the 2022-2025 Business Plan related to ESG topics and sustainability matters are closely related to some UN Agenda 2030 Sustainable Development Goals (SDGs). Reference should be made to the relevant report for additional information on the ISP Group's contribution to the SDGs.

[38] ISPIC is the Group company that explores future scenarios and trends, develops multidisciplinary applied research projects, supports start-ups, accelerates the business transformation of companies according to the criteria of open innovation and the circular economy, promotes the development of innovative ecosystems and spreads the culture of innovation, to make the Intesa Sanpaolo Group the driving force of a more aware, inclusive and sustainable economy

Business model

The Group's activities contribute to the creation of value for its customers and include the main processes underlying the provision of banking and financial services:

- management of financial resources: this includes managing the financial resources from external sources, such as customer deposits, funds raised on the financial markets and capital management. As a banking group, the Group manages these resources with the aim of maintaining adequate levels of liquidity and capital;
- provision of financial services: this includes all banking transactions such as, for example, opening and managing current accounts, disbursing loans and mortgages, providing financial advisory activities, private banking services, managing the portfolios of retail and institutional customers and business services;
- manage the distribution of services: this includes managing the distribution channels of financial services which include physical branches, online banking and mobile banking services and automated services, such as ATM branches. The Group is strongly committed to promoting digitalisation in order to increase the efficiency of customer services;
- sales and marketing: these include all promotional, advertising and branding activities that attract new customers and maintain existing relationships. The Group heavily invests in the development of customised offering for several customer categories, promoting products which include, inter alia, credit cards, insurance policies, investment funds and financial advisory services;
- after-sale services: these include management of customer relations and continuous support via several channels, such as call centres, online chat and customised support. The Intesa Sanpaolo Group focuses, in particular, on customer care services and on monitoring customer satisfaction.

The Group operates via six business Divisions:

- Banca dei Territori Division is the lynchpin of Italy's commercial operations targeting individuals, small and medium enterprises and non-profit organisations. Furthermore, it offers products such as industrial loans, leases and factoring arrangements, and includes the Group's digital bank (Isybank);
- IMI Corporate & Investment Banking Division is the global partner for enterprises, financial institutions and the public administration in a medium/long-term perspective, at domestic and international level in 24 countries. It offers commercial banking, transaction banking, investment banking, structured finance and capital markets services. Abroad, it offers corporate banking services via a specialised global network;
- the International Banks Division ensures a strategic international presence by offering commercial banking services in several countries in Central/Eastern Europe, in the Middle East and North Africa. This Division operates with the South-Eastern Europe HUB comprising Privredna Banka Zagreb in Croatia, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia-Herzegovina and Intesa Sanpaolo Bank in Slovenia with the Danube HUB, made up of VUB Banka in Slovakia and the Czech Republic, Intesa Sanpaolo Bank Romania and First Bank in Romania, and with other banks: Intesa Sanpaolo Bank Albania, CIB Bank in Hungary, Banca Intesa Beograd in Serbia, Bank of Alexandria in Egypt, Pravex Bank in Ukraine and Eximbank in Moldova;
- the Divisions of the Wealth Management Divisions:
  - the Private Banking Division offers specific products and services for customers in the Private and High Net Worth Individuals segments; it includes Fideuram - Intesa Sanpaolo Private Banking, which is supported by 6,814 private bankers;
  - the Asset Management division operates through Eurizon, offering asset management solutions to Group customers, non-Group distribution networks and institutional customers;
  - the Insurance Division, headed by Intesa Sanpaolo Assicurazioni (and its subsidiaries) and Fideuram Vita, offers insurance and pension products.

The governance areas contribute to the efficiency and quality of business activities, ensuring that the Group has the resources necessary to operate successfully:

- company management: this includes all policy, management and control, strategic planning, risk management and compliance activities. The Group invests in a sound risk control and management structure in accordance with current regulations and to minimise operational risks;
- human resource management: this includes recruiting, training and developing personnel, focusing on digital skills and the ability to handle an increasingly demanding customer base. For the Group, company welfare, continuing education and initiatives dedicated to the well-being of the Group's people play a particularly important role;
- technological development: this includes innovation and the implementation of new technologies, by investing in digital platforms, artificial intelligence, blockchain and sophisticated data analytics tools. The Group is speeding up its digitalisation process in order to improve operating efficiency and customer experience;
- purchases: this covers purchases of goods and services necessary for the operations of the Group, including technologies, software, third-party consultancy and real estate management. Thanks to this support, the Group has the tools and the resources necessary to operate efficiently.

The Group raises the financial resources necessary to provide its products and services via a mix of internal and external sources. Specifically, the main methods used by Intesa Sanpaolo to raise financial resources include:

- customer deposits: these are the main source of liquidity and comprise current accounts and term deposits from Retail and Corporate customers;
- short-term funding: it is mainly comprised of repurchase agreements and CD (certificates of deposit)/CP (commercial paper) funding on wholesale markets;
- medium/long-term funding: it is mainly comprised of own emissions on wholesale markets;
- inter-bank loans: these include loans from other banks in the interbank market;
- European Central Bank (ECB) loans: these are refinancing operations carried out by the ECB which Intesa Sanpaolo can use under certain circumstances. These loans are granted at relatively low interest rates, especially during periods of economic downturn or to boost the economy;

- own equity instruments: these are different from the other forms of funding and are critical to Intesa Sanpaolo's financial strength and financing capacity. Indeed, they protect against any losses and support creditors' and investors' trust in its solvency.

The relationship between sources (financial resources raised) and lending (utilisation of those resources, such as loans and investments) is critical to ensuring the Bank's financial soundness and sustainability and that it can provide services to customers, even in adverse market conditions. Through liquidity management, interest rate risk control, regulatory capital, and the use of risk management tools, Intesa Sanpaolo maintains a sustainable balance between resources raised and lending.

As part of its operations, the Group does not operate directly in the following sectors: fossil fuel, chemicals production, controversial weapons, growing or producing tobacco.

Furthermore, exposures in the Group portfolios are subject to specific internal regulations that implement stringent exclusion criteria for counterparties that operate in ESG-sensitive business sectors, including:

- the coal and Oil&Gas sectors, for which the Intesa Sanpaolo Group formalised its rules for lending operations; for additional information on this topic, reference should be made to the chapter ESRS E1 – Climate change;
- with reference to the arms production and trading sector, the Group adopted "Rules governing transactions with subjects active in the armaments sector" which expressly prohibit to undertake any kind of banking or lending activity related to the production of and/or trade in controversial weapons and/or those banned by international treaties and in particular: nuclear, biological and chemical weapons; cluster and fragmentation bombs; weapons containing depleted uranium; and anti-personnel landmines.

Aware of the need to support national and European defence together with the allied countries in NATO, the Intesa Sanpaolo Group limits its banking and/or lending activity solely to operations that relate to the production and/or trade of military goods in countries belonging to the European Union and/or NATO. Operations in countries that do not belong to the European Union or NATO are also permitted but are submitted to an extraordinary approval process, subject to the existence of intergovernmental programmes with the Italian Republic. The other Group banks and companies are not authorised to undertake operations involving the production and/or trade of military goods, except in cases of specific and prior authorisations granted by the Parent Company to the Group's international subsidiary banks.
All the above documents are available on the Group's website.

Value chain

The Group's value chain consists of a set of activities carried out as part of interconnected processes, as detailed below.

With respect to the upstream value chain, the main expense categories subject to centralised sourcing include:

- information and communication technology: products and services in this category include computer hardware, maintenance thereof, and system licenses;
- real estate: goods and services in this category include lease costs, furniture and furnishings, building maintenance and cleaning contracts;
- advertising and other public relations expenses: products and services include internal and multimedia communication services, entertainment events and sponsorship of sports, religious, or non-profit-making organisations;
- physical safety: products and services include installation of safety systems, purchases of safes, alarm units and of surveillance equipment, security and surveillance services;
- office equipment: products and services include purchases of office equipment and machines, IT consumables, stationery and office supplies and purchases of audiovisual equipment;
- insurance: products and services include employee benefit insurance, property insurance and third-party liability insurance;

With respect to the downstream value chain, Intesa Sanpaolo Group's distribution model relies on a multi-channel approach which combines the physical network of branches with sophisticated digital tools, offering a wide range of banking and financial services and providing customers with a seamless experience. Specifically, the distribution model is structured as follows:

- Italy branch network: Intesa Sanpaolo has an extensive branch network which enables it to reach a wide range of customers. Thanks to its physical presence, the Bank can offer customised services and expert advice on site. Branches can meet the needs of several types of customers, including Retail (private and small undertakings), Businesses, Corporate (large undertakings) and Private (high net worth customers) customers;
- digital branches: these are real branches without a physical location, which are available only by phone and computer;
- internet and Mobile Banking: these tools enable customers to carry out banking transactions, such as transfers, payments, and to monitor current accounts and investments, directly from their phone or PC. These services were designed for customers who want to manage their finances independently. The Bank also offers specific remote services for Corporate and Business customers via an IT infrastructure which enables them to receive and send flows and documents with Group banks or other banks with which the Company has a banking relationship, both in Italy and abroad;
- Isybank: this is Intesa Sanpaolo's digital complementary bank which was set up to meet the needs of young, digital customers. At Isybank, the entire banking process takes place exclusively online, without the need to go to a branch or access traditional physical services. It offers a more streamlined and rapid banking experience, focusing on clarity, immediacy and reduced costs compared to traditional banking services;
- the Group's international network: this is a strategic distribution channel as it offers widespread coverage in several international markets. Through these entities, the Group provides a wide range of services, including traditional and sophisticated banking solutions that meet local needs. This channel assists corporate and retail customers abroad, facilitating international operations and consolidating its leading position in Europe and in other strategic areas around the world;
- product factories: the Group's product factories are entities specialised in the development of specific financial products, such as investment funds, insurance and pension solutions. In certain cases, these entities distribute their products directly to customers outside Intesa Sanpaolo's network, using third-party channels;

- partnerships and service integration: the distribution model includes a series of strategic partnerships that expand Intesa Sanpaolo's offerings. Thanks to these collaborations, the Bank can offer a full range of financial solutions, from the easiest to more complex products for sophisticated customers.

The Group uses these channels to serve several types of customers, including retail customers and households, SMEs, large companies and institutions. The Group offers a wide range of products and services to retail customers and households, which include current accounts and loans, mortgage loans and savings and investment solutions. SMEs can receive specific financial services, such as loans, consultancy and payment instruments. Large companies and institutions can benefit from a comprehensive range of corporate banking, investment and treasury management services as well as international trade solutions, consolidating Intesa Sanpaolo's role as the reference partner in all economic sectors.

The Group's main customer categories are listed below:
- retail customers: individuals and companies with less complex financial requirements which are the main element of the activities of the Banca dei Territori Division (approximately 13.7 million customers) and the International Banks Division (about 7.4 million customers);
- corporate customers: companies, financial institutions and public administration, domestic and international, included in IMI Corporate & Investment Banking Division (19 thousand customers in Italy);
- private customers: high net worth individuals with more complex requirements which are offered customised services. Specifically, the Private Banking Division has approximately 125 thousand private and high net worth individuals;

With respect to the main markets, the Parent Company has a strong presence in Italy with a network made up of approximately 3 thousand branches. Furthermore, the Group has a strategic international presence, with roughly 900 branches and 7.5 million customers, including subsidiary banks operating in commercial banking in 12 countries in Central/Eastern Europe and in the Middle East and North Africa. It also has an international network specialising in providing support to corporate customers in 25 countries, particularly the Middle East and North Africa, and in countries where Italian businesses are especially active.

Performance

Thanks to its strong performance, the Intesa Sanpaolo Group can generate increasing and sustainable value for all its stakeholders. The Group's net income for 2024 amounts to 8.7 billion euro, which generated cash dividends of 6.1 billion euro for the Group's shareholders[39], of which approximately 40% goes directly to Italian households and foundations, and a 2 billion euro share buyback, to be launched in June 2025[40], in addition to the 1.7 billion euro share buyback which was completed in October 2024. Personnel expenses amount to 7.2 billion euro. In 2024, the public sector benefited from direct and indirect taxes equal to 5.3 billion euro, up by 700 million euro on 2023. Households and businesses received medium/long-term loans worth 69.8 billion euro (of which 43.4 in Italy). Around 144,000 businesses have received help to return to performing status since 2014, of which 3,100 in 2024.

With respect to the main results in the ESG area, also considering the goals set out in the 2022-2025 Business Plan, the "Cibo e riparo per i bisognosi" (Food and shelter for the needy) programme continued, confirming Intesa Sanpaolo Group's strong focus on combating poverty. As part of this programme, 54.1 million euro's worth of initiatives have been carried out in the 2022-2024 period, exceeding the Plan's goals. Also this year, the Group confirmed its strong commitment to the green transition by disbursing new green loans to individuals for a total of 9 billion euro over the 2022-2024 period, including 4.1 billion euro in 2024; furthermore, the improvement of ESG asset management and insurance product offerings continued, with a penetration of about 76.4% of total AuM[41]. With respect to the acceleration of the Commitment to Net-Zero, the Group's targets were validated by the Science Based Target Initiative[42]. Finally, the Group obtained the Top Employer Europe 2025[43]award, and once again was confirmed Top Employer Italy[14] for the fourth year running. Furthermore, it holds the first place in the LinkedIn Top Companies 2024 ranking as the best company in Italy in which to develop one's career and grow professionally;

Double materiality assessment

Methodology and rationales

For the purposes of this Consolidated Sustainability Statement, the Group has preliminarily conducted an assessment of the main material sustainability matters (the "double materiality assessment"), considering the impacts (positive and negative, actual or potential) of its operations on the economy, the environment and people. The impact assessment also includes the assessment of the materiality of the effects on matters related to human rights and, more in general, areas where, when material, the disclosure could be functional to stakeholders and their assessments of the Group operations. Furthermore, it covers the risks and opportunities which have, or are expected to have, material financial effects on the Group.
The double materiality assessment carried out in 2024 is based on the regulatory requirements of the ESRS, the guidelines on materiality[44] and the technical details provided by the regulator (e.g. those provided in the Frequently Asked Questions (FAQs) on double materiality assessment. It was conducted in accordance with the Group's business context via an active dialogue with stakeholders.

[39] Of these, 3,022 million euro paid as interim dividend on 20 November 2024 (17 cents per share) and 3,044 million euro to be paid in May 2025 (17.1 cents per share), equal to 34.1 cents per share in 2024.

[40] Subject to shareholder approval.

[41] Eurizon perimeter - Article 8 and Article 9 SFDR 2029/2088 funds and asset management products.

[42] Obtained on 27 January 2025

[43] From Top Employers Institute.

[44] Reference should be made to the guidelines "IG 1: Materiality Assessment Implementation Guidance" issued by EFRAG.

Compared to the 2023 report, which was prepared in accordance with the GRI Standards – Universal Standards (2021), in 2024, the Group's double materiality assessment complied with the ESRS which introduce the concept of materiality and consider the impact of the Group's operations (impact materiality) on internal and external stakeholders and the external risks and opportunities which have or may have material financial implications on the Group (financial materiality). Specifically:

- impact materiality considers impacts connected with the undertaking's own operations and with the upstream and downstream value chain that are relevant to the Group, including both actual and potential positive and negative impacts (inside-out perspective); The identification and assessment steps of the Group's impacts were conducted in accordance with the approach adopted in 2023;
- financial materiality, which considers, from an outside-in perspective, sustainability matters that give rise to:
  - risks affecting, or potentially affecting, the development of the undertaking, its financial position, performance and cash flows, access to finance or cost of capital in the short, medium or long term;
  - opportunities that have, or may predictably have, a material financial impact on the Group in the short, medium or long term.

The Group assessed both aspects and reported on the material aspects for the above perspectives in order to identify and assess material impacts, risks and opportunities (IROs).

The Group conducted the double materiality assessment considering and emphasising the specific characteristics of the business lines and the geographical areas in which it operates and in which the counterparties with which it carries out business relationships operate. The type of suppliers and counterparties is an additional element considered during the analysis and assessment step.

Double materiality aspects provide the basis for sustainability reporting and also play a crucial role as they also contribute to shaping the company's strategy with regard to material topics for the business and its stakeholders.
The double materiality assessment was developed in accordance with the following macro-stages:

- Group's stakeholder mapping;
- context analysis to identify positive and negative, actual and potential impacts on the economy, the environment and people, including human rights, arising from Group operations, and the risks and opportunities generated by the external environment, based on an analysis of different sources, such as national/international documentation in the ESG regulatory context and the documentation of relevance to the sector in which the Group operates at national and international level;
- identification of the impacts, risks and opportunities to be assessed and which are potentially relevant to the Group;
- assessment of the IROs which are potentially relevant to the Group by:
  - conducting an internal analysis based on metrics aligned with the requirements of the ESRS reporting standards. Specifically, the materiality of IROs was assessed based on exceeding a specific materiality threshold defined in accordance and in line with the Group's current risk management process;
  - engaging its stakeholders via the engagement and management activities listed below;
  - identifying the material sustainability matters relevant to the Group based on the aggregation of the materiality results of the IROs arising from internal analysis and stakeholder engagement activities;
- consolidating and sharing the list of sustainability matters material for the Group.

The process will be updated on an annual basis and revised based on any regulatory changes.

The above macro-stages, which identify and assess IROs, were carried out as part of the following operating process.

Group's stakeholder mapping

Stakeholder engagement activities are carried out as part of the double materiality assessment.

PEOPLE
Group people
Employees
Trade unions

CUSTOMERS
Private individuals and households
Private individuals and households in financially vulnerable circumstances
Small and medium enterprises
Corporates
Start-ups
Consumer organisations
Public entities and government agencies
Non-profit sector
Trade associations

SHAREHOLDERS
Small investors
Foundations
Institutional investors
Sustainable investors
Shareholder groups

SUPPLIERS
Large suppliers
Small suppliers
Business partners
Sub-contractors

ENVIRONMENT
Environmental groups
Future generations
Scientific community

COMMUNITY
Community interest groups
Regulatory authorities
National and international public institutions
Media

In this respect, the stakeholder map represents the Group's network of relations, with which Intesa Sanpaolo exchanges views on a regular basis in order to identify and monitor their needs and prospects in relation to priority impact, risk and opportunities areas.

When performing the double materiality assessment, in line with the applicable EFRAG Guidelines, the Group applied the following stakeholder engagement approach:
- engage the Group's competent internal structures which maintain constant and ongoing dialogue with the stakeholders concerned, in mapping and assessing the materiality of impacts, risks and opportunities (stakeholder management);
- directly engage specific stakeholders via dedicated workshops, interviews and questionnaires (stakeholder engagement).

The categories of stakeholders shown in the above map were engaged in the identification and assessment of the materiality of the IROs linked to the sustainability matters which are closer to their experience, knowledge and sensitivity. This enhanced stakeholders' knowledge of the Group's processes and strategies related to the sustainability matters closest to them.

The listening methods applied to each category of stakeholders and a summary of the sustainability matters explored with each category are shown below:

CATEGORY OF STAKEHOLDER	STAKEHOLDER	LISTENING METHOD	SUMMARY OF THE ISSUES COVERED
CUSTOMERS	Retail customers	Integration of dedicated questions in the retail customer questionnaire and interview with BdT Business Structures	▪ Initiatives for environmental protection and reduction of the environmental footprint of the Group's offices and branches ▪ Responsible, solid and sustainable governance, value creation and distribution for all the Group's stakeholders ▪ Commitment to promoting sustainable economic development, also in light of the international and EU objectives in the Climate Change and sustainability area. More specifically, promotion of an economic model with low carbon emissions based on the circular economy, through the development of a dedicated, customer-centric offering ▪ Pursuit of the banking business in full compliance with the rules and principles of fairness in business ▪ Disbursement of loans to sections of society that would find it difficult to access credit, and provision of products with a high social impact ▪ Attention to service quality, customer care, relationship and satisfaction ▪ Promotion of a growth strategy geared towards digital innovation to anticipate new trends and be competitive on the market ▪ Commitment to asserting its role as a digital company through an advanced multichannel platform aimed at ensuring an innovative, safe and effective offer ▪ Commitment to guaranteeing IT security to its customers ▪ Sustainable investments and integration of sustainability issues in the conduct of the insurance business ▪ Talent development, development of internal skills, evaluation and incentive systems, regular training plans, diversity management ▪ Support to the community and commitment to culture through solidarity initiatives with projects carried out in partnerships, donations and sponsorships, promotion of art and culture in Italy and abroad
	Corporate customers	Integration of dedicated questions in the customer questionnaire and interview with BdT Business Structures	
ENVIRONMENT/ COMMUNITY	Representative figures / reference experts	Virtual one-to-one interviews with representative figures of the Community and the territory and interview with the internal structures	▪ Environmental aspects, in particular in relation to climate change and biodiversity ▪ Evolution of the regulatory environment (e.g. CSDR, ESRS) and the potential impacts on organisations ▪ Ability to promote a systemic approach towards the achievement of the Sustainable Development Goals (SDGs) defined in the context of the United Nations ▪ Leading role of the Intesa Sanpaolo Group on ESG issues ▪ Importance in communicating the results achieved and the objectives set in the sustainability and ESG area ▪ Main challenges and strengths of the Intesa Sanpaolo Group for the implementation of the Business Plan with a focus on the ESG area ▪ Importance of diversity and inclusion within the workplace ▪ Relevance of the concept of Innovation and related satisfaction of customer needs ▪ Customer loyalty ▪ Support for SMEs in the sustainability area ▪ Educating new generations on sustainability issues

CATEGORY OF STAKEHOLDER	STAKEHOLDER	LISTENING METHOD	SUMMARY OF THE ISSUES COVERED
SHAREHOLDERS/ INVESTORS	SRI investors[45]	Analysis of the main questions asked by the ESG Investors of the Intesa Sanpaolo Group	▪ Environmental aspects, in particular relating to climate change adaptation, biodiversity, natural resources and decarbonisation ▪ Aspects relating to finance and sustainable investments ▪ Standard sustainability policies ▪ Inclusion and diversity ▪ Employee well-being ▪ Development and digitalisation ▪ ESG sustainability and integration in business strategies ▪ Gender pay gap ▪ Workers' rights and corporate governance
PEOPLE	Group's people, in Italy and abroad	• Interviews with HR internal structures • Survey aimed at listening to the opinions and needs of the Group's people by providing questionnaires on an internal climate survey and questions relating to sustainability issues to over 72,000 Group's people	▪ Assessment of the perception of the Group's image from the customers' point of view, based on individual professional experiences ▪ Attention and care of employment levels in restructuring processes ▪ Recruitment of young people ▪ Assessment of the variables related to personnel enhancement (e.g. sense of pride and belonging, merit recognition, autonomy and financial recognition) ▪ Talent development and retention ▪ Assessment of the training and professional growth opportunities provided by the Intesa Sanpaolo Group ▪ Employee well-being (flexibility and work-life balance, relationship with colleagues and managers) ▪ Job satisfaction of Intesa Sanpaolo Group people ▪ Evaluation of the transparency and objectivity of the performance assessment systems ▪ Assessment and knowledge of the Policies applied by the Group (e.g. Diversity and Inclusion) ▪ Assessment of customer satisfaction on aspects such as the reliability, transparency and clarity of the Intesa Sanpaolo Group's procedures ▪ Intesa Sanpaolo Group ESG initiatives and products
	Trade unions	Virtual focus group with trade union representatives	▪ Employment protection and future, including in consideration of the service digitalisation trend ▪ Community support ▪ Financial inclusion ▪ Reporting of non-financial information ▪ Environmental issues and biodiversity ▪ Ecological transition, importance of the use of renewable energies and promotion of sustainable mobility for employees ▪ Youth unemployment levels in the South ▪ Gender pay gap
SUPPLIERS	Dedicated internal structure	One-to-one interviews	▪ Environmental topics, biodiversity and circular economy ▪ Job protection, health and safety, diversity & inclusion and well-being of people along the supply chain ▪ Management of relationships with suppliers

Employee representatives pursuant to Legislative Decree no. 125/2024 were engaged in compliance with the relevant regulations and agreements, in particular, in the double materiality assessment. Furthermore, they will be subsequently involved in the approval of the Consolidated Sustainability Statement by the Board of Directors.

Context analysis

In order to map IROs, the Group analysed the context in which it defines and implements its business activities and relationships. Specifically, the following elements were considered:

- external documentary sources, updated to 2024, to analyse reference standards and frameworks, including international indices (DJSI - Dow Jones Sustainability Indices, Morningstar ESG Index, Euronext ESG Indices CDP 2023), reference standards and reports for the reporting of sustainability performance (WEF's Global Risks Report, The OECD Guidelines for Multinational Enterprises, BSR – Business for Social Responsibility, World Business Council for Sustainable Development – WBCSD), documents and reference frameworks in the field of Human Rights (UN Guiding Principles on Business and Human Rights), the Proposal for a Directive of the European Parliament and of the Council on corporate sustainability due diligence which amends EU Directive 2019/1937 (CSDDD, EU Directive 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence) and further reference regulations referred to by the ESRS (EU Regulation 2019/2088 – SFDR, EU Regulation 575/2013 – "Pillar 3", EU Regulation 2016/1011 – "Benchmark Regulation", EU Regulation 2021/1119 – "EU Climate Law");
- external documentary sources, updated to 2024, for the analysis of current trends in the banking and insurance sector, including the SASB Materiality Map, S&P Global Ratings, Fitch Ratings, The OECD Guidelines in the context of Institutional Investment, Financial Sector - Responsible business conduct for institutional investors - Key considerations for due

[45] Sustainable and Responsible Investment.

diligence under the OECD Guidelines for Multinational Enterprises, MSCI - ESG Industry Materiality Map, GRI – Sector Standards, the Supervisory Expectations of the Bank of Italy and the ECB, the Recommendations of the Task Force on Climate-related Financial Disclosures (in particular, the “Climate-Related Risks, Opportunities, and Financial Impacts” section), Principles for Responsible Banking, accounting standards (IFRS) for sustainability reporting;
- internal document sources, including the 2022-2025 Business Plan, the Code of Ethics, the Consolidated Non-financial Statements of the last three years, the Financial Statements, communications of the top management, the minutes of the Shareholders' Meetings and company policies, also in order to identify how the impacts are linked to the strategy and business model;
- detail benchmark conducted on the banking sector in relation to material aspects and relevant stakeholders (Sustainability Statement/Consolidated Non-financial Statements and additional public documentation of other Italian and international financial groups);
- feedback/input arising from the engagement of the Group's stakeholders.

In accordance with the applicable legislation, the double materiality assessment covered own operations and the upstream and downstream value chain.

Identification of impacts, risks and opportunities

The analyses conducted identified and assessed, for each ESRS, the Group's possible IROs, applied to own operations and the value chain. Impact materiality and financial materiality are interrelated and, from a methodological point of view, were conducted at the same time.

The Group's impacts on people or the environment are identified based on the specific features of the Group's operating and business model, changes in strategy and management decisions made to address those impacts, and based on internal analysis and due diligence processes. The Group's impacts other than sustainability issues in the external context can give rise to risks and opportunities.

Risks and opportunities are identified based on the impacts, dependencies and sustainability issues that have or could have financial effects on the Group. For example:
- financing/investing in sectors/countries with a weak ESG profile could result in credit/market risk arising from high concentration in high-risk territories/areas with respect to the sustainability issue considered;
- development of ESG initiatives, donations, programmes and controls by the Group which could contribute to improving the Group's brand reputation and/or to increasing stakeholder trust;
- definition of specific ESG criteria, investment and/or financing strategies which could contribute to expanding the product range through alignment with sustainability goals.

Assessment of the materiality of IROs

The materiality of IROs was assessed by conducting an internal analysis based on metrics aligned with the ESRS requirements, discussed and consolidated through interviews with the Group's internal operating structures and, as described earlier, through a stakeholder management process.

The methodology used was formalised in internal documents and the related criteria are described in Group's specific internal regulations.

In order to assess and prioritise impacts on people and the environment, an internal analysis was conducted using the following metrics:
- Scale, i.e. how grave the impact is, based on a scale that ranges from “very low” to “very high”;
- Scope, i.e. how widespread the impact is, based on a scale that ranges from “highly localised” to “global”;
- Irremediable character, i.e. the extent to which the impact can be remediated and, for negative impacts, based on a scale that ranges from “very low” to “very high”;
- Likelihood, which measures the likelihood of occurrence of the impact and, for potential impacts, is based on a scale that ranges from “very unlikely” to “extremely likely”, considering different time horizons.

The individual impacts identified by the Group are assigned a score, according to the metrics described earlier, where the maximum score is the greatest benefit generated in the event of positive impacts, or the greatest harm in the event of negative impacts.

Impact assessment activities were carried out considering the specific features of the Group's business. Specifically, for the downstream value chain, the sectors in which the counterparties most exposed to the risk of adverse impact for each sustainability issue operate, were identified.

Impact materiality is represented by exceeding a pre-established materiality threshold, calculated as the average of the score assigned to the scale, scope and irremediable character metrics. Specifically, the materiality:
- of a positive actual impact is the average of the score assigned to the scale and scope metrics;
- of a negative actual impact is the average of the score assigned to the scale, scope and irremediable character metrics;
- of potential impacts is also determined by likelihood. Specifically, the materiality:
  - of a potential positive impact is obtained by multiplying likelihood by the average of the score assigned to scale and scope.
  - of a potential negative impact is obtained by multiplying likelihood by the average of the score assigned to the scale, scope and irremediable character metrics.

For potential negative impacts on human rights, the materiality of the impact (scale, scope and irremediable character) is more important than the likelihood, in line with the requirements of the ESRS; this guideline has been incorporated into the assessment methodology adopted.

Based on the analyses carried out, the Group shows material impacts as described in the chapters covering individual ESRS, both via its direct activities (own operations) and its business relationships (upstream and downstream value chain).

Specifically, with respect to own operations and upstream value chain, the material impacts affect people or the environment as a result of the initiatives implemented or planned (positive impacts) and the negative impacts arising from operations (negative impacts). On the other hand, for the downstream value chain, this impact reflects the exposure of the loan and investment portfolio to sectors or countries that, in turn, may affect people and/or the environment.

Time horizons were considered when assessing scale, irretrievable character and likelihood in accordance with the ESRS' definition of short, medium and long term.

The materiality of each IRO was assessed on the basis of qualitative-quantitative information, also considering the results of the context analysis and the stakeholder engagement process.

When using a quantitative approach, the process involved the identification of data used in well-established internal processes, which determine external or internal reporting (e.g. risk data, projections) and management data derived from well-established processes.
Specifically:

- risks were assessed in accordance and in line with the Group's current risk management process, using, where possible, analyses and metrics already in place within the Group (e.g. materiality assessment of environmental, social and governance risks compared to traditional risks (prudential from a financial perspective));
- opportunities were assessed based on the controls, policies and goals set out in the Group's budget and Business Plan, and the possibility of expanding the target customers through the development of products aligned with sustainability goals.

With respect to the qualitative approach, materiality was assessed based on analyses which promote the initiatives, policies and strategies prepared internally by the Group, including, for example, those formalised in the 2022-2025 Business Plan.

When assessing financial materiality, the actual financial impact of the Group's material risks and opportunities was considered, in line with reference regulations, considering asset exposures and any financial losses and actual or prospective revenues, using approaches that reflect the highest level of granularity available and the estimates and assessments made by the Group as part of ordinary planning and risk analysis activities.
Financial materiality is assessed at the same time as impact materiality, identifying any interaction and interconnection between them.

Specifically, the financial impact of risks is assessed considering the Group's exposure to the counterparties in the portfolio and financial institutions that issue debt securities and other types of financial assets that belong to sectors or countries potentially exposed to ESG risk factors. Furthermore, the impact of operating losses caused by the Group's inadequate operating processes, including assets, resources and relationships that form part of its own operations, or by the threat of penalties or penalties applied in respect of sustainability issues, was also assessed.
In accordance with applicable legislation, the assessments were carried out considering the inherent risk, i.e. without considering the potential risk prevention or mitigation mechanisms adopted by the Group.

With respect to opportunities, the identification and assessment process is also aligned with the indicators set out in the Group's budget and Business Plan concerning the offering of ESG-virtuous products.

In accordance with the Guidelines[46], both qualitative (by involving the Group's various structures) and quantitative aspects were considered, using, where possible: methodologies, controls and metrics already in place within the Group (e.g. as part of risk materiality assessment). Where necessary, these assessments were integrated with additional ones to accurately meet the requirements applicable to the relevant sustainability matter.

Specifically:

- the identified risks were assessed in accordance and in line with the Group's current monitoring framework and regulations. Where applicable, each risk (e.g. credit risk, market risk, liquidity risk, operational risk) typical of supervised financial intermediaries is considered specifically with respect to the sustainability matter examined at the most granular level possible, linking it to cases that have been examined in detail;
- the opportunities were assessed considering the Group's ESG initiatives, polices and strategies. The Group has identified the following types of opportunities: (i) expand the product range and the customer portfolio; (ii) improve brand reputation and increase stakeholder trust; (iii) attract talent.

The internal analysis was carried out based on the assessment metrics set out in the ESRS and listed below:

- magnitude: this is the potential magnitude of the financial effects arising from risks or opportunities and is defined using a scale which ranges from "negligible" to "significant", respectively;
- likelihood of occurrence: this indicates how likely a financial risk or opportunity is to occur. It was defined using a scale which ranges from "very low" to "very high";
- time horizons of the analysis: the materiality assessment of the mapped risks and opportunities covers several time horizons in line with the prospective estimates and evolutions already produced within the Group (e.g. materiality

46 "EFRAG IG 1: Materiality Assessment Implementation Guidance".

assessment, ICAAP, budget planning/strategic plan) and scenarios derived from external sources. It is carried out using a cautious approach. In particular, the following time horizons were considered:

- short-term scenario: the reference time horizon is 1 year (reference linked to budget/RAF);
- medium-term scenario: the reference time horizon is up to 5 years (reference linked to simulation/stress scenarios and business plan);
- long-term scenario: the reference time horizon is longer than 5 years (reference linked to medium to long-term planning, multi-year action lines).

Consolidating and sharing the list of sustainability matters material for the Group

The Group has a structured decision-making process designed to consolidate and verify material impacts, risks and opportunities.

A summary of the mapping of the identified IROs and the main evidence and outcomes obtained after performing the double materiality assessment, was prepared based on the analyses conducted.

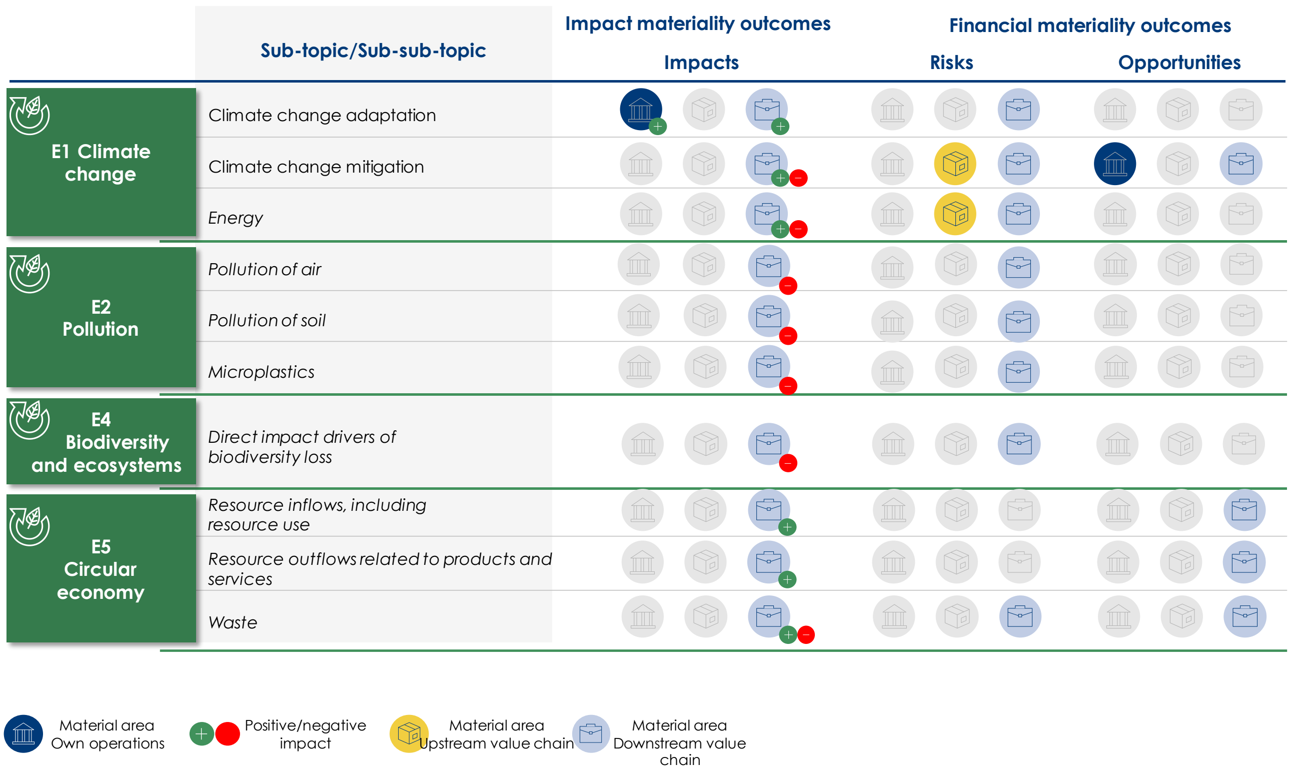
The IRO map was reviewed, shared and consolidated by the Group's internal offices and operating structures. Each of them reviewed the map to the extent of their remit as part of the above-mentioned stakeholder management process.

Finally, after completing the impact and financial materiality assessments which identify the environmental sustainability, social and governance aspects that are relevant to the Group, the list of material topics was discussed with the Steering Committee and the Risks and Sustainability Committee which assists the Board of Directors in its subsequent approval.

The CSRD directive defines the sustainability matters to be assessed (e.g. own workforce) and provides a granular degree of detail by defining sub-topics (e.g., working conditions), which delve into a specific aspect of it, and, where available, sub-sub-topics (e.g. adequate wages) that further detail an element of the sub-topic.

Based on the above assessments, all macro-topics (the "topics") proposed by the ESRS were identified as material, except for the "Water and Marine Resources" one.
However, as discussed later on, not all sub-topics and sub-sub-topics were material.

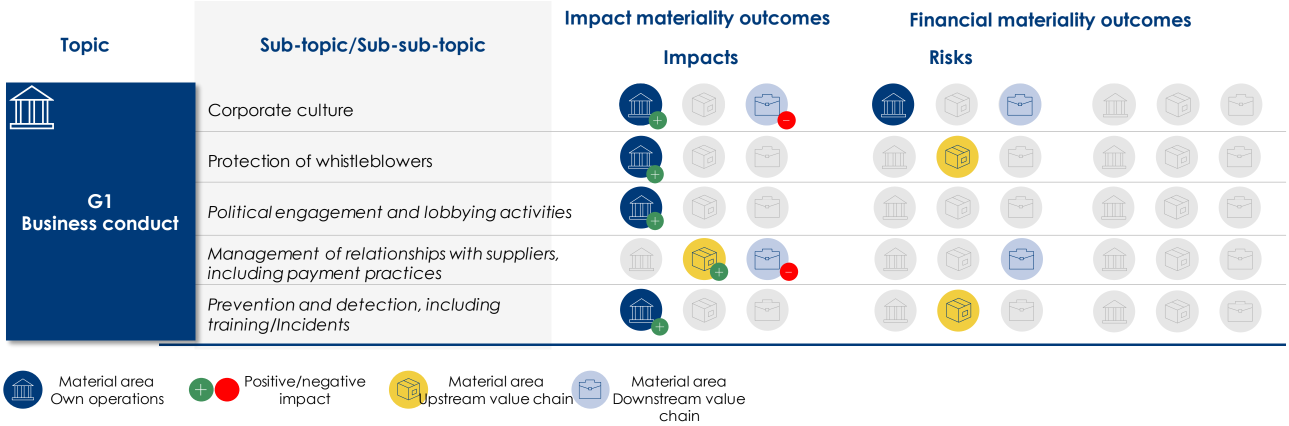
The outcomes of the double materiality assessments are shown below, indicating the relevant boundaries.



S1 Own workforce	Secure employment	Material area (+)	n.a.	n.a.		n.a.	n.a.	Material area	n.a.	n.a.
	Working time	Material area (+)	n.a.	n.a.		n.a.	n.a.	Material area	n.a.	n.a.
	Adequate wages	Material area (+)	n.a.	n.a.		n.a.	n.a.	Material area	n.a.	n.a.
	Social dialogue	Material area (+)	n.a.	n.a.		n.a.	n.a.	Material area	n.a.	n.a.
	Freedom of association/ Collective bargaining	Material area (+)	n.a.	n.a.		n.a.	n.a.	Material area	n.a.	n.a.
	Work-life balance	Material area (+)	n.a.	n.a.		n.a.	n.a.	Material area	n.a.	n.a.
	Health and safety	Material area (+)	n.a.	n.a.		n.a.	n.a.	Material area	n.a.	n.a.
	Gender equality and equal pay for work of equal value	Material area (+)	n.a.	n.a.		n.a.	n.a.	Material area	n.a.	n.a.
	Training and skills development	Material area (+)	n.a.	n.a.		n.a.	n.a.	Material area	n.a.	n.a.
	Employment and inclusion of people with disabilities	Material area (+)	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.
	Measures against violence and harassment in the workplace	Material area (+)	n.a.	n.a.		n.a.	n.a.	Material area	n.a.	n.a.
	Diversity	Material area (+)	n.a.	n.a.		n.a.	n.a.	Material area	n.a.	n.a.
	Privacy	Material area (+)	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.
S2 Workers in the value chain	Adequate wages	n.a.		Material area (−)	n.a.	Material area	Material area	n.a.		
	Social dialogue	n.a.		Material area (−)	n.a.		Material area	n.a.		
	Freedom of association/ Collective bargaining	n.a.		Material area (−)	n.a.	Material area	Material area	n.a.		
	Work-life balance	n.a.		Material area (−)	n.a.		Material area	n.a.		
	Health and safety	n.a.		Material area (−)	n.a.		Material area	n.a.		
S3 Affected communities	*Adequate housing*	Material area (+)						Material area		
	Adequate food	Material area (+)						Material area		
	Land-related impacts	Material area (+)						Material area		
	Security-related impacts			Material area (−)			Material area			
	Free, prior and informed consent/ Self-determination/Cultural rights			Material area (−)			Material area			

Topic	Sub-topic/Sub-sub-topic	Impact materiality outcomes: Impacts			Financial materiality outcomes: Risks			Opportunities		
S4 Consumers and end-users	Privacy	Material area (+)			Material area					
	Freedom of expression	Material area (+)								Material area
	Access to (quality) information			Material area (+)						
	Health and safety	Material area (+)								
	Security of a person	Material area (+)								
	Non-discrimination			Material area (+)						
	Access to products and services			Material area (+)						Material area
	Responsible marketing practices			Material area (+)						

Material area Own operations
Positive/negative impact
Material area Upstream value chain
Material area Downstream value chain



In the subsequent chapters, the impacts, risks and opportunities that were identified and analysed and that led to the materiality assessment of the above topics and sub-topics are described for each topic. In brief, the analyses conducted confirmed the resilience of the Group's strategy and business model, also considering that the potential expected negative impacts associated with ESG risk factors are managed through appropriate actions (developed and/or planned) which are aimed at mitigating risks, capitalising on opportunities and supporting the Group's sustainability with a long-term perspective.

Governance structure

Role and composition of the administration, management and control bodies and of sustainability governance

The Parent Company Intesa Sanpaolo has adopted the “one-tier” management and control model, whereby management and control duties are performed, respectively, by the Board of Directors and the Management Control Committee set up within it, both appointed by the Shareholders’ Meeting.

Detailed information on the corporate governance system and remuneration – including references to diversity in the Board of Directors – is provided in the "Report on Corporate Governance and Ownership Structures" and in the "Report on remuneration policy and compensation paid" available on the Bank’s website.

Board of Directors: role and main characteristics

The Board of Directors is responsible for exercising the Company’s guidance and strategic supervision duties and for resolving on all the most important corporate actions, with the power to undertake all transactions considered necessary, useful or appropriate in achieving the corporate purpose, of both an ordinary and extraordinary nature, and to adopt all decisions reserved to it by law, by the Articles of Association and by the regulations. In specific cases and in the manner provided for by law and the Articles of Association, the most significant management decisions are submitted to the Shareholders’ Meeting for approval.

The Chair of the Board of Directors oversees the work of the Board, organises and directs the activity and performs all the tasks envisaged by the supervisory legislation and the Articles of Association. He/She has a non-executive role and does not carry out, not even de facto, management functions.

The Managing Director and CEO is also the General Manager and supervises the company’s management to the extent of his/her assigned powers, in compliance with the general planning and strategic guidelines set forth by the Board.

The Management Control Committee, appointed by the Shareholders' Meeting, is part of the Board of Directors and is made up of five independent Directors pursuant to the Articles of Association and exercises the control functions also as an internal control and audit committee (pursuant to Legislative Decree no. 39/2010).

The Board of Directors has established four internal committees, whose members are appointed by the Board itself from among its members, with assessment, advisory and propositional tasks:
- Nomination Committee;
- Remuneration Committee;
- Risks and Sustainability Committee;
- Committee for Transactions with Related Parties.

Composition of the Board of Directors

The Ordinary Shareholders' Meeting of 29 April 2022 set the number of members of the Board of Directors at 19, appointing directors for the three-year term of office on the basis of the lists submitted by shareholders.

All directors are non-executive, with the exception of the Managing Director and CEO (18 non-executive members and 1 executive member).

The Directors meet the suitability requirements required by the applicable legislation and the provisions of the Articles of Association. Specifically, all Directors meet the independence of mind requirement, as defined by banking legislation, and at

least two thirds of the directors meet the qualified independence requirement defined by the special legislation for banks and listed companies and Intesa Sanpaolo's Articles of Association (in this term of office, there are 14 independent directors, i.e. 74% of all members of the Board).
All Board Committees are composed of five non-executive Directors, the majority of whom are independent, with the exception of the Committee for Transactions with Related Parties, which is entirely composed of independent Directors. All the Committees are chaired by independent Directors.

Minority shareholders are adequately represented in the Board of Directors (5 members, representing 26% of the total, were appointed from the slate submitted by minority shareholders) and, in the current Board structure, they are present in all Board Committees. The Management Control Committee and the Committee for Transactions with Related Parties are also chaired by minority shareholders. No employees' representatives were appointed in the Board as permitted by the law and the Articles of Association.

Without prejudice to the legislation on public incompatibilities, no Director has held a position in the public administration similar to that held in administrative, management and control bodies in the two years prior to taking on the current mandate.

Competences and diversity

According to Intesa Sanpaolo's Articles of Association, the Board shall adopt the necessary measures to ensure that each Director, and the Board as a whole, have a continually adequate level of diversification, including in terms of experience, age, gender and international orientation, in addition to competence, reputation and fairness, independence of mind, and time commitment.

In the document on the qualitative and quantitative composition of the Board of Directors published on the Bank's website in March 2022, in view of the renewal of the Corporate Bodies which took place with the ordinary Shareholders' Meeting of 29 April 2022, the shareholders were asked to ensure that the Board of Directors had the broadest gender diversity with adequate professional skills, as well as a diversity of age brackets amongst Directors, in addition to a comprehensive level of knowledge and experience.

The less-represented gender in the Board of Directors must be reserved a share of at least two fifths of the total members, as established by currently applicable laws on the matter of equal access to the management and control bodies of listed companies. Furthermore, in the current structure of the Board, there are 8 women (accounting from 42% of Directors), i.e. the female ratio is 0.73[47]; furthermore, the female gender represented within all the Board Committees makes up 80% of the members of the Committee for Transactions with Related Parties and has the chairmanship of the Risks and Sustainability Committee and the Nomination Committee.
The Board of Directors assessed its composition as adequate, including in terms of diversity, and suitable for a properly balanced composition of the Board Committees.

Senior officers of the subsidiaries are nominated by the Board of Directors, which operates according to uniform policies and principles at Group level and in compliance with the regulations and best practices applicable to each subsidiary, with specific importance given to the level of diversity, including in terms of age, gender, seniority of service, geographical origin and international orientation. In establishing the composition of the Bodies, the most adequate and effective mix of personal and professional profiles is sought for each subsidiary in terms of its nature, the structure of its activities and the risks taken. To this end, any indications made by the Management Body of each subsidiary during the annual self-assessment process are taken into account.

With reference to the appropriateness and diversity of the professional profiles required, in accordance with the Articles of Association, at least four members shall be enrolled with the Register of Statutory Auditors and shall have practised as auditors or acted as members of a limited company control body for at least three years. In the current composition of the Board of Directors, 9 Directors (or 47%), including all members of the Management Control Committee, meet this requirement. In accordance with the Articles of Association, they shall also meet a professional qualification requirement which reflects the special relevance of the experience gained.

Furthermore, in the document on the quali/quantitative composition, the set of very good or distinctive expertise, knowledge and skills – with a very wide, medium-wide or limited distribution – considered appropriate to achieve the optimal overall qualitative composition of Intesa Sanpaolo's Board of Directors, was outlined in a "Skills Directory" for the 2022-2024 term of office.

Without prejudice to the general expertise required for all areas envisaged by the applicable legislation, the information provided refers to the very good/distinctive expertise declared by the individual Directors at the time they accepted the nomination:
- ability to read and interpret the financial statements data of a complex financial institution and financial and non-financial reports (95%);
- guidance and strategic planning (95%);
- knowledge of banking and financial products (89%);
- experience of governance and corporate governance structures and mechanisms (95%);
- knowledge of financial markets (100%);
- knowledge of banking and financial regulations (84%);
- knowledge of internal controls (74%);
- risk management skills (79%);
- knowledge of information & digital technology issues (16%);

[47] Number of women sitting on the BoD compared to the number of men.

- overall knowledge of the banking business and typical sector strategies and techniques for assessing and managing the risks associated with banking activities, appropriate to the complexity and significance of Intesa Sanpaolo (95%);
- knowledge of the socio-economic realities and market mechanisms of the countries in which the Bank operates and/or strategic goals (74%).

In particular, with respect to sustainability (ESG) knowledge, upon accepting their candidature, 84% of the Directors declared they had very good/distinctive expertise in sustainability matters and their integration into the Bank's strategies.

Several Directors also hold positions on the Boards of Directors of leading Italian universities as well as on the Boards of foundations and non-profit sector bodies active in the fields of art and culture, health, environment, support for poverty and the circular economy and support for nutrition policies. Furthermore, a Director, as well as Chair of the Risks and Sustainability Committee, holds the same position in another listed company.

Following the renewal of the Bodies in 2022, the characteristics declared by the Directors were assessed by the new Board as appropriately diversified and suitable to ensure adequate Board composition and a well-balanced composition of the Board Committees.

In view of the upcoming renewal of the Corporate Bodies in April 2025, the guidelines on the qualitative-quantitative composition of the Board deemed optimal, as approved by the Board in accordance with applicable legislation, are available on the Group website.

Board induction

The skills and expertise were subsequently strengthened and supplemented on the basis of training programmes as well as of intensive induction activities for both the new directors (onboarding) and the entire Board.

With the support of the Nomination Committee, the Board of Directors shall ensure the implementation of induction and training programmes for its members. In this context, following the Chair's indications, Board Members' participation in initiatives is promoted to enhance the degree of knowledge of the operating sectors of the Bank and of the Group companies, company dynamics and their development, the principles of sound risk management and the regulatory and self-regulatory environment of reference, and in formal and informal meetings, aimed at further review of strategic matters.

The induction plans are drawn up periodically following (i) the first assessment carried out after appointment and (ii) the self-assessment carried out annually by the Board of Directors. In any event, Directors are given the opportunity to make individual requests for training in a specific area, whenever they consider it necessary.

During the annual self-assessment, the Board, with the support of the Nomination Committee, expresses its opinion on the implementation and quality of the induction plan implemented, also to help refine the process and strengthen the quality of training.

In 2024, 11 induction sessions were held for Directors. The training sessions covered, inter alia, the following topics: ESG-related topics, risk data aggregation and risk reporting, the main changes introduced by Basel IV, the new EBA Guidelines on AML, Digital Finance – Regulation on markets in crypto-assets.

As a result of the self-assessment process carried out in 2024, the Board of Directors expressed extremely positive evaluations of the induction activities carried out during the year in terms of the size, level of detail and relevance of the topics covered.

To promote better understanding of the applicable corporate and regulatory framework and its development, a collection of governance documents, regulatory references, key correspondence with the Supervisory Authorities, accounting positions and any additional documentation conducive to the performance of their duties is also available to Board Members – and regularly updated – through a dedicated electronic platform.

The Board of Directors receives periodic reports from the corporate control functions on their activities, which illustrate the checks carried out, the results achieved, the weaknesses found and the proposals for action to be taken to eliminate them within the various company areas. These reports shall also cover anti-corruption and AML issues.

Sustainability governance

The main ESG responsibilities of Intesa Sanpaolo Bodies and Structures are specified below in line with the Articles of Association, the Bodies' regulations and the Group's internal regulations.

Board of Directors	The Board of Directors, with the support of the Risks and Sustainability Committee: • defines and approves sustainability (ESG) strategies and policies, including the social and cultural responsibility model and combating climate change - taking into account the objectives of sound and sustainable value creation and distribution for all stakeholders; • defines and approves the risk objectives, incorporating sustainability-related risks (ESG) – in particular climate and environmental risks – in its risk appetite framework; • approves the results of the impact and financial materiality analysis that identifies those environmental sustainability, social and governance aspects that are material with regard to the impacts, risks and opportunities considered, consistent with applicable regulations; • approves the Consolidated Sustainability Statement, ensuring that it is prepared and published in accordance with the applicable regulations, after review by the Management Control Committee as well as any other significant report in this area; • examines the annual report submitted by the Manager responsible for preparing the company's financial reports on sustainability risk monitoring and the periodic reports submitted by the corporate control functions; • approves the updates to the Code of Ethics and the policy setting out Diversity, Equity & Inclusion principles. The Board of Directors' Regulations state that Directors have a duty to contribute to creating value for shareholders with the aim of delivering medium- and long-term sustainability, also taking into account the interests of other stakeholders relevant for the Company, in accordance with the principles of sound and prudent management and with the reference principles and values adopted by the Bank. In 2024, the Board of Directors met 21 times. Of these, 16 meetings also covered ESG matters.
Risks and Sustainability Committee	It supports the Board of Directors in the performance of all the above tasks, focusing, in particular, on: • the assessment and investigation of sustainability (ESG) matters related to the Bank's business operations; • the approval of the list of ESG-sensitive sectors relevant to the Group's financing activities; • the assessments and resolutions to be made in respect of the sustainability impact and financial materiality assessment, including for the purposes of approving the Consolidated Sustainability Statement. This analysis identifies the environmental sustainability, social and governance aspects that could be potentially relevant given the impacts, risks and opportunities considered, consistently with applicable regulations, as well as the related methodology. • checking the Group's positioning with respect to national and international sustainability best practices, specifically with respect to Intesa Sanpaolo's participation in the main sustainability indices. In 2024, the Risks and Sustainability Committee met 47 times. Of these, 23 meetings also covered ESG matters. The support that the Committee provided to the Board in exercising its strategic supervision functions on sustainability, as well as in setting and monitoring climate and environmental risk objectives, is cross-sectoral and was also ensured when examining the areas of governance and risk management, business model and strategic guidelines and the most significant transactions for risk management procedures. Specifically, the Committee monitored the progress of the activities necessary to prepare the Consolidated Sustainability Statement in accordance with applicable legislation, shared the ESG KPIs for the 2024 Budget and the sector-specific Targets under the Net Zero Banking Alliance, as well as the streamlining of the process to identify and monitor climate and environmental risks. The members of the Risks and Sustainability Committee must have the knowledge, skills and experience necessary to be able to fully understand and monitor the Bank's risk strategies and guidelines, including with respect to sustainability.
Management Control Committee	The Management Control Committee, • in liaison with the corporate functions responsible for the sustainability issues (ESG) and the Internal Auditing function, supervises the compliance with the principles and values contained in the Code of Ethics; • with respect to the Consolidated Sustainability Statement, supervises compliance with the provisions of Legislative Decree no. 125/2024 and reports on this in its annual report to the Shareholders' Meeting, and examines the Consolidated Sustainability Statement in exercising its supervisory functions, in advance of the Board of Directors' meeting; • examines the annual report submitted by the Manager responsible for preparing the company's financial reports on sustainability risk monitoring and the periodic reports submitted by the corporate control functions. Furthermore, the Committee carries out the duties covered by Legislative Decree no. 30/2019, acting as the Control and Audit Committee.
Managing Director and CEO	The Managing Director and CEO • governs sustainability performance; • exercises the power to submit proposals to the Board of Directors for the adoption of resolutions within its remit; • ensures the consistency of the risk management process with the risk appetite and the relevant risk governance policies; • is informed by the Manager responsible for preparing the Company's financial reports on an annual basis about the controls over the risk of sustainability reporting; • provides, jointly with the Manager responsible for preparing the Company's financial reports, the legally-required certifications about financial and sustainability information required by law.

The Internal governance structures involved in the management and control of ESG risks are shown below. They ensure the application of controls in compliance with regulatory requirements and in line with the Group's business operations and the context in which it operates.

<table>
<tr><td>Steering Committee</td><td>The Steering Committee, which plays a central role, assists the Managing Director and CEO and is a Group management body with a decision-making, reporting and consulting role, composed of the Managing Director and CEO, who chairs the committee, and the top management, including the heads of Governance Areas and Divisions.

In the context of the Business Plan and Sustainability (ESG) Session, the Committee:
• collaborates, taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders, in the definition of strategic guidelines and sustainability policies (ESG), including the model of social and cultural responsibility and the fight against climate change, which the Managing Director and CEO submits to the relevant Board Committees and the Board of Directors;
• collaborates in identifying and updating potentially relevant environmental sustainability, social and governance matters in relation to the impacts, risks and opportunities considered, consistent with applicable regulations, as part of the impact and financial materiality assessment;
• examines the Consolidated Sustainability Statement and any other significant report on sustainability matters, prior to its submission to the Board of Directors;
• guides the consistency of technological development with the Group's ethical principles, particularly with specific reference to artificial intelligence/machine learning.
The Committee meets at least on a quarterly basis in the context of the Business Plan and Sustainability (ESG) Session.

In 2024, the Steering Committee met 26 times in the context of the Business Plan and Sustainability (ESG) Session, covering issues with ESG impacts. Specifically, these sessions provide quarterly monitoring of strategic initiatives related to the 2022-2025 Business Plan.</td></tr>
<tr><td>Group Control Coordination and Non-Financial Risks Committee</td><td>In the Operational and Reputational Risk session, the Group Control Coordination and Non-Financial Risks Committee examines the main ESG risk profiles, which are or could be reflected in the operational and reputational risk exposure. This session, chaired by the Chief Risk Officer, is attended by the heads of the Group's corporate control functions, the relevant Governance Areas and the Manager responsible for preparing the Company's financial reports.</td></tr>
</table>

Every quarter, the Steering Committee and the Group Control Coordination and Non-Financial Risks Committee report to the Board of Directors on their activities, enabling the Board to play an oversight role on the main issues covered.

The Governance Area of the Chief Financial Officer includes the responsibility for preparing the Consolidated Sustainability Statement, as well as monitoring and interpreting the development of relevant European and national legislation, as well as defining and subsequently updating the resulting methodological rules.
Set up in April 2024, the Governance Area of the Chief Sustainability Officer (the "CSO") reports to the Managing Director and CEO and its mission is to drive the Group's development strategies on sustainability.

The Governance Area of the CSO has the following main functions:
- guide the development and implementation of the Group's ESG strategy, also helping to identify specific actions and initiatives, and new business opportunities; collaborating on ESG reporting and promoting the dissemination of a culture of sustainability and innovation;
- play an active role in the development and promotion of the local areas and communities in which the Group operates, supporting non-profit organisations and promoting social inclusion initiatives and educational interventions;
- promote the innovation of businesses and territories as a key factor for sustainable development through applied research and support for start-ups, open innovation, the transition to the circular economy and the development of innovation ecosystems;
- promote the Group's historical, artistic, architectural, and archive assets to contribute to the civil and cultural growth of the local areas and communities it serves, ensuring their protection and appreciation.

The Governance Area of the CSO also includes that of the Chief Social Impact Officer (the "CSIO"), which directs, governs and implements social impact initiatives and projects, promotes the well-being and inclusion of people and the Community, and directs, coordinates and oversees initiatives to mitigate the direct environmental impacts generated by the Group.

The ESG Control Room (the "Control Room") was strengthened and reorganised in 2024 to support the performance of ESG-related activities by the Steering Committee. The Control Room is a collegiate managerial body with advisory, analysis and assessment powers. It provides the Steering Committee with specific support in the strategic proposition of ESG guidelines, policies and initiatives, the monitoring of goal achievement as well as the consideration of any actions that may be appropriate or necessary in order to achieve results.

The main functions of the ESG Control Room are listed below:
- support the Steering Committee in the Business Plan and Budget processes, in reviewing and assessing proposals about relevant ESG directions and initiatives at Group level, while assessing priorities, metrics and targets (KPIs);
- analyse policies, including the Group's social and cultural responsibility model to combat climate change;
- make assessments on proposals for the Group's ESG commitments and key business implications;
- make assessments and provide indications about proposals to join the main voluntary initiatives and the related plan of activities necessary to achieve the resulting objectives, monitoring the progress of activities and results. Furthermore, assess the main social initiatives at Group level;

- analyse the main ESG reports, including monitoring of initiatives, key ESG targets/goals (Plan and Budget KPIs), and identification of key elements prior to the preparation of ESG disclosure;
- analyse and comment, where necessary, on the integration of ESG criteria into equity investments and credit strategies;
- analyse the external context, sharing the results of ESG regulation monitoring activities and the analyses on the potential impacts of ESG trends, also with reference to other players;
- receive information on relevant requests received from Regulators or Authorities in the ESG area reported by the reference functions (Divisions and Governance Areas) and the related feedback if these involve the submission to the Bank's Bodies.

The heads of some of the Governance Areas/Divisions and, if necessary, depending on the matters addressed, the heads of other Government Areas/Divisions and/or those of other Group structures are permanent participants in the Control Room.
The Chair of the ESG Control Room reports whenever necessary and at least once a year, directly or through their delegates, to the Steering Committee on the assessments and activities carried out by the Control Room.

The ESG Control Room operates and discusses initiatives and relevant topics with the assistance of the following Panels:
- ESG Coordination Panel, launched in 2020 and formerly known as the ESG Control Room. Its main purpose is to share, update and monitor ESG activities and goals, with the collective participation of all Governance Areas and Business Divisions through Sustainability Managers;
- Sustainable Investments and Insurance Panel, launched in 2022. Its mission is to ensure comprehensive oversight of the ESG initiatives of the Wealth Management Divisions;
- Social Impact Panel, which will be launched in 2025. This panel will coordinate and steer the Social Impact area, in addition to examining, monitoring and discussing specifically related initiatives and topics.

The ESG Panels meet whenever necessary, with a minimum frequency ranging from every quarter to every six months. The Sustainability Managers and the representatives of the company structures involved in the topics addressed participate in the Panels.

The Control Room and the Panels operate with the assistance of the Sustainability Managers. They are appointed by the head of each Governance Area/Division usually from among their first reporting line, and, to the extent of their remit, monitor ESG matters with respect to the relevant Governance Area/Division, including any Group company that belongs to it.

The head of the CSO Governance Area chairs the ESG Control Room and the related Panels, except for the Social Impact Panel which is chaired by the head of the Chief Social Impact Officer Governance Area. The delegates of the CSO Governance Area coordinate the related activities with the ESG Control Room and the Panels.

The Chief Risk Officer (CRO) Governance Area defines, develops and updates the ESG risk management and assessment system. As part of the Risk Appetite Framework, and in view of the subsequent submission to the Corporate Bodies, a level of ESG (including climate change) and reputational risk tolerance is proposed, defining specific exposure limits, risk indicators, and actions to be monitored and updated. The Board of Directors approves the updates to the Risk Appetite Framework.

The CRO Governance Area also heads climate risk identification, assessment and management processes.
Finally, the CRO Governance Area includes a specific function which periodically reports on the overall status of the ISP Group's risks via a "Tableau de Bord of Risks". The latter document includes a section about reputational and ESG risks in order to monitor compliance with the risk appetite limits and informs top management and the competent department structures about its performance.

As shown by the ESG responsibilities of administrative bodies described earlier, sustainability IROs are taken into account both when defining and monitoring the corporate strategy and in the context of risk management processes. With respect to strategic assessment elements, in 2024, the Board of Directors approved the definition of new sector targets[48], confirming the Group's commitment to climate transition, and promoted the definition of new operational tools to support communities in order to strengthen the Intesa Sanpaolo Group's positioning in terms of social responsibility. With respect to compliance and risk management, the Board of Directors examined and approved the most relevant internal legislation on:
- Risk Appetite Framework;
- governance of reputational risks;
- principles of corporate conduct;
- principles of diversity, equity and inclusion.

Material sustainability IROs are regularly discussed by the Board of Directors and the Risks and Sustainability Committee during the year and are brought to the Bodies' attention by various reporting structures (and any assisting structures, where necessary) according to the relevant topic. In particular, in 2024, the following structures reported on sustainability issues:
- the Chief Sustainability Officer (CSO) Governance Area;
- the Chief Financial Officer (CFO) Governance Area;
- the Chief Risk Officer (CRO) Governance Area;
- the Chief Institutional Affairs and External Communication Officer (CIAECO) Governance Area.

The main sustainability IROs discussed during the meetings held in 2024 by the Board of Directors and the Committees in charge of ESG issues are as follows:
- governance of reputational risks;
- climate-related and environmental risks;

[48] For additional information on the Group's additional sector targets, reference should be made to the Sectoral Plan section in ESRS E1 – Climate Change.

- definition of targets for the progressive reduction of indirect greenhouse gas emissions in line with the commitments made as a result of joining private initiatives (e.g. the Net Zero Banking Alliance);
- promotion of an appropriate corporate culture and of the principles of social and environmental responsibility;
- diversity, equity and inclusion;
- health and safety of workers;
- support to communities and enhancement of local areas.

This includes control activities over the Group's ESG performance, by monitoring the results of the main sustainability KPIs and the achievement of the ESG targets set out in the Business Plan. This information was submitted to the Risks and Sustainability Committee for assessment in the first quarter of the year.

Incentive systems linked to sustainability factors

The Managing Director and CEO is the only executive member of the Board of Directors and, therefore, is the only beneficiary of an annual Incentive System and a long-term Incentive Plan for the role of General Manager. These systems also include sustainability-related metrics.

Structure of the annual incentive system

The annual Incentive System[49] is formalised through a Performance Scorecard with both financial and non-financial KPIs. Specifically, quantitative KPIs (financial and non-financial) are clustered within 4 drivers (Growth, Profitability, Productivity and Cost of Risk/Sustainability), while the (non-financial) qualitative KPIs are divided into strategic actions or projects that represent the enabling factors for the achievement of the financial KPIs or contribute to the achievement of the Plan objectives. The latter objectives are usually reported by identifying ex-ante drivers that guide the subsequent assessment. With respect to non-financial quantitative KPIs, similarly to the previous years, the Group's Environmental, Social and Governance transversal KPI was assigned in 2024.
Each KPI is assigned a weight equal to at least 10% to ensure the significance of the objective, and no more than 30% to guarantee appropriate weighting of the numerous objectives. The accrual period is annual.
The total bonus due to the Managing Director and CEO is allocated based on the assessment of the results of the individual performance scorecard, according to a deterministic calculation.
In any case, it is subject to verification of the gateway conditions and the absence of individual compliance breaches, as well as subject to corrective mechanisms.
The premium is paid partly in cash and partly in Intesa Sanpaolo shares and is disbursed over a five-year deferral horizon.
Each deferred portion is subject to a mechanism of ex-post correction (malus conditions).
Furthermore, in the five years following the payment of the individual instalment (up-front or deferred) of variable remuneration, the company reserves the right to activate claw-back mechanisms.

Structure of the Long-Term Incentive Plan

The CEO is also a beneficiary of the Long-Term Incentive Plan (PSP), which is also awarded to the remaining Management (around 3,100 beneficiaries). The Plan is based on shares awarded upon the achievement of specific performance targets that are consistent with the Business Plan (i.e. PON/RWA, Cost/Income, NPL ratio and relative TSR) and whose levels correspond to those set in the Plan itself.
There are also two bonus de-multipliers:
- Composite ESG KPI, consisting of a sub-KPI for each of the three ESG factors (Environmental, Social and Governance) whose target level is defined in the 2022-2025 Business Plan. This acts as a de-multiplier by reducing the number of possible shares accrued by 10%-20% depending on the degree of any failure to achieve the 2022-2025 Business Plan targets;
- Capital target: measures the maintenance of CET 1 levels above the target defined in the Group's RAF over the Plan's time horizon. It acts as a de-multiplier by reducing the number of shares vesting at the end of the Plan by 10% for each year of breach (up to a maximum reduction of 40% over the entire Accrual Period).

The Plan is subject to verification of the gateway conditions and the absence of individual compliance breaches. 60% of any bonus earned is deferred over a five-year horizon and, depending on the impact on fixed remuneration, 60%-55% is allocated in shares subject to a retention period (the remainder is allocated in shares not subject to a retention period). Malus and clawback conditions also apply.

The ESG Component in CEO Incentive Plans (Annual and Long-Term)

With regard to the variable remuneration of the Managing Director and CEO, the ESG component is of central importance and is included both in the annual Incentive Plan through the provision of a specific KPI, and in the long-term Performance Share Plan in which an ESG composite KPI is envisaged that acts as a de-multiplier of any bonus earned.
Within the annual Incentive System, the ESG KPI – present since 2021 and representing an evolution from the previous cross-cutting "Diversity & Inclusion" KPI – has been assigned to the CEO's Performance Scorecard, consistent with the Bank's growing commitment to social, cultural and environmental sustainability and the goal of creating long-term value for its people, customers, community and environment as well as in line with the increasing focus on these issues by Regulators, Proxy Advisors, Shareholders and Group Stakeholders. Moreover, a cross-Group ESG KPI is also assigned to about 3,000 Group managers in Italy abroad with a weight of 10% or 15%.

[49] For additional information about incentive systems, reference should be made to the Report on remuneration policy and compensation paid, available on the Group's website.

The ESG KPI of the CEO (with weight of 15%) is assessed on the basis of specific drivers:
- presence of Intesa Sanpaolo in the sustainability indices of specialist companies (no. of presences);
- promotion of an inclusive work environment through the identification and implementation of targeted management actions, with a particular focus on meeting the commitments in terms of gender equity assigned to each Division/Governance Area: i) in annual hires; and ii) in the pool of candidates for first appointment to managerial roles;
- group ESG initiatives:
  - support for the green economy and circular economy: i) development of ESG commitments; ii) setting of targets for reducing financed emissions in additional priority sectors; iii) reduction of exposures in ESG risk sectors; iv) and completion of the ESG Credit Framework;
  - growth in Sustainable Investments through the impact of ESG investments on total AuM (%);
  - youth orientation and employability initiatives.

In the PSP long-term incentive plan there is a composite KPI that, in an effort to promote the pursuit of sustainability, acts as a de-multiplier as mentioned in the previous section. The KPI consists of a sub-KPI identified in the Business Plan for each of the 3 factors comprising ESG, namely:
- Environmental: new loans for the green/circular economy and the ecological transition with a special focus on supporting the Corporate/SME transition (weight 40%);
- Social: number of people who successfully completed the re-skilling and up-skilling programmes with reallocation in new job roles in the case of the former (weight 40%);
- Governance: percentage of women in new appointments to senior positions, i.e. -1 and -2 organisational levels below the CEO (weight 20%).

Moreover, note that the same ESG composite KPI is included in the LECOIP 3.0 Plan, the long-term incentive plan dedicated to Professionals in Italy, which 45,629 people have signed on to (about 63% of those entitled) and which is based on Certificates having Intesa Sanpaolo shares as the underlying asset. Specifically, in this case, the KPI recognises a minimum return (of 4%) on the capital initially allocated upon the Group's achievement of that KPI. If the indicator is not achieved, the amount that would have been paid to employees will be invested by the Bank in ESG projects that contribute to the achievement of the ESG objectives concerned.

The annual Incentive System and the long-term Performance Share Plan are approved by the Shareholders' Meeting, upon proposal of the Board of Directors supported by the Remuneration Committee. Moreover, the Risks and Sustainability Committee, without prejudice to the prerogatives of the Remuneration Committee, supports the Board of Directors and examines them in order to check their connection with current and prospective risks.

Risk management and internal controls of sustainability reporting

The Intesa Sanpaolo Group adopts an internal control system based on three levels, in line with the legal and regulatory provisions in force. The model has the following types of control:
- Level I: line controls which are aimed at ensuring proper performance of operations (for example, hierarchical, systematic and sample-based controls) and which, to the extent possible, are incorporated in the IT procedures. They are carried out by the same operating and business structures, including through units dedicated exclusively to control duties reporting to the heads of the same structures or performed as part of the back office.
- Level II: consists of risk and compliance controls to ensure, inter alia: (i) the correct implementation of the risk management process, (ii) observance of the operating limits assigned to the various functions and (iii) compliance of company operations with the rules, including self-governance rules. The functions assigned to such controls are separate from the ones in charge of production and contribute to the definition of the risk governance policies and the risk management process. In the Intesa Sanpaolo Group, Level II includes the following Parent Company structures and the equivalent local units of the Group companies, where established:
  - Chief Compliance Officer Governance Area, which is assigned the tasks and responsibilities of the “regulatory compliance function (compliance)”;
  - Chief Risk Officer Governance Area, which is assigned the tasks and responsibilities of the “risk control function (risk management)”.
- Level III: internal audit controls to identify breaches of procedures and regulations, as well as to periodically assess the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the internal control system and the IT system at Group level, at scheduled deadlines in relation to the nature and intensity of the risks.

The Group has therefore put in place a structured system of controls and responsibilities to ensure the compliance of the Consolidated Sustainability Statement with the applicable legislation from a risk-based perspective, aimed at managing the risks associated with reporting sustainability information to third parties.
The structures involved in the control system perform specific activities, which are detailed in internal Group documents and aimed at ensuring the quality and compliance of the Consolidated Sustainability Statement throughout all stages of the process. These control activities are directly related to the main types of risks identified and represent forms of risk mitigation. Specifically:
- when defining the work plan and the structure of the Statement, the controls focus on the analysis and interpretation of the relevant legislation, the correct definition of the scope of consolidation and the verification that the double materiality analysis is complete and accurate, with a clear identification of its results;
- during the collection of information and the preparation of contributions, control activities include the verification of data sources and the loading of information through formal systems and procedures aimed at verifying the completeness, accuracy, consistency and comprehensiveness of such information by the respective contributors and validators;
- finally, in the aggregation and finalisation phase of the Consolidated Sustainability Statement, the outcomes of the contribution and validation process are verified, the correctness of the metrics is checked and the information on policies, actions and targets is harmonised, ensuring that the final document meets regulatory and quality requirements.

Moreover, the Manager responsible for preparing the Company's financial reports performs the verification and monitoring, through the structures reporting to him/her, designed to ensure that the Consolidated Sustainability Statement included in the report on operations has been prepared in compliance with the reporting standards adopted in accordance with the CSRD.

This integrated system ensures an effective, transparent management of Consolidated Sustainability Statement that is aligned with regulatory requirements and quality standards defined by the Group.
Risk assessment and internal controls relating to sustainability reporting have therefore been integrated within the functions identified by the new internal regulatory framework defined by the ISP Group.

The results of the control and risk assessment activities will subsequently be communicated to the administrative, management and control bodies, as envisaged in the aforementioned framework.

Indeed, the Manager responsible for preparing the Company's financial reports brings to the Board of Directors' attention an annual report on the activities to monitor the sustainability statement risk, which is included in the "Report on the internal control system for the financial reporting process", while the corporate control functions submit their own periodic reports.

Environmental information

ESRS E1 – Climate change

Materiality assessment of impacts, risks and opportunities

As explained in the chapter “ESRS2 – General disclosures: Double materiality assessment”, the Group carried out a double materiality assessment of the main material sustainability matters, from the dual perspective of:

- impact materiality, which takes into account the Group's impacts with respect to external and internal stakeholders (people and the environment) in the short, medium or long term from an inside-out perspective;
- financial materiality, which considers, from an outside-in perspective, sustainability topics that give rise to:
  - risks affecting, or potentially affecting, the development of the undertaking, its financial position, performance and cash flows, access to finance or cost of capital in the short, medium or long term;
  - opportunities that have, or may predictably have, a material financial impact on the Group in the short, medium or long term.

Impacts, risks and opportunities within the scope of ESRS E1 – Climate Change were identified taking into consideration the specific features of the Group. Specifically, the impacts, risks and opportunities were mapped on the basis of the framework in which the Group sets out and carries on its business activities and dealings in relation to climate change (for instance, “Rules for the Environmental and Energy Policy” and “Group Guidelines on ESG Risk Governance”, 2022-2025 Business Plan, internal documents such as the "Business Environment Scan" and materiality analysis of climate risks), the controls defined and put in place by the Group to combat climate change, as well as an assessment of the transitional and physical risks the Group could be exposed to.

The analyses were conducted by assessing the materiality of the impacts, risks and opportunities identified for each of the three sub-topics of ESRS E1, namely: "Climate change mitigation", "Climate change adaptation" and "Energy", with reference to all types of energy production and consumption[50]. The standard also requires the identification of climate-related issues within these sub-topics that may generate physical climate risks for the undertaking, and transition risks resulting from the implementation of climate change adaptation measures.

For the purposes of impact materiality, the assessment of the impacts identified involved interviews with internal units affected and external stakeholders (e.g. experts on communities or the environment) and an in-depth qualitative and quantitative analysis based on the criteria envisaged by relevant legislation (namely, scale, scope, irremediable character of the impact and likelihood). Specifically, with reference to:

- own operations: impacts were assessed on the basis of qualitative drivers connected with, among other things, the adoption of internal policies and the promotion of initiatives able to guarantee the achievement of the objectives of climate neutrality and energy efficiency defined;
- upstream value chain: the impact assessment involved ESG questionnaires administered to suppliers and an analysis of their feedback;
- downstream value chain: an analysis was conducted on the indirect impacts conveyed through exposures on the Group's portfolios to counterparties belonging to sectors that generate high greenhouse gas emissions and are considered to be highly exposed to physical and transitional risks related to climate change. Furthermore, in order to assess the impacts associated with the downstream value chain, dedicated initiatives that the Group has signed on to (e.g. UN Global Compact, Net Zero Banking Alliance - NZBA) were analysed, as well as internal financing and investment policies that provide for the selection of undertakings that have defined and implemented climate change actions (e.g. transition plan).

The analysis revealed the following impact materiality outcomes with respect to the above scopes:

- own operations: as a result of the adoption of internal policies and corporate strategies aimed at reducing the impact of climate change by the Group's operations, material positive impacts were identified with respect to climate change adaptation;
- upstream value chain: considering the Group's operations and type of business, which focuses mainly on financial activities and services, no material impacts of the Group conveyed through the supply chain emerged;
- downstream value chain: considering the definition of criteria and strategies that positively contribute to the mitigation of and adaptation to climate change of counterparts, as well as to the reduction of energy consumption and indirect emissions thereof, material positive impacts on all sub-topics were identified. At the same time, given the presence within the Group's portfolios of exposures to counterparties belonging to sectors that may be negatively impacted by this issue, material negative impacts were identified.

For the purposes of the financial materiality assessment, the materiality of risks and opportunities was assessed using a dual, quantitative and qualitative approach applied to the scopes previously identified.

With regard to physical climate-related risks, the Group has adopted a structured process for identification and assessment, following the operational steps described below:

- identification of material climate hazards, which involves the analysis of potential climate-related physical risks, distinguishing between acute physical risks (e.g. heat waves, storms, floods, forest fires) and chronic risks (e.g. sea level

[50] "ESRS E1 Delegated Act 2023 5303 - Annex 1": "climate change mitigation" refers to the undertaking's efforts for the overall process of limiting the global average temperature increase to 1.5°C above pre-industrial levels, as laid down in the Paris Agreement. “Climate change adaptation” refers to the process of adapting an undertaking to actual and expected climate change.

rise, changes in mean temperatures, changes in precipitation patterns), and the use of high-emission climate scenarios (e.g. IPCC SSP5-8.5) and regional projections to identify and predict material climate events;
- identification of supporting tools and climate data, which consists of the application of geospatial analysis tools and climate models to ensure that risk identification is based on reliable data and recognised methods as further described below;
- for own operations: exposure and sensitivity assessment, which involves analysing assets and operations to assess the degree of exposure and sensitivity to identified climate hazards. This analysis takes into account the likelihood, potential magnitude and duration of risk events, as well as the specific geographical coordinates of the Group's operating sites;
- value chain analysis, which includes the main suppliers and counterparties the Group is exposed to and invests in, assessing the vulnerability of critical assets and logistics infrastructure in order to map physical risks throughout the supply chain;
- integration of climate and environmental risk assessments into risk management systems to enable the identification of priorities and the development of mitigation and adaptation strategies to reduce overall vulnerability.

Various methods of analysis were used to evaluate the portfolios, specifically:
- scenario-based climate projections of the Network for Greening the Financial System (NGFS) were used;
- for sovereign bond exposures only, on the other hand, the estimation methods are based on the projection of interest rates under different climate scenarios from which potential shocks to sovereign bond yield curves are derived. The analyses were conducted with the aim of assessing the effects of climate change and the decarbonisation of economies on sovereign bond yields in various scenarios.

In view of the aforementioned process, the following analyses were carried out with respect to physical risk on the three perimeters identified in the materiality analysis, specifically with reference to:
- own operations: the operational risk and the reputational risk the Group would be exposed to in the event of an interruption of operations due to the occurrence of extreme weather events were assessed;
- upstream value chain: the assessment focused primarily on potential exposures to reputational risk in the case of Group suppliers that adopt a less structured approach to the matter in question (such as a policy to protect company assets, updates to the Business Continuity and Disaster Recovery plans);
- downstream value chain: the assessment focused on credit risk, market risk, liquidity risk and strategic risk connected with the matter in question. This would also give rise to reputational risk.

Note that the analyses conducted involved multiple time horizons (i.e. short, medium and long term[51]) and that, based on the time period under review, internal documentation (e.g. the Group's Risk Appetite Framework), business plan projections and simulations and projections used for the purposes of analysing the risks the Group is subject to were considered.

Based on the analyses conducted, for the purposes of financial materiality, with reference to the downstream value chain, credit risk and reputational risk emerged as material risks over the medium to long-term time horizons due to exposure to sectors associated with counterparties potentially subject to a high risk of being impacted by physical risk events.

With reference to transition risk, the following assessments were made for the different scopes of reference identified:
- own operations: an assessment was made of operational risk and reputational risk due to possible initiatives that might not adequately mitigate climate change with respect to the communicated statements and objectives;
- upstream value chain: the operational risk and the associated reputational risk the Group is potentially exposed to were assessed in the event that it uses suppliers that adopt less structured controls with respect to the sustainability issue under investigation (e.g. with reference to the management of its own greenhouse gas emissions);
- downstream value chain: credit risk, market risk and liquidity risk potentially arising from exposure to transition risk factors were assessed. This would also give rise to reputational risk.

With regard to the loan portfolio, the identification of transition risks and the assessment of exposure to these risks takes into account climate projections based on the NGFS climate scenarios consistent with the Paris Agreement. On the other hand, with regard to sovereign bond exposures, the Group conducted analyses to assess the impact of climate change and the decarbonisation of economies on sovereign bond yields. The estimation methodology is based on the NGFS framework and in particular on the projection of interest rates under different climate scenarios from which potential shocks to sovereign bond yield curves are derived.

Following the analysis carried out, for the purpose of financial materiality, with reference to the downstream value chain perimeter, credit risk, market risk and reputational risk emerged as material in the medium to long term due to exposure to sectors associated with counterparties potentially subject to high transition risk. Reputational risk is also material as far as the upstream value chain is concerned, given the existence of counterparties with a less evolved approach to transition risk management.

Finally, with regard to the sub-topic of energy, the risk analyses focused on:
- upstream value chain: the assessment focused on potential exposures to reputational risk in the case of Group suppliers that adopt less structured controls with respect to the issue of sustainability studied (e.g. energy efficiency improvements);
- downstream value chain: mainly credit risk, market risk and liquidity risk potentially arising from impacts on the value of the production assets of the financed counterparties due to inefficiencies in the management of energy supplies were considered. This would also give rise to reputational risk.

As a result of the analysis carried out with respect to the topic of energy, for the purpose of financial materiality reputational risk emerged as material for the upstream value chain, while for the downstream value chain, considering the exposure to sectors associated with counterparties that are potentially risky in this respect, credit risk and reputational risk emerged as material.

[51] As already outlined in chapter "ESRS 2 - General disclosures, Drafting criteria and methodology, Time horizons".

Finally, for the purposes of assessing financial materiality, opportunities were analysed that have or can be expected to have a material financial influence on the Group.
With regard to climate change adaptation, opportunities were identified exclusively on the downstream value chain, which were found to be immaterial based on the analysis of internal documentation and discussions with the relevant internal structures.

With regard to opportunities related to transition risk factors in the context of climate change mitigation, the following analyses were conducted with respect to the following perimeters:

- own operations: on the basis of interviews with the competent organisational units, the assessment looked at current and/or planned Group initiatives in support of climate change mitigation;
- downstream value chain: opportunities were assessed in relation to the possibility of expanding the product range aligned with environmental sustainability objectives. This analysis was also carried out taking into account the possible presence of indicators related to disbursed or planned funding aimed at climate change mitigation.

Downstream of the analyses conducted, from a financial materiality perspective, the aforementioned opportunities are material considering the numerous initiatives already undertaken by the Group to combat climate change with respect to the perimeter of its own operations (e.g. actions aimed at reducing its own emissions as part of the Group's Own Emissions Plan) and the downstream value chain (e.g. the Group's strong commitment to aligning with the criteria defined by the European Taxonomy Regulation) and the objectives defined by the Group in this regard from a commercial perspective, in addition to the strategic priority that the Group has long since fully integrated into its overall business approach.

As far as opportunities in the energy sector are concerned, the analyses focused on the scope of own operations with a view to improving brand reputation/positioning resulting from the definition of energy efficiency targets. Based on the analysis of internal documentation and discussions with relevant internal structures, the opportunity identified, net of those related in a broader sense to climate change mitigation (represented above), is not relevant to financial materiality.

Resilience Assessment

Using an in-depth analysis of external factors such as global sustainability trends, changes in public policy and evolving stakeholder expectations, banks can accurately identify risks and opportunities that influence their operations and long-term strategy. In this context, the Group used the “Business Environment Scan” (BES), an essential tool to strengthen the capacity of financial institutions to adapt to a changing environment characterised by regulatory, economic and environmental changes.

This approach allows economic, social and environmental considerations to be integrated into strategic planning, ensuring a greater ability to adapt to unforeseen events such as market downturns or regulatory pressures. In the banking context, the BES is particularly relevant for assessing interactions with the credit market, climate risk and the transparency requirements of the Group's stakeholders.

For this reason, the Intesa Sanpaolo Group has identified a number of variables considered within the “Business Environment Scan” to analyse climate risk issues (transitional and physical):

- macroeconomic variables: identification of the most material variables impacting each business area, description of the reasons for their materiality, and assessment of the expected impacts based on the deltas between the projections of the variables (based on the Oxford Economics and Central Banks and Supervisors Network for Greening the Financial System databases) under the three climate scenarios considered: i) Hot House World, ii) Orderly Transition, iii) Disorderly Transition[52];
- competitive landscape: description of the commercial offers and initiatives related to climate and environment announced by the Intesa Sanpaolo Group's Italian and international peers, and assessment of the expected impacts based on peer positioning;
- regulatory trends: presentation of the main climate and environmental regulatory trends affecting each business area, both in terms of existing regulations and future legislation currently under discussion, and assessment of the expected impact of regulation also with respect to the implications for both banks and bank customers;
- technology trends: identification of key climate and environmental technology trends affecting each business area and assessment of their expected impact based on the potential of the trend to revolutionise business area operations to support customers' green transition;
- social/demographic trends: presentation of the main social and demographic trends influencing each business area and assessment of the expected impact based on an understanding of the changing needs, preferences and behaviour of the population;
- transition risk: assessment of the quantitative impact of the process of upgrading to a low-carbon and more environmentally sustainable economy on the Intesa Sanpaolo Group's exposures;
- physical risk: assessment of the quantitative impact of climate change on the Group's exposures, including more frequent extreme weather events and gradual changes in climate.

For each variable analysed, the potential impact was assessed and the time horizon in which these effects could materialise is noted. The combined impacts of all dimensions provide an explicit judgement of how climate and environment-related risks and opportunities might affect the Intesa Sanpaolo Group's business model in the short, medium and long term.

[52] Hot House World: assumes implementation of only current climate policies, resulting in high physical risks due to significant global warming; Orderly Transition: envisages the early and gradual adoption of stringent climate policies to limit warming to 1.5°C and achieve zero net CO_2 by 2050; Disorderly Transition: characterised by delayed or divergent policies across sectors and countries, with emissions peaking in 2030 and more drastic measures to limit warming below 2°C.

The analysis covered 14 company areas:
1. Banca dei Territori (BdT) – Italy – Residential Real Estate (RRE);
2. Banca dei Territori (BdT) – Italy – SMEs (Small and medium-sized enterprises);
3. IMI Corporate & Investment Banking (IMI C&IB) – Large corporate – Manufacturing;
4. IMI Corporate & Investment Banking (IMI C&IB) – Large corporate – Wholesale & Retail Trade;
5. IMI Corporate & Investment Banking (IMI C&IB) – Large corporate – Construction;
6. IMI Corporate & Investment Banking (IMI C&IB) – Large corporate – Real Estate Activities;
7. IMI Corporate & Investment Banking (IMI C&IB) – Large corporate – Oil & Gas;
8. IMI Corporate & Investment Banking (IMI C&IB) – Large corporate – Power Generation
9. IMI Corporate & Investment Banking (IMI C&IB) – Large corporate – Automotive;
10. International Banks Division (IBD);
11. Private Banking;
12. Asset Management;
13. Insurance;
14. Corporate Centre.[53]

In the case of the Corporate Centre, the area was integrated to also consider its own operations. In this context, the activities of the business area responsible for Treasury and Asset Liabilities Management (ALM) were analysed.

The exercise was conducted in 2024 as part of the "Business Environment Scan".

The initial phase of the resilience analysis involved the definition of the BES framework, which considers short, medium and long-term time horizons, outlining the business landscape the Group operates in from a climate and environmental perspective.

In this context, time horizons of a managerial and strategic nature aligned with the time horizon of the Business Plan were used for the "Business Environment Scan". Specifically:
- short term (ends in 2027): a time interval that includes the following three years and aligns with the Group's internal adequacy processes, such as the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP);
- medium term (ends in 2030): time interval extending from year 4 to year 6 from the time of the analysis. It considers evolving factors that complement the Business Plan and establishes guidelines for the development of the next plan. By analysing the medium term, the Group can adapt its strategies and initiatives to address emerging trends, market dynamics and stakeholder expectations;
- long term (ends in 2050): time span from year 7 to year 26. This interval is particularly important considering the Group's commitment to achieving Net Zero emissions targets by 2050. Considering the long term, the Group can develop sustainable strategies and initiatives that contribute to a low-carbon future and align with global sustainability goals.

The results of the analysis are shown in terms of expected qualitative impacts (classified as "low", "medium", "high") for each variable, within each business area and over the three time horizons defined.

Overall, out of the 14 business areas indicated above, six relevant areas have all variables rated as "medium" or "high" impact, and at least one variable rated as "high" impact. Specifically:
- BdT – Italy – Residential Real Estate;
- BdT – Italy – SMEs;
- IMI C&IB – Large corporate – Oil & Gas;
- IMI C&IB – Large corporate – Power Generation;
- IMI C&IB – Large corporate – Automotive;
- International Banks Division.

The impact analysis carried out on the variables identified had the following outcome: 30% of the "medium" or "high" impacts are expected to occur in the short term, 60% in the medium term and 10% in the long term.

More details are given below for each of the dimensions analysed:
- macroeconomic variables: impacts are expected in the medium term (with the exception of energy prices, which affect the Oil&Gas and Power Generation sectors in both the short and long term);
- competitive landscape: impacts are expected in the short to medium term, also driven by the development of the market with regard to products and services dedicated to climate;
- regulatory trends: significant impacts were identified for almost all the company areas under analysis (for 13 of the 14 areas analysed and mentioned above, this trend was assessed as having a "high" impact in the short to medium term). These present both opportunities and potential risks;
- technology trends: impacts are expected mainly in the medium term, highlighting opportunities to support the green transition of bank customers;
- social/demographic trends: in general, more limited impacts are expected, with different time horizons depending on the area, e.g. increasing customer demand for sustainable products and investments and greater awareness of the consequences of climate risks.

[53] In addition to credit risk, the "Corporate Centre", with functions of direction, coordination and oversight of the entire Group, is attributed with the risks typical of this Business Unit (namely those arising from equity investments), the risks pertaining to the exposures in default, the Banking Book interest rate and exchange rate risk, as well as the risks arising from the management of the Parent Company's FVOCI (Fair Value through Other Comprehensive Income) portfolio.

In addition to the analysis focusing on qualitative assessment, an analysis of transition risk and physical risk drivers was performed, quantifying the impact of these drivers on the Group's portfolios, considering their composition and specific characteristics. This analysis shows that:

- in terms of transition risk, the Intesa Sanpaolo Group's portfolios, although not significantly exposed in the short term, have an increasing exposure over longer time horizons. Small or medium-sized enterprises (SMEs) and large companies are increasingly exposed to transition risk, particularly in the Power Generation and Oil & Gas sectors, while residential real estate is exposed to medium- and long-term impacts due to emission reduction regulations;
- in terms of physical risk, flood events are expected to become a significant problem for residential properties in the long term. For SMEs, the exposure to physical risk is moderate, with drought and forest fire events as the main risk drivers, while drought, forest fire and flood events pose a significant risk for large companies in various sectors over the long term.

Furthermore, in order to effectively address the evolution of impacts in the different time horizons and dimensions analysed, the Group has defined a set of follow-up actions, some of which have already been implemented, taking into account the results of the BES. These actions aim to mitigate risks, exploit opportunities and ensure the long-term sustainability of the Group in the face of climate and environmental challenges. Key initiatives include, for example:

- active and constant monitoring of national and international ESG legislation;
- participation in working groups and initiatives related to climate change;
- assessment of climate and ESG-related risks during credit processes and integration of ESG risks into creditworthiness assessments;
- ESG sector mapping, to trace ESG issues back to the NACE/ATECO sectors used by the Group;
- sectoral target setting initiatives (in the context of the NZBA) to reduce the CO2 emissions financed, implementing and monitoring a transition plan related to the sectors considered;
- implementation and monitoring of the “Own Emissions Plan”;
- adoption of the business continuity plan and actions to prevent/mitigate physical damage to the Group's physical facilities;
- actions to increase energy efficiency.

In this context, by recognising the impacts, implementing the actions defined above and constantly monitoring the company’s context, the Intesa Sanpaolo Group can continue to manage climate and environmental risks while pursuing opportunities for sustainable growth.

Integration of sustainability performance into incentive systems

The Intesa Sanpaolo Group is aware that it also has a significant social and environmental impact in the settings in which it conducts its business, choosing to act not only in the pursuit of profit, but also with the aim of creating long-term value for the Group, our people, customers, the community and the environment.

With particular regard to climate aspects, these contribute to the determination of the variable remuneration of the Managing Director and CEO and the rest of the company workforce in the framework of both the Annual Incentive System and the Long-Term Incentive Plans.

With regard to the Managing Director and CEO, the 2024 Performance Scorecard of the Annual Incentive System includes a specific, detailed ESG KPI with a weight of 15%, while the "Performance Share Plan" (PSP) long-term incentive, based on shares awarded in the future against the achievement of specific performance targets, includes a composite KPI that, in an effort to promote the pursuit of sustainability, acts as a de-multiplier, reducing the number of shares that may be vested by 10%-20% depending on the degree of achievement. The composite KPI consists of a sub-KPI identified in the Business Plan for each of the three environmental, social and governance factors.

Failure to achieve the ESG composite KPI envisaged in the long-term Performance Share Plan entails the curtailment of any bonus that may have vested by 10%-20%.

For the Managing Director and CEO, the ESG KPI resulted in the vesting of 16% of the bonus for the 2024 annual Incentive System.

With regard to the Annual Incentive System, the driver of the ESG KPI assigned to the CEO and connected to the climate is the support for the green economy and circular economy assessed in terms of: i) development of ESG commitments; ii) setting of targets for reducing financed emissions in additional priority sectors; iii) reduction of exposures in ESG risk sectors; iv) and completion of the ESG Credit Framework. Also assessed is the development of sustainable investments in terms of ESG investments as a percentage of total AuM (%).

With regard to the PSP Long-Term Incentive Plan, the environmental component of the ESG composite KPI (which acts as a de-multiplier as mentioned in the previous paragraph) relates to the new credit for the green/circular economy and ecological transition with a particular focus on supporting the transition of corporate undertakings/SMEs (the latter having a weight of 40%).

For more details on the ESG KPI of the Annual Incentive System and the PSP see the section "The ESG Component in CEO Incentive Plans (Annual and Long-Term)" of the ESRS 2 Standard.

Strategies to counter climate change in own operations

Policies to mitigate and adapt to climate change

The Intesa Sanpaolo Group has developed and adopted a series of policies to monitor and address issues related to climate change and energy efficiency.

First, a Code of Ethics was adopted that promotes an efficient and conscious use of all resources, avoiding waste and always prioritising sustainable choices over time. Moreover, the document contains guidelines aimed at combating climate change, protecting nature and biodiversity and supporting the transition to a sustainable, green and circular economy.

Within the Group, the adoption of the principles of the “Code of Ethics” has enabled the development of several policies aimed at mitigating climate change impacts within the Group's own operations.

In this context, of note is the “Environmental and Energy Policy” (hereinafter referred to as the Policy), which applies the values of the “Code of Ethics” and which aims to minimise environmental impacts and ensure legislation compliance, in line with the Environmental Code (Legislative Decree 152/06) and in accordance with the Organisational, management and control model pursuant to Legislative Decree 231/01. The main objectives include combating climate change, managing ESG risks, preventing environmental impacts, efficient and responsible use of resources, and careful selection of suppliers with ethical, social and environmental requirements. In this context, this Policy enables the Group to comply with initiatives that promote principles of sustainability and social responsibility (e.g. UN Global Compact).

The most senior level accountable for the implementation of the policy is the Environmental Manager, in charge of the Intesa Sanpaolo Environment and Energy structure, whose mission is to direct, coordinate and oversee initiatives aimed at mitigating the direct environmental impacts generated by the Group's own operations, ensuring the monitoring of regulatory compliance for environmental protection and energy efficiency. The Environmental Manager delegates the specialised operational structures to monitor compliance risks, such as Real Estate Management and Group Technology.

Furthermore, there are environmental and energy functions that carefully monitor operations, coordinate regulatory compliance audits, and perform periodic checks, inspections and audits at the Group's sites with a focus on waste management, energy consumption measured compared with the consumption expected, taking into account the characteristics of the building (climate zone, size, facilities, number of employees). The Intesa Sanpaolo Group has implemented management systems for the environment (ISO 14001 Certification) and energy (ISO 50001 Certification) certified by an international third party and subject to periodic audits, thus ensuring a systematic approach to sustainability that is aligned with international best practices.

Similarly, resource procurement aspects are managed on the basis of the “Green Banking Procurement Rules”, which provide procurement guidelines in areas such as energy, office materials, sustainable renovations and event organisation. Key objectives include optimising resources, promoting sustainable practices in the procurement of goods and services, reducing CO2 emissions, promoting efficiency and the circular economy. The most senior level responsible for the “Green Banking Procurement Rules” document is the head of the Intesa Sanpaolo Environment and Energy structure.

In this context, the Intesa Sanpaolo Group makes the aforementioned policies available to all stakeholders that are potentially involved and to those who contribute to their implementation through internal and external channels, using the Intranet for Group employees and the official website for all external stakeholders, applying them to all Group companies, including the Parent Company and subsidiaries.

Own Emissions Plan

In accordance with the "2022-2025 Business Plan", in 2022 the Intesa Sanpaolo Group implemented a plan to reduce its own emissions, called "Own Emissions Plan", following the Science Based Target Initiative (SBTi) protocol that calls for keeping the global temperature increase below 1.5°C compared to pre-industrial levels, as envisaged by the Paris Agreement.

The plan establishes a 53% reduction in Scope 1 and Scope 2 [54]emissions by 2030 (-51.427 thousand tonnes of CO_2eq) compared to the 2019 baseline (96.192 thousand tonnes of CO_2eq), and also sets the goal of becoming carbon neutral at the same time, offsetting residual emissions through the purchase of carbon credits.[55] In this context, the Group aims to achieve 100% electricity from renewable sources purchased for its operations. The definition of the target is based on 2019 data and the assessment of the market for green certificates to 2030, as well as other contractual options such as Power Purchase Agreements (PPAs).

It is confirmed that the calculation of emissions for the activities covered by the plan considers the entire scope of the Group, and this has remained unchanged since its definition. Moreover, the 2019 baseline, selected as representative of the Group's consumption and not affected by the exceptional events that characterised the following years such as 2020 and 2021, has never been changed, despite the inclusion of additional subsidiaries in the new Consolidated Sustainability Statement boundary, which in any case have a residual impact in terms of CO_2eq (less than 1% of the total).

To define the pathway for reducing its own emissions, the Group adopted an integrated approach, combining two methods:
- "bottom-up”, involving various internal stakeholders including Real Estate Management, People Management & Development, Workers Benefits, branches and foreign companies to identify the main decarbonisation levers;

[54] See the section "Gross Greenhouse Gas Emissions – Scope 1, 2, 3 and Total" of this standard for a description of Scope 1, 2 and 3 emissions.

[55] Note that as at 31 December 2024 the Group does not directly invest in GHG capture and storage, but holds intangible amounts of CO_2 emission rights (related to the European Union Emissions Trading System - EU ETS) deriving from proprietary trading operations carried out by the IMI Corporate & Investment Banking Division.

– "top-down", selecting the projects with the greatest potential for emission reductions relative to implementation costs, and defining the investments required to enact them.

With regard to the achievement of the declared decarbonisation targets, three levers have been adopted for both the Italian and foreign boundaries (branches, banks and companies) identified for 2024 and beyond:
a) repositioning of the electricity supply towards renewable sources;
b) implementation of measures aimed at reducing both energy consumption and dependence on fossil fuels for the Group's buildings through, for example, the gradual elimination of heating/air conditioning systems powered by gas and diesel oil and the renovation of inefficient systems with the use of heat pumps, the installation of photovoltaic panels and the activation of energy management/monitoring systems;
c) electrification of the company car fleet, both through hybrid and electric vehicles, and the installation of charging stations.

Specifically:
- the first lever is applied to the entire boundary of the Group;
- the second and third levers impact the Italy boundary and the foreign subsidiary banks located in Albania, Bosnia-Herzegovina, Croatia, Ukraine, Serbia, Slovenia, Moldova, Slovakia and the Czech Republic, Egypt, Romania, Hungary.

During 2024, the main initiatives implemented were:
- with regard to the first lever, the supply of energy from renewable sources is constantly monitored, which has proven to be in line with the target. One example is the Egyptian subsidiary Bank of Alexandria, which, in view of the restrictions in the local market, purchased i-RECs, and entered into a contract with NREA (New and Renewable Energy Authority) for the procurement of electricity from renewable energy sources for its sites in the Cairo region, covering about 91% of its electricity purchases;
- under the second lever, the following was done:
  - replacement of existing boilers with heat pump systems in some branches and buildings and extension of the smart building platform for monitoring consumption, with regard to the Italy boundary;
  - replacement of existing boilers with heat pump systems and replacement of obsolete air conditioning systems at some sites of the Hungarian subsidiary CIB Bank;
  - installation of a photovoltaic system at the Croatian subsidiary PBZ;
  - replacement of lighting fixtures with LED technology, obsolete air conditioning and electrical systems at some sites of the Slovak subsidiary VUB;
- with regard to the third lever:
  - increase in the number of electrified cars (full electric, plug-in hybrid and full hybrid) and simultaneous decrease in cars with internal combustion engines. In order to facilitate the adoption of plug-in rechargeable vehicles, a project was launched to install recharging stations at parking spaces of the Group's main buildings.

The implementation of the planned actions takes place in cooperation with the relevant corporate functions, ensuring an effective sharing of the necessary costs and resources. The availability of human and financial resources (the latter made available through the annual capital budget cycle), employed through an integrated, systemic approach that combines strategic allocation with the presence of specific skills, access to appropriate technologies and the support of an adequate regulatory framework, contributes to the implementation of the actions envisaged in the "Own Emissions Plan".

With reference to OPEX (administrative expenses) and CAPEX (property and equipment), we note their limited significance given the Group's sector of operations.

Finally, note that the update of the "Own Emissions Plan" is periodically shared during the meetings of the ESG Control Room and the ESG Coordination Committee.

Greenhouse gas emission reduction targets

Climate change mitigation and adaptation objectives in own operations

Target: Scope 1 and 2 - % of actual reduction in own emissions from implemented measures		
	Date	**Value**
Baseline	31.12.2019	96.192 tCO_2eq
Final balance	31.12.2024	-35%
Target	2030	-53%

Target: % Purchase of electricity from renewable resources		
	Date	**Value**
Baseline	31.12.2019	87.7%
Final balance	31.12.2024	92.8%
Target	2030	100%

In this context, as at 31 December 2024 the Group had already achieved a 35% reduction in emissions compared to the 2019 baseline (96.192 thousand tCO_2eq). This reduction corresponds to 34.256 thousand tonnes of CO2eq, and the Group remains in line with its target for 2030.

Moreover, as required by Regulation EU 2023/2772, the Group has identified “entity specific” disclosures in addition to the mandatory disclosures, to enable users to understand the impacts, risks or opportunities related to sustainability with reference to specific climate change issues, consistent with the Group's strategy to address climate change in its own operations as described in the preceding paragraphs, to which reference should be made for further details. Specifically, the metric identified for this purpose relates to the percentage of electricity purchased from renewable resources, which stands at 92.8% as at 31 December 2024.

Finally, note that like all financial institutions, the Intesa Sanpaolo Group does not currently fall into any of the categories listed in the European legislation on exclusion from the EU-Paris aligned Benchmark (EU PAB).

Strategy to combat climate change at portfolio level

Policies to mitigate and adapt to climate change

The Group adopts a series of policies to safeguard decarbonisation objectives at the portfolio level and to monitor climate adaptation issues, starting with the “Code of Ethics”, which, among its principles, envisages responsible management of indirect environmental impacts, for example committing to promoting services and products to foster the development of a low-emission economy.

In order to ensure an effective and efficient management and control system, strategic decisions on risk management at the Group level are referred to the Board of Directors of Intesa Sanpaolo, in its capacity as Parent Company. Thus, the Board plays this role not only with reference to the Parent Company, but also assessing the Group’s overall operations and the risks to which it is exposed. In fact, Intesa Sanpaolo's Board of Directors, with the support of the Risks and Sustainability Committee, approves policies on climate change, including the “Group Guidelines for the Governance of Environmental, Social and Governance (ESG) risks” (hereinafter “Guidelines for the Governance of ESG Risks”) in line with the Group's strategic and sustainability objectives. The Chief Risk Officer Governance Area (CRO Area) is responsible for, develops and maintains, in conjunction with other relevant structures, the aforesaid guidelines and the related implementing rules and is responsible for the design, development and maintenance of the internal system for the management and assessment of the Group's reputational and ESG risks.

As part of the overall ESG risk management framework, the "Guidelines for the Governance of ESG Risks" document devotes special attention to the monitoring and mitigation of climate risks and climate change adaptation. The containment of exposure to such risks passes first and foremost through preventive efforts centred on the development of a regulatory framework that also provides for the preparation and implementation of sector-specific rules that limit credit operations in specific sectors and that are able to identify and guard against risks arising from adaptation to climate change (e.g. physical risks).

The guidelines apply to Group banks and companies, which adapt them to their own context, and, in the case of the International Banks Division, to the specifics of local regulations.

In formulating the “Guidelines for the Governance of ESG Risks”, the Group referred to the principles defined by international best practices and to developments promoted and expressed by the regulator and supervisor at the European and international levels. Specifically, at the EU level, reference was made to the legislation that followed the Action Plan for Sustainable Finance and Growth published in 2018 by the European Commission, while at the international level inspiration was drawn from the initiatives aimed at promoting best sustainability practices in the banking sector that the Group has adopted, including the UN Global Compact, UN Environment Programme Finance Initiative (UNEP FI), Principles for Responsible Banking, Principles for Responsible Investment, Principles for Sustainable Insurance, Equator Principles and Net-Zero Banking Alliance (NZBA).

These guidelines play an essential role in applying the principles of reference and the definition of the roles and responsibilities of corporate bodies, internal governance structures and the main corporate functions involved in monitoring these risks.

ESG risk governance process

The “Guidelines for the Governance of ESG Risks” outline the Group's ESG risk governance process (including on climate change adaptation issues), which consists of five steps:

- identification: identification and description of ESG risk factors, including in terms of transmission channels, with particular reference to climate and environmental risks (e.g. ESG risk scenarios in stress testing processes);
- assessment and measurement: determination of exposure to ESG risks (e.g. the ESG & Reputational Risk Clearing process);
- monitoring and control: continuous monitoring of the evolution of ESG risk exposure (e.g. monitoring of ESG KPIs established in the Risk Appetite Framework);
- mitigation: the containment of ESG risks through appropriate actions and strategies, including preventive initiatives, aimed at reducing the severity of the impact of such risks (e.g. the definition of remedial actions in the event of breaches of ESG limits in the RAF);
- communication: provision of appropriate information flows to allow adequate transparency and knowledge of ESG risk exposure (e.g. ESG risk reporting and ESG risk disclosures, including indicators factoring in physical climate risks).

Specifically, with reference to the aforementioned assessment and measurement phase, consistent with the strategic guidelines on the subject, ESG risk management is also implemented through the ESG & Reputational Risk Clearing process, which has the objective of identifying and assessing beforehand potential ESG and reputational risks (including climate and environmental risks) connected to credit proposals, the selection of suppliers/third parties connected to commercial agreements, equity investments and extraordinary transactions.

The ESG & Reputational Risk Clearing process thus seeks to represent the potential ESG and reputational risk profiles associated with a specific transaction/counterparty or initiative, enabling informed assumption of risk in the related decision-making processes. A first level of clearing, performed by the line functions, is aimed at an analysis of the main ESG and reputational risk factors and performed by the structure that manages the relationship with the counterparty. In this context, credit proposals are subject to first-level clearing in a manner differentiated according to sector-specific assessments and the characteristics of the individual counterparty and transaction. A second level of clearing, activated based on the outcome of the first level, is aimed at examining and assessing any critical concerns that may have emerged from the first level, and also involving an expert analysis of these risk profiles. Generally, the outcome of the assessment is an advisory opinion that includes an assessment of the main critical concerns identified, the related mitigators and the level of risk assigned based on proprietary metrics. Escalation mechanisms are triggered when there are risk classes that are not consistent with the Group's risk appetite.

Also within the broader framework of ESG risk assessment and management is the implementation of the Equator Principles (EPs), which define a framework for environmental and social risk management in the financing of large projects, thus reinforcing the commitment to managing the impacts associated with the activities of corporate customers. EPs are international guidelines that the Intesa Sanpaolo Group has adopted on a voluntary basis since 2007, using their latest updated version (EP IV) applicable to the financing of infrastructure and industrial projects that may have adverse effects on people and the environment (e.g. energy plants, petrochemicals, mining, transport and telecommunications infrastructure). These principles are based on the criteria of the World Bank's International Finance Corporation (IFC) and cover environmental issues: the prevention of pollution and the promotion of energy efficiency; the preservation of biodiversity; and the sustainable management of natural resources.

The internal regulations on Equator Principles are applied by the Parent Company and by the subsidiaries that offer financing falling within the scope of application of the EPs, and are valid in all countries where the Group operates and for all countries where the Group offers financing. Regardless of the customer's industry, the EPs apply to the financial products listed below when they are used to support the development of new projects and meet specific criteria:
- project finance advisory services;
- project finance;
- project-related corporate loans;
- bridge loans;
- project-related refinancing and acquisition operations.

The project assessment process starts with the assignment of a three-level risk category by the Group, which involves the integrated consideration of several factors.[56] Proportional to the risk level assigned, requirements are defined in terms of both the documentation to be produced and the activities to be performed by the customer. In this context, the Group incorporates environmental and social clauses into the loan documentation and verifies the proper implementation of the agreed clauses.

Management of sustainability issues in sensitive sectors

At the portfolio level and with respect to the objectives of decarbonisation, the "ESG Risk Governance Guidelines" also outline an ESG risk governance model based on materiality assessments of ESG risk factors in relation to the various risk categories (credit risk, market risk, operational risk, liquidity risk and reputational risk) and their incorporation into the various risk management areas. The materiality analysis (Climate/ESG Materiality Assessment) is the process of assessing the potential impacts of ESG and climate risks for the Group. This analysis is based on an organic and structured approach to risk assessment which involves a granular definition of the risk drivers and the integration of forward-looking elements. The aggregate analysis of the materiality of ESG risk factors at the sector level leads to the definition of an enhanced risk control for the sectors most exposed to ESG risks, the definition of sector-specific strategies in this regard, and the implementation of specific safeguards within the Risk Appetite Framework (i.e. the RAF).
In this context, the Guidelines define, among others: i) a list of "sensitive sectors" with regard to ESG and/or reputational risks; ii) general criteria to limit and exclude lending; iii) detailed criteria applicable to individual sensitive sectors through the application of sector-specific rules.

Specifically, with reference to the general exclusion criteria, the Group undertakes not to finance companies and projects that are characterised by their negative impact on:
- UNESCO World Heritage Sites;
- wetlands according to the Ramsar Convention;
- International Union for Conservation of Nature (IUCN) protected areas I to VI.

As far as sector-specific regulations are concerned, the Group has decided to regulate its Oil & Gas operations to support the energy transition through the "Rules for Oil & Gas Operations", a summary of which is available on the Group's institutional website.

These internal regulations apply to the entire Intesa Sanpaolo Group with reference to the financing and investment activities described within the document. Specifically, these rules refer to the sector as a whole and thus to all segments of operations:
- upstream (oil and gas exploration and production);
- midstream (transport, storage and wholesale distribution);
- downstream (oil refining and distribution of finished products);
- trading (buying and selling oil, gas and refined products).

[56] For more information about this topic, see the "Climate Report".

In this context, the Group is committed to not financing projects involving new oil extraction sites or with negative environmental impacts in “critical areas” of the planet, such as the Arctic region and the Amazon Sacred Headwaters,[57] and has identified specific exclusion policies for the extraction of unconventional resources, providing for the phase-out of exposures related to such unconventional resources[58] by 2025. Currently, these exposures are in line with the stated phase-out target.

In this context, the exclusion policy is applied through:

- the ESG & Reputational risk clearing process described earlier;
- the analysis of transition plans to assess the counterparty's progress in achieving its climate targets;
- the periodic measurement of the emission intensity of the financed counterparties in the Oil & Gas sector to ensure the progressive alignment of the portfolio to climate neutrality targets.

Furthermore, with the aim of targeting exposures in line with the commitments made for this sector, the Group directs its operations towards the most virtuous counterparties committed to a transition towards more sustainable businesses (with a focus on the level of CO_2 emissions).

With regard to the coal sector, as indicated in the "Rules for operating in the coal sector", a summary of which may be found on the Group's institutional website, Intesa Sanpaolo is committed to supporting customers in the sector in the gradual reduction of the use of coal for power generation and in projects adopting energy-efficient and low greenhouse gas emission technologies, through targeted financing, a rigorous assessment of ESG risks in the Risk Clearing process and a limit on overall exposure to this area.

Moreover, the Group has undertaken not to increase its exposure in respect of non-financial products and services to companies with at least one of the following characteristics:

- operating in the production of electricity from coal and which do not have a documented plan/strategy for the progressive reduction of greenhouse gas emissions;
- failure to document a planned limit of no more than 35% of installed capacity from coal by 2030;
- having plans to expand installed coal-fired capacity or engaged in the construction of new coal-fired thermal power plants.

The Group will manage its outstanding exposures to the above companies with a view to phasing them out and is committed to phasing out its exposure to counterparties active in coal mining by 2025. Currently, these exposures are in line with the stated phase-out target.

These rules apply to the entire Intesa Sanpaolo Group, and specifically to the following sectors:

- coal mining;
- coal-fired power generation (coal-fired power plants - CFPPs).

Internal classification of sustainable lending products and transactions

The Intesa Sanpaolo Group also has internal regulations for the classification of sustainable lending products and transactions, under the responsibility of the Chief Risk Office Governance Area. This legislation applies to Group companies and defines environmentally sustainable activities among several categories, with internal criteria different from the European Taxonomy, to promote both climate change mitigation and adaptation. Indeed, these latter activities are those aimed at reducing or eliminating physical risk, including through the use of enabling activities such as data collection and early warning systems. For example, included in this scope are activities with the following objectives:

- reduce or avoid damage/disruptions due to risks related to adverse temperatures (e.g. heat and cold waves, fires, temperature variability, thawing permafrost, increased thermal stress);
- reduce or avoid damage/disruptions due to risks related to adverse winds (e.g. typhoons and hurricanes, dust, storms, sandstorms);
- reduce or avoid damage/disruptions due to risks related to adverse water phenomena (e.g. flooding, heavy rainfall, drought, glacial flooding, sea level rise, increased water stress and hydrological variability to increase water availability);
- reduce or avoid damage/disruption due to risks related to adverse soil phenomena (e.g. landslides, avalanches, subsidence, erosion and soil degradation).

The classification categories of sustainable lending products and transactions were defined in line with the internationally recognised guidelines of the Loan Market Association (LMA) on Green Loan, Social Loan and Sustainability-linked Loan Principles. These principles provide a globally shared framework, promoting standardisation and transparency of practices in the sustainable financial sector.

The macro-processes for the classification of sustainable products (and also for the classification of sustainable lending transactions), which also assess any applicable conventions/covenants/KPIs, if relevant, are differentiated for each business division and envisage that the attribution of the sustainability classification (sustainability attribute), based on internal regulations, is assessed by the Chief Risk Officer Governance Area in terms of consistency with the ESG risk management framework.

In general, the main guidelines and rules mentioned in this section are available to all stakeholders potentially involved and those contributing to its implementation through internal and external channels, via the Intranet for Group employees and on the institutional website for all external stakeholders.

[57] Area understood as the drainage basin of the Amazon River, and of the Napo, Pastaza and Marañon rivers.
[58] Shale/tight oil, shale/tight gas, tar sands/oil sands, coal bed methane/coal seam gas.

Sectoral Plan

Aware of the challenge posed by climate change, the Intesa Sanpaolo Group is committed to contributing to the achievement of global climate goals by supporting the transition to a low-carbon economy. To this end, the Group has chosen to pursue the Net-Zero target by 2050, also setting intermediate targets to 2030, also included in the "2022-2025 Business Plan", for its emissions and main business lines.

Besides being a member of the Net-Zero Banking Alliance (NZBA), the Group joined the Net-Zero Asset Managers Initiative (NZAMI)[59] through Eurizon Capital, Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.a. and Fideuram Asset Management Ireland, and through Intesa Sanpaolo Assicurazioni the Net-Zero Asset Owner Alliance (NZAOA) and the Forum for Insurance Transition to Net-Zero (FIT).

In 2022, Intesa Sanpaolo drew up its first High-Level Transition Plan for lending and investment activities, outlining its overall architecture. This architecture was then subject to a progressive refinement that led in 2023 to the definition of the "Sectoral Transition Plan", which incorporates the strategic actions to be implemented to achieve the objectives set for each sector.

In line with the commitments of the Net-Zero Banking Alliance and the goal of limiting global warming to 1.5°C, in recent years the Intesa Sanpaolo Group defined a series of sector-specific targets to 2030.

The first four targets for the Oil & Gas, Power Generation, Automotive and Coal Mining sectors were published in the "2022-2025 Business Plan".

In 2023, emission reduction targets were also set for the Iron & Steel and Commercial Real Estate sectors, and lastly in 2024 targets were introduced for the Cement, Aluminium, Residential Real Estate and Agriculture - Primary Farming sectors.[60] The Group decided not to set targets for the Shipping and Aviation segments, as they are immaterial for the amount of emissions financed or for portfolio exposure.

In terms of the target setting process, the CSO Governance Area, in consultation with the CRO and CFO Governance Areas and the Bank's Business Divisions, as part of a dedicated project formulate baselines and projections of the emissions generated by each sector, identify a possible target and design the relevant transition strategy. These targets are reviewed by the ESG Control Room and the Steering Committee and then approved by the Board of Directors with the support of the Risks and Sustainability Committee.

The targets and related transition plan, which are reported in this Consolidated Sustainability Statement, are included in more detail in the "Climate Report", a document published annually by the Group and dedicated to climate topics and the transition to a low-emission economy, in line with the requirements of the Group's climate commitments. This document is reviewed by the Steering Committee and approved by the Board of Directors, with the support of the Risks and Sustainability Committee.

With reference to OPEX (administrative expenses) and CAPEX (property and equipment), we note their limited significance given the Group's sector of operations.

The Group followed up on the net-zero commitment outlined in the 2022-2025 Business Plan and submitted its targets to the SBTi in 2024, obtaining validation in January 2025.

In order to achieve sector-specific emission reduction targets and accompany customers on their path towards decarbonisation, the Intesa Sanpaolo Group has identified several levers that enable and support the sustainable transition:

- dedicated products and incentives, including:
  - access to a credit facility dedicated to the circular economy, designed for customers adopting an innovative circular business model, offering them advantageous credit access conditions61;
  - green financing aimed at financing projects with a significant environmental impact;
  - sustainability-linked financing with a discount/bonus mechanism as an incentive for customers who meet predefined sustainability targets;
  - Green, Social and Sustainability Bonds whose proceeds are used to finance/refinance green and/or social projects, in line with the ICMA (International Capital Market Association) Guidelines;
  - advisory services to support customers' decarbonisation and accompany them in the development of customised ESG tools linked to their strategies and transition plans.
- Furthermore, consistent with the ESG commitments and objectives of the "Business Plan" and in line with the requirements of the European Taxonomy, several strategic initiatives were developed in 2024. Specifically, with regard to the IMI Corporate & Investment Banking Division, the initiatives include the development of green products and a framework for financing aligned with and/or dedicated to the European Taxonomy.

In order to ensure constant, comprehensive monitoring of the achievement of the targets defined, a structured process for monitoring results was implemented in five annual iterations. The purpose of these reviews is to monitor the progress of performance against the target set, while at the same time making it possible to prepare year-end reporting and final accounting.

[59] On 13 January 2025, NZAMI launched a review of the initiative to ensure its appropriateness for the new global context. As the initiative undergoes the review, activities to track signatory implementation and reporting have been suspended.

[60] In the same year, the Commercial Real Estate target was also revised to a level consistent with the trajectory to keep the temperature increase well below 2 degrees.

[61] The facility does not follow the technical screening criteria of the European Taxonomy, having been developed in close partnership with the Ellen MacArthur Foundation before the Taxonomy's entry into force.

During monitoring, a comparison is made between the performance reported and the baseline, target and benchmark curve in relation to each sector with the aim of quantifying any deviations. Where necessary, meetings are convened to share any proposals for actions and initiatives to be addressed by the business divisions to ensure the achievement of the targets set. For more details on the progress achieved against the targets set, see the section "Greenhouse gas emission reduction targets" below.

Overview of Sector-Specific Transition Plans[62]

This section provides an overview of the sectors for which emission reduction targets have been set, for each providing the market context, the enabling factors and finally the Intesa Sanpaolo Group's decarbonisation strategy and levers.
For the targets relating to the Sector-Specific Transition Plans, see: "Climate change mitigation and adaptation objectives at the portfolio level" of this chapter.

1. Agriculture – Primary farming

Market context[63]

- The agricultural sector is commonly defined as difficult to decarbonise in view of the emissions generated by its physical, chemical and biological processes, contributing to more than 10% of the EU's greenhouse gas emissions. In order to meet EU targets, agriculture and the transport, civil, waste and industrial sectors in Italy will have to reduce emissions by 43.7% by 2030 compared to 2005.

Enabling factors

- In order to reduce emissions from the agricultural sector, several decarbonisation technologies are being adopted, including: sustainable crop practices (e.g. low-emission fertilisers, cover and bioenergy crops), efficient livestock management, promotion of sustainable food systems (e.g. plant proteins, waste reduction, responsible sourcing) and virtuous forest management to increase carbon removal, produce renewable energy and support the local economy.

Intesa Sanpaolo Group decarbonisation strategy and levers

- The Intesa Sanpaolo Group has identified several levers aimed at decarbonising the sector, for instance by providing financing to low-emission customers that have defined transition plans, or by supporting the development of innovative green solutions. Among the products promoted by Intesa Sanpaolo dedicated to undertakings in the agri-food sector are:
  - Crescita Agri for financial support to farms through the provision of funding for investment programmes;
  - S-Loan Green projects for investments in sustainable agriculture and livestock, forestry and environmental restoration.

  In addition, in 2024 the Group implemented initiatives with ACEA to develop innovative solutions for the efficient use of water and signed an agreement with Coldiretti and Consorzio Italiano Biogas (CIB) to finance agricultural biomethane plants.

2. Aluminium

Market context[64]

- Aluminium is a crucial element in the transition to a low-carbon economy as it plays a key role in reducing emissions in various sectors, such as transport, construction and food and beverage packaging. However, its production requires the emission of a significant amount of CO_2, with almost 270 million tonnes generated in 2022 globally. Despite the pandemic, global aluminium production grew by more than 3% from 2020 to 2022, driven by demand in high value-added sectors. The sector's decarbonisation rate, defined as "hard to abate", is less than 2% per year, well below the 4% predicted by the International Energy Agency's Net-Zero Emissions by 2050 Scenario (NZE). To ensure alignment with these targets, near-zero-emission technologies need to be developed and adopted and recycling actions need to be boosted.

Enabling factors

- Promising technological innovations, such as the industrial-scale production of primary aluminium using inert anodes and alternative energy sources such as hydrogen or near-zero-emission electricity can be relied upon to achieve significant emission reductions.

Intesa Sanpaolo Group decarbonisation strategy and levers

- Intesa Sanpaolo is committed to supporting the sustainable transition of the aluminium sector towards Net-Zero, contributing to the reduction of industrial emissions and ensuring the resilience of its portfolio. Indeed, the Group has identified the following key levers to promote the sustainable transition of its aluminium customers, focusing on:
  - increased financing to companies with transition plans aligned with Net-Zero targets, offering performance-based financial products to reward undertakings that achieve decarbonisation targets. Particular attention is paid to supporting customers investing in innovative technologies, with a specific focus on secondary production activities (i.e., production of recycled aluminium through the recovery and remelting of aluminium scrap);
  - support the transition to sustainable solutions by financing companies that produce "green aluminium" or are engaged in the transition to renewable energy sources (e.g. hydro, solar and wind power) and business models related to the circular economy, and by financing projects aimed at building the infrastructure necessary for the sector's transition.

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[62] For more details on sector-specific transition plans, see the "Climate Report".

[63] Source: European Commission, "Study on options for mitigating climate change in agriculture by putting a price on emissions and rewarding carbon farming"; Eleonora Di Cristofaro, Palomba Francesca, ISPRA, "Greenhouse gas emissions from agriculture".

[64] Source: IEA, "Tracking aluminium", https://www.iea.org/energy-system/industry/aluminium; International Aluminium, "Greenhouse gas emissions decline in aluminium industry", https://international-aluminium.org/wp-content/uploads/2024/09/Emissions-reduction-factsheet-v3.6-1.pdf.

3. Automotive

Market context[65]

– The automotive sector is one of the largest contributors to CO_2 emissions: cars and vans respectively account for around 16% and 3% of EU emissions. The sector is undergoing significant changes, partly as a result of European regulations that aim to reduce CO2 emissions by 55% by 2030 and achieve zero emissions for new vehicles by 2035. To meet these regulatory requirements, vehicle manufacturers are investing in electrification technologies, leading to a growth in the share of electric cars in Europe, which has already almost tripled from 2020 to 2023. Between 2019 and 2022, emissions were reduced by 27% for new passenger cars and 10% for new vans. In 2024 the industry went through and is still going through a phase of uncertainty and readjustment to the new competitive environment, partly related to exogenous factors that industry players have little control over.

Enabling factors

– Government strategies and increased investment in the electrification of the automotive industry are two key enabling factors supporting the transition. For example, the United States and the European Union are investing in public charging infrastructure to reduce consumer concerns about vehicle range and to promote the adoption of electric vehicles.

Intesa Sanpaolo Group decarbonisation strategy and levers

– The Intesa Sanpaolo Group promotes investments in advanced technologies that enable low-emission mobility solutions, such as electric vehicles, hydrogen power technologies, advanced hybrid systems and battery procurement. Specifically, the Group commits to:
  - support customers along the entire value chain, including the support of manufacturers and suppliers, by offering dedicated financial products, advisory services and strategic partnerships that enable innovation, optimise operations and reduce environmental impact;
  - support customers for the investments needed for the transition to the electric mobility model, working with them to define and implement the most suitable financial strategy.

4. Cement

Market context[66]

– Cement is a “hard to abate” sector due to the use of carbon-intensive materials and the high temperatures required for production, and is characterised by still underdeveloped decarbonisation technologies. Direct CO_2 emissions have remained constant since 2018, and represent an even greater challenge in the face of growing global demand. Based on the Net-Zero Emissions Scenario, to achieve the goal of limiting the temperature increase to 1.5°C, the sector would have to reduce its carbon intensity by 4% each year until 2030.

Enabling factors

– The main enablers for the sector’s decarbonisation include some solutions that can be implemented in the short term, such as improving material efficiency, adopting low-carbon fuels in furnaces and increasing the energy efficiency of existing plants. Furthermore, carbon capture, utilisation and storage (CCUS) solutions, whose adoption is increasing, are a complementary option for achieving decarbonisation targets.

Intesa Sanpaolo Group decarbonisation strategy and levers

– Intesa Sanpaolo has defined a strategic approach in line with decarbonisation commitments related to investments in the cement sector, deploying the following levers:
  - financing of customers aligned with the transition, evaluating customers based on their published decarbonisation commitments, supporting customers with ambitious Net-Zero targets and that are investing in and implementing innovative technologies;
  - support for the development of specific transition solutions, through the development of innovative technologies such as Green Cement, the promotion of renewable energy integration and investment in carbon capture, utilisation and storage (CCUS) solutions.

5. Coal mining

– The Intesa Sanpaolo Group's "Rules for lending operations in the coal sector" (for more information on the subject, see the section on policies on climate change mitigation and adaptation) define the limits and exclusion criteria for the lending operations in the segments of coal extraction and coal-fired power plants, supporting customers in their efforts to reduce their use of coal for the production of energy and encouraging the transition towards low carbon-intensity alternatives, such as renewable sources and gas. The Group also undertakes to phase out its exposure to counterparties belonging to the coal mining sector by 2025.

[65] Source: European Commission, “CO_2 emission performance standards for cars and vans”, https://climate.ec.europa.eu/eu-action/transport/road-transport-reducing-co2-emissions-vehicles/co2-emission-performance-standards-cars-and-vans_en; European Parliament, “The crisis facing the EU's automotive industry”.

[66] Source: IEA, "The Net Zero Emissions by 2050 (NZE) Scenario", https://www.iea.org/reports/global-energy-and-climate-model/net-zero-emissions-by-2050-scenario-nze.

6. Iron & Steel

Market context[67]

- The steel sector, responsible for about 25% of global CO_2 emissions, plays a crucial role in climate change mitigation. Although emissions have stabilised in recent years, significant reductions are needed to ensure alignment with the Net-Zero Emission Scenario, which envisages a drop of about a quarter in emissions intensity by 2030. The downward trend in emissions from steel production is mainly driven by stricter regulations and the increase of sustainable investments, supported by decarbonisation technologies.

Enabling factors

- Key enablers to support the sustainable transition and decarbonisation of the steel sector include international regulatory frameworks, global collaborations, corporate commitment and advanced technologies. For example, major steel producers are publishing their emission reduction targets, demonstrating a strong commitment to decarbonisation. As far as international collaborations are concerned, several initiatives involving both public institutions and private and non-governmental sector actors (e.g. First Movers Coalition) have been launched with the aim of coordinating and optimising joint efforts on a global level. Finally, technological innovations currently under development and set to play a crucial role in the decarbonisation of the sector include steel production using hydrogen, electric arc furnaces, the increasingly advanced use of renewable energy, and, as a complementary decarbonisation option, carbon capture and storage (CCS) technologies.

Intesa Sanpaolo Group decarbonisation strategy and levers

- The Intesa Sanpaolo Group is committed to supporting the transition of the Iron & Steel industry by prioritising the following initiatives, with the aim of promoting sustainable practices:
  - support counterparties that have already set targets to reduce emissions in line with Net-Zero targets;
  - finance decarbonisation projects with dedicated funding, e.g. in relation to investments in innovative technologies such as steel production from hydrogen, among others;
  - engage customers in the definition and implementation of Net-Zero strategies by providing customised financing solutions to support the adoption of innovative enablers of sustainable transition (e.g. increased energy efficiency, integration of renewable energy and green innovation).

7. Oil & Gas

Market context[68]

- Oil & Gas operations contribute almost 15% of global energy-related emissions. A significant share of these emissions is methane, the reduction of which is essential in the sector, along with other strategic initiatives such as the electrification of plants and the use of low-emission hydrogen. To achieve the emission reduction targets in this sector, investments of 600 billion dollars by 2030 are needed globally. Global demand for oil is also expected to stabilise at around 106 million barrels per day by the end of the decade due to increased sales of electric vehicles, improved energy efficiency and the transition to renewable energy sources, thus reducing the use of oil in transport and power generation.

Enabling factors

- Governments and policy makers have announced their commitment to support developing countries in reducing emissions, while oil and gas companies are pledging to cut emissions (especially methane emissions) and promote the transition to renewable energies. New technologies such as carbon capture, utilisation and storage and biorefineries are instrumental for the decarbonisation of heavy industries and the aviation sector, especially for the production of Sustainable Aviation Fuel (SAF).

Intesa Sanpaolo Group decarbonisation strategy and levers

- the Intesa Sanpaolo Group promotes financial solutions (e.g. sustainability-linked, green and transition loans, green bonds and transition project financing) and advisory services related to sustainable activities to support customers' transition through investments in low-carbon technologies and solutions to increase the energy efficiency of operations;
- the Intesa Sanpaolo Group has defined policies and rules introducing specific limits and exclusions for financing activities, reducing the services provided to companies operating in the oil and gas sector. In fact, with regard to the sector of unconventional oil & gas resources[69], the Group has brought forward the phase-out of exposures related to these resources to 2025 instead of 2030, as stated in the "Rules for Oil & Gas Operations", updated in June 2024.

8. Power Generation

Market context[70]

- Power generation is a sector at the heart of the transition to Net-Zero emissions and is driven by significant growth in renewables. The sector also plays a crucial role in meeting the electrification needs of the market and will have to grow rapidly to reach 50% of global energy consumption by 2050. Key technologies such as solar, wind, nuclear, electric vehicles, heat pumps and hydrogen are essential for achieving these decarbonisation goals.

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67 Source: IEA, "Tracking steel", https://www.iea.org/energy-system/industry/steel; Fondazione Promozione Acciaio, "Performance dell'acciaio: performance economica", https://www.promozioneacciaio.it/aree-tematiche/performance-economica/; Federacciai, "emissioni di CO_2 e prevenzione dei cambiamenti climatici", https://federacciai.it/emissioni-di-co2-e-prevenzione-dei-cambiamenti-climatici/;

68 Source: IEA, "The Oil and Gas Industry in Net Zero Transitions", https://www.iea.org/reports/the-oil-and-gas-industry-in-net-zero-transitions; IEA, "Oil 2024 - Analysis and forecast to 2030", https://iea.blob.core.windows.net/assets/493a4f1b-c0a8-4bfc-be7b-b9c0761a3e5e/Oil2024.pdf.

69 Unconventional resources defined as shale/tight oil, shale/tight gas, tar sands/oil sands, coal bed methane/coal seam gas.

70 Source: IEA, "World Energy Outlook 2024", https://www.iea.org/reports/world-energy-outlook-2024/executive-summary; IEA, "World Energy Investment 2024", https://www.iea.org/reports/world-energy-investment-2024/overview-and-key-findings; IEA, "£lectricity", https://www.iea.org/energy-system/electricity.

Enabling factors

- Global renewable energy capacity is expected to grow to 2.7 times 2022 levels by 2030, supported by Net-Zero targets and energy security policies aimed at making renewables cost-competitive. Furthermore, the use of electricity from renewable sources is expected to account for almost 20% of global energy consumption in the transport, industry and building sectors by 2030 compared to 13% in 2023, reducing dependence on imported fossil fuels. In the European context, the Renewable Energy Directive aims to raise the target for the share of renewable energy to at least 42.5% of the Union's total energy consumption by 2030, supporting growth in demand from the private sector and households.

Intesa Sanpaolo Group decarbonisation strategy and levers

- Power Generation was among the first sectors for which the Intesa Sanpaolo Group set decarbonisation targets. The Group defined its approach through two strategic elements:
  - active financial support, making available credit lines and financial solutions designed to promote renewable energy, through solar photovoltaics, onshore and offshore wind energy and battery energy storage systems, as well as innovative solutions such as green hydrogen and carbon capture, utilisation and storage (CCUS);
  - multistakeholder engagement and partnerships, facilitating and enabling the creation of collaborations, e.g. through advisory services for mergers and acquisitions (M&A), collaborations with Multilateral Development Banks (MDBs) and support for Public-Private Partnerships to align public sector objectives with private sector innovation, investment and expertise.

9. Real Estate (Commercial and Residential)

Market context[71]

- The building sector accounts for a significant share of global energy consumption and emissions. At the European level, it is responsible for 36% of carbon emissions and 40% of energy consumption. The existing building stock in Europe has limited energy efficiency, with an annual renovation rate of 1%. The European Union has introduced specific initiatives to address this scenario, such as the EU Energy Performance of Buildings Directive, which aims to reduce emissions from the EU building sector by 60% by 2030 and achieve zero emissions from the building stock by 2050. Although emissions from buildings in the EU decreased by 34% between 2005 and 2022 thanks to decarbonisation strategies and milder winters, the decarbonisation of the sector is lagging behind the target.

Enabling factors

- The reduction of emissions from buildings is possible through the implementation of solutions such as electrification, the use of renewable energy, and the use of energy-efficient materials and designs (e.g. aerogel, optimisation for daylight and ventilation), facilitated by the development of a favourable regulatory framework and targeted incentives such as the implementation of government policies for the decarbonisation of the energy grid.

Intesa Sanpaolo Group's decarbonisation strategy and levers for the Commercial Real Estate sector

- The Intesa Sanpaolo Group actively supports companies in their sustainable transition through strategic initiatives (e.g. the "Orizzonte Impresa - Transizione Energetica" programme) that offer dedicated products and services:
  - loans to support the transition, with favourable conditions linked to increased energy efficiency standards and the implementation of sustainable building solutions. For example, the Group offers financial products such as S-Loan Green Projects related to buildings certified with the highest level of environmental standards (e.g. LEED gold level, energy class A or B);
  - strategic consulting services to support customers in relation to sustainability issues through various initiatives (e.g. collaboration with Enel X, Regalgrid and Deloitte in relation to Renewable Energy Communities and the implementation of "Incent Now", a platform for consulting public tenders);
  - additional financial instruments to support renovations, energy efficiency upgrades or the earthquake-proofing of buildings, for example providing the possibility of assigning a tax deduction to the bank[72], obtaining immediate payment of the amount. Furthermore, through Intesa Sanpaolo Rent Foryou the Group offers medium and long-term rental solutions for the optimisation and management of consumption (e.g. IoT sensors, software and Artificial Intelligence for the control of electrical systems) and for the transition to sustainable energy (e.g. solar panels).

Intesa Sanpaolo Group's decarbonisation strategy and levers for the Residential Real Estate sector

- To support the energy transition of residential buildings in Italy, Intesa Sanpaolo offers dedicated financing for the purchase, construction or redevelopment (including the replacement of windows, boilers and the installation of photovoltaic panels) of energy-efficient buildings (minimum class B) that meet certain criteria (e.g. energy class, year of construction, geographical location), also through incentive mechanisms and customer advisory services.

For the Residential Real Estate sector, as for the Commercial Real Estate sector, the achievement of the target is highly dependent on the implementation of government policies for the decarbonisation of the energy network.
For more details, see the section "Climate Change Actions and Resources at the Portfolio Level".

[71] Source: IEA, "Buildings", https://www.iea.org/energy-system/buildings; European Environment Agency, "Building renovation: where circular economy and climate meet", https://www.eea.europa.eu/publications/building-renovation-where-circular-economy; European Union, "Energy Performance of Buildings Directive".

[72] With regard to the works set out in Articles 119-121 of Decree-Law no. 34/2020, converted into Law no. 77/2020 ("Rilancio Decree"), as amended.

Greenhouse gas emission reduction targets

Description of the objective

The aforementioned sectors for which 2030 emission reduction targets have been set, approved by the Bank's Board of Directors, were identified based on a materiality criterion from among the most emission-intensive sectors envisaged by NZBA.

The period of application of the targets set by Intesa Sanpaolo runs from 2021 for the Oil & Gas and Coal mining sectors (the latter with a phase-out target to 2025) and from 2022 for the others.

The methodological choices adopted by the Intesa Sanpaolo Group relating to baselines, metrics and target setting were defined taking into consideration i) "Guidelines for Climate Target Setting for Banks", issued by UNEP-FI (April 2021) and ii) Financial Sector Science-Based Targets Guidance - version 1.1, issued by SBTi (August 2022). Therefore, the climate targets set by the Group pursue the temperature targets of the Paris Agreement[73] and support the transition to a net-zero economy by 2050. Furthermore, the choices regarding the selection of the value chain segment, the emissions considered and the proxies used are in line with PCAF (Partnership for Carbon Accounting Financials) methodologies. The Group applies science-based scenarios, such as the IEA Net-Zero 2050, whose curves are aligned with the temperature targets of the Paris Agreement.

The Bank's lending and investment activities considered in the perimeter are as follows:
- Medium- to long-term financing (with the exception of the Oil & Gas sector, for which short-term financing is also considered);
- Hold-To-Collect (HTC) bonds for the Oil & Gas sector;
- Banking book equity, if material.

Small or medium-sized enterprises (SMEs), defined as specified in Article 501, paragraph 2, letter b), of the CRR, which refers to Commission Recommendation 2003/361/EC, are excluded only if they are unaffiliated sole proprietorships. The reason for the exclusion of SMEs lies in the limited availability of data for smaller, unlisted companies, which would imply extensive use of sector-specific proxies for estimating emissions and production data and could lead to a strong convergence of the portfolio figure towards the sectoral average.

For the Agriculture – Primary Farming sector, SME Corporate counterparties with a turnover of more than 10 million euro are included in order to define a boundary that is representative of the typical size of counterparties financed in this sector.

SMEs[74] (but not retail SME customers) are included in the Commercial Real Estate segment in accordance with SBTi Guidance, while the Residential Real Estate segment only includes exposures to Private Retail counterparties.

In order to avoid double counting of emission data, only certain segments of the value chain are considered for each sector. The sectors and related segments considered are defined according to the internal classification based on NACE codes at the Group level.

Below are the segments of the value chain considered for each sector:
- Agriculture – Primary Farming: focus on operational counterparts in the primary farming sub-sector;
- Aluminium: focus on aluminium producers;
- Automotive: focus on light vehicle production (passenger cars and light trucks). Component manufacturers are excluded;
- Cement: focus on cement and clinker producers;
- Iron & Steel: focus on companies producing crude steel and using iron (or scrap) as input. Mining, steel finishing and downstream activities are excluded;
- Oil & Gas: focus on upstream operators and those operating along the entire value chain in order to stimulate operational efficiency in extraction and to foster the transition of companies from high-emission fossil fuels to low-emission and renewable fuels. Refineries, pipelines and downstream activities are excluded;
- Power Generation: focus on power generation and integrated operators to encourage the use of low-emission energy sources. Electricity transport and distribution are excluded;
- Commercial Real Estate and Residential Real Estate: focus on emissions related to the use of buildings in Italy.

For each sector, the emission categories considered are:
- Agriculture – Primary Farming: Scope 1 and 2;
- Aluminium: Scope 1 and 2;
- Automotive: Scope 3 WTW (Well-to-Wheel);
- Cement: Scope 1 and 2;
- Iron & Steel: Scope 1 and 2;
- Oil & Gas: Scope 1, 2 and 3;
- Power Generation: Scope 1 and 2;
- Commercial and Residential Real Estate: Scope 1, 2 and 3.

[73] Except for the target set for the Residential Real Estate sector.

[74] The Commercial Real Estate boundary includes corporate SME but not retail SME customers. Corporate SMEs are defined as undertakings with an individual/group size indicator between 2.5 and 50 million or with an individual/group size indicator below 2.5 million if the individual/group exposure is greater than or equal to 1 million.

For all sectors, the Bank uses the Sectoral Decarbonisation Approach (SDA) methodology to measure and reduce an emission intensity metric for each sector defined as the ratio of financed emissions to financed output (financed surface area for Commercial and Residential Real Estate). For Agriculture – Primary Farming, the Bank adopted a “'revenue intensity” metric that measures emissions relative to total counterpart revenue.

Specifically, the emission intensity metrics for the different sectors are as follows:
- Agriculture – Primary Farming: tCO2eq/€MM;
- Aluminium: tCO2eq/t Aluminium;
- Automotive: gCO2eq/vkm;
- Cement: tCO2eq/t Cement;
- Iron & Steel: tCO2/t Steel;
- Oil & Gas: gCO2eq/MJ;
- Power Generation: kgCO2eq/MWh;
- Commercial Real Estate and Residential Real Estate: kgCO2eq/m2.

Note that for coal mining Intesa Sanpaolo has not defined a target based on emission intensity, but rather has adopted a policy of phase-out by 2025, consistent with the provisions of the “Rules for lending operations in the coal sector”. For the Oil & Gas sector, the progressive alignment of the portfolio with climate neutrality objectives is also governed by the “Rules for Operations in the Oil & Gas Sector”.

The method described here made it possible for each target defined and reported to identify a number of levers conducive to achieving the decarbonisation objectives. The main levers were made explicit and emphasised in the section on the “Sectoral Plan”.

In this context, the Group monitors progress towards the achievement of its targets, reporting on the level of progress at the end of each year of monitoring, reporting on physical intensity, economic intensity and absolute emissions, the latter published in the “Climate Report”. The Group did not define any upper limit for GHG emissions (in absolute value) in 2024.

Finally, for the Power Generation and Automotive sectors, the methodology and reference area were updated in 2023 in line with SBTi requirements. This revision led to a change in the target defined for the Automotive sector, while it was not necessary to revise the target defined for the Power Generation sector.

Climate change mitigation and adaptation objectives at the portfolio level

Target: Agriculture – Primary farming - emissions financed in terms of tCO_2eq/€MM		
	Date	**Value**
Baseline	31.12.2022	721
Final balance	31.12.2024	675
Target	2030	641

Target: Aluminium - emissions financed in terms of tCO_2eq/t Aluminium		
	Date	**Value**
Baseline	31.12.2022	4.79
Final balance	31.12.2024	4.38
Target	2030	4.31

Target: Automotive - emissions financed in terms of gCO_2eq/vkm		
	Date	**Value**
Baseline	31.12.2022	192
Final balance	31.12.2024	192
Target	2030	100

Target: Cement - emissions financed in terms of tCO_2eq/t Cement		
	Date	**Value**
Baseline	31.12.2022	0.65
Final balance	31.12.2024	0.64
Target	2030	0.5

Target: Coal Mining - exposure in €/billion		
	Date	**Value**
Baseline	30.06.2021	0.2
Final balance	31.12.2024	0.01
Target	2025	0

Target: Iron & Steel - emissions financed in terms of tCO_2/t steel		
	Date	**Value**
Baseline	31.12.2022	1.05
Final balance	31.12.2024	0.82
Target	2030	0.81

Target: Oil & Gas - emissions financed in terms of gCO_2eq/MJ		
	Date	**Value**
Baseline	30.06.2021	64
Final balance	31.12.2024	64
Target	2030	55[75] (52-58)

Target: Power Generation - emissions financed in terms of $kgCO_2eq$/MWh		
	Date	**Value**
Baseline	31.12.2022	202
Final balance	31.12.2024	123
Target	2030	110

Target: Commercial Real Estate - emissions financed in terms of $kgCO_2eq/m^2$		
	Date	**Value**
Baseline	31.12.2022	43.16
Final balance	31.12.2024	38.94
Target[76]	2030	22.11

Target: Residential Real Estate - emissions financed in terms of $kgCO_2eq/m^2$		
	Date	**Value**
Baseline	31.12.2022	30.13
Final balance	31.12.2024	28.77
Target[76]	2030	19.26

Metrics and data may be updated over time based on developments in emission calculation methods, updates to the NZBA and SBTi Guidelines, as well as updated data sources and established market practices. Moreover, metrics and data are based on projections and estimates that rely on sector-specific assumptions and strategic plans of the underlying entities, some of which may depend heavily on external factors, such as but not limited to technological improvements and/or implementation of government policies. Metrics are calculated using data whose quality and availability is subject to change over time.

Objectives and metrics relative to Green Mortgages

The Group's objective relating to the provision of Green Mortgages was included in the "2022-2025 Business Plan" through the involvement of the business divisions that, starting from the analysis of the economic and commercial context of reference and through the definition of specific actions and initiatives to support customers, propose and coordinate the offer of dedicated product solutions and services in order to promote evolution in the realm of environmental sustainability.

[75] Central value of the target range identified.

[76] The achievement of the target is highly dependent on the implementation of government policies to decarbonise the energy grid.

The Intesa Sanpaolo Group contributes to the reduction of carbon emissions and promotes access to sustainable housing solutions through the provision of loans for energy-efficient real estate projects and the improvement of existing energy performance.

The scope of the target includes loans to private individuals disbursed throughout Italy and in the countries where the banks of the International Banks Division (IBD) have branches. Originally focused on the Italian market, it was possible to extend the Group's internal ESG classification rules to the foreign boundary as well. Intermediate targets have also been set within the plan to ensure that the final goal is achieved. These include an increase in the proportion of Green Mortgages with respect to the total number of mortgage loans disbursed each year and the progressive improvement in the energy performance of the financed properties. In this regard, to date the targets are in line with what was budgeted.

As reported in the "Climate Change Actions and Resources at the Portfolio Level" section below, the Group supports the green projects of retail customers, including the Green Mortgage, a mortgage loan with favourable terms to finance the purchase/construction of energy-efficient buildings or the upgrading of existing buildings, improving their performance. In accordance with the objective set out in the "2022-2025 Business Plan", the Group contributes to facilitating the renovation of Italy's real estate assets and the diffusion of energy-efficient homes in synergy with the EeMAP criteria (a European initiative – that the Group has signed on to – that aims to create a standardised energy efficiency mortgage loan at the European level).

Target: Green Mortgages Disbursed – cumulative disbursement in €/billion		
	Date	**Value**
Baseline[77]	31.12.2021	-
Final balance	31.12.2024	9
Target	31.12.2025	12

Specifically, note that the cumulative disbursement for Green Mortgages represented in the "Final" field of the table above refers to 4.1 billion euro in 2024.

In this regard, note that the process of calculating the disbursement figure for 2024 involved extracting data from accounting records for the Parent Company component and management software records for the IBD component. With regard to the value reported in the "Final" field, the figures for 2022 and 2023 were extracted from the management software.

Climate change actions and resources at the portfolio level

In line with the regulatory evolution on sustainability, the Group has adopted a medium- to long-term strategy and a cross-cutting and holistic approach to ESG issues, which is based on:

a) the definition of a Group ESG strategy;
b) the integration of ESG factors into the general risk management framework, and in particular into the Risk Appetite Framework in which there is a specific section devoted to ESG and climate change risks;
c) the integration of ESG factors in lending processes and in the definition of lending strategies;
d) careful consideration of ESG factors in the development of policies, products and services;
e) the dissemination of an ESG risk culture throughout the company.

The Chief Risk Officer, Chief Financial Officer and Chief Sustainability Officer, with the support of the various Governance Areas and Divisions, work together to identify and analyse ESG risks and opportunities with particular reference to climate change. The same areas are responsible for defining objectives and guidelines to implement processes for assessing, monitoring and mitigating risks and for defining lending strategies.

With regard to climate change mitigation, the integration of ESG risks into the risk management framework takes place through several actions. Specifically, the RAF integrates and translates into specific controls what is defined in terms of strategic guidelines, ESG/Climate Materiality Assessment and ESG Sectoral Color Coding, identifying year after year, limits, Key Risk Indicators and specific actions aimed at mitigating ESG risks, particularly with reference to the sectors most exposed to these risks. This also includes specific actions related, for example, to the Group's strategic choices, such as subscribing to the Net-Zero targets. The ESG Climate Change and Reputational Risk section of the Group RAF includes:

- specific limits in relation to the exposure to the Coal Mining and Oil & Gas sectors; for Coal Mining in particular the limit is reviewed annually in line with the target of phasing out lending by 2025;
- specific early warning thresholds/KRIs relating to the emission intensity (CO_2eq) in terms of financed production of the counterparties belonging to the Oil & Gas, Power Generation, Automotive and Iron & Steel sectors, with the aim of meeting the commitments made within the Net-Zero Banking Alliance and the Science Based Target initiative;
- monitoring of new disbursements broken down by energy performance class (EPC) to improve the quality of the residential properties taken as collateral and consequently reduce the transition risk associated with mortgage loans;
- specific warning thresholds for new disbursements in the Residential Real Estate (RRE) portfolio to improve the quality of the residential properties taken as collateral, and consequently reduce the transition and physical risk associated with mortgage loans. In particular, with regard to the lower energy performance classes (EPC certifications) and in areas with very high physical risk;
- a warning threshold in relation to the exposure to debt securities of government issuers in the Group's banking book that, based on certain internal ESG-related criteria, are defined as "high risk".

Moreover, the Climate Scenario Analysis is used, within the more general framework of the materiality assessment, in order to explore potential portfolio vulnerabilities, particularly the loan portfolio, in the context of regulatory stress tests or of the Internal Capital Assessment Adequacy Process (ICAAP) and the Internal Liquidity Assessment Adequacy Process (ILAAP). In conducting this activity, the Intesa Sanpaolo Group adopts an approach that incorporates different solutions dedicated to the

[77] Plan target that represents the planning of a new activity that does not have a base value.

verification of the impacts of transition and physical risk on the Non-Financial Corporate (NFC) portfolio and on the real estate collateral portfolio. With regard to transition risk, the impact is assessed by means of shocks applied to the balance sheets of the individual counterparties and to the energy efficiency level of the residential and commercial immovable property provided as collateral.

The monitoring of climate change adaptation risks in the risk management framework is done through several actions, including:
- within the Credit Risk Appetite, physical risks arising from catastrophic events that may impact the deterioration of the Probability of Default (PD) are taken into account (at the counterparty level);
- as part of the Risk Appetite Framework, through the integration of indicators to guard against physical risks based on Residential Real Estate (RRE) in locations subject to high acute physical risks with corresponding remedial actions in the event of exceeding these limits;
- as part of the ESG & Reputational Risk Clearing process, where the counterparty ESG profile and score is used, which also includes considerations of the impacts that physical climate risk drivers may have.

Moreover, the Group highlights and monitors physical risks, recognised as drivers that can cause material damage or a drop in productivity, or have indirect impacts such as the interruption of production chains, directing the Group's financing and investment choices.

The reported actions are implemented as an essential part of the Group's climate risk management strategy and do not require specific resources dedicated exclusively to such actions, as they are part of the overall context of the Group's ESG strategy.

With regard to the credit framework, the Group has currently developed a holistic approach for the integration of ESG/Climate factors within it. The ESG/Climate Credit Framework, which includes ESG/Climate criteria to guide the strategic management of the loan portfolio among others, operates on three levels:
- by sector, with the definition of the “ESG Sector Strategy - Color Coding”, which considers risks and opportunities and defines the attractiveness of sectors in credit strategies; as an integral part of the ESG strategy, a heatmap assigns ESG priorities to each business area;
- by counterparty, with the introduction of an ESG score defined at the counterparty level, in order to guide new disbursements within the risk framework defined by the Credit Risk Appetite (CRA);
- by transaction, with the definition of the internal framework of sustainable lending products and transactions described in the section “Policies to mitigate and adapt to climate change”.

Specifically, the ESG counterparty score, which the Intesa Sanpaolo Group has adopted for non-financial companies, first implemented on the Bank's IT systems in 2022 with respect to the portfolio of the Banca dei Territori and IMI Corporate & Investment Banking Divisions, then subsequently extended to banks belonging to the International Banks Division operating in the European Union, and to the Project Finance operations of the IMI Corporate & Investment Banking Division, also includes components relating to climate risk (with reference to the level of preparedness of corporate customers to manage transition and physical risk). The purpose is to assess the ESG profile of corporate customers, adopting the same approach across the entire portfolio, from large listed customers to small and medium-sized enterprises. The score leverages on data from external and internal sources and covers the most important indicators of risks and opportunities in the three ESG dimensions, including (but not limited to) the carbon footprint for the Environmental part.[78] Furthermore, in 2024 the scope of the ESG Scoring model was expanded to include counterparties from the financial sector, banks and to assess states, provinces and regions.

A precise quantification of the emission reduction with respect to each action at the portfolio level is not possible due to the complex connection between actions taken and emission trends in the counterparties' sectors.

Moreover, the “2022-2025 Business Plan” aims to support the ecological transition through: (i) sustainable lending initiatives for retail customers, (ii) support to SMEs/Corporates in their journey towards sustainability, including through ESG Workshops, in collaboration with specialised partners (for more detail, see the “Targets and metrics” section of the ESRS S4 Standard), and the Skills4ESG Platform for training and customer engagement.

The Group continued to provide loans and mortgages for environmental purposes to retail customers in 2024. The provisions of the European Energy Performance of Buildings Directive (EPBD) provide for the gradual upgrading of the building stock in EU countries. With this in mind, the banking system is urged to play a transformative role in directing financial investments towards activities that can help reduce the EU's dependence on fossil fuels, thereby supporting the achievement of the EU's climate targets for net-zero emissions by 2050. The financing solutions proposed by the Intesa Sanpaolo Group are not only available to support the purchase or construction of an energy-efficient property, but also to those who want to improve energy efficiency through, for example, the replacement of windows and doors and high-performance boilers, the purchase of environmentally-friendly vehicles and installation of solar and photovoltaic panels.

In this context, the Group proposes “Green - Mutuo Domus”: a subsidised mortgage (reduction of the Annual Percentage Rate (APR) and free energy certification for renovation purposes) which makes it possible to purchase and build a residential property in Italy with a high energy efficiency class (equal to or higher than B) or to renovate a residential property in Italy improving its energy performance rating by at least one class. For more information on Green Mortgages, see the section “Targets and metrics related to Green Mortgages”.

[78] For more information about the ESG score, see the “Climate Report”.

The range of green solutions has been enriched with a series of dedicated services, some of which are provided by partner companies. These additional and optional services help to assess the possible savings that can be made through energy redevelopment measures, for example. Consistent with the regulatory framework defined by Regulation EU 2020/852 on the European Taxonomy, the Intesa Sanpaolo Group has implemented a series of activities aimed at providing information on the energy performance of buildings as collateral for loan applications.
In this regard, the Intesa Sanpaolo Group participates in the European Energy Efficiency Financing Coalition and the "Energy efficient Mortgages Action Plan" (EeMAP) project. As part of "EeMAP", Intesa Sanpaolo has also joined the "Energy Efficient Mortgage Label" (EEML), a project that aims to maximise the regulatory alignment of the portfolio with key legal developments such as the European Union taxonomy, the Mortgage Credit Directive (MCD), the Capital Requirements Regulation (CRR), or international equivalents. As part of the EEML project, starting in 2021, each quarter the Intesa Sanpaolo Group reports aggregate figures on the green portfolio and the standard portfolio.

Moreover, the main products proposed to SME customers include the sustainability-linked "S-Loan" to support small- and medium-sized enterprises that aim to improve their sustainability profile to assist them on a path of structural change, associating their economic and financial decisions also with their environmental impacts, through precise commitments undertaken with the Group using specific ESG indicators (KPIs) subject to annual monitoring.

In 2024 the "S-Loan Progetti Green" product was introduced, a loan supporting all types of business investments capable of generating a positive environmental impact on processes, infrastructure, technologies, services, and products. The Group's objective is to stimulate investments by corporate customers to finance their environmental sustainability projects. Specifically, with regard to climate change mitigation and adaptation, eligible investments concern:

- renewable energies;
- energy efficiency;
- sustainable transport;
- climate change adaptation;
- green buildings.

In addition, Intesa Sanpaolo provides S-Loan CER financing for companies that decide to invest in renewable energy. The mechanism provides an incentive in terms of an interest rate subsidy, with an additional bonus if the undertaking allocates part of the energy produced and not self-consumed to the Renewable Energy Community[79] (CER).

Among the products that support professionals and undertakings in the realisation of investment programmes in the energy sector is the "Energia Impresa" loan, which has several lines of action:

- plants for generating electricity from renewable sources (RES projects);
- photovoltaics, electricity generation from photovoltaic solar energy;
- wind power, electricity production from wind power only onshore;
- hydroelectricity, production of electricity from hydraulic sources classified as "small derivation";
- residual gases from purification processes;
- small-scale biogas plants for the production of electricity from biogas;
- biomethane plants, for the production of biomethane for transport or other uses;
- energy efficiency measures, for investments in the energy efficiency of buildings, thermal and electrical consumption, and energy production plants.

In addition, "NOVA+" is the specific medium- to long-term financing line designed to support undertakings for research, development and innovation projects. The Nova+ Research line includes specific products:

- "Nova+ Green": intended to support product or process innovation projects aimed at achieving climate neutrality or the integration of circular economy processes;
- "Nova+ Mobility": intended to support innovative projects of undertakings aimed at the transition of mobility towards a new paradigm of sustainability, digitisation and connectivity;
- "Nova+ Agritech": intended to support innovative projects of undertakings aimed at the transition of agriculture towards a new paradigm based on principles of sustainability, resilience and productivity.

The aforementioned initiatives are addressed to all undertakings/groups of any sector and size in Italy.

In this context, the Medium/Long-Term Loan with SACE Green guarantee is also the medium/long-term financing line intended to support the achievement of environmental objectives, as defined by the Green Convention signed by the Ministry of the Economy and Finance with SACE, including those related to climate change mitigation and adaptation.

This initiative is aimed at corporations, including cooperative companies with registered office (or secondary office) in Italy and a turnover equal to or less than 500 million euro, as reported in the latest approved financial statements prior to the date of application for the SACE Green guarantee.

In the same vein, the InvestEU – Sustainability Guarantee can be granted on financing operations designed to support the achievement of climate change mitigation and adaptation objectives, and is targeted at customers falling within the SME and Small Mid Cap company size for operations that meet certain eligibility criteria.

[79] An Energy Community is an association that produces and shares renewable energy, in order to generate and manage cost-effective green energy on its own, while significantly reducing CO_2 emissions and energy waste. Participants can include citizens, businesses, public authorities, small and medium-sized enterprises.

Also of note is the development of the Think Forestry programme (launched in November 2023) to accompany customer companies on the path of environmental transition, with the dual objective of accelerating climate change mitigation by acting on the management and reduction of CO_2 emissions of customer companies and to safeguard and promote nature.

The programme provides access to a network of leading national forestry initiatives through an agreement with the Climate Network non-profit organisation. An extensive planting programme was initiated with the aim of contributing to the “reforestation” of the Italian territory. The Bank actively participates in the programme by carrying out tree planting in several Italian cities and encouraging the participation of its corporate customers. The development of the initiative was further expanded through the involvement of consumers through a specific initiative of For Funding, Intesa Sanpaolo's crowdfunding platform aimed at supporting social and environmental initiatives with the greatest impact through both private contributions and Group resources. Indeed, the Bank has also decided to allocate a portion of the commissions from credit card transactions to this project. Furthermore, through an evolution of the programme, the Bank will be able to offer innovative tools to support the efforts of corporate customers in measuring and reducing their CO_2 emissions and in the management of residual emissions.

With particular regard to the topic of adapting to climate change, the Intesa Sanpaolo Group confirmed its concrete commitment to support the populations affected by natural disasters affecting the Italian territory by activating dedicated credit lines, providing new subsidised loans intended for the restoration of damaged properties (houses, shops, offices, artisan workshops, companies), suspensions on existing loans, actions in the area of protection and preferential, simplified and expedited procedures.

In this context, with regard to insurance products for the Business world, the “Tutela Business Manifattura” and “Tutela Business Commercio” products include the possibility of extending coverage for fire and other material events through the purchase of catastrophic event coverage, which includes earthquake and additional flood coverage.

With respect to the International Banks Division, a strong commitment to the green transition of its customers is emphasised both through a commercial offer dedicated to the financing of projects aimed at increased energy efficiency, the growth of the circular economy and the containment of climate impact, and through awareness initiatives for the dissemination of knowledge and understanding of ESG issues.

In the retail and micro-business sector, dedicated solutions such as loans and Green Mortgages for the purchase, construction and increased energy efficiency of real estate are available in the catalogue.

In the third quarter of 2024, the “Green dedicated S-loan” product was introduced in three banks of the Division: Všeobecná úverová banka (VUB), CIB Bank (CIB) and Banca Intesa Beograd (BIB).

The financial products of the IMI Corporate & Investment Banking Division focuses on ESG solutions with special attention to environmental aspects. It includes sustainability-linked instruments that encourage the customer to improve its sustainability performance, and loans with proceeds tied to dedicated projects, which can also benefit from the circular economy credit facility, promoting decarbonisation and reuse of resources. In particular, in terms of Sustainability-linked solutions, in 2024 the Group supported its customers with loans, bonds, guarantees, securitisations and hedging activities, while the transactions with earmarked income include Green loans, Green, Social and Sustainable bonds, Green Convertible bonds, as well as Project Finance dedicated to the world of renewable energy (wind, photovoltaic, biomass, hydroelectric).

Moreover, the Division offers a wide range of advisory services focused on the sustainable transition. Specifically, an ESG Advisory Team was established in 2023 to assist customers served by IMI Corporate & Investment Banking in the development of customised ESG tools linked to their strategies and transition plans.

For more details on Sustainable Finance, with reference to climate/environmental topics, see the "Sustainable finance metrics" section of ESRS S4.

Lastly, with regard to asset management, in 2024 Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.a., Fideuram Asset Management (Ireland) and Eurizon Capital SGR signed the Global Investor Statement to Governments on the Climate Crisis, an initiative urging governments to strengthen their climate policies in order to contain the rise in temperatures within 1.5 degrees Celsius.[80]

Strategy for managing climate risks in the supply chain

Policies to mitigate and adapt to climate change in the supply chain

With respect to strategies and actions that control and mitigate the climate risks which may affect its supply chain, as per its Code of Ethics, the Group is committed to promoting forms of behaviour consistent with the highest ethical standards, both nationally and internationally. This document governs the relations with suppliers aimed at safeguarding the principles of ethical, social and environmental responsibility and favours long-term business relationships based on trust and transparency.

Furthermore, internal guidelines are in place to define the roles and responsibilities of the Corporate Bodies and the structures of the Parent Company and the Group companies with respect to management of Group purchases, in addition to principles and macro-processes to be complied with during all stages of the process underlying the management of purchases of goods and services, in compliance with the Code of Ethics, in particular in relation to:

[80] For more details on sustainability issues (with specific reference to environmental matters) for the Wealth Management divisions, see the Climate Report.

- transparency and equity in suppliers' selection and qualification and in the application of the compliance process with current guidelines on environmental, social and governance sustainability to ensure respect for the environment, human rights, working conditions and business ethics throughout the supply chain, also by evaluating specific local features;
- the adoption of measures and tools that minimise negative impacts and foster awareness of ESG risks and opportunities.

These guidelines apply to all Group companies. Responsibility for their approval rests with the Board of Directors of Intesa Sanpaolo S.p.A. as the Parent Company and the competent Bodies of the Intesa Sanpaolo subsidiaries subject to management and coordination activities to the extent of their implementation, while the Chief Cost Management Officer Governance Area is the structure responsible for the document. In line with these values, the Group adopted "Green Procurement rules" which form part of environmental protection activities. The procurement policy promotes a responsible approach to the sourcing and use of goods and services, prioritising those that meet specific environmental criteria at all stages of the procurement process. The aim is to identify the best solutions in term of design, products or services with the lowest possible environmental impact throughout their life cycle, taking into account market availability. These rules are the Group's main commitment in terms of value chain sustainability. Indeed, the main environmental aspects considered include the reduction of energy consumption and the related carbon dioxide emissions, sustainable waste management, optimised consumption of materials such as paper, toner and stationery, and the purchase of environmentally-friendly office equipment[81]. Thanks to these initiatives, the Group consolidates its commitment to environmental sustainability, integrating it as a core element of its corporate strategy and covering energy efficiency, in addition to climate change issues. For additional information about the "Green Procurement rules", reference should be made to the "Policies to mitigate and adapt to climate change in the portfolio" section. In this respect, the Rules must be applied to the procurement process by the Procurement bodies. The guiding principles behind a sourcing strategy include, inter alia:

- transparency and tracking of the entire procurement process;
- formalisation of the agreement in compliance with the Group's standard regulatory conditions;
- attention in relations with third parties to controls over operational risks, compliance with the Group's general guidelines on reputation and governance of environmental and social risks (ESG), as well as the overall sustainability of the choices adopted.

Supplier selection must take into due consideration, in addition to the specialisation in the required product area and the economic/financial solidity, also its reputational and sustainability profile (ESG), verifying the possible existence of external prejudices (such as judicial and insolvency proceedings). In this respect, the "Environmental and energy policy" sets Intesa Sanpaolo Group's approach to prevent, manage and, where possible, mitigate environmental impacts (which include those related to energy consumption), which are also generated along its value chain. With respect to own operations, reference should be made to the specific guidelines provided in the "Environmental and energy policy" in the section covering the "Policies to mitigate and adapt to climate change".

These regulations are part of a broader context in which the Group confirms its commitment to the principles of sustainable development. By participating in international initiatives such as the UN Global Compact, the UN Environment Programme Finance Initiative (UNEP FI), the UN Principles for Responsible Investment etc., the Group promotes the dialogue between companies, institutions and civil society, also to respect the environment, and supports the dissemination of a culture of sustainability.

Actions and resources in relation to climate change in the supply chain

During 2023, a new application platform was implemented which interfaces with Supplier Gate[82], for the management of the qualification process and for the monitoring of the counterparties of interest, with the aim of automating the collection of all the information required for their assessment, determining a qualification score (global score) and focusing the control activities on the most critical aspects. The assessment of suppliers that registered on the Supplier Gate portal takes into account not only the economic-financial and technical-organisational characteristics of each of them, but also the aspects pertaining to business ethics, respect for human rights, workers' rights, and the environment, based on the statements made through the compilation of specific questionnaires and/or the possession of certain certifications (including ISO 50001 and 14001 and the adoption of an ISO 50001-compliant energy management system). The ESG score obtained is included in the Global Score and is also made available through internal applications and resources and specific management dashboards that generate aggregated information, by number of suppliers and by expenditure, among those with a high, medium or low score.

Suppliers with a medium or high ESG score receive an increasing percentage improvement in their Global Score (which indicates the supplier's possibility of being selected and used by the Group). This approach rewards the best ESG-performing suppliers by giving them a better ranking than competitors with similar performance in other areas.

In 2024, completion of the ESG questionnaire became mandatory and is now a prerequisite for participation in tenders issued by the Group via the Group Supplier Portal. The aim of this initiative is to map the ESG profile of the suppliers used, in order to, particularly with respect to green and social categories, determine the average positioning, assess any critical issues and define an improvement plan to bring all the most strategic partners to a medium/high level of maturity.

In this respect, the Group has set the goal of completing the ESG mapping of all active and managed suppliers by 2025. At the end of 2024, mapping was completed by 86%.

Furthermore, as of 2025, for tenders relating to "green" product categories (as defined in the "Green Banking Procurement Rules") and without any distinction in terms of geographical area or size of the suppliers, the internal delegates in charge of the technical assessment will also receive the ESG Score at counterparty level (if already included in the Group's systems) as well as the ESG score as per the completion of the questionnaire with the corresponding answers, in order to share the strengths and weaknesses of the suppliers participating in the tender as important elements to be assessed prior to the awarding stage.

[81] For additional information about this topic, reference should be made to the "Climate Report".

[82] Application used to interact with suppliers, hence registration processes, updating documents and tender management.

Finally, for suppliers with low ESG scores and included in “green” categories, the Group plans to launch actions that encourage their improvement/awareness by 2030 (e.g., training initiatives, support for obtaining certain certifications).

Energy consumption metrics

The Group measures and reports the effectiveness of its climate change mitigation and adaptation policies using the following metrics: “Energy consumption and mix” and “Energy intensity based on net revenue associated with activities in high climate impact sectors”.

Energy consumption and mix

This section covers the energy consumption metrics applicable to the Group’s own operations.

In particular, the table below shows the Group’s energy consumption in 2024 with the aim of providing a detailed and exhaustive picture of the energy consumed by the processes owned or controlled by the Group. Specifically, total energy consumption is broken down by fossil, nuclear and renewable energy sources. Furthermore, self-production of renewable and non-renewable energy is also shown.

The figures shown below are in megawatt-hours (MWh).

Table 5[83] – Energy consumption and mix (in MWh)

	2024
Total energy consumption	**565,284**
Total fossil energy consumption	*233,889*
Fuel consumption from coal and coal products	-
Fuel consumption from crude oil and petroleum products	36,475
Fuel consumption from natural gas	136,694
Fuel consumption from other fossil sources	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	60,719
Share of fossil sources in total energy consumption	41.4%
Consumption from nuclear sources	*4,661*
Share of consumption from nuclear sources in total energy consumption	0.8%
Total renewable energy consumption	*326,735*
Fuel consumption from renewable sources	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	325,382
Consumption of self-generated non-fuel renewable energy	1,353
Share of renewable sources in total energy consumption	57.8%
Non-renewable energy production	23,539
Renewable energy production	1,353
Total energy consumption from activities in high climate impact sectors	1,081
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	0.00002

The Group also operates in high climate impact sectors. Consequently, it reports its energy consumption from fossil fuels disaggregated by sources. Furthermore, only to the extent of high climate impact sectors, it provides information on energy consumption and energy intensity (total energy consumption per net revenue) associated with activities in these sectors.

In this respect, it is noted that high climate impact sectors are those listed in sections from A to H and in section L of the Statistical classification of economic activities (NACE), as per Commission Delegated Regulation (EU) 2022/1288: a small number of Group companies operate in sectors covered by sections F-Construction, G-Wholesale and Retail Trade and L-Real Estate Activities. Consequently, “total energy consumption from activities in high climate impact sectors” shows total energy consumption gross of energy from fossil fuel, nuclear sources and renewable sources related to own operations in these sectors. “Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors” is calculated as follows: “total energy consumption from activities in high climate impact sectors (MWh)/net revenue from activities in high climate impact sectors (euro), with the above figure as the numerator and the net revenue attributable to the above activities (high climate impact) as the denominator.

83 Numbering refers to the XBRL tables published by EFRAG.

Energy intensity based on net revenue in high climate impact sectors

The table below provides useful information for understanding the denominator of the energy intensity ratio. Specifically, it shows the net revenue from activities in high climate impact sectors (as defined earlier) in which the Group operates, which is used to calculate the above energy intensity, in addition to the net revenue[84] broken down by the component not attributable to activities in high climate impact sectors.

Figures are shown in million euro and refer to the Group as a whole.

(millions of euro)

	2024
Net revenue from activities in high climate impact sectors	65
Net revenue from activities other than in high climate impact sectors	51,893
Net revenue	51,958

The above table shows that net revenue from activities in high climate impact sectors used to calculate energy intensity amounts to 65 million, while net revenue from activities not attributable to high climate impact sectors amounts to 51,893 million compared to total net revenue as per the consolidated financial statements (51,958 million).

Greenhouse gas emissions metrics

As part of its strategy to combat climate change in its own operations and at portfolio level, the Group measures and reports the effectiveness of its climate change mitigation and adaptation policies using the metrics below, which contribute to the achievement of its greenhouse gas emission reduction targets.

The Intesa Sanpaolo Group's greenhouse gas emissions are reported in accordance with the GHG Protocol Corporate Standard (Greenhouse Gas Protocol) and relate to:
- Scope 1 direct emissions, which include direct emissions from sources owned or controlled by the undertaking including, inter alia, the emissions generated by heating owned buildings and the fuel used for its car fleet;
- Scope 2 indirect emissions, which include indirect greenhouse gas emissions from purchased or acquired energy, such as electricity, steam, heat or cooling, generated off-site and consumed by the undertaking;
- Scope 3 indirect emissions (classified in the categories from 1 to 15 which are deemed significant; for additional information on these categories, reference should be made to the next paragraph on "Gross GHG emissions – Scope 1, 2, 3 and total"), which include all the other indirect emissions that are a consequence of the activities of the undertaking, but which do not fall under Scope 1 and Scope 2 emissions, such as, for example, those generated by investments ("financed emissions"), production of paper or office equipment, management of waste generated.

Gross GHG emissions – Scope 1, 2, 3 and total

This section covers, in particular, the metrics applicable to greenhouse gas (GHG) emissions which apply to both own operations and the upstream and downstream value chain.

To this end, the table below shows GHG emissions in tonnes of CO_2 (tCO_{2eq}) as a total and by scope, i.e., Scope 1, Scope 2 (location-based[85] and market-based[86]) and Scope 3. Specifically, for Scope 3, it shows the significant categories for the Group with respect to the 15 categories envisaged by the GHG Protocol Corporate Standard. With respect to category 15 ("Investments" attributable to financed emissions), it is noted that this figure is consistent with Pillar 3 reporting.

[84] The Group has adopted the definition of "net revenue" as set out in the Directive on the annual accounts and consolidated accounts of banks and other financial institutions. Specifically, it considered the following income statement items: 262:10, 40, 70, 80, 90, 100, 110, 230 (positive components only), 250 (positive components only), 280 (positive components only)

[85] The location-based method quantifies the GHG emissions associated with energy consumption based on the national average energy generation emission factors of the countries where energy is purchased.

[86] The market-based method considers the specific emission factors provided by heat and electricity providers, which reflect the effective composition of the energy mix purchased. When electricity is sourced from certified renewable sources, a zero emission factor is assigned for Scope 2, as these sources do not generate direct emissions.

Table 6 – GHG emissions (in tCO_2eq)[87]

	2024
Scope 1 GHG emissions	
Gross Scope 1 greenhouse gas emissions	45,280
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	-
Scope 2 GHG emissions	
Gross location-based Scope 2 greenhouse gas emissions	115,789
Gross market-based Scope 2 greenhouse gas emissions	16,656
Scope 3 GHG emissions	
Gross Scope 3 greenhouse gas emissions	**59,892,681**
Percentage of GHG Scope 3 calculated using primary data	*26.4%*
Purchased goods and services	7,179
2. Capital goods	6,432
3. Fuel and energy-related Activities	25,645
4. Upstream transportation and distribution	13,161
5. Waste generated in operations	254
6. Business traveling	5,959
7. Employee commuting	33,441
8. Upstream leased assets	2,419
9. Downstream transportation	-
10. Processing of sold products	-
11. Use of sold products	239
12. End-of-life treatment of sold products	-
13. Downstream leased assets	3,489
14. Franchises	-
15. Investments	59,794,462
Total GHG emissions	
Total GHG emissions (location- based)	60,053,750
Total GHG emissions (market- based)	59,954,617

(metric ton of CO2 eq)

	2024
Gross Scope 1 greenhouse gas emission	45,280
Gross location-based Scope 2 greenhouse gas emission	115,789
Gross market-based Scope 2 greenhouse gas emission	16,656
Gross Scope 3 greenhouse gas emissions	59,892,681

(metric ton of CO2 eq)

	Italy	Foreign
Total GHG Emission	35,128,121	24,925,629

87 This table does not include the columns pertaining to the reference targets. In this respect, reference should be made to the “Greenhouse gas emission reduction targets” and the “Climate change mitigation and adaptation targets in own operations” sections.

With respect to Scope 3, category 15 only includes exposures to non-financial corporations: these emissions are estimated based on information about the counterparty and the average intensity of emissions by sector.
With respect to the Residential Real Estate (RRE) sector, for which the Group has set an emissions reduction target to 2030 described in the "Greenhouse gas emission reduction targets" section, estimated emissions amount to 2 million tCO_2 (this figure is derived from the management accounts). For additional information, reference should be made to the Climate Report.

In addition to the above, it is noted that category 15 - Scope 3 emissions refer to the Group's scope of prudential consolidation and includes financial assets in associates, subsidiaries and joint ventures which are not consolidated.
In preparing the disclosure for Scope 1, 2 and 3 (excluding category 15), the Intesa Sanpaolo Group calculated the emission factors on a country-by-country basis in order to obtain a picture as realistic as possible with respect to the actual emissions generated directly by the Group, in particular for Scope 1 and 2. Each emission factor, multiplied by the respective consumption, generates CO_2eq emissions.
Furthermore, the Group decided to disaggregate and report GHG emissions by country/geographical location (Italy/abroad), disaggregating total emissions and considering Scope 2 emissions calculated in accordance with the location-based method.

The reporting methodologies envisaged by the Italian Banking Association (ABI) Guidelines are usually applied[88].

Specifically, with respect to electricity:
- in terms of "residual mix" (to be used when calculating market-based emissions), the Association of Issuing Bodies (AIB) is the source of emission factors. Where this is not available, the "national mix" is considered;
- in terms of "national mix" (to be used when calculating location based emissions):
  - for Italy, the Italian Institute for Environmental Protection and Research (ISPRA, Istituto Superiore per la Protezione e la Ricerca Ambientale) is the source of emission factors;
  - for the rest of the countries, excluding the US, the International Energy Agency (IEA) is the source of emission factors;
  - for the US, the Environmental Protection Agency (EPA) is the source of emission factors.

With respect to fossil fuel (natural gas, gas oil and LPG):
- for Italy, ISPRA is the source of emission factors;
- for the rest of the countries, excluding the US, the emission factors are calculated using the data collected by the UNFCCC – United Nations Framework Convention on Climate Change. Where these are not available, the average value of the countries considered is assigned;
- for the US, the EPA is the source of emission factors.

With respect to district heating, a more prudent approach was used given the methodology introduced by the new reporting standard. Specifically:
- for Italy, where available, the emission factors reported by the various suppliers were considered, collecting the necessary evidence;
- for the US, the EPA is the source of emission factors;
- for the UK, the Department for Environment Food and Rural Affairs (DEFRA) is the source of emission factors;
- for the rest of the countries, excluding the US and the UK, an average value between that of ISPRA (Italian average factor), EPA and DEFRA was considered.

With respect to the car fleet, reference was made to ISPRA.

Finally, with respect to the Global Warning Potential (GWP) values, the Intergovernmental Panel on Climate Change (IPCC) (Assessment Report) was the reference source.

Scope 3 data collection and calculation methodologies for the significant categories from 1 to 14 included in Table 6 – GHG emissions (in tCO_2eq) are described below.
- Scope 3 - category 1 Purchases of goods and services include:
  - the paper used in office activities. The processes considered are those from production to delivery to the Group. Emissions from production are an average sector scenario, derived from the UK government's greenhouse gas reporting conversion factors. For all processes included in the system boundaries, GHG emission factors have been sourced from Ecoinvent 3.5. The IPCC 2013 equivalence factors have been applied;
  - the use of cloud-based data centre services. Scope 1, 2, 3 annual emissions reported by suppliers, in relation to the services offered to the Group, are considered.
- Scope 3 – category 2. Capital goods include the most significant IT and electronic equipment purchased by the Group during the reporting year: PCs and laptops, monitors, printers, smartphones, tablets, ATMs, etc. The system boundaries include cradle-to-gate operations, i.e. the entire product supply chain. In accordance with the GHG Scope 3 Emission Standard (WBCSD/WRI) protocol, emissions generated by the production of capital goods are entirely recognised when purchased, regardless of the lifetime of the product. Emission factors were sourced, where possible, from publicly available primary data, such as Life Cycle Assessment (LCA) reports, Environmental Product Declarations (EPDs), manufacturers' sustainability statements or, alternatively, for the remaining products, emission factors from the Ecoinvent 3.5 datasets with satisfactory representativeness were applied. Transport distances from production countries, mainly China and other East Asian countries, were considered. ATM machines were modelled based on the percentages of the materials they are composed of and the use of the corresponding Ecoinvent datasets. The IPCC 2013 equivalence factors have been applied.
- Scope 3 – category 3. The energy vector indicator of the Group's energy consumption includes emissions related to the fuel supply chain, construction and operation of infrastructure, distribution and transmission losses.

[88] Reference is made to the Guidelines on the bank-wide application of ESRS in environmental matters, ABI Lab, 2024 (ABI Lab Guidelines).

- In order to characterise impacts, where possible, regional data were used or average European/world-wide scenarios. With respect to electricity consumption, country-specific “residual mixes” were used, where available, or “national mixes”. Ecoinvent 3.5 emission and IPCC 2013 equivalence factors were used and applied, respectively.
- Scope 3 – category 4. With respect to upstream transport and distribution, the emissions generated by the transport of money to replenish ATMs by third-party companies on behalf of the Group were considered.
- The system was modelled assuming a van transport scheme. Emissions cover all stages of the life cycle: fuel supply chain, combustion emissions and vehicle manufacture. Ecoinvent 3.5 emission factors were used.
- Scope 3 – category 5. Waste-related emissions include the end-of-life treatment of special waste generated for the Group's operations. The stages considered include the transport of waste to treatment facilities and the end-of-life treatment. Information on the effective end-of-life was sourced from the Waste Identification Forms completed in accordance with the applicable Italian legislation and from specific questionnaires provided for foreign companies. With respect to the remaining waste streams sent to landfill, incineration or other treatment processes, Ecoinvent 3.5 emission factors were used. The IPCC 2013 equivalence factors have been applied.
- Scope 3 – category 6. Emissions related to business travel include journeys made by aircraft, trains and personal cars by employees. The methodology used to calculate emissions, in accordance with the ABI Guidelines, is based on data obtained by applying appropriate ratios derived from the ICAO's Carbon Emission Calculator, the EcoPassenger application and ISPRA's National Information System.
- Scope 3 – category 7. Emissions due to employees’ commuting are calculated, for Italy, using the data obtained from specific questionnaires sent to employees that operate in cities covered by Commuting Plans and subsequently remeasured against the total number of Group employees. Using the primary data, specific emission factors are applied, as extracted from the ISPRA database. Public transport and shuttles, motorbikes, private cars and trains were considered.
- Scope 3 – category 8. The Intesa Sanpaolo Group has buildings leased by third parties which are used as guest houses. It is assumed that these assets have unit emissions similar to assets with operational control[89]. For reporting purposes, intensity factors (location-based Scope 1+2 CO2eq/m2) were calculated for buildings with operational control and applied to guest houses leased by third parties.
- Scope 3 – category 11. With respect to the banking/financial services/products used by customers, the main transactions were considered, broken down by channel used (internet banking/mobile banking), type (payment/transfer) for Group banks. The following information was considered for assessment purposes: average time and average electricity consumption for each operation broken down by type of device used. The operating time was estimated, while the average electricity consumption for mobile devices and PCs was based on sector studies. The emission factors for electricity consumption are those used for Scope 2 calculation purposes.
- Scope 3 – category 13. The Intesa Sanpaolo Group has owned assets which are leased to third parties (properties classified in accordance with IAS 40). No operational control exists for these properties: the reporting approach is based on this principle. Specifically, IAS 40 includes properties leased to third parties which are not part of the Group’s core business. For reporting purposes, where available, precise consumption data were used, applying the relevant emission ratios and, in other cases, intensity factors (location-based Scope 1+2 CO2eq/m2) for buildings with operational control and applied to those leased to third parties, assuming that these assets have unit emissions similar to those of assets with operational control. Consequently, assets held for investment purposes in “Commercial Real Estate” and assets under finance leases to third parties are not included in this category, as they are linked to strictly related banking transactions.

Prudently, all properties that were not classified under IFRS 5 at the beginning of 2024, despite being classified as assets held for sale during the year (e.g. the property in Via Clerici in Milan), were considered when reporting the related GHG emissions.

Compared to that disclosed in the Group's “2023 Consolidated Non-financial Statement”, it is noted that Scope 3 reporting also included emissions:
- from the use of cloud-based data centre services under category 1 - Purchased goods and services;
- under category 7 – Employee commuting;
- under category 8 – Upstream leased assets;
- under category 13 – Downstream leased assets.

Overall, the percentage of GHG Scope 3 emissions calculated using primary data, sourced from suppliers or other partners along the value chain, was 26.4% for all significant categories reported.

Based also on “Table 6 – GHG emissions (in t CO_2eq)”, it is noted that Scope 3 emissions related to the following categories were excluded:
- Scope 3 – category 9 “Downstream transportation”, as the Intesa Sanpaolo Group does not produce goods that require transport and distribution;
- Scope 3 – category 10 “Processing of sold products”, as there are no intermediate products that require further processing, transformation or inclusion in another product before use;
- Scope 3 – category 12 “End-of-life treatment of sold products”, as the Intesa Sanpaolo Group does not produce goods that require end-of-life treatment;
- Scope 3 – category 14 “Franchises”, as the Group does not grant third party companies licences to sell or distribute its services.

Furthermore, at 31 December 2024, the Group has biogenic emissions of CO_2 from the combustion or bio-degradation of biomass equal to 0 for Scope 1 areas. With respect to Scope 2 and 3, no national methodologies are in place for the timely identification of such indirect emissions.

[89] Based on that set out in the Italian Banking Association (ABI) Guidelines, the emissions generated by owned assets leased to third parties are reported in accordance with the principle of operational control.

In 2024, the percentage of contractual instruments used by the Group to purchase and sell energy with respect to GHG Scope 2 emissions is 81.3%; that of bundled contractual instruments is 76.5%, while the percentage of unbundled instruments is 4.8%.

The Intesa Sanpaolo Group focuses, in particular, on reporting the electricity purchased from renewable sources. At present, the contractual instruments used to certify the use of this type of energy are as follows:
- Guarantee of Origin (GO) certificates;
- specific "green" supplies identified in supply contracts;
- Power Purchase Agreements (PPA);
- International Renewable Energy Certificates (i-REC).

At present, the bundled contractual instruments that certify the use of electricity from renewable sources are those listed above, while the unbundled ones are only the i-RECs, purchased for Egypt.

Finally, there are no significant changes to report about the effects of any significant events and changes in the circumstances (affecting GHG emissions) that occurred between the reporting date of this document and the reporting dates of the entities included in the Group's value chain.

Financed emissions

As part of Scope 3 - category 15, in line with the methodology developed by the Partnership for Carbon Accounting Financials (PCAF), the following priority of emission data sources has been established:
- reported emissions: collected directly by the counterparty or by infoproviders (they account for 26.5% of the financed emissions reported at 31 December 2024);
- physical activity-based emissions: estimation based on the production data of the counterparty multiplied by specific emission factors;
- economic activity-based emissions: sectoral proxy calculated based on sectoral emission intensity, and country/geographical area and counterparty size if the estimation sample is deemed sufficient. With respect to the counterparty, the emission figure is obtained by multiplying the counterparty's revenue by specific emission factors derived from a clustering model.

Financed emissions are calculated by considering the exposure (loans and advances, debt securities, and equity investments) to the counterparties in relation to the total liabilities (financial liabilities and equity) of the counterparties. Specifically, the reference period for emissions figures is updated to 2022. Consequently, the delay between the Group's exposure data and emissions data is two years.

Finally, there are no significant changes to report about the effects of any significant events and changes in the circumstances (affecting GHG emissions) that occurred between the reporting date of this document and the reporting dates of the entities included in the Group's value chain.

GHG emission intensity

This section covers the intensity of GHG emissions, i.e. total GHG emissions in metric tonnes of CO_2eq compared to net revenue.

The Group calculates this intensity using the following formula: total GHG tCO_2eq emissions/net revenue.

In this respect, the net revenue used for calculation purposes amounts to 44,798 million, compared to total revenue of 51,958 million as per the financial statements at 31 December 2024. The table below provides useful information for understanding the above denominator and, in particular, the reconciliation of the net revenue used to calculate GHG emission intensity with net revenue as per the financial statements. Figures are expressed in million euro.

(millions of euro)

	2024
Net revenue used to calculate GHG intensity	44,798
Net revenue other than used to calculate GHG intensity	7,160
Net revenue	51,958

On the other hand, the numerator of GHG emission intensity is equal to the total emissions, indicated above.

Based on the above, the intensity of GHG emissions is as follows:
- 0.001338 tCO2eq/euro under the market–based method;
- 0.001341 tCO2eq/euro under the location–based method.

The Group has adopted the definition of "net revenue" as set out in the Directive on the annual accounts and consolidated accounts of banks and other financial institutions. Specifically, it considered the following income statement items: 262: 10, 40, 70, 80, 90,100,110, 230 (positive components only), 250 (positive components only), 280 (positive components only). In line with the prudential scope, to which the Scope 3 - category 15 emissions represented by the numerator refer, it is noted that the denominator does not include items 160 and 170 which pertain to the "revenue" of the insurance segment. Furthermore, since category 15 is the most significant addend in the numerator of GHG emission intensity, even considering only the revenue items consistent with category 15 alone, the figure would be less than 0.003.

Internal carbon pricing

Internal Carbon Pricing (ICP) is a scheme through which undertakings assign a monetary value to GHG emissions and integrate it (the "price") into investment decisions and business operations. Specifically, an Internal Carbon Pricing scheme uses market mechanisms and transfers the cost of GHG emissions to the issuer by assigning a price on carbon dioxide emissions.
The adoption of an internal carbon pricing scheme by the Group is a strategic decision aimed at managing climate-related business risks and promoting a transition to a zero-emission business model.

The scheme used by the Group to set its internal carbon price (the "ICP scheme"), is the shadow price and refers to Green Banking Procurement, in particular purchases of IT equipment. Indeed, the ICP is applied to all procurement activities that go through information and communication technologies (ICT) purchases, which are carried out centrally, in line with the Group's procurement policy. In residual cases (e.g. specific geographical areas) for specific purchases that do not go through centralised procurement, the ICP does not apply.

In this respect, the GHG emissions generated by the electricity consumed through IT equipment are subject to internal carbon pricing, based on product certifications (e.g. Energy Star) and/or supplier declarations. The resulting cost is added to the purchase and usage cost (energy), contributing to the lifecycle cost of the machines. This assessment supports Intesa Sanpaolo Group in selecting the most convenient supply from a lifecycle perspective. The main categories of tools subject to ICP include laptops 99%, mini-desktops 100%, desktops 100%, cash in-cash out 100%, ATMs/MTAs 100%, monitors 35% and printers 81%.

Pricing is applicable to the environmental impact analysis via a technical assessment of the equipment and an assessment phase of energy consumption and environmental characteristics. In 2019, the internal carbon price was set at €57/tCO_2eq, as indicated by the Life Cycle Impact Assessment Environmental Prices method in its 2018 EU28 version, which calculates the carbon footprint over the entire life cycle of the product in line with market practice. In 2023, the ICP rose to €100/tCO_2eq, up considerably on the €64/tonCO_2eq indicated by the NGFS, in line with the call to increase domestic prices in view of the 1.5°C target and within the range of €50-160/tonCO_2eq as proposed by the LCIA Environmental Prices. Pricing is applicable for the environmental impact analysis via a technical assessment of the equipment and an assessment phase of energy consumption and environmental characteristics.
The ICP is calculated based on a third-party study.

ICP emissions include Scope 2 location-based emissions related to electricity consumption (emissions linked to the use of IT devices in scope), equal to 3,487 tCO_2eq in 2024, while the share percentage of GHG Scope 2 emissions covered by the ICP scheme in relation to total GHG Scope 2 location-based emissions is equal to 3.02%.

Table 11 – Application of shadow price

	Volume at stake (tCO_2eq)	Prices applied (€/tCO_2eq)	GHG Scope 1 [%]	GHG Scope 2 [%]	GHG Scope 3 [%]	Perimeter description
CapEx shadow price	3,487	100		3.0 %		
Research and Development (R&D) investment shadow price						
Internal carbon fee or fund						
Carbon prices for impairment testing						

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

This section covers the anticipated financial effects from material physical risks. Specifically, the Group decided to disclose only the information already available as part of Pillar 3 reporting, availing of the phase-in provisions for the other information covered by the current disclosure requirement.

The following table, which complies with Pillar 3 disclosure, provides information on exposures in the banking book, including loans and advances, debt securities and equity instruments not held for trading and not held for sale, towards non-financial companies, on loans collateralised by immovable property and on repossessed real estate collateral, exposed to chronic and acute climate-related risks, with a breakdown by sector of economic activity (NACE classification) and by geography of location of the activity of the counterparty or of the collateral, for those sectors and geographical areas subject to climate change acute and chronic events.
Sensitive exposures are shown separately:

- for the impact from chronic events only, including risks relating to gradual changes in weather and climate and having a possible impact on economic output and productivity;
- for the impact from acute events only, including risks that may cause sudden damage to properties, disruption of supply chains, and depreciation of assets;
- for both the impacts described above.

(millions of euro)

Italy	Gross carrying amount					
		of which exposures sensitive to impact from climate change physical events				
		Breakdown by maturity bucket				
		<= 5 years	> 5 year <= 10 years	> 10 years <= 20 years	> 20 years	Average weighted maturity
A - Agriculture, forestry and fishing	2,914	250	178	166	13	7.21
B - Mining and quarrying	169	3	-	-	-	3.20
C - Manufacturing	38,967	1,540	503	63	-	3.53
D - Electricity, gas, steam and air conditioning supply	6,446	727	139	46	23	4.20
E - Water supply; sewerage, waste management and remediation activities	1,682	152	82	25	-	5.44
F - Construction	10,385	960	251	136	147	5.96
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	20,790	559	142	35	5	3.06
H - Transportation and storage	11,177	280	120	44	-	4.24
L - Real estate activities	10,284	97	105	169	10	8.86
Loans collateralised by residential immovable property	120,769	112	295	4,678	10,958	22.37
Loans collateralised by commercial immovable property	24,012	128	200	557	93	11.91
Repossessed collaterals	274	-	-	-	-	-
Other relevant sectors	18,655	575	394	318	191	8.63
J - Information and communication	3,305	83	15	2	-	2.37

(millions of euro)

Italy	Gross carrying amount							
	of which exposures sensitive to impact from climate change physical events							
	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
							f which Stage 2 exposures	of which non-performing exposures
A - Agriculture, forestry and fishing	251	319	37	175	22	-27	-14	-11
B - Mining and quarrying	2	1	-	2	-	-	-	-
C - Manufacturing	1.626	466	14	422	67	-58	-20	-34
D - Electricity, gas, steam and air conditioning supply	82	838	15	53	1	-3	-1	-1
E - Water supply; sewerage, waste management and remediation activities	137	111	11	47	4	-4	-2	-2
F - Construction	913	552	29	431	213	-140	-37	-100
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	388	348	5	323	34	-34	-12	-20
H - Transportation and storage	357	84	3	84	15	-15	-5	-9
L - Real estate activities	147	221	13	104	8	-12	-7	-3
Loans collateralised by residential immovable property	-	16.043	-	467	109	-64	-29	-28
Loans collateralised by commercial immovable property	-	978	-	188	79	-55	-18	-35
Repossessed collaterals	-	50	-	-	-	-13	-	-
Other relevant sectors	850	604	24	375	102	-100	-27	-67
J - Information and communication	29	70	1	30	4	-7	-1	-3

(millions of euro)

Europe - CORE	Gross carrying amount					
		of which exposures sensitive to impact from climate change physical events				
		Breakdown by maturity bucket				
		<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Average weighted maturity
A - Agriculture, forestry and fishing	687	122	21	-	-	2.33
B - Mining and quarrying	167	1	-	-	-	8.52
C - Manufacturing	2,960	196	46	2	-	2.29
D - Electricity, gas, steam and air conditioning supply	1,499	246	68	18	-	3.78
E - Water supply; sewerage, waste management and remediation activities	210	15	6	-	-	3.01
F - Construction	1,349	225	36	349	-	9.89
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2,933	131	21	4	1	2.49
H - Transportation and storage	1,051	166	50	3	-	3.62
L - Real estate activities	874	27	32	6	-	5.62
Loans collateralised by residential immovable property	15,560	31	72	456	688	19.67
Loans collateralised by commercial immovable property	4,606	223	199	61	20	6.20
Repossessed collaterals	3	-	-	-	-	-
Other relevant sectors	2,513	146	75	1	-	3.84
J - Information and communication	355	10	-	-	-	1.11

(millions of euro)

Europe - CORE	Gross carrying amount							
	of which exposures sensitive to impact from climate change physical events							
	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
							of which Stage 2 exposures	of which non-performing exposure
A - Agriculture, forestry and fishing	111	31	1	21	1	-2	-	-1
B - Mining and quarrying	-	1	-	-	-	-	-	-
C - Manufacturing	2	241	1	63	3	-5	-2	-2
D - Electricity, gas, steam and air conditioning supply	178	154	-	4	-	-1	-	-
E - Water supply; sewerage, waste management and remediation activities	18	2	1	2	1	-1	-	-1
F - Construction	199	401	10	35	5	-8	-1	-4
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1	156	-	26	6	-7	-1	-5
H - Transportation and storage	174	35	10	19	5	-5	-1	-3
L - Real estate activities	-	65	-	29	1	-3	-2	-
Loans collateralised by residential immovable property	-	1.247	-	109	15	-19	-9	-7
Loans collateralised by commercial immovable property	-	503	-	139	12	-19	-10	-6
Repossessed collaterals	-	-	-	-	-	-	-	-
Other relevant sectors	90	130	2	80	6	-11	-7	-3
J - Information and communication	-	10	-	3	-	-	-	-

The assets exposed to significant physical risk are located in Italy and in the areas where the Group's main European investees operate (i.e. Croatia, Romania, Slovakia, Slovenia, Serbia and Hungary).

For the identification of exposures subject to climate change physical risk, the Intesa Sanpaolo Group has used an external provider that has provided mapping and measurement of the risks at individual property level (understood as a collateral asset or registered office/production site where available, for exposures to Non Financial Corporations). The Group has prudently chosen to use the "Current Policies" scenario provided by the NGFS (equivalent to a Representative Concentration Pathways (RCP) 6.0 scenario[90]) as the baseline scenario, as it assumes that current policies are not subject to any changes by regulators, resulting in very high physical risks. The physical risk events considered differ according to the business sectors of the companies and the loans collateralised by immovable property based on the specific characteristics of each type of exposure.

[90] Climate change pathways based on different concentrations of greenhouse gases. The RCP 6.0 scenario is the pathway leading to a radiative forcing of 6.0 W/m^2 by 2100, with CO_2 levels reaching 670 ppm and global temperatures rising by +3-4°C.

The following table shows the exposures collateralised by commercial and residential immovable property and repossessed real estate collateral, including information on the energy efficiency level of the collateral measured in terms of kWh/m² energy consumption and label of the energy performance certificate (EPC).

The presentation is broken down according to the geographical area in which the collateralised property is located (EU and non-EU area). Where the energy efficiency level in terms of kWh/m²/year is an estimated figure, this is stated in the row concerned. The estimation is only calculated for the types of immovable property provided as collateral subject to mandatory energy performance certificate (e.g. residential properties, buildings used for production).

(millions of euro)

Counterparty sector	Total gross carrying amount						
		Level of energy efficiency (EP* score in kWh/m² of collateral)					
		0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500
Total EU area	163,994	43,031	54,499	25,549	14,146	1,794	7,789
Of which Loans collateralised by commercial immovable property	28,381	2,207	4,863	2,748	9,915	414	1,438
Of which Loans collateralised by residential immovable property	135,337	40,822	49,606	22,791	4,038	1,379	6,349
Of which Collateral obtained by taking possession: residential and commercial immovable properties	276	2	30	10	193	1	2
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	*83,144*	*18,431*	*32,621*	*14,851*	*10,363*	*410*	*6,468*
Total non-EU area	3,077	31	34	1,339	113	-	4
Of which Loans collateralised by commercial immovable property	1,569	26	1	289	113	-	4
Of which Loans collateralised by residential immovable property	1,488	5	33	1,049	-	-	-
Of which Collateral obtained by taking possession: residential and commercial immovable properties	20	-	-	1	-	-	-
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	*1,514*	*25*	*33*	*1,339*	*113*	-	*4*

(*) EP: Energy Performance

(millions of euro)

Counterparty sector	Total gross carrying amount								
	Level of energy efficiency (EPC** label of collateral)							Without EPC** label of collateral	
	A	B	C	D	E	F	G		of which level of energy efficiency (EP* score in kWh/m² of collateral) estimated
Total EU area	15,472	5,169	4,423	6,718	8,758	10,637	12,487	100,330	82.87%
Of which Loans collateralised by commercial immovable property	1,243	547	499	518	343	251	367	24,613	72.39%
Of which Loans collateralised by residential immovable property	14,227	4,620	3,920	6,199	8,413	10,385	12,116	75,457	86.28%
Of which Collateral obtained by taking possession: residential and commercial immovable properties	2	2	4	1	2	1	4	260	85.25%
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated								*83,144*	*100.00%*
Total non-EU area	6	-	-	-	-	-	-	3,071	49.35%
Of which Loans collateralised by commercial immovable property	6	-	-	-	-	-	-	1,563	27.26%
Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-	1,488	73.14%
Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	20	6.59%
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated								*1,514*	*100.00%*

(*) EP: Energy Performance

(**) EPC: Energy performance certificate

ESRS E2 – Pollution

Materiality assessment of impacts, risks and opportunities

As explained in the chapter “ESRS2 – General disclosures: Double materiality assessment”, the Group carried out a double materiality assessment of the main material sustainability matters, from the dual perspective of:

- impact materiality, which considers, from an inside-out perspective, impacts connected with own operations and with the upstream and downstream value chain that are relevant to the Group, including both actual and potential positive and negative impacts;
- financial materiality, which considers, from an outside-in perspective, sustainability topics that give rise to:
  - risks affecting, or potentially affecting, the development of the undertaking, its financial position, performance and cash flows, access to finance or cost of capital in the short, medium or long term;
  - opportunities that have, or may predictably have, a material financial impact on the Group in the short, medium or long term.

Impacts, risks and opportunities within the scope of ESRS E2 – Pollution were identified taking into consideration the specific features of the group. Specifically, such impacts, risks and opportunities were mapped on the basis of the framework in which the Group sets out and carries on its business activities and dealings in relation to pollution (for instance, “Rules for the Environmental and Energy Policy and Group Guidelines on ESG Risk Governance”) and the governance measures in place to minimise the negative impacts connected with pollution in own operations and in the upstream and downstream value chain, along with an assessment of the risks tied to aspects of pollution to which the Group may be exposed. For the purposes of the double materiality assessment, experts in environmental matters were engaged.

For the purposes of impact materiality, the assessment of the impacts identified involved interviews with internal units and external stakeholders (such as interviews with experts in the sector) and an in-depth qualitative and quantitative analysis based on the criteria envisaged by relevant legislation (namely, scale, scope, irremediable character of the impact and likelihood). Specifically, with reference to:

- own operations: impacts were assessed on the basis of qualitative drivers connected with, among other things, the adoption of internal policies and the promotion of initiatives able to guarantee delivery of pollution reduction targets;
- upstream value chain: the impact assessment involved ESG questionnaires administered to Group suppliers and an analysis of their feedback;
- downstream value chain: the assessment focused on indirect impacts arising through exposures in the Group’s portfolios, in order to take into consideration exposures to counterparties belonging to high-impact industries from a pollution point of view. In addition, investment/lending criteria and strategies were taken into account in assessing the counterparties.

The impact materiality outcomes found by the assessments identified negative indirect material impacts in the downstream value chain. The materiality of the impacts was specifically tied to exposures in Group portfolios toward counterparties belonging to industries that potentially have a negative impact on the matter in question.

For the purposes of the financial materiality assessment, the materiality of risks and opportunities was assessed using a dual, quantitative and qualitative approach applied to the perimeters identified.

With reference to risks, the following assessments were made:

- own operations: in consideration of the specific features of the Group’s core business and following interviews with the competent organisational units, no risks in relation to pollution were found;
- upstream value chain: the assessment focused primarily on potential exposures to reputational risk in the case of Group suppliers that adopt a less structured approach to the matter in question (such as pollution-related events and the use of polluting substances, or lack of action taken to reduce pollution);
- downstream value chain: the assessment focused on credit risk and market risk connected with the matter in question, This would also give rise to reputational risk.

In terms of financial materiality, the assessment of the downstream value chain found that credit risk and reputational risk were material. The materiality of the impacts was specifically tied to exposures in Group portfolios toward counterparties belonging to industries that potentially have a negative impact on the matter in question, especially in terms of air pollution, soil pollution and microplastics.

In relation to opportunities, the financial materiality assessment was conducted with reference to the following perimeters:

- own operations: on the basis of interviews with the competent organisational units, the assessment looked at current and/or planned Group initiatives for reducing pollution, with reference to the Group’s own operations;
- upstream value chain: no potentially material opportunities were identified in terms of financial materiality;
- downstream value chain: opportunities were assessed in relation to the possibility of expanding the product range to include new products aligned with environmental sustainability objectives. The assessment took into consideration the performance targets and indicators in the budget and business plan for loans provided or planned with environmental objectives.

The financial materiality assessment did not identify any material opportunities among those mapped, as none were found to target or significantly further the management and reduction of pollution on the part of customer counterparties, nor were any initiatives found to be material for own operations, given the specific nature of the Group’s operations.

Policies, targets and actions at portfolio level

Pollution policies

In line with the principles of its Code of Ethics, Intesa Sanpaolo Group has joined major international initiatives such as the UN Global Compact and the Principles for Responsible Banking (PRB), making it one of the premiere European financial groups to have joined all of the leading sustainability initiatives sponsored by the United Nations for the financial sector, within the framework for achieving the United Nations Sustainable Development Goals.

Accordingly, the Group acknowledges the problem of pollution, the benefits that can come from preserving and restoring nature, and the key role that financial institutions can play in this regard.

Underlining its commitment and in accordance with the "Group Guidelines for ESG Risk Governance", in 2024 Intesa Sanpaolo Group prepared new "Rules on Biodiversity and Nature", which were adopted in January 2025. The rules take up the requirements of the E4 standard to support own operations relating to these topics, also through sustainable loans to customers for projects that have a positive impact in this area.

Applicable to all the Group, the rules identify a list of sensitive economic sectors that have a potentially negative impact on biodiversity and/or pollution. The sectors include the mining industry and the extraction of resources, which is known to be a potential cause of soil and water pollution, and the transport industry, where vehicle emissions are polluting (besides CO_2, nitrogen oxides and particulate matter, for example). Under the rules, lending is prohibited to counterparties engaged in, and projects connected with, such activities and located in critical geographical areas, such as protected areas and countries that have not ratified the main accords and protocols on the environment, such as the Montreal Protocol on Substances that Deplete the Ozone Layer.

Where there is evidence of potential impact, special attention is to be focused in ESG and reputational risk assessments on sensitive activities located in countries that have not ratified one or more international conventions. The list of conventions includes those addressing the matter of pollution, such as the Rotterdam Convention on chemical products and pesticides, the Basel Convention on hazardous waste and the Stockholm Convention on Persistent Organic Pollutants.

The rules are part of the general framework of Group ESG risk management, risk appetite and relevant strategic guidelines. An overview of the rules is available to the public for all stakeholders to access on the Group's website. Responsibility for the updating of the Rules on Biodiversity and nature is tasked to the governance areas of the Chief Risk Officer (CRO) and Chief Sustainability Officer (CSO) to ensure their alignment with applicable national and international regulations, standards and best practices.

Pollution targets

In relation to environmental risks, including pollution, the aim of the Group is to incorporate measures into the risk management framework and related decision-making processes to ensure their governance. Nevertheless, it should be stressed that the materiality assessment performed, for the standard in question, on the loan portfolio is based on current models and metrics that are still under development, in terms of their methods and standardisation, and factored in a medium/long-term time horizon. The development of methodological standards of reference and the availability of more detailed and reliable data will enable the materiality assessment to be fine-tuned and additional, more specific governance measures to be introduced.
As mentioned in the previous section, risk governance measures introduced include the "Rules on Biodiversity and Nature", which focus specifically on matters relating to pollution. In addition, as reported below, the Group has initiatives and actions in place to help minimise pollution, although no specific quantitative targets have been set.

Pollution actions

While the public information of a quantitative and verifiable nature required for the measurement of this risk and for targeted action to be taken is lacking, the Group has adopted a number of initiatives and actions for the management and governance of ESG matters, and specifically environmental matters, in the loan portfolio, which cover the direct or indirect impacts of pollution. Those initiatives and actions include "S-Loan Progetti Green" loans and loans backed by SACE Green guarantees, which also support investments aimed at preventing, controlling and reducing pollution, as well as a third-party environmental insurance policy, which covers damage to the environment or imminent pollution threats and emergency services for the conservation and restoration of the affected area.

In addition, the proprietary ESG scoring model utilised by the Group to assess the ESG profile of corporate customers takes into consideration components connected with pollution. The scoring model considers information sourced from external providers on environmental certifications and, for counterparties assessed by the main international info-providers, information on waste and pollution.

The resulting ESG score is incorporated into group processes to give an ESG perspective in the application of the credit framework and credit strategies, showing how the pollution considerations making up the score are included in frameworks and strategies relevant to the Group.

Furthermore, the Group recognises the importance of widespread stakeholder engagement in fostering the development of mindset focused on reducing pollution and protecting nature. Accordingly, Intesa Sanpaolo contributes to the creation of engagement opportunities that promote a culture of sustainable change, involving engagement initiatives, partnerships, training, research projects, participation in working tables and awareness-raising campaigns. In this regard, Intesa Sanpaolo Group is a signatory of the Finance Leadership Statement on Plastic Pollution, in acknowledgement of the role the financial sector can play in addressing the material risks of pollution and promoting the ecological transition.

ESRS E3 – Water and marine resources

Materiality assessment of impacts, risks and opportunities

As explained in the chapter "ESRS2 – General disclosures: Double materiality assessment", the Group carried out a double materiality assessment of the main material sustainability matters, from the dual perspective of:

- impact materiality, which considers, from an inside-out perspective, impacts connected with own operations and with the upstream and downstream value chain that are relevant to the Group, including both actual and potential positive and negative impacts;
- financial materiality, which considers, from an outside-in perspective, sustainability topics that give rise to:
  - risks affecting, or potentially affecting, the development of the undertaking, its financial position, performance and cash flows, access to finance or cost of capital in the short, medium or long term;
  - opportunities that have, or may predictably have, a material financial impact on the Group in the short, medium or long term.

Impacts, risks and opportunities within the scope of ESRS E3 – Water and Marine Resources were identified taking into consideration the specific features of the group. Specifically, such impacts, risks and opportunities were mapped on the basis of the framework in which the Group sets out and carries on its business activities and dealings in relation to the topic (for instance, the Rules for the Environmental and Energy Policy and Group Guidelines on ESG Risk Governance) and risk governance measures activated by the Group, also considering the agreements/partnerships in place with associations (such as One Ocean Foundation, which engages in research activities for marine conservation) and partnerships with universities to develop initiatives on the matter (such as the development of a blue economy study centre), as well as an assessment of the risks tied to water management and use to which the Group may be exposed. For the purposes of the double materiality assessment, experts in environmental matters were engaged.

For the purposes of impact materiality, the assessment of the impacts identified involved interviews with competent internal units and an in-depth qualitative and quantitative analysis based on the criteria envisaged by relevant legislation (namely, scale, scope, irremediable character of the impact and likelihood). Specifically, with reference to:

- own operations: impacts were assessed on the basis of qualitative information such as internal policies, company strategies and initiatives for the responsible use of water;
- upstream value chain: the impact assessment involved ESG questionnaires administered to Group suppliers and an analysis of their feedback;
- downstream value chain: the assessment focused on indirect impacts arising through exposures in the Group's portfolios, in order to take into consideration exposures to counterparties/undertakings belonging to high-impact industries from a water and marine resources point of view. In addition, relevant investment/lending criteria and strategies were taken into account in assessing the counterparties.

For the purposes of the financial materiality assessment, the materiality of risks and opportunities was assessed using a dual, quantitative and qualitative approach applied to the perimeters identified.

With reference to risks, the following assessments were made:

- own operations: in consideration of the specific features of the Group's core business and following interviews with the competent organisational units, no risks connected with the topic were found;
- upstream value chain: the assessment focused primarily on potential exposures to reputational risk in the case of Group suppliers that adopt a less structured approach to water and marine resources;
- downstream value chain: the assessment focused on credit risk and market risk connected with the matter in question, This would also give rise to reputational risk.

In relation to opportunities, the financial materiality assessment focused on the downstream value chain, given the specific features of the Group's business and the finance business in general. In terms of business development opportunities, the assessment specifically looked for targets and performance indicators linked to the sustainability matters in question in the budget and business plan.

The double materiality assessment performed found that the topics addressed by standard ESRS E3 – Water and Marine Resources were not material at Group level, both in terms of impact materiality and financial materiality. In relation to own operations, the Group was not found to have a material impact on water consumption and management, while in relation to the upstream and downstream value chain, the concentration of exposures and suppliers that could have an impact on the matter was not found to be significant.

The Group is engaged in business areas focused on customer lending for the specific purposes of improving the management and efficiency of water use; however, such initiatives, at present, make up only a marginal part of overall business and are not, therefore, material for the purposes of disclosure in this statement.

ESRS E4 – Biodiversity and ecosystems

Materiality assessment of impacts, risks and opportunities

As explained in the chapter "ESRS2 – General disclosures: Double materiality assessment", the Group carried out a double materiality assessment of the main material sustainability matters, from the dual perspective of:

- impact materiality, which considers, from an inside-out perspective, impacts connected with own operations and with the upstream and downstream value chain that are relevant to the Group, including both actual and potential positive and negative impacts;
- financial materiality, which considers, from an outside-in perspective, sustainability topics that give rise to:
  - risks affecting, or potentially affecting, the development of the undertaking, its financial position, performance and cash flows, access to finance or cost of capital in the short, medium or long term;
  - opportunities that have, or may predictably have, a material financial impact on the Group in the short, medium or long term.

Impacts, risks and opportunities within the scope of ESRS E4 – Biodiversity and Ecosystems were identified taking into consideration the specific features of the group. Specifically, such impacts, risks and opportunities were mapped on the basis of the framework in which the Group sets out and carries on its business activities and dealings and risk governance measures activated by the Group to promote and protect biodiversity and ecosystems, also through initiatives and projects dedicated, for instance, to reforestation and natural capital preservation such as "Think Forestry" (for more information see the section "Strategy to combat climate change at portfolio level" in Standard ESRS E1), as well as an assessment of the risks tied to biodiversity issues to which the Group may be exposed.

Specific analyses were carried out to assess the Group's dependencies and impacts in relation to biodiversity, ecosystems and related services. For the purposes of impact materiality, the assessment of the impacts identified involved interviews with internal units and external stakeholders, including experts in environmental matters, and an in-depth qualitative and quantitative analysis based on the criteria envisaged by relevant legislation (namely, scale, scope, irremediable character of the impact and likelihood). Specifically, with reference to:

- own operations: impacts were assessed on the basis of qualitative drivers, such as internal Group policies and companies strategies relating to the matter (for example, combating climate change, the overexploitation of land, etc.);
- upstream value chain: the impact assessment involved ESG questionnaires administered to Group suppliers and an analysis of their feedback;
- downstream value chain: the assessment focused on indirect impacts arising through exposures in the Group's portfolios, in order to take into consideration exposures to counterparties/undertakings belonging to high-impact industries from the point of view of biodiversity, the state of species and the extent and condition of ecosystems. In addition, investment/lending criteria and strategies were taken into account in assessing the counterparties.

The impact materiality outcomes found by the assessments identified negative indirect material impacts in the downstream value chain. The materiality of the impacts was specifically tied to exposures in Group portfolios toward counterparties belonging to industries that potentially have a negative impact on specific issues, such as climate change, the intensive use of natural resources, pollution and other aspects that together affect biodiversity loss. With reference to the downstream value chain, no actual or potential negative material impacts were found on affected communities, as regards commodity production or procurement, given the specific nature of the Group's business.

For the purposes of the financial materiality assessment, the materiality of risks and opportunities was assessed using a dual, quantitative and qualitative approach applied to the perimeters identified.

With reference to risks, the following assessments were made:

- own operations: considering the specific features of the Group's core business, the fact that its offices are not located in protected or high-biodiverse areas and the feedback from interviews with competent organisational units, no risks were identified regarding any direct impact on the loss of biodiversity and the extent and condition of ecosystems;
- upstream value chain: the assessment focused on potential exposures to reputational risk in the case of Group suppliers that adopt a less structured approach to sustainability matters (such as the adoption of measures to mitigate the risk of environmental pollution and an environmental policy);
- downstream value chain: the assessment focused primarily on the potential credit risk and market risk arising from threats to biodiversity and the equilibrium of the relative ecosystems, This would also give rise to reputational risk.

The financial materiality assessment of the downstream value chain identified a material credit risk in the Group's credit exposures to counterparties belonging to sectors that depend on ecosystem services and to industries that have a potentially negative impact on specific issues, such as climate change, the intensive use of natural resources, pollution and other aspects that together affect biodiversity loss. As a result, the reputational risk arising from the negative impact of such credit risk on the Group's image was found to be material.

In relation to opportunities, the financial materiality assessment was conducted and identified opportunities with reference to the following perimeters:

- own operations: on the basis of interviews with the competent organisational units, the assessment looked at current and/or planned Group initiatives in support of biodiversity and ecosystems, which could contribute to improving the Group's reputation;
- downstream value chain: the possibility of expanding the range of products aligned with biodiversity objectives. The assessment also took into consideration any targets and performance indicators in the budget and business plan and indicators on loans planned or provided aimed at improving impacts on and the preservation of biodiversity and ecosystems.

The financial materiality assessment did not identify any material opportunities among those mapped, as none were found to target or significantly further the management and reduction of elements directly tied to biodiversity loss on the part of customer counterparties, nor were initiatives found to be material for own operations, given the specific nature of the Group's operations.

Resilience Assessment

In 2024, the governance area of the Chief Risk Officer (CRO) carried out a risk assessment of the natural capital of Intesa Sanpaolo Group. That "resilience assessment" was the starting point for a pilot exercise to assess the impacts on biodiversity and the dependencies on ecosystem services of the Group's corporate customer portfolio.

The pilot exercise was run on a sample portfolio of undertakings representing the core business of Intesa Sanpaolo Group, and hence the loan portfolio. Undertakings were chosen for the sample considering, by order: (i) industries listed as "priority sectors" by international standards and initiatives such as the "Taskforce on Nature-related Financial Disclosures" (TNFD); and (ii) undertakings with the greatest exposures in each of the portfolio sectors of the IMI Corporate & Investment Banking (IMI C&IB) and Banca dei Territori (BdT) divisions.

In the absence of a specific standard for climate macro-scenarios, currently being developed by the Network for Greening the Financial System (NGFS), the assessment focused on actual impacts and dependencies, drawing from updated sector-specific estimates and maps on the state of ecosystems available at the end of 2023.

Expanding its sights, the materiality exercise in 2024 introduced medium-to-long-term considerations (2030–2050) by using ecosystem scenarios based on the Mean Species Abundance (MSA) metric. This enabled forward-looking assessments to be incorporated into the analysis, enriching the understanding of local area risks for corporate customers.

Finally, the pilot exercise was based exclusively on information in the public domain, such as sector-specific estimates and area maps, without the direct engagement of the counterparties or local experts.

For each dimension considered, various risk levels were set and the Group's exposure measured at each level, in terms of gross carrying value. The resilience assessment looked at (i) the single dimension (impact and dependency) of risk (both transaction and physical risk) and (ii) the aggregate level.

Specifically, the assessment focused on impacts on nature and the relative impact and natural capital dependency indicators:

- impacts on nature (such as changes in nature caused by business operations, which can lead to potential impacts on social and economic matters) and dependencies on nature, such as aspects of ecosystem services on which an organisation or other actors depend for their operations (such as water availability, etc.);
- seven impact indicators (which can be categorised as "pressure" factors on biodiversity) affecting the transaction risk of corporate customers, and three indicators of natural capital dependency (which can be categorised as risk factors tied to the degradation of ecosystem services) affecting the physical risk of corporate customers.

The approach adopted by the Group was aligned to best practices and the guidelines provided by the Taskforce on Nature-related Financial Disclosures (TNFD), as well as the "Locate, Evaluate, Assess and Prepare" (LEAP) process recommended by the TNFD. In particular, the loan portfolio's exposure to vulnerability in relation to environmental risks was assessed. This process enabled a top-down, sector-based view of materiality and a bottom-up view of local area materiality to be integrated into the exercise. The main drivers of impacts and dependencies were analysed for 1,000 non-financial counterparties of greatest materiality in terms of exposure and priority sectors, as identified by the TNFD.

a) The "Locate" step involved locating head offices and local production facilities to lay the groundwork for analysing interactions between industries and surrounding nature (direct operations). Access to external information sources for mapping ecosystems was instead the starting point for identifying ecosystem services and biodiversity pressures.
b) The "Evaluate" step involved the specific impact/dependency scoring of each sector using sector-level materiality (top-down approach). Impacts and dependencies (for direct operations) were assessed using a bottom-up approach, taking into account the relevance of the state of specific natural resources for the assessment area and the materiality of the sector-specific dependency or impact.

The relevance and materiality of the direct operations of counterparties were then adjusted using input-output matrices for the analysis of risk in the upstream value chain. For each company (at the local unit level), the different sector-specific and local area scores were estimated and normalised, so as to enable comparison between sectors and geographical areas.

c) In the "Assess" step, the environmental risk exposure of the loan portfolio was quantified by combining the sector-specific and local area vulnerability scores and taking into account the associated exposure of each counterparty.
d) In the "Prepare" step, the pilot exercise described laid the groundwork for a broader assessment of nature-related risks covering the entire loan portfolio of the parent company.

The resulting assessment outcomes are shown in terms of expected qualitative impacts at aggregate level, considering the median of the single impact and dependency indicators in the perimeter, classified as: very low, low, medium, high and very high.

Overall, in quantifying the environmental risk exposure of the loan portfolio (considering the top 1,000 undertakings within "priority" sectors), by combining the sector-specific and local area vulnerability scores, the pilot exercise found only a small portion of the portfolio analysed to be exposed to medium/high sector-specific and local area risks.

Finally, a series of follow-up actions (including some already pursued by the Group) were identified to adapt strategy to the outcomes of the resilience assessment in relation to changes in biodiversity.

These actions aim to mitigate risks, capitalize on opportunities and pave the way for the long-term sustainability of the Group in the face of environmental challenges. The actions include, for example, the development of the assessment framework to expand the perimeter of counterparties assessed and incorporate forward-looking metrics; the setting of rules on biodiversity (see the relevant section for a detailed description); the constant, pro-active monitoring of the relative statutory framework; participation in climate change working groups and initiatives; risk assessments linked to ESG matters in the lending process; the incorporation of ESG risks into creditworthiness assessments; and ESG sector mapping.

Policies, targets and actions at portfolio level

Policies related to biodiversity and ecosystems

Intesa Sanpaolo Group acknowledges the risks arising from biodiversity loss and pollution, the benefits that can come from preserving and restoring nature, and the key role that financial institutions can play in this regard. Accordingly, the “Group Code of Ethics” takes biodiversity and nature conservation into consideration in terms of the direct and indirect environmental impacts that Group operations can generate.

A specific Group policy governs own operations in relation to risks affecting biodiversity and ecosystems. The policy sets out specific limitation and exclusion criteria, fine-tunes risk assessment procedures and encourages sustainable lending aimed at promoting the conservation or improvement of biodiversity or ecosystem services, also with the welfare of local communities in mind.

Within this framework, in 2024 the Group prepared new “Rules on Biodiversity and Nature”, which were adopted in January 2025, as explained in the section “Pollution policies”. The rules outline the approach adopted by Intesa Sanpaolo Group to biodiversity and nature issues in relation to lending activities, wealth management & protection, direct impacts and initiatives to further the ecological transition.

Applicable to all the Group, the rules also set out exclusion, heightened assessment and risk monitoring criteria for lending to new projects and counterparties. The exclusion criteria identify the new projects and counterparties that the Group declines to finance, based on their location, their economic sector (including intensive farming and sectors that have an impact in terms of deforestation and the indiscriminate use of marine resources), and the classification of certain types of projects as “controversial” due to their impacts or dependencies on aspects of biodiversity and nature. In particular, lending to new projects and counterparties is considered at risk where they are located in countries that have not ratified the main conventions on biodiversity and nature or in protected geographical areas under the main international conventions.

In line with the Group’s strategic guidelines and ESG risk governance framework, Intesa Sanpaolo Group focuses special attention in its own operations on new projects in sectors and/or geographical areas of high exposure to ESG risks, especially in terms of biodiversity and nature, which are assessed through an “ESG & Reputational Risk Clearing” process. Accordingly, the “Rules on Biodiversity and Nature” refer to a series of international biodiversity conservation and environmental protection conventions, including the Convention on Biological Diversity (CBD), the Cartagena Protocol and the Rotterdam Convention, which together provide a regulatory framework for promoting sustainable practices, guaranteeing biosafety and restricting the use of hazardous chemicals. The conventions additionally support the traceability of products, components and raw materials throughout the value chain, improving the sustainability of production chains in the countries that have implemented the conventions.
The implementation of the Equator Principles is also relevant here, providing a framework that contemplates the protection of biodiversity and the sustainable management of natural resources. For more details, see the section “ESG Risk Governance Process” in standard ESRS E1.

In addition, the Group sets criteria to support undertakings working in practice towards, or wishing to pursue, ecological transition, also as regards biodiversity topics. In this regard, the group promotes and always permits loans that are EU taxonomy-aligned and sustainable from an “environmental” point of view, in accordance with internal classification rules as specifically concerns biodiversity and ecosystem conservation and restoration objectives.

The rules are part of the general framework of Group ESG risk management, risk appetite and relevant strategic guidelines. An overview of the rules is available to the public for all stakeholders to access on the Group’s website. Responsibility for the updating of the rules is tasked to the governance areas of the CSO and CRO to ensure their alignment with changing regulations, standards and national and international best practices on the matter.

With specific reference to asset management, Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A., Fideuram Asset Management (Ireland) and Eurizon Capital SGR all take into consideration the principal adverse impacts (PAI) of their investment decisions on sustainability factors and regularly disclose the outcomes in the relative reports.

Eurizon had adopted its own “Commitment Policy” in which the company has outlined an internal screening framework based on the principles set out in the Kunming-Montreal “Global Biodiversity Framework” (GBF). Named Eurizon Naturewatch, it is designed to identify issuers that can give rise to negative impacts on biodiversity as a result of (i) their production sites being located near sensitive areas and fragile ecosystems, or (ii) their own operations. The aim of the framework is to provide an assessment of the exposure of investee companies to issues connected with the exploitation of ecosystems and the potential value losses associated with such exposure, so as to prioritise engagement initiatives with investees with the greatest such exposure.

Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. and Fideuram Asset Management (Ireland) have similarly published commitment policies and sustainability policies. Specifically, the commitment policies identify the mitigation of biodiversity loss as one of the four “macro-themes” cutting across all industry sectors, namely: (i) reduction of GHG emissions; (ii) mitigation of biodiversity loss; (iii) respect for human rights and combating the manufacture of non-conventional weapons; and (iv) good corporate governance practices.

Targets related to biodiversity and ecosystems

In relation to environmental risks, including biodiversity and ecosystems, the aim of the Group is to incorporate measures into the risk management framework and related decision-making processes to ensure their governance. Nevertheless, it should be stressed that the materiality assessment performed, for the standard in question, on the loan portfolio is based on current models and metrics that are still under development, in terms of their methods and standardisation, and factored in a medium/long-term time horizon. The development of methodological standards of reference and the availability of more detailed and reliable data will enable the materiality assessment to be fine-tuned and additional, more specific governance measures to be introduced.
As mentioned in the section “Policies related to biodiversity and ecosystems”, the Group has adopted “Rules on Biodiversity and Nature” to govern these matters. Finally, as reported below, the Group has initiatives and actions in place in support of biodiversity and the protection of ecosystems, although no specific quantitative targets have been set.

Actions related to biodiversity and ecosystems

While the public information of a quantitative and verifiable nature required for the measurement of this risk and for targeted action to be taken is lacking, the Group has nevertheless started up a number of initiatives and actions to support undertakings in their ecological transition. They include medium/long-term financing through “S-Loan Progetti Green” loans and specific green guarantees, such as loans backed by SACE Green guarantees, which can also be used to fund projects and initiatives concerning biodiversity and ecosystems.

In this respect, Intesa Sanpaolo has developed a “Green, Social and Sustainability Bond Framework” for issuing bonds to finance eligible loans under the environmental categories of the framework, including projects for the management of living natural resources, land and biodiversity.

Moreover, the ESG score used by Intesa Sanpaolo Group to assess the ESG profiles of corporate customers also considers components concerning biodiversity and natural resources. The scoring model takes into account information sourced from external providers on environmental certifications and, for counterparties assessed by the main international info-providers, information on initiatives pursued by the undertaking for the restoration, rehabilitation and clean-up of local areas, and an assessment of the impacts of the undertaking’s own operations on biodiversity and water resources.

The resulting ESG score is incorporated into group processes to give an ESG perspective in the application of the credit framework and credit strategies, showing how the biodiversity considerations making up the score are included in frameworks and strategies relevant to the Group.

In 2023, Eurizon Capital SGR, Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.P.A. and Fideuram Asset Management (Ireland) joined the Nature Action 100 initiative, which promotes the adoption by institutional investors of best practices to combat biodiversity loss and deforestation.

Intesa Sanpaolo Group supports sustainable growth and development also through partnerships, training initiatives and applied research projects. Examples include the applied research projects developed with the Intesa Sanpaolo Innovation Center to study environmental attitudes and correlated behaviour using a neuroscientific approach, with the aim of identifying effective ways of raising awareness and promoting virtuous action in the community in relation to climate change and biodiversity, and the planning of new applied research to measure biodiversity levels in urban areas, using robots equipped with various sensors and a camera.

ESRS E5 – Resource use and circular economy

Materiality assessment of impacts, risks and opportunities

As explained in the chapter "ESRS2 – General disclosures: Double materiality assessment", the Group carried out a double materiality assessment of the main material sustainability matters, from the dual perspective of:

- impact materiality, which considers, from an inside-out perspective, impacts connected with own operations and with the upstream and downstream value chain that are relevant to the Group, including both actual and potential positive and negative impacts;
- financial materiality, which considers, from an outside-in perspective, sustainability topics that give rise to:
  - risks affecting, or potentially affecting, the development of the undertaking, its financial position, performance and cash flows, access to finance or cost of capital in the short, medium or long term;
  - opportunities that have, or may predictably have, a material financial impact on the Group in the short, medium or long term.

Impacts, risks and opportunities within the scope of ESRS E5 – Resource use and circular economy were identified taking into consideration the specific features of the Group. Specifically, such impacts, risks and opportunities were mapped on the basis of the framework in which the Group sets out and carries on its business activities and dealings (for instance, the Rules for the Environmental and Energy Policy and Group Guidelines on ESG Risk Governance), the controls/actions put in place by the Group to contribute to the implementation of recycling systems and the use of recycled/recyclable materials, the renewal of partnerships related to this issue (e.g. Ellen MacArthur Foundation, with Cariplo Factory for the Circular Economy Lab), as well as an assessment of the risks related to circular economy aspects the Group could be exposed to.

For the purposes of impact materiality, the assessment of the impacts identified involved interviews with internal Group units and external stakeholders, including experts in environmental matters, and an in-depth qualitative and quantitative analysis based on the criteria envisaged by relevant legislation (namely, scale, scope, irremediable nature of the impact and likelihood). Specifically, with reference to:

- own operations: impacts were assessed on the basis of qualitative drivers, such as internal Group policies and company strategies relating to the matter (for example, recycling systems and the use of recyclable/biodegradable materials);
- upstream value chain: the impact assessment involved "ESG questionnaires" administered to Group suppliers and an analysis of their feedback;
- downstream value chain: the assessment focused on indirect impacts arising through exposures in the Group's portfolios, in order to take into consideration exposures to counterparties/undertakings belonging to high-impact industries with respect to the circular economy and resource use. In addition, investment/lending criteria and strategies were taken into account in assessing the counterparties.

As a result of the analysis performed, the following impact materiality outcomes emerged: with regard to the downstream value chain, positive material impacts were identified through the adoption of lending/investment strategies and the offer of products related to these sustainability issues, and negative indirect impacts related to exposures to counterparties operating in sectors considered to have a potential impact on waste.

For the purposes of the financial materiality assessment, the materiality of risks and opportunities was assessed using a dual, quantitative and qualitative approach applied to the scopes identified.

With reference to risks, the following assessments were made:

- own operations: in consideration of the specific features of the Group's core business and following interviews with the competent organisational units, no risks in relation to the issue of circular economy and use of resources were found;
- upstream value chain: the assessment focused primarily on potential exposures to reputational risk in the case of Group suppliers that adopt a less structured approach to the issue in question (such as lack of definition of an environmental policy);
- downstream value chain: the assessment focused primarily on the potential credit risk and market risk arising from threats to the circular economy and resource use. This would also give rise to reputational risk.

With regard to financial materiality, the analyses conducted identified significant credit and reputational risks related to waste management in the production process exclusively for the downstream value chain.

With regard to the financial materiality of opportunities, analyses were conducted mainly on the downstream value chain, in view of the Group's type of business and the special nature of financial activities. Analyses and assessments were made of commercial opportunities in terms of financing counterparts with the aim of improving their circular economy profiles and improving the efficiency of production processes, as well as the possible presence of Budget and Business Plan performance targets and indicators.

As a result of the financial materiality analysis performed, material opportunities emerged, especially with respect to the Group's dedicated lending facilities for specific projects to improve the circular economy in customers' production processes on specifically identified business initiatives.

Policies, targets and actions at portfolio level

Policies on resource use and circular economy

In line with the Intesa Sanpaolo Group's strategic approach, the circular economy policies adopted set out the principles, rules and processes for pursuing the Group's objectives in the transition towards a circular economy model, focused on resource efficiency, waste reduction and especially the creation of value throughout the entire product life cycle. The primary objective is to guide the transition of undertakings and communities towards an inclusive circular economy, an economic approach capable of accelerating climate change mitigation policies, restoring biodiversity and reducing pollution, not only by reducing greenhouse gas emissions but also by optimising the availability and use of commodities, the regeneration of natural resources and technological innovation, contributing to the creation of a more sustainable, equitable and resilient economic system. This commitment is consistent with global trends towards sustainability and environmental regulations and helps reduce the risks associated with volatile resource prices. The scope of circular economy policies encompasses all Group activities, with a focus on internal resource management (e.g. procurement practices) and financial support for projects and undertakings that promote circular business models. As indicated in ESRS 2, in the section "Role and composition of the Administrative, Management and Supervisory Bodies and Sustainability Governance", the Chief Sustainability Officer Governance Area is responsible for overseeing and implementing sustainability policies. In this context, a specific competence centre represented by the Intesa Sanpaolo Innovation Center (ISPIC[91]) was identified to oversee circular economy policies.

The Intesa Sanpaolo Group's "Code of Ethics" incorporates circular economy principles through environmental protection, support for the country's development through ecological transition and the adoption of circular economy models, as well as through the responsible management of indirect environmental impacts.

Moreover, the Group ensures transparency with respect to stakeholders by making available the main circular economy policies in a variety of areas through the company's communication channels:
- with specific regard to the European Taxonomy, internal rules and the macro-process adopted by the Group for the identification and reporting of exposures aligned with this legislation have been put in place, including those related to the fourth of the six environmental objectives, i.e. “Transition to a Circular Economy”;
- with regard to the internal framework of sustainable lending products and transactions, a specific category is the area of environmental sustainability called “Ecological efficiency and circular economy”, assigned on the basis of the consistency of the lending transaction with the five Circular Economy criteria detailed later in the text and defined in cooperation with the Ellen MacArthur Foundation (EMF). Note that this framework is currently not fully aligned with the criteria of the European Taxonomy relating to the environmental objective (Transition to a Circular Economy);
- with regard to the "Green, Social and Sustainability Bond Framework", published on the Group's institutional website, i.e. the internal rules the Group has adopted to issue Green, Social and Sustainability debt securities in various formats and currencies (secured, unsecured, subordinated) to finance new and current loans/assets with environmental and/or social benefits, including those related to the support of the circular economy, the proceeds of any bonds issued by the Group under this framework are allocated exclusively to loans falling under a limited set of green categories, including the macro-category dedicated to the circular economy, in which five to eight sub-categories are defined (equivalent to the five green criteria listed further down in the text). The framework is aligned with the “Green Bond Principles 2021”, the “Social Bond Principles 2021” and the “Sustainability Bond Guidelines 2021” of the International Capital Market Association (ICMA), as well as with the European Taxonomy (on a best-effort basis);
- with regard to the Intesa Sanpaolo Group's internal ESG Scoring rules, which represent a company-wide (counterparty) assessment of the ESG profile of corporate customers, there are certain aspects related to the circular economy;
- the “Green Procurement Rules”, which can be consulted on the Group's website, among other things set out the Group's objective of promoting circular procurement models for stationery, toner, gadgets and free gifts in order to pursue sustainability goals.

The Group incorporates circular economy principles into its policies within the lending process based on both specific circular economy criteria defined together with the Ellen MacArthur Foundation (relating to the circular framework) and specific green economy criteria (relating to the green framework[92]). In this context, the Intesa Sanpaolo Innovation Center is responsible for making a technical assessment of the level of circularity and eligibility for funding of initiatives proposed by corporate customers.

Specifically, the eligibility criteria for the internal circular framework are:
- solutions that extend the product life or cycles of use of goods and materials (circular design; application of modular design; implementation of reverse logistics programmes; repair and regeneration or reconditioning of products; use of product-as-service models, pay-per-use and/or sharing economy);
- procurement of secondary or sustainably sourced renewable resources and/or recycled material (including the use of renewable energy for self-consumption);
- solutions that significantly increase the efficiency of resource consumption, either within the company or along its value chain (application of industrial symbiosis principles and implementation of an integrated value chain that transforms waste into production inputs; implementation of cycle closure models and/or application of eco-design and systemic design principles; implementation of processes based on natural principles for CO2 capture and storage and/or CO2 capture and utilisation, to support the achievement of decarbonisation and net-zero impact targets);
- fully reusable, recyclable or compostable products, placed in an efficient context of collection, separation and reuse after use;

[91] ISPIC is the Group company that explores future scenarios and trends, develops multidisciplinary applied research projects, supports start-ups, accelerates the business transformation of undertakings according to the criteria of open innovation and the circular economy, promotes the development of innovative ecosystems and spreads the culture of innovation, to make the Intesa Sanpaolo Group the driving force of a more aware, inclusive and sustainable economy.

[92] Green, Social & Sustainability Bond Framework of the Intesa Sanpaolo Group.

- innovative technologies and activities that enable circular economy models (e.g. Internet of Things solutions for implementing tracking systems, reverse logistics and/or predictive maintenance; Big Data, Artificial Intelligence and Cloud Computing in order to dematerialise services and develop markets for commodities and/or secondary materials; regenerative agriculture practices and/or hydroponic/aeroponic/precision farming technologies to improve soil health, increase biodiversity, produce food close to the place of consumption and cultivate in unfavourable areas).

For the green framework, the eligibility criteria used are:
- renewable energies not for self-consumption and in particular investments in production, transmission, infrastructure and associated assets, such as solar, wind, bioenergy/biomass and hydroelectric energy;
- energy efficiency (storage of energy from renewable energy; smart grid technology and/or infrastructure; energy-efficient equipment for buildings);
- sustainable mobility (financing of low-carbon passenger cars and light commercial vehicles and urban and suburban road/rail passenger transport with zero specific CO2 exhaust emissions; infrastructure enabling low-carbon road and public transport);
- green buildings (new, existing and renovated buildings that meet certain criteria, e.g. Class A Energy Performance Certificate (EPC), LEED/BREEAM high-level certification);
- environmentally sustainable management of living natural resources, land use and biodiversity (projects and activities aimed at the development and use of sustainable agricultural practices, conservation, preservation and/or restoration of nature and biodiversity and of natural habitats and ecosystems).

Note that at present the internal framework does not completely overlap with the criteria of the European Taxonomy on the Circular Economy and therefore loans granted with this framework are not considered "aligned" with the criteria of the taxonomy for the purpose of calculating the Green Asset Ratio.

Objectives for resource use and circular economy

The Intesa Sanpaolo Group has confirmed its commitment to the circular economy by promoting the dissemination of this model, also drawing on the support of the Ellen MacArthur Foundation, the main advocate of the transition to the circular economy and a Strategic Partner of the Group since 2015 as part of a multi-year collaboration. The transition to a circular economy is also pursued thanks to the contribution of the Intesa Sanpaolo Innovation Center (ISPIC), a Group company dedicated to frontier innovation and a centre of expertise in the circular economy, although no precise quantitative targets have been defined.
However, as detailed in the next section, the Group has shown a strong commitment to promoting circular economy practices, which are considered an integral part of its sustainability strategy.

Actions related to resource use and the circular economy

One of the main initiatives implemented by the Group with regard to the circular economy is the provision of an 8 billion euro credit facility for undertakings (for more details see the document “2022-2025 Business Plan” available on the Group's website), consistent with the green and circular criteria of the internal framework and widely used. This commitment has been renewed and increased from that of the “2018-2021 Business Plan”, underscoring the enduring and ongoing commitment to these issues.

Moreover, in order to help accelerate the transition to the circular economy paradigm, several initiatives continued and new projects were launched during the year, which can be grouped into four macro-areas: finance, innovation, corporate centre and advocacy, and research.

FINANCE

With a view to concretely supporting undertakings in the circular economy transition process, the Group offers customers of the Banca dei Territori, IMI Corporate & Investment Banking and International Banks Divisions (IBD) the opportunity to access financing dedicated to the circular economy and which may include specific incentives. This opportunity is aimed at both Italian and foreign undertakings that adopt circular solutions in innovative ways, granting them the best conditions for access to credit.

In general, support has been provided for numerous company projects for activities such as the replacement of critical and fossil fuel materials with recycled or organic materials, the reuse of urban organic waste for the production of biomethane and compost and the recovery of CO_2, the revamping of renewable energy plants with the extension of their lifetimes and the increase in their production capacity, and the recovery of industrial waste for its reuse in new product lines.

Furthermore, in 2024 the Group executed its second synthetic securitisation transaction in the area of ESG and Circular Economy with the aim of optimising the capital allocated to a portfolio of loans to undertakings with a high ESG Score and/or engaged in the circular economy. With a portfolio of around 2.5 billion euro, the transaction freed up additional resources to support a circular and sustainable economy, also thanks to the possibility of including new loans during its life.

In the area of sustainable bonds, in 2019 Intesa Sanpaolo was the first Italian bank to issue a Green Bond worth 750 million euro focused on the circular economy and intended to support the loans granted by the Bank as part of dedicated credit supply.

Finally, the Group's commitment to support the circular economy also continued within the Wealth Management Division. Eurizon Capital SGR has positioned itself as a leader in the circular transition, continuing to present its strategy both in Italy, in collaboration with the Group's Private Banking division, and abroad, where Eurizon organised an event in collaboration with the Italian Chamber of Commerce in Zurich. Eurizon promotes awareness of the circular economy in the investment world, also via the creation of digital training materials, which were updated in 2024.

INNOVATION

In addition to the financial sphere, the Group also implements its circular economy strategy through specialised support for initiatives and innovation projects that foster the transition of undertakings. A central role in this area is played by the Circular Economy Lab, a multi-stakeholder innovation initiative set up in 2018 in Milan thanks to the collaboration between Intesa Sanpaolo, ISPIC, Fondazione Cariplo and Cariplo Factory. The Circular Economy Lab offers non-financial services to foster innovation, with the aim of supporting and accompanying the transformation of the Italian economic system and disseminating new models of value creation in the collective interest, accelerating the transition to the circular economy. The activities of the Circular Economy Lab, which developed projects during the course of the year related to the circular economy that also dealt with issues of increasing the circularity of products and materials, fall into three lines:

- training, employing methods of disseminating the circular economy culture aimed at companies and the academic world, through dedicated workshops and lectures. In 2024, 18 lectures were delivered to both national and international universities or specialised courses;
- connection activities, through initiatives geared towards creating an open dialogue on the topic, involving an extensive national and international network of companies, institutions, universities, research centres and other partners. In this context, 18 Circular Economy dissemination events on sector-specific verticals were organised during 2024, six of them within the “ESG Workshops” of the Group's BdT Division;
- innovation activities, through innovative consulting services aimed at accelerating the transformation of SMEs and corporate entities towards circular business models. Specifically, seven projects were carried out in 2024 with Intesa Sanpaolo corporate customers.

CORPORATE CENTRE AND ADVOCACY

With the goal of contributing to the dissemination and consolidation of the circular economy, the Group continued its advocacy on the topic at the international and national levels in 2024.

Notable international initiatives included a collaboration with the United Nations Environment and Finance Programme (UNEP FI) to promote circular economy best practices in the global banking sector.

Specifically, in 2024 UNEP FI cited the Circular Economy Lab as a case study within its guidance document for banks called “Circular Economy as an Enabler for Responsible Banking: Leveraging the Nexus between Circularity and Sustainability Impact”, recognising the Group's commitment to supporting corporate customers in adopting circular business models.

Within the same document, the Green Bond was also mentioned as an example of sustainable bond products focused on the circular economy, recognising the significant results in terms of environmental impacts generated by this initiative, and more generally the Group's commitment to spreading the values of the circular economy.

The Group's activity in the task force coordinated by UNEP FI and called “Circular Economy as an enabler to operationalise the nexus between climate, nature, pollution and healthy & inclusive economies” continued in 2024. This task force aims to orient the Principles for Responsible Banking (PRB) towards the circular economy, recognising how the latter can be the strategic lever for the financial sector to achieve the objectives of decarbonisation, restoration of biodiversity, reduction of pollution and support for local economies. The publication of the first non-binding guidelines for banks, the drafting of which the Group actively contributed to, took place on 18 July 2024 through the two documents “Circular Economy as an Enabler for Responsible Banking: Leveraging the Nexus between Circularity and Sustainability Impact”, of a general nature, and “Circular Solutions to Achieve Climate Targets”, which also includes insights into the interconnections between the circular economy and climate change for the construction and textile sectors, as well as a cross-sectoral (sector-agnostic) introduction.

Again in the international sphere, thanks to the coordination of the Chief Institutional Affairs and External Communication Officer Governance Area, a new collaboration between Intesa Sanpaolo and ISPIC with the International Finance Corporation (IFC, World Bank Group) was also launched in 2024 to develop and disseminate new circular economy guidelines and practices in the international banking sector, with a particular focus on multilateral development banks. As a first concrete action, through ISPIC, the Bank organised a webinar dedicated to the topic entitled “Circular Finance: Practical Experience from Intesa Sanpaolo”, which was attended by about 50 people mainly from the IFC, as well as other multilateral banks.

Initiatives of national importance include the Group's participation through the Circular Economy Lab in the activities of the Italian Alliance for the Circular Economy, of which it is a promoter, the partnership with the Freight Leaders Council (FLC) and the renewal of sponsorship of the Water Value Community promoted by The European House Ambrosetti. Indeed, activities were organised in 2024 to strengthen the role and positioning of the Alliance for the Circular Economy, in addition to the scenario analysis aimed at identifying the prospects and potential of the circular economy. With the FLC, networking continued via dedicated events, one of which focused on the presentation of the activities that ISPIC can make available to members, in addition to having contributed to the drafting of the "Topical Notebook" published annually by FLC. Finally, with regard to the "Water Value Community", in the 2024/2025 edition it aims to expand the contribution of the various sectors of the extended water supply chain to the transition from a linear to a circular development model.

In an effort to promote the adoption of circular economy practices internally, the Group continued its experimentation on the application of innovative and circular asset management models in the ICT area. The fifth pilot project for the sale of decommissioned IT hardware by the Group was completed in 2024, with the goal of boosting the value of these assets from a circular perspective (e.g. reconditioning, reuse), of reducing the costs associated with storage in warehouses and contributing to the reduction of CO_2 emissions associated with the related disposal and decommissioning operations, in keeping with the objectives of Intesa Sanpaolo's "Own Emissions Plan". Specifically, the sale involved 600 notebooks, for a total of about 101 kg of CO_2 saved.

In order to promote and disseminate the circular economy paradigm, a number of initiatives continued during the year and new projects were launched, both inside and outside the company. For example, with regard to the International Banks Division, in 2024 four online sessions were organised for the relationship managers of the Group's international subsidiary banks, with the aim of supporting customers in their transitions towards a sustainable and circular economy, also through the sharing of best practices at the Group level. Moreover, during the year the Turin museum branch of Gallerie d'Italia promoted two cultural initiatives on the circular economy and addressed to the external public, which continued the photographic exhibition “Luca Locatelli: The Circle” in Milan, previously exhibited in Gallerie d'Italia - Turin from 21 September 2023 to 18 February 2024 and organised in collaboration with the Fondazione Cariplo and the Fondazione Compagnia di San Paolo, with the specialised support of EMF and ISPIC.

Finally, as part of the initiatives carried out through the Circular Economy Lab, in 2024 the collaboration with the Italian Circular Economy Stakeholder Platform (ICESP) continued for the dissemination of good circular economy practices. Lastly, the Circular Economy Lab is a technical partner of Tech4Planet, the National Technology Transfer Centre for Environmental Sustainability, an initiative promoted by Cassa Depositi e Prestiti and co-invested by Neva SGR among others, with the aim of identifying and accelerating research projects by facilitating the path to entrepreneurial initiatives.

RESEARCH

On the research front, the Group's collaboration with Bocconi University in the Circular Economy & Finance area continued in 2024, involving the university's independent research centre GREEN[93] in order to further expand the relationship between circular economy and sustainability, improve the metric for measuring the degree of circularity of undertakings (called Circularity Score - CS) and assess the opportunities offered to the financial sector by the circular transformation of economic sectors, starting for example from the theory of de-risking financial portfolios. Another activity in the research area was ISPIC's collaboration through the Circular Economy Lab with the Energy & Strategy Observatory of Milan Polytechnic for the development of the “Annual Report on the State of the Circular Economy in Italy”, which is also available on the Group's website for those wanting more information.

[93] Centre for Research on Geography, Resources, Environment, Energy & Networks

Reporting pursuant to the EU Taxonomy (Regulation (EU) 2020/852)

Introduced within the framework of the EU Action Plan on Financing Sustainable Growth, Regulation (EU) 2020/852 (the "Taxonomy Regulation") establishes that activities can be defined as "environmentally sustainable" if they contribute to at least one of the following environmental objectives, without significantly harming the other objectives, and are carried out in compliance with minimum safeguards[94]:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

Various delegated acts have been adopted under the regulation over the years. For each of the six environmental objectives, the acts identify the "Taxonomy eligible" economic activities that can potentially contribute to the objectives and set out the screening criteria to assess whether they are "Taxonomy-aligned" by making a substantial contribution to at least one of the objectives. Commission Delegated Regulations (EU) 2021/2178 and (EU) 2022/1214 set out the key performance indicators for measuring the Taxonomy performance of undertakings and the relative methodologies, approaches and disclosure obligations for non-financial undertakings, credit institutions, asset managers, insurance and reinsurance undertakings and investment firms.

In accordance with the regulatory framework in force and in light of the guidance provided by the European Commission[95], for the year ended 31 December 2024, Intesa Sanpaolo Group measured the following KPIs, presented in tabular form where required:

- Green Asset Ratio (GAR)[96];
- key performance indicator for financial guarantees (FinGuar KPI);
- key performance indicator for assets under management (AuM KPI);
- key performance indicator for asset managers.
- key performance indicators for insurance and reinsurance undertakings (Investment KPI and Underwriting KPI);
- disclosure about economic activities in the fossil gas and nuclear energy sectors;
- weighted average key performance indicator for the Group (Weighted Average KPI)[97];
- KPIs of subsidiaries exempted from reporting sustainability information;
- share of exposures to taxonomy-eligible and taxonomy-non-eligible economic activities with reference to the further four environmental objectives and the new economic activities introduced for the first two environmental objectives.

For more information on the presentation of the KPIs in tabular form, see Annex I – Taxonomy Template of this Consolidated Sustainability Statement.

[94] The minimum safeguards are procedures implemented by an undertaking that is carrying out an economic activity to ensure alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

[95] In 2024, on the basis of the guidance set out in the Commission Notice of 8 November 2024 published in the OJEU and the additional set of guidance provided in the draft notice of 29 November 2024, the Group identified the best efforts needed to comply with the guidance, considering the time-frame and data available. It should be noted that the clarifications responding to FAQs contained in the draft notice are not binding.

[96] As required by FAQ No. 8 (Commission Notice of 8 November 2024), we report the KPIs of the subsidiaries that have made use of the exemption from reporting sustainability information contemplated in Article 7 of Legislative Decree 125/2024 and in the legislative acts of other countries implementing Directive (EU) 2022/2464 ("CSRD"): Privredna Banka Zagreb: 3.61% GAR Turnover-based stock; 3.64% GAR CapEx-based stock; 5.54% GAR Turnover-based flow; 6.30% GAR CapEx-based flow; Intesa Sanpaolo Bank (Slovenia): 1.87% Turnover-based stock; 1.93% CapEx-based stock; 5.51% GAR Turnover-based flow; 6.06% GAR CapEx-based flow; Fideuram-Intesa Sanpaolo Private Banking: 2.08% Turnover-based stock; 2.58% CapEx-based stock; 2.70% GAR Turnover-based flow; 3.39% GAR CapEx-based flow; CIB Bank: 0.97% Turnover-based stock; 2.56% CapEx-based stock; 2.00% GAR Turnover-based flow; 7.29% GAR CapEx-based flow.

[97] As envisaged by FAQ No. 7 (Commission Notice of 8 November 2024).

TEMPLATE 0: SUMMARY OF KPIs TO BE DISCLOSED BY CREDIT INSTITUTIONS UNDER ARTICLE 8 TAXONOMY REGULATION

		Total environmentally sustainable assets[98]	KPI (Turnover based)	KPI (CapEx based)	% coverage (over total assets)[99]	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)[100]	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)[101]
Main KPI	**Green asset ratio (GAR) stock**	20,516	3.63%	4.36%	73.80%	44.02%	26.20%

		Total environmentally sustainable assets	KPI (Turnover based)	KPI (CapEx based)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	5,859	8.11%	11.32%	9.43%	44.02%	26.20%
	Trading book[102]	-	-	-			
	Financial guarantees	161	2.72%	4.65%			
	Assets under management	4,417	1.97%	3.20%			
	Fees and commissions income[103]	-	-	-			

Intesa Sanpaolo Group's Turnover-based GAR stock of 3.63% consists of the following exposures:

- loans to households collateralised by residential immovable property that have been assessed as being Taxonomy-aligned for the environmental objective of climate change mitigation on the basis of compliance with the relevant technical screening requirements for buildings contained in Delegated Regulation (EU) 2021/2139 (2.41%)[104];
- Taxonomy-aligned exposures to financial and non-financial counterparties subject to NFRD/CSRD requirements (1.22%).

The KPI shows an increase compared to the year ended 31 December 2023 of approximately 37%, attributable primarily to loans to households collateralised by residential immovable property. Note that the alignment of exposures to financial counterparties has been included in the numerator of the GAR for the first time as of the current year.

The KPI for financial guarantees considered financial guarantees securing loans, advances and debt securities financing economic activities pursued by financial and non-financial undertakings. The KPI was largely in line with the figure for the year ended 31 December 2023.

[98] Amounts are stated in millions of euro.

[99] Percentage calculated as the ratio of KPI-covered assets to the Bank's total assets.

[100] Percentage calculated as the ratio of assets excluded from the numerator of the KPI (in particular: derivatives, exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU, on-demand inter-bank loans, cash assets and equivalents, other asset classes and the trading book) to total covered assets. The % was found to be the same at flow level.

[101] Percentage calculated as the ratio of assets excluded from the denominator of the KPI (specifically: exposures to central governments and supranational issuers, exposures to central banks and the trading book) to the Bank's total assets. The % was found to be the same at flow level.

[102] The Trading Book KPI applies commencing as of 2025 (publication in 2026).

[103] The Fee & Commission KPI applies commencing as of 2025 (publication in 2026).

[104] The alignment checks also covered compliance with the DNSH criterion for the environmental objective of climate change adaptation (i.e. assessment of physical risk).

The KPI for assets under management considered investments at the consolidated level held by Eurizon Capital SGR,[105] Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.a[106]. and VUB[107], including any assets delegated to third parties for management and excluding assets managed under delegation on behalf of third-party financial undertakings[108]. This KPI should be judged considering that assets managed largely consist of exposures to derivatives and investments in European and non-European undertakings not subject to NFRD/CSRD requirements, which have been excluded from the numerator.

In general, with reference to the calculation of the key performance indicators reported:

- exposures to non-financial counterparties where "use of proceeds is not known" have been weighted according to Turnover and Capital Expenditure (CapEx) that is Taxonomy-eligible for all the environmental objectives and Taxonomy-aligned in relation to the first two environmental objectives, on the basis of the targets published by those counterparties in their non-financial statements (actual data)[109] and obtained by the Bank through a specialist infoprovider;
- exposures to financial counterparties where "use of proceeds is not known" have been weighted according to Turnover and Capital Expenditure (CapEx) that is Taxonomy-eligible and Taxonomy-aligned in relation to the first two environmental objectives, on the basis of the targets published by those counterparties in their non-financial statements (actual data)[110] and obtained by the Bank through a specialist infoprovider;
- exposures to financial and non-financial counterparties where "use of proceeds is known" have been considered to the extent that the assets financed are economic activities which are taxonomy-aligned with respect to the environmental objectives of climate change mitigation and climate change adaptation.

Finally, the Turnover-based and CapEx-based KPIs for the Group, showing the weighted average of the EU Taxonomy KPIs of the individual business segments in proportion to the revenues generated by each in the consolidated financial statements (with prevalence shown by the banking business segment, followed by the insurance business), were measured at 3.14% and 4.00% respectively. Compared to last year, the KPIs show an increase of +0.84% and +0.90% respectively, reflecting the higher EU Taxonomy KPIs of the individual business segments.

Taxonomy in the business and financial strategy and in product design

Through the 2022-2025 Business Plan, the Intesa Sanpaolo Group aims to continue to generate increasing and sustainable value, further strengthening its leading position in ESG issues with a world-class position in terms of social impact and a strong focus on climate.
The Group is specifically playing its part in fast-tracking the transition to a sustainable economy through its target of net-zero emissions by 2050 for the loan and investment portfolios, asset management and insurance business, confirming the commitment made by the Group in joining the relative initiatives sponsored by the United Nations (NZBA, NZAMI[111], NZAOA, e FIT). Specifically in relation to lending activities, intermediate targets have been set for all priority sectors (for more information see the Climate Report).

Intesa Sanpaolo Group appreciates that the Taxonomy was designed with a view to assigning the European banking system a crucial role in boosting the real economy to pursue the European Union's ambitious strategy for sustainable development and the transition towards a low-carbon economy (reduction in emissions by at least 55% by 2030 and carbon neutrality by 2050), increasing the level of transparency and comparability of markets. In this context, since 2022 the Group has been working on its "EU Taxonomy Green Enhancement" project to respond to the regulatory requirements of the EU Taxonomy, assess the level of regulatory alignment of its loans, and actively steer the loan portfolio, in particular for new disbursements, by identifying new business opportunities, also through new products, and reviewing the pricing incentive system.

[105] Eurizon Capital Real Asset SGR SPA, Eurizon Capital SA, Eurizon Capital SGR SPA, Epsilon SGR SPA, Eurizon Asset Management Croatia DOO, Eurizon Asset Management Hungary LTD, Eurizon Asset Management Slovakia Sprav. Spol. AS, and Eurizon SLJ Capital Limited

[106] Fideuram Asset Management SGR SPA and Fideuram Asset Management (Ireland) DAC.

[107] Vseobecna Uverova Banka A.S., Vub Generali Dochodkova Spravcovska Spolocnost, A.S.

[108] As envisaged by FAQ No. 41 (Commission Notice of 8 November 2024).

[109] As envisaged by FAQ No. 3 (Commission Notice of 8 November 2024).

[110] As envisaged by FAQ No. 3 (Commission Notice of 8 November 2024).

[111] On 13 January 2025, NZAMI launched a review of the initiative to ensure it remains fit for purpose in the new global context. As the initiative undergoes the review, activities to track signatory implementation and reporting have been suspended.

Social information

ESRS S1 – Own Workforce

Materiality assessment of impacts, risks and opportunities

As explained in the chapter "ESRS2 – General disclosures: Double materiality assessment", the Group carried out a double materiality assessment of the main material sustainability matters, from the dual perspective of:

- impact materiality, which considers, from an inside-out perspective, impacts connected with own operations and with the upstream and downstream value chain that are relevant to the Group, including both actual and potential positive and negative impacts;
- financial materiality, which considers, from an outside-in perspective, sustainability topics that give rise to:
    - risks affecting, or potentially affecting, the development of the undertaking, its financial position, performance and cash flows, access to finance or cost of capital in the short, medium or long term;
    - opportunities that have, or may predictably have, a material financial impact on the Group in the short, medium or long term.

Impacts, risks and opportunities within the scope of ESRS S1 – Own Workforce were identified taking into consideration the specific features of the Group. Specifically, such impacts, risks and opportunities were mapped on the basis of the framework in which the Group sets out and carries on its business activities and dealings (for instance, the 2022–2025 Business Plan and policies adopted in the various segments, etc.) and the governance measures in place to minimise the negative impacts connected with the topic in its own operations, along with an assessment of the risks tied to aspects of its own workforce to which the Group may be exposed.

For the purposes of the double materiality assessment, the Group considered all own workers (employees and contractors) in relation to which it generates actual or potential material impacts, risks and opportunities. Workers making up the Group's own workforce include employees engaged on permanent, temporary or apprenticeship contracts and contractors engaged on temping or project-based contracts.

For the purposes of impact materiality, the assessment of the impacts identified involved interviews with internal units and external stakeholders (such as interviews with trade union representatives and with worker safety representatives) and an in-depth qualitative and quantitative analysis based on the criteria envisaged by relevant legislation (namely, scale, scope, irremediable character of the impact and likelihood) within the perimeter of own operations.
The impact assessment was performed on the basis of drivers such as the identification and implementation by the Group of governance measures to ensure working conditions, equal treatment and opportunities for all and the privacy of workers (such as recruitment plans, talent development programmes, occupational health and safety measures, measures to promote diversity and inclusion).

The impact materiality outcomes found by the assessments identified positive material impacts in own operations. Specifically, the materiality of the impacts was connected with the effective contribution made by the Group to protecting its own workforce, through internal policies and company strategies in place. They relate to the matters contemplated by the standard in terms of working conditions (secure employment, working time, adequate wages, social dialogue, freedom of association, including the existence of work councils, information, consultation and participation rights of workers, collective bargaining, work-life balance and health and safety), equal treatment and opportunities for all (gender equality and equal pay for work of equal value, training and skills development, employment and inclusion of persons with disabilities, measures against violence and harassment in the workplace and diversity) and privacy.

For the purposes of the financial materiality assessment, the materiality of risks and opportunities was assessed using a dual, quantitative and qualitative approach applied to the perimeter of own operations. The process of mapping and assessing the risks and opportunities that have or may have financial effects considered the connections of the Group's impacts and dependencies with the risks and opportunities that may arise from those impacts and dependencies. For example, the positive impacts arising from the adoption of policies to guarantee adequate working conditions, such as secure employment and adequate wages, and equal treatment, such as gender equality and inclusion, flexible working arrangements and work-life balance, can contribute to the creation of opportunities to improve brand reputation, enhance stakeholder trust and attract new talent.

The risks assessed included operational risk and compliance risk arising from deficiencies in the setting and implementation of policies to protect workers' rights. This would also give rise to reputational risk.

The Group appreciates how the ever-greater complexity and dynamism of the context, together with the growing materiality of compliance risk, business continuity, reputational risk and the "emerging" risks connected to the Next Way of Working[112] programme and climate change, make it necessary to upgrade the health, safety and environment (HSE) risk assessment model to 4.0 standards. It is similarly important to raise awareness of the impacts of new digital technologies on work and workplaces and the challenges and opportunities they bring for occupational health and safety, with a view to raising the efficiency of governance measures in place and mitigation actions. In particular, to guarantee protection of health and safety in the workplace, the Group runs in-depth assessments on groups of similar workers, with different groups identified each time,

[112] The "Next Way of Working" programme promotes and fosters inclusive behaviours. Leveraging new technological tools, it supports people in the organised use, in a balanced and voluntary way, of a hybrid working mode, based on a mix of work in the office and at home, ensuring maximum flexibility in organising time and activities in individual work and teamwork.
"Emerging risks" mean personal, environmental and organisational vulnerabilities in terms of both new risks and those arising from the transformation of conventional risks, connected with the digital transformation of work practices.

who may be exposed to "work-related stress", especially in connection with the introduction of new models (such as new-concept branches, longer branch hours, digital bank branches, etc.). As such, the Group took into account the risks to which workers in its own workforce may be exposed.

The financial materiality assessment of the risks identified and analysed under the rationale described, involving engagement with internal units and stakeholders, found that they were not material in relation to the standard in question.

Finally, the financial materiality assessment of opportunities looked at the initiatives, governance measures, policies and processes in place or planned by the Group that could give rise to opportunities for attracting external talent and enhancing the Group's reputation and the trust of stakeholders with regard to the protection of workers' rights in the Group's own workforce.
The financial materiality assessment found material opportunities connected with:

- talent attraction, in relation to the topics of secure employment, work hours, work-life balance, training and skills development and diversity;
- improved brand reputation, in relation to the topics of secure employment, work hours and adequate wages;
- greater trust of stakeholders in the Group, in relation to the topics of social dialogue, freedom of association, including the existence of work councils, information, consultation and participation rights of workers, collective bargaining, work-life balance, health and safety, gender equality and equal pay for work of equal value, measures against violence and harassment in the workplace and diversity.

Characteristics of Group employees and breakdown

Below we report key information on the breakdown of the Group's own workforce.
The headcount shown is in line with the figures reported in the consolidated financial statements, limited to the companies scoped into this Statement and excluding contractors engaged on project-based and temping contracts (and not on employment contracts)[113]. The figure shows the headcount of all employees in service at the end of the reporting period.

At 31 December 2024, the Group headcount within the scope of the Consolidated Sustainability Statement amounted to 93,539 employees. The following table shows the breakdown of the total number of employees by gender.

Table 2 – Number of employees by gender

	2024
Female	50,725
Male	42,814
Other	-
Not reported	-
Total	**93,539**

The following table shows the breakdown of the total number of Intesa Sanpaolo Group employees at 31 December 2024 by gender (women and men) and contract type. As shown in the table, almost all Group employees are employed on a permanent basis.

Table 4 – Number of employees by gender and contract type

	2024				
	Female	**Male**	**Other**	**Not reported**	**TOTAL**
Permanent employees	49,225	41,692	-	-	90,917
Temporary employees	1,500	1,122	-	-	2,622
Non-guaranteed hours employees	-	-	-	-	-

In 2024, the total number of employees that left the Group amounted to 5,511, with a turnover rate for the period of 5.89%. The turnover rate was measured as the ratio of total employee terminations to total headcount at year end, where terminations included all employment contracts terminated for any reason during the year (voluntary resignations, dismissals, retirement, exit incentives, death, etc.).

Finally, we report that Italy is the only country where the Group's workforce is significant (meaning 50 or more employees making up at least 10% of the total), with a total of 71,174 employees, accounting for 76% of total headcount.

The Group's commitment to human rights

Intesa Sanpaolo Group strives to promote respect for human rights and foster a corporate culture based on respect for the person and individual dignity by safeguarding the rights of all employees, combating any direct or indirect form of forced or child labour and protecting the physical and moral integrity of all Group people, through management based on respect for the personality and professionalism of each individual, within a framework of loyalty and mutual trust. The protection of workers'

[113] The total headcount of 94,736 employees stated in the section "Key performance indicators and other indicators" in the Report on Operations refers to the total number of employees in service at the reporting date within the scope of the consolidated financial statements.

rights and human rights is guaranteed by compliance with the general principles set out in the Code of Ethics and with the Principles on Human Rights. Moreover, the Group has joined the UN Global Compact.

The Code of Ethics draws on leading national and international initiatives for the protection of human rights (such as the Universal Declaration of Human Rights proclaimed by the United Nations, the UN Covenant on Civil and Political Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises), setting out the values of the Group in an effort to steer individual conduct towards them. All Group banks and companies have adopted the Code of Ethics in their governance systems to incorporate social and environmental considerations into processes, practices and decision-making, alongside the obligations of Legislative Decree 231/2001. The Code of Ethics is updated regularly to reflect changes in the Bank's operational framework, ensuring the full transparency and consistency that is fundamental for building a relationship of trust with stakeholders.

The cardinal principles of the Group, as set out in the Code of Ethics and with which all Group policies are aligned, are:
- listening and dialogue: the Group leverages listening and dialogue to continuously improve its relationships and build trust, by promoting internal communication and inclusion and developing tools for engagement and discussion between the various company entities. It also encourages management staff to listen to the needs of people and build on their suggestions for improving and growing together.
- transparency: the Group aims to continuously further a culture of transparency on which to build relationships between people. Transparency underpins all its actions, allowing people to make informed, aware and independent decisions;
- equity and inclusion: for the group, respect for individuality and the dignity of people is fundamental for creating an inclusive workplace committed to preventing all forms of discrimination in conduct and to respecting difference (in terms of gender, gender identity and/or expression, emotional and sexual orientation, marital and family status, age, ethnic origin, religious belief, political and trade union affiliation, socio-economic status, nationality, language, cultural background, physical and mental conditions or any other individual traits of a person, also in relation to the expression of opinion);
- respect for people: the Group strives to prevent any conduct that is harmful to human dignity, guaranteeing assistance and confidentiality, and to promote an inclusive workplace that is respectful of privacy, sustainable and conducive to achieving a work-life balance;
- protection of health and safety: the Group works to ensure the health and safety of its people and promote an experience of work that is respectful of their physical and mental health, by identifying and governing occupational health and safety risks and adopting preventive and protective measures, with residual risks managed through emergency and intervention plans for improving the well-being of people;
- appreciation and motivation: the Group recognises the strategic importance of the relational, intellectual, organisational and technical skills of every individual, and considers them fundamental in valuing and motivating people in relations;
- cohesion: the Group works to strengthen the spirit of belonging in people by spreading its values, sharing strategies and objectives, supporting leaders, creating ways of participating in success and promoting solidarity initiatives;
- management and staff remuneration policies: the Group's remuneration policies are based on the principles of equity, merit and the sustainability of outcomes.

To ensure its maximum reach, the Code of Ethics is published on both the institutional website of the Group and on the company Intranet. It has been produced to be accessible for the blind and visually impaired, following the accessibility rules certified by the LIA Foundation (for accessible Italian books). In addition, a copy of the Code of Ethics is given to every director, employee and contractor upon their appointment, employment or engagement.

Finally, to give concrete expression to the commitments and values set out in the Code of Ethics and to ensure the rights of every worker are respected, the Group applies Principles on Human Rights, as approved by the Board of Directors, which take up and develop the values set out in the Group Code of Ethics. Alongside the commitment to complying with relevant legislation in all the countries where it operates, the Principles on Human Rights are the Group's pledge to identifying, mitigating and, where possible, preventing potential adverse human rights impacts connected with its operations, s recommended by the UN Guiding Principles on Business and Human Rights. Specifically, the Principles on Human Rights protect freedom of association and the right to join trade unions and workers' councils and combat any form of child labour and forced labour. The document is provided to all employees and is published on the institutional website of the Group.

The Group has additionally adopted Diversity, Equity & Inclusion Principles to give concrete expression to its commitment to implementing policies promoting the inclusion of all forms of diversity both inside and outside the Group.
Finally, in keeping with its firm commitment to human rights, Intesa Sanpaolo Group issues an annual Modern Slavery Statement, disclosing the actions taken to combat any risk of modern slavery in its own operations and in the value chain. For more information, see the Intesa Sanpaolo Modern Slavery Statement on the institutional website of the Group.

Metrics on human rights in the own workforce

The following table presents a series of metrics for monitoring incidents and complaints concerning social matters and human rights in relation to Group employees. Specifically:
- "Total number of incidents of discrimination" shows the number of criminal litigations or labour law suits brought by employees against the group and internally-verified cases of non-compliance, all in relation, on a primary or secondary basis, to discrimination, including harassment;
- "Number of complaints filed through channels for employees" measures the number of reports filed by Group people through the relevant channels provided (such as the Code of Ethics inbox, the whistleblowing system and the channel for reporting sexual harassment) raising concerns on various issues connected with social matters, such as working conditions, equal treatment and the fundamental rights of workers;
- "Number of complaints filed with National Contact Points for OECD Multinational Enterprises" shows complaints sent to National Contact Points for OECD multinational enterprises related to the same matters addressed by the previous metric;

- "Total amount of fines, penalties and compensation for damages as a result of incidents and complaints" discloses the overall amount of fines, penalties and compensation imposed on the Group as a result of the incidents or complaints reported above;
- "Number of severe human rights incidents" shows the number of severe human rights incidents connected to the Group's workforce. The severity of the incidents is assessed on the basis of the scope, scale and irremediable character of the incident;
- "Number of severe human rights incidents constituting non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises" discloses how many of the severe human rights incidents reported breached the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises;
- "Total amount of fines, penalties and compensation for damages as a result of human rights incidents" reports the overall amount of fines, penalties and compensation imposed on the Group for serious human rights incidents reported.

Table 18 – Human rights incidents and violations

	2024
Number of incidents of discrimination	9
Number of complaints filed through channels for own workers to raise concerns	39
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	-
Amount of material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors	43,742
Number of severe human rights issues and incidents connected to own workforce	-
Number of severe human rights issues and incidents connected to own workforce that are violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises	-
Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	-

Below we provide contextual information on the data presented in the foregoing table:
- the 9 incidents of discrimination included 6 verified cases of sexual harassment, reported through the channels provided, for which the Group consequently activated disciplinary measures, and 3 litigation cases over alleged discrimination;
- the 39 complaints filed by Group people through the channels provided, in Italy and abroad, primarily concerned the matter of work-life balance, potential cases of sexual harassment and improper or discriminatory conduct by other employees;
- the amount of 43,000 euro reported refers to an appeal ruling imposing compensation for damages on the Bank (challenged by the Bank in an appeal lodged with the Court of Cassation), in relation to a law suit brought in 2018[114].

Job protection and labour relations

Job protection and labour relations policies

Workers' rights in the Group are protected by the general principles of the Code of Ethics, the Principles on Human Rights, the Principles on Diversity, Equity and Inclusion and by the collective bargaining system, which operates fully on two distinct and complementary levels, the national level and the Group level.

The Group makes every effort to guarantee freedom of association in trade unions and workers' councils, adopt complementary protection measures and give all its people the chance to express their individuality and creativity in their jobs, valuing the diversity and bringing out the best in each of them, as a driving force for innovation and an essential contribution to the Group's growth.

In keeping with the commitments enshrined in the Code of Ethics, the people management model is based on collective bargaining agreements made at both the national level and enterprise level. Compliance with their provisions and with statutory rules is instrumental to improving the working environment, with a view to continued growth in the quality of relations between the Group and its personnel.

The tasks and powers delegated by law and industry regulations for enterprise-level bargaining are exercised by the Group Trade Union Delegation, in relation to: performance bonuses or the broad-based short-term plan, supplementary retirement schemes, healthcare, job positions and career development plans.
Engagement with trade unions is also pursued through a number of bilateral bodies. They include the Welfare, Safety and Sustainable Development Committee, which adequately represents both the company and the trade unions, to which technical experts are invited as required to provide specific expertise on matters addressed. The committee is tasked with finding solutions to improve the well-being of the Group's people and make a positive contribution to productivity with advanced and innovative responses in the area of pensions, welfare and services for families, education and an improved work-life balance.
The Consultation Committee is instead called to address work initiatives of general interest to the Group, in particular as concerns the application methods and interpretation of agreements in place, and, where necessary, receives reports on progress made on the business plan.

[114] The amount was fully expensed drawing on Provisions for Risks and Charges.

The protocol also provides for local level meetings on a more or less quarterly basis, providing additional opportunities for engagement with trade unions. Under the trade union agreement made on 23 October 2024, a new bilateral body was created, tasked with monitoring the impacts arising from technological innovation and the new digitalisation measures introduced by the Group, specifically as regards impacts on bank branches, with findings presented at the negotiating table with the Group.

The development of labour policies is managed by a specific unit in the Governance Area of the Chief People & Culture Officer, which is tasked with drawing up trade union agreements and monitoring their implementation. The Head of Relations with Workers' Representatives and Welfare is responsible at the operational level.

Remuneration policies

At the national level, Intesa Sanpaolo is a member of the Italian Banking Association and applies the National Collective Bargaining Agreement for the credit sector. The bank actively participated in the last renegotiation of the agreement, signed on 23 November 2023. For relevant delegated matters, direct employment relationships are also governed by enterprise-level collective bargaining.

The enterprise-level agreement addresses remuneration matters in relation to pay structure and pay levels for the employment grades envisaged under the national collective bargaining agreement. Enterprise-level bargaining also sets out specific provisions for career development paths and additional employee benefits, such as meal vouchers. The development of remuneration policies is tasked to the Governance Area of the Chief People & Culture Officer.

In relation to employees outside of Italy, the Group complies with collective bargaining agreements where they exist, or the provisions of local labour law. The Group undertakes to apply standard conditions across the countries where it operates, apart from improved conditions for top management.

In 2015, under collective bargaining provisions and specific trade union agreements, the Group and trade unions agreed to the introduction of a broad-based short-term plan (PVR), which incorporates a productivity bonus for the workforce as a whole into the incentive system designed to reward outstanding performance by awarding a growing bonus for the delivery of set objectives.

For all Group people, with the exception of Risk Takers and Middle Management, for whom specific incentive systems are envisaged, a trade union agreement was signed on 9 May 2024 for the payment of the 2024 PVR, both on a distributive-participative basis, to reward the collective contribution made toward year-end earnings and delivery of the targets set by the 2022–2025 Business Plan, and on an incentive basis, to reward team effort and performance.

The 2024 PVR is made up of two components:
- Base Bonus, awarded on the basis of the professional profile, consisting of a fixed amount for all employees and an additional quota for incomes up to 39,000 euro.
- Excellence Bonus, awarded on the basis of outstanding individual performance and team objectives, consisting of two quotas, one of which is reserved exclusively to network personnel involved in the sale of insurance products.

The amount of the Base Bonus awarded ranged from a minimum of 1,150 euro to a maximum of 2,950 euro, on top of which the Excellence Bonus will be paid.

As in other years, in 2024 employees absent for long periods of time were still able to participate in the PVR, with special attention paid to protecting employees away on parental leave.
In addition, confirming the importance that the issues of assistance and services for families and work-life balance have in the Group's policies, employees had the option of requesting that all or part of their PVR bonus be paid in the form of welfare services, taking advantage of the opportunities that the tax regulations in the area of workplace productivity remuneration offer employees year by year.
The application of collective bargaining agreements to Group employees ensures an adequate salary at national level, in line with the requirements of legislation. The 23 November 2023 agreement signed jointly by Intesa Sanpaolo, the Italian Banking Association and national trade union representatives provided for an average pay rise of 435 euro per month, applicable in tranches: 250 euro as from 1 July 2023, 100 euro as from 1 September 2024, 50 euro payable as from 1 June 2025, and 35 euro as from 1 March 2026.

In addition, in line with remuneration policies and the incentive systems of the Group, where a revision process is activated for the pay levels of personnel in positions covered by enterprise-level agreements, the guidelines applicable were set out. The guidelines highlight the need for comprehensive consistency in pay initiatives and for special focus to be placed on gender equality, outlining a priority scale that takes into consideration market benchmarks for the remuneration of positions covered and the performance of people. The approach respects the principle of "equal pay for equal work" and seeks to help make the Group an "employer of choice" able to attract, motivate and retain the best talent.

In particular, the Group ensures that its remuneration and incentive systems and all decisions concerning pay are based on merit and professional skills, regardless of the gender or other diversity of the person, and that they uphold the principles of equity. For more information on this topic, see the sections "Equal Pay Policies" and "Diversity, Equity and Inclusion". See also the Report on Remuneration Policy and Compensation Paid, published on the institutional website of the Group.

Metrics on collective bargaining coverage and social dialogue

As at 31 December 2024, a total 89% of Group employees were covered by applicable national collective bargaining agreements, with 100% of Italian employees covered. In countries where coverage by collective agreements is not envisaged, the Group handles labour relations with employees in compliance with the provisions of local labour law.
With reference to Italian operations, 76% of the workforce is covered by a trade union.

The following tables shows the coverage rate of employees covered by collective bargaining agreements and workers' representatives for countries where the Group's workforce is significant. As specified in the section "Characteristics of Group Employees and Breakdown", Italy is the only country where the Group's workforce is significant.

Table 8 – Coverage rate of employees that are covered by collective bargaining agreements and workers' representatives

Coverage Rate	Collective Bargaining Coverage		Social dialogue
	Employees – EEA	**Employees – Non-EEA**	**Workplace representation (EEA only)**
0-19%			
20-39%			
40-59%			
60-79%			Italy (76%)
80-100%	Italy (100%)		

Finally, we report that no agreements exist for the representation of employees by a European Works Council (EWC), a Societas Europaea (SE) Works Council or a Societas Cooperativa Europaea (SCE) Works Council.

Metrics on adequate wages

The Group is committed to guaranteeing an adequate wage for all its employees. In this regard, in each of the countries where the Group operates, all employees are paid an adequate minimum wage.
Here, "adequate minimum wage" means the minimum set by law at the national level or determined on the basis of collective bargaining agreements.[115]

Processes for engaging with own workers and their representatives

The labour relations model, adopted and developed by the Group together with trade unions, has always promoted dialogue between the parties on a continuous basis. The model is a way of identifying the most suitable solutions and tools for addressing and managing the various growth and reorganisation phases. As mentioned, trade union relations are organised and developed also through the work of bilateral company/trade union bodies, formed with the aim of analysing, identifying and proposing positive actions, solutions and tools in the areas of equal opportunities, welfare, safety and sustainable development. Operational responsibility for ensuring dialogue with workers' representatives is tasked to the Relations with Workers' Representative and Welfare unit in the Governance Area of the Chief People & Culture Officer.

Relations with trade unions are regulated within an industry framework and by the "Labour Relations Protocol", which has made it possible to implement a specific trade union relations model within the Group.
Meetings with trade union representatives are held at the Group Delegation level and/or through the Welfare, Safety and Sustainable Development Committee, generally on a weekly basis. The Consultation Committee is convened whenever the need arises for joint efforts to identify possible solutions to disputes and for meetings to discuss labour matters of general interest to the Group. The Joint Business Policy and Corporate Climate Committee generally meets on a quarterly basis. Meetings are also held on the local level, generally on a quarterly basis, as an additional opportunity to engage with workers' representatives.

Dialogue with trade unions regarding company projects is ongoing, prompt and aimed at identifying shared solutions to the various requirements that come to the attention of the Parties. This also takes place in accordance with trade union coverage in Italy, as disclosed above, which is in line with national coverage in the sector.
More than 30 agreements were made in 2024.

Remediation processes for employees and their representatives and reporting channels

The Group provides various company channels for reporting grievances, needs and concerns, such as the Code of Ethics inbox and the whistleblowing channel. The Code of Ethics inbox allows any breaches to be reported via e-mail, guaranteeing maximum confidentiality and protection from any form of retaliation, discrimination or penalisation. The whistleblowing channel allows any authorised user (employees, contractors, supplier, consultants, etc.) to report suspected infringements, both actual or potential, via the specific mechanisms activated 24/7. For further information on the Code of Ethics reporting channel and the whistleblowing procedure, see, respectively, the sections "Whistleblowing Policies, Objectives and Actions" and "Policies, Targets and Actions related to Corporate Culture" in the ESRS G1 – Business Conduct chapter.
Collective bargaining processes additionally envisage occasions for assessing any infringements and specific mechanisms that are activated in the event of a dispute. Where a breach is found to infringe the law, the process is no longer handled at the company level, but through national/international legal process. The "Labour Relations Protocol" similarly envisages bodies and processes to check application methods and the interpretation of agreements in place. One such body is the Consultation Committee, in which the Group and trade union representatives work together to identify possible solutions for disputes arising at the local level.

[115] For countries in the European Economic Area, reference is made to Directive (EU) 2022/2041 on adequate minimum wages; whereas for countries outside the European Economic Area, wage levels are set in accordance with international, national or subnational standards or with collective bargaining agreements, providing they guarantee dignified living standards.

The Joint Business Policy and Corporate Climate Committee adopts uniform criteria for assessing reports of business conduct in breach of the Group's values and the provisions of collective bargaining agreements concerning business policy. The objective is to guarantee constant monitoring and the formalisation of positive action proposals for preventing critical situations. Such reports can be made directly by Group people and/or trade unions to the dedicated inbox, with guarantees in place for the protection of personal data and the constant monitoring of reports, with a view to formulating positive action proposals for preventing critical situations.

Where necessary, agreements contemplate occasions for discussion and checks on their implementation in cases such as changes in company organisation, with specific and timely meetings held with the Group Delegation, Welfare, Safety and Sustainable Development Committee and/or the Consultation Committee.

Job protection targets and metrics

In line with 2022–2025 Business Plan targets, Intesa Sanpaolo aims to reallocate and reskill/upskill its people capacity towards new priority initiatives, focusing on the most strategic professional roles and skills for the Group.

Target: Reskilled/upskilled people (2022–2025) – Number of people acquiring new skills and reskilled for new profiles

	Date	Value
Baseline[116]	31.12.2021	-
Final balance	31.12.2024	6,902
Target	2025	8,000

With reference to the 2022–2025 Plan target, since the start of the plan a total of 6,902 people have been involved in upskilling and reskilling programmes. Organised by the Group, these programmes aim to improve skills and retrain workers and employees to enhance their contribution to strategic and high value-added activities in Group operations.

Actions related to job protection and labour relations

For Intesa Sanpaolo Group, job protection is a key element of the 2022–2025 Business Plan. Accordingly, with a view to fast-tracking generational changeover within the framework of technological transformation, with a resilient and sustainable business model for a scenario of digitalisation and artificial intelligence, on 23 October 2024 Intesa Sanpaolo sealed an agreement enabling the roll-out of service and business models designed to be simpler and more effective for customers, but also to free up time for professional development activities, involving a major upskilling/reskilling plan to tackle the need to spread new digital skills and cover new job roles.
The agreement envisages the cutback of the workforce by 4,000 employees by the end of 2027, exclusively on a voluntary basis for retirement or access to the industry solidarity fund. Concurrently, again under the trade union agreements in place, including the 23 October 2024 agreement, 4,600 new permanent hires are planned by 31 December 2025, plus another 3,500 permanent new hires by 30 June 2028, for the balanced management of the effects arising from the cutback and in order to support the Bank's growth.

In this framework, in 2024 approximately 1,550 employees left and an equivalent number of new hires joined the Bank. The Bank's employment policies also envisage mixed contracts for new hires, involving a working method whereby individuals are engaged on two contracts, one on a permanent part-time employment basis and one as a self-employed financial advisor for out-of-branch activities. At the end of 2024, 1,200 people were in service on such a contract.

In keeping with the strategy adopted and in view of the plan target to reallocate and reskill/upskill 8,000 people by 2025 for new priority initiatives, in 2024 more than 3,000 people (approx. 6,900 since the start of the plan in 2022) were involved in reskilling and upskilling plans primarily targeted at business development (such as Digital Branch), controlling functions (Enabling Integrated anti Financial Crime – ENIF/Know your customer – KYC), technological projects (Application Digitalisation, Data & Analytics) and training on data, AI and technology (MATRIX project).[117]

From a geographical point of view, the people involved in the various programmes are located throughout the entire country, leveraging a "delocalisation" concept implemented on an increasingly wider basis, also thanks to the growing reach of new working methods as part of the "Next Way of Working" project.

In the Governance Area of the Chief People & Culture Officer, the Group Internal Mobility & Reskilling Center oversaw mobility tools and processes in 2024, assessing the availability of internal people and their relative skill sets, on the basis of needs identified and ensuring the adequate staffing of new areas.

Since the start of the Business Plan in 2022, activities have been monitored and reported on a quarterly basis, with a view to delivering all the plan's targets by its conclusion in 2025. People involved in change programmes are sent regular anonymous surveys to check their level of satisfaction, motivation and engagement in the activities of their new jobs. To date, the feedback shows high levels in all the areas.

[116] Plan target that represents the planning of a new activity that does not have a base value.

[117] For more information on the project, see the section Actions Related to Training and Employee Development.

Diversity, equity and inclusion

Diversity, equity and inclusion policies

The Group has adopted Principles on Diversity, Equity & Inclusion ("DE&I Principles") to give concrete force to its commitment to promoting and spreading, both internally and externally, an inclusive policy that values all forms of diversity. Intesa Sanpaolo Group's DE&I Principles lay out the framework of its inclusive approach to all forms of diversity, based on respect for all individuals, the enhancement of talent, meritocracy and equal opportunity. It also sets out concrete commitments for the promotion of an inclusive environment and identifies the conduct expected of all Group people. A specific section is dedicated to commitments on gender equity, aimed at guaranteeing fair opportunities in hiring processes, promotion to senior roles, appointments to management positions and in the succession plan for top management roles. The policy stresses the principle of zero tolerance of any form of discrimination and envisages a specific channel for reporting breaches. The regular monitoring of the commitments undertaken by the Group is tasked to the DE&I Control Room.

The DE&I Principles aim to build a pluralistic and respectful workplace where all forms of diversity are protected, be it in terms of gender, gender identity and/or expression, emotional and sexual orientation, marital and family status, age, ethnic origin, religious belief, political and trade union affiliation, socio-economic status, nationality, language, cultural background, physical and mental conditions or any other individual traits of a person, also in relation to the expression of opinion. This objective is pursued as an ethical duty towards all Group people and towards all stakeholders. At the same time, it is a priority for business and sustainability, as bringing together diverse ideas and skills promotes innovative solutions and more effective decision-making. It also enhances the reputation of the corporate brand, improving the ability to retain, motivate and attract the best talent. Finally, it maximises value creation for stakeholders, building on the improvement suggestions from certifying bodies, international benchmarks and stakeholders in general, contributing to the identification of best practices for inclusion.

In relation to the commitment to guaranteeing gender equity, the following principles are taken into consideration:
- gender balance in annual hires;
- gender balance, on an annual basis, in the pool of candidates for first appointment to managerial positions;
- gender balance in the pool of candidates for senior management positions in the annual total;
- at least one candidate of the less-represented gender for each position in the pool of candidates for top management positions (chief and executive directors).

Specific commitments and affirmative actions are also envisaged to promote inclusion, such as:
- promoting the accessibility of premises, communication, information and training, including the availability of equipment/applications and considering any conditions of disability;
- guarantees in company regulations affording the same benefits for people in same-sex relationships and in mixed-sex relationships;
- fostering the value of inclusion through training, awareness-raising and the use of inclusive language;
- creating of an inclusive workplace based on trust, respect and the valuing of cultural and personal diversity;
- combating any form of discrimination or harassment;
- promoting inclusion in the local areas and socioeconomic contexts in which the company operates.

The DE&I Principles apply to all Group people in their dealings with internal and external stakeholders and to the members of the management and control corporate bodies. In relation to people working with the Group as contractors and not as employees (such as agents, freelance financial advisors, suppliers and subcontractors), they are required to respect the values and principles set out by acknowledging a specific policy statement addressed to them. The Group also strives to support and promote the adoption of the values and principles of diversity, equity and inclusion by customers – in particular Business & Corporate customers – within the framework of their ESG policies.
Finally, in line with the DE&I Principles, the Group is committed to stepping up engagement with stakeholders representing specific interests (such as employee resource groups – ERGs) and that present improvement proposals, with a view to openness and constructive dialogue, including the planning and roll-out of joint actions.

The DE&I Principles were reviewed and updated in 2024, with the new version approved by the Board of Directors. The amendments concerned the inclusion of reporting on pay gap matters to the Board of Directors and the analysis of the gender coverage of merit-based initiatives.
The Chief People & Culture Officer is tasked with identifying objectives and the relative strategy for achieving them and with ensuring that the effort of all Group units is adequate and consistent with the terms of the DE&I Principles. The officer also reports annually to the Board of Directors of the Parent Company and to the Risks and Sustainability Committee on outcomes delivered.

The "Rules for Combating Sexual Harassment" outline the Group's firm commitment to preventing and combating any form of sexual harassment and ensuring full respect and maximum protection for the dignity of the individual. Under the rules, zero tolerance is shown of harassment of any kind. The objective is to create the conditions for episodes of sexual harassment to be reported, ensuring an effective and strict process for managing reports that guarantees maximum rigour and maximum protection of confidentiality for the people involved.
The rules apply to: all employees of Intesa Sanpaolo Group in carrying on their duties both inside and outside the group; agents and freelance financial advisors/contractors in carrying out their duties with internal and external people; temping staff; people on internship/work experience programmes; and business partners of the Group in their contact with the Group for any reason.

The rules similarly apply during social events, business travel, training and occasions outside normal working hours but connected with work activities, as well as outside the workplace in cases where the sexual harassment offender and the victim both belong to the categories covered by the rules. Under the rules, the process for managing reports is guaranteed by the head of the Diversity, Equity & Inclusion unit.

All Group banks and companies are required to adopt the rules, adapting them as necessary to their own contexts with the approval of the Parent Company's Diversity, Equity & Inclusion unit. Where the rules are more restrictive than local law, Intesa Sanpaolo nevertheless requires their application, regardless of whether conduct is prohibited or not by local law.

For more information, see the DE&I Principles and the Rules for Combating Sexual Harassment, published on the institutional website of the Group.

Finally, in relation to matters concerning disability and chronic disease, an inter-functional working group is in place in Italy, set up under the inclusion agreement made in August 2018 and in line with the Principles on Diversity, Equity and Inclusion adopted subsequently in October 2020.
Working in synergy with the Diversity, Equity and Inclusion unit, the inter-functional working group meets on a regular basis with the trade unions through the Welfare, Safety and Sustainable Development Committee to identify the initiatives to be undertaken.
Overall, the policy is coordinated by the Workers' Benefits office, and involves the active participation of around 80 people, representing many of the organisational units.
The objective is to unite different professionals in supporting and promoting the contribution of all Group people and foster a climate conducive to well-being and support in company life, while expanding the welfare options available.

Metrics on diversity by gender and age

The table below shows the age distribution of the own workforce by number and percentage of total Group employees at 31 December 2024.

Table 10 – Number and percentage of employees by age group

Number and percentage of employees	2024
Under 30 years old	6,339
Between 30 and 50 years old	45,024
Over 50 years old	42,176
% under 30 years old	6.8%
% between 30 and 50 years old	48.1%
% overo 50 years old	45.1%

In terms of the gender distribution of employees at top management (executive) level at 31 December 2024, of the total number of 26 employees, 76.9% were male and 23.1% were female. The following table specifically shows the gender distribution of employees in top management positions, by number and percentage of total employees at 31 December 2024.

For this purpose, top management includes the Managing Director and CEO of Intesa Sanpaolo and direct reports, the Chief Audit Officer, the Deputy Heads of the Divisions and Governance Areas (at the reporting date, the Deputy Head of the IMI Corporate & Investment Banking Division and the Deputy Chief Financial Officer), and the manager responsible for preparing the company's financial reports.

Table 11 – Number and percentage of employees by gender at top management level

Number of employees top management level	2024
Female	6
% of total at top management level	23.1%
Male	20
% of total at top management level	76.9%
Other gender	-
% of total at top management level	-
No data	-
% of total at top management level	-
Total	26

The 2022–2025 Business Plan requires new appointments to senior positions – including both top management and first and second-level reports to the CEO – show a gender balance (approx. 50% men and 50% women) so as to meet the target of women holding around 30% of senior leadership positions by 2025. Considering the organisational structure in place at 31 December 2024, senior positions (including first and second-level reports to the CEO) showed a gender distribution of 71.7% men and 28.3% women.

Equal pay policies

Intesa Sanpaolo Group adopts gender-neutral remuneration and incentive policies, which contribute in the pursuit of equality for all employees. The policies ensure that Group people are paid equal remuneration for work of equal value, also in terms of the conditions for its awarding and payment.

Specifically, the Group guarantees that its remuneration and incentive systems and all decisions concerning pay are gender neutral (and neutral with respect to all forms of diversity, such as emotional and sexual orientation, marital and family status, age, ethnic origin, religious belief, political and trade union affiliation, socio-economic status, nationality, language, cultural background, physical and mental conditions or any other individual traits of a person, also in relation to the expression of opinion) and based on merit, professional skills and the principles of equity.

To enable the application of gender-neutral policies and assess their effectiveness, the Group adopts:

- systems for measuring organisational positions, taking into account the responsibilities and complexity handled by the different roles. Specifically for the management cluster, the Group has adopted a Global Banding System based on the uniform grouping of managerial positions that are similar by levels of complexity/responsibility managed, measured using the International Position Evaluation (IPE) methodology. The professional cluster is instead segmented by career title attributed on the basis of specific criteria (seniority, autonomy and complexity, as well as skills, economics, impact and exposure), so as to give a granular reflection of the level of professional contribution provided in one's work and the progressive specialisation of skills, or by professional group, also considering the system of roles set out in enterprise-level collective bargaining agreements;
- for the management cluster, market benchmarks are associated to each Global Band and differentiated by professional category and geographical area. For professional positions, career titles are associated to market trends differentiated by professional category and geographical area;
- incentive systems tied to objective parameters that allow merit and performance to be rewarded.

The Board of Directors of Intesa Sanpaolo, with the support of the Remuneration Committee, assesses the gender-neutrality of policies on an annual basis and measures the gender pay gap, and its change over time, using an internal methodology set in accordance with industry regulations. For the purpose, the gender pay gap has so far been measured for positions of equal value and on a country by country basis distinctly for: (i) Risk Takers, excluding members of the Board of Directors; (ii) members of the Board of Directors considering its management function; (iii) members of the Board of Directors considering its supervisory function; and (iv) all remaining personnel. The reasons for any pay gaps found are duly documented and, where necessary, corrective action is taken.

Group remuneration and incentive policies are submitted annually to the binding vote of the shareholders' meeting, by proposal of the Board of Directors. For additional information on this topic, see the Report on Remuneration Policy and Compensation Paid, available on the institutional website of the Group.

Metrics on equal pay

The value stated below shows the gender pay gap between male and female employees, expressed as the percentage gap in average pay levels between female and male employees, as required by the ESRS standards applied for the purposes of this Statement.

In 2024, the pay gap amounted to 25.8%.

The pay gap was measured on the basis of the average gross hourly pay level of Group employees, calculated considering all supplementary and variable components of the salary package, including wages and other compensation paid in cash or as benefits to employees for their work on an annualised basis, without considering their different duties, organisational role or seniority level.

Variable components tied to long-term incentive systems were recognised on an accrual basis.

The measure covers all employees in service at the companies scoped into the Consolidated Sustainability Statement at 31 December 2024, with the exception of the companies Risanamento S.p.A. and Banca Intesa Russia.

Amounts stated in different currencies were converted into euro at the average exchange rate for the year.

The total remuneration rate of the Group for 2024 was 135.2. The rate is measured as the ratio of total annual remuneration of the highest-paid individual to the median annual total remuneration for all employees, excluding the highest-paid individual. The highest-paid individual was the CEO of Intesa Sanpaolo Group, whose remuneration includes both a fixed component and variable components. The median was calculated using the same criteria and covering the same scope described for the gender pay gap metric.

For both metrics disclosed in this section, no corrective factors were applied to remuneration paid to take into account the cost of living in the country of reference.

Processes for engaging with own workers and their representatives

The engagement process with the own workforce is carried on under the responsibility of the head of Diversity, Equity & Inclusion. Such engagement involves: (i) trade union representatives; (ii) constant dialogue with communities (employee resource groups or affinity groups); and (iii) surveys and listening initiatives, also at the individual level.

For DE&I initiatives, people are engaged individually (through surveys and listening initiatives), through trade union representatives, and through ERG communities (employee resource groups or affinity groups).

Surveys are conducted on a biennial basis through questions added to the Climate Analysis and other surveys, with no set frequency, on topics specifically linked to DE&I issues. In 2024, a questionnaire was administered to survey "Stereotypes, harassment and gender violence – What do you think?". Additional one-time listening initiatives are promoted with the company

population, such as specific post-event surveys. Other questionnaires instead survey people belonging to a specific area or division on relevant topics or areas of action, to steer targeted projects. Group people can instead request contact or send in suggestions by e-mail to the DE&I unit. Trade union representatives are engaged in advance of the roll-out of initiatives and, where relevant, after their close to report on outcomes. The DE&I unit is at the disposal of ERG communities to listen to their concerns and, when matters of specific interest to a community are addressed, engagement is arranged before any initiative is pursued.
Inclusion is a material topic of priority for the Group also in the framework of trade union negotiations, with an Inclusion & Equal Opportunity Framework Protocol made in 2014 that was the basis for a specific agreement and which is incorporated into Group's enterprise-level collective bargaining agreement. As regards sexual orientation and gender identity, specific company policies were introduced back in 2014 to define the framework for the extension of company benefits to same-sex unions. Alongside the promotion of the specific inter-functional working group for issues connected to disability and disease, the Inclusion Agreement envisaged the roll-out of experimental projects, with the support of the Welfare, Safety and Sustainable Development Committee, aimed at promoting the employability of people with autistic spectrum disorders. These projects are partly funded by the Arrotonda Solidale ("Round-down Solidarity") initiative, which involves the contribution, on a voluntary basis among all the Group's people, of the residual amount collected from rounding down net monthly salaries to the nearest euro. In turn, the Company contributes the remaining cents to make a total of one euro for each Group person taking part in the initiative.

Engagement with trade union representatives is organised with no set frequency. The representatives are engaged on matters within the scope of collective bargaining agreements, but also on matters not covered by contract.
The various engagement initiatives with the own workforce provide the input for reports on the response and appreciation rates of specific initiatives, projects or events. The aggregate outcomes are anonymous and contribute to steering future initiatives. Where trade union representatives have been engaged, outcomes are reported after the close of the initiative. Where ERG communities have been engaged, a meeting is held directly with the people making up the community.

ERG communities are bodies that by their nature represent the interests and perspectives of affinity groups. Examples include ISPROUD, the Intesa Sanpaolo LGBTQ+ and Allies community, and "ARTICOLO19 – Disability & Citizenship", a community formed with the objective of developing content and ideas to improve the lives of people with disabilities and their families, with the prospect of providing an additional contribution to disability and inclusion issues. Diversity and inclusion are promoted through internal and external communication channels, with information provided on the company Intranet for accessing available services and opportunities.

Remediation processes for employees and their representatives and reporting channels

Two types of channels (the Code of Ethics inbox and the Whistleblowing system) are available to Group people to report needs/concerns/alleged breaches of their rights, facilitating the Group in remedying the negative impacts they may suffer. For further information on the Code of Ethics reporting channel and the whistleblowing procedure, see, respectively, the sections "Whistleblowing Policies, Objectives and Actions" and "Policies, Targets and Actions Related to Corporate Culture" in the ESRS G1 – Business Conduct chapter.

In addition, the DE&I unit provides an inbox to which people can write to express their needs or concerns on matters of competence. The inbox is monitored by a member of the office and replies are given to all requests or messages received, also with the involvement of any other competent functions in relation to the matter raised. Reports are followed-up as envisaged for each specific channel. In addition, the "Rules for Combating Sexual Harassment" provide for a specific reporting channel for the matter, setting out the roles of all the organisational units involved.
Working tables to address reports of sexual harassment are activated by the DE&I unit, in its capacity as guarantor of the process. Working tables bring together various functions, which work together to guarantee that reports of sexual harassment are handled appropriately, confidentially and in accordance with company policies, ensuring victims receive all the support they need and that corrective measures are adopted. The areas and professional profiles involved include:
- Diversity, Equity & Inclusion;
- Human Resources Management;
- Audit;
- Chief Equity, Legal & M&A Officer Governance Area;
- Health & Safety.

Reports are duly investigated and, where sexual harassment or any breach of other Bank regulations is found, the resulting disciplinary action is decided by the competent Labour Proceedings function. Additional remedies, such as to protect the victim, for instance, may be adopted on the basis of the specific situation. A psychological counselling and legal advisory service is always available to people involved in a sexual harassment case, even where the harassment took place outside the workplace (in the private sphere, for instance). For further information of a quantitative nature on such cases, see the section "Metrics on Human Rights in the Own Workforce".
These reporting channels are guaranteed by the Bank through its specific DE&I polices and Rules for Combating Sexual Harassment, which each envisage specific reporting channels (such as the "segnalazioni_molestie@intesasanpaolo.com" inbox for reporting sexual harassment). Mandatory training on the topic of sexual harassment is delivered every year to raise awareness in people of the meaning of harassment and its consequences. The relative reporting channel is indicated during the course.

Information on the number of times a working table is activated during the year for the management of sexual harassment reports and on the outcomes of the relative investigations are recorded in a special register. Under the Rules for Combating Sexual Harassment, the effectiveness of the reporting channel is ensured via the constant monitoring of the e-mail inbox and by confirmation of receipt of reports, which is communicated to the person making the report within one working day from receipt.

The rules are published on the company Intranet and all Group people, in accordance with the Group's Internal Code of Conduct, are required to acknowledge them, contacting the competent units if they have any doubts as to their interpretation. The matter of reporting sexual harassment was the topic of a specific survey in 2024, which looked at various aspects, including trust in the channel used.
The questionnaires reiterated the commitment to respecting and protecting the victim and/or person making the report; in fact, both for reports concerning breaches of the Principles on Diversity, Equity and Inclusion and reports of sexual harassment, measures are in place to protect people from any retaliatory action.

In relation to disability-related matters, Group people can turn for help to their Human Resources Management office, specifically tasked with disability management. A dedicated inbox is provided for the purpose (disability.management@intesasanpaolo.com), with a specific section on the Intranet. Disability issues are regularly discussed with trade unions within the framework of the Welfare, Safety and Sustainable Development Committee.

The work of the inter-functional working group in practice involves the management of individual reports, as well as a range of other activities, such as the governance of IT accessibility matters, the delivery of dedicated training to all Human Resources Management offices, managers in charge of people with sensory disabilities and top management, and awareness-raising initiatives engaging all Group people.

Diversity, equity and inclusion targets

The 2022–2025 Business Plan requires a gender balance (approx. 50% male and 50% female) in new appointments to senior management positions (first and second-level reports to the CEO). The progressive delivery of that target is monitored by the DE&I Control Room on a quarterly basis. The setting and monitoring of the target and measurement of progress does not involve engagement with the workforce or trade union representatives.
Appointments are considered "to senior positions" when they:

- open "access" to first or second-level reporting positions to people in lower levels of the organisational ladder or who are external to the Group;
- promote people from second-level to first-level positions reporting to the Managing Director and CEO.

Where a person is appointed to more than one senior position, each appointment is considered separately. For the purposes of the target set, "horizontal appointments", which do not involve a step up in the organisational ladder, are not considered, both where a person changes role and where a person is assigned a new role in addition to their existing area of responsibility. In the case of transition periods, where a person temporarily steps down from a senior position (first or second-level report) but will later return to their level (for example, pending the creation of new positions that have been planned), such appointments are not considered if the person "steps back up" the same level previously held. In practice, such appointments are treated as being equivalent to "horizontal appointments" and the step down/step up of the person to a senior position is considered purely a temporary measure for the creation or preparation of the new organisational role. Appointments that instead lead a person to step up the organisational ladder to a higher position than the previously held are considered. Only the organisational levels effectively included in the organisational chart are considered.

On the basis of the organisational structure in place as at 31 December 2024, we report that over the period 2022–2024, 25 appointments were male (50%) and 25 appointments were female (50%).

Diversity, equity and inclusion actions

DE&I actions and initiatives cover all Group people, with each initiative targeted at specific clusters. Some initiatives are also run outside the Group, reaching out to groups such high school pupils and university students. While some actions are stand-alone events (such as awareness-raising or training sessions), others are organised on a repeat basis to cover the entire cluster targeted, lasting several months or more than one year.

During 2024, the Diversity & Inclusion (D&I) unit, reporting directly to the Chief People & Culture Officer, continued its work promoting an inclusive work environment, capable of welcoming and giving value to all forms of diversity. The Group's inclusion strategy forms the groundwork for effectively governing the coordination of initiatives and is backed by the ongoing measurement and assessment of outcomes delivered. The DE&I Working Group, made up of representatives from each division, governance area and other key units involved in the planning and roll-out of initiatives, continued its alignment, coordination and discussion work, enabling continuous exchange between the DE&I unit and all Group entities.
The Diversity, Equity & Inclusion Control Room worked throughout the year on its task of continuously monitoring compliance with the commitments set out in the Diversity, Equity & Inclusion Principles, specifically in relation to gender equity.
The DE&I Control Room has been renamed the Diversity, Equity & Inclusion table and its participating functions and responsibilities updated.

One project carried on over the course of the year was "Words of Respect", focused on promoting inclusive communication. The project builds on cooperation between the Diversity, Equity & Inclusion unit and Internal Communications units, with the support of an inter-functional working group. The main objective of the project is to draw up an internal document suggesting good practices to adopt, to help Group people be more inclusive and accessible in their language. The project also involves awareness-raising initiatives and training, targeted at all Group people on the importance of using language that respects all forms of diversity.

Intesa Sanpaolo's very first "Inclusion Week" was held in May to promote thinking and raise awareness of the value of diversity. The five days of the initiative each covered a different macro-theme, with ten on-line events featuring Group people and external guests as speakers.

To promote female talent and encourage the creation of fair and inclusive working environments, initiatives for the development of female professionals and managers continued, including initiatives aimed at the empowerment and growth of women included in development plans, which involve job rotation programmes, shadowing, training and empowerment.
A new programme was started up, entitled “The Art of Leadership | Mastering the Future”, to spread a leadership mindset able to rise to the technological, economic and social challenges shaping the context of continuous change in which the Group operates, with the aim of generating “virtuous” connections that can grow over the years. The initiative targeted the management cluster and around 750 professionals (Masters) from all the different corporate areas.
The group coaching programme continued for women taking up a role of responsibility for the first time, with a view to improving inclusive leadership skills.
The programme for the Group's long-term absentees also continued its activity, involving more than 500 long-term absentees in a voluntary orientation programme, with the aim of establishing a close relationship with the employees during their absence and promoting their successful return to work.
Parenting support initiatives in place targeted both mums and dads. Alongside training to promote awareness of the value of being a working parent, an awareness-raising campaign continued to reach out to dads in the various Group areas and engage them in a rethink of the gender stereotypes tied to parenting.

On the topic of sexual orientation and gender identity, Intesa Sanpaolo continued its partnership with Parks – Liberi e Uguali, running joint communication and awareness-raising campaigns to encourage the full inclusion of LGBTQ+ people.
Efforts continued to ensure support, within the Group, to people desiring assistance in the workplace during their gender affirmation process.

The year witnessed the continuing growth of ISPROUD, the ERG community (employee resource group or affinity group) of LGBTQ+ people and allies, established spontaneously in 2021. In 2024, the community grew to more than 1,742 members in Italy and abroad, who meet periodically to discuss and share ideas and experiences to be translated into tangible project ideas to propose to the company. ISPROUD worked with the Diversity, Equity & Inclusion unit and with the rest of the Group on a number of initiatives, providing its contribution for the planning of internal and external contents, the organisation of events and the launch of new projects.

Intesa Sanpaolo Group was the best-ranking bank in the world on the international FTSE Diversity and Inclusion Index—Top 100 (by FTSE Russell, formerly Refinitiv), which ranks the top 100 companies with the most diverse and inclusive workplaces. Ranked seventh worldwide, the Group was the top-ranking banking group globally and the only Italian bank to be ranked.
Compiled by FTSE Russel, the index ranks over 15,500 publicly-traded companies globally on the basis of 24 separate metrics across four key pillars: gender diversity, inclusion, people development and news & controversies. FTSE Russel is a leading global provider of benchmarks, analytics and data solutions with multi-asset capabilities.

Intesa Sanpaolo is the first bank in Italy, and one of the first in Europe, to have obtained Gender Equality European & International Standard (GEEIS-Diversity) certification. The international GEEIS-Diversity label by Arborus measures and assesses the effort invested by companies in diversity and inclusion as strategic elements of an organisation. Intesa Sanpaolo is the first major Italian banking group to have obtained the gender equality certification envisaged by the national recovery and resilience plan (NRRP), thanks to its efforts to promote diversity and inclusion. In 2024, the second follow-up audit was carried out. The audit specifically assessed the implementation of a gender equality management system in Group companies in Italy.

The value of inclusion was the subject of various training contents designed and proposed during the year, which were customised and aimed at different Group populations. In 2024, inter-cultural training initiatives were started up, focused specifically on the effectiveness and importance of inclusive and respectful communication between cultures.
After having reached all people in manager roles in Italy, the managerial discussion initiative on inclusive leadership topics was extended to all Group people in manager roles outside of Italy. People covering roles of responsibility were involved in a training course focused on building an inclusive leadership mindset, with sessions dedicated to the issue of disability and mental health (more than 6,500 people involved). A pilot version of the initiative is set to be run with a group of people representing banks in the International Banks Division, to assess the opportunity of involving all people covering roles of responsibility, adapting the course to the specific features of the local context. A dialogue has been started up with banks in the International Banks Division on DE&I matters, focusing in particular on disability, with a view to creating a common approach to projects.

Again in relation to the International Banks Division, the “women4Future” initiative continued to run within the framework of the “People First” programme. The initiative involves a committee of women in top management roles in the division, united by the objective of working together and sharing their perspectives in a dedicated framework, to help guide innovation and bring positive change to the division.

Finally, in 2024 the Group rolled out a series of training initiatives to foster inter-generational dialogue and promote constructive cooperation between people of different ages in work teams.

Actions for the inclusion of people with disabilities

The inter-functional working group handles and assesses with maximum care individual requests made for arrangement measures. The process involves identifying, and adopting when necessary, the adjustments and arrangements needed to guarantee that people with disabilities enjoy and exercise all their human rights and fundamental freedoms on par with others. The inter-functional working group works on projects in a number of areas, including accessibility, communication, development of an inclusive culture, training and joint projects directly involving Intesa Sanpaolo people.

Together with trade union representatives, all the members of the group took part in the advanced training course “Disability Managers and the Working World”, organised by the Catholic University of the Sacred Heart in Milan to lay the groundwork for adopting a common language, an important work tool.

In 2024, “ARTICOLO 19 – Disability & Citizenship” affirmed its identity as an affinity group championing disability issues. What started out as a small group of people has progressively grown, with the objective of developing ideas and content to improve the lives of people with disabilities and their families, with the prospect of providing an additional contribution to disability and inclusion issues.

In this field, at the initiative of the philanthropic Intesa Sanpaolo Foundation, a non-profit mutual society has been set up with the mission of pursuing initiatives to benefit the disabled children reliant on care of Group people.

A similarly strong commitment is shown to the outside world, as seen in Intesa Sanpaolo’s participation in several conferences on the topic, such as the joint-company round table “Abilitiamo la Disabilità” (Let's Enable Disability), an initiative to discuss the experiences gained, with the aim of investigating, consolidating and spreading a profound culture on disability management issues.

Other initiatives included “Visite d’altri sensi” (Visits in Other Senses, after the pilot project run in November 2022) and “Oltre le barriere” (Beyond the Barriers, launched in 2024). The first initiative, organised in partnership with “Gallerie d’Italia”, involves Group people with visual disabilities in the role of sensory tour guides at the museums. The aim is to unlock an appreciation of art from a different perspective and, above all, foster empathy by putting oneself in another person’s shoes. The second initiative, organised in partnership with the Innovation Center, saw the production of an urban mobility accessibility project that was a finalist in the internal “#RealizzAbile” competition. The project was run as a pilot project with the involvement of the Turin City Council and a number of start-ups. The initiatives respectively attracted the participation of around 70 people for the museum sensory tours and 44 teams in the competition.

In addition, since 2018, Intesa Sanpaolo has been a certified Dyslexia-friendly company, confirming its commitment to raising awareness of specific learning disorders (SLDs). This commitment is given practical expression through the delivery of specific webinars targeted at all Group people and the availability on the Intranet of guides, video clips, infographics and a self-assessment questionnaire for parents and families, all exploring the many different aspects of dyslexia and helpful for living with the disorder, making a positive impact on well-being and quality of life in all contexts.

In 2024, the International Banks Division worked together with the Group Diversity, Equity & Inclusion unit to share experiences and plan joint projects to further inclusion, with specific focus on disabilities. The three face-to-face meetings organised involved all the banks in the division.

Training and development

Policies relating to the training and development of Group people

Training and communication are two fundamental levers for the involvement of all the Group's people in a process of continuous growth and enhancement with the aim of guaranteeing the best professional experience. In line with the 2022-2025 Business Plan, the Intesa Sanpaolo Group continues to invest in its people, creating a unique ecosystem of skills that is suited to both the current context and its future evolution.

In the belief that the constant updating and training of its people represent an important distinctive factor and increase its overall added value, the Group is committed to further strengthening its control over mandatory training, thus also responding to the requests of the Supervisory Authorities.
The criteria for the participation in mandatory training are detailed in the Group's specific internal regulations according to which all Group employees with subordinate employment contracts are required to attend such training sessions in order to guarantee the correct performance of the tasks and duties of the recipients, ensuring knowledge of the regulations and company processes. Furthermore, training is also under the scrutiny of the Supervisory Authorities, which, in certain circumstances, can adopt disciplinary measures. The internal regulations are applied at Group level; to this end, all the Governance functions involved work, each within their respective areas of competence, to ensure a standardised application of the methodology at Group level.
Knowledge of the published training obligations which the employee has signed up to is acquired through periodic access to the company's training platforms. Each employee is required to access the company's platforms to view their obligations, and to support this they receive periodic summary notifications on the training obligations still to be fulfilled and the related deadlines.

For the benefit of employees who do not meet the technical conditions for participation in the courses according to the methods defined above (for example, visually impaired persons), specific provisions are put in place which determine the methods and timeframes for the completion of the mandatory courses intended for them.
In consideration of the impacts, risks and opportunities related to the Group's scope of operations, the management of training requests is guaranteed by the preparation of the Parent Company's training plan, which includes differentiated training initiatives based on the role, the areas covered and the associated responsibilities.

The training plan is defined annually, implemented and monitored through the involvement of the competent corporate structures. This illustrates the training provisions planned for the Parent Company, it specifies which ones will also be extended to the subsidiaries, and is broken down into:
- compliance talks, intended for Chiefs, division heads and executive directors, aimed at training on strategic and innovative topics through content that is consistent with the responsibilities and areas of action of these roles;
- training plans for all other managers and professional profiles, divided into cross-cutting and/or specific initiatives based on the role performed, the activities supervised or specific regulatory provisions;
- initiatives set out in the Parent Company's training plan contemplated by the subsidiaries in their own training plan, indicated as being applicable to the entire Group and integrated with the initiatives defined and implemented independently on the basis of local and/or sector regulations as well as the related business requirements.

Training requirements are identified on an annual basis by the reference structures based on current and/or newly issued regulations. Specifically, the Chief People & Culture Officer Governance Area, with the support of the competent human resources functions, starts collecting training requirements from the reference structures, which identify them based on:

- specific job requirements;
- legal provisions relating to issues that require training initiatives, including those enabling the provision of services and the marketing of products;
- topics of particular relevance for the Group;
- findings/reports from the Supervisory Authorities, which require dedicated training provisions;
- periodic review, during the year, of the training requirements indicated by the reference structures to incorporate any changes and additions.

Within the Group's guidelines, the structure responsible for training activities contributes to compliance with all regulations regarding anti-money laundering, counter-terrorist financing, embargoes, antitrust, fairness in customer relations, and integrity in the management of tax issues. Training also contributes to combating corruption, applying the “zero tolerance” principle and promoting corporate behaviour based on the utmost consistency and transparency, and preventing, where possible, potential situations of conflict of interest.

The training activities are also intended to support the dissemination of the sustainability culture, not only by conveying ESG notions and knowledge, but also by ensuring that for the Group's people these are transformed into the skills needed to act as "agents of change", contributing to the implementation of corporate strategies geared towards generating economic, social and environmental value together.

Indeed, the Intesa Sanpaolo Group aims to have all Group’s employees trained in ESG by 2025, through a training provision structured on two levels:

- a basic level, cutting across the various topics and provided to all employees, above all through online remote training modules;
- an in-depth specialist level, on individual topics, managed by the Divisions and Governance Areas concerned, including in-person training.

The topics covered cut across all three ESG areas.
In line with its commitments to the ecological transition, the fight against climate change and the protection of nature and biodiversity, the Group is committed to spreading environmental values, promoting the involvement of all its people in the implementation of responsible environmental practices. Specific courses are mandatory for personnel directly involved in the implementation of the environmental and energy management system, but are also available to all employees.

Great attention is also paid to social issues, with particular reference to Diversity, Equity and Inclusion, the fight against sexual harassment, and human rights. In order to promote and encourage the creation of fair and inclusive work environments, the company organised courses on unconscious bias, which is important to recognise in order not to fall prey to it in one's daily work. The topic of gender differences was addressed, for example, both with a mandatory refresher course on combating sexual harassment, as a lever for the effective implementation of the Group Rules on the matter, and with a course on Female Empowerment, with the aim of reflecting on how some elements, including the culture on gender roles and differences, can influence the ability of each person to best express their potential and to transfer skills that can be used to free up unexpressed resources, working on the deconstruction of stereotypes and self-limiting prejudices.

Processes for the involvement of employees and their representatives

The needs and training delivery model analysis process is guaranteed by the Learning Business Partner function which interfaces with the Human Resources functions and the Group structures for the identification and analysis of training requirements.

The process develops through the following phases:

- collection of training requirements;
- analysis and development of training requirements;
- coordination of the implementation of training initiatives;
- monitoring activities.

“Collection of training needs” means the activity carried out in conjunction with the human resources functions to identify the professional, mandatory and managerial training needs identified by the Governance Areas/Divisions, within the scope of annual and periodic planning activities and in compliance with sustainability criteria. "Training needs analysis" means the assessment carried out by the Learning Business Partner function, in conjunction with the human resources structures, of all the elements necessary for a detailed examination of the training needs collected, to define the feasibility of the training initiative and the possible cross-cutting aggregations, giving special priority to the implementation of mandatory initiatives.
Once the training needs have been collected from each structure contact, the Chief People & Culture Officer Governance Area defines, with the support of the dedicated supplier, the method of delivery of the training provisions, distinguishing between in-person or remote initiatives based on the chosen channel.

The activities described are also included among the funding opportunities planned for the development of continuous professional training and for upskilling and reskilling activities for professional profiles of specific interest.
In this context, the training plan is shared with the Welfare, Safety and Sustainable Development Committee/Joint Training Body (COWESS), a bilateral body composed of company and union representatives, provided for by the current Group Labour Relations Protocol and in line with the provisions laid down by the National Collective Bargaining Agreement. COWESS is tasked with studying, analysing and researching training matters, including the examination of material relating to financing projects promoted by entities operating in the vocational training sector.

Furthermore, in 2024 Intesa Sanpaolo entered into an agreement with all the trade unions aimed at strengthening the role of training as a pillar of the bank of the future and a priority tool to ensure engagement and the responsibility pact with the Group's people in order to increase their satisfaction, promoting the development of skills, employability and professional growth.

Thanks to continuous, personalised and innovative upskilling and reskilling processes, tailored to the new organisational processes and with high added value contents on transformative issues and strategic areas such as artificial intelligence (AI), data analytics, ESG, and internationalisation, training will allow to guide the Group's people through the change with the acquisition of the required professional skills but also towards new professions.

In line with the process described above, the Group's people have the opportunity to interface directly with their managers and their human resources manager to express their training needs.

Objectives and metrics relating to the development of the Group's people and talent management

The Intesa Sanpaolo Group pursues the objective of providing its employees with growth paths based on training as a driver for the development of the talents present within the Group, as well as the ability to attract people from the outside. Consequently, it has set itself qualitative and quantitative objectives linked both to the provision of hours of cross-disciplinary training to all its people and to specific learning and collaboration methods.

In order to support the definition within the Group of a consistent model for the development and enhancement of the professional contribution provided, groups of professionals with homogeneous skills, learning paths and qualifications have been identified. These groups, which bring together people from the Italian Group perimeter and are referred to as job communities, can be formed according to two different logics. In particular, job communities are set up:
- by profession, “natural communities”, made up of professional profiles with homogeneous skills (Professions) and titles (Titles);
- by interest, which include those who, regardless of skills and titles, are driven by a specific or project-related interest in strategic themes for the Group (for example, AI, Art and Culture, etc.).

In the 2022-2025 Business Plan, a target was defined in relation to the job communities with the aim of reaching an overall value of 20,000 people involved by December 2025.

Target: Number of people in "job communities"	**Date**	**Value**
Baseline[118]	31.12.2021	-
Final balance	31.12.2024	36,775
Target	2025	20,000

Intermediate end-of-year milestones were also set along the same time horizon, and were always achieved and exceeded. The target is monitored on a quarterly basis through an indicator defined by the following components:
- number of people with homogeneous Titles and Professions;
- number of people in Profession job communities without Titles and therefore gathered with respect to the same professional profile;
- number of people in interest job communities.

The target was defined by the competent functions within the Chief People & Culture Officer Governance Area.

As of 31 December 2024, the number of people in job communities was 36,775, of which 22,176 people with homogeneous Professions and Titles.

The Talent Management strategy also includes the “Leader of the Future” programme, aimed at all Intesa Sanpaolo Group people, both in Italy and abroad, and which is also one of the objectives set out in the 2022-2025 Business Plan.

The programme consists of two project initiatives:
- International Talent Programme: it is one of the most important initiatives for the enhancement of talents at Group level, which aims to develop a new generation of managers and professional roles with a cross-cutting and international culture through personalised paths with an indicative duration of three years. A mentorship and tutorship programme is dedicated to the talents, which involves the Senior Managers and the Heads of the structures to which those same talents belong;
- Key People: it is the second pillar of the Group's innovative talent strategy, which aims to identify and develop the Leaders of the Future. It represents a path of excellence for selected members of the Group's middle management, with the aim of enhancing professional and managerial growth, as well as guiding them towards future leadership roles in more complex managerial contexts.

The key objectives of the “Leaders of the Future” programme are:
- human capital enhancement: recognising and promoting existing talents within the organisation, encouraging their professional growth and development;
- strategic management of internal professional growth: ensuring that the Group has constant access to the best resources, thus reducing the need for external recruiting to fill critical roles;
- generational renewal: ensuring the constant rejuvenation of the talent pool, enabling the Group to maintain a balance between experience and new perspectives.

[118] Plan target that represents the planning of a new activity that does not have a base value.

The expected results of the “Leaders of the Future” programme are:
- continuity and stability: establishing a talent pipeline ready to transition into key roles, ensuring business continuity and organisational stability;
- competitiveness: increasing the Group's competitiveness through the acquisition and retention of high-level skills;
- organisational culture: strengthening a corporate culture focused on excellence, innovation, and continuous growth.

The target value of people involved in the Leader of the Future programme is approximately 1,000 colleagues over the 2022-2025 Business Plan period, selected both in Italy and abroad. The indicator includes both programme populations: International Talent Programme and Key People.

Target: Number of people enrolled in talent programmes		
	Date	**Value**
Baseline[119]	31.12.2021	-
Final balance	31.12.2024	975
Target	2025	1,000

For the International Talent Programme, the number reported represents the people belonging to the talent community at the reporting date, and includes both talents who are undergoing the development path and those who have completed it.

As regards the Key People programme, however, the population boundary has been defined for the entire 2022-2025 Business Plan, and is therefore stable.

From the launch of the “Leader of the Future” Programme to the end of 2024, a total of 975 people have been involved in talent management and development activities, through participation in the two “Talent Programme” and “Key People” programmes mentioned above.

Actions relating to the training and development of Group people

Training activities at Group level and across departments

The training activities are provided thanks to the intervention of the Chief People & Culture Officer Governance Area, which is tasked with:
- promoting the dissemination of a Group culture that supports change and contributes to creating an inclusive and high-quality working environment for all people;
- defining training proposals and implementing the relevant training programmes to enable the continuous updating of skills, fulfilment of regulatory obligations and professional retraining, in line with the company’s needs and strategies, individual motivation and enhancement of all Group people;
- preparing the Training Plan, coordinating the collection of training needs.

The People Attraction, Skills & Learning Strategy Structure reports to the Chief People & Culture Officer Governance Area and oversees, with the support of a dedicated supplier, where necessary and with the competent Group structures involved, all activities relating to needs analysis, the identification of the delivery model and the planning and delivery of training provisions.

All training, including mandatory training, is carried out with the support of a dedicated supplier in order to guarantee high quality standards and constantly updated content based on the Group's specific needs. The collaboration between Intesa Sanpaolo and Digit'Ed S.p.A. (Intesa Sanpaolo's partner in the implementation of training initiatives), a company established in 2022 following the transfer of the training business line, continued throughout 2024. Digit'Ed, leveraging Intesa Sanpaolo's innovative learning infrastructures, was able to position itself on the market as an aggregator of the best Italian operators in the sector.
The main channel for the provision of training, especially mandatory training, is the digital one which enables:
- to quickly make training content and any subsequent updates available to very large audiences;
- to access training content at any time from the company's platforms;
- to independently manage learning times.

Alternatively, if required by specific regulatory provisions or for other organisational reasons, training can be provided through Live classrooms (physical or remote).

The People Attraction, Skills & Learning Strategy structure, during 2024, continued to implement innovative training models and methodologies, geared towards the Group's people and conducive to promoting multi-channel training that maximises simplicity and flexibility of learning through the use of the various corporate training platforms (for example, Apprendo, Myla, Scuola dei Capi (Management School) and LEA, the latter dedicated to people belonging to international subsidiary banks coordinated by the International Banks Division).

In 2024, in continuity with what was done the year before, corrective mechanisms concerning non-completion of mandatory training within the required timescales were introduced in the incentive system in order to further strengthen its monitoring.

On a thematic level, the training provision has been expanded and updated with the publication of new digital content to incorporate regulatory updates regarding Legislative Decree 231, Anti-Money Laundering and Anti-Corruption. During 2024, a specific training plan on “ICT and Security Risks” was prepared which, in the current context characterised by a strong push towards the digitalisation of processes and tools, technological development and the complex international political situation, included training and awareness initiatives, aimed at increasing people's awareness and know-how on the main ICT risks. A digital training guide on the Code of Conduct was also published.

[119] Plan target that represents the planning of a new activity that does not have a base value.

The training initiatives are aimed at all Group's people (for example, threats deriving from phishing, cyberfraud and new trends) as well as at clusters that monitor specific business risks. This area also includes the MATRIX Project, designed with the aim of creating an ecosystem of models and tools for human resources, aimed at supporting the technological development of the Group with adequate resources which, in continuity with 2023, planned a significant investment in training in order to respond to the needs arising from the evolution of the company's workforce and promote the acquisition and enhancement of key knowledge in the IT sector. The training programme is aimed at both newly hired colleagues, with a specific onboarding process including digital and live content designed ad hoc, and at professional profiles already included in the role with specific technical/specialist initiatives and certification paths.

In order to promote prudent risk-taking when it comes to current and prospective risks across all levels of the organisation, with particular focus on those connected to climate change and technological innovation, information, awareness and training initiatives were provided in the context of risk culture and management.

The topics covered through ESG training, with a particular focus on environmental and social issues, in 2024, covered topics such as the EU Taxonomy and included the publication of a new collection of mandatory training modules on the Corporate Sustainability Reporting Directive (CSRD). Furthermore, the Group organised a mandatory training course for all employees to strengthen knowledge and implementation of the principles and values enshrined in the Code of Ethics, a key governance tool.
With particular reference to the protection and respect of human rights, a series of mandatory training modules on Modern Slavery were developed, with the aim of disseminating knowledge regarding companies' responsibility in preventing modern slavery within their operations and supply chains, also responding to external regulatory requirements (for example, UK Modern Slavery Act, Australian Commonwealth Modern Slavery Act). A compliance talk on “Code of Ethics, combating Modern Slavery and sexual harassment: Intesa Sanpaolo’s approach” was held for the benefit of Chief and Executive Directors.

Diversity, Equity & Inclusion initiatives were once again provided in continuity with the work carried out in previous years, such as initiatives dedicated to female empowerment, parenting and the dissemination of the aging culture. Other initiatives were added dedicated to the issues of interculturality, inclusive leadership, disability and inclusive language.

During 2024, 31 Digital Talks were delivered with testimonials from subject matter experts on various topics, including the circular economy and organisational well-being.

With reference to the actions taken in order to support people in job communities, several initiatives were carried out in 2024:

- New job communities: with the aim of increasing the number of people who can be hired and participate in the communities, 4 new communities were activated:
  - 3 in the first six months, 2 of which were by profession and 1 was by interest;
  - 1 by interest in the fourth quarter.

  With these actions, as of 31 December 2024, 12 job communities were active (7 by profession and 5 by interest) dedicated to the Group's colleagues in the domestic perimeter.
- App Activation: in order to be able to use the technological platform dedicated to job communities even on the move, a customised company app dedicated to business communities was activated in June 2024.
- Professional titling: the dissemination activity of the Titling model dedicated to Professionals continued. In particular, a new model dedicated to the Chief Data, AI, Innovation and Technology Officer (CDAITO) Governance Area was adopted and a comprehensive title updating activity was carried out for the remaining Governance Areas and for division personnel.

On the other hand, as regards the “Leaders of the Future” programme, for the entire duration of the 2022-2025 Business Plan, participants will follow a personalised development path, financed through an ad hoc budget: specialist and managerial training in English in collaboration with the best Business Schools, premium coaching and individual empowerment initiatives, international workshops focused on innovation, project work initiatives strongly connected to the Group's businesses.
The development paths for talents participating in the “Leaders of the Future” programme are, among others, one of the qualitative factors taken into consideration to assess the impacts of the Intesa Sanpaolo Group strategy on its employees' well-being.

Initiatives at the division level

The IMI Corporate & Investment Banking Division has promoted initiatives aimed at recognising the role and effects of stereotypes that hinder the effectiveness of intercultural and generational relationships in order to provide tools to overcome them and create bridges for collaboration, thereby enhancing everyone's differences and contribution.
In 2024, the Division also continued to organise updating and awareness-raising initiatives on the Bank's ESG positioning in favour of the international "SHAPE" community, dedicated to young people under 36. Particular attention also continued to be paid to ESG issues in the curriculum of the new Higher Education Course "IMI CIB Next Generation Education Program", promoted by the Division in collaboration with Digit’Ed and Scuola di Direzione Aziendale Bocconi.

In 2024, the Insurance Division launched an ESG initiative to provide an overview of the main ESG issues impacting the market and share the latest regulatory and strategic sustainability news, with a particular focus on ESG risks, illustrating challenges, opportunities, related impacts and management insights. Furthermore, the Division participated in initiatives aimed at promoting intercultural relations to enable people belonging to the Insurance Group to acquire useful tools to create bridges for collaboration, thereby enhancing everyone's differences and contribution.

The Asset Management Division also maintained the "Eurizon Higher Education" course for 2024, aimed at a selection of young people under 35 from the Italian companies of the Division, confirming the path with two ESG training modules: "Eurizon's Governance", "Ethics and behaviours", and "The ESG wave", the latter two relating to the ESG impact on finance, the economy and society and on the Division's sustainability policy. In 2024, the Asset Management Division also participated in cross-cutting initiatives aimed at promoting intercultural relations to enable people to acquire useful tools to create bridges for collaboration, thereby enhancing everyone's differences and contribution.
The Chief Audit Officer developed, in collaboration with the Group's Learning Strategy and Digit'Ed, an in-depth course on ESG issues, delivered in collaboration with AIIA (Italian Internal Audit Association) and dedicated to a selected group of employees, with a focus on aspects related to the auditors' activities.

At the international level, the Digital Talks dedicated to the Managers of international subsidiary banks belonging to the International Banks Division (IBD) continued, with three editions on the topics of macroeconomic trends, leadership and new ways of working and inclusive leadership.

The International Banks Division (IBD), in continuity with previous years, guaranteed ESG training across all in-scope banks, both across all personnel with high-level online initiatives, and across more targeted professional profiles with more specialised live initiatives.
In particular, the Group continued the online provision of the mandatory course on the Code of Ethics, as well as the non-mandatory provision, with initiatives such as "ISP4ESG, our contribution to the future", "Circular Economy Plafond" and "EU Taxonomy".
The live course "ESG: Disclosing Sustainability" was provided to the professionals of all banks and the Division. Finally, the managers of international subsidiary banks were also involved in two specific digital talks held in English: "ESG: Human traces in the environmental evolution" and "Urban Re-generation New purpose for urban spaces through sustainable architecture". Furthermore, the "People First" programme was set up with the aim of educating and raising awareness among the Division's people on ESG issues.
During the year, many activities were organised that involved the entire scope of the Division:
- three online webinars were organised for colleagues in the Division's head office structures but also for the Banks,
- "Climate Change", "The art & science of fair trade - chocolate" and "The Story of Patagonia" with the involvement of over 300 people;
- the "ESG Gamification Experience" initiative continued, with the progressive involvement of all the banks in the Division. After VUB, CIB, and PBZ, a new edition took place in BIB, Intesa Sanpaolo Albania and Intesa Sanpaolo Slovenia, as well as one involving the head office structures;
- a contest was launched that involved the use of the Aworld application to involve and motivate people on sustainability issues, encouraging the adoption of sustainable behaviours in everyday life. The final event was a Sustainability Journey held at some Italian companies with a strong ESG impact;
- the Digital Talks dedicated to the Managers of international subsidiary banks continued to be held on a monthly basis on various topics, such as leadership and innovation.

Health and safety

Health and safety policies

The Health & Safety structure ensures the monitoring of compliance risk with reference to the areas of occupational health and safety protection, pursuant to Legislative Decree 81/08, fulfilling the role of specialist function provided for by the Group Compliance Guidelines.

The principles and procedures to be adhered to and implemented to ensure a safe working environment are governed within Intesa Sanpaolo by three documents:
- the Occupational Health, Safety and Welfare Policy;
- the Health and Safety, Environment and Energy Management Policies and Systems (both applied at Group level);
- the corporate rules on occupational health and safety involving the Italian perimeter.

These documents complement the declarations set out in the Group's Code of Ethics, which places its employees' health and safety among its fundamental principles and to which reference is made for the discussion of the commitments regarding human rights.

The corporate rules on occupational health and safety summarise the "System of Tasks and Responsibilities" which involves a number of entities, each in relation to specific professional skills and certain functions. Furthermore, they identify the main activities related to the management of accident prevention in the workplace. According to these rules, the employer is responsible for implementing these policies.
The above documents define the principles and procedures to be adhered to and implemented in order to ensure a safe working environment.
The above policies comply with national and international standards for respecting human rights in the occupational health and safety sector. As evidence of this, the organisation obtained the ISO 9001, ISO 45001 and ISO 45003 certifications. The documents are made available both through the intranet portal for Group people and through the institutional website for external customers or stakeholders.

Processes for the involvement of employees and their representatives

The Group's commitment to involving people is expressed in the Code of Ethics, promoting listening and dialogue at all levels. Employee hiring is also ensured through trade union representatives. As well as by the industry outlook, relations with the Trade Unions are also regulated by the Labour/Management Relations Protocol, which has made it possible to implement a specific union relations model within the Group.

With reference to the involvement of employees in health and safety matters, the role of Worker Safety Representatives (WSRs) comes into play. These are generally assigned the task of communicating and engaging with employees in order to take their perspectives into consideration. There are 96 such representatives and they cover 100% of Italy's workers, 40 of these are part of the delegation that meets periodically with the Safety and Protection Department and with the employer's delegate. On that occasion, all the activities carried out by the Prevention and Protection Service are summarised using a reporting system set forth by the legislation which includes activities carried out and programmes for the following years. Information on these topics is made available through the intranet portal and mandatory training (Apprendo platform), subject to assessment and monitoring.

The Process Guides define the role and responsibility of the Safety Officer, which also includes hiring of and communicating with employees.

Remediation processes for employees and their representatives and reporting channels

The management of material impacts on the Group's people in the health and safety area is governed by a specific Process Guide (Compliance Management Process Guide - Management of Occupational Safety Regulations) which sets out the approach to managing the anomalies identified through control activities and any corrective actions to be implemented.
This Guide also defines the communication channels made available to employees to receive information and communicate with the reference functions in health and safety matters. This process is managed by the Safety Officer, who undertakes responsibility for it.
In addition to Code of Ethics and whistleblowing reports, the channel for reporting risks and incidents is available to some company roles, such as branch managers and WSRs, who have the right to access all workplaces and submit reports that are subject to checks by the head office structure in order to determine whether or not to open the risk factors.

Furthermore, it is worth highlighting the presence of direct channels dedicated to branch managers to report risks and incidents. This option is also available for the Occupational Medicine department, which has a direct channel available to request additional medical examinations. In addition, the Group employees can benefit from psychological support following a traumatic event.

The risk monitoring and assessment activities for workers in the health and safety sector are set out in the Process Guide, which also identifies the various structures in charge of these processes (the employer is responsible for risk assessment, the Prevention and Protection Service must plan and carry out inspections and audits for the integrated risk assessment and record the results). In addition, in the event of risk factors being opened, these are recorded in the systems and a tracking process verifies their acceptance and the subsequent completion of the intervention.

Corporate roles specifically identified for this purpose (for example, supervisors) are provided with dedicated training on the correct use of reporting channels, available on the company intranet with the related access instructions, thus guaranteeing the privacy of the person who makes the report.

Health and safety objectives

The Group put in place a series of policies and actions to protect its employees on health and safety matters that enable it to monitor and address these issues on an ongoing basis, allowing the achievement of the standards set to protect the Group's people, even without a precise definition of quantitative and measurable targets.

Actions related to health and safety issues

In relation to health and safety issues, the Intesa Sanpaolo Group proposes various initiatives aimed at its employees, which go beyond the provisions set forth by the law, with a holistic and integrated approach, including, for example, the provision by the Occupational Health Doctor of tools aimed at investigating emerging risks such as new forms of stress and, as of the current year 2024, subjective vulnerabilities deriving from specific individual conditions. Furthermore, the activation of neuroscientific research projects aimed at identifying intervention strategies on the subject of cognitive load, technostress, and the aging effect is also encouraged (for which the industrialisation of the related training was completed during the current year). Other topics covered include Human Computer Interaction or Acoustic Well-being, which are added to traditional prevention activities and continuous training on new relevant issues.
The Process Guides detail the activities aimed at identifying risks and the operational controls carried out, as well as any corrective actions to be implemented (for example, prevention and protection measures implemented and personal protective equipment).
In particular, the method used to assess workplaces and the related Risk Contexts involves conducting a technical analysis and a field analysis, through inspections of all workplaces. Where deemed necessary, checks and measurements are also carried out on site using specific equipment by qualified and specially trained technical personnel. The Risk Assessment Document (DVR) takes into account all the measures implemented and the assessments of how effective these measures are. In terms of mitigation measures, it should be noted that in the area of psychosocial risks, the Group obtained the ISO 45003 certification of conformity for the “Management of health and safety at work - Psychological health and safety at work - Guidelines for the management of psychosocial risks” for the second consecutive year.

For each of the identified mitigation measures, the areas and significance of the risk to which they refer are also identified, in addition to the level of intervention in terms of primary, secondary and/or tertiary prevention.

Mandatory health surveillance by law currently involves approximately 50 thousand Group people. The results of these examinations, in anonymous and aggregate form, are the basis of the epidemiological survey that provides a general picture of the Group's people's health.
The Group also launched the project "Subjective Vulnerabilities", which aims to

- support workers with "subjective vulnerabilities", both during the initial induction phase and subsequently, if there are any changes in their health condition;
- monitor over time the effectiveness of the measures intended to support these employees, including in relation to job changes;
- provide a data matrix for epidemiological analysis purposes;
- promote an integrated management strategy, targeted at the individual employee, aimed at:
  - identifying the need in relation to one's limitations and functionality;
  - providing specific training to the employee and the work team;
  - detecting any need for further assistance in an emergency;
  - identifying reasonable mitigation/arrangement measures.

Health and safety metrics

As of 31 December 2024, 100% of employees are covered by an Occupational Health and Safety Management System. In particular, as regards the Parent Company and the companies belonging to the Italian scope of the Insurance Division, this Management System is certified according to the ISO 45001 standard. For all other companies, however, there is an Occupational Health and Safety Management System that is defined internally within the Group.

The following table shows the main indicators regarding work-related injuries and deaths that occurred in the Group during the year.

Table 13 – Performance of health and safety indicators for the Group's collaborators

	2024
Percentage of people in its own workforce who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines	100%
Number of fatalities in own workforce as result of work-related injuries and work-related ill health	-
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	-
Number of recordable work-related accidents for own workforce	537
Rate of recordable work-related accidents for own workforce	3.39

The number of recordable injuries is indicated by taking into account both injuries that occurred to employees at work and those that occurred while commuting, based on the accident reports submitted.
The injury rate is calculated as the number of injuries in the year out of the total hours worked, multiplied by a coefficient equal to 1,000,000. The estimate of hours worked is based on normal or standard working hours, taking into account the right to periods of paid leave. As regards the Italian scope, this estimate follows the calculation criteria defined by INAIL methodologies.

Well-being of the Group’s people

Work-life balance policies

In order to ensure a good work-life balance for its employees, the Group has laid down rules and policies that are also useful for managing impacts, risks and opportunities relating to this issue, governed through the Code of Ethics and the Rules on flexible work, both aligned with national and international standards for the respect of human rights related to work-life balance (for example, ILO Declaration on Fundamental Principles and Rights at Work).

Within the Intesa Sanpaolo Group, the National Collective Bargaining Agreement, the Code of Ethics and the second-level bargaining agreement identify solutions aimed at ensuring a good work-life balance. All relevant legislation is aligned with national and international standards for respecting human rights (e.g. Declaration on Fundamental Principles and Rights at Work). The National Collective Labour Agreement, which represents the regulatory source through which the workers' trade unions and the employers' Associations jointly define the rules governing employment contracts, provides highly innovative and dynamic tools, capable of balancing people's personal and professional lives, in a context of profound and continuous transformation. Furthermore, as part of the renewal of the Group's second-level collective bargaining agreement, the Group's commitment to the full enhancement and well-being of the Group's people was confirmed through initiatives and tools targeted at them and their families. In an integrated Welfare context, the second level collective bargaining agreement contains agreements on “work-life balance” and work organisation (flexible work and training, 4-day working week and flexible hours).

As previously described, in the paragraph "The Group's commitment to human rights", among the various principles set forth by the Code of Ethics, "respect for people" is emphasised with the aim of promoting policies that facilitate work-life balance, encouraging forms of flexibility and implementing initiatives to reconcile work and private commitments, in the awareness that such balance is fundamental in the pursuit of people's well-being. The Flexible Working Rules, which fall under the responsibility of the Relations With Workers' Representatives And Welfare and Labour Affairs & Policies structures, are available on the company's Intranet, within the HR regulatory section of the internal company platform (#People) and apply to all Group employees in the Italian scope. The Rules summarise all the current provisions relating to flexible working and in line with the principles of the Code of Ethics, with the aim of facilitating the balance between people's private and professional lives.

Policies relating to working hours

The Group places its people at the centre of the policies implemented, within which the protection of the rights of each individual takes on a predominant role. This person-centred approach is reflected in all the company's regulations issued from time to time, in which working hours are of particular importance, pursuing the objective of protecting workers' rights, promoting their professional development and growth and at the same time guaranteeing a healthy work-life balance.

The Bank operates within the regulatory and contractual framework defined by the relevant laws and by first-level national collective bargaining: the main reference legislation is represented by Legislative Decree No. 66 of 8 April 2003, as amended, as well as by Legislative Decree No. 81 of 15 June 2015, as amended.

The legal provisions are incorporated by the National Collective Bargaining Agreement (CCNL) for Executives and for the Professional Areas reporting to Credit, Financial and Instrumental companies, which governs issues such as working hours, intervening for example in the following areas: part-time working hours, disconnection, weekly rest, holidays and leave, Time Bank, student workers, methods of implementing extra-standard working hours in cases of social hardship, weekly hours, daily hours, shifts. The topic is also subject to further agreements at national level which constitute appendices to the afore-mentioned CCNL, including the Agreement Minutes on the subject of work-life balance, equal opportunities and corporate social responsibility.

Finally, it should be remembered that recently, on the matter in question, the agreement signed on 23 November 2023 for the renewal of the CCNL of 19 December 2019, amending Article 104, introduced the 37-hour working week, implemented with effective date as of 1 July 2024.

In addition to making reference to the National Bargaining Agreement, the Group has also adopted its own second-level collective bargaining agreement which governs, among other things, the legislation on the provision of professional services and working hours, including the regulation of part-time employment, flexible work and other work-life balance tools.

At an operational level, for the Group companies belonging to the Italian scope with employment contracts in the Credit sector, the matter relating to working hours is governed by three separate Policies: the "Rules on working hours, holidays and leave", the "Rules on Flexible Work" and the "Rules on Part-time Work", which are based on the provisions of the law, first and second level bargaining contracts and on the consequent company resolutions. The three Policies, like the entire regulatory framework of the Intesa Sanpaolo Group, are inspired by the principles set out in the fundamental documents that guide the Group's action, namely the afore-mentioned Code of Ethics, the Principles on Human Rights and the Principles on Diversity, Equity and Inclusion.
The three Policies represent a single set of regulations and govern the aspects of the employment contract relating to working hours as a whole and are constantly monitored and updated with the aim of ensuring timely alignment with national and supranational legislation, as well as with sector and company collective bargaining agreements.
All internal regulations are monitored within the scope of the Compliance processes in order to ensure their conformity also from the point of view of their application.

The "Rules on working hours, holidays and leave" apply to Group personnel with employment contracts in the credit sector (Italy) and cover general provisions concerning personnel classified in the categories of middle managers and professional areas such as:
- working hours (including weekly and daily working hours, service provision hours, including work activity divided into 4 days per week, and rest periods);
- holidays and former public holidays;
- paid and unpaid leave for family and personal reasons, or for studies;
- leave of absence due to studies, family and personal reasons or illness;
- parental protection;
- Time Bank;
- the voluntary suspension of the work activity;
- the right to disconnect (which means that outside of working hours and in cases of legitimate absence, personnel are not required to access and/or connect to the company's IT systems or activate the company's communication devices).

All these measures, in compliance with the law, are always inspired by the aim of avoiding any active or passive discrimination towards the Group's people.

Similarly, the "Rules on Part-Time Work" and the "Rules on Flexible Work" cover two particular work-life balance tools, respectively defining part-time work and the so-called agile working (i.e. the provision of the service for certain days a year at locations other than the assignment location, such as: home, "company hub" or "customer").

The "Rules on working hours", as well as all those concerning the regulation of the contracts with the Group's people, fall under the responsibility of the Chief People & Culture Officer - Legal and Labour Advisory.

The "Rules on working hours" are made available to all Group personnel via the company intranet portal and in particular on the internal company platform (in the #Regulations section), in order to allow everyone to constantly align with the evolution of the company regulatory framework. In the event of significant amendments, for example as a result of their adaptation to relevant regulatory or contractual changes, the publication of the updated versions of the Rules is announced through specific news on the company portal (for example, the recent changes made following the introduction of the 37-hour weekly working hours within the scope of the Renewal Agreement of the National Collective Labour Agreement). Furthermore, once again for information purposes, the internal company platform (#People) contains explanatory regulatory information sheets of the main employment law provisions, including those relating to working hours. These information sheets also contain the information required to activate the request process for the regulated measures (for example, time off or a leave of absence) by explaining the role of the various players involved (for example, the applicant, hierarchical manager and Human Resources structure). The application of the provisions contained in the policies regarding working hours, as well as other policies regarding the management of the Group's Human Resources, is also facilitated by the presence of a dedicated section in the internal company platform (#People), as well as by an additional section of the company portal (#Support) through which it is possible to submit questions relating to Human Resources Services.

Processes relating to the involvement of its employees and their representatives

As set out in the section "Employment protection and industrial relations", the Group, in agreement with the trade unions, constantly promotes dialogue between the parties. The dialogue with these organisations regarding the Group's projects is aimed at identifying shared solutions with respect to the different needs that arise for the parties.

Remediation processes for employees and their representatives and channels to submit complaints

Even with regard to aspects relating to working hours, the Group's people can first contact their reference human resources manager and make use of a specific support section within the intranet portal to receive technical support regarding the application of the relevant regulations. This is in addition to the option to make independent use of the various reporting channels made available to employees, i.e. the so-called active listening systems, which include:

- formal reporting to one's manager, to the Human Resources Department or to the reference company contact responsible for personal matters;
- the so-called "Whistleblowing"[120], governed by the Group rules on the internal reporting system of alleged violations;
- other procedures (including IT ones) dedicated to reporting to the relevant structures, including specialist ones, any non-application or incorrect or discriminatory application of the legislation relating to employment contracts (including in relation to working hours) with reference to particular thematic areas such as: the Code of Ethics, DE&I, sexual harassment, business policies, violations of the 231 Organisational Model.

Each Group company protects whistleblowers from any form of retaliation, discrimination or penalisation and ensures the utmost confidentiality, without prejudice to legal obligations.

The handling of complaints/reports by Group personnel is set out in the relevant company regulations, including those dedicated to specific channels (see for example the Rules on Whistleblowing) as well as in the Group's Internal Code of Conduct, which specifies the various ways in which it is possible to report even alleged violations, non-applications or discriminatory applications of the regulations concerning employment contracts, including working hours. Periodically, both voluntary and anonymous climate analyses are introduced to collect and analyse any impacts, also in order to implement the consequent improvement actions.

Objectives relating to work-life balance and working hours

The Group has defined a series of policies and actions to protect its employees in relation to work-life balance issues in order to support them in pursuing their psychological and physical well-being and in fulfilling their needs. To this end, specific initiatives are conducted and monitored, which make it possible to assess the effectiveness of the welfare solutions intended for the Group's people, even in the absence of a precise definition of quantitative and measurable targets in a limited time horizon.

Work-life balance actions

The Credit National Collective Bargaining Agreement provides for various forms of part-time work, with different ways of distributing working hours: vertical, horizontal, mixed, cyclical, both for fixed-term and permanent contracts, with weekly hours ranging from a minimum of 15 hours to a maximum of 32 and a half hours. Since 2015, flexible working has been the remote working model of the Intesa Sanpaolo Group. From the experimental phase to date, an ever-increasing number of people have been gradually involved, until it was decided to establish the availability of an annual ceiling of 120 days of flexible working from home. Starting in 2023, thanks to an agreement signed with the trade unions, the option to use the so-called short working week (4x9) was introduced in Intesa Sanpaolo, which allows its employees to work between Monday and Friday over 4 9-hour days with equal pay, and on a voluntary basis, in line with the company's organisation and technical and production requirements.

In addition to the provisions laid down by law and the collective bargaining agreement for the sector, the Group's second-level bargaining agreement has over time defined priority criteria for the acceptance of requests related to personal and/or family needs with a view to sustainability. The 2021 Group second-level collective bargaining agreement provides additional tools to

[120] For further information, reference is made to the paragraph "Whistleblowing policies, objectives and actions" in the ESRS G1 – Business Conduct chapter.

support parenting that complement the provisions already set forth at a regulatory level. For example, the following measures are worthy of note: paid leave for participation in childbirth preparation courses, for the settling of children in nursery schools or kindergartens, for attending the Emergency Room and additional unpaid days aimed at assisting minor children, additional leave/welfare initiatives to support parenting and caregiving. For fathers, specific additional paid leave is available following the birth of their children, as well as the entitlement to an allowance of 10% of the sum granted by law for parental leave, and the possibility of taking 10 additional days of parental leave.
The second-level collective bargaining agreement has strengthened inclusion and equal opportunities, extending parenting protection provisions to same-sex civil unions, de facto relationships and in favour of the spouse's children. In this context, a specific extraordinary paid leave was introduced on the occasion of birth or arrival into the family and an optional extraordinary leave for the care needs of the children of the spouse, civil partner or cohabitant, which can be taken up to the age of twelve with an economic treatment equal to that provided for parental leave for fathers and entirely paid by the Group (40% or 90% of the salary).

One of the work-life balance tools is the so-called "voluntary suspension", which allows to use up to 20 days a year of suspension of the work activity, which can be taken advantage of without having to justify its use, guaranteeing a salary equal to 35%, with payment of the corresponding social security contributions. It is also permitted to exceed the limit of 20 days per year for caregiving needs.

Another innovative tool provided by national and second-level collective bargaining agreements is the Time Bank, a reserve of time made available by the company and Group's people so they can provide greater support for employees in difficulty, even for brief periods, and give them more time. The Time Bank is set up annually with an initial ceiling of 65,000 hours and each person has the opportunity to donate some of their own paid leave or holidays, which the company implements with an equal amount of time, up to a maximum of 100,000 hours in total. As part of the Time Bank initiative, multiple corporate volunteering activities were launched in 2024, which led over 400 people to carry out volunteer work, on working days for external associations and bodies chosen by the Group across the national territory. A total of around 150,000 hours of leave were granted.
In 2024, over 40,000 hours were donated by the Group's people, in addition to the hours made available by the company, for a total of approximately 155,000 hours, also taking into account the hours made available for unused holidays by personnel who left the company pursuant to voluntary redundancy company agreements.

In 2024, the "People Care" initiatives were strengthened to promote and spread awareness of the importance of well-being in line with the 2022-2025 Business Plan and the Group's human resources strategy, with an increasingly broader vision, according to which not only personal but also organisational well-being is an integral part of the corporate culture, which is therefore "shaped" by it, and can significantly impact the Group's ability to attract new talent and consolidate stakeholder trust. By listening to people's needs, identified at multiple levels within the organisation and in different contexts and contact methods, diversified initiatives were therefore developed to promote people's well-being and improve their work-life balance, in synergy with support for diversity and inclusion, with corporate welfare and with new ways of working (Next Way of Working).

The Group continued to revisit office spaces in Italy, in synergy with the Next Way of Working project, as well as the food offering available in the company to promote habits geared towards individual well-being and to foster relationships. New "Energy corners" (lounges equipped with meeting spaces, food and beverage) were set up, which amount to 69 to date across 30 company locations. In addition, the company's restaurants were renovated and innovative and sustainable services were introduced, such as lockers for the purchase of high-quality fresh products. In order to promote psycho-physical well-being, the development of company gyms continued; as such, the locations in Brescia and Milan in via Gioia 22 saw the addition of Torino NCD, thus doubling the total number of users registered for the service, with further openings planned for 2025. Intesa Sanpaolo was awarded, for its headquarters in Piazza Ferrari in Milan, among the "Workplaces that promote health", as part of the Rete WHP - Workspace Health Promotion – Lombardia programme, promoted by the Health Protection Agencies (ATS) of the Lombardy Region.

The modular use of the new spaces described above made it possible to hold in-person wellness activities across various company locations: morning yoga sessions, meetings with wellbeing experts, as well as cultural and social initiatives such as film clubs and theatre. The first day dedicated to employees' family members and friends was also organised at the new headquarters in Milan in via Gioia 22.

The Group continued to engage in the organisation of in-person and streaming initiatives across the Italian territory, to be even closer to its people and spread awareness on well-being with a view to shaping the corporate culture and putting people increasingly at the centre:
- "Wellbeing Stories", a series of meetings with special guests to encourage reflection on balance, building, courage and kindness aimed at organisational wellbeing;
- "Respira. Coltiva il tuo equilibrio (Breathe. Cultivate your balance)", a five-stage journey scheduled every 21 days to practise mindfulness and promote well-being and balance in times of personal and work-related stress;
- "Food wellness workshop", four meetings to explore current topics such as detox nutrition, DNA and lifestyles, fake news, prevention;
- "Dialogue between experts", such as the one dedicated to Alzheimer's, bullying and cyberbullying, alcohol and smoking addictions;
- In-person "relational experiences" dedicated to individual structures or homogeneous clusters, to promote engagement through relational well-being, with dynamic formats and in locations that are disruptive to the work context.

Overall, over the course of the year, over 60 initiatives were organised in 17 locations across the country, involving a catchment area of approximately 22 thousand people. The initiatives were also made available in streaming.

Another important aspect is the Group's attention to people's health and mental well-being. In this context, the Group continued to provide its "Consultation and Support" activity, the psychological support service, available 24/7, 365 days a year, for the entire Group in Italy and abroad. In 2024, the service was enriched in Italy with the Social Care tool: in the psychological counselling area, a Social Care Manager can intervene to provide practical help to the Group's people in the search for local services in the caregiving sector (for example, child care, care for the elderly and/or people with disabilities). During 2024, the "Consultation and Support" service recorded a total of approximately 3 thousand accesses (Italy and abroad).

As regards CareLab, a workshop for the promotion of well-being that is divided into a structured offer of contents, tools and initiatives, both in digital form and in person, it implements new services or enriches itself with new opportunities:
- "Tecnogym app", a tool with innovative services to encourage a healthier lifestyle, through training in all disciplines and personalised paths;
- "LianeCare", a platform to source caring specialists - babysitters, carers, housekeepers and pet sitters - with the aim of supporting people in their search for qualified personnel;
- "Académia.tv", the online platform featuring cooking courses created with renowned Italian and international chefs, but also nutritionists, biologists and dieticians;
- "4Fooding", a web app for healthy eating, with daily and weekly menus, recipes and a team of nutritionists available for questions or personalised consultations;
- "21days", a web app that encourages the adoption of virtuous behaviours for emotional well-being, was enriched with two new training courses on how to manage technostress and aging. It currently provides multiple training courses (10 in total) to also alleviate cognitive load, increase energy, promote positivity, boost concentration, manage time, enhance emotional intelligence or self-esteem, and cultivate quality relationships. In particular, three intensive courses, dedicated to cognitive load, technostress and aging were set up following the 2022 applied research project dedicated to the well-being of the Group's people and quality of life at work, an initiative born from the collaboration between People Care, Health and Safety and the Neuroscience Lab of Intesa Sanpaolo Innovation Center, with the support of the scientific partner Scuola IMT Alti Studi Lucca;
- "#Stepbystep", an app that rewards an active lifestyle through steps, sports and challenges between colleagues, hosted "special initiatives in steps" that involve groups of people in achieving ESG goals: by transforming the steps taken into tangible actions, everyone was able to combine attention to well-being with support for environmentally-friendly initiatives or support for the most vulnerable people;
- "MasterClass CareLab", a digital initiative entirely dedicated to a Regional Governance Centre (Veneto and Trentino-Alto Adige), to create engagement and involvement on wellness topics thanks to the gradual use of the platform's contents through specific wellness courses (anti-stress, energy, etc.).

As of 31 December 2024, there are 56 thousand people making use of CareLab services on platforms, apps and web apps.
CareLab continues to host initiatives of openness and attention to the issue of disability, in collaboration with Disability Management and Health and Safety, for example the first meeting of the series dedicated to the so-called "Invisible Diseases".
Within the International Banks Division (IBD), the process of extending the CareLab platform to all the Group's people was completed, according to the release plan established for the provision of the HR #People portal.

By leveraging on the experience gained in the emergency period and with the contribution of internal surveys, the banks within the scope of the International Subsidiary Banks Division (IBD) launched new flexible working projects and models, in line with the provisions laid down by local laws. The common threads of these initiatives are the identification of a number of days for flexible work, the redesign of the layout of company office spaces on the basis of the new needs and the extension of flexible working to a greater number of people. The situation in 2024 sees the application by all banks within the scope of the International Subsidiary Banks Division of a flexible working method for the head office departments, with extension also to the network for some of them.

With a view to improving employees' work-life balance, the Group designed the "Life grafted into work" course, involving 280 people from the Division's head office departments, with the aim of generating ideas followed by commitments to improve well-being. The banks within the scope of the International Subsidiary Banks Division also developed several activities aimed at improving the quality of working life, including: the institution of the sabbatical month, available at VUB for 3 months a year and at CIB for 1 month, the launch in VUB of the pilot project for the experimentation of the short working week in specific head office structures, with the option to request the use of the working week over four 9-hour days, for a maximum of 36 weeks a year. Also at VUB, a pilot project was carried out on 6 branches as part of the "Smart Working 2.0" project, allowing colleagues in the network to work more flexibly as well. A gradual extension to other VUB branches is planned starting from January 2025. Pravex also implemented the new Smart Working procedure on its head office structures since April.

As part of the "People First" programme designed in the Human Resources area, which puts people at the centre and guides them towards change, specific aggregation and reflection initiatives were created for the people of the Division's head office departments and for the entire scope of the International Subsidiary Banks Division.
With reference to the "People Make Places" initiative, cross-country well-being activities were carried out to extend well-being objectives to the Division with a view to social sustainability: in continuity with previous years, the "Emotionology" programme was launched across all IBDs, within "BeWell", a project dedicated to the full well-being of company employees. The so-called Emotional Talks, monthly webinars dedicated to exploring emotional intelligence in its various components, are part of this programme. At the end of the course, participants, both from head office departments and banks, had the opportunity to represent their emotions in a creative artifact, a work of art to testify their emotional discoveries, taking the opportunity for a mutually beneficial cultural exchange. The colleagues' works were exhibited at the first IBD Art Exhibition at Gallerie d'Italia. In addition, in synergy with the Parent Company's People Care team, webinars dedicated to health were organised, with a focus on mental health, also thanks to the "Care Connect" service, equivalent to the Consultation and Support Service for international subsidiary banks.

Privacy of the Group's people

Policies relating to the privacy of the Group's people

The Intesa Sanpaolo Group has always maintained a high and constant commitment to protecting the personal data of the people with whom the Group interacts, ensuring the collection and processing of data in compliance with current legislative provisions.
The regulatory framework for personal data protection is represented by Regulation (EU) 2016/679 (so-called General Data Protection Regulation (GDPR) which came into force on 25 May 2018, whose new rules have been incorporated by the Group and formalised in the main internal governance documents consisting of the Code of Ethics, which outlines the principles and values on which the Group bases its choices and activities, and the Internal Code of Conduct, which defines the conduct that the Group's employees and collaborators are required to adhere to in order to ensure the correct processing of data.
Upon entering into an employment contract, employees and collaborators are provided with a privacy policy that clearly and transparently details which data is processed, the methods of collection, the legal bases and purposes of processing, the retention periods, the rights recognised by the GDPR and the contact details of the Data Protection Officer (DPO) in order to communicate to the data subjects all the necessary information to ensure the correct processing of their data.

Furthermore, its suppliers are required to comply with the policies, regulations and standards relating to personal data protection, defining their subjective role in the processing activities, assessing the existence of the necessary safeguards, formalising the contractual terms and conditions, and implementing compliance and adequacy assessments.
More specifically, the GDPR has introduced the accountability principle which requires the data controller to implement regulatory, organisational and technological measures aimed at ensuring that the processing of personal data takes place in compliance and in the light of the criteria laid down in the Regulation such as privacy by design, privacy by default, the appointment of the Data Protection Officer, privacy impact assessment, the record of processing activities, the subjective role of third parties and data breach management[121].

The Group, having companies located in various EU and non-EU countries, complies with the provisions expressly set forth by local regulations on the protection of personal data. The Group has issued specific governance documents which provide clear instructions on the conduct that employees and collaborators must maintain to ensure the correct collection, use and protection of personal data in compliance with current national and international legislation and the principles that guide the Group, formalised in the Code of Ethics and the Internal Code of Conduct. These provisions are set out in the Guidelines on the protection of personal data of natural persons and in the Corporate Rules for the processing and protection of personal data of natural persons.

The Guidelines define the model for managing the compliance risk in terms of personal data protection of all natural persons with whom the Group interacts, including employees and collaborators, laying down the general principles and setting out the roles and responsibilities of the corporate bodies and structures involved, the macro-processes for monitoring and controlling the risk, as well as the Group's guidance and coordination model. Furthermore, they lay down the obligations required for the purposes of personal data processing and protection and establish the application of sanctions in the event of non-compliance with the provisions.
They are issued in compliance with external regulations, internal governance documents and in compliance with the provisions of the European Data Protection Board (EDPB), made up of representatives of the national supervisory authorities for personal data protection of the various European Member States. They apply to the Parent Company, its international branches and companies established in the European Union. The principles contained therein constitute a reference for the Group companies located outside the European Union. The Guidelines are generally reviewed on an annual basis and, before being approved by the Board of Directors, are subject to a concordance process involving the relevant corporate functions.

Pursuant to Art. 37 GDPR, the Board of Directors also appoints the Data Protection Officer who, in the fulfilment of his/her duties, is supported by the privacy function reporting to the Chief Compliance Officer Governance Area.

The following tasks are entrusted to the Data Protection Officer and the privacy function:
- monitoring and overseeing compliance with the GDPR;
- preliminary compliance check on new products, initiatives and services involving the processing of personal data;
- assessment of risks to the rights and freedoms of individuals when starting or changing any personal data processing activities (Privacy Impact Assessment) in accordance with Article 35 of the GDPR;
- assessment of the subjective privacy role played by Suppliers/Third Parties and preparation of the letter of appointment;
- management of customer requests regarding the exercise of the rights of the data subjects;
- management of replies to the Data Protection Authority and data subjects following reports or complaints lodged with the same Authority;
- guidance, coordination and control of the Group companies located in Italy and abroad (EU and non-EU);
- keeping and updating the Record of Processing Activities, as required by Article 30 of the GDPR, wherein all the personal data processing activities carried out are recorded. The Register shows the purposes of each processing, the data storage methods, the security measures applied and other information on the processing activities carried out;
- assessment of non-compliance events and personal data breaches;
- update of the list of third parties that process employee personal data;
- monitoring training courses on Privacy.

In line with the principles set forth by the Guidelines, the Corporate Rules for the processing and protection of personal data of natural persons detail the topics and provisions relating to the activities carried out by all authorised data processors, providing

[121] Data Breach refers to a 'breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data transmitted, stored or otherwise processed' (Art. 4, paragraph 12 GDPR)

precise operating instructions in order to comply with GDPR provisions. The Rules apply to the Parent Company, its international branches and the Group companies operating in Italy according to the centralised privacy governance model at the Parent Company.

The internal regulatory documents, including Guidelines and Rules, are published on a dedicated internal Group portal to which all employees and collaborators have access.

The privacy policy for employees has recently been restyled to ensure greater clarity and transparency, including through the use of specific graphics that facilitate its usability and ease of understanding. The document has been made available to all employees in a special reserved area. The document specifies that Intesa Sanpaolo processes personal data only for the purposes described and explicitly indicated in the same policy, made available to the data subjects, and that no processing is carried out for secondary purposes not explicitly indicated therein. When the contents of the privacy policy are updated, the document is sent to all employees and collaborators for their consultation.

Processes relating to the involvement of its employees and their representatives

The Code of Ethics defines the mechanisms for the adoption and governance aimed at integrating ethical principles and values into the corporate strategies, policies and procedures by sharing and disseminating the contents of the Code as widely as possible, and monitoring the related knowledge and awareness. Typically, employee involvement occurs indirectly and is guaranteed through trade union representation and governed by sector provisions and the industrial relations protocol.
In the privacy area, direct employee involvement is expected when entering into the employment contract, through the provision of the privacy policy by human resources and made available on the Group's internal portal. As required by the legislation and the Guidelines, the policy is drafted in a concise, transparent, intelligible, easily accessible form and with simple and clear language to communicate to the data subjects the necessary information to ensure correct and transparent data processing. When the contents of the privacy policy are updated, the document is sent to all employees and collaborators for their consultation and made available in the Group's internal portal.

Remediation processes for employees and their representatives and channels to submit complaints

In order to reduce risks and ensure full knowledge of the policies, the Group has issued specific Governance documents that provide clear instructions on the conduct that employees and collaborators must maintain to ensure the correct collection, use and protection of personal data, in compliance with current national and international legislation and the principles that guide the Group, formalised in the Code of Ethics and the Group's Internal Code of Conduct.
The Group has adopted a model for the management of critical events that defines the activities aimed at efficient incident management, requiring the involvement of different Functions depending on the nature of the specific case. In this scenario, the Data Protection Officer manages non-compliance events by providing assistance and collaboration to ensure the identification and implementation of actions to eliminate or mitigate the effects of the event. If the event constitutes a personal data breach, the Data Protection Officer is required to assess its impacts in terms of tangible risk for the rights and freedoms of natural persons, implementing the corporate processes defined by the Data Controller: if the risk is high, he/she notifies the Authority and, in the case of a particularly high risk, he/she also notifies the data subjects.

In 2023, the Guidelines on the protection of personal data of natural persons and the Corporate Rules for the processing and protection of personal data of natural persons were updated, outlining the management model for the compliance risk in the context of personal data protection, laying down the general principles and defining the roles and responsibilities of the Bodies and corporate structures involved. Furthermore, they lay down the obligations required for the purposes of personal data processing and protection and establish the application of sanctions in the event of non-compliance with the provisions.
Failure to comply with external or internal regulations on privacy protection by a data controller will result in the activation of a procedure aimed at verifying the actual unlawful conduct. In the event of ascertained and unjustified violations, the relevant Functions are always informed for the initiation of disciplinary proceedings which normally end with the imposition of one of the measures provided for by the Disciplinary Code against the defaulting individual.

In case of reports concerning privacy issues or requests to exercise rights, employees can contact the DPO, whose contact details are included both in the policy provided to all employees, and on the Group's institutional website, Privacy section, and in the specific internal process guides published on the internal portal.
Requests can be sent electronically (e-mail, certified e-mail) or in hard copy, and are treated with an adequate level of confidentiality and protection of the data of the data subjects who use them. The monitoring of the receipt of requests falls under the responsibility of the privacy function, which manages the reports and requests received and guarantees their timely processing according to the terms laid down by the legislation.

As part of the integrated internal control system, the Control Functions carry out checks with diversified depth and frequency, relating to the compliance of the activities with the regulatory requirements on personal data protection and the correct implementation of the measures issued by the Data Protection Authority on these issues. The outcomes are reported to the Board of Directors.
In this context, the Chief Audit Officer carries out periodic control activities defined not only on the basis of specific regulatory obligations in the matter (audits conducted annually), but also from a risk-based perspective, also taking into account the findings reported by other corporate control functions.
Generally speaking, the independent checks of the Internal Audit are aimed at ascertaining the completeness, adequacy and functionality of the management model for the compliance risk in terms of data protection, reporting any irregularities relating to personal data processing to the competent corporate structures, to the DPO and reporting to the Board of Directors. The DPO, in compliance with the GDPR and the Guidelines, is tasked with preparing a report, at least annually, to report to the Board of Directors any data protection issues of particular importance. This commitment allows, through the adoption of appropriate measures, for the mitigation of reputational and non-compliance risks in the processing of personal data, also with respect to the

lawfulness and fairness of the processing, the purpose of the processing and its relevance, and the completeness and non-excessive nature of the data collected.

Objectives relating to the privacy of the Group's people

As mentioned in the previous sections, in addition to reporting targets on employment protection and industrial relations, diversity, equity and inclusion and training and development, the Group highlights a series of policies and actions to protect its own employees on issues relating to the Privacy of the Group's people (for example, Code of Ethics, Internal Code of Conduct, GDPR, awareness-raising activities, etc.).
In this context, the measures put in place by the Bank make it possible to monitor and address these issues on an ongoing basis, allowing the objectives set to be achieved even without a precise definition of quantitative and measurable targets in a limited time horizon.

Actions relating to the privacy of the Group’s people

As already mentioned, the Data Protection Officer monitors the compliance risk according to a risk-based approach by ensuring the application of the principles of Privacy by Design aimed at determining from the outset the personal data protection rationale through the identification of potential risks for the rights and freedoms of the data subjects and the technical and suitable organisational measures for mitigating such risks, and the performance of a privacy impact assessment for the evaluation of the impact on data protection before proceeding with one or more processing activities that may present a high risk for the rights and freedoms of natural persons.

In 2024, awareness-raising activities targeted at the Group's employees and relating to data protection issues continued. This awareness is achieved through the provision of mandatory training e-learning courses which include a final test and the provision of new modules to allow personnel to learn the legislation in practice and to continuously update their knowledge. The Group, through specific tools, monitors course participation and pass rates of the related tests. For further information on mandatory training, see the “Training and Development” section.

ESRS S2 – Workers in the value chain

Materiality assessment of impacts, risks and opportunities

As explained in the chapter "ESRS2 – General disclosures: Double materiality assessment", the Group carried out a double materiality assessment of the main material sustainability matters, from the dual perspective of:

- impact materiality, which considers, from an inside-out perspective, impacts connected with own operations and with the upstream and downstream value chain that are relevant to the Group, including both actual and potential positive and negative impacts;
- financial materiality, which considers, from an outside-in perspective, sustainability topics that give rise to:
  - risks affecting, or potentially affecting, the development of the undertaking, its financial position, performance and cash flows, access to finance or cost of capital in the short, medium or long term;
  - opportunities that have, or may predictably have, a material financial impact on the Group in the short, medium or long term.

Impacts, risks and opportunities within the scope of ESRS S2 – Workers in the value chain were identified taking into consideration the specific features of the Group. In particular, the mapping of such impacts, risks and opportunities was carried out on the basis of the context in which the Group defines and implements its business activities and relations (for example, internal Guidelines on environmental and energy policy, Group Guidelines for the Governance of Environmental, Social and Governance (ESG) risks), of the measures/actions implemented by the Group to contribute to the protection of workers' rights in the upstream and downstream value chain.

The types of value chain workers considered to be subject to material impacts, risks and opportunities include employees of the company being financed or in which the Group invests, workers employed in the supply chain, temporary or flexible staff and outsourced resources. These groups of people can be significantly affected by direct business operations and decisions made.

For the purposes of impact materiality, the assessment of the impacts identified involved interviews with competent internal units and an in-depth qualitative and quantitative analysis based on the criteria envisaged by relevant legislation (namely, scale, scope, irremediable character of the impact and likelihood). Specifically, with reference to:

- upstream value chain: the impact assessment involved ESG questionnaires administered to Group suppliers and an analysis of their feedback;
- downstream value chain: an analysis was carried out on the indirect impacts conveyed through the exposures on the Group's portfolios and concerning in particular the workforce of counterparties/companies belonging to sectors/countries with a high impact from the point of view of the recognition/protection of workers' rights. In addition, relevant investment/lending criteria and strategies were taken into account by Intesa Sanpaolo in assessing the counterparties.

Following the impact materiality analysis, the following outcomes emerged: negative indirect material impacts were identified with reference to the downstream value chain. Specifically, the materiality is linked to exposures, within the Intesa Sanpaolo Group portfolio, towards counterparties belonging to sectors that may contribute negatively to the issue of working conditions (adequate wages, social dialogue, freedom of association, existence of works councils and rights to information, consultation and participation of workers, collective bargaining, work-life balance, health and safety).

For the purposes of the financial materiality assessment, the materiality of risks and opportunities was assessed using a dual, quantitative and qualitative approach applied to the scopes identified. In identifying risks and opportunities that have or could have financial impacts, the Group also considers all dependencies thereof on the identified impacts. For example, a negative impact related to lending/investment in sectors/countries that are potentially more exposed to risks related to the protection of their employees' rights could lead to a credit/market risk arising from the portfolios to which the Group is exposed given the high concentration in these sectors/countries.

With reference to risks, the following assessments were made for the different scopes of reference identified:

- upstream value chain: the reputational risk to which the Group is potentially exposed was primarily assessed, in the event whereby it retains suppliers who adopt less structured measures with respect to this issue (for example, limitations on the renewal of employees' fixed-term contracts, inadequate preparation of company welfare/benefit systems);
- downstream value chain: credit risk and market risk related to detailed issues (for example: adequate wages, collective bargaining) were assessed. This would also give rise to reputational risk.

Following the analyses conducted for the purposes of financial materiality, the associated credit and reputational risks were identified as material, with reference to workers in the downstream value chain, specifically with regard to the adequacy of wages, social dialogue, freedom of association, including trade unions, work-life balance, health and safety. Reputational risks are also material with reference to the upstream value chain, with regard to salary adequacy and social dialogue, and freedom of association, including trade unions.

Based on the financial materiality analyses carried out and in consideration of the Group's business, no specific opportunities were identified with reference to the standard in question.

Management of sustainability matters related to workers in the supply chain

The Group's commitment to supply chain workers' rights

In line with its corporate strategies and objectives, the ISP Group establishes relations with suppliers aimed at safeguarding the principles of ethical, social and environmental responsibility and favours business relationships based on trust and transparency.
The Group's commitment is formalised in the Code of Ethics, which incorporates the Human Rights Principles that inspire the Group. This commitment is in line with the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, other fundamental labour conventions, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises. Furthermore, the Group is a member of the UN Global Compact.
With reference to the Code of Ethics, the following principles were identified, which must be observed during the processes applied to govern the Group's procurement activities, with a view to transparency and fairness in the selection of suppliers and in the performance of the sourcing process:
- non-discrimination on the basis of gender, gender identity and/or expression, emotional-sexual orientation, marital status and family situation, age, ethnicity, religious belief, political and trade union affiliation, socio-economic status, nationality, language, cultural background, physical and mental condition or any other characteristic of a person, including those related to the expression of their thoughts;
- right to health and safety by avoiding business relations with suppliers involved in violations of applicable regulations;
- combating forms of child and forced labour, avoiding business relationships with suppliers involved in violations of this principle.

The Group, operating in line with the UN Guiding Principles on Business and Human Rights, is committed to ensuring respect for human rights also with reference to workers along the supply chain, as well as to identifying, reducing and, where possible, avoiding any negative repercussions of its activities on them.
The Group's Human Rights Principles therefore recognise the responsibility to verify, during the selection phase, that suppliers and sub-suppliers:
- base their activities on social and environmental sustainability;
- adopt the necessary measures and tools to minimise the possible negative impacts caused by their activity;
- guide their policies towards respect for human and workers' rights and environmental protection.

Policies relating to workers in the supply chain

The Group defined internal procurement guidelines that apply to all companies, with the aim of defining the roles and responsibilities of the Corporate Bodies and structures of the Bank and the Group companies in the procurement management process, as well as the principles and macro-processes to be observed during all management phases for the purchases of goods and services, in compliance with:
- the principles of the Code of Ethics referred to above and the provisions of the “Group Internal Code of Conduct”;
- compliance with current guidelines on environmental, social and governance sustainability to ensure respect for the environment, human rights, working conditions and business ethics throughout the supply chain, also by evaluating specific local features;
- compliance with the regulations on health and safety in the workplace, including in relation to the risks to which service providers and suppliers in general who operate in premises available to a Group company are exposed.

Responsibility for approving these guidelines lies with the Board of Directors of Intesa Sanpaolo in its capacity as parent company. The structure responsible for their implementation is the Chief Cost Management Officer Governance Area.

The internal procurement regulations also describe the operating rules that must be applied to the procurement process for centralised classified purchases[122]. The main criteria underlying the procurement strategy concern first and foremost:
- transparency and tracking of the entire procurement process;
- formalisation of the agreement in compliance with the Group's standard regulatory conditions;
- attention in relations with third parties to the monitoring of operational risks, compliance with the Group's general guidelines on reputation and governance of environmental and social risks, as well as the overall sustainability of the choices adopted.

With reference to this last point, the supplier's choice must take into due consideration, in addition to its specialisation in the required product area and its economic/financial solidity, also its reputational and sustainability profile (ESG).

For the autonomous spending categories, the structures of the Parent Company and the Group companies are required to adhere to the general principles listed above and to adopt similar methodologies and operating standards to those provided for by the Group procurement guidelines; they are also required to operate in compliance with the guidelines in force within the Group on social and environmental sustainability.

In order to be included in the Group's Suppliers List, suppliers are subject to an initial due diligence that evaluates their economic/financial and reputational solidity and their propensity for social responsibility matters, through the compilation of specific questionnaires, determining the attribution of an overall score and a consequent qualification status. The overall score is therefore also influenced by sustainability matters. In particular, the ESG questionnaire is mandatory for all new suppliers; from the time of the supplier's qualification, the monitoring phase begins which, through a daily interface of a series of Group internal

[122] The Group's procurement model is divided into two models: (i) in the "centralised procurement" model, the designated head office structure carries out procurement activities directly for the Group entities or provides them with assistance, and (ii) in the "autonomous procurement" model, the Group entities carry out procurement activities independently, according to their own processes, in relation to the product categories not covered by the "centralised procurement" model. The principles and rules defined in the internal procurement regulations apply to both models.

and external input sources, detects any variations for better or worse of the qualification indicators, thereby updating the overall score and the qualification status.
The main policies that each supplier listed in the Group Register must adopt regarding workers' rights and human rights are disclosed within the Supplier Portal. The general approach to respecting these rights is based on the recognition of fundamental values from the very beginning of the contractual relationship. Suppliers listed in the Supplier Portal operating with the Intesa Sanpaolo Group must therefore declare that they have read the Code of Ethics, the Group's Internal Code of Conduct, the Anti-Corruption Guidelines, the Disclosure on the Diversity, Equity and Inclusion Principles, the Organisational, Management and Control Model and the General Supply Terms and Conditions. In the latter, particular attention is paid to compliance with labour law, immigration laws, adequate economic, salary, regulatory, social security and insurance treatment and workplace safety regulations, both with respect to its own workers and the personnel of any subcontractors. At the start of the relationship and upon each subsequent appointment, the General Supply Terms and Conditions are resubmitted for signature purposes. Violation of the above principles constitutes grounds for termination of the contract.
The disclosure of these principles to the entire supply chain falls under the responsibility of the suppliers in charge of the contract who, by signing the General Supply Terms and Conditions, take responsibility for ensuring that their employees and any subcontractors comply with the regulations and any reference principles.

As of 2025, a Procurement Code of Conduct will also be adopted, to be disclosed to all suppliers listed in the Group's Supplier Register, with a commitment to disclosing it in turn to all workers and ensure acceptance of the code by all suppliers with an impact on “green” and “social” categories by 2028.

Involvement and remediation processes

Given the type of goods and services purchased by the Intesa Sanpaolo Group, direct contact with individual workers is sporadic. Consequently, their involvement occurs indirectly through representatives, selected from time to time based on the type of service purchased and the complexity and size of the supplier company.
The contractual clauses establish that each party must appoint its own Operational Representative, who will be the only authorised interlocutor for the management of relations pertaining to the fulfilment of the contract.

With regard to the services purchased by the Bank, the assessment of the correct application of contracts regarding respect for workers' rights is provided for in specific contractual clauses, which entail the possibility of carrying out spot checks on the regular payment of wages, contributions and taxes, including, for example, the verification of the payment of wages and mandatory contributions by the supplier. For suppliers with registered offices in Italy and qualified in the Group Supplier Portal, the document certifying the regular payment of workers' social security and welfare contributions is constantly monitored.
Attention is paid to all workers in the supply chain, including the most vulnerable categories. The contractual clauses therefore provide for the appointment of a supplier health and safety representative, who is responsible for ensuring compliance with health and safety regulations, coordination with the Group and informing the personnel involved of any risks existing in the environment in which they will operate and of the procedures and regulations in force therein. The Standard Supply General Terms and Conditions also require the supplier to guarantee that the contractual activities are carried out in compliance with the accessibility requirements for websites and mobile applications laid down by the applicable regulations. Accessibility refers to the ability of information systems to provide services and information that can be used, without discrimination, even by those who, due to disabilities, require assistive technologies or special configurations.

In light of the monitoring activities of the qualification indicators of the suppliers listed in the Group Supplier Register, negative events may be detected which are associated with a risk level that may influence the supplier's final score to the point of making it no longer usable. Based on the severity of the cases, the remedial actions to be adopted are defined, which may lead to the termination of the contract. Where the information collected is deemed to be an obstacle to the start of a collaboration relationship, new engagements and/or the maintenance of existing relationships, the supplier will be placed on a blacklist, making it no longer eligible for engagement.

The Group provides its suppliers, including their workers, with various channels and internal procedures that can be used to collect, analyse and address reports of alleged incidents of non-compliance in relation to workers' rights, including those laid down by the Human Rights Principles adopted by the Group, as described in the above paragraphs. No cases of serious human rights incidents were identified in relation to these channels and procedures.

The afore-mentioned reporting channels, including the Code of Ethics inbox and the whistleblowing channel guarantee confidentiality and absence of retaliation to the whistleblower. As previously reported, suppliers listed in the Supplier Portal are required to read the Group's Code of Ethics and disseminate its principles to the entire supply chain, including their own workers.
For further information on the Code of Ethics reporting channel and the whistleblowing procedure, reference is made to the paragraphs “Corporate Culture” and “Protection of Whistleblowers” in the ESRS G1 – Business Conduct chapter .

Objectives and actions relating to the workers in the supply chain

During the year, the mapping of social, environmental and governance sustainability continued with the aim of strengthening the assessment and selection criteria of the best suppliers.
The actions put in place by the Group within its supply chain are aimed, for example, at preventing the negative impact generated by the potential exposure to suppliers who are more exposed to risks pertaining to the protection of their employees' rights.
Starting from 2023, an internal company platform (Qualification Portal 2.0) was set up for managing the qualification process and monitoring of suppliers listed in the Group's Supplier Register. This application allows to automate the collection of all the necessary information for the initial due diligence and subsequent monitoring of the counterparty, focusing the control activities on the most critical aspects. It also allows to evaluate suppliers on aspects concerning business ethics, respect for human rights, workers' rights and the environment, based on the declarations submitted when filling out specific questionnaires and/or on the possession of certain certifications.

Based on the information collected, an ESG score is assigned that expresses the supplier's quality on sustainability issues and can influence the choice of the best suppliers in relation to specific procurement requirements, including from a risk-based perspective. It follows that, in relation to specific product categories with a greater environmental or social impact, suppliers who fail to comply with the minimum requirements can be excluded from tenders.

In 2024, a total of over 2,400 criticality reports were analysed (attributable to approximately 13% of the suppliers qualified in the Register), in order to prevent the selection of suppliers not in line with the company's principles. Of these, approximately 240 were assessed as high risk and approximately 50 as medium risk, resulting in a reduction in the overall score. Following the critical issues identified, over 30 suppliers were blacklisted; this also includes counterparties who failed to provide the requested documents and/or who did not fill out the requested questionnaires.
In addition, approximately 23,800 compliance checks were conducted on documents uploaded to the Supplier Portal, including the document certifying the regular payment of tax and social security contributions. Suppliers showing irregular profiles are subject to a 30% reduction in their overall score for the entire duration of this condition and may consequently suffer limitations in the assignment of new contracts. The Group also launched a specific check on the regularity and correct updating of the ESG certifications uploaded to the Supplier Portal.
In line with the objective of achieving a complete measurement of the environmental and social sustainability of all active suppliers listed in the Group's Supplier Register by 2025, direct actions were launched during 2024 to encourage as many suppliers as possible to complete the ESG questionnaire. At the end of 2024, the ESG mapping coverage was overall 86% of the number of qualified and engaged suppliers.

As regards the commitment of the Chief Cost Management Officer Governance Area to pursue economic development through sustainable procurement, it is standard practice to launch competitive tenders through the Supplier Portal to assign new contracts with a high workforce impact; this allows to identify the target reference price, excluding the application of unfair rates, to offer each participant the same opportunities to participate and to ensure the traceability of the entire process. In certain contexts, the service specifications being tendered may refer to the rates of the relevant collective bargaining agreement.
The Chief Cost Management Officer Governance Area contributes to the input of the Risk Appetite Framework (RAF) for risks on supply relations: for example, supplies assigned to suppliers with a high-risk credit rating or at risk of default and suppliers for which the share of procurement is greater than 60% are identified. These indicators are constantly monitored and reported quarterly to the Risks and Sustainability Committee. With regard to the Group's exposure with reference to the social dimension, the RAF highlights an early warning threshold in relation to the Group’s exposure towards sectors characterised by significant issues, especially with regard to the social dimension, in line with the ESG sectoral strategy of associated credit disincentives.

At the end of 2024, a new element was gradually introduced into supply chain assessment practices: for all suppliers who are also Intesa Sanpaolo Group customers and who have been assigned a counterparty ESG score, the sustainability assessment carried out as part of the qualification processes was replaced in order to enhance the outcomes of this score during the selection phase. For further information on the counterparty's ESG score, reference is made to the following paragraph on Management of sustainability matters relating to employees of portfolio companies, as well as to the paragraph Strategy to combat climate change at portfolio level in the ESRS E1 – Climate Change Chapter.

In order to implement the Group's commitment within the scope of its supply chain and the workers involved in it, and to achieve the set objectives, the following main actions are planned for 2025:
- provision to suppliers of specific webinars related to supply chain employees;
- adoption of a Procurement Code of Conduct to be disclosed to all suppliers listed in the Group Supplier Register, with a commitment to disclosing it in turn to all workers;
- completion of mapping of all suppliers from an ESG perspective, identifying any suppliers that deviate from the model or that present critical aspects;
- definition of mitigation and support actions for the most critical categories from a social perspective.

Management of sustainability matters related to workers of portfolio companies

Policies and processes related to workers of portfolio companies

The Group takes into account the ESG risks associated with the activities of corporate customers and pays particular attention to the in-depth analysis of sustainability matters connected to the credit granting process. To this end, general exclusion criteria have been established in order to prevent the financing of activities and/or projects with particularly significant social impacts. Specifically, the Group undertakes not to finance companies and projects if, at the time of the assessment of the transaction, they are located in areas of active armed conflict, or if evidence emerges, such as penalties, legal proceedings and judgements, relating to human rights violations and forced or child labour practices. In formulating the internal guidelines on ESG risks, reference is made to the principles defined by international best practices and to the developments promoted and expressed by regulators and supervisory authorities at European and international level. In particular, inspiration is drawn from initiatives aimed at promoting the best sustainability practices in the banking sector which the Group has adhered to, including UN Global Compact, UN Environment Programme Finance Initiative (UNEP FI), UN Principles for Responsible Banking, UN Principles for Responsible Investment, UNEP FI Principles for Sustainable Insurance, and Equator Principles (EPs).

The Chief Risk Officer (CRO) Governance Area develops and maintains, in conjunction with other relevant structures, the Guidelines for the Governance of Environmental, Social and Governance (ESG) Risks and the related implementing rules and is responsible for the design, development and maintenance of the internal system for the management and assessment of the Group's reputational and ESG risks. For further information on these Guidelines, reference is made to the section Strategy to combat climate change at portfolio level in the ESRS E1 – Climate Change chapter.

The Group recognises the risk associated with investment, financing and lending services to customers in sectors that present higher social risks in their operations and/or supply chains and accordingly promotes thematic and impact investments through which it can play an active role in helping to mitigate social issues such as economic and social inequalities. Therefore, as emerged from the double materiality analysis, a negative impact linked to financing/investment in potentially less virtuous sectors/countries with regard to the protection of their employees' rights could entail a credit/market risk given the high concentration towards such sectors/countries. In addition to issuing the Group's internal regulations for the governance of environmental, social and governance (ESG) risks, an ESG score was introduced which also aims to evaluate the social profile of corporate customers[123] (including labour management and standards, health and safety at work, policies for the inclusion and enhancement of diversity and human capital development) and a dedicated ESG & Reputational Risk Clearing process was set up to assess these risks. For further information on the Risk Clearing process, reference is made to the ESRS E1 – Climate Change chapter.

Given the context, positioning and operations of the Intesa Sanpaolo Group as one of the leading Italian and European financial institutions, it is currently difficult to structure and apply a dedicated process for the direct involvement of workers employed at the companies in the Group's portfolios, or to provide them with specific reporting channels through which they can communicate to the Intesa Sanpaolo Group their concerns and any negative impacts suffered, as required by ESRS standards.

Currently, the engagement and remediation methods on sustainability matters related to the workers of such companies can be conducted by the Group through dialogue with the counterparty included in the portfolio. In particular, the risk measurement and monitoring activities conducted by the CRO Governance Area can be considered forms of remediation of negative impacts suffered by workers in the downstream value chain.

Objectives and actions related to the workers of portfolio companies

The Group conducts activities and initiatives to support and monitor ESG issues, particularly social ones, which may include (with direct or indirect impacts) also the employees of its portfolio companies, paying particular attention to sustainability matters related to sectors that are sensitive to ESG and/or reputational risks. These projects are also conducted without the definition of quantitative objectives relating to the management of impacts and risks inherent to the workers of the portfolio companies, mainly due to the limited availability of quantitative information that allows to measure the effectiveness of one's actions. Likewise, it is complex to establish specific actions to support workers in the portfolio companies, with relative detailed indication of (i) qualitative and quantitative monitoring of the effectiveness of such actions and (ii) the quantification of specific resources dedicated to these issues.

[123] At the end of December 2024, the ESG score covers approximately 249 thousand Intesa Sanpaolo corporate customers.

ESRS S3 – Affected communities

Materiality assessment of impacts, risks and opportunities

As explained in the chapter "ESRS2 – General disclosures: Double materiality assessment", the Group carried out a double materiality assessment of the main material sustainability matters, from the dual perspective of:

- impact materiality, which considers, from an inside-out perspective, impacts connected with own operations and with the upstream and downstream value chain that are relevant to the Group, including both actual and potential positive and negative impacts;
- financial materiality, which considers, from an outside-in perspective, sustainability topics that give rise to:
  - risks affecting, or potentially affecting, the development of the undertaking, its financial position, performance and cash flows, access to finance or cost of capital in the short, medium or long term;
  - opportunities that have, or may predictably have, a material financial impact on the Group in the short, medium or long term.

The impacts, risks and opportunities within ESRS S3 – Affected communities were identified taking into consideration the specific features of the Group. In particular, the mapping of such impacts, risks and opportunities was carried out on the basis of a process of analysis of the initiatives implemented by the Group to support, protect and enhance the local Community of the territory in which it resides and of the programmes and safeguards put in place in order to minimise the negative impacts connected to the issue in question, with reference to its own operations and to the upstream and downstream value chain, in addition to an assessment of the risks linked to the aspects of the local Community of the territory to which the Group could be exposed.
The communities analysed mainly include companies in the social fabric in which the Group conducts its business activities, as well as the communities of people affected by the Group's main activities.

For the purposes of impact materiality, the assessment of the impacts identified involved interviews with internal units and external stakeholders and an in-depth qualitative and quantitative analysis based on the criteria envisaged by relevant legislation (namely, scale, scope, irremediable character of the impact and likelihood). Specifically, with reference to:

- own operations: the impact assessment was carried out on the basis of qualitative drivers linked, among others, to the presence of initiatives intended to support communities through the protection/enhancement of the territory in which they reside;
- upstream value chain: an analysis of the Group's business context and the categories of suppliers used by the Group was carried out;
- downstream value chain: the assessment focused on indirect impacts arising through exposures in the Group's portfolios, in order to take into consideration exposures to counterparties belonging to high-impact industries on the local communities.

The impact materiality analysis revealed the following outcomes with respect to the above scopes:

- own operations: significant positive impacts were identified linked to the presence of initiatives intended to support communities (in particular, in the area of adequate housing and adequate food), through the protection and enhancement of the territory in which they reside (so-called impacts linked to the territory, for example: initiatives relating to educational inclusion, youth employability, protection of cultural rights, social inclusion and cohesion, fundraising initiatives also through crowdfunding, initiatives to promote the country's cultural heritage, etc.).
- upstream value chain: considering the Group's operations and type of business, which focuses mainly on financial activities and services, no material impacts of the Group conveyed through the supply chain emerged;
- downstream value chain: significant negative impacts emerged (impacts related to security and in the area of indigenous peoples' rights) attributable to exposures, within the Group's portfolio, to counterparties belonging to sectors that may have a negative impact on the reference topic.

For the purposes of the financial materiality assessment, the materiality of risks and opportunities was assessed using a dual, quantitative and qualitative approach applied to the scopes identified.
With reference to risks, the following assessments were made for the different scopes of reference identified with regards to:

- own operations: in consideration of the specific features of the Group's core business and following interviews with the competent organisational units, no risks in relation to the topic in question were found;
- upstream value chain: in view of the specific features of the Group suppliers' business and following in-depth discussions with the dedicated structures, no risks were identified in relation to this issue;
- downstream value chain: credit risk and market risk with respect to indigenous peoples' rights and community safety impacts were assessed. This would also give rise to reputational risk.

From the analyses conducted, for the purposes of financial materiality, with reference to the downstream value chain, the credit risk was found to be material due to the Group's credit exposure to counterparties belonging to sectors that may contribute negatively on specific aspects such as impacts related to community safety and indigenous peoples' rights. As a result, the reputational risk arising from the negative impact of such credit risk on the Group's image was found to be material.

Finally, for the purposes of assessing the financial materiality of the opportunities, with reference to the scope of own operations, in-depth analyses were carried out with the dedicated structures and the presence of initiatives and KPIs in the Group's Business Plan relating to activities intended to support the community and the local territory was verified.

Following the analysis carried out, from a financial materiality perspective, with reference to the scope of own operations, material opportunities emerged linked to the improvement of brand reputation for initiatives connected to the topic of adequate housing and to the increase in stakeholder trust with regard to the topics of adequate food and impacts linked to the local territory (for example: initiatives to support young people, minors and vulnerable people to combat educational poverty and support social mobility, promotion of youth employability, female entrepreneurship, social inclusion projects, support for people in difficulty through facilitated access to public/private healthcare).
The Group's attention to community interests is reflected in the importance given to community social needs within the corporate strategy and the 2022-2025 Business Plan. In this sense, the Group defined objectives to support communities, to address their social needs, combat inequalities and promote their social, educational and cultural inclusion. The essential rights of every citizen, such as the availability of food and housing, access to care and medicines, and educational opportunities, including financial ones, are supported by the Group through an extensive policy of investments in the community. The local initiatives have the dual objective of generating a positive impact, responding to the needs of stakeholders, and pursuing material opportunities with a view to positioning itself among the leading global companies in terms of social impact, including through collaborations with non-profit sector entities.

Communities affected by own operations

Policies and processes relating to the communities affected by own operations

The Group's commitment to community rights

The Group places great importance on projects that promote growth and social, educational, cultural and civic inclusion in the communities where it operates, thereby contributing to the development of more innovative and inclusive societies. Support for groups of disadvantaged people, young people, the community and the territory, together with the promotion of Italy's artistic, cultural and natural heritage, are fundamental elements deeply rooted in the Group's history and operating practices.
The latter extends its commitment to human rights also within the communities, in particular with respect to the selection of beneficiary entities and the contributions that it intends to disburse and by promoting listening and dialogue with civil society. The formalisation of its commitment is contained within the Code of Ethics, which also integrates the Principles on human rights that inspire the Group, in alignment with the UN Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, ILO Declaration on Fundamental Principles and Rights at Work and other fundamental Conventions on labour matters. The Group is also a member of the UN Global Compact.

In this sense, the Code of Ethics is the reference regulatory instrument with reference to relations with the local communities. In particular, the Code of Ethics and its principles are connected to the impacts and opportunities considered material for the Group, and more precisely to the issues of "Adequate Housing", "Adequate Food" and "Impacts on the territory". The principles recalled therein refer to the fulfilment of the material and cultural needs of the community and guide the Group's relations with local communities with respect to the following macro-areas:

- support to the non-profit sector for a fair and cohesive development of society, committing to supporting social enterprises and non-profit organisations through partnerships, promoting networks of social enterprises and creating replicable intervention models to promote inclusion and service to communities;
- support to communities and their material and cultural needs through donations, sponsorships and partnerships, ensuring consistency with the reference values and corporate strategies, and enhancing the historical, artistic, cultural and natural heritage;
- promotion of local economies and strong roots in Italy and abroad, effectively supporting the territory, combining economic results and respect for local values, supporting small and medium-sized enterprises and promoting initiatives with high social and environmental value.

The principles of the Code of Ethics apply to the activities of the Intesa Sanpaolo Group and concern all interventions dedicated to local communities, disadvantaged people, young people, the community and the territory as well as relations with social enterprises and non-profit organisations (NPOs) - such as Volunteer Associations, Social Promotion Associations (APS), Foundations and Consortia - through co-planning and partnership activities aimed at activating projects and initiatives in favour of the territories and the community. For further information on the application of the Code of Ethics and its alignment with the main existing national and international guidelines on corporate social responsibility, reference is made to the paragraph “Policies, objectives and actions relating to corporate culture” in the ESRS G1 – Business Conduct chapter.

Social impact on the community

In implementing the general principles and values described above, the Intesa Sanpaolo Group plays an active role in supporting the local territories and communities in which it operates, through multiple tools, initiatives and programmes.

The Articles of Association of the Parent Company Intesa Sanpaolo provide for the option to allocate a portion of distributable profits to charity, through the establishment of a special fund, called the "Allowance for charitable, social and cultural contributions" (hereinafter, "Charity Allowance"), which is headed by the Bank's Presidency.

Furthermore, the Articles of Association grant to the Board of Directors of Intesa Sanpaolo, among other things, the power to intervene with donations within the framework of an annual plan of interventions to support worthy initiatives, in the event of emergency events or to support specific situations in the local territory. In accordance with the relevant clauses of the Articles of Association, the Board of Directors ensures the coordination of such disbursements, approving the general regulation thereof, also in accordance with the Group's attention and responsibility towards environmental, social and governance issues. The Board of Directors, with the support of the Risks and Sustainability Committee, also defines the general criteria and lines of intervention for charitable donations and performs all strategic supervision duties.

The disbursements in support of these initiatives extend both to the Italian territory and to the foreign countries in which the Group operates. Donations are intended for non-profit organisations, including religious and non-commercial public entities.

Intesa Sanpaolo, with the aim of positioning itself among the world leaders in terms of social impact, implemented its organisational structure to strengthen its intervention strategy in favour of the country, local territories and communities and set up new Governance Areas to consolidate ESG activities and strengthen the ESG strategic direction. Within the new Chief Sustainability Officer Area, the Chief Social Impact Officer Governance Area, set up in April 2024, oversees, through Intesa Sanpaolo for Social Impact, the direction, governance and implementation of the Social Impact initiatives and projects carried out by the Group, ensuring the relationship with the main stakeholders and social players in coordination with the competent Group functions.
In this context, the Social Action Plan was developed, which, starting from the social ambition, identifies the lines of action conducive to the achievement of the Group's social objectives. Its definition is based on the analysis of the social context, current and latent needs, risks and emerging trends, and a set of social challenges identified also through ongoing dialogue and mutual exchange with the relevant social stakeholders. Intesa Sanpaolo for Social Impact, in line with the Group's objectives, defined the following 4 lines of action, called "Social Routes":
- combating material, financial and educational poverty and promoting access to employment;
- supporting access to health, care and treatment;
- promoting social integration, local development, the enhancement of unused assets and spaces and social housing;
- developing new social projects with public institutions and social players, transferring replicable and scalable skills.

The Social Action Plan, thanks to the 4 lines of action mentioned above, represents a plan of interventions in response to the impacts and opportunities considered material for the Group, with particular reference to the issues of "adequate housing", "adequate food" and "impacts on the territory". The Plan's action areas concern multiple stakeholders and beneficiaries, including young people and minors, women, people in poverty, seniors, vulnerable people, communities, immigrants and refugees, and involve public institutions and various social players, including non-profit organisations. The responsibility for defining the Social Action Plan is entrusted to Intesa Sanpaolo for Social Impact, the structure responsible for the strategic supervision of the Group's social activities, which promotes initiatives in favour of the territories and local communities with particular attention to combating poverty and inequalities and defining strategies to support inclusive education and the employability of young people and individuals. Intesa Sanpaolo for Social Impact also pursues the aim of spreading the social culture, ensuring the supervision and general direction of the impact finance governance process, coordinating the Group's commitment in the area of social housing, managing institutional relations with the players involved and implementing specific projects aimed at strengthening the Group's leadership position in terms of social responsibility. In support of the implementation of the Social Action Plan, the Group set up the Intesa Sanpaolo for Social Impact Observatory, whose task is to analyse and monitor the main current and emerging social scenarios, trends and needs, also in order to guide the Bank's social action. The Social Action Plan and the resulting initiatives are subject to a dedicated enhancement and communication strategy through a multi-channel dissemination of the social culture inside and outside the Group, through a dedicated section of the website, social media, events and communication platforms of the partner network.

Charity Allowance

The Charity Allowance aims to contribute to the achievement of the social objectives of the Intesa Sanpaolo Business Plan, providing support to the most vulnerable people also with a view to contributing to the achievement of the UN Sustainable Development Goals (SDGs) set by the UN 2030 Agenda for Sustainable Development.

The Charity Allowance operates on the basis of a Regulation and Guidelines. The Regulation, approved and issued in 2016 by the Board of Directors of Intesa Sanpaolo, governs the management of the Charity Allowance and defines the mechanisms for the selection of entities and projects, according to the principle of separating charitable initiatives from the pursuit of business interests. Only non-profit organisations, not involved in known legal disputes, in matters concerning organised crime and the failure to respect human rights, peaceful coexistence and environmental protection and whose reference values are consistent with those set forth in the Group's Code of Ethics, may access the resources of the Charity Allowance. The Regulation also excludes the following from the category of beneficiaries: private citizens; political parties, political movements and their organisational branches; trade unions and employers' organisations; regions, provinces and municipalities, except for specific initiatives of particular social, cultural or scientific significance.

With regard to the requests, only projects with a clear social impact are evaluated and the ability to achieve the declared objectives is reviewed through the analysis of the proposing entity's track record. Priority is given to requests with the best project structure, with the most significant results and social impact and with a more careful and effective use of resources.
Donations can be of different amounts and, depending on their purpose, are divided into two types:
- local donations, up to a maximum of 5 thousand euro, managed in a decentralised manner by the Banca dei Territori Division and provided to support small projects with a direct local impact, expressions of the community to which they belong;
- central donations, of an amount greater than 5 thousand euro, managed centrally by the Chair's Technical Secretariat and granted to medium-large projects, with a significant social impact.

The Guidelines identify the high-level strategic objectives and priorities that are intended to be pursued and define the thematic directions. They also identify some issues considered to be of particular importance and urgency with respect to current socio-economic problems, which are allocated a significant share (equal to at least 25%) of the resources that can be disbursed annually. The Guidelines are renewed every two years and are submitted to the Board of Directors for approval.
The Guidelines for the two-year period 2023-2024 were drafted after a careful analysis of the national and international context and the consultation of numerous information sources produced by the World Bank, FAO, ILO, Eurostat, OECD, ISTAT, Censis, Miur and specialist publications of accredited non-profit sector entities. Furthermore, a stakeholder engagement activity was

carried out, which gave rise to three round tables with specialised non-profit sector entities. These meetings made it possible to refine the drafting of the document.

The Board of Directors periodically checks the use of the allocated resources and the convergence of the planned initiatives with the objectives undertaken. The selection of projects falls under the responsibility of the Chair of the Board of Directors (upon the proposal of the Chair's Technical Secretariat), following consultation with the Managing Director, for all initiatives exceeding 5 thousand euro and up to 300 thousand euro, while the Board of Directors approves initiatives exceeding 300 thousand euro. Finally, the Chair of the Board of Directors is responsible for monitoring all supported initiatives. Each year, the Annual Plan of usable resources is also submitted to the Board of Directors, which is subsequently approved by the Shareholders' Meeting. Part of the Plan's resources is allocated to the Banca dei Territori to support initiatives that are the expression of local communities and for an amount not exceeding 5 thousand euro each.
The share of resources allocated to the Banca dei Territori, following the approval of the Plan by the Board of Directors and ratification by the Shareholders' Meeting, is assigned for direct management to the Head of the Banca dei Territori who subsequently delegates the Regional Governance Centres concerned. The extract of the Regulations and the Guidelines of the Charity Allowance can be consulted on the Group's institutional website. On the same pages it is possible to find comprehensive information on the use of the Charity Allowance broken down by name and amount disbursed, with reference to the previous year.

Traditionally, the Charity Allowance concentrates most of its resources in Italy, supporting the communities where Intesa Sanpaolo operates through its branch network. The resources are distributed across all regions and, in particular, in the areas of greatest need: suburbs, internal areas and contexts characterised by degradation and marginalisation. The Charity Allowance also intervenes at an international level, supporting medium-large projects and giving priority to interventions aimed at the development of the communities and territories in which the Intesa Sanpaolo Group operates with its companies, including through collaborations activated by the International Banks Division (IBD). The Chair's Technical Secretariat also carries out coordination activities with the competent charity Functions and the autonomous Foundations of the IBD division to ensure the standardisation of principles, rules and reporting methods.

Commitment to culture

In order to regulate the protection, conservation and enhancement of the historical-artistic assets and archival assets owned by the Group, as well as those belonging to third parties, to ensure their public use and sharing with the communities of reference with the ultimate goal of enhancing the cultural heritage of the country and its territories, the Intesa Sanpaolo Group has adopted internal regulatory tools. In particular, the following were defined:
- internal rules to be adopted for the management of both movable and immovable artistic assets (for example, archaeological finds, paintings, sculptures, drawings, ancient books, frescoes, artistic stained glass windows, etc.), as well as for the management of assets of the same nature belonging to third parties in the event of loans and loans for use;
- internal rules for the definition of principles and directives to be adopted for the management of the company's archive assets (paper or digital documentation, photographic collections, etc.);
- internal rules for the management of events and sponsorships;
- internal rules for the management of cultural patronage.

The documents are drawn up in accordance with the current Italian legislation relating to Cultural Heritage and in particular with Legislative Decree 22 January 2004, no. 42 (Code of Cultural Heritage and Landscape); for companies within the scope of the international subsidiary banks division, reference is made to the specific national legislation. The principles and guidelines set out in the documents apply to historical-artistic and archival assets owned by the Group as well as to assets of the same nature owned by third parties in the event of loans, loans for use and restoration, while their implementation falls under the responsibility of the Art, Culture and Heritage structure within the Chief Sustainability Officer Governance Area.

Engagement processes and reporting channels

The Intesa Sanpaolo Group shapes its relationship with the community through opportunities for listening and dialogue with the various spheres of civil society. The Group therefore promotes constant dialogue with organisations representing communities, recognising their strategic importance for the sustainable development of its activities. To this end, it is committed to:
- maintaining a constant channel of communication with organisations representing the interests of stakeholders and promoting structured dialogue with the aim of cooperating in relation to mutual interests;
- listening to and taking account of the expectations and proposals made by the various components of civil society;
- analysing needs and identifying areas of action with high social, cultural and civic impact for communities;
- developing actions consistent with the listening and dialogue activities carried out.

The Group carefully considers the point of view of the communities involved, promoting a structured and continuous dialogue and discussion with stakeholders and community representatives, including civil economy entities operating in the territories of reference. All this in order to identify areas of intervention and initiatives with a high social, cultural and civil impact, with which to act in order to combat inequalities, to support young people and employability and, in general, to promote inclusive and sustainable development.

The Group's involvement of the communities is achieved directly through meetings, organisation of events and through the activation of collaborations, partnerships, listening campaigns and exchange of information with the main local stakeholders. The implementation of the initiatives takes place in co-planning with non-profit organisations, thanks also to their ability to intercept the current and latent needs of the local communities involved, to structure inclusive and sustainable solutions and intervention models. The Group supports these organisations by making available resources, skills and its network of relationships which give rise to collaborations and real solidarity ecosystems.

To this end, Intesa Sanpaolo for Social Impact set up an "Observatory" aimed at intercepting the main social trends, also promoting the contents produced by the reference stakeholders (i.e. academic and scientific partners and foundations), and consequently guiding the Group's action in the social sphere. This is also thanks to the activity of the Observatory's Advisory Committee, also made up of authoritative external members with significant experience in the social field. The responsibility for the engagement process of the communities involved, including through public, private and private social entities, falls under the responsibility of the individual Group structures that activate the initiatives.

For the benefit of stakeholders, the ISP Group has activated various channels and internal procedures for collecting, analysing and addressing reports on cases of possible non-compliance in relation to community rights, including those enshrined in the Human Rights Principles adopted by the Group, as described in the paragraphs above. No cases of serious human rights incidents were identified in relation to these channels and procedures.

Among these channels, the Code of Ethics inbox is available for reporting cases of possible non-compliance. For further information on the Code of Ethics reporting channel, please refer to the section on "Policies, objectives and actions related to corporate culture" in chapter ESRS G1 – Business Conduct.

Objectives and metrics related to the communities affected by own operations

The Group's support to local territories and communities occurs through multiple methods, in terms of tools and initiatives. One initiative of particular importance is the "Cibo e Riparo per le persone in difficoltà" (Food and Shelter for the needy) programme. As the biggest plan ever to be activated by a private entity in Italy, it involves the widespread distribution of food, beds, medicines and clothing to people in need throughout national territory. In the four-year period of the 2022-2025 Business Plan, the programme consolidated its support action for the most vulnerable people, defining a new dimension of social intervention with multi-project and multi-stakeholder characteristics, and setting the target of implementing 50 million interventions. To this end, a variety of profit and non-profit partners were engaged to reach as many beneficiaries as possible.

Target: Food and shelter for disadvantaged people programme – Meals, Beds, Medicines, Clothing (number of initiatives in millions)		
	Date	**Value**
Baseline[124]	31.12.2021	-
Final balance	31.12.2024	54.1
Target	2025	50

The target of implementing 50 million initiatives was set by the Board of Directors of Intesa Sanpaolo in the preparation of the 2022-2025 Business Plan, and represented an evolution compared to the social intervention targets already set in the previous 2018-2021 Business Plan. The implementation of the Programme takes place through partnerships with non-profit sector entities of national standing and capable of reaching every area of the country. These entities are selected from time to time on the basis of the social needs identified by the Intesa Sanpaolo for Social Impact structures through scenario studies; a joint project aimed at developing targeted actions is subsequently defined with them. Generally speaking, the Group defines specific objectives in advance together with the entities involved at the level of each individual initiative and monitors their progress through periodic reporting formats agreed with each partner. During the target monitoring phase, non-profit sector entities are involved in the implementation of the initiatives and in reporting the impacts generated. Approximately 17.3 million interventions were carried out in 2024. Overall, since the start of the Business Plan (2022-2024), the Group has completed a total of 54.1 million interventions, including 43.5 million meals, 3.9 million dormitories/beds, 6.1 million drug prescriptions and approximately 560 thousand items of clothing. The interventions conducted also involved activities in support of the humanitarian emergency in Ukraine resulting from the ongoing conflict.

The final figure highlights the achievement of the objective ahead of the Plan deadline and demonstrates the effectiveness of the initiatives implemented by the Group to support people in difficulty throughout the country.

Actions relating to the communities affected by own operations

The purpose of the collaboration between Intesa Sanpaolo for Social Impact and non-profit organisations and non-profit sector entities is to promote community well-being, inclusion and social cohesion through initiatives aimed at generating a positive impact. The Group thus demonstrates its commitment to inclusiveness by supporting projects that aim to combat poverty in its various dimensions, reduce inequalities and encourage youth employability and in general to promote sustainable and inclusive development, also through institutional initiatives. In this way, tangible support is provided to the communities involved, while contributing to strengthening the Group's reputation. The actions undertaken by the Group, described in the following sections, are divided into the following main areas:

- combating poverty;
- social cohesion and inclusion;
- youth education and employability;
- health and healthcare;
- crowdfunding platforms;
- Charity Allowance;
- education and spread of financial culture;
- commitment to culture;
- institutional initiatives in support of the community.

[124] Plan target that represents the planning of a new activity that does not have a base value.

Combating poverty

As part of the actions intended to combat poverty, the “Food and shelter programme for people in need” includes initiatives, developed according to the various areas of intervention throughout the Italian territory, targeted at communities and, in particular, children, the elderly, people staying in rehab community centres and individuals linked to the prison system.

Meals

Food poverty is one of the most dramatic aspects for people in fragile and destitute conditions. Intesa Sanpaolo has taken action to combat it with a widespread network of initiatives aimed at supporting communities with socio-economic difficulties, providing food and basic necessities to combat food poverty. To this end, Intesa Sanpaolo has entered into a partnership with Fondazione Banco Alimentare with the aim of strengthening and enhancing local networks in their ability to retrieve and distribute food products for local charities. The collaboration includes the “Ri-pescato” initiative, which involves the recovery and processing of illegal fish seized in Sicily by the Coast Guard, allocating it for distribution to charitable organisations. Furthermore, in support of the Business Plan objectives for the Programme, Intesa Sanpaolo collaborates with Fondazione San Patrignano by implementing the "Support and Prevent" project, which aims to guarantee the distribution of meals to people hosted in the community. In addition, to offer support to children with disabilities and serious illnesses, an active collaboration is in place between the Bank and Fondazione Dynamo Camp**,** aimed at ensuring free meals and beds for the children hosted at the Camp in the Tuscan territory who are offered recreational therapy courses, as well as a collaboration with Vidas ODV, aimed at offering free daily meals to the young patients and their families hosted at the Casa Sollievo Bimbi hospice in Milan. With reference to the provision of meals to people in need, an active collaboration is in place with the Semi di Vita cooperative, engaged in the free distribution of part of the harvest resulting from its partner's social and organic farming activities to charitable organisations in the Bari area, to minors and young people detained at the Fornelli Juvenile Detention Centre in Bari and young people subject to alternative detention measures in communities in the area, as well as a collaboration with Fondazione Cometa, for the implementation of the project "A tavola per Crescere Insieme (At the dinner table to grow together)”, in order to guarantee meals and snacks to children from families in difficulty who attend after-school care at the day centre of Società Cooperativa Sociale “Il Manto”. Thanks to the implementation of the initiatives supported by Intesa Sanpaolo's collaborations for line of action dedicated to food security, in the 2022-2024 period these agreements enabled the distribution of 43.5 million meals. The Charity Allowance also contributes to the implementation of the Programme through its own resources, made available by the Intesa Sanpaolo Chairmanship; overall, 2.4 million euro was disbursed for the distribution of approximately 1.4 million meals in a year, equivalent to approximately 3,800 meals per day. The Charity Allowance activities in this area are not limited to the distribution of meals, but also include the implementation of a series of additional activities aimed at helping the beneficiaries achieve their final goal of lifting them out of poverty.

Beds

The initiatives aimed at providing beds developed and implemented by Intesa Sanpaolo aim to enable a structured intervention that provides dignified shelter, but is also able to guarantee better access to healthcare and support for caregivers. This area includes the afore-mentioned collaborations with Fondazione San Patrignano, for which Intesa Sanpaolo supports the provision of beds to people hosted by the community, as well as with the collaborations with Fondazione Dynamo Camp and Vidas ODV, aimed at further supporting the facilities thanks to initiatives intended to increase the reception capacity for children and young people hosted there and for their families. Furthermore, in order to contribute to the development of support structures for people in difficulty, an active collaboration is in place with the association Di.Re – Donne in Rete contro la violenza (Women in Network against Violence), which supports women through their journey out of violence and promotes coordinated prevention and awareness-raising actions. For this initiative, the Group contributes to the reception and hospitality of women in the “Shelter Homes” of the Di.Re network by supporting the initial expenses for utilities and rent, as well as babysitting services during the search for a job or for the purchase of goods that can be used to start up work activities. These agreements ensured that 3.9 million beds were made available in 2022-2024.

Medicines

Access to healthcare is a right to which every citizen is entitled, and this also forms the basis for Intesa Sanpaolo's coordination action with Banco Farmaceutico for the extension of a national network for the collection and distribution of medicines. To this end, the “Pharma Links” project, born from the collaboration between Intesa Sanpaolo and Fondazione Banco Farmaceutico, aims to create and strengthen drug collection and distribution networks throughout Italy by strengthening the “Recupero Farmaci Validi” (Recovery of Valid Medicines) intervention model, aimed at collecting unused drugs and medicines to donate them to local charities. Another objective achieved through the collaboration with Banco Farmaceutico was the strengthening of the “BFOnline” platform, the foundation's management tool that underpins the drug collection and distribution process. These collaborations enabled the prescription of 6.1 million drugs in the 2022-2024 period.

Clothing

The distribution of items of clothing has become an opportunity to design a complex circular redistribution initiative to confirm the combination of sustainability and social issues. In this sense, Intesa Sanpaolo collaborates with Caritas Italiana and some of the Bank's corporate customers for the "Golden Links" project, an initiative aimed at the recovery and distribution of items of clothing, consisting of unsold items, returns, second choices, defective but usable products, to families suffering from financial hardship. The total amount of clothing items and other goods distributed in the 2022-2024 three-year period stands at approximately 560 thousand.

The effectiveness of the initiatives that make up the Programme is monitored on a quarterly basis through the reports received from the entities with which the partnerships are set up.

Social cohesion and inclusion

The Group values its support to the communities, including through initiatives aimed at developing local territories in favour of people in conditions of socio-economic fragility, with the aim of ensuring social cohesion and inclusion. The initiatives are concretely supported by Intesa Sanpaolo thanks to the financial support to non-profit sector entities and thanks to the co-planning and dissemination of know-how, in favour of needy people who are struggling to reach that minimum threshold of well-being and dignity that constitutes a right of all people. The effectiveness of the initiatives is periodically monitored by the Bank in synergy with the entities involved in the projects.

Numerous social cohesion and inclusion projects are being developed throughout the Italian territory, following the guidelines of the 2022-2025 Business Plan. In particular, several initiatives were implemented to combat the socio-economic poverty of the most vulnerable subjects. In this sense Intesa Sanpaolo, in collaboration with Caritas Italiana, supports the "Aiutare chi Aiuta (Helping the helpers)" programme aimed at supporting dioceses in promoting the social inclusion of the elderly and combating youth poverty by distributing meals, health kits and clothing**.** In 2024, Intesa Sanpaolo and Caritas Italiana strengthened their commitment to supporting young people and adults in prison and their families, distributing basic necessities, providing professional training to acquire skills that can be put to use in the labour market, and supporting job placement programmes to improve employability. During the year the programme implemented 31 projects in addition to those started in previous editions, for a total of 54 ongoing projects.

This also frames the context of the “QuBì initiative - La ricetta contro la povertà (The recipe against poverty)”, a project promoted by Fondazione Cariplo with the support of the Vismara, Invernizzi, Fiera Milano and Snam foundations that includes four lines of action: identification of families with children in poverty through the joint action of non-profit sector networks and public administration; provision of measures aimed at increasing access to shopping for families going through financial hardship; support for neighbourhood networks that promote shared responses to children's needs; implementation of specific and innovative actions to combat food poverty in Milan. As part of the initiative, support continued throughout the year for 3 Emporiums and 6 Solidarity Shops of Caritas Ambrosiana. For 2024, it is estimated that food support was provided to at least approximately 7,400 beneficiaries (of which approximately 2,700 minors), or approximately 2,400 families in economic difficulty.
Still in the area of social inclusion, Intesa Sanpaolo is strongly committed to supporting children aged 0 to 36 months hospitalised in the oncohematology departments of the main hospital centres in Italy. In this context, in collaboration with the Social Cooperatives partnering with Consorzio PAN, the Bank developed and continues to support the “Intesa Sanpaolo educational programme for children who are long-term patients” by providing young patients with a nursery service, the first of its kind, aimed at helping children overcome the social and psychological isolation resulting from illness, heavy treatments and long-term hospitalisation, promoting their cognitive and emotional development through appropriate programmes followed by qualified educators, providing educational materials and initiatives to furnish the spaces. Overall, since the beginning of the Programme to 2024, over 785 children – 100% of the age group for nursery school – attended nursery school in the hospital facilities involved.

The Bank promotes the growth of inclusive communities by supporting the “Comunità Amiche della Disabilità (Disability-Friendly Communities)” Project with the aim of defining the characteristics that make a territory inclusive for people with disabilities. The partnership includes support for the local extension of the project and support for the co-programming and strategic planning processes regarding the disability issue.

Concurrently, Intesa Sanpaolo is also committed on the national territory to combating energy poverty, that is, the situation in which a family unit is unable to pay for their primary energy services required to guarantee a dignified standard of living. In this context, in the Rione Sanità and in peripheral neighbourhoods of the city of Naples, the project “Sharing Energy - Rinnoviamo l’energia: produzione e distribuzione di Comunità” (Sharing Energy - Let's renew energy: production and distribution of communities) is active, which promotes the growth of a new model of energy sustenance, from renewable sources, with zero impact and low costs. The Project also involves the creation of Solidarity Renewable Energy Communities (CERS) and the distribution of energy produced for free or at a highly regulated price to vulnerable people. Similarly, the partnership between Intesa Sanpaolo and the philanthropic entity Fondazione della Comunità del Mediterraneo Sostenibile e Solidale per l’Inclusione e l’Accoglienza focuses on experiments in the area of solidarity energy communities, through the redevelopment of Fondo Saccà, a former shantytown transformed thanks to an innovative capacity building model. The activities aim to combat energy poverty through energy storage and sharing processes, managed through social algorithms. In terms of urban redevelopment, the Bank developed the initiative “La Bella Piazza”, aimed at combating social and urban abandonment and degradation through the activation of a process of regeneration, enhancement and care of public spaces in Piazza Garibaldi in Naples.

To intervene in contexts of social, financial and family hardship affecting young people and promote their inclusion in the job market, the Group plays an active role with “In Action ESG NEET”, an initiative that since 2022, thanks to the provision of dedicated training courses, aims to respond to the increase in demand for operators active in the context of quality assistance, social assistance and educational services. The initiative involved around 150 people so far, each of whom completed a curricular internship in social-healthcare or educational facilities. Based on the first available data, it is noted that 67% of people involved, i.e. NEET (Not in Education, Employment or Training, i.e. those who do not study, do not attend training courses and do not work) or, in a broader sense, people in conditions of social fragility, after a few months from the end of the course are able to find a job and/or resume a course of study. In response to the emerging critical issues regarding juvenile hardship and to promote the inclusion and development of positive behaviours in the area of civic education, the Group has activated “WeBecome”, the training programme targeted at primary school children that develops educational paths on various themes aimed at educational inclusion. The project involved over 3,460 schools and was proposed as an important teaching support, reaching over 4,000 users on the platform, including over 2,400 teachers.

In light of the persistence of a macroeconomic scenario of strong uncertainty and instability that further aggravated the fragile condition of a significant portion of Italian households, and the housing emergency for students living away from home, Intesa Sanpaolo implemented an action plan to strengthen social housing that entails, over the 2022-2025 Business Plan, the promotion of new homes and beds in student halls of residence. The initiative undertaken by the Bank is one of the most

extensive social housing programmes in Italy and is one of the tangible initiatives for inclusion and the reduction of inequalities. Its effectiveness is monitored throughout the implementation phase through an assessment of the underlying economic commitment and managerial effort in terms of attracting investors and project development. For this purpose, new partnerships were launched with Coima and Redo, leading operators in the sector, which gave new impetus to the "MilanoSesto" project, the largest urban regeneration project in Italy, which involves the implementation of programmes for subsidised, unrestricted social construction work (for approximately 27,000 sqm), in synergy with the creation of the "Città della Salute e della Ricerca" (City of Health and Research) under the leadership of the Lombardy Region, as well as commercial businesses, offices and an urban park. Intesa Sanpaolo also provided significant financial and advisory support to the Coima, Covivio and Prada consortium for the project of the former Porta Romana railway station in Milan where the Olympic Village is currently being built, which will later become one of the largest social housing projects in Europe, with 1,700 subsidised beds.
Furthermore, in 2024 Intesa Sanpaolo further strengthened its support for student housing development initiatives with investments in the iGeneration and Pitagora funds, managed by InvestiRe SGR and Finint Investimenti SGR respectively, and in the urban regeneration initiative managed by Redo SGR on the Montelungo-Colleoni military barracks in Bergamo, which will allow the development of over 4,800 beds.

Youth education and employability

Intesa Sanpaolo is also committed to supporting the community through initiatives dedicated to the training and job placement of people in situations of social or economic vulnerability. These initiatives are aimed in particular at young people from low-income families who have difficulties accessing quality education and employment, and who are therefore more exposed to the risk of social exclusion and poverty.
The aim is to support and relaunch the school system, promoting inclusive education, guidance for school-age children and the prevention of school dropouts. This approach intends to ensure equal learning and job placement opportunities for all new generations, regardless of their socioeconomic background, gender and abilities, and to promote a culture of respect and enhancement of diversity.

During the year, the Bank developed several initiatives and projects in this direction throughout Italy, in accordance with the objectives and principles of the 2022-2025 Business Plan. Intesa Sanpaolo directly supports these initiatives by providing both resources and its own know-how and expertise. In particular, such support is ensured by promoting collaboration between the profit and non-profit sectors, as well as by making available educational materials, skills, contents and tools to implement new educational and training approaches, aimed at the social and professional integration of young people and vulnerable people in general.

In this context, to combat the youth unemployment phenomenon and train the profiles that are most sought after by the job market, "Giovani e Lavoro" comes into play. The programme, born from the partnership between Intesa Sanpaolo and Fondazione Generation Italy ETS, a McKinsey & Company non-profit foundation, is aimed at matching job supply and demand in the most sought-after sectors (Hi-Tech, Precision Mechanical Industry, Sales, Hotel and Catering) and providing training courses nationwide, entirely supported by Intesa Sanpaolo, to young people aged between 18 and 29 who are neither studying nor working to develop their technical, attitudinal and behavioural skills, guaranteeing companies, including corporate customers, a pool of trained people to fill the positions that are most needed. Since 2019, the year the programme began, the following results have been achieved (figures at the end of 2024): over 4,850 students trained/in training, over 2,480 companies involved and a placement rate of young people above 80% after completing the course.

To promote the professional reskilling and repositioning on the job market for unemployed professionals over 40, the Bank is implementing the "Digital Re-start" programme, an initiative created in collaboration with Fideuram and organised by Talent Garden. The programme provides training and re-entry into the job market of unemployed people over 40, domiciled or resident in Lombardy, through scholarships for the master's degree dedicated to the development of new digital skills. In 2024, the 5th edition was launched, involving 50 beneficiaries in Rome and Milan.
In 2024, Intesa Sanpaolo launched new collaborations with key social players to promote the inclusion of people with physical and intellectual disabilities in the workplace. It offered programmes to enhance their skills and supported projects aimed at migrants and refugees, promoting their integration through training and work.

To further support talented young university students whose career potential is limited by external factors other than their own abilities, the "Generation4Universities" project, developed by Fondazione Generation Italy and McKinsey & Company with the support of Intesa Sanpaolo, offers talented university students a training programme focused on cross-cutting, behavioural, attitudinal skills and individual mentorship, as well as a two-week bootcamp with targeted sessions on employability and professional vocation seminars held by Managers and Executives of leading companies. In 2024, 90 students, 50 universities and 19 partner companies were involved.

With the "Zeta Lab" and "Offerta Modulare" training projects, the Bank's employees act as tutors to directly deliver courses dedicated to secondary school students in schools. These programmes can also be part of the cross-skills development and orientation activities and include modular training courses designed entirely within the organisation. The design is based on the analysis of the training needs collected, integrated with an experiential teaching methodology that aims to boost interaction and collaboration between participants. Over the course of 2024, a total of approximately 2,400 students were involved in over 40 Italian schools.

In order to combat female educational poverty and educational failure or early school leaving, the FUTURA Programme promoted by Save the Children, Forum Disuguaglianze e Diversità and Yolk, with the collaboration of Intesa Sanpaolo, continued to be implemented. The project intervenes in socially and economically disadvantaged areas of the territory and promotes growth and autonomy with personalised training courses for 300 girls and young women between the ages of 13 and 24, including 50 young mothers, through the achievement of a qualification and/or reintegration into the workplace. Approximately 320 educational plans have already been activated. Thanks to the contribution of a Scientific Committee composed of experts in the project's areas of action, "FUTURA" puts in place a specific plan for the evaluation of the tangible

impact of the interventions on the educational and emancipation path of the girls and young women involved, with respect to the skills acquired in a formal and informal context with the aim of making the methodology tested over the first two years replicable and scalable at a national level.
The project "Ecosistema Educativo per i giovani e le famiglie di Napoli Nord (Educational Ecosystem for Youth and Families of Northern Naples)" is an initiative launched and implemented by Istituto Mater Dei dell'Ordine delle Figlie della Carità di San Vincenzo de' Paoli of Naples in co-planning with the Campania Region. The project aims to reduce educational poverty and promote the social inclusion of young people between the ages of 13 and 25 who live in the areas of the municipalities of Caivano, Casoria and Salicelle, areas of the province of Naples where youth hardship is characterised by high school dropout and youth unemployment rates, as well as high levels of juvenile crime. The aim is therefore to promote the social recovery and job placement of young people who abandoned their studies prematurely. The project, which was inaugurated in September 2024 at the start of the new school year, entailed the creation of an educational hub with an integrated ecosystem of training, orientation and active labour policy services in the aforementioned territories of the province of Naples. The Group in particular contributed to supporting the extraordinary renovation works and the setting up of classrooms and laboratories inside the building belonging to the religious Institute. Students are offered three-year education and professional training courses and the local economic and production system is also involved. The offer is then completed with an information desk for the provision of guidance services on access to the job market and an experimental space for psychological support for young people and their families. The project, in addition to providing concrete support to the communities involved, is consistent with the Group's commitment to sustainable and inclusive growth in the territories in which it operates, through the fight against educational poverty and youth unemployment. The effectiveness of the action is measurable by the fact that, thanks to the Group's support, for the 2024/2025 school year, approximately 250 students were involved in the new training courses, as confirmed by the monitoring activity carried out by Istituto Mater Dei.

In addition, an Executive Master for non-profit sector operators was designed with 24ore Business School, offering 30 scholarships to address challenges such as digitalisation and new technologies. These initiatives aim to create social networks and structural alliances in the local territories.

Health and healthcare

It is estimated that in Italy approximately 30,000 boys and girls under the age of 18 suffer from chronic kidney disease (CKD), a disease that involves the progressive and irreversible loss of kidney function, which is unable to perform its vital functions properly. In children, CKD can be caused by congenital diseases, infections, trauma or blood diseases and often requires dialysis treatment with a high impact on the daily lives of the children affected and their families. In order to enable better care capacity and improve the quality of life of young patients undergoing this treatment, in 2024 the Group decided to support the construction of the new paediatric hemodialysis department at the Bambino Gesù Children's Hospital, the largest paediatric hospital and research centre in Europe. The project, which lasted 5 months and came to an end at the beginning of December 2024, included structural renovation works and improvements to the services provided for young patients and their families/carers. The project is consistent with the Group's commitment to institutions operating in the care, rehabilitation and assistance sectors, in order to guarantee continuity and efficiency of social and health services for vulnerable people. The effectiveness of the action is measurable by the fact that, thanks to the Group's support, the Bambino Gesù Children's Hospital will be able to continue to guarantee an improved paediatric dialysis service to approximately 100 patients (on an annual basis).

Crowdfunding platforms

To offer a direct contribution to the implementation of social initiatives of non-profit sector organisations, the Group promotes various fundraising tools.
In this sense, Intesa Sanpaolo's "For Funding" platform confirms, also in 2024, its leading role in Italy's crowdfunding sector, promoting the collection of donations for non-profit organisations across the country. The projects supported on For Funding cover different areas of intervention, including emergency and poverty, healthcare, social inclusion and community welfare, as well as environmental and cultural heritage protection. The use of the platform takes place at the request of non-profit organisations. The applicant NPOs follow a well-defined and structured selection process by the Bank. This process requires the involvement of the reference Branch and the relevant Credit and Risk Management structures which carry out in-depth due diligence before publishing the initiatives on the platform. Customers and donors can easily contribute via the Group's institutional website and the Intesa Sanpaolo app, and are periodically made aware of the possibility of donating via the Bank's communication channels (e.g. Direct e-mail marketing, Push notifications, etc.). Intesa Sanpaolo covers 100% of the operating costs, thereby guaranteeing free donations. The duration of the fundraising initiatives on For Funding can be customised, based on the specific needs of each supported project.

The For Funding activity is supported by the "Formula" programme, also accessible via the platform, which offers direct support for specific needs in favour of local Italian communities and stand-out projects at a national level. Every four months, with the involvement of Intesa Sanpaolo Regional Governance Centres and with the technical support of Fondazione CESVI ETS, 13 non-profit organisations that carry out significant initiatives in their territory are selected. These organisations, together with CESVI, develop a targeted project and, thanks to fundraising on the platform, also backed by Intesa Sanpaolo, receive the necessary support to achieve tangible objectives at a local level. Participation in the Formula programme is also an opportunity for participating NPOs to increase their capacity for planning and reporting initiatives, also thanks to the technical support provided by CESVI. In 2024, For Funding raised a total of approximately 8.7 million euro in donations. Of these funds, approximately 6.1 million euro was allocated to the Formula programme. To ensure the success of the campaigns, non-profit organisations are required to provide detailed reporting on the progress of their initiatives, while an impact tracking process is in place to evaluate the results achieved. The initiatives contribute directly to the needs of the communities, increasing the Group's support in the local territories where it operates.

Charity Allowance

The Chair's Technical Secretariat assists the Chair in the planning, implementation and monitoring of the Charity Allowance's initiatives through a dedicated office (Charity Allowance Office) made up of 8 resources. Furthermore, within the Banca dei Territori Division, Charity Representatives (23 people) have been identified who assist the Heads of the Regional Governance Centres in the evaluation and selection of initiatives up to 5 thousand euro. In terms of time commitment, the donations provide support for a period of one year and can be renewed - even non-consecutively - for a maximum of three years. Save for exceptional circumstances (e.g. pandemic), the duration of the project cannot exceed 18 months from the start date communicated to the Charity Allowance. In 2024, Intesa Sanpaolo's Charity Allowance disbursed approximately 23 million euro to support 814 projects carried out by non-profit organisations. Overall, about 934,000 direct beneficiaries were reached (net of medical research projects).
There are three main lines of action for 2024, closely linked to issues aggravated by the health, economic and social crisis of recent years, to which approximately 40% of the total disbursements have been allocated:

- combating educational poverty and the digital divide;
- support for the Not in Education, Employment or Training (NEET) and Early Leaving from Education and Training (ELET) population segment;
- support for women and children who are victims of violence and those who are victims of appalling discrimination.

Projects to combat educational poverty and the digital divide involve the entire school cycle; special attention is paid to students who have migrated from other countries and who have special educational needs. There are numerous digital education courses, with the aim of making minors responsible in their use of web platforms, guiding them in the recognition of any risks. Equally important are the workshops and courses focused on STEAM (Science, Technology, Engineering, Art and Mathematics). A key factor for the success of the initiatives is psychological support, to allow young people to deal with their emotional fragilities and the most delicate problems with the support of specialists. The methodologies adopted include the recovery of spaces to be used as places for personal development and training; they offer personalised support and help to improve learning skills, develop soft skills and to meet some of the youngsters' priority needs, involving families, educators and school staff, with a view to strengthening the support from the educational community in the long term. The expansion of the network of collaborations on the territory is key, as it sees the consolidation of Public-Private partnerships. At a geographical level, the actions focus on suburban areas and urban zones where there are clear examples of socio-economic marginalisation.
As regards NEETs and ELETs, there are numerous supported projects for identifying and engaging beneficiaries with the aim of helping them in reactivating and defining their life path, through renewed careers guidance, training and work tutoring. The personalisation of the actions and the offer of individual support are key to the success of the initiatives. The projects made it possible to address the recovery of young people through training courses and on-the-job training in social agriculture, communication professions and emerging professions. Particular attention was paid to NEET mothers with free initiatives to promote work-life balance.
The last focus is on combating violence and discrimination in all its forms. The beneficiaries of the projects are women victims of violence and their children, prisoners, first or second generation migrants, individuals with physical or cognitive disabilities and psychosocial fragilities, as well as people discriminated against because of their sexual orientation. The aim of the initiatives is to enable beneficiaries to free themselves from violence, gain or regain self-esteem, be included in their communities and achieve social and financial autonomy. Also important are awareness-raising and educational initiatives on the topic, particularly towards the new generations in schools, and training dedicated to front-line workers to prevent discriminatory phenomena.

The Charity Allowance supported projects covering other social issues, such as healthcare poverty and the fight against disease, disability, inclusive amateur sport and cultural projects that feature a range of positive social outcomes.
As regards medical research, 14 projects were supported (total donations of 1.6 million euro) by leading national institutions. The initiatives in this area were selected with the help of external experts who draw up detailed assessment sheets on qualitative and quantitative elements such as objectives and methodology, impact, research team and budget. As regards Social research, donations totalling 416 thousand euro were made to support 4 studies on: gender violence against foreign women in Italy; discrimination, harassment and violence against women and gender and sexual minorities; cardiovascular impact of domestic violence and the effects of chronic stress caused by it on the brain and heart; the effect of gambling on young people.

Collaboration with the International Banks Division continued with approximately 1.2 million euro disbursed (approximately half of the international donations) in the countries included in the Division's scope. The new Guidelines that will define the priorities for the two-year 2025-2026 period are currently being developed. The resources allocated to the initiatives planned during 2025 will be submitted to the Board of Directors with the 2024 Consolidated Financial Statements and subsequently approved by the Shareholders' Meeting. The checks carried out on the completed projects returned an overall very positive picture: most of the entities achieved and, in some cases, exceeded the objectives set, actively involving the reference communities in the development of the initiatives and expanding the local networks. The beneficiaries of the initiatives are in line with or, very often, higher than those expected at the project submission stage. Numerous collaboration networks between private social, institutions and other key players (schools, social services, etc.) were started or consolidated, evidence of the acquisition by the local territory of the experiences activated and guarantee of the sustainability of the initiatives over time. An example of this is Piazza dei Mestieri, which has had an active memorandum of understanding with the MIUR (Ministry of Education, University and Research) for years to implement initiatives aimed at containing school dropouts and youth hardship.

The impact of the supported projects is significant, in terms of employment generated, social inclusion, influence on public policies and regeneration of the territories in which they are located. Below are some examples:

- GOEL Cooperativa Sociale incubated several social economy activities in Siderno, Calabria, with a particular focus on the ethical fashion and organic fresh fruit sectors, offering an alternative to the deep-rooted control of the territory by the Calabrian Mafia ('ndrangheta). This work had a strong symbolic value of alternative and reappropriation in one of the poorest regions of our country and for the redemption of local communities, allowing the employment of approximately 40 young people and adults who were previously unemployed and/or in fragile situations;

- Cooperativa Sociale Il Mandorlo in Lecce reached out to 14 unemployed women selected through the proximity help desk and invited to participate in training courses in tailoring, ceramics and carpentry. At the end of the course, the young women started self-entrepreneurship initiatives, found a job or decided to go to university. The project was supported for three years starting from 2020;
- FOQUS Fondazione Quartieri Spagnoli developed the activities of Centro Argo in Naples, a non-medical centre for children, teenagers, young people and adults with cognitive disabilities. Approximately 60 beneficiaries reported an improvement in their social and personal skills and competences. Two of the older students started internships. Furthermore, a memorandum of understanding was signed with middle schools to activate therapeutic paths within the classes. The project, in its second year, came to an end in April 2024; it was then renewed for the third and final year;
- Fondazione Pangea welcomed 15 women victims of violence and their children into an emergency home in Rome, using an apartment seized from the Mafia. Of the women hosted, three have now left and are no longer at risk of violence, two are working and one returned home. The Foundation also launched a help desk for migrant women victims of violence that provided support to over 120 beneficiaries. The project made it possible to build and strengthen local networks and make Pangea's work known to institutions and public bodies. The ongoing relationship with local authorities and private social entities highlighted the need to give continuity to the actions started, representing a unique case in the reference territory. The project, in its first year, came to an end in June 2024; it was then renewed for a second year.

The project deadlines were mostly met, with the exception of physiological delays in the launch of the initiatives in the first year of operation and in the case of medical research, for which extensions are often requested to allow the publication of the results achieved.

Some additional difficulties were encountered in the implementation of international cooperation interventions in difficult socio-political contexts, which were overcome thanks to the ability of the institutions to reorganise themselves by leveraging a long-standing presence on site and a solid network of relationships woven in the reference territories. The allocated resources were used correctly. (Minor) budget adjustments during the implementation of the activities have always been agreed with the Charity Allowance.

Education and spread of financial culture

Museo del Risparmio (Savings Museum) is an innovative space where it is possible to become familiar with the concepts of saving and investing with a clear and simple language, in order to improve the level of financial literacy of the people to whom it is addressed. This is not a traditional museum, but rather an Edutainment project that facilitates learning through play. Founded in 2012 in Turin, thanks to the financial support of the Intesa Sanpaolo Group, of which it is part, it was a pioneer in the spread of financial education in Italy, so much so that it was the first museum in the world dedicated to this topic. Its mission is to help people consciously manage their personal finances and consequently improve their overall well-being level, counteracting situations of poor financial literacy that often contribute to a much wider phenomenon of social exclusion. During 2024, the Museum's educational initiatives reached 100,548 users.
The Savings Museum promotes social inclusion through the dissemination of financial skills and educational inclusion through a rich programme of educational initiatives, designed for both children and adults, who can join either on an individual basis or in groups through schools or non-profit sector associations.
Two programmes were added for schools following the mandatory inclusion of financial education in school curricula:
- “EduFin&Fun for primary and secondary schools”, consisting of three meetings during which to explore the history and functions of money, elements of personal budget management and safe use of the Internet and the first online purchases;
- “Percorso per le Competenze Trasversali e l’Orientamento del Risparmio (Path for Transversal Skills and Savings Orientation)” (PCTO), modules reserved for secondary schools, and consisting of a total of six basic financial education modules with a total duration of 60 hours that classes can choose and combine based on specific needs. In addition to the basic modules, special PCTO courses were made available, including ad hoc versions for Fashion and Design Schools and Sports-focused High Schools. In addition, digital educational content was made available to teachers on the Savings Museum website, such as educational video games.

Overall, a total of 286 classes, amounting to 5,640 students, joined the “Path for Transversal Skills and Savings Orientation” (PCTO) proposal in 2024.

Since 2017, the Savings Museum has set itself the goal of designing pilot initiatives specifically aimed at segments of the population which, for various reasons, can be considered socially vulnerable, such as women, migrants, prisoners, students from disadvantaged backgrounds, and people with mild cognitive disabilities. The main activities to support the development of financial education among the most socially vulnerable categories included:
- “Welcom-ed”: dedicated to migrants and foreign students from the Provincial Centres for Adult Education (CPIA) and to the youngest people of the Communities to raise their awareness of basic financial terminology, simple budgeting and planning techniques and the operation of the most widespread financial instruments;
- “Prometti di prenderti cura di te (Promise to take care of yourself)”: designed to provide women victims of violence with the basic economic knowledge and skills needed to achieve personal emancipation and economic independence;
- “LEI” and “Logos”: a programme for female inmates at the end of their sentence and ex-inmates designed to enhance their opportunities in the job market in the perspective of leaving prison and to prevent the phenomenon of recidivism.

Additional financial education activities and collaborations were conducted for individuals with cognitive or physical disabilities and for people with drug or gambling addictions. Overall, in 2024, the training activities of the Savings Museum aimed at vulnerable people reached approximately 730 individuals.
In addition to guided tours and structured itineraries, the Savings Museum is involved in various projects aimed at the school world through storytelling based on edutainment, contaminations and play. The following main actions were implemented:

- educational workshops, such as the ECO-quiz initiative during the International Economics Festival in Turin, where 1,650 secondary school students challenged one another in an exciting eduquiz on the topics of the correct evaluation of economic information;
- dedicated insight events, including: various workshops on the occasion of the Safer Internet Day and Cybersecurity Month for over 12 thousand students; “Cosa farò da grande (What will I do when I grow up)” and “Il mio posto nel mondo (My place in the world)” to raise awareness among younger kids on the importance of investing in their future, which involved over 8 thousand students from lower and upper secondary schools.

A total of approximately 8,550 children and young people participated in in-person activities and 80,184 were involved in remote learning activities, always accompanied by a tutor, for a total of over 1,070 hours of training provided.

Furthermore, in collaboration with the “Financial Literacy International Network” (FLITIN), a network of Financial Education Ambassadors belonging to the 11 international subsidiary banks of the Intesa Sanpaolo Group promoted by the Museum, educational workshops were organised that involved over 6,250 students with the aim of raising awareness of basic financial culture using a playful and engaging method. The Museum is active in the exchange of good practices and in discussions in specialised national and international fora such as the National Committee for Financial Education and the International Federation of Finance Museums (IFFM). At the same time, the outreach activity for the adult audience continued with a schedule of 56 digital and blended events which reached about 3,735 people and 2,900 on-demand views during the period considered. Among the new projects, it is worth noting the start of a collaboration between the Savings Museum and the Department for Youth Policies and the Universal Civil Service, with the aim of spreading financial education among young people between the ages of 18 and 35, holders of the Carta Giovani. Within the framework of the collaboration, the Savings Museum provided two cycles of the online training course “Riscalda i muscoli (Warm up your muscles)” for a total of 20 dates and 4,591 participants. In terms of accessibility, the Savings Museum worked to prepare content and guided tours accessible to users with hearing and visual disabilities, in collaboration with Ente Nazionale Sordi (“Italian National Agency for the Deaf”) and Unione Italiana Cechi ("Italian Union for the Visually-impaired). There are several active collaborations in place with universities and research centres, with which activities are carried out to evaluate the effectiveness of the initiatives introduced. Market analysis companies are involved in the periodic sample survey activity designed by the Museum of Savings to analyse specific themes related to financial education. The main actions put in place consist of the preparation of contents and initiatives for the dissemination of financial culture, implemented through thematic guided tours, educational workshops, modular and structured training courses, and dissemination events held at the physical headquarters of the Savings Museum in Turin and online.
The actions have mainly national geographical coverage. Some specific educational initiatives (“Money Master Challenge”; “SAVE Ambassador”; “Cybersecurity Labs") are also proposed in other European and non-European countries through the Financial Literacy International Network (FLITIN). The initiatives are aimed at the entire community, but modulated according to the specific needs of the different groups of beneficiaries: children, young people, adults, schools, families, socially vulnerable groups (for example, migrants, women victims of violence, prisoners and ex-prisoners, young people at risk of dropping out of school, people with cognitive disabilities, etc.). The actions are planned on an annual basis and following the calendar of the reference school year.

In addition to training and information initiatives, the Museum regularly prepares new content and formats hosted at its physical location, or transmitted via its website and social networks. The aim is to reach all segments of the public in the most widespread way possible, conveying financial education concepts with a simple and engaging language.
In 2024, in particular, the following initiatives were developed:

- new interactive exhibit “Ammirare (Admiring)”, a physical and virtual space that conveys economic concepts through some famous works of art with the aid of virtual reality;
- escape room “La Scalata (The Climb)”, which simulates the climb of a team of mountaineers committed to solving a number of puzzles in the shortest time possible, thus conveying the basic concepts of financial planning;
- “Love station” video series for social networks, created in collaboration with Bank Station;
- book entitled “Un pizzico di economia (A pinch of economy)”, by Giovanna Paladino, director and curator of the Savings Museum, and Luciano Canova, economist and populariser, with the collaboration of chefs Davide Caranchini and Barbara Girardi.

The actions developed by the Savings Museum are based on scientific surveys aimed at exploring the needs in terms of financial literacy of the different population targets. Every year the Savings Museum develops surveys in collaboration with public and private research centres, the results of which guide the design and provision methods of the training activities. The latest survey, which was released in November 2024, explores how optimism (or hope), happiness, and planning skills influence peace of mind when dealing with personal money issues.
In the pilot phase, the Museum's training projects are in many cases subject to an assessment of their effectiveness by specifically appointed third-party entities (for example, Universities or Research Centres).

Intesa Sanpaolo is committed to promoting a series of initiatives that support widespread access to art and culture, recognising the value that these elements bring not only to the individual, but to society as a whole. Through active collaboration with cultural institutions and organisations, the company aims to enrich the social context and promote the well-being of the reference community, creating opportunities for dialogue, learning and collective growth.

Commitment to culture

Intesa Sanpaolo supports the communities and territories in which it operates through a series of initiatives aimed at protecting and enhancing the historical, artistic and cultural heritage of both the country and the Group, primarily for the purpose of its public enjoyment for the benefit of the communities. In this perspective, the Bank has created the “Progetto Cultura (Culture Project)”, a programme of initiatives conceived and implemented in dialogue with public and private, national and international entities and institutions, with which Intesa Sanpaolo expresses its direct and tangible commitment to promoting art and culture in the territories in which it operates, in the awareness of the strategic role of culture in promoting more innovative, sustainable and inclusive societies. The Project is made up of different initiatives, starting from “Gallerie d'Italia”, considered one of the most important private museums in Europe. Furthermore, following a particular attention to sharing assets with the public, with “Progetto Cultura” the Group manages the art collections owned by the Bank and the materials that form part of the Historical Archives. The "Restituzioni" programme is also active, which contributes to the protection and enhancement of the country's artistic and architectural assets in collaboration with the Ministry of Culture. Finally, with “Progetto Cultura”, the Group supports partnerships, sponsorships and grants with the aim of creating a network of collaboration with public and private, national and international players, with a view to promoting the country's cultural heritage. “Progetto Cultura”, in addition to bringing positive effects to the local communities in which the Group is present in terms of enhancing the history, traditions and cultural identity, also represents a tangible opportunity for the Bank by increasing the trust of its stakeholders in the Group and contributing to the achievement of the objectives of the 2022-2025 Business Plan. Indeed, the initiatives of "Progetto Cultura" are developed according to a multi-year programme in accordance with the 2022-2025 Business Plan.

Gallerie d’Italia

One of the main components of “Progetto Cultura” is “ Gallerie d'Italia”, the Intesa Sanpaolo museum hub resulting from the transformation of historic buildings owned by the Bank into museums open to cities to share the corporate collection, exhibitions and initiatives of cultural and social value, linked to the territory and communities. The project involves 4 locations: Milan, Naples, Turin and Vicenza, for which the Bank has made its buildings available, transforming them from workplaces into museums open to the community. Overall, in 2024, Gallerie d'Italia proposed 12 major exhibitions with national and international partners (aimed in particular at enhancing seasons and authors of the artistic history of the territories in which the Galleries are located, or, for the photography exhibitions in Turin, created on commission to explore ESG-related themes). Around 4,300 free educational visits and workshops were organised, with almost 100 thousand children and young people participating from local schools of all levels and age groups: the broad and structured educational proposal offers interactive and engaging experiences, with the aim of bringing the youngest audiences closer to art, making them acquire greater awareness of the artistic and cultural heritage value and of belonging to a common history. The Gallerie also play an active role in the inclusion and attention to people exposed to situations of vulnerability, from the promotion of the rights of people with disabilities (physical, mental, cognitive and linguistic), to the inclusion of refugees and citizens from other countries and cultures, to attention to the issues of mental health and diseases with a strong personal and social impact such as Alzheimer's and Parkinson's: in the year, 690 courses were designed for people with disabilities or exposed to situations of vulnerability, with 8,300 participants. Among the numerous cultural initiatives, over 60 free meetings were held as part of the public programme #Inside, to delve deeper into the themes of the hosted exhibitions. Furthermore, the Gallerie d'Italia App was extended to the four locations, an innovative digital guide thanks to which users are able to access an "advanced" visit experience, with free audio and video content.

Art assets

Intesa Sanpaolo demonstrates a strong commitment to the care and enhancement of the Group's art collections, made up of 35 thousand works, which represent one of the most important corporate collections in Europe in terms of size and quality. The works are subject to constant protection, conservation, research and enhancement activities. In 2024, sharing took place not only in the Gallerie d'Italia, but also through the loan of 297 works to 72 exhibitions in Italian and international museums (from Scuderie del Quirinale in Rome to the National Gallery in London). 10 loans were signed for a total of 126 works entrusted to local entities (such as museums and foundations) and 253 maintenance and restoration interventions were carried out. Finally, enhancement initiatives were carried out in Italian territories of strategic importance for the Group, with particular attention to significant collections in terms of identity for the communities, in collaboration with local authorities, first and foremost the banking Foundations (in Pistoia with Fondazione Caript, in Arezzo with Fondazione Bruschi, in Jesi with Fondazione CR Jesi, in Mirandola with Fondazione CR Mirandola).

Restituzioni

Again within the scope of “Progetto Cultura”, Intesa Sanpaolo, in dialogue with the Ministry of Culture and the bodies responsible for artistic heritage protection, has supported and managed the “Restituzioni” programme since 1989, dedicated to the restoration and enhancement of the national heritage. In 2024, the Group continued to organise the 20th edition of the programme, which involves the restoration of 122 works of art from the 20 Italian regions (in addition to a case of international collaboration between Italy and Belgium), belonging to 63 entities, including museums, churches, places of worship and archaeological areas; the restorations are carried out in collaboration with 51 protection entities of the Ministry of Culture and involve 57 restoration laboratories and hundreds of art historians and conservation scientists. For 35 years the Project has promoted two Italian excellences, art and restoration, and has as its objective the “restitution” to the communities of artistic assets – over 2,200 to date – that belong to history and collective identity.

Historical archive

“Progetto Cultura” also manages the Group's Historical Archive, one of the first and most important bank archives in Europe, a valuable heritage for reconstructing not only the history of the Bank, but also the history of the entire country. The archival activity involves over 20 linear kms of historical documentation and includes, among the photographic funds, the Publifoto Archive, which is subject to extensive activities for its protection, conservation, digitalisation, inventory, cataloguing and promotion, with the main objective of improving public access to the sources, also through the most advanced digital technologies (such as the innovative open format LinkedOpenData). The Archive also offers a portal dedicated to the consultation of digitalised documents. The results achieved in 2024 include the digitisation of a further 470 thousand pages of paper documentation (to date there are over one million pages available online) and the creation of 11 thousand new record cards as part of inventory projects (to date there are tens of thousands of record cards published); research and enhancement projects continued, also in collaboration with other institutions (such as the "Egeli Project" dedicated to the papers on the seizure of Jewish assets in 1939-1945 with Fondazione 1563); educational activities also play an important role to encourage university students and other students to become familiar with the Archive and its documents. As regards the Publifoto Archive, over 5 thousand new photos were digitised (to date there are approximately 60 thousand digitised photos, of which approximately 33 thousand are available online) and approximately 24 thousand new records cards were catalogued.

In addition, initiatives are carried out around the art collections and archival assets owned by the Bank in collaboration with other Bank structures that directly involve the Group's people, with particular reference to the issues of accessibility, inclusion, diversity enhancement, multiculturalism (Art & People project).
The production of original content on the websites and social media of Gallerie d'Italia and the Group also continued to enhance access, promotion and sharing of the assets owned, exhibitions and initiatives of Progetto Cultura.

Partnerships, sponsorships, donations

The Bank supports artistic-cultural, social and training initiatives through forms of collaboration with public and private entities, where its contribution often takes the form of sharing and co-designing contents, spaces and relationships. Among the synergies developed in 2024, the following are worthy of note: projects with banking foundations (for example, Compagnia di San Paolo, Cariplo, Cariparo, CR Firenze, CR Forlì); main partnerships of international fairs and exhibitions (for example, Miart in Milan, Artissima in Turin, Holy See Pavilion at the Venice Art Biennale, Salone Internazionale del Libro in Turin) as well as festivals for the promotion of art, archival assets, photography, music (for example, International Photography Festival in Cortona, Archivissima in Turin, Milano Musica Festival); synergies with museums in the country (including the Egyptian Museum in Turin, Poldi Pezzoli Museum in Milan, Palazzo Strozzi in Florence); support for the Christmas exhibitions of the Municipality of Milan and the Municipality of Vicenza; co-organisation of exhibitions in Cuneo with Fondazione CR Cuneo and in Merate with Fondazione Costruiamo il Futuro; Art bonus projects to support public cultural heritage (from the construction of the new venue for the GaMec museum in Bergamo, to the reconstruction of the church in Amatrice damaged by the earthquake, to the renovation of the internal courtyard of the Egyptian Museum, to the restoration of the Church of Sant'Aspreno ai Crociferi in the Rione Sanità of Naples, to the enhancement of the Historical Fund of the Municipality of Mondovì).

In 2024, Intesa Sanpaolo also promoted numerous institutional initiatives in collaboration with leading cultural entities and institutions, to bring new generations closer to opera, music, art and culture. These include collaborations with important Italian theatres such as Teatro alla Scala (for example, the project “La Scala UNDER 30”), projects and photographic exhibitions. It also supported cultural events, science dissemination festivals and film festivals (for example, the Turin Film Festival and BergamoScienza).

Higher education and enhancement of cultural professions

Intesa Sanpaolo promotes training and skill development projects in the arts and culture, with a particular focus on young people, in recognition of the potential of cultural heritage, also as a driver of economic and employment growth. The 4th edition of the Gallerie d'Italia Academy Executive course was held in 2024 “Management of artistic-cultural heritage and corporate collections ” in collaboration with Fondazione Compagnia di San Paolo, Fondazione Cariplo, the Ministry of Culture-Fondazione Scuola dei beni e delle attività culturali, and Fondazione 1563 per l’Arte e la Cultura: it involved 29 students and approximately 60 teachers including academics from Italian universities, professionals, culture and business managers, museum directors and officials, thanks to the granting of 8 scholarships and 162 hours of lessons in person and in webinar mode. The Bank makes available its museum venues (Milan and Turin) that host students for in-person lessons; the expertise and know-how of professionals, of the Bank and of the museum institutions with which it collaborates; for teaching purposes during the course. Furthermore, the Bank, through the “Alumny” community, provides ongoing training and networking opportunities among cultural operators. 2024 also marked the end of the “Euploos Project”, an interdisciplinary research programme of an educational nature, supported for three three-year periods, aimed at creating a digital catalogue of the drawings preserved in the Cabinet of Drawings and Prints of the Uffizi, curated by a group of young art historians, computer scientists and photographers (in 2024, 2,252 scientific record cards and 3,250 images were created; overall, since the beginning of the project, the catalogue has made over 73,500 works available for consultation, of which over 9,600 with scientific record cards). Other projects were developed with students from design schools (IED-Istituto Europeo di Design, IAAD-Istituto d’Arte Applicata e di Design). Finally, it is worth remembering that over 120 young art historians work at the Gallerie d'Italia under the collaboration with Civita Mostre e Musei.

Institutional initiatives in support of the community

Intesa Sanpaolo also strives to respect its own ethical, cultural and social values in its partnership and sponsorship initiatives, by selecting projects capable of conveying messages in line with the image and reputation of the Bank and the entire Group, not only in economic terms but also in civil, cultural and social terms.
The main areas of intervention in 2024 concerned culture, environment and sustainability, dialogue with the production fabric, social inclusion, sport and health promotion.

Social solidarity

Intesa Sanpaolo, in addition to being the driver of the country's economy, is an institution that sets out to make a real social contribution to the community in terms of inclusion. Some of the main initiatives include the Group's support to the “Costruiamo il Futuro (Let's Build the Future)” Award, which supports small non-profit sector organisations in Lombardy, engaged on a daily

basis in the inclusion and training of young people through sports and social life. In its 20 years of activity, the Award has supported more than 1,000 non-profit sector associations and entities. Another important initiative is the "Ponti" project, which promotes active citizenship through culture and theatre. The Bank also supports Fondazione Rava N.P.H. Italia Onlus to raise funds for the NPH Saint Damien paediatric hospital in Haiti, and is a member of Fondazione Severino and Fondazione Tender To Nave, which fight against inequalities and prejudices.
The "META INSIEME" project offers opportunities for redemption to juvenile detainees through sport. Intesa Sanpaolo also promotes the dialogue cycle "About Women", a series of dialogues on the role of women in society and in the workplace within the context of the International Film Festival, on issues relating to the salary gap and gender discrimination in the professional sector and the "Women Value Company" award, promoted by the Bank with Fondazione Marisa Bellisario, dedicated to small and medium-sized enterprises that have stood out in the application of gender equality policies. The Bank participates in the "#Tuttomeritomio" Project, promoted by Fondazione CR Firenze and Intesa Sanpaolo with the University of Florence, the Regional Education Department and the Fondazione Golinelli with the aim of promoting the merit of students in socially and economically disadvantaged situations. Furthermore, it supports Concerto per il Giorno della Memoria (Holocaust Remembrance Day Concert), an annual event organised by the Giuseppe Verdi Conservatory of Milan, and the "Metamorfosi" project by Fondazione Casa dello Spirito e delle Arti, which crafts musical instruments made of wood from boats used by migrants and worked by the inmates of some Italian prisons with the help of expert luthiers. Intesa Sanpaolo supports the travelling exhibition of the "Progetto Genesi" Art Collection, the Special Olympics activities in Italy and the Campioni di Vita initiative, a 5-stage tour of events dedicated to high schools on the themes of inclusion and courage.

Environment

Intesa Sanpaolo is committed to building a sustainable future for the environment, young generations and an inclusive society, promoting initiatives such as: the collaboration with Fondo per l'Ambiente Italiano (Italian Environment Fund (FAI)) for the "I Luoghi del Cuore" project, the restoration of the vegetable garden of Convento del Redentore with the Venice Gardens Foundation, and the support to the "Sustainable Economy Forum" promoted by Fondazione San Patrignano. Furthermore, it supports the One Ocean Foundation for the protection of the oceans and the Daje de Alberi Association for the reforestation and urban regeneration of the city of Rome.

Health

Intesa Sanpaolo collaborates with organisations, foundations and healthcare institutions to promote healthy lifestyles and provide free medical prevention services to the community. Among the main initiatives, the Bank supports Friends for Health Onlus and other Italian healthcare excellences involved in the implementation of "Tennis & Friends", an event that combines health, sport and solidarity, offering free health check-ups. Intesa Sanpaolo also participates in "Tour della Salute (Health Tour)", a national roadshow aimed at raising awareness among citizens on the importance of a healthy lifestyle, prevention and health monitoring. Finally, it supports the European Epilepsy Conference to promote new information and research content regarding education and treatment of this disease.
Among other initiatives, sport is taking on an increasingly important role as a common good and collective heritage to be protected and shared. A significant example is the partnership with "CORRI LA VITA" (LIFE RUN), a sporting event created to help women affected by breast cancer and to finance projects for the prevention, early diagnosis and treatment of this disease.

Education and research

Intesa Sanpaolo places great attention on young people and their right to education, training and access to the job market, investing in education and research. Among the main initiatives, it is worth mentioning the support for 42Firenze, an innovative, inclusive and free programming school designed to develop technical and relational skills that respond concretely to the expectations of the job market, and the "Young Factor" project, promoted by the Osservatorio Permanente Giovani-Editori to promote financial education in schools and introduce young people to current economic issues. These projects aim to develop talent, combat school dropout rates and expand employment opportunities for young people.

Finally, with the aim of further supporting local communities, through partnerships and systemic actions with consolidated social players, Intesa Sanpaolo implemented a series of initiatives aimed at adopting a sustainable development model based on the circular economy throughout the country. In particular, through the "Donare per non sprecare" (Donate so as not to waste) initiative, the Bank continuously makes available furniture and hardware that is being decommissioned but is still in working order, to non-profit organisations in the non-profit sector to improve the efficiency of their organisation and customer support. The project results are aimed at implementing actions with social, environmental, institutional and economic value. In 2024, the project distributed 1,092 IT assets to 133 beneficiary entities and 3,170 pieces of furniture to 70 beneficiary entities.
The same area includes "Immobili che si muovono per il bene" (Properties that move for the good), the Bank's initiative that provides, for the purpose of developing new projects, the concession of properties by Intesa Sanpaolo to non-profit organisations, with facilitated formulas - such as rent at a regulated rate, free loan for use - that support the development of activities capable of self-sustaining in the medium to long term, the creation of new jobs, also by promoting the employment of people in vulnerable situations and, finally, the infrastructure of the organisations involved.
The two programmes are ongoing and are regulated by the Bank's process guides.

IBD Division initiatives

In order to address emerging needs in the local contexts where the Group operates, which affect the most vulnerable people in particular, the International Banks Division (IBD) is actively committed to supporting local communities, focusing on combating educational poverty among young people, promoting social inclusion and supporting the healthcare sector, thanks above all to important initiatives carried out by Nadacia VUB, VUB Banka Foundations in Slovakia and Intesa Foundation, Banca Intesa Beograd Foundation in Serbia.
IBD, through Nadacia VUB, financed projects in Slovakia totalling over 450 thousand euro, including the programme “Every child has a chance”, in support of 5 organisations active in assisting disabled children and their families, and numerous initiatives of the NGO “People in need”, aimed at assisting people and municipalities hit by the floods in Slovakia.
In Serbia, through Intesa Foundation established in March 2024, over 800 thousand euro was allocated for initiatives aimed at improving healthcare, facilitating learning for children with disabilities or in vulnerable situations and promoting support and social inclusion programmes for disadvantaged families, in collaboration with NGOs such as UNICEF and SOS Children's Villages.
Project monitoring, aimed at verifying effective implementation and achievement of the pre-established impact objectives, is developed within the context of ongoing dialogue with the entities and structures involved. The initiatives promoted not only respond concretely to the needs of communities in the health, education and social inclusion sectors but also represent a tangible opportunity at a reputational level for the Group towards the assisted territories.

Affected communities by the undertakings included in the Group’s portfolios

The Equator Principles (EPs) are international guidelines that the Intesa Sanpaolo Group voluntarily adhered to since 2007, applicable to the financing of infrastructure and industrial projects that could have negative impacts on the environment and people, and which pay special attention to the consultation of local communities, the protection of the rights of indigenous peoples and the preservation of the local cultural heritage. These principles are based on the Performance Standards (PS) on environmental and social sustainability of the International Finance Corporation of the World Bank, and on its dedicated guidelines on Environment, Health and Safety (EHS Guidelines).
The Equator Principles Guidelines apply to financial products[125] in support of the development of new projects issued by Intesa Sanpaolo and its subsidiaries that carry out financing activities falling within the scope of application of the Equator Principles, and are valid in all countries in which the Group operates and for all countries where the Group carries out financing activities. The function in charge of overseeing the implementation of the Equator Principles, responsible for reviewing and monitoring their application, is located within the Risk Chief Officer Governance Area. The implementation process of the Rules concerning the Equator Principles can be found on the Group's website.
In addition to what is set forth by the Equator Principles, the Group also regulates these issues through internal policies such as Guidelines for ESG risk management and the ESG & Reputational Risk Clearing process. For further details on the above Guidelines and process, reference is made to standard E1 – Climate Change.
The application of the Equator Principles includes the assessment of social risks, including respect for the rights of local communities and indigenous peoples within the scope of the financed projects. During the project review phase, Intesa Sanpaolo assigns a risk rating that takes into account the impacts on human rights and potential critical issues related to the aspects considered by the afore-mentioned Performance Standards of the International Finance Corporation (so-called sensitive issues), which make specific reference to respect for indigenous communities. Based on the assigned risk, in addition to providing the necessary documentation, customers are required to engage the community, indigenous peoples, workers and stakeholders through an ongoing, structured and culturally appropriate process. Furthermore, customers are required to report the assessments of the potential negative impacts and human rights risks identified, in compliance with the UN Guiding Principles. In the case of a project that affects indigenous peoples, the process of application of the Equator Principles by Intesa Sanpaolo towards the customer requires that the involvement conducted by the latter is aimed at ensuring that the development of the project promotes full respect for the human rights, dignity, aspirations, culture and livelihoods based on the natural resources of indigenous peoples. Furthermore, if mitigation and compensation measures are implemented, they should take into account the laws, institutions and customs of these communities.
As described above, it is therefore the customer, or the financed entity, who maintains direct relationships with the communities involved or their representatives and carries out constant engagement, the methods of which are defined in line with the risk level determined for the transaction. The Bank receives specific documentation to support the performance of such engagement activities and monitors the correctness of the customer's operations with respect to the obligations connected to the application of the Equator Principles. In the event that the communities impacted by the financed project need to report serious issues or negative impacts on them, the Bank interfaces directly with its customer to verify that the implementation and effectiveness of the necessary remedial measures are ensured.

Furthermore, Intesa Sanpaolo is committed to monitoring, analysing and appropriately addressing reports that come through sharing reports or direct communications from non-governmental organisations or other entities acting as representatives of the communities concerned.

Since quantitative information on the actions towards communities impacted by the undertakings included in the portfolio is not yet available or obtainable, the Group has not set specific objectives in relation to this topic. However, monitoring the effectiveness of the actions undertaken is closely linked to the application of the Equator Principles as described above.

[125] Regardless of the customer’s industry, the EPs apply to the financial products listed below when they are used to support the development of new projects and meet specific criteria: Project Finance Advisory Services, Project Finance, Project-Related Corporate Loans, Bridge Loans and Project-related Refinancing and Acquisition transactions.

ESRS S4 – Consumers and end-users

Materiality assessment of impacts, risks and opportunities

As explained in the chapter "ESRS2 – General disclosures: Double materiality assessment", the Group carried out a double materiality assessment of the main material sustainability matters, from the dual perspective of:

- impact materiality, which considers, from an inside-out perspective, impacts connected with own operations and with the upstream and downstream value chain that are relevant to the Group, including both actual and potential positive and negative impacts;
- financial materiality, which considers, from an outside-in perspective, sustainability topics that give rise to:
  - risks affecting, or potentially affecting, the development of the undertaking, its financial position, performance and cash flows, access to finance or cost of capital in the short, medium or long term;
  - opportunities that have, or may predictably have, a material financial impact on the Group in the short, medium or long term.

Impacts, risks and opportunities within ESRS S4 – Consumers and end-users were identified taking into consideration the specific features of the Group. In particular, the mapping of these impacts, risks and opportunities was carried by analysing the controls, internal policies and protection measures aimed at safeguarding/protecting and ensuring the confidentiality of customer data, also with a view to minimising the negative impacts related to the issue in question. This analysis was conducted with reference to the Group's own operations and the upstream and downstream value chain, as well as including an assessment of risks and opportunities related to consumer and end-user aspects to which the Group might be exposed.

As part of the dual materiality analysis, the Group has taken into consideration all categories of customers and end consumers that are or could be impacted in a material way by the Group and its products.

Customers and end consumers, who may be impacted in various ways, include institutional, corporate and retail customers, including private individuals.

For the purposes of impact materiality, the assessment of the identified impacts was conducted through interviews with internal structures and external stakeholders (e.g. interviews with experts in the sector), as well as through a detailed qualitative-quantitative analysis, carried out on the basis of the criteria required by the relevant legislation (i.e. scale, scope, irremediable character of the impact and likelihood). Specifically, with reference to:

- own operations: the assessment of impacts was carried out on the basis of qualitative drivers related, among others, to the Group's definition of internal policies and protection measures aimed at safeguarding/protecting and ensuring the confidentiality of customer data as well as safeguarding the health and physical safety of customers;
- upstream value chain: in view of the specific features of the issue and following in-depth discussions with the dedicated structures, no impacts were identified in relation to this issue;
- downstream value chain: the assessment was conducted taking into consideration the protection and safeguarding of consumers and customers in the context of the Group's offering of products and services (e.g. accessibility of the Group's official website, fair treatment of customers, promotion of ethical and transparent business practices). In addition, relevant investment/lending criteria and strategies were taken into account in assessing the counterparties.

The analysis revealed the following impact materiality outcomes with respect to the above scopes:

- own operations: material positive impacts were identified with regard to privacy protection, freedom of expression, health and safety of consumers and end-users, and security of a person.
- downstream value chain: material positive impacts relating to access to quality information, non-discrimination, access to products and services and to responsible business practices.

For the purposes of the financial materiality assessment, the materiality of risks and opportunities was assessed using a dual, quantitative and qualitative approach applied to the scopes identified.
With reference to risks, the following assessments were made for the different scopes of reference identified:

- own operations: the operational risk and compliance risk related to this issue were assessed. Which would also give rise to reputational risk;
- upstream value chain: in view of the specific features of the issue under analysis and following in-depth discussions with the dedicated structures, no risks were identified in relation to this issue;
- downstream value chain: the strategic risk related to this issue was assessed. This would also give rise to reputational risk.

Within the scope of the analyses conducted, with regard to financial materiality, the operational risk related to the issue of privacy was found to be material. As a result, the reputational risk arising from the negative impact of such operational risk on the Group's image was found to be material.

Lastly, for the purposes of assessing the financial materiality of opportunities, their connection with the impacts described above was taken into consideration, given that the presence of positive impacts, e.g. in terms of communication channels, may provide financial opportunities.
With regard to opportunities, analyses were conducted with reference to the following scopes:

- own operations: in-depth analyses were carried out together with the dedicated structures, in order to assess the Group's existing or planned initiatives and safeguards towards customers that could lead to an increase in the trust of the Group's stakeholders;
- downstream value chain: following in-depth analyses carried out together with the dedicated structures, the opportunity arising from the possibility of expanding the product range by guaranteeing access to all social groups, including the most vulnerable, was assessed.

The financial materiality analysis carried out, with reference to own operations, revealed material opportunities in connection with the adoption of internal policies and corporate strategies aimed at protecting the Group's customers and their freedom of expression; with reference to the downstream value chain, it revealed material opportunities relating to the offering and access of products/services dedicated to the Group's customers.

The Group also considers it essential to make the most of feedback, including complaints from customers, in order to make its commercial offer more effective for different types of customers, developing products and services that meet their actual needs. Listening and monitoring the quality of the service offered play a crucial role in this respect.

The Group's commitment to human rights

The Group believes that proper customer relations must be based on shared corporate values and respect for human rights in all products and services provided to customers.

As enshrined in its Code of Ethics, the Group considers it essential to maintain a continuous dialogue with customers, so as to better understand their real expectations, protecting the security of those customers, their assets and their information. The Group bases its relationship with its customers on the principles of fairness and transparency, placing them at the centre of its consideration through constant dialogue in order to understand their real expectations, with particular attention to the financial inclusion of the most vulnerable social groups.

To this end, in compliance with its Code of Ethics, the Group undertakes to:
- implement systematic dialogue tools, to gather suggestions from customers, consumer associations and associations representing specific categories of customers;
- ensure timely feedback on queries and complaints;
- protect people, valuables and assets, and information resources, including their digital identity, and adopt internal organisational measures designed to ensure the provision of a service meeting the highest standards of reliability, continuity and confidentiality;
- consistently observe transparency criteria in informing customers about their privacy rights and how their personal information is processed;
- not discriminate against customers on the basis of gender, gender identity and/or expression, emotional-sexual orientation, marital status and family situation, age, ethnicity, religious belief, political and trade union affiliation, socio-economic status, nationality, language, cultural background, physical and mental condition or any other characteristic of a person, including those related to the expression of their thoughts;
- carefully identify customer needs and risk profiles as a fundamental starting point for offering advice, services and products, in the knowledge that they play a key role in investment assistance, prudent management of savings, and responsible lending, in addition to offering insurance protection.

With regard to human rights, the Intesa Sanpaolo Group prevents human rights violations linked to its activities and promotes the protection of fundamental rights, setting out its responsibilities to customers.

For the benefit of stakeholders, the Intesa Sanpaolo Group has activated various channels and internal procedures for collecting, analysing and addressing reports on cases of possible non-compliance in relation to consumer and end-user rights, including those enshrined in the Human Rights Principles adopted by the Group. Among these channels, the Code of Ethics inbox is available for reporting cases of possible non-compliance. For more information on the Code of Ethics reporting channel, please see the section on Business Conduct in chapter ESRS G1 – Business Conduct. With reference to the aforementioned channels and procedures, no cases of serious incidents involving human rights, or constituting instances of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises were detected.

Service Quality – Customer satisfaction and responsible sales

Policies on customer satisfaction and responsible sales

In a context of correct and transparent relationships between intermediaries and customers, the Intesa Sanpaolo Group makes the information it provides to its customers clear and comprehensible in all stages of their relationship through the simplicity of its language, transparent policy statements, and consistent terms and conditions among the various documents relating to the same products/services. The main offer documents, drawn up in line with the clarity and intelligibility requirements, can be found in branches and also on the Group's official website, under the "Banking Transparency" section. These include product and service information sheets, specific guides and information documents on the conditions offered to all type of customers. Respect for customers' rights at all stages of the contractual relationship is also ensured through organisational measures and checks on compliance with customer protection regulations and through behaviours based on transparency and fairness both in the placement phase and during the performance of the relationship.
In the area of investments, the Group offers customers the highest level of protection with its advisory service. As regards transactions relating to financial products or investment services, personalised recommendations are made in line with the customer's financial profile. In this sense, Group personnel are bound by a specific set of rules relating, in particular, to the provision of the advisory service and other investment services, which identify the conduct to be maintained and the safeguards applied in the provision of the advisory service to clients and other investment services. These rules are applied to Intesa Sanpaolo and transposed, to the extent of their application, by the other Group companies within Italy. They are issued by the Board of Directors upon the proposal of the responsible compliance area, through a process of concordance with all major Group structures.

Furthermore, these rules were drafted to be consistent and in line with the European Directives and the Italian laws transposing them. Lastly, these rules are available for consultation by employees and key stakeholders on the "#Legislation" portal, which can be accessed via the Group's intranet.
After the entry into force of the MiFID II Directive and European regulations in the area of investor protection, the regulatory infrastructure was strengthened in order to provide investors with higher levels of protection and increased transparency in negotiations on the financial instruments markets. On the basis of the provisions of the main Italian and European regulations on this topic, the Intesa Sanpaolo Group provides for obligations in terms of the governance of financial instruments, knowledge and expertise requirements for the Group's personnel responsible for providing investment services and ex ante and ex post information on the costs, charges and incentives of the products and services available. The model was further refined to introduce a new survey profile on sustainability preferences aimed at verifying the consistency of the percentage of ESG financial products/investment services with respect to the sustainability preferences expressed by customers during the profiling phase, which include, in addition to the minimum percentage of the portfolio to be allocated to investments aimed at meeting these preferences, the possibility of further implementing them in compliance with the provisions of ESMA's "Guidelines on certain aspects of the MiFID suitability requirements". In addition, the Group's processes have been supplemented in order to make available to staff and customers specific information relating to the sustainability of the investment instruments and, consequently, the reports periodically sent to customers have been supplemented with information regarding the preferences expressed and regarding the composition of the portfolio in terms of sustainable products.
With regard to advisory services, "Valore Insieme" continues to be a global consultancy solution provided by branch managers through an innovative relations platform that provides an advanced and personalised advisory service in all phases of the construction, protection and transfer of investment portfolios, also through dedicated investment products. It is a service aimed at those looking for an exclusive relationship that combines an innovative platform and ongoing professional support from a dedicated manager.

New products and services and their subsequent variations are subject to the Product Governance process, with the involvement of all Group structures entitled to express their compliance opinion through the assessment of product characteristics, also to clearly identify the target audience for which it is intended, with a view to protecting the end customer. This process is constantly subject to verification by the responsible compliance function to ensure substantial and formal compliance with internal and external regulations and the underlying assessments. The Product Governance process makes it possible to accurately manage and oversee the individual phases represented by the concept, feasibility analysis, clearing, approval and monitoring of products or services submitted for validation.
Each activity involves the participation of several structures in order to assess and validate the products and services, also from an ESG perspective, produced by both the Group and third-party manufacturers, as required by the legislation[126]. Periodic post-marketing monitoring of products and services allows consistency with target market parameters and predefined characteristics to be verified over time.

The compliance assessments of the Product Governance processes are carried out in accordance with the principles of fairness and protection of the interests of customers, and also relate to the quality of the information provided, the consistency of the services, products or transactions with the needs of the target customers.
The entire process is governed within the Group by a well-structured regulatory framework, represented by guidelines, regulations and specific process guides, through which activities, methods and parties involved are identified in detail.

The management of customers' requests, regulated by specific Group guidelines for Managing complaints, Protests to the Supervisory Authority and Appeals to alternative dispute resolution Bodies, is inspired by principles of transparency and fairness and is based on the verification of the circumstances reported by the customer and of the conduct of the personnel involved, aiming for the effective resolution of disputes, within the time limits prescribed by law. The guidelines, which are available in the #Legislation section of the corporate intranet, are issued by the Parent Company's Board of Directors and then implemented by the Group Banks and Companies, which adopt the necessary regulations to implement them, taking into account applicable local and sector-specific regulations. The Group's official website provides information on how a customer can lodge a complaint and the maximum timeframe in which the Group undertakes to provide feedback to the customer. The resulting assessments and determinations are based on the applicable external and internal rules and regulations and on the principles expressed in the Group's Code of Ethics.

The regulations issued by the Bank of Italy, Consob and IVASS provide for specific reporting obligations on the part of the responsible compliance function within the Group, with the aim of reporting to the corporate bodies and the authorities themselves - at least once a year - on the overall situation of complaints and other requests received, as well as on the adequacy of the procedures and organisational solutions adopted.

Customer engagement processes

The Group has adopted a service model structured by business area, with an organisational structure that ensures coverage in Italy and in the other countries in which it operates, with the task of developing the best service quality through various channels, in order to make the commercial offer more effective across the different types of customers. Customer satisfaction and service quality are monitored and overseen by the structures that deal with customer satisfaction and customer experience in the various business Divisions.

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[126] Bank of Italy - supplement in 2019 to the Supervisory Instructions on "Transparency of the banking and financial transactions and services" with specific provisions on product governance; IVASS - Letter "Directive (EU) 2016/97 on insurance distribution and EIOPA preparatory guidelines on product governance and control by insurance companies and distributors of insurance products" dated 4 September 2017 and Regulation 45 laying down provisions on the governance and control requirements for insurance products in force since 31 March 2021; Consob - Intermediaries Regulation, amended by Resolution 21466 in force since 31 March 2021.

In this regard, to ensure a high level of customer satisfaction, the Banca dei Territori Division has developed a comprehensive feedback collection system, able to identify areas of improvement at an early stage and take concrete action. This system is based on key tools such as:

- NPS (Net Promoter Score): an effective synthetic measure of a customer's propensity to recommend the bank through a survey targeting specific segments. For more information, see the section "Metrics - Net Promoter Score";
- NSI (Net Satisfaction Index): measures the level of customer satisfaction at the key stages of interaction with the Bank;
- SEIok Programme: contributes to determining the Broad-based Short-Term Plan for the Network and concretely supports the continuous improvement of the level of customer service.

In addition, customers can also contact the Group through the complaint channels provided in the specific "Complaints and Dispute Resolution" sections of the Group's app and official website, as well as in the information sheets provided to customers and in the written agreements (e-mail address, certified e-mail, ordinary mail, fax).
The handling of complaints, the drafting and updating of these documents and the website contents are governed by specific internal regulations.

Remediation processes and channels to submit complaints

Complaints are handled by means of a dedicated IT procedure, which records the complaints and generates a "Complaint Register". This procedure tracks all the steps in the complaint handling process and monitors compliance with the applicable legislation on response times.

The procedures and solutions deployed to handle customer complaints are structured and governed by specific internal regulations, also in line with the guidance issued by the Bank of Italy, in particular in its communication of 18 March 2016 "Organisation and functioning of complaints offices: good practices and issues found through control activity".
Each complaint is duly examined, considering the various grounds for the customer's dissatisfaction. The answer must be drafted in simple, clear and comprehensible language and sent in a timely manner, and in any case by the time limits laid down in the legislation in force. When the complaint is received, the customer is notified that the matter is under examination. Where in-depth examination of complaint makes it impossible to issue a reply by the statutory time limit, the customer must be promptly informed by means of an ad hoc communication.

Once the case has been examined, the function responsible shall send the complainant a written response, drafted in accordance with the principles set out in internal Group guidelines on the handling of complaints, protests to supervisory authorities and appeals submitted to alternative dispute resolution bodies. The response must include:

- if the complaint is considered unfounded: a clear and comprehensive explanation of the reasons for rejecting it;
- if the complaint is considered to be wholly or partly well-founded: a description of the measures taken in the customer's favour, with details of the manner and timeframe for granting any reimbursement or compensation.

Targets related to customer satisfaction and responsible sales

One of the fundamental drivers of a service quality culture is the continuous process of improving the customer experience. The Intesa Sanpaolo Group has therefore designed a series of actions, in addition to its policies, to monitor the quality of the services provided. Thus, service quality is subject to constant monitoring and guidance. This makes it possible to achieve high standards of service quality, even without precisely defining measurable quantitative targets. Furthermore, the Group uses key tools such as the NPS in its customer engagement processes, as depicted in the "Customer Engagement Processes" and "Metrics - Net Promoter Score" sections, to monitor the effectiveness of its actions.

Actions on customer satisfaction and responsible sales

The Group monitors customer complaints and reiterations. In this regard, in order to promptly address any emerging phenomena, the responsible structure sends each month to the identified business owners a detailed list of the complaints pertaining to them, asking them to report on the actions taken or to be taken to mitigate the issues experienced by customers.
To ensure the continuous improvement of the customer experience, a "close the loop" system has been strengthened over time, i.e. closing the quality loop by selecting and implementing concrete actions.
The actions implemented include customer re-contact initiatives, which strengthen the relationship, put to good use the NPS data collected and reduce the risk of dissatisfaction and complaints through active listening. For example, customers who respond to surveys may expressly ask to be contacted back. The phone call is an opportunity to establish a relationship based on customer care and attention, as well as an opportunity to examine situations where expectations were not met.

The Banca dei Territori Division has further strengthened its monitoring of service quality, confirming the importance of the synergy between quality management and control. The aim is to support branches in raising awareness and disseminating the culture of quality as a value of the service offered to customers. The Division has also broadened the target audience of the "Customer Experience in Branch" portal, which provides an overview of the quality perceived by customers and supports operators in continuously improving their services. The portal, first released in 2023 for the Retail and Exclusive Business Areas, was also extended in 2024 to the Enterprise Business Area and to the Agribusiness and Impact Departments. In November 2024, the testing phase for the Digital Branch Department began, with release planned for early 2025.

With regard to the handling of complaints, regular alignment and training activities are carried out for the staff at the responsible structure; the applicable regulations are also available to staff on the company intranet.
The Group's annual report on the overall situation of complaints, disclaimers, protests to the Supervisory Authorities and appeals to Alternative Dispute Resolution Bodies describes the organisational set-up and examines its adequacy. In addition, the trend of customer complaints at Group level during the year is reported, including complaints and their possible reiteration ("customer appeals"), appeals to out-of-court dispute resolution bodies ("ADR appeals") and requests for clarifications made by

supervisory authorities in response to customer reports ("reports"). The Group's Complaints Report is sent to the supervisory authorities and an extract entitled "Complaints Management Report" is published on the Group's official website, as required by the relevant regulations.
The trends in complaints are also monitored on a quarterly basis, to verify compliance with the early warning thresholds, defined each year at Group level.
Complaint handling times are constantly monitored by the function responsible for overseeing compliance with the relevant regulations and are reported in the above-mentioned report, as well as in the subsequent section "Metrics - Response to customer complaints".

Metrics on customer satisfaction and responsible sales

Number of branches

To promote the quality of its service, the Intesa Sanpaolo Group is the largest banking group in Italy, with approximately 3,000 branches and a strategic international presence with over 900 branches, including subsidiary banks operating in commercial banking and an international network specialising in supporting corporate customers. The following table shows the number of branches broken down by geographical area covered by the Group, as well as the related Representative Offices.

	Number of Branches
Italy	2971 Branches
Other European countries	770 Branches + 1 Representative Office
America	2 Branches + 1 Representative Office
Asia	7 Branches + 6 Representative Offices
Africa	174 Branches + 1 Representative Office
Australia/Oceania	1 Branch

Net Promoter Score

The Net Promoter Score (NPS) is an indicator that expresses the likelihood of customers to recommend a product, service or company, calculated in index points (between -100 and +100) subtracting the percentage of detractors (dissatisfied customers) from the percentage of promoters (loyal customers) obtained. Overall, in 2024, at the level of the Banca dei Territori Division, the survey results, shown in the table below, can be attributed to approximately 657,000 total interviews carried out via telephone, e-mail, app or Internet Banking with Retail, Exclusive, Enterprise, Non-Profit Sector and Agribusiness customers.

Categories	Customer satisfaction index
NPS Retail	38
NPS Exclusive	34
NPS Enterprises	24
NPS Non-Profit Sector	33
NPS Agribusiness	24

Responding to customer complaints

As concerns the average complaint processing and response time, at the level of the Banca dei Territori Division, four types of complaints are shown below: Banking Services (ORD), Investment Services (SIM), Insurance Services and Products (ASS) and Payment Services (PAG). The average response time compared to the applicable legislation (NR) is calculated as the average number of days between the closing of the complaint and the day it was lodged. This time is calculated in terms of calendar days (note that the time limit under the relevant legislation is in calendar days, except for PAG, for which the time limit is in business days).

Type of complaint	Average processing times (calendar days)	Regulatory time limit (calendar days, business days for PAG)
Banking Services (ORD)	16	60
Investment Services (SIM)	35	60
Insurance Services and Products (ASS)	18	45
Payment Systems (PAG)	14	15

Service quality - Customer data protection

Policies on customer data protection

The Intesa Sanpaolo Group has always maintained a high and constant commitment to protecting its customers' personal data, ensuring that such data is collected and processed in compliance with current legislative provisions. The regulatory framework for personal data protection is represented by Regulation (EU) 2016/679 (General Data Protection Regulation (GDPR) which came into force on 25 May 2018, whose new rules have been implemented by the Group and formalised in the main internal governance documents consisting of the Group's Code of Ethics, which outlines the principles and values on which the Group bases its choices and activities, and the Internal Code of Conduct, which defines the conduct that the Group's employees and collaborators must adhered to in order to ensure the correct processing of data.
More specifically, the GDPR has introduced the accountability principle, which requires the data controller to implement regulatory, organisational and technological measures aimed at ensuring that the processing of personal data takes place in compliance with and in the light of the criteria laid down in the Regulation, such as privacy by design, privacy by default, the appointment of the Data Protection Officer, privacy impact assessment, the record of processing activities, the subjective role of Third Parties and data breach management. The Group protects the data of the persons with whom it interacts by implementing

the "privacy by design" principle, whereby the personal data protection logic is established from the outset by identifying the potential risks for the rights and freedoms of data subjects and the technical and organisational measures suitable for mitigating such risks. A further safeguard is the privacy impact assessment conducted before carrying out one or more data processing activities that may involve a high risk for the rights and freedoms of natural persons.
The privacy policy has been revised so as to make it clearer and more transparent, also by adding charts that make it easier to use and understand. The privacy policy, published on the official website, specifies that the Intesa Sanpaolo Group processes personal data only for the purposes described and expressly indicated in the policy itself, which is made available to data subjects. No processing is carried out for any secondary purposes not expressly stated. With regard to the processing of personal data for marketing purposes, the free, explicit and unambiguous consent of the data subject is required. If the data subject denies consent or does not make any choice, the data collected will not be processed and used for marketing purposes.
Failure by a data processor to comply with external or internal data protection regulations triggers a procedure to verify the actual unlawful conduct. In the case of ascertained and unjustified breaches, the relevant departments are always informed in order to start disciplinary proceedings, which normally result in one of the penalties under the disciplinary code being imposed on the author of the breach.

The Group, having companies located in various EU and non-EU countries, complies with the express personal data protection provisions of their domestic legislation. The Group has issued specific governance documents which provide detailed instructions on the conduct that employees and collaborators must adopt to ensure the correct collection, use and protection of personal data, in compliance with current national and international legislation and the principles that guide the Group, formalised in the Group's Code of Ethics and Internal Code of Conduct (for further details, see the Group's Internal Code of Conduct available on the Group's official website). These requirements are also set out in the Guidelines on the protection of personal data of natural persons and in the Corporate Rules for the processing and protection of personal data of natural persons.
The Guidelines establish the model for managing compliance risk with the data protection rules for all the natural persons with whom the Group interacts, including employees and collaborators. They lay down the general principles and set out the roles and responsibilities of the corporate bodies and structures involved, the macro-processes for monitoring and controlling risk, and the Group's guidance and coordination model. Furthermore, they lay down the requirements for personal data processing and protection, and penalties in the event of non-compliance with the provisions. The Guidelines are issued in compliance with external regulations, internal governance documents the provisions of the European Data Protection Board (EDPB), which is composed of representatives of the national data protection authorities of the EU Member States. The Guidelines apply to the Parent Company, its international branches and companies established in the European Union. The principles set out in the Guidelines therein serve as a reference for the Group companies located outside the European Union. The Guidelines are generally reviewed once a year. Before being approved by the Board of Directors, they undergo a concordance process with the relevant corporate functions.

In line with the principles of the Guidelines, the Corporate Rules on personal data processing and protection detail the topics and provisions on the activities carried out by all authorised data processors, providing precise operating instructions for ensuring compliance with GDPR provisions. The Rules apply to the Parent Company, its international branches and the Group companies operating in Italy according to the centralised privacy governance model at the Parent Company.

Pursuant to Article 37 GDPR, the Board of Directors also appoints the Data Protection Officer who, in performing his/her activities, is supported by the privacy function, which is located in the Chief Compliance Officer's Governance Area and comprises three offices, dealing respectively with privacy advisory, relations with the data protection authority and data subjects, and privacy governance.

The following tasks are entrusted to the Data Protection Officer and the privacy function:
- monitoring and overseeing compliance with the GDPR;
- preliminary compliance check on new products, initiatives and services involving the processing of personal data;
- assessment of risks to the rights and freedoms of individuals when starting or changing any personal data processing activities (Privacy Impact Assessment) in accordance with Article 35 of the GDPR;
- assessment of the subjective privacy role played by Suppliers/Third Parties and preparation of the letter of appointment;
- management of customer requests regarding the exercise of the rights of the data subjects;
- management of replies to the Data Protection Authority and data subjects following reports or complaints lodged with the same Authority;
- role of guidance, coordination and control of the Group companies located in Italy and abroad (EU and non-EU);
- keeping and updating the Record of Processing Activities, as required by Article 30 of the GDPR, wherein all the personal data processing activities carried out are recorded. The Register shows the purposes of each processing, the data storage methods, the security measures applied and other information on the processing activities carried out;
- assessment of non-compliance events and personal data breaches;
- updating the list of third parties that process customers' personal data;
- monitoring training courses on privacy.

As explained above, the Group is committed to ensuring maximum protection of customers' information and assets in order to strengthen their digital trust and provide a secure service. To this end, a cybersecurity process guide was drawn up, an internal regulatory tool that describes all processes for monitoring and managing customer issues. For each specific issue, the guide identifies the structures involved and the steps to be performed.
The scope of application of the policy is the Intesa Sanpaolo Group; responsibility for the guide and its updating is entrusted to the cybersecurity & business continuity management structure. The guide complies with the Organisational, Management and Control Model required by Legislative Decree 231/01, since it includes rules and processes specifically designed to manage sensitive areas, and identifies the activities potentially at risk of the offences set out in the Decree.
To ensure its principles are known by all the Group's people, the guide is made available on the corporate intranet.

In addition, the Chief Security Officer (CSeO) Governance Area was established in 2024. This Area is responsible for controlling cybersecurity, business continuity and physical security. Its mission is to define the Groupwide cybersecurity, business continuity (including business resilience), corporate security and physical security strategy, policies and models.

Customer engagement processes

The Group makes the privacy policy available to all the persons with whom it interacts. In particular, the Group publishes the customer data protection policy on its official website, providing all the necessary information on how it ensures correct data processing. The information provided includes the type of data processed, the purposes and legal basis of the processing, retention periods, the recipients of the data, the rights of the data subjects and how to exercise them, as well as the contact details of the DPO.

The privacy policy also specifies that the Group only processes personal data for the purposes described and expressly indicated in the privacy policy itself, which is made available to those concerned. No processing is carried out for any secondary purposes not expressly stated.
With regard to the processing of personal data for marketing purposes, the free, explicit and unambiguous consent of the data subject is required. If the data subject denies consent or does not make any choice, the data collected will not be processed and used for marketing purposes.

In 2023, the customer privacy policy was revised to make it clearer and more transparent, also by adding charts, taking on board customer feedback collected through dedicated focus groups.

Any data subjects wishing to submit data protection complaints or to exercise their rights, can contact the Data Protection Officer, using the channels described in the section “Remediation processes and channels to submit complaints”.

Remediation processes and channels to submit complaints

The Intesa Sanpaolo Group has adopted a critical event management model that sets out the steps for the efficient management of incidents. The model specifies the functions involved according to the type of event. It contributes to mitigating the reputational risks associated with personal data processing, also with respect to the lawfulness, fairness and purpose of the processing, as well as the relevance, completeness and non-excessive nature of the data collected.
In this scenario, the Data Protection Officer manages non-compliance events by providing assistance and collaboration to ensure the identification and implementation of actions to eliminate or mitigate the effects of the event. If the event constitutes a personal data breach, the Data Protection Officer is required to assess its impacts in terms of tangible risk for the rights and freedoms of natural persons; if the risk is high, the DPO notifies the Authority and, in case of particularly high risk, he/she also notifies the data subjects. For more details on this topic, please see the section “Customer privacy metrics”.

In 2023, the guidelines on the protection of personal data of natural persons and the corporate rules for the processing and protection of personal data of natural persons were updated. These documents lay down the model for managing personal data protection compliance risk, setting out the general principles and the roles and responsibilities of the Bodies and corporate structures involved. Furthermore, they lay down the obligations required for the purposes of personal data processing and protection and establish the application of sanctions in the event of non-compliance with the provisions. To submit complaints on personal data protection issues or requests to exercise their rights, data subjects can contact the Data Protection Officer, using the contact details contained in the privacy policy provided to all data subjects and on the Group’s official website. Requests can be sent electronically (e-mail, certified e-mail) or in hard copy; in both cases, they are treated with an appropriate level of confidentiality and protection of the data of the data subjects who use them. The monitoring of the receipt of requests falls under the responsibility of the privacy function, which manages the reports and requests received and guarantees their timely processing according to the terms laid down by the legislation. The careful and timely handling of requests to exercise the data subjects’ rights is of crucial importance in consolidating the trust relationship and addressing critical situations. The Group has equipped itself to respond promptly to customers’ requests as required by Article 12 GDPR, under which the data controller must take appropriate measures to provide the data subject with all information concerning the processing, without undue delay and, in any case, within one month of receiving the request, or within two months in the cases provided for, informing the data subject.
As part of the integrated internal control system, the Control Functions carry out checks, of different depth and frequency, on the compliance of activities with personal data protection regulatory requirements and on the correct implementation of the measures issued by the Data Protection Authority on these matters. The results of the checks are reported to the Board of Directors in the manner defined by the control system.

In this context, the Chief Audit Officer carries out periodic control activities defined not only on the basis of the specific regulatory obligations on the subject (audits carried out annually), but also from a risk-based perspective, taking into account the evidence reported by the other corporate control functions. Generally speaking, the independent checks by the Internal Audit function are aimed at ascertaining the completeness, adequacy and effectiveness of the data protection compliance risk management model, reporting any irregularities in personal data processing to the competent corporate structures and the Data Protection Officer, and reporting on the matter to the Board of Directors.
In compliance with the GDPR and the guidelines, the Data Protection Officer must at least annually submit a report to the Board of Directors on the most significant data protection issues. This requirement makes it possible, through the adoption of appropriate measures, to mitigate reputational and compliance risks relating to personal data processing.

Targets related to customer data protection

The Intesa Sanpaolo Group has put in place a set of policies and actions to safeguard customer data, which ensure data protection is subject to constant monitoring and guidance. This makes it possible to achieve high standards of service quality, even without precisely defining measurable quantitative targets.
In addition, the Group has adopted a critical event management model that sets out the steps for efficient incident management and solutions that provide for the continuous analysis of incidents and threats, using metrics to assess the performance and effectiveness of its actions (described in the sections “Customer Privacy Metrics” and “Customer Protection Against Fraudulent Transactions Metrics”).

Customer privacy actions

Using a risk-based approach, the Data Protection Officer controls compliance risk by applying the principles of privacy by design, and privacy by default, to control of the risk of non-compliance with data protection legislation both at the stage when personal data processing is designed or significantly modified and during the data processing by adopting, as a default setting, the appropriate technical and organisational measures to ensure an appropriate level of security.
In 2024, awareness-raising activities targeted at the Group's employees and relating to data protection issues continued. This awareness is achieved through the provision of mandatory training e-learning courses which include a final test and the provision of new modules to allow personnel to learn the legislation in practice and to continuously update their knowledge. The Group, through specific tools, monitors course participation and pass rates of the related tests.

Third-party privacy monitoring continued in 2024, through the administration of privacy self-assessment questionnaires to 106 suppliers and on-site visits to 10 suppliers. Overall, both activities were successful, with most suppliers achieving a medium/high level of data protection controls. In 2025, higher priority and attention was focused on the suppliers that had failed to complete the privacy questionnaire and on those that had revealed a low level of data protection control in the self-assessment and on-site visits.
In terms of planning, the birth of the new Isybank entailed the fulfilment of data protection regulatory requirements and the concurrent definition of data protection processes and controls, which will continue in 2025.

Development work continued on the new integrated platform that will enhance controls on the Record of Processing Activities and the main corporate privacy processes. The development, testing and fine-tuning will continue until 2025. In relation to the activities carried out in the international scope, the guidance, coordination and control activity continued in relation to the EU companies with special meetings being held for the presentation of privacy processes, discussion about relevant issues, transmission and analysis of periodic information flows. In the non-EU context, controls on the international branches with a higher volume of personal data processing activities were tightened, to reduce compliance risk and strengthen risk governance.

Actions to protect customers against fraudulent transactions

The trend of fraudulent transactions in 2024 shows the use by fraudsters of increasingly advanced and complex techniques, which mainly include:
- fraud involving the use of mixed Phishing and Social Engineering techniques, aimed at stealing customer data in order to carry out fraudulent transactions, mainly affecting Retail customers;
- fraud perpetrated through the use of malicious software (malware), which mainly impacts corporate customers;
- swindles, i.e. manipulations carried out by the fraudsters against payers to induce them to make a payment to a payee whom they believe to be legitimate but who turns out to be fraudulent;
- Money Muling, whereby the perpetrator convinces the victim to make transfers of money received from a third party, in exchange for a commission.

To combat these frauds and swindles, the Intesa Sanpaolo Group uses specific solutions which, in brief, involve continuous analysis of events and threats to understand the risks and types of fraud in order to increase the ability to detect and prevent the phenomena; and initiatives and limitations to protect the customers most at risk. The main activities carried out during the year include:
- performance of Behavioural Customer Monitoring (BCM) to assess the riskiness of the customer's transaction based on their financial habits. This activity will continue in 2025;
- implementation of the Customer Security Enforcement (CSE) programme, which certifies the devices used by customers and phases out the use of SMS in favour of the dynamic logo, not transferable to fraudsters;
- analysis of fraudulent phenomena with monitoring and insertion of ad-hoc rules to prevent the malicious action of fraudsters (Rule Optimisation);
- implementation of data analytics logics and use of machine learning tools. These actions were started in 2022, have continued with periodic additions, and will continue until 2025.

Initiatives to combat Money Muling have been expanded in a structured manner since 2023. In particular, the current activities, which will continue until 2025, aim to raise customer awareness and to detect and prevent cases of Money Muling. Finally, since 2024 the Group has been engaged in initiatives at system level or with other industry players to strengthen anti-fraud supervision and prevent fraud at international level (e.g. active participation in the Fraud Pattern and Anomaly Detection project - FPAD).

Customer privacy metrics

In 2024, 186 cases (78 of which related to Intesa Sanpaolo) of loss or theft of Group customers' data (Data Breaches) were assessed in Italy, 171 of which (65 related to Intesa Sanpaolo) were not found to pose a risk to the rights and freedoms of the data subjects and therefore did not need to be notified to the Italian Data Protection Authority. For the remaining 15 cases (13 of which related to Intesa Sanpaolo), it was instead considered necessary or prudential to notify the Data Protection Authority; of these, 4 cases (all related to Intesa Sanpaolo, and 3 of which also related to Group employees) were also communicated to the data subjects.
Foreign companies based in the European Union reported a total of 85 incidents/events of alleged personal data breaches, 4 of which were reported to the local authorities; of these, 2 were also communicated to the data subjects. For the remaining 81 cases, the local Data Protection Officers did not detect a risk to the rights and freedoms of the data subjects. Consequently, no notification to the respective Data Protection Authority was necessary.

Metrics on the protection of customers against fraudulent transactions

During 2024, in response to attempted attacks involving the financial system, the Intesa Sanpaolo Group blocked fraudulent transactions[127] amounting to approximately 76.4 million euro for private customers and approximately 20.2 million euro for corporate customers. In this regard, it should be noted that starting in 2024, the Group calculates this figure on the basis of a monitoring system that makes it possible to distinguish between cases of fraud and swindles: in particular, blocked frauds amount to about 8.4 million euro for private customers and about 4.2 euro million for corporate customers, while swindles amount to about 68 million euro for private customers and about 16 million euro for corporate customers.

Customer health and safety

Policies on customer health and safety

Safeguarding the safety of customers and the security of their assets and information is not only a primary duty of the Group, but is also the foundation of developing a long-term trust-based relationship.

In particular, the Intesa Sanpaolo Group protects the health and safety of people, including customers and suppliers, by acting on two distinct but complementary levels.
At institutional level, the Group has joined the "Memorandum of Understanding for the Prevention of Crime against Banks and Customers", promoted by OSSIF (ABI's Anti-Crime Research Centre), endorsed by the Ministry of the Interior and signed in the Prefectures of the main Italian provinces.
The MoU defines the best practices for the prevention of both major threats against staff and assets held by banks, and fraud against customers, with a focus on senior citizens and less financially literate customers. The MoU identifies appropriate levels for preventing these threats, based on the best experience in the field: the Group is above the minimum adequacy thresholds, setting a benchmark on the national and international scene. In particular, in 2024, the Intesa Sanpaolo Group launched a wide-ranging training and information campaign for the prevention of fraud against weaker customer groups, which will continue in 2025 on various channels.

At Group governance level, corporate and physical security guidelines have been implemented. Their current version has been in force since November 2022, having been approved by the Board of Directors.
The guidelines set out clear principles, processes and responsibilities, to ensure the protection of personnel and assets, both at home and abroad. This generates significant positive externalities, inter alia, by helping to create a comfortable and safe place for customers. The guidelines complement the operational rules and the advanced technological measures to strengthen existing controls and measures that contribute to the physical integrity and safety of people. This framework is supported by Group initiatives and information tools for the dissemination of a safety culture.
The abovementioned internal regulations are inspired by constitutional and legal principles that emphasise the value and dignity of work and the individual.

Customer engagement and remediation and channels to submit complaints

One the key principles of the Code of Ethics is the value of the person: the Group takes care of people's health and safety to ensure their professional experience respects their physical and mental well-being.
In particular, the Intesa Sanpaolo Group protects the health and safety of all the people who work there and visit its premises by implementing operational rules and technological safety measures, supported by information materials promoting a health and safety culture. As the protection of people is an essential priority, corporate and physical security matters play a key role. They are governed by specific guidelines and internal rules that also protect customers, enabling everyone to operate effectively, efficiently and safely.

To this end, the Code of Ethics allows customers to file reports of possible non-compliance with its provisions through a specific e-mail inbox, guaranteeing a timely response to queries and complaints and aiming for an effective and not merely formal resolution of disputes.

[127] It should be noted that "fraudulent transactions" include both frauds and swindles.

Targets related to customer health and safety

The Intesa Sanpaolo Group has put in place a series of policies and actions to safeguard customer health and safety, which ensure the continuous monitoring and guidance of this issue, even without a precise definition of quantitative and measurable targets.

Actions relating to customer health and safety

With reference to the actions aimed at promoting customer safety, the Intesa Sanpaolo Group has launched widespread information activity to prevent fraud against weaker customers, such as seniors and those with limited financial education. In particular, the Group has joined a national campaign promoted by the Italian Banking Association (ABI) together with the Carabinieri Corps, which is one of many initiatives deployed by the Authorities to prevent fraud against vulnerable groups, which affects significant numbers and has devastating impacts on customers, often worsening their existing vulnerabilities, at times with irreversible outcomes.
In particular, at the end of 2024, the Group disseminated information material, produced by the Carabinieri, using all channels to reach retail customers: printed leaflets by post, for customers still preferring this medium, apps and the Group's official website. The campaign was extended to all retail customers and not just to the target groups, to emphasise and highlight the social relevance of fraud, the eradication of which requires the active involvement of the entire population and not only of the affected groups.
The Intesa Sanpaolo Group's action will continue in 2025 with a training project for branch staff to detect and prevent fraud against vulnerable customers.

As to actions to strengthen the security of personnel and assets, but which also have a potential indirect effect on customer protection, the Group designs its actions on the basis of risk analysis conducted by the corporate and physical security function, based on the ISO 31000 Guidelines.
These analyses provide input for designing appropriate prevention strategies and measures, ranging from training and organisational actions to the use of advanced technological solutions.

The remit of the corporate and physical security function covers the entire perimeter of the Group, partly under a centralised model and partly via decentralised support.
In particular, emergency security plans for personnel abroad were implemented in 2024, in cooperation with the competent functions.

Assessing the effectiveness of actions is an integral part of the process. The Group tracks data on all actual and attempted offences detected in Italy. The data for the current year show little or no change in the number of these events compared to previous years, which proves the positive impact of the measures taken.

Another key area for physical security is aggressions other than robberies, typically against Group staff. In this area, detection, analysis and containment actions have been in place for quite some time, also with a view to reducing the level of possible jeopardising of customers in financial activities involving contact with them.

Social inclusion and supporting production

Policies on social inclusion and supporting production

The Intesa Sanpaolo Group is committed to building relationships with its customers based on trust and meeting their expectations, offering high quality products and services, with an approach based on constant listening and dialogue. The Group champions inclusion and accessibility, avoiding all forms of discrimination and promoting solutions suitable for all social groups.
Access to credit and financial inclusion are fundamental tools for social progress. The Group is committed to supporting vulnerable customers and facilitating the launch of new business activities, promoting economic and social growth in the countries where it operates, supporting innovation, the ecological and digital transition, and the development of sustainable projects.
By launching specific initiatives, the Group also aims to promote gender equality and inclusion, recognising the social and production value of the role women play in the economy. Such initiatives, aimed at reducing inequality and supporting equality, contribute to strengthening the Group's role as a benchmark in social sustainability for Europe.
Furthermore, the ISP Group is committed to ensuring an inclusive and personalised customer experience, promoting the use of digital channels and providing a transparent and proactive advisory service.

In line with the above, the Intesa Sanpaolo Group, in its 2022-2025 Business Plan, reaffirmed its commitment to creating sustainable and inclusive economic value, allocating significant funds to social lending to facilitate access to credit for vulnerable groups.

Based on specific internal Group regulations on credit products and lending transactions classified as "sustainable", this section sets out sustainability-related products and offers, which include, for example, loans to support socio-economic advancement and empowerment. These internal regulations concern all companies belonging to the Group.
The definition of customer-facing products and services stems from a collaborative process between various relevant regulatory functions, with the aim of ensuring respect for rights, transparency and privacy. These functions are called upon to assess and validate product/service owner proposals, ensuring that they comply with internal regulations and processes.
Credit products and lending transactions are defined according to specific classification processes, which include assessing the purpose of the underlying investment, as well as any applicable agreements, covenants and KPIs, separate for each Business Division. These credit products and lending transactions are carried out in accordance with the ESG framework, classified into

specific categories, including: "environmental sustainability", "social sustainability" and "other sustainability". In particular, credit products are classified as sustainable when they are recognised as such by internal working groups, while lending transactions can be classified as sustainable if one of the following conditions is met:

- the loan is intended for investment in a specific economic activity falling within the classification categories;
- the loan is targeted at zero-emission sectors and economic activities;
- the loan will lead to the achievement of sustainability targets, linked to specific KPIs, which are in line with the company's sustainability strategies.

The sustainability classification is made during the loan application phase. Following the disbursement of the loan, if relevant, the stability of the sustainability classification will be verified and monitored by the operational and business functions for the entire duration of the loan.

Customer engagement processes

The Group is committed to ensuring clear and transparent access to its channels, encouraging customer awareness in economic and financial management. Through organisational structures and in collaboration with industry associations, it develops products and services in response to evolving customer needs, while adhering to sector initiatives. For example, in the area of certificates, it participates in the annual surveys organised by ACEPI (Italian Association of Certificates and Investment Products), to ensure that the complexity of instruments is clearly classified and improve its advisory services.
In order to best respond to customers' needs, advanced listening tools have been adopted to better understand emerging needs and assess the level of satisfaction with existing products and services. In this way, the Group can continue to offer products in line with both companies' and individuals' expectations. When designing agreements, loans and other customer initiatives, direct discussions are organised with the beneficiaries, incorporating feedback and suggestions for continuous improvement. As an example, the Social Impact Roadshow 2024 involved customers and partner foundations in in-person and remote sessions, with the aim of discussing and better representing the non-economic effects of the Group's activities.

In particular, the Banca dei Territori Division's commitment to creating socially oriented credit solutions is manifested through an inclusive approach, aimed at bridging some of the country's social gaps, such as the low number of young people with university degrees. End customers' needs are analysed based on market surveys (e.g. Istat, Eurostat) and the support of research institutes, with specific focus groups. Gamma Impact products, such as those aimed at students or the unemployed, are designed with favourable terms and extended repayment periods to facilitate access to credit even for those who do not meet the traditional requirements.
Right from the product design phase, customer behaviour and market benchmarks are analysed to identify latent needs. Annual customer satisfaction surveys and continuous customer experience surveys following interactions on physical and digital channels highlight areas of satisfaction and dissatisfaction, allowing prompt action to be taken to optimise the Group's products and services.
As well as listening to customers, the staff in the Banca dei Territori Division also contribute by providing feedback on processes and services, suggesting improvements for more immediate usability and a more transparent relationship.

Remediation processes and channels to submit complaints

The Intesa Sanpaolo Group maintains a constant dialogue with its customers to ensure top-tier service. Customers have several possible options available for submitting complaints, such as online on the Group's official website or through an application, by mail (also hand-delivered to operating points) or e-mail. Timely and careful handling of complaints is crucial to consolidate trust and resolve any critical issues. Current regulations require the responsible compliance function to provide regular disclosures, at least annually, on the overall handling of complaints and the effectiveness of the procedures adopted.
In addition, the Code of Ethics allows customers to file reports of possible non-compliance with its provisions through a dedicated e-mail inbox, guaranteeing a timely response to queries and complaints and aiming for an effective and not merely formal resolution of disputes.

Targets and metrics related to social inclusion and supporting production

The Group has set itself the objective of promoting ESG practices, included as a priority in the 2022-2025 Business Plan, by raising awareness among companies and their supply chains and helping them to understand their own level of sustainability, as well as in establishing a transition plan geared towards more responsible and innovative models, in line with the ecological transition of the NRRP. To this end, the ESG Workshop initiative continued in 2024. These are physical and virtual meeting spaces that offer workshops and advice from qualified partners on ESG (environmental, social and governance) issues.

The target of creating at least one workshop per Regional Centre has been far exceeded, with multiple workshops in some areas. Each workshop establishes common objectives and operating methods in order to propose a path designed to help companies identify their strengths and areas for improvement, stimulating change that generates value not only for the company, but also for the community and the environment.

The activities of the workshops are constantly promoted through the Group's traditional channels, such as press releases, the official website and social media channels, but also through the communication initiatives of the founding partners (e.g. chambers of commerce, local authorities, institutions, universities, etc.). The initiative continues to expand, supported by institutions and technical partners, with the aim of making ESG practices a priority in business decisions and development strategies, making the ecological transition not only a necessity, but also an opportunity for innovation and growth.

Since 2021, when the first workshop was launched in Brescia, several workshops have been set up throughout Italy, from Padua to Genoa, including cities such as Milan, Turin, Bari and Palermo. As of 31 December 2024, there were 16 ESG workshops, as shown in the table below.

Target: Number of ESG Workshops	**Date**	**Value**
Baseline[128]	31.12.2021	-
Final number	31.12.2024	16
Target	2025	12

Actions related to social inclusion and supporting production

The Intesa Sanpaolo Group provides its customers with a wide range of medium- to long-term products with the aim of helping to find ESG solutions and supports the most vulnerable groups by promoting access to credit through specific projects and local partnerships. Among its various solutions, the Gamma Impact, powered by the Fund for Impact, offers financial solutions that respond to the country's social needs and are continuously updated on the basis of analyses and customer feedback.

In relation to social inclusion issues, the BdT Division has developed dedicated credit lines:

- S-Loan, to support small and medium-sized enterprises aiming to improve their sustainability profile. In particular, the S-Loan Diversity line, to support SMEs' investments and reward their efforts towards empowering women, such as promoting female participation in their company, recruiting new female staff, gender equality policies and welfare for female employees, in line with European gender equality goals. The S-Loan line, aimed specifically at corporations, including non-profit social enterprises and cooperatives, also includes the S-Loan ESG line, for companies that want to improve their all-round sustainable performance;
- "Finanziamento Microcredito Imprenditoriale" (Business Microcredit Financing), to support start-up and development projects by undertakings, freelancers and unrecognised associations struggling to access credit, using the special Microcredit section of the SME Guarantee Fund;
- the Business Gemma loan, aimed at supporting any type of investment or liquidity need related to the professional economic activity of female-led businesses and self-employed women;
- anti-usury loans, disbursed in accordance with the terms established by agreements with Foundations and Associations registered in a special list of the Italian Ministry for the Treasury. These institutions, responsible for managing the resources provided for by Law 108/96 on behalf of the State, offer guarantees to banks to facilitate access to credit for individuals who are considered worthy of financial support but who, however, would not be able to access finance according to the traditional criteria for assessing creditworthiness. The guarantees financed by the Fund for the Prevention of Usury, established by the above-mentioned law, facilitate the disbursement of loans to combat the financial exclusion of vulnerable individuals, reducing the risk of them turning to illegal credit channels. Since this funding is intended for people in serious economic hardship, the impact on the lives of the beneficiaries and their families is considerable. The number of anti-usury loans granted during the year is monitored by a dedicated structure, which each month reports on the number of exposures covered by guarantees. This data serves to estimate the benefit generated in the various regions in which the organisations affiliated with the Group operate. Personal loans and anti-usury mortgage loans are intended for consumers, professionals and sole proprietors operating for personal or family purposes, outside their business or professional activities, and residing in the areas covered by the foundations and associations affiliated with the Intesa Sanpaolo Group;
- Credit for Community Development (Cre.S.Co.), an initiative developed through individual calls for proposals or other forms of collaboration with specific partners, which establish a guarantee fund to facilitate access to credit for Non-Profit Organisations (NPOs). This instrument aims to support the development of socially beneficial projects in the areas in which the partners pursue their statutory objectives. The mechanism allows the partners, such as foundations, to enter into an agreement with the ISP Group and issue a call to select the projects to be funded. In this context, the partners provide a guarantee fund and/or a fund to cover all or part of the borrowing costs associated with the selected projects. Both secular and religious NPOs, including those set up in aggregative forms such as Temporary Special-Purpose Associations (Associazioni Temporanee di Scopo - ATS), which have their legal and operational headquarters in Italy, may participate in the calls for proposals. Both organisations already active at the time of the call and NPOs newly established as a result of mergers or integrations between pre-existing bodies are eligible, provided that they fall within the sectors, types of intervention or areas defined by the partner. Cre.S.Co. is an instrument offering subsidised loans for new investments or liquidity needs, aimed in particular at non-profit organisations with the objective of supporting the growth of small organisations, which often lack their own equity;
- Gamma Impact, through the Fund for Impact, a credit line dedicated to social impact activities set up in 2019 and confirmed in the 2022-2025 Business Plan, enables the development of credit initiatives aimed at categories of people who have difficulty accessing traditional credit, despite having high potential. The Fund for Impact credit products provide subsidised rates and extended repayment periods of up to 30 years; around 110 million euro was disbursed in 2024. The main programmes include:
  - "Per Merito", an unsecured loan for university students with a disbursement of approximately 107 million euro in 2024;
  - "mamma@work", a loan for new working mothers, with about 2 million euro disbursed.

  Other more recently introduced products include "Obiettivo Pensione", which supports unemployed persons in their voluntary pension contributions, "Per Crescere", a loan for low-income families to access education, "Per avere Cura", to support the care expenses of disabled or dependent persons, and "Per Esempio", aimed at young people who have participated in the Universal Civil Service and are entering the world of work for the first time.

These products, developed under the Gamma Impact range, are characterised by social and inclusive features, allowing people to access credit who would normally struggle to obtain it, such as students and the unemployed. The aim is to generate a positive impact, helping these groups to succeed through financial support. In addition, the Division has introduced a system for

[128] Plan target that represents the planning of a new activity that does not have a base value.

measuring social impact through the "impact detector" (RIM) questionnaire, which is mandatory for all Fund for Impact products, and which allows the impact generated both qualitatively and monetarily to be calculated.

The BdT Division pays special attention to retail customers and their needs, offering dedicated mortgage lines for specific requirements, including:

- "Mutuo Giovani": an offer that facilitates young people (under 36) with a house purchase by accepting requests of up to 100% of the property value, providing for subsidised rates and application fees, elimination of instalment collection costs and elimination of expenses for flexibility and suspension options that can be used to handle contingent hardship situations. Workers with non-standard and increasing protection employment contracts can also apply for it. The "Mutuo Giovani" has thus gained a positioning on the market which sees the Group as the main lender of this target customer group.
- Guarantee Fund for Main Home Purchases: the Intesa Sanpaolo Group participates in the Guarantee Fund for Main Home Purchases, established by the 2014 Italian Stability Law. The "Sostegni-bis" Decree published in May 2021 refinanced the Fund for the years 2021 and 2022, also extending the benefits for 2023 with Decree Law 132/2023. The BdT Division therefore offered mortgages to individuals identified as being priority borrowers (for example young people under 36 years old or single-parent households with children) on favourable terms ranging from exemption/elimination of the substitute tax, to the possibility of accessing high Loan To Value (LTV) features also with State guarantees and the benefit of highly competitive rates.

In order to safeguard its customers, the Intesa Sanpaolo Group scrupulously follows the Consumer Credit Rules, with the aim of protecting the final borrower. Automated mechanisms and control systems, such as usury rate monitoring and debt-to-income ratio monitoring, have been implemented to ensure compliance with the regulations and prevent over-indebtedness. In addition, the Group has developed a strong capability to handle customer complaints, responding promptly to potential negative impacts on products and processes. Thanks to a structured process for developing new products, the ISP Group minimises risks by ensuring access to credit for specific categories. This process is supplemented by automated tools and procedures to ensure that the data provided is reliable and transparent, measuring the impact of products and processes on end customers.
The BdT Division's initiatives to promote financial inclusion include "Finanza Insieme", an online platform launched in September 2023, which is free and open to everyone, customers and non-customers alike. With this initiative, the ISP Group wants to support people in improving their level of financial awareness and their relationship with money. Through simple language and an interactive/edutainment approach, Finanza Insieme offers a customised learning and training path with more than 350 topics and exercises. The topic modules cover seven main areas of bancassurance: Savings, Investment, Risk, Insurance, Pensions, Credit, Inheritance.
The seven topic modules are also organised into different sections:

- "Understanding": main socio-demographic trends, useful to decode context;
- "Getting to know others": main strategies to recognise and prevent major biases;
- "Training": experiential and logical exercises to train the development of more conscious decision-making;
- "Going into depth": topical economic and financial content to understand the market and how it changes over time.

Alongside the commercial offering of products and services, outlined above, the Division promotes a number of initiatives aimed at fostering economic development and the dissemination of a culture of sustainability and social rights:

- the Women Value Company programme, implemented in collaboration with the Marisa Bellisario Foundation, dedicated to SMEs that implement concrete and innovative policies and strategies to guarantee men and women equal opportunities and equal recognition in their careers;
- the Resto al Sud initiative, to support the establishment and development of new entrepreneurial and freelance activities in southern Italy;
- Crescibusiness, aimed at micro, small enterprises and freelancers, which provides a pathway to ESG growth;
- Imprese Vincenti, the initiative that highlights the paths of growth, digital transformation and business models developed by companies also with regard to ESG;
- Programma Sviluppo Filiere (Supply Chain Development Programme), to facilitate access to credit and a better understanding of companies' needs as part of a supply chain. It supports not only the individual, but the entire team with a unified vision of all supply chain players, and has been supplemented with the introduction of the Programma Sviluppo Filiere – Filiere sostenibili (Supply Chain Development Programme – Sustainable supply chains) with the specific objective of promoting virtuous approaches to ESG for supply chain companies.

In addition, the following initiatives are made available to corporate customers to raise awareness of ESG topics:

- Group training programmes with a focus on ESG topics;
- ESG workshops, in-person and remote venues offering workshops and consultancy on environmental, social and governance issues.

Initiatives to support individuals, non-profit and third sector organisations, with a focus on positive social impacts, include:

- Negative EVA impact ceiling: introduced in 2023, this is an innovative governance tool designed to support lending transactions having significant social impact, even in the absence of an immediate economic return for the Group. This tool, which is reviewed each year by the Steering Committee, makes it possible to offer short-, medium- and long-term loans on favourable terms to vulnerable individuals and third sector organisations, often having no access to traditional lending channels;
- Impact Assessment (RIM): the results of loans granted are assessed by means of an impact measurement process, covering:
  - "impact products", i.e. loans granted to disadvantaged individuals;
  - loans to the non-profit sector, where the Group's impact is indirect, and is applied to new loans of no less than EUR 50,000 with maturities of no less than six months.
- The RIM questionnaire is used to collect from managers and customers useful information for measuring benefits. The data thus collected are then analysed to calculate the benefits on people (outcome) as well as the effects of the initiatives on the lives of individuals and their communities (social impact). Finally, an SROI - Social Return On Investment - is calculated, i.e. a measure of the change effected in ways relevant to the people and organisations experiencing or contributing to it.

Concretely, appropriate monetary values are applied to the measured social, environmental and economic outcomes. This makes it possible to calculate a benefit-cost ratio.

For “impact products”, ex-ante questionnaires are currently administered to customers, to assess the expected improvement compared to possible alternatives, if any. In the future, ex-post questionnaires will also be introduced, to measure actual results against expected results.
For loans to the non-profit sector, the assessment is conducted at the time of the loan application. Ex-ante questionnaires are currently being used to collect customers’ expectations about the social impacts of the financed initiatives. In this case, an ex-post assessment is already planned to measure concrete results against initial expectations. At the end of the process, the customers concerned receive a copy of the statements made in the respective questionnaires.
In addition, with regard to loans to the non-profit sector, both physical and virtual presentations have been organised for individual customers or selected client groups, describing the results of the assessments. These meetings take place as part of the normal relationship activity between manager and customer, or during special road shows that include group and individual discussions.

The ISP Group participates in the Agreement for Women Victims of Violence, which the Italian Banking Association (ABI) and the main trade unions have signed in favour of women included in certified protection schemes for victims of abuse, enabling these women to request the suspension of mortgage and personal loan instalment payments for 18 months. To provide even more support, the Group also grants suspension of the entire instalment in addition to the principal amount covered by the agreement. The agreement has already been extended and is valid until 25 November 2025.
The Banca dei Territori Division pays special attention to young people and their needs, offering them a wide range of dedicated solutions. Below are the main initiatives and solutions offered to them:

- XME Conto UP! (reserved for minors) offers a zero-fee current account, plus free debit card, bank transfers and ATM withdrawals, and with stamp duty paid by the Group;
- The pre-paid “Flash Up Studio” card for students attending the partner Universities. This account can be requested free of charge directly via the App: it can be used to make payments, receive scholarships and any remuneration. Where applicable, it also allows the holder to use university services and access University premises.

In addition, the Division is planning other ad hoc initiatives to respond to specific social needs, such as the management of remittances. In continuity with the past, the Group continues to provide the option to send money abroad to meet the specific needs of the ISP Group’s migrant customers, through the Money Transfer service, in partnership with Western Union.

With regard to the IMI Corporate & Investment Banking Division, the financial offer available to the Division's customers includes the main ESG solutions: Sustainability-linked, i.e. general purpose solutions, with conditions linked to the policyholder's sustainability performance, and solutions with income linked to specific investments.
In particular, in terms of sustainability-linked solutions, in 2024 the Group supported its customers with loans, bonds, guarantees, securitisations and hedging activities, while the operations with earmarked income include Green loans, Green, Social and Sustainable bonds, Green Convertible Bonds as well as Project Finance dedicated to renewable energy (wind, photovoltaic, biomass, hydroelectric). In addition, the IMI Corporate & Investment Banking Division offers a wide range of advisory services focused on the sustainable transition: an ESG Advisory Team was established in 2023 to assist the customers served by IMI Corporate & Investment Banking in developing customised ESG tools that are often linked to their transition strategies and plans.

The International Banks Division (IBD) supports individuals in vulnerable conditions through a dedicated offer. In particular, Bank of Alexandria (Egypt) places microfinance at the centre of its strategy as a driver for poverty reduction and the country’s social and economic development. Bank of Alexandria positions itself as a reference for financial inclusion in Egypt, economic empowerment and income support for small businesses and customers with no access to banking, with a greater focus on small farmers, livestock farmers and craft workers. in 2024 the Bank, which offers a diversified catalogue of products (in particular in the field of Agribusiness), also developed in line with the guidelines of the Central Bank of Egypt, granted loans for an overall amount of approximately 34 million euro, also providing customers with training services, in collaboration with the World Food Programme (WFP) and entering into partnerships and collaborations with NGOs, Ministries and private entities.
Within the IBD perimeter there is furthermore a targeted offer for young people for purchasing their first home, also making use of State support programmes for the young. This offer is active in six entities: CIB Bank, Eximbank, ISP Slovenia, ISP Albania, BiH and VÚB Banka; in 2024, a total of approximately 263 million euro was disbursed.

In addition, there are products to support women and young people in business, also developed in cooperation with multinational banks, such as the Women in Business programme of the European Bank for Reconstruction and Development (EBRD), active in 2024 in Serbia. The aim is to support micro, small and medium-sized enterprises run by women or young people in the Western Balkans by providing favourable financial terms, technical advice and know-how. In 2024, around 22 million euro were disbursed. In five geographic areas of the Division (Serbia, Bosnia, Moldova, Croatia and Egypt), products dedicated to pensioners are distributed; the amount disbursed during 2024 was approximately 113 million euro.
With regard to training activities for the sales network and customers, four webinar sessions on “Circular economy/Green and S-Loan financing” and a further in-person session were organised, with Group colleagues from eight banks of the International Banks Division participating. In addition, workshops were held on analysis to align transactions to the European Taxonomy and the impact of sustainability in the E-mobility and food and beverage sectors.

Moreover, as explained above, in the current context it is essential to support the production sector as well as the economic and social growth of the communities in which the Group operates, by offering products and services in the field of environmental, social and other sustainability (see the section “Sustainable finance metrics” for details). For a comprehensive description of the products and services offered for this purpose, with particular reference to climate/environmental topics, see also the section on “Climate Change Actions and Resources at the Portfolio Level” of ESRS E1.

Sustainable finance metrics

For the purpose of greater internal and external transparency with respect to products and transactions deemed sustainable, the Group has decided to draw up specific rules for the classification of sustainable credit products and lending transactions, approved at the end of 2022. From 2023, reporting complies with these rules, including loans in the categories of environmental sustainability, social sustainability, and other sustainability.

Specifically:
- environmental sustainability: this category includes targeted lending products and transactions considered sustainable according to the "environmental" classification, and includes loans to Individuals, Businesses and the Non-Profit Sector, and Corporate & Project Finance;
- social sustainability: this category includes targeted lending products and transactions considered sustainable according to the "social" category, and includes anti-usury loans, products for vulnerable social groups, loans to the Non-Profit Sector and other social loans;
- other forms of sustainability: this category includes non-targeted transactions associated with sustainable covenants/KPIs towards Businesses and the Non-Profit Sector, as well as Corporate & Project Finance.

The total amount disbursed during the financial year 2024 is summarised below, broken down by type of loan.

Type of loan	Loans disbursed in 2024	€/billion
Loans in the environmental sustainability field		7.6
Loans in the social sustainability field[129]		4.5
Loans falling under "other sustainability"		7.0

A breakdown at stock level is given below.

Type of loan	Stock 2024	€/billion
Loans in the environmental sustainability field		20.3
Loans in the social sustainability field		20.1
Loans falling under "other sustainability"		15.8

The stock and disbursement figures of loans in the area of environmental sustainability were calculated using accounting balances for the Parent Company component (including the IMI C&IB Division) and operational balances for the IBD component. The stock and disbursement figures for loans in the social sustainability area and included in the other sustainability category were calculated entirely using operational balances.

Sustainability-conscious investment products and sustainable insurance

The Group considers it essential to maintain an ongoing dialogue with customers, as a fundamental starting point for offering advice, services and products, in the knowledge that it plays a key role in investment assistance, prudent management of savings, and responsible lending, in addition to offering insurance protection. To this end, the following paragraphs outline policies, objectives, actions and metrics in asset management, private banking and insurance.

Sustainability-conscious investment products

Policies on sustainability-conscious investment products - Asset Management

As part of its fiduciary commitment to the Group's customers and investors, the Asset Management Division (hereinafter, also "AM Division"), being a financial market participant, also has a fiduciary commitment to its clients and investors and, more generally, to stakeholders. This requires the AM Division to effectively address sustainability issues, with particular reference to the performance of its financial products and to the issuers in which it invests on behalf of its managed assets, based on the assumption that issuers that implement high environmental, social and corporate governance standards can generate sustainable performance in the long term.

In this regard, in line with the requirements of the EU laws on sustainability-related disclosures in the financial services sector, in particular Regulation (EU) 2019/2088 (hereinafter also referred to as the "SFDR Regulation"), the AM Division has defined within its Sustainability Policy specific methodologies for selecting and monitoring financial instruments, aimed at integrating sustainability risk analysis and management within the investment process for collective asset management and portfolio management services, in addition to the recommendations made as part of the investment advice service. The AM Division also takes into account the main negative effects of investment decisions on sustainability factors, pursuant to Articles 4 and 7 of the SFDR Regulation, and integrates sustainability risks into its remuneration policies pursuant to Article 5 of the SFDR Regulation.

The Sustainability Policy addresses all types of assets ("asset classes") held by the products managed - mutual funds and portfolio management - that in the respective pre-contractual disclosure:
- integrate sustainability risks into investment decisions, in accordance with the transparency requirements of Article 6 of the SFDR Regulation; or
- promote, inter alia, environmental and/or social characteristics, provided that the investee companies comply with good governance practices, in accordance with Article 8 of the SFDR Regulation; or
- have sustainable investment objectives, in accordance with Article 9 of the SFDR Regulation.

[129] Please note that this figure does not include loans disbursed to support natural disasters and for urban regeneration purposes.

Portfolio management mandates characterised by the presence of specific indications within the respective investment policies do not fall within the scope of application, in light of the lower degree of discretion in the selection of financial instruments.

With regard to shareholder engagement, the reference documents are the following:
- the "Commitment Policy", which describes the conduct adopted to foster dialogue with the issuers in which Eurizon Capital SGR S.p.A. invests, the methods and topics of discussion; and
- the "Strategy for the exercise of intervention and voting rights regarding the financial instruments pertaining to assets under management", which governs participation in the investee issuers' shareholders' meetings.

In order to promote the proper implementation of its sustainability policies, Eurizon Capital SGR S.p.A. has defined and adopted a specific internal governance model that envisages the involvement of the corporate bodies and structures having specific roles and responsibilities in the monitoring and management of sustainability risks. Specifically:
- the Board of Directors (BoD): among other tasks, acting on proposals from the CEO and General Manager, it defines the Sustainability Policy and regularly checks its correct implementation;
- the CEO and the General Manager: with the support of the ESG Committee, they make proposals to the Board of Directors on (i) how to integrate sustainability risks into the investment process of Eurizon Capital SGR S.p.A. and into the remuneration and incentive policies, and (ii) identifying the main negative effects of investment decisions on sustainability factors. In addition, the ESG Committee regularly monitors the implementation of the Sustainability Policy;
- the ESG Committee supports the CEO in (i) defining proposals to be submitted to the Board of Directors on sustainability policies, (ii) monitoring the implementation of strategies involving the negative screening of issuers, the positive screening of ESG factors, the analysis, selection and composition of the managed portfolios, and monitoring external corporate governance activities;
- the Financial, Credit and Operational Risk Committee is a collegial body tasked with monitoring the risk exposure of managed products, including sustainability risks;
- the Sustainability Committee's main task is to ensure that management decisions comply with the ethical principles set out in the regulations of the funds;
- the Compliance & AML Function monitors compliance with the Sustainability Policy, overseeing the correct application of the controls governed by external and internal regulations.
- the Risk Management function monitors the sustainability risk of managed products.

Moreover, in order to pursue its customers and investors' best interests and to support the implementation of its Sustainability Policy, the Asset Management Division, also through its parent company Eurizon Capital SGR S.p.A., actively participates in:
- national and international initiatives that promote the development of best practices in the ESG area, the integration of sustainability principles in the financial sector and the adoption of responsible investment principles;
- training events and conferences, aimed at sharing experiences and spreading the culture of sustainability.

Through Eurizon Capital SGR S.p.a, the Asset Management Division participates in numerous international initiatives and working groups: for example, it is a signatory of CDP (since 2004), of the Italian Stewardship Principles promoted by Assogestioni (since 2014) and of the UN Principles for Responsible Investment - UN PRI (since 2015). In addition, it is a member of the International Corporate Governance Network - ICGN (since 2016), the Institutional Investors Group on Climate Change - IIGCC (since 2021), the Net Zero Engagement Initiative (NZEI), promoted by IIGCC and the Net Zero Asset Managers Initiative - NZAMI (since 2021)[130].

For further information on the initiatives joined, see the "Sustainability" section of Eurizon Capital SGR S.p.A.'s official website, where you can also access the Sustainability Policy Summary document.

The sustainability policies are reviewed each year by the ESG & Strategic Activism structure of Eurizon Capital SGR S.p.A., in coordination with the Compliance & AML function, to assess the consistency of the methodologies adopted by Eurizon Capital SGR S.p.A. with the evolution of best practices at national and international level.

Policies on sustainability-conscious investment products - Private Banking

Fideuram Intesa Sanpaolo Private Banking, in line with the Intesa Sanpaolo Group's commitment to sustainable economic development, in accordance with the principles outlined in the Group's Code of Ethics and aware of the importance of allocating resources according to social and environmental sustainability criteria for long-term value creation, has adopted policies on the integration of sustainability risks and information on the main adverse impacts on sustainability factors when selecting issuers, creating the financial product catalogue and providing investment advice and insurance distribution services (hereafter, these services are jointly referred to as "Advice").
These policies are made available to all Division employees via the company intranet in the internal regulations section; they are also published on the Division's website and can be viewed by customers. The contents of the policies are described below.
With regard to the decision-making process for selecting product companies, Fideuram Intesa Sanpaolo Private Banking analyses counterparties with respect to sustainability risk, consideration of PAIs (Principal Adverse Impacts) and compliance with the applicable legislation. Accordingly, it analyses the degree of compliance and implementation of sustainability issues by the companies whose products may be included in its product catalogue, investigating the controls adopted by Asset Managers and Insurance undertakings in relation to the following topics:
- ESG principles/codes: adherence to ESG principles and/or codes at national and global level (such as, for example, the Net Zero2 initiative, Stewardship Principles, Climate Action 100+ and Nature Action 100, which Fideuram Intesa Sanpaolo Private Banking has joined through its subsidiaries FAM and FAMI);

[130] On 13 January 2025, NZAMI launched a review of the initiative to ensure its appropriateness for the new global context. As the initiative undergoes the review, activities to track signatory implementation and reporting have been suspended.

- corporate governance and organisation: implementation of an ad hoc internal regulatory framework and definition of internal bodies or structures focused on sustainability;
- adoption of policies to integrate sustainability risks into investment and remuneration processes;
- range of sustainable products pursuant to the SFDR Regulation (as amended by Regulation (EU) 2020/852, the "Taxonomy Regulation"): complete product documentation complying with the reference legislation, description of any processes for updating and adapting products with respect to sustainability, how information on the products' sustainability characteristics is made available (e.g. by compiling the European ESG Template - EET file);
- use of environmental, social and governance or sustainability-related terms: adoption of an internal regulatory framework to ensure that fund documentation and marketing communications comply with the "Guidelines on funds' names using ESG or sustainability-related terms" issued by ESMA on 14 May 2024;
- consideration of PAIs, as defined in the regulatory technical standards for the SFDR Regulation.

The analysis, carried out on all existing counterparties is performed during the onboarding of the product company with which a new distribution or brokerage agreement is to be signed, and is formalised within the Product Governance processes. This analysis is also regularly updated.

In connection with the above, as part of the procedures adopted to provide the Advisory service, Fideuram Intesa Sanpaolo Private Banking handles the following:
- collecting information from customers during profiling about any interest they might have in investment solutions that value environmental, social and good governance factors;
- defining internal rules for the selection of products that can be considered consistent with the sustainability preferences expressed by customers.

Fideuram Intesa Sanpaolo Private Banking has adopted a classification model for the financial products included in its range of offers, applied across primary and secondary market operations differentiated according to the type of financial instrument.
The service model provides for a check to verify the consistency between the preferences indicated by customers during profiling and the financial products included in its range of offers or traded on the secondary market. If the transaction is not consistent, the reasons for the inconsistency are explained to the customers so that they can assess whether to adjust their sustainability preferences in relation to the specific transaction and conclude it.

Fideuram - Intesa Sanpaolo Private Banking, through a Sustainability Governance system based on important organisational controls, builds and pursues an integrated corporate strategy that focuses on business results but also on human, social, relational and environmental capital. Specifically:
- the Sustainability Manager has a role of integrated and comprehensive oversight of the ESG initiatives, also in liaison with the Intesa Sanpaolo Group initiatives;
- the "Sustainability (ESG)" session, within the Fideuram's Steering Committee, identifies sustainability issues at least once a quarter and defines strategic initiatives, assessing their financial feasibility and impact;
- the ESG & Strategic Activism team ensures proper management of ESG issues in the Group's asset management companies.

The Chief Compliance Officer of Intesa Sanpaolo is ultimately responsible for implementing policies on the integration of sustainability risks and information on the main adverse impacts on sustainability factors in the provision of investment advice services and insurance distribution. Fideuram adopts the centralised model as set out in the Integrated Internal Control System Regulation.
Policy monitoring is embedded within Product Oversight Governance processes with specific metrics related to both product scope and consistency of investment proposals with sustainability preferences.

Targets and metrics on sustainability-conscious investment products - Asset Management

As part of the definition of the Intesa Sanpaolo Group's 2022-2025 Business Plan, Eurizon contributed to the Group's expressed commitment to achieving global climate objectives, by committing to foster the transition to a low-carbon economy, starting with the evolution of its product range. To this end, Eurizon has declared it intends to strengthen and broaden its offer of sustainability-conscious products by increasing the share of products pursuant to Article 8 and 9 of the SFDR Regulation with respect to the total Assets under Management (AuM), as shown in the tables below.

Target: AuM UCIs pursuant to Article 8 and 9 SFDR out of total AuM UCIs (Eurizon) - absolute	**Date**	**Value**
Baseline	31.12.2021	110 billion euro
Final number	31.12.2024	156.6 billion euro
Target	2025	156 billion euro

Target: % AuM UCIs pursuant to Article 8 and 9 SFDR out of total AuM UCIs (Eurizon)	**Date**	**Value**
Baseline	31.12.2021	46%
Final number	31.12.2024	76%
Target	2025	60%

Targets and metrics on sustainability-conscious investment products - Private Banking

In order to measure the percentage penetration of sustainability-focused assets under management, it was decided to monitor the percentage incidence of (AUM) products classified as Article 8 and 9 SFDR in the total AUM held by customers, as shown below.

Target: % incidence of products classified under Articles 8 and 9 on total assets under management	**Date**	**Value**
Baseline	31.12.2021	19%
Final number	31.12.2024	78%
Target	2025	70%

Actions on sustainability-conscious investment products - Asset Management

As part of its Sustainability Policy[131], the Asset Management Division has defined special methodologies for selecting and monitoring financial instruments aimed at integrating sustainability risks into the AUM Investment Process. These methodologies provide for the adoption of specific financial instrument selection processes, duly calibrated according to the characteristics of the individual products managed, briefly summarised below:

- Negative screening - it involves the application of restrictions on issuers most exposed to sustainability risks, with the aim of avoiding investment in financial instruments most exposed to the risk of loss of value due to the occurrence of an environmental, social or corporate governance event or condition. For corporate issuers, these restrictions are defined according to the issuer's sector of operation ("SRI Binding screening"), the company's conduct in terms of adverse impacts on the environment and society itself ("PAI Binding screening"), and the greater exposure to ESG risks, identified on the basis of the issuer's sustainability rating ("ESG Binding screening"); for government issuers, these restrictions are established according to the country's carbon intensity, in relation to GDP, and whether the country is included in the black list of the Financial Action Task Force (FATF);
- Positive screening - it involves, subject to compliance with good governance practices: (i) the integration of ESG factors into the analysis, selection and composition of the assets under management ("ESG Integration") or (ii) the pursuit of sustainable investment objectives;
- Stewardship or Active Ownership - Engagement - proactive interaction with issuing companies through the exercise of participation and voting rights and discussion, fostering effective communication with the relevant corporate bodies and/or senior management and their representatives.

Compliance with these ESG/SRI strategies is monitored by the Risk Management function with the support of the Compliance & AML function.
At the end of 2024, the Asset Management Division has a broad and diversified range of sustainability-conscious funds with assets of approximately 156.56 billion euro in products that, in accordance with good governance practices, promote environmental and/or social characteristics in accordance with Article 8, or have sustainable investment objectives in accordance with Article 9 of the SFDR Regulation.
In particular, in 2024, most of the UCIs launched by Eurizon Capital SGR S.p.A., Eurizon Capital SA and Epsilon SGR S.p.A. integrated ESG factors into the investment analysis, selection and monitoring process; the main strategies adopted concerned (i) products with different time horizons that provide for the protection of invested capital, (ii) flexible "step-in" strategies, with different levels of target equity exposure, to gradually invest in equity markets, and (iii) "buy&watch" funds to manage bond portfolios with decreasing duration.

Also with reference to institutional mandates, the investment process takes into account the integration of ESG criteria in its investment choices in accordance with the provisions of the SFDR Regulation. In particular, all mandates comply with the negative screening criteria. A specific ESG report is regularly produced on a large number of mandates (50 mandates with a value of 12.5 billion euro managed), indicating the positioning of the portfolio with respect to the reference benchmark. In addition, and at the customers' request, a report is regularly offered showing the engagements made during the period with the issuers included in the managed portfolios. The AM Division manages a total of 37 mandates relating to 22 non-captive customers for approximately 9.5 billion euro (of which 7 belong to the scope of the subsidiary Eurizon Capital Real Assets SGR S.p.A. and 1 to Epsilon SGR S.p.A.) on which specific investment restrictions are implemented and/or support is provided to customers within the engagement and corporate governance activities. At the level of insurance mandates and captive open pension funds, the AM Division manages a total of 82 mandates for approximately 48 billion euro in assets under management, on which specific ESG integrations under Article 8 are implemented.

Actions on sustainability-conscious investment products - Private Banking

Regulatory developments envisaged by regulators and the civil society's continued attention to the transition to a more sustainable economy have led the Group to further intensify its commitment, initiatives and improved approach to sustainability, confirming the focus and strategic importance of the ESG Programme launched in June 2021. The project is ambitious and transversally involves all company functions, aiming to integrate sustainability into all aspects of business management and operations.
In line with the objective stated in the 2022-2025 Business Plan relating to the development of ESG advisory services, in 2023 Fideuram supplemented its service model based on customised advice to manage the sustainability preferences of its customers, which since2021 have been collected by using the MiFID profiling questionnaire. Since the end of 2024, a new questionnaire has been adopted where sustainability preferences are further detailed, as required by the policies.

[131] Last updated November 2024

In order to ensure the dissemination of ESG products among customers, the Division has set progressively more challenging goals for the period 2022-2025, both with respect to the number of asset management products on the market classified as Articles 8 and 9 in relation to the total number of products being placed, and with respect to the number of new asset management products classified as Articles 8 and 9 on the total number of new products being placed. Also in 2024, the new offer was strongly directed to solutions that reflected the criteria adopted by the Division in terms of ESG with an incidence of over 85% of the products pursuant to Articles 8 and 9 SFDR on the total of new products.

As part of the Company's products and services already offered, in 2024 too from Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. carried out significant activity, bringing 44 portfolio management lines in line with Article 8 SFDR (2 Fogli Fideuram, 17 Fideuram Omnia and 25 Wealth Collections). Within the scope of Portfolio Management Schemes, the investment universe of "Il Mio Foglio ESG" (Article 8 SFDR) has also been enriched; the latter allows the customer to build their own portfolio starting from a specific list of strategies that have strong ESG characteristics (all classified under Articles 8 or 9 SFDR) or to use predefined model portfolios ("guided pathways") broken down by level of risk and built according to a "High Conviction" approach, linked to the tactical selection of specific ESG topics.

Lastly, Fideuram Asset Management Ireland dac expanded its range of funds classified as Article 9 SFDR, launching in June the Fonditalia Clean Energy Solutions fund, and introduced the ETF D-X platform featuring 6 equity and bond solutions (7 ISINs) classified as Article 8 SFDR.
As an addition to the Group's product offering according to the Guided Open Architecture approach to meet even the most sophisticated needs, customers can also find third-party ESG products on offer in the catalogue in collaboration with leading international investment houses.
The ESG investment approach is a distinctive and quality factor in the asset management industry. Similarly, an understanding of the ESG investment logic is crucial in financial advisory service provision so that its value points can be shared with customers. During the year, the Group, also with a view to supporting the expansion of the ESG product offering, launched a number of educational and training activities.
In the area of training/information, the role of "ESG Ambassador" was created: consultants called upon to promote, in their respective territories, the culture of sustainability with a twofold purpose: disseminate ESG matters and sustainable behaviour, and listening to the needs of customers and other Private Bankers. The pilot phase was completed in 2024 with full implementation in 2025.

In particular, a new event of the pilot phase took place in mid-2024 to give voice to the ESG Ambassadors who - divided into working groups - drew up and presented their proposal for the evolution of the ESG role, sales support and marketing, and training materials. The Parent Company and Private Banking Division structures have also started to be involved in the launch of the "Fideuram for the Environment" initiative. At the end of the year, the proposal for the evolution of the role of the fully operational phase was drawn up and presented to top management.

Sustainable insurance

Policies on sustainability-conscious insurance products - Insurance

In line with the Intesa Sanpaolo Group's strategic objectives and the materiality that the integration of ESG factors has assumed for the financial and insurance sector, the Intesa Sanpaolo Assicurazioni Group (hereinafter also referred to as the "Insurance Group") has continued its development of environmental and social matters over the years, implementing concrete actions and initiatives aimed at increasingly consolidating internal governance and at the same time generating a concrete and material impact on its customers. In this regard, the Insurance Group has prepared tools for the monitoring of Governance and risk management in the field of ESG through the attribution of roles and responsibilities, the definition of policies, processes and dedicated initiatives, also in line with the evolution of national and international legislation. The Insurance Group has long had a "Sustainability Policy" that defines specific sustainability guidelines to ensure the integration of Environmental, Social and Governance (ESG) factors into business processes, identifying strategies for the pursuit of sustainable development goals. The policy not only outlines the overall governance, management, control and disclosure framework on sustainability, but also describes the pillars of sustainability by translating them into concrete environmental, social and governance commitments, with the aim of strengthening the integration of sustainability principles within the insurance strategy. This policy is subject to review and possible update by the relevant corporate functions and structures whenever regulatory update requirements, interventions by the Supervisory Authority, business strategies or changes in the context (significant changes in corporate processes, significant structural reorganisations, significant changes to the IT platforms used) so require. In addition, it is submitted to the Intesa Sanpaolo Assicurazioni Board of Directors for approval and is adopted by the Boards of Directors of all the Insurance Group companies. For more details, please refer to the document "Sustainability Policy of the Intesa Sanpaolo Assicurazioni Group", which can be viewed on the Insurance Group's official website.

In the investment field, the Intesa Sanpaolo Assicurazioni Group has adopted the "Policy for the integration of ESG sustainability factors in the investment process", which defines the sustainability principles and standards that guide the responsible management of investments and a monitoring of the impacts (in terms of the presence in the portfolio of counterparties that do not adopt safeguards on: climate adaptation, GHG emissions and the use of non-renewable energy sources) and opportunities (in terms of increasing the number of ESG investment options under management) generated by its activities, linked to the investment sphere. This policy envisages both engagement activities with issuing companies aimed at verifying the adoption of environmental objectives and policies, with a focus on long-term transition plans to reduce emissions, and exclusion strategies for issuers operating in sectors considered "not socially responsible" and/or "critical". In addition, the policy is subject to continuous monitoring in order to integrate any new initiatives that allow for an ever greater integration of sustainability standards into the investment process; the principles contained therein are defined by the Insurance Group and more specifically by the Board of Directors and apply to all Intesa Sanpaolo Assicurazioni Group companies.

In the non-life sector, the Intesa Sanpaolo Assicurazioni Group has adopted an "Underwriting Policy" that applies to the Intesa Sanpaolo Protezione company with the aim of establishing the principles and macro-processes that guide the identification, assessment, management, monitoring and reporting activities related to underwriting risks. The goal of the policy is to set out the criteria for guiding underwriting activity having regard to technical ESG risks. Top Management is responsible for the overall implementation, maintenance and monitoring of the corporate governance system, in accordance with the directives of the Board of Directors and in compliance with the roles and tasks assigned to it.

Lastly, the Intesa Sanpaolo Assicurazioni Group expresses its commitment to ESG, taking into consideration the UN Sustainable Development Goals (SDGs) and the Principles for Sustainable Insurance (PSI), signed in 2019, as well as initiatives such as UN Global Compact, UNEP FI, Equator Principles. In addition, again as evidence of this commitment, at the end of 2021 the Intesa Sanpaolo Assicurazioni Group joined the Net Zero Asset Owner Alliance (NZAOA) through the Last Italian Parent Company - USCI Intesa Sanpaolo Assicurazioni, and in April 2024 joined the Forum for Insurance Transition to Net Zero (FIT).

Actions on sustainability-conscious products - Insurance

The Intesa Sanpaolo Assicurazioni Group is committed to supporting the transition to a net-zero-emission future, strictly complying with the IPCC's scientific indications and the objectives of the Paris Agreement and the NZAOA Protocol. In this context, a target was set for a 50% reduction in EVIC-weighted carbon intensity by 2030 (compared to 2021 levels) with the aim of achieving climate neutrality by 2050 and limiting the global temperature increase to 1.5°C. This commitment is based on scientific pathways that ensure a concrete contribution to achieving global climate goals, while promoting an equitable and inclusive transition.
The Insurance Group has defined emission reduction strategies through the following decarbonisation levers and initiatives formalised within the "Policy for integrating ESG sustainability factors into the investment process":

- exclusion strategies of corporate issuers based on environmental criteria that provide for criteria aimed at excluding from its investment scope issuers operating in sectors deemed "not socially responsible" (hereinafter also "Not SRI") and/or "critical" with particular reference to companies that:
  - have obvious direct involvement in the manufacture of unconventional weapons (Not SRI);
  - derive at least 18% of their turnover from mining or power generation activities related to thermal coal (Not SRI);
  - present new thermal coal-related projects (Not SRI);
  - derive at least 10% of their turnover from unconventional oil&gas extraction activities (Not SRI);
  - have a lower ESG sustainability rating on the infoprovider scale (critical);
- active engagement strategies aimed at analysing companies operating in sectors with a high environmental impact. The Intesa Sanpaolo Group promotes proactive engagement with issuers by exercising participatory and voting rights, including through Delegated Managers and by engaging with investees, encouraging effective communication with the Management of the companies i.e. "active ownership – engagement". To this end, the Insurance Group has planned bilateral discussions with the 20 most polluting issuers in its investment portfolio. These engagements consist of a series of meetings during which both qualitative and quantitative requests are made to verify the counterparties' commitment to reducing greenhouse gas emissions. At the same time, the Intesa Sanpaolo Assicurazioni Group is committed to engaging in dialogue with oil & gas companies and third-party operators to promote a sustainable transition, encouraging companies to set emissions reduction targets based on scientific research, publish detailed transition plans, align corporate strategy and investments with decarbonisation goals, combat fugitive methane emissions, avoid dependence on unconventional, carbon-intensive oil and gas, and forego new investments in drilling in sensitive areas such as the Arctic;
- measurement and monitoring indicators: the Insurance Group uses a series of indicators to measure/assess the company's selection of all investments.

Actions relating to exclusions, investment options classified as Articles 8 and 9 under Regulation (EU) 2019/2088 (SFDR) and the use of specific indicators are applied on an ongoing basis.

In the non-life sector, the Insurance Group monitors the emissions of its portfolio companies where there is data available to calculate them. Furthermore, the Intesa Sanpaolo Assicurazioni Group is actively committed, including through participation in major national and international initiatives, to promoting greater awareness of ESG issues and disseminating best practices that encourage a culture of sustainability and the adoption of tools to support the transition. In particular, these initiatives are geared towards developing new solutions and strengthening the relevant processes.

Furthermore, it should be noted that the Intesa Sanpaolo Assicurazioni Group offers both non-life and life insurance policies.

Life business products can be subscribed mainly by natural persons and, for specific products, also by legal persons. The Insurance Group aims to offer products that promote environmental or social characteristics within the meaning of the SFDR. The Insurance Group offers insurance, pension and financial products aimed primarily at Intesa Sanpaolo Group customers. In particular, the company's business model includes the two aforementioned non-life and life business lines. The life business is based on insurance investment, pension and protection products while the non-life business is based solely on protection products. In the life business sector, the Insurance Group operates through Intesa Sanpaolo Vita (renamed "Intesa Sanpaolo Assicurazioni" on 1 December) and Fideuram Vita, offering a wide range of products with a focus on sustainability (classified as Article 8 SFDR), integrating ESG criteria and targeted solutions for specific customers such as family members of disabled people, minors and incapacitated persons who need a Guardianship Judge and "non-profit sector" entities. In the non-life business, the Insurance Group operates through the company Intesa Sanpaolo Protezione, offering a wide range of products dedicated to protecting people (illness and accident) with a particular focus on the most fragile categories, homes (theft, fire, etc.), vehicles and the needs of SMEs and the Corporate segment. Among the proposed solutions are those designed to promote sustainable and environmentally friendly mobility, such as specific breakdown services for electric vehicles or policies that reward reduced vehicle use, based on distance driven. In addition, the non-life business products already include cover against catastrophic risks and natural events, aimed at retail customers as well as small and medium-sized enterprises, with a specific focus on climate damage and products dedicated to safeguarding renewable energy plants. Through its product offering, the Insurance Group also supports companies in their digitalisation and ecological transition.

Governance information

ESRS G1 - Business Conduct

Materiality assessment of impacts, risks and opportunities

As explained in the chapter "ESRS 2 – General disclosures: Materiality assessment", the Group carried out a double materiality assessment of the main material sustainability matters, from the dual perspective of:

- impact materiality, which considers, from an inside-out perspective, the Group's impacts connected with own operations and with the upstream and downstream value chain that are relevant to the Group, including both actual and potential positive and negative impacts;
- financial materiality, which considers, from an outside-in perspective, sustainability topics that give rise to:
  - risks affecting, or potentially affecting, the development of the undertaking, its financial position, performance and cash flows, access to finance or cost of capital in the short, medium or long term;
  - opportunities that have, or may predictably have, a material financial impact on the Group in the short, medium or long term.

Impacts, risks and opportunities within the scope of ESRS G1 – Business Conduct were identified taking into consideration the specific features of the group. Specifically, such impacts, risks and opportunities were mapped on the basis of the framework in which the Group sets out and implements its business activities and dealings and the internal controls concerned, in place to minimise the negative impacts connected with the topic under consideration in own operations and in the upstream and downstream value chain, along with an assessment of the risks to which the Intesa Sanpaolo Group may be exposed.

For the purposes of impact materiality, the assessment of the impacts identified involved interviews with internal structures and external stakeholders (such as interviews with experts in the sector) and an in-depth qualitative and quantitative analysis based on the metrics envisaged by relevant legislation (namely scale, scope, irremediable character of the impact and likelihood). Specifically, with reference to:

- own operations: the impacts were assessed on the basis of qualitative drivers relating to the Intesa Sanpaolo Group's establishment of internal controls such as the dissemination of a conscious and adequate corporate culture (e.g. promotion of ethical and responsible practices);
- upstream value chain: the impact assessment involved the ESG questionnaire provided by the Group and administered to suppliers, along with an analysis of their feedback;
- downstream value chain: an analysis was carried out on the indirect impacts arising through exposures in the Group's portfolios, in order to take into consideration the Group's exposure to counterparties/undertakings belonging to high-impact industries in terms of business ethics (e.g. respect for human rights and compliance with external and internal regulations, fight against tax evasion, money laundering and anti-competitive behaviour). In addition, relevant investment/lending criteria and strategies were taken into account in assessing the counterparties.

The analysis revealed the following impact materiality outcomes:

- own operations: a number of material positive impacts have been identified with regard to the adoption of internal policies and corporate strategies aimed at spreading a corporate culture within the Group inspired by the principles of integrity, whistleblower protection, political engagement and lobbying activities, and the fight against corruption and bribery;
- upstream value chain: material positive impacts have emerged from the adoption of ethical policies and practices in managing relationships and dialogue with suppliers, including responsible management of payment practices;
- downstream value chain: material indirect negative impacts have emerged from exposures in sectors having the highest impact with respect to corporate culture and supplier relationship management.

To assess financial materiality, the materiality of risks and opportunities was assessed using a dual quantitative and qualitative approach, applied to the scopes identified.

Specifically, with regard to risks, the following analyses were conducted:

- own operations: operational risk, non-compliance risk and reputational risk were assessed, mainly related to cybersecurity aspects and potential sanctions linked to the Group's operations;
- upstream value chain: the assessment focused primarily on potential exposures to reputational risk in the case of Group suppliers that adopt a less structured approach to the topic in question (e.g. publication of the "Code of Ethics", definition of anti-corruption policy, etc.);
- downstream value chain: the assessment focused on credit risk, market risk and strategic risk connected with the topic in question. This would also give rise to reputational risk.

It should be noted that, specifically in the process of identifying and assessing risks related to business conduct, the Intesa Sanpaolo Group has adopted an integrated approach that considers specific criteria relating to location, type of business, sector and structure of the operations performed. In particular, in relation to own operations, potential penalties arising from violations of regulations and procedures are monitored; in relation to the upstream value chain, suppliers are monitored and selected according to criteria that promote corporate soundness and compliance with ethical standards; and in relation to the downstream value chain, counterparties' legal compliance is checked before providing them with products and services. These analyses also take into consideration the countries and activity areas in which the Group, its suppliers and the counterparties it finances and in which it invests mainly operate.

The analyses conducted have identified the following risks as having financial materiality:
- with regard to own operations: operational risk and the associated reputational risk related to corporate culture;
- with regard to the upstream value chain: the reputational risk related to the topics of protection of whistleblowers (Whistleblowing) and corruption and bribery;
- with regard to the downstream value chain: credit risk and reputational risk arising from business relationships with counterparties that have elements of potential risk related to corporate culture and management of relationships with (their) suppliers.

With regard to the financial materiality of opportunities, the analyses have focused on the company's own operations relating to business conduct. The financial materiality analysis found that none of the mapped opportunities was material.

Policies, targets and actions related to corporate culture

Policies related to corporate culture

Corporate culture is the foundation of the Intesa Sanpaolo Group's identity and strategies. Guided by principles of integrity, sustainability and social responsibility, corporate culture informs business decisions and daily behaviour, creating value for customers, employees, shareholders and communities.
Tools such as the "Code of Ethics" and the "Internal Code of Conduct" ensure compliance with international standards and promote an ethical and inclusive environment. Investing in corporate culture enables the Group to meet global challenges, strengthening its leadership role in the banking sector also on sustainability topics.

The "Code of Ethics" (hereinafter also referred to as the Code) is a voluntary self-regulatory instrument adopted by all the Group's
companies and is an integral part of the sustainability management model. The Code sets out the Group's mission, corporate values and principles governing relations with stakeholders. For some particularly important areas (e.g. human rights, employment protection, environmental protection and fight against corruption) it lays down rules and principles in line with the main international standards.

The Code and any updates thereto are approved, with the support of the Risks and Sustainability Committee (SRC), by the Board of Directors (BoD) of Intesa Sanpaolo S.p.A., in its capacity as Parent Company, and brought to the attention of the competent bodies of the subsidiaries for their implementation. Compliance with the principles and values of the "Code of Ethics" is monitored by the Chief Sustainability Officer Area and the Chief Audit Officer's structures, the latter on the basis of the annual risk-based audit programme. Finally, an independent third party may be tasked with analysing implementation of the principles of the "Code of Ethics", in line with the requirements of UNI EN ISO 26000:2020. In this context, it should be noted that the BoD, the Risks and Sustainability Committee (RSC), the Management Control Committee (MCC) and the Surveillance Body receive a report on the implementation of the Code and the principles of social and environmental responsibility (for more details, see ESRS 2, "Sustainability governance" section).

The "Code of Ethics" is also inspired by the main national and international guidelines on corporate social responsibility (in addition to those mentioned in the section "The Group's commitment to human rights" in the ESRS S1 standard) including:
- OECD Due Diligence Guidance for Responsible Business Conduct;
- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and The Ten Principles of the UN Global Compact (ten fundamental principles, including anti-corruption);
- Council of Europe Convention on Preventing and Combating Violence Against Women and Domestic Violence (also known as the Istanbul Convention);
- Charter of Fundamental Rights of the European Union.

In cases of non-compliance with this Code, reported by any stakeholder, the Group reserves the right to take the appropriate measures, based (in cases other than fraudulent conduct or acts infringing specific laws, contracts or regulations) on a constructive approach, including via training programmes, to reinforce the Group people's awareness of and compliance with the values and principles laid down in this Code.

To promote the dissemination of its principles, the "Code of Ethics" is published on the Group's intranet and official website so as to be accessible to all stakeholders. In addition, the Code is provided to each Director, employee or external collaborator upon appointment, hiring or start of the collaboration. On receiving the Code, the persons concerned sign a document declaring that they have received and read it, and pledge to comply with its principles. In this regard, as an additional guarantee for all stakeholders, a Code of Ethics email address (codice.etico@intesasanpaolo.com) is available to anyone wishing to report any non-compliance, with a guarantee of confidentiality and non-retaliation.

The Chief Sustainability Officer (CSO) area actively contributes to awareness-raising initiatives aimed at disseminating the culture and values of the "Code of Ethics", both within the Group and to the various stakeholders. The values, principles and commitments contained in the Code are shared within the Group through specific compulsory training activities that translate ethical principles into consistent strategic choices and practical conduct during daily operations. In particular, training courses are created with content suitable to the role of each person and developed according to a process that will complete their professional training and foster personal growth. In addition, training contents were revised during 2024, maintaining a general part and three levels of in-depth analysis of the requirements for compliance with all corporate rules. For more details, see the document "Code of Ethics" available on the Group's official website.

The Group has also adopted an "Internal Code of Conduct" (hereinafter also referred to as the Internal Code), which is supervised and monitored by the competent governance and control functions. The "Internal Code" is the document that, drawing inspiration from the values expressed in the "Code of Ethics", indicates the conduct to be maintained or avoided in order to pursue with professionalism, diligence, honesty and fairness the interests of the company, customers, shareholders and society as a whole, as it defines the essential rules of conduct to be followed by all Group personnel. The Internal Code is also addressed to management and supervisory bodies, non-employee financial advisors, agents, external collaborators and interns. In this context, the Chief People & Culture Officer Area is responsible for updating the Internal Code of Conduct and obtaining its approval by the Risks and Sustainability Committee (SRC) and the Board of Directors (for further details, see ESRS 2, "Sustainability Governance" section).

In light of the above, the subsidiaries must adopt the "Internal Code" by resolution of their competent Corporate Bodies. At that time, they may make additions and amendments, to add stricter solutions or take into account the specific features of the subsidiaries. Any such changes must be submitted to the Parent Company for prior approval. As regards branches and offices of the Intesa Sanpaolo Group located in foreign countries, the "Internal Code", without prejudice to its principles, may undergo adaptations to align it with local regulatory requirements. For more details, see the document "Group Internal Code of Conduct", available on the Group's official website.

With reference to cybersecurity aspects, considered for the purposes of carrying out the financial materiality analysis for the own operations perimeter, see ESRS Standard S4 - Consumers and End-Users, the section on Customer Data Protection.

Targets related to corporate culture

As illustrated in the section "Policies on Corporate Culture", the Group closely monitors corporate culture issues through a series of policies and actions. Although the Group has not yet defined specific quantitative targets for corporate culture, to ensure the effective implementation of the provisions of the Code of Ethics and the Internal Code of Conduct, specific and detailed training is provided to Group employees on the values enshrined in the two codes, as well as safeguards to protect against any breach of those values.

Actions related to enterprise culture

The "Code of Ethics" has been drawn up on the basis of a context analysis and external benchmarking and involving the Parent Company's Sustainability Managers, all the Governance Functions and Business Divisions.

To ensure compliance with the values and principles set out in the "Code of Ethics", the Group delivers compulsory digital and classroom-based training courses to its people on an ongoing basis. Courses are permanently available on the company's internal platforms to all Group personnel (in Italian, English and local languages), including the banks of the International Banks Division (IBD).

In addition, to further strengthen the supervision of training, there are mechanisms linked to the incentive system for people who do not complete their compulsory training within the required timeframe, as set out in the Group's rules on participation in compulsory training. For more details, see the "Training and Development" section of ESRS S1. In particular, training courses on the "Code of Ethics", "Internal Code of Conduct", "Corruption Risk" and "Whistleblowing" are systematically updated, strengthening the message on the values that characterise the Group and inspire all its processes, initiatives and corporate culture.

Policies, targets and actions related to the prevention of corruption

Policies related to the prevention of corruption

The Group carries out its activities with the aim of providing banking and financial services to its customers in compliance with the value of integrity, which in turn is embodied in the principles of professionalism, diligence, honesty, fairness and responsibility, and in accordance with the values and restrictions contained in the "Code of Ethics", the "Group Internal Code of Conduct" and the "Organisational, Management and Control Model" adopted pursuant to Legislative Decree 231/2001.
In this context, the "Group Anti-Corruption Guidelines" (hereinafter referred to as the "Anti-Corruption Guidelines") identify principles and sensitive areas, establish the roles, responsibilities and macro-processes for managing the risk of corruption, and define the commitment to comply with regulatory provisions aimed at combating corruption in all its forms (the "zero tolerance" principle). In this sense, the policy impacts on active cooperation in the fight against corruption and the mitigation of its risks. In particular, these activities concern the areas at highest risk identified by the "Anti-Corruption Guidelines" and establish management and organisational safeguards in the respective areas of activity. With reference to international standards, the Group has identified the following areas exposed to the highest risk of corruption, or which may be exploited to engage in corruption

- gifts and entertainment expenses;
- charitable donations and sponsorships;
- relations with third parties (suppliers and other parties that provide their services to the Group);
- purchase, management and disposal of equity investments and other assets;
- staff hiring;
- purchase, management and disposal of real estate.

In addition, the Guidelines enable the Group to know better the parties with which it deals in the performance of its activities and to maintain its credibility and trust with all stakeholders.
The process of monitoring the principles of the "Anticorruption Guidelines" comprises the following activities:

- analysis of the evolution of the legal framework;
- risk assessment;
- definition of first- and second-level controls;
- verification of implementation of the Guidelines;
- quality assurance.

These activities allow the Group to also monitor the transactions in which it acts as a mere executor of customer instructions, using the money laundering risk and terrorist financing risk control system, set up to comply with the requirements of Legislative Decree 231/2007.

To emphasise the materiality of this topic, the "Anti-Corruption Guidelines" must be complied with by corporate officers and all Group personnel, and apply to all Group companies and all the countries in which the Group operates, with the exception of entities that perform only ancillary services and research activities. The "Anti-Corruption Guidelines" are also addressed to external parties (suppliers, agents, consultants, professionals, business partners, self-employed or para-subordinate workers, etc.) who cooperate with the Group in the performance of its activities (i.e. "third parties"). For this reason, they are made available to all stakeholders through the Group's official website and to counterparties who are beneficiaries of charitable or sponsorship initiatives, as well as to third parties that collaborate with the Group, when formalising the relevant relationships.

With respect to the functions involved, the "Anti-Corruption Guidelines" are approved by the Corporate Bodies. The topic falls under the supervision of the Chief Compliance Officer Governance Area.

At the operational level, Group personnel must immediately report any violations of the provisions of the "Anti-Corruption Guidelines" to their supervisor, who in turn must forward the report received to the Company's Anti-Corruption Officer and to the internal audit function for assessment. This is without prejudice to the possibility of using the reporting systems established under the rules on internal whistleblowing. For more information, see the following section "Whistleblowing Policies".

In this context, it should be noted that the Group's approach to fighting corruption is inspired by the fundamental principles contained in the relevant conventions by international best practices (OECD, Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; UN, Convention Against Corruption, Global Compact; Council of Europe, Criminal Law Convention on Corruption and Civil Law Convention on Corruption). The Group is also certified by an external company under UNI ISO 37001:2016 Anti-corruption management systems, which is the international standard in this field (valid until 2025).

Targets related to the prevention of corruption

As reported in the paragraphs in this section, the Intesa Sanpaolo Group has implemented a number of policies and actions to monitor corruption topics, including an anti-corruption policy and dedicated assessments in the ESG & Reputational Risk Clearing processes, carried out on the portfolio, for social and governance topics, although it has not yet established specific quantitative targets in this governance area.

In this context, the Group has put in place effective controls to continuously monitor and govern these topics, thereby pursuing the goal of preventing corruption and achieving the Group's objectives with honesty, fairness and responsibility, in full and effective compliance with the rules, professional ethics and the spirit of the agreements signed, even without a precise definition of quantitative and measurable targets within a limited time horizon.

Actions related to the prevention of corruption

The main actions implemented in the area of corruption prevention consist of the constant revision of the "Group Anti-Corruption Guidelines" (last update approved by the Board of Directors in 2024), the updating of the rules on the management of gifts and entertainment expenses, and the planning of compliance with the recommendations of the certification body for ISO 37001:2016. It should be noted that the Group will renew the above certification in 2025.

The "Anti-Corruption Guidelines" are reviewed annually, usually by December of each year.

To prevent any instance of corruption, the Group adopts a risk assessment model that takes into account the operational and business features of each company, based on a qualitative-quantitative methodology derived from an assessment of the residual risk in relation to the risk inherent in the vulnerability of the organisational and control system:

- the assessment of inherent risk is based on seven risk factors consistent with the areas identified by the Guidelines, plus the geographic factor, assessed on the basis of a set of quantitative indicators (e.g. value of orders to third parties);
- the assessment of the vulnerability of the organisational and control systems is based on thirteen vulnerability categories developed on the basis of a qualitative questionnaire that refers to the macro-processes defined in the "Anticorruption Guidelines" and a set of quantitative indicators developed by correlating the risk mitigation elements (e.g. number of employees who completed training courses).

For the purposes of obtaining the ISO 37001:2016 certification, six-monthly audits on the areas of greatest risk of corruption are conducted by the Chief Compliance Officer Area. These audits include both level one checks (including enhanced due diligence) and level two checks.

The Group monitors the transactions in which it acts as an executor of customer instructions, using the money laundering risk and terrorist financing risk control system.

At the same time, the internal reporting systems, the person responsible for them, the processes for analysing the reports, the structures involved and the methods for reporting to the corporate bodies are governed by specific Group company rules on internal systems for reporting violations, as well as by the "Organisational, Management and Control Model" adopted by each Group company pursuant to Legislative Decree No. 231/2001, which ensure the confidentiality of the reporter, excluding the risk of retaliatory, unfair or discriminatory behaviour.

If the Chief Audit Officer, who is separate and autonomous from the audited structures, receives reports of any unlawful conduct or indicating a strong suspicion of a breach of anti-corruption principles or legislation, he/she shall promptly inform the Corporate Anti-Corruption Officer and take the action deemed most appropriate.

In this context, reporting to corporate bodies on anti-corruption matters is an integral part of the reports prepared by the Chief Compliance Officer Area on the basis of the information flows established under the "Regulation on Integrated Internal Control Systems and other communications". These include, on an annual basis, the identification, risk assessment and planning of management actions, as well as, on a six-monthly basis, the description of the activities carried out, the issues detected and the remedies identified.

Finally, the Group arranges for specific training initiatives on the subject, for the benefit of corporate officers and staff. The planned training initiatives are compulsory and traceable; specifically, they aim to strengthen understanding of the key concepts of the anti-corruption legal framework and application of the Guidelines in order to promote conduct consistent with the provisions they contain.

In support of this theme, training is also provided whenever the "Anti-Corruption Guidelines" undergo a significant revision. This is done by providing specific updating training, which is preferably delivered in digital mode, to ensure that the perimeters and functions/resources of the entire Group are reached, in the form of compulsory training and with an impact on the Broad-based Short-Term Plan (PVR) in the event of failure to attend the training.

The content of the training incorporates the rules in force at a general level ("Anticorruption Guidelines") and in response to the operations of the Business Units (rules and processes); in the event of updates during the year, the necessary additions are made available. In this context, the Group provides training to 100% of the structures involved in the sensitive areas identified as having a higher risk of corruption (identified above).

In addition, specific training to top management, called "Tone from the Top" is delivered annually. The objectives are similar to those defined for all anti-corruption training: in particular, the aim is to disseminate a corporate culture based on the values of honesty and integrity and the principle of lawfulness. The training is delivered via online sessions (virtual classroom with remote connection). This training consists of:
- induction for members of the parent company's Board of Directors;
- "board members programme", for members of the corporate bodies and top management of the Italian and international subsidiaries as well as top management of the foreign perimeter.

Metrics related to the prevention of corruption

There have been no convictions and/or penalties for violations of anti-corruption and anti-extortion laws; consequently no fines or sanctions have been imposed on the Intesa Sanpaolo Group.

Whistleblowing policies, targets and actions

Whistleblowing policies

The Group has an internal whistleblowing system relating to both national and European regulations which harm the public interest or the integrity of Intesa Sanpaolo and the Group Companies (for example: administrative, accounting, civil or criminal offences; unlawful conduct pursuant to Legislative Decree no. 231/01; rules governing banking activities; conduct giving rise to conflicts of interest) or relating to internal company policies and/or procedures, which the whistleblower has discovered in the work context.

The reference internal rules on the matter, which are the responsibility of the Chief Audit Officer Area, are set out in a specific Group rules document on internal whistleblowing systems and are available for consultation by all persons working for the Intesa Sanpaolo Group on the company intranet. In addition, a summary description is also available on the Group's official website.

In this context, the system is reserved for: employees and self-employed workers who work or have worked for the Group; persons who have a professional collaboration relationship with the Group; workers or collaborators who provide goods or services or perform work for third parties and work or have worked for the Group; freelancers and consultants who work or have worked for the Group; volunteers and trainees; shareholders (natural persons); and persons with administrative, control, supervisory or representative functions.

These individuals may report a violation via channels available 24 hours a day (e-mail or voice messaging) available on the Group's official website and on the Group's intranet portal, in Italian or English (international language of reference), or in the language of their country.

In addition, the Group puts in place appropriate controls to protect all those involved. In particular, it protects the confidentiality of the information received and the identity of the whistleblower, which is known only to those authorised to access the dedicated channels and can be disclosed only with the whistleblower's consent, and protects the whistleblower from retaliatory or discriminatory conduct, including attempts or threats of such conduct, as a result of the whistleblower's report.

With respect to the perimeter and the main figures involved, the head of the whistleblowing systems for the Parent Company and the Service Companies is the Chief Audit Officer. Said Officer is appointed by the Board of Directors of Intesa Sanpaolo S.p.A. and is assisted by a Delegated Manager who supports him/her in process supervision and reporting and by a specific team.

Targets related to Whistleblowing

The Group has adopted rules, procedures and conduct regarding whistleblowing systems and, in addition, provides mandatory training on whistleblowing. In addition, the Group handles the examination of reports and provides a response within set deadlines, while ensuring the whistleblower is protected from possible retaliation. Finally, despite the lack of a precise definition of quantitative targets within a specific time horizon, the set of policies and actions adopted by the Group is effective and appropriate to protect whistleblowers and manage their reports efficiently.

Actions related to Whistleblowing

Mandatory training courses (one for the Italy perimeter, one for the Insurance business and one for a first portion of the international branches) were prepared and delivered during 2024. The course syllabi covered the characteristics, channels and safeguards related to whistleblowing, as well as the steps to manage the whistleblowing process.

In 2024, a specific training initiative was also carried out, in line with the provisions of Legislative Decree 24/2023, for the staff members who receive whistleblowing reports. The training, delivered by an external lawyer specialised in the subject, examined in depth the different areas of the whistleblowing process, from multiple perspectives.

A total of about 73,000 employees attended training courses on the subject.

Supply chain management policies, targets and actions

Supply chain management policies

With respect to supply chain management strategy and actions, the Group has several policies and rules that it applies in a timely manner.

Through the “Code of Ethics”, the Group aims to promote conduct consistent with the highest international and national ethical standards in the performance of its activities and in the management of its business. The Code also includes sustainability principles, acknowledging them as fundamental to guiding the corporate strategy and ensuring a positive impact on the future of the planet and society, in the knowledge that considering social concerns also contributes to minimising exposure to risks and strengthening the Group’s reputation, in line with the sustainable development principles and adhering to important international initiatives (e.g. UN Global Compact).

In this context, the “Organisational, Management and Control Model” is a valid tool for raising the awareness of all those who work on the Group’s behalf, leading them to operate with integrity and transparency, and is also more effective in preventing the risk of the offences and the administrative breaches covered by the reference legislation being committed.

The objective is to make all those who work on behalf of the Intesa Sanpaolo Group on activities susceptible to the offences referred to in Legislative Decree 231/01 aware that infringing the provision may result in disciplinary/contractual consequences and to reiterate that such forms of unlawful behaviour are strongly condemned by the Group.

The “Internal Code of Conduct” recalls the set of values and principles set out in the “Code of Ethics” on appropriate conduct, as well as the ways in which the Group intends to pursue its mission in compliance with legal and social obligations. It sets out the rules of conduct to be observed both in the workplace and externally, i.e. pursuing the Group’s interests with professionalism, diligence, honesty and fairness, and acting in any case with transparency and full respect for people’s dignity and integrity. The exercise of decision-making powers and activities must therefore always be guided by the aforementioned values and principles, following traceability criteria.

In addition, the section on “Policies and processes related to supply chain workers” in ESRS S2 refers to the Internal Guidelines on Group Procurement, which aim to define the roles and responsibilities of the corporate bodies and structures of the Parent Company and Group Companies in the process of managing Group purchases, as well as the principles and macro-processes to be observed during all management phases of the procurement of goods and services.

Supply chain management targets

As explained in this section, through continuous monitoring and targeting of these topics, the Group has a number of policies in place to oversee supply chain management topics such as the adoption of a supplier portal and ESG assessments of suppliers, although it has not yet established specific quantitative targets in this governance area.

Supply chain management actions

Suppliers registered in the “Group Supplier List” are also assessed with regard to their ESG propensity. This is done through a specific ESG questionnaire in use since 2022. During 2024, supplier mapping with regard to social, environmental and governance sustainability continued, with the aim of strengthening the assessment and selection criteria of the best suppliers. All new suppliers are required to complete the questionnaire. The ESG score, calculated on the basis of the aforementioned questionnaire and the possession of certain certificates in line with the Group’s criteria, expresses the supplier’s quality with regard to ESG issues and can influence the selection of the best suppliers in relation to specific procurement needs. It follows that, in relation to specific product categories with a greater environmental or social impact, suppliers who fail to comply with the minimum requirements can be excluded from tenders.

For further information, please refer to the ESRS E1 section on “Strategy to combat climate change at supply chain level”.

With regard to measuring the ESG propensity of suppliers, the aim is to achieve an overall assessment of active suppliers by 2025. In this context, specific webinars will be promoted on the subject of "workers in the value chain" for all the suppliers that have access to the Group Supplier Portal.

In addition, the Group plans to adopt, starting in 2025, a "Procurement Code of Conduct" to be provided to all the suppliers registered on the Group Supplier Portal and engaged by Group Procurement. The suppliers will be required to disseminate the Code among all their workers. The aim is to achieve acceptance of the Code by all suppliers impacting the "green" and "social" categories by 2028.

Lastly, the "Procurement Code of Conduct" will be published on the Group Supplier Portal, among the documents the supplier must declare to have read when registering.

Supply chain management metrics

During the 2024 financial year, the Intesa Sanpaolo Group had an average time of 10 business days to pay invoices received. This figure represents the average number of days elapsed from the start of the contractual or legal payment term until actual payment.

In this regard, it should be noted that there is no single payment standard: in particular, for Intesa Sanpaolo and Isybank, the practice is for payments to be negotiated contractually and, unless otherwise specified, the payment term is 60 days.

It should also be noted that the Intesa Sanpaolo Group was not involved in any legal proceedings concerning the late payment of invoices due by it.

It was deemed appropriate to consider, as a representative sample of the Group, the suppliers present on the procurement cycle platform, which is managed by the Parent Company. This sample consists of the companies Intesa Sanpaolo S.p.A. and Isybank S.p.A., whose invoices are administered through the above-mentioned system, and which account for most of the volumes in terms of number of value of invoices at Group level.

Policies, targets and actions related to political engagement and lobbying activities

Policies on political engagement and lobbying activities

The Intesa Sanpaolo Group's internal policies provide that political parties and movements may not be recipients of donations and sponsorships, as set out in the Group's "Anticorruption Guidelines" in the section "Policies related to the prevention of corruption". In particular, specific Group rules state that the only form of new loan granted to political parties, connected associations and individual candidates, which can be authorised only by the Board of Directors, consists of the advance on an annual basis of the "2x1000 contribution" against the assignment to the Group, to be reported in accordance with the law, of said contribution when received by the political parties. In this regard, it should be noted that the Intesa Sanpaolo Group did not grant any loans of this kind in 2024.

In addition, the Intesa Sanpaolo Group adopts a structured system of internal regulations to govern the management of relations with institutions in the legislative, regulatory and operational fields. These rules support the coordination and consistency of the Group's activities, ensuring compliance with legal provisions, the protection of corporate interests and the promotion of transparent and effective practices in relations with institutions, regulatory authorities, market partners and relevant stakeholders. This approach helps to strengthen the Group's strategic positioning in a constantly evolving regulatory environment.

Specifically, the Group has put in place rules governing its interactions with the Supervisory, Resolution and Regulatory Authorities, to ensure regulatory compliance and protect the Group's strategic positioning. These rules cover the entire scope of the Group's activities, with a small number of exceptions relating to specific operational interactions, the criteria for which are detailed in specific internal Group regulations.

There are two main actors that are competent and responsible for interactions with the regulatory and supervisory authorities:

- firstly, the internal regulations identify "pivot structures", i.e. structures belonging to the Parent Company that are tasked with coordinating communications with each supervisory and regulatory authority and the consistency of such communications across the Group. A single structure is identified to avoid risks of inconsistency in communications with the authority and is optimal for effectively managing communications, ensuring a single point of contact and a comprehensive response. By way of example, the Institutional Affairs Head Office Department is responsible for managing official correspondence with Italian and international antitrust authorities, for all matters concerning competition and market protection legislation;
- the second actors are the "functional owners", i.e. Group structures engaged and identified by the pivot structure on the basis of the subject or scope of the individual contact or topic addressed, according to the competence identified from time to time. The functional owners, among other things, identify potential initiatives to mitigate negative impacts or to seize opportunities.

The regulatory framework adopted by the Group adheres to the standards and initiatives of the European Central Bank (ECB), the European Commission and the Financial Stability Board.

The needs of key stakeholders, including consumers, regulatory authorities and market partners, are all taken into consideration when establishing internal regulations.

Targets related to political engagement and lobbying activities

As explained in this section, the Intesa Sanpaolo Group has implemented a number of policies and actions to monitor lobbying issues (e.g. policies on relations with political parties, advocacy activities). However, the Group has not yet established specific quantitative targets in this governance area.

Actions related to political engagement and lobbying activities

The Group plays a proactive role in regulatory processes, monitoring regulatory proposals (and, where appropriate, actively participating in related discussions through advocacy) for topics that may have a direct and indirect impact on the Group, particularly with regard to banking, financial and insurance legislation and the European ESG regulatory framework. In particular, advocacy work was carried out with regard to the initiatives reported in the metrics section on ESG issues (e.g., at the European level, some legislative initiatives related to the EU Green Deal strategy) and financial issues.

For all issues, including sustainable finance and direct environmental impacts, Intesa Sanpaolo cooperates with the relevant trade associations at all levels (national, European or international). For example, for sustainability aspects, there is ongoing collaboration with the Italian Banking Association (ABI) within specific working groups, to raise awareness in the financial and non-financial sectors on environmental sustainability topics and the forthcoming impact of regulatory developments, especially those on ESG disclosures.

At the European level, the Intesa Sanpaolo Group has interacted with lawmakers, the main trade associations and other stakeholders to promote and represent the various environmental sustainability initiatives of the Group. The Group, through its European Regulatory and Public Affairs structure, which is part of the Institutional Affairs Head Office Department, brings its best practices to the attention of policymakers, informs European officials about any technical aspects of the financial topics supporting sustainability, and describes the specific features of its context so that they can be taken into account during the legislative process.

Metrics related to political engagement and lobbying activities

In the context of transparency on the activities and commitments related to the Group's exercising of its political influence, it should be noted that as of 31 December 2024, no Director had held a position in the public administration comparable to a position in administrative, management and supervisory bodies in the two years prior to assuming their current mandate.

Furthermore, as at 31 December 2024, the Group was registered in the EU Transparency Register, with registration code 24037141789-48.

Below is a non-exhaustive list of some of the Group's main lobbying activities during 2024, divided into ESG legislation and legislation not strictly related to ESG issues.

ESG legislation

Directive (EU) 2024/1275 of the European Parliament and of the Council of 24 April 2024 on the energy performance of buildings, published in the OJEU on 8 May 2024
The directive provides for the decarbonisation of residential and non-residential buildings in Member States territories by 2050 and updates the existing regulatory framework to reflect a higher climate ambition combined with social actions. The Intesa Sanpaolo Group believes that the Energy Performance of Buildings Directive supports improvements in the energy efficiency of new and existing buildings, positively influencing their value and the achievement of environmental objectives. The Group, together with trade associations, suggested some regulatory adjustments to ensure the banking sector's ability to support the financing of EU building stock improvements in favour of the climate transition.

Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859, published in the OJEU on 5 July 2024
The directive requires companies and their partners to prevent, mitigate or bring to an end the adverse effects of their activities on the environment and human rights. The Intesa Sanpaolo Group welcomed this directive as it promotes sustainable and responsible corporate conduct along value chains, with respect to human rights and the environment. Together with the financial sector, the Group contributed to the drafting of a document with trade associations to identify potential critical issues and proposed pragmatic solutions.

Regulation (EU) 2024/3005 of the European Parliament and of the Council of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities, and amending Regulations (EU) 2019/2088 and (EU) 2023/2859, published in the OJEU on 12 December 2024
This regulation introduced a common regulatory approach to strengthen the integrity, transparency, comparability where possible, accountability, good governance and independence of ESG rating activities. Given the importance of ESG ratings in investment decisions, the Intesa Sanpaolo Group views this regulation positively, as it contributes to promoting a culture of transparency on companies' impact on people and the environment, while reducing greenwashing and promoting sustainable investments. The Group collaborated with industry associations by responding to consultations and submitting written contributions to promote a clearer framework of transparency and supervision for ESG rating providers.

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, published in the OJEU on 9 December 2019 ("SFDR")

In view of the SFDR revision scheduled for 2025, in 2024 the ISP Group contributed to drafting a letter from the trade associations requesting the European Commission to postpone the adoption of amendments to the Regulatory Technical Standards (RTS) in order to avoid a potential misalignment between the RTS and the future revised text of the regulation.

Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities, published in the OJEU on 21 November 2023
The “Environmental Delegated Act” incorporates revisions of the “Disclosure Delegated Act (EU 2021/2178)” and includes mandatory reporting templates in the corresponding annexes. The Intesa Sanpaolo Group generally supported the adoption of the Delegated Act, but identified some critical issues, specifically related to the calculation of the Green Asset Ratio. The Group, together with the financial sector and trade associations, contributed to drafting a document on this topic to encourage, among other things, a more symmetrical structure of the ratio between numerator and denominator and the inclusion of exposures to special purpose vehicles (SPVs) in the calculation of the ratio.

Regulations not strictly related to ESG issues

Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor, published in the OJEU on 19 June 2024 (“CRR III”)
CRR III introduced changes regarding requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor. Together with the banking sector and trade associations, the Intesa Sanpaolo Group encouraged, among other things, the one-year postponement of the application of the Fundamental Review of Trading Book (FRTB) rules in order to ensure a level playing field with banks operating in non-EU jurisdictions.

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2016/1011 as regards the scope of the rules for benchmarks, the use in the Union of benchmarks provided by an administrator located in a third country, and certain reporting requirements, COM/2023/660 final (“Benchmark Regulation”)
The Benchmark Regulation regulates the indices used as benchmarks in financial instruments and financial contracts, and provides rules on the use of non-EU benchmarks. The Group welcomed the objectives of the reform proposal to ensure continued access to benchmarks while maintaining a sufficient level of investor protection. Together with industry and trade associations, the ISP Group followed the legislative phase of the measure during 2024, taking a special interest in developments in the parliamentary work.

Proposal for a Directive of the European Parliament and of the Council amending Directives (EU) 2009/65/EC, 2009/138/EC, 2011/61/EU, 2014/65/EU and (EU) 2016/97 as regards the Union retail investor protection rules, COM/2023/279 final; Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1286/2014 as regards the modernisation of the key information document, COM/2023/278 final (“Retail Investment Strategy”)
The “Retail Investment Strategy” regulatory package includes a proposal for an omnibus directive amending the Markets in Financial Instruments Directive (MiFID), the Insurance Distribution Directive (IDD), the Solvency II Directive, the Directive on undertakings for collective investment in transferable securities (UCITS) and the Alternative Investment Fund Managers Directive (AIFMD), and (ii) a proposal for a regulation amending the PRIIPs (packaged retail and insurance-based investment products) regulation. The Intesa Sanpaolo Group considers the absence of a total ban on inducements to be positive and has carried out advocacy activities, engaging in talks, where deemed necessary and/or appropriate, with relevant stakeholders.

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 806/2014 as regards early intervention measures, conditions for resolution and funding of resolution action, COM/2023/226 final; Proposal for a Directive of the European Parliament and of the Council amending Directive 2014/59/EU as regards early intervention measures, conditions for resolution and financing of resolution action, COM/2023/227 final; Proposal for a Directive of the European Parliament and of the Council amending Directive 2014/49/EU as regards the scope of deposit protection, use of deposit guarantee schemes funds, cross-border cooperation, and transparency, COM/2023/228 final (“Crisis management and deposit insurance framework - CMDI”)
The proposed reform of the current regulatory framework for bank crisis management and deposit guarantee schemes consists of three texts: the Single Resolution Mechanism Regulation (SRMR) (Regulation (EU) No 806/2014), the Bank Recovery and Resolution Directive (BRRD) (Directive 2014/59/EU), and the Deposit Guarantee Schemes Directive (DGSD) (Directive 2014/49/EU). The Group welcomed the objectives of the reform to preserve financial stability and protect taxpayers’ money, protect the real economy from the impact of bank failures, and improve protection for depositors. Advocacy work was carried out both with trade associations and through direct dialogue with representatives of institutions. The main focus of the advocacy was the provisions of the legislation with respect to the establishment of irrevocable payment commitments.

Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012, published in the OJEU on 28 December 2017
In view of the announced publication of a legislative proposal to reform the European securitisation framework scheduled for 2025, in 2024 the ISP Group responded - directly and via trade associations - to the consultation published by the European Commission on this topic.

Proposal for a Regulation of the European Parliament and of the Council on the establishment of the digital euro, COM/2023/369 final
On 28 June 2023, the European Commission published a regulatory proposal establishing the legal framework for a possible digital euro to supplement euro banknotes and coins. However, it will be up to the European Central Bank (ECB) to decide whether and when to issue it. The objective of this proposal, according to the European Commission, is to ensure that central bank money with the status of legal tender remains available to the general public, while offering a state-of-the-art and cost-efficient means of payment, ensuring a high level of privacy in digital payments, maintaining financial stability and promoting accessibility and financial inclusion The proposal is currently being examined by the European Parliament and the EU Council. The Intesa Sanpaolo Group is following the proposed regulation, which, if adopted, will have significant impacts on the payments world, and taking part in the legislative debate, both directly and through trade associations.

Proposal for a Regulation of the European Parliament and of the Council on a framework for Financial Data Access and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010 and (EU) 2022/2554 COM/2023/360 final
On 28 June 2023, the European Commission published a regulatory proposal on a framework for financial data access (open finance) that establishes rights and obligations for managing the sharing of certain financial data of customers, with their permission, beyond payment accounts. The Group is monitoring the ongoing legislative process and participating in the legislative debate, in particular through trade associations. The concerns raised by the proposal relate to the competitiveness of European banks, the level playing field and data security and protection.

On the other hand, as regards the international scope (Non-EU), as of 31 December 2024, the Group monitors lobbying activities in the various countries by dialoguing with national and supranational institutions. In particular, the non-EU countries include Algeria, Australia and Kenya.

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ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	x		x		162
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ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	x		x		152
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ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		x	x		177
ESRS E1-4 GHG emission reduction targets paragraph 34	x	x	x		176 185
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ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	x	x	x		198
ESRS E1-7 GHG removals and carbon credits paragraph 56				x	Non-material topic
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			x		199
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		x			199
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		x			203
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		x			203
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			x		Unreported information for 2024
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	x				Non-material topic
ESRS E3-1 Water and marine resources paragraph 9	x				Non-material topic
ESRS E3-1 Dedicated policy paragraph 13	x				Non-material topic

[132] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) (OJ L 317, 9.12.2019, p. 1).

[133] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).

[134] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

[135] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ("European Climate Law") (OJ L 243, 9.7.2021, p. 1).

DISCLOSURE REQUIREMENT AND CORRESPONDING INFORMATION	SFDR[132]	Pillar 3[133]	Benchmark Regulation[134]	EU climate legislation[135]	PAGE
ESRS E3-1 Sustainable oceans and seas paragraph 14	x				Non-material topic
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	x				Non-material topic
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	x				Non-material topic
ESRS 2 IRO-1 – E4 paragraph 16(a)(i)	x				Non-material topic
ESRS 2 IRO-1 – E4 paragraph 16(b)	x				Non-material topic
ESRS 2 IRO-1 – E4 paragraph 16(c)	x				Non-material topic
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	x				210[136]
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	x				210[137]
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	x				210[138]
ESRS E5-5 Non-recycled waste paragraph 37 (d)	x				Non-material topic
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	x				Non-material topic
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	x				Non-material topic
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	x				Non-material topic
ESRS S1-1 Human rights policy commitments paragraph 20	x				219
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 21			x		219
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	x				Non-material topic
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	x				236
ESRS S1-3 Mechanisms for handling reports/complaints paragraph 32(c)	x				223 227
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	x		x		238
ESRS S1-14 Number of days lost to accidents, fatalities or illness paragraph 88(e)	x				Unreported information for 2024[139]
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	x		x		227
ESRS S1-16 Excessive pay gap in favour of the highest-paid person paragraph 97(b)	x				227
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	x				221
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104(a)	x		x		219
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	x				Non-material topic
ESRS S2-1 Human rights policy commitments paragraph 17	x				247
ESRS S2-1 Policies related to value chain workers paragraph 18	x				247
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 19	x		x		247
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 19			x		247
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	x				247

136 With reference to portfolio policies.
137 With reference to portfolio policies.
138 With reference to portfolio policies.
139 This information will be reported from 2025 onwards.

DISCLOSURE REQUIREMENT AND CORRESPONDING INFORMATION	SFDR[132]	Pillar 3[133]	Benchmark Regulation[134]	EU climate legislation[135]	PAGE
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ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	x		x		252
ESRS S3-4 Human rights issues and incidents paragraph 36	x				252
ESRS S4-1 Policies related to consumers and end-users paragraph 16	x				268
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	x		x		268
ESRS S4-4 Human rights issues and incidents paragraph 35	x				268
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	x				289
ESRS G1-1 Protection of Whistleblowers paragraph 10(d)	x				291
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24(a)	x		x		291
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Annex I – Taxonomy Template

TEMPLATE ANNEX VI: KPI GAR E KPI OFF-BALANCE-SHEET

Template 1: Assets for the calculation of GAR (Turnover)

(millions of euro)

			2024																													
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	269,536	156,635	20,510	13,743	572	2,947	117	6	-	4	91	-	-	-	161	-	-	-	6	-	-	-	2	-	-	-	157,012	20,516	13,743	572	2,951
2	**Financial undertakings**	56,974	10,960	1,366	44	42	327	78	2	-	-	5	-	-	-	33	-	-	-	1	-	-	-	1	-	-	-	11,078	1,368	44	42	327
3	Credit institutions	21,747	4,554	346	22	24	22	9	1	-	-	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	-	4,566	347	22	24	22
4	Loans and advances	15,484	3,277	242	-	20	16	8	1	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	3,287	243	-	20	16
5	Debt securities, including UoP	6,210	1,264	103	22	4	6	1	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1,266	103	22	4	6
6	Equity instruments	53	13	1		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	13	1		-	-
7	Other financial corporations	35,227	6,406	1,020	22	18	305	69	1	-	-	5	-	-	-	30	-	-	-	1	-	-	-	1	-	-	-	6,512	1,021	22	18	305
8	of which investment firms	174	88	11	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88	11	-	-	3
9	Loans and advances	157	86	10	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	86	10	-	-	3
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	17	2	1		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	2	1		-	-
12	of which management companies	275	25	8	-	-	-	2	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	28	8	-	-	-
13	Loans and advances	56	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	219	25	8		-	-	2	-		-	-	-		-	1	-		-	-	-		-	-	-		-	28	8		-	-
16	of which insurance undertakings	9,569	2,248	252	-	5	38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,248	252	-	5	38
17	Loans and advances	1,287	303	34	-	1	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	303	34	-	1	5
18	Debt securities, including UoP	827	181	20	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	181	20	-	-	3
19	Equity instruments	7,455	1,764	198		4	30	-	-		-	-	-		-	-	-		-	-	-	-	-	-	-		-	1,764	198		4	30
20	**Non-financial undertakings**	33,719	9,906	5,520	75	530	2,620	39	4	-	4	86	-	-	-	128	-	-	-	5	-	-	-	1	-	-	-	10,165	5,524	75	530	2,624

(millions of euro)

			2024																													
			Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**				**Pollution (PPC)**				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
21	Loans and advances	28,858	9,014	5,092	-	487	2,444	38	3	-	3	84	-	-	-	118	-	-	-	4	-	-	-	1	-	-	-	9,259	5,095	-	487	2,447
22	Debt securities, including UoP	4,188	725	379	75	43	163	-	-	-	-	2	-	-	-	10	-	-	-	1	-	-	-	-	-	-	-	738	379	75	43	163
23	Equity instruments	673	167	49		-	13	1	1		1	-	-		-	-	-		-	-	-		-	-	-		-	168	50		-	14
24	**Households**	178,565	135,769	13,624	13,624	-	-	-	-	-	-					-	-	-	-									135,769	13,624	13,624	-	-
25	of which loans collateralised by residential immovable property	132,742	132,742	13,615	13,615	-	-	-	-	-	-					-	-	-	-									132,742	13,615	13,615	-	-
26	of which building renovation loans	2,329	2,329	-	-	-	-	-	-	-	-					-	-	-	-									2,329	-	-	-	-
27	of which motor vehicle loans	171	-	-	-	-	-																					-	-	-	-	-
28	**Local governments financing**	278	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	278	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	296	296	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	296	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	296,109	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and non-financial undertakings**	224,834																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	120,659																														
35	Loans and advances	119,224																														
36	of which loans collateralised by commercial immovable property	20,857																														
37	of which building renovation loans	90																														
38	Debt securities	1,231																														
39	Equity instruments	204																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	28,795																														

(millions of euro)

		2024																														
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
41	Loans and advances	26,679																														
42	Debt securities	1,972																														
43	Equity instruments	144																														
44	**Derivatives**	6,468																														
45	**On demand interbank loans**	3,445																														
46	**Cash and cash-related assets**	3,882																														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	57,480																														
48	**Total GAR assets**	565,941	156,931	20,510	13,743	572	2,947	117	6	-	4	91	-	-	-	161	-	-	-	6	-	-	-	2	-	-	-	157,308	20,516	13,743	572	2,951
49	**Assets not covered for GAR calculation**	200,883																														
50	**Central governments and Supranational issuers**	115,121																														
51	**Central banks exposure**	44,297																														
52	**Trading book**	41,465																														
53	**Total assets**	766,824	156,931	20,510	13,743	572	2,947	117	6	-	4	91	-	-	-	161	-	-	-	6	-	-	-	2	-	-	-	157,308	20,516	13,743	572	2,951
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligation																																
54	Financial guarantees	5,936	400	161	-	6	63	2	-	-	-	1	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	405	161	-	6	63
55	Assets under management	223,769	11,960	4,295	-	331	2,179	614	122	-	42	35	-	-	-	893	-	-	-	567	-	-	-	82	-	-	-	14,151	4,417	-	331	2,221
56	Of which debt securities	69,241	7,804	2,376	-	184	982	318	62	-	17	14	-	-	-	190	-	-	-	160	-	-	-	11	-	-	-	8,497	2,438	-	184	999
57	Of which equity instruments	87,263	3,313	1,407	-	113	922	261	49	-	19	13	-	-	-	567	-	-	-	276	-	-	-	50	-	-	-	4,480	1,456	-	113	941

(millions of euro)

			2023																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	260,318	133,139	14,934	9,949	252	2,242	-	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151,389	14,952	9,949	252	2,242
2	**Financial undertakings**	47,994	-	320	-	1	134	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,864	320	-	1	134
3	Credit institutions	17,949	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,345	-	-	-	-
4	Loans and advances	11,296	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,084	-	-	-	-
5	Debt securities, including UoP	6,653	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,261	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
7	Other financial corporations	30,045	-	320	-	1	134	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,519	320	-	1	134
8	of which investment firms	51	-	3	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33	3	-	-	3
9	Loans and advances	34	-	3	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33	3	-	-	3
10	Debt securities, including UoP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	17	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	341	-	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46	13	-	-	-
13	Loans and advances	93	-	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46	13	-	-	-
14	Debt securities, including UoP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	248	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	8,082	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,127	-	-	-	-
17	Loans and advances	735	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	225	-	-	-	-
18	Debt securities, including UoP	547	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148	-	-	-	-
19	Equity instruments	6,800	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	1,754	-		-	-
20	**Non-financial undertakings**	34,230	-	4,691	26	251	2,108	-	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,386	4,709	26	251	2,108

(millions of euro)

2023

		Total [gross] carrying amount	CCM: Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCM: Of which environmentally sustainable (Taxonomy-aligned)	CCM: Of which Use of Proceeds	CCM: Of which transitional	CCM: Of which enabling	CCA: Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCA: Of which environmentally sustainable (Taxonomy-aligned)	CCA: Of which Use of Proceeds	CCA: Of which enabling	WTR: Of which towards taxonomy relevant sectors (Taxonomy-eligible)	WTR: Of which environmentally sustainable (Taxonomy-aligned)	WTR: Of which Use of Proceeds	WTR: Of which enabling	CE: Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CE: Of which environmentally sustainable (Taxonomy-aligned)	CE: Of which Use of Proceeds	CE: Of which enabling	PPC: Of which towards taxonomy relevant sectors (Taxonomy-eligible)	PPC: Of which environmentally sustainable (Taxonomy-aligned)	PPC: Of which Use of Proceeds	PPC: Of which enabling	BIO: Of which towards taxonomy relevant sectors (Taxonomy-eligible)	BIO: Of which environmentally sustainable (Taxonomy-aligned)	BIO: Of which Use of Proceeds	BIO: Of which enabling	TOTAL (CCM + CCA + WTR + CE + PPC + BIO): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	TOTAL: Of which environmentally sustainable (Taxonomy-aligned)	TOTAL: Of which Use of Proceeds	TOTAL: Of which transitional	TOTAL: Of which enabling
21	Loans and advances	30,473	-	4,439	-	228	1,988	-	18	-	-		-	-	-		-	-	-		-	-	-		-	-	-	9,555	4,457	-	228	1,988
22	Debt securities, including UoP	3,284	-	214	26	23	98	-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	675	214	26	23	98
23	Equity instruments	473	-	38		-	22	-	-		-		-		-		-		-		-		-		-		-	156	38		-	22
24	**Households**	177,896	133,139	9,923	9,923	-	-	-	-	-	-					-	-	-	-									133,139	9,923	9,923	-	-
25	of which loans collateralised by residential immovable property	132,942	132,942	9,923	9,923	-	-	-	-	-	-					-	-	-	-									132,942	9,923	9,923	-	-
26	of which building renovation loans	168	168	-	-	-	-	-	-	-	-					-	-	-	-									168	-	-	-	-
27	of which motor vehicle loans	144	-	-	-	-	-																					-	-	-	-	-
28	**Local governments financing**	198	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	198	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	321	321	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	321	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	303,394	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and non-financial undertakings**	232,799																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	133,601																														
35	Loans and advances	131,295																														
36	of which loans collateralised by commercial immovable property	23,757																														
37	of which building renovation loans	101																														
38	Debt securities	1,647																														
39	Equity instruments	659																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	25,232																														

CCM = Climate Change Mitigation (CCM); CCA = Climate Change Adaptation (CCA); WTR = Water and marine resources (WTR); CE = Circular economy (CE); PPC = Pollution (PPC); BIO = Biodiversity and Ecosystems (BIO)

(millions of euro)

			2023																													
			Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**				**Pollution (PPC)**				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
		Total [gross] carrying amount	**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**					**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
41	Loans and advances	23,523																														
42	Debt securities	1,573																														
43	Equity instruments	136																														
44	**Derivatives**	6,980																														
45	**On demand interbank loans**	3,076																														
46	**Cash and cash-related assets**	3,934																														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	56,607																														
48	**Total GAR assets**	564,034	133,460	14,934	9,949	252	2,242	-	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151,710	14,952	9,949	252	2,242
49	**Assets not covered for GAR calculation**	235,295																														
50	**Central governments and Supranational issuers**	103,364																														
51	**Central banks exposure**	93,720																														
52	**Trading book**	38,211																														
53	**Total assets**	799,329	133,460	14,934	9,949	252	2,242	-	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151,710	14,952	9,949	252	2,242
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																
54	Financial guarantees	5,843	-	142	-	14	72		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	407	142	-	14	72
55	Assets under management	256,310	-	3,458	-	59	1,543		108	-	70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,829	3,566	-	59	1,613
56	Of which debt securities	74,728	-	1,800	-	32	467		55	-	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,181	1,855	-	32	499
57	Of which equity instruments	92,364	-	1,337	-	20	908		42	-	33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,209	1,379	-	20	941

Template 1: Assets for the calculation of GAR (CapEx)

(millions of euro)

			2024																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	269,536	160,694	24,592	13,754	766	5,734	461	84	-	2	2	-	-	-	176	-	-	-	16	-	-	-	3	-	-	-	161,352	24,676	13,754	766	5,736
2	**Financial undertakings**	56,974	11,631	2,348	44	110	948	246	7	-	1	-	-	-	-	27	-	-	-	11	-	-	-	2	-	-	-	11,917	2,355	44	110	949
3	Credit institutions	21,747	4,646	409	22	34	40	12	3	-	1	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	-	4,661	412	22	34	41
4	Loans and advances	15,484	3,357	292	-	29	29	11	2	-	1	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	-	3,371	294	-	29	30
5	Debt securities, including UoP	6,210	1,276	115	22	5	11	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,277	116	22	5	11
6	Equity instruments	53	13	2		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	13	2		-	-
7	Other financial corporations	35,227	6,985	1,939	22	76	908	234	4	-	-	-	-	-	-	24	-	-	-	11	-	-	-	2	-	-	-	7,256	1,943	22	76	908
8	of which investment firms	174	90	20	-	2	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90	20	-	2	18
9	Loans and advances	157	88	19	-	2	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88	19	-	2	18
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	17	2	1		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	2	1		-	-
12	of which management companies	275	88	55	-	1	-	6	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	95	55	-	1	-
13	Loans and advances	56	56	41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56	41	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	219	32	14		1	-	6	-		-	-	-		-	1	-		-	-	-		-	-	-		-	39	14		1	-
16	of which insurance undertakings	9,569	2,248	315	-	5	80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,248	315	-	5	80
17	Loans and advances	1,287	303	43	-	1	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	303	43	-	1	11
18	Debt securities, including UoP	827	181	25	-	-	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	181	25	-	-	6
19	Equity instruments	7,455	1,764	247		4	63	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	1,764	247		4	63
20	**Non-financial undertakings**	33,719	13,294	8,620	86	656	4,786	215	77	-	1	2	-	-	-	149	-	-	-	5	-	-	-	1	-	-	-	13,666	8,697	86	656	4,787

(millions of euro)

			2024																																	
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
21	Loans and advances	28,858	12,171	7,979	11	606	4,508	186	68	-	1	2	-	-	-	148	-	-	-	3	-	-	-	1	-	-	-	12,511	8,047	11	606	4,509
22	Debt securities, including UoP	4,188	962	574	75	50	244	13	-	-	-	-	-	-	-	1	-	-	-	2	-	-	-	-	-	-	-	978	574	75	50	244
23	Equity instruments	673	161	67		-	34	16	9		-	-	-		-	-	-		-	-	-		-	-	-		-	177	76		-	34
24	**Households**	178,565	135,769	13,624	13,624	-	-	-	-	-	-					-	-	-	-									135,769	13,624	13,624	-	-
25	of which loans collateralised by residential immovable property	132,742	132,742	13,615	13,615	-	-	-	-	-	-					-	-	-	-									132,742	13,615	13,615	-	-
26	of which building renovation loans	2,329	2,329	-	-	-	-	-	-	-	-					-	-	-	-									2,329	-	-	-	-
27	of which motor vehicle loans	171	-	-	-	-	-																					-	-	-	-	-
28	**Local governments financing**	278	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	278	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	296	296	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	296	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	296,109	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and non-financial undertakings**	224,834																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	120,659																														
35	Loans and advances	119,224																														
36	of which loans collateralised by commercial immovable property	20,857																														
37	of which building renovation loans	90																														
38	Debt securities	1,231																														
39	Equity instruments	204																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	28,795																														

(millions of euro)

		Total [gross] carrying amount	2024 – Climate Change Mitigation (CCM): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCM: Of which environmentally sustainable (Taxonomy-aligned)	CCM: Of which Use of Proceeds	CCM: Of which transitional	CCM: Of which enabling	Climate Change Adaptation (CCA): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCA: Of which environmentally sustainable (Taxonomy-aligned)	CCA: Of which Use of Proceeds	CCA: Of which enabling	Water and marine resources (WTR): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	WTR: Of which environmentally sustainable (Taxonomy-aligned)	WTR: Of which Use of Proceeds	WTR: Of which enabling	Circular economy (CE): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CE: Of which environmentally sustainable (Taxonomy-aligned)	CE: Of which Use of Proceeds	CE: Of which enabling	Pollution (PPC): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	PPC: Of which environmentally sustainable (Taxonomy-aligned)	PPC: Of which Use of Proceeds	PPC: Of which enabling	Biodiversity and Ecosystems (BIO): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	BIO: Of which environmentally sustainable (Taxonomy-aligned)	BIO: Of which Use of Proceeds	BIO: Of which enabling	TOTAL (CCM + CCA + WTR + CE + PPC + BIO): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	TOTAL: Of which environmentally sustainable (Taxonomy-aligned)	TOTAL: Of which Use of Proceeds	TOTAL: Of which transitional	TOTAL: Of which enabling
41	Loans and advances	26,679																														
42	Debt securities	1,972																														
43	Equity instruments	144																														
44	**Derivatives**	6,468																														
45	**On demand interbank loans**	3,445																														
46	**Cash and cash-related assets**	3,882																														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	57,480																														
48	**Total GAR assets**	565,941	160,990	24,592	13,754	766	5,734	461	84	-	2	2	-	-	-	176	-	-	-	16	-	-	-	3	-	-	-	161,648	24,676	13,754	766	5,736
49	**Assets not covered for GAR calculation**	200,883																														
50	**Central governments and Supranational issuers**	115,121																														
51	**Central banks exposure**	44,297																														
52	**Trading book**	41,465																														
53	**Total assets**	766,824	160,990	24,592	13,754	766	5,734	461	84	-	2	2	-	-	-	176	-	-	-	16	-	-	-	3	-	-	-	161,648	24,676	13,754	766	5,736
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations)																																
54	Financial guarantees	5,936	483	272	-	15	69	8	4	-	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	493	276	-	15	69
55	Assets under management	223,769	15,292	6,840	-	450	3,134	877	318	-	131	65	-	-	-	643	-	-	-	504	-	-	-	20	-	-	-	17,401	7,158	-	450	3,265
56	Of which debt securities	69,241	9,301	3,736	-	219	1,436	395	179	-	63	30	-	-	-	148	-	-	-	112	-	-	-	7	-	-	-	9,993	3,915	-	219	1,499
57	Of which equity instruments	87,263	4,830	2,302	-	176	1,318	431	113	-	58	22	-	-	-	400	-	-	-	267	-	-	-	11	-	-	-	5,961	2,415	-	176	1,376

(millions of euro)

			2023																													
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	260,318	133,139	18,658	9,955	280	4,737	-	78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	154,888	18,736	9,955	280	4,737
2	**Financial undertakings**	47,994	-	1,002	-	11	716	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,207	1,002	-	11	716
3	Credit institutions	17,949	-	4	-	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,275	4	-	-	4
4	Loans and advances	11,296	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,465	-	-	-	-
5	Debt securities, including UoP	6,653	-	4	-	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	809	4	-	-	4
6	Equity instruments	-	-	-		-	-	-	-		-	-	-			-	-		-		-		-	-			-	-	-		-	-
7	Other financial corporations	30,045	-	998	-	-	712	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,933	998	-	11	712
8	of which investment firms	51	-	7	-	1	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34	7	-	1	7
9	Loans and advances	34	-	7	-	1	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34	7	-	1	7
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	17	-	-		-	-	-	-		-	-	-		-	-	-			-	-		-		-		-	-	-		-	-
12	of which management companies	341	-	44	-	6	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59	44	-	6	2
13	Loans and advances	93	-	44	-	6	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58	44	-	6	2
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	248	-	-		-	-	-	-		-																	1	-		-	-
16	of which insurance undertakings	8,082	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,039	-	-	-	-
17	Loans and advances	735	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	162	-	-	-	-
18	Debt securities, including UoP	547	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	137	-	-	-	-
19	Equity instruments	6,800	-	-		-	-	-	-		-	-			-		-		-	-	-		-	-			-	1,741	-		-	-
20	**Non-financial undertakings**	34,230	-	7,733	32	269	4,021	-	78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,542	7,809	32	269	4,021

(millions of euro)

			2023																													
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
21	Loans and advances	30,473	-	7,322	6	250	3,858	-	47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,454	7,369	6	250	3,858
22	Debt securities, including UoP	3,284	-	366	26	19	142	-	31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	938	397	26	19	142
23	Equity instruments	473	-	45		-	21	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	150	45		-	21
24	**Households**	177,896	133,139	9,923	9,923	-	-	-	-	-	-					-	-	-	-									133,139	9,923	9,923	-	-
25	of which loans collateralised by residential immovable property	132,942	132,942	9,923	9,923	-	-	-	-	-	-					-	-	-	-									132,942	9,923	9,923	-	-
26	of which building renovation loans	168	168	-	-	-	-	-	-	-	-					-	-	-	-									168	-	-	-	-
27	of which motor vehicle loans	144	-	-	-	-	-																					-	-	-	-	-
28	**Local governments financing**	198	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	198	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	321	321	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	321	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	303,394	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	232,799																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	133,601																														
35	Loans and advances	131,295																														
36	of which loans collateralised by commercial immovable property	23,757																														
37	of which building renovation loans	101																														
38	Debt securities	1,647																														
39	Equity instruments	659																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	25,232																														

(millions of euro)

			2023																													
			Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**				**Pollution (PPC)**				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
		Total [gross] carrying amount	**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**					**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
41	Loans and advances	23,523																																
42	Debt securities	1,573																																
43	Equity instruments	136																																
44	**Derivatives**	6,980																																
45	**On demand interbank loans**	3,076																																
46	**Cash and cash-related assets**	3,934																																
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	56,607																																
48	**Total GAR assets**	564,034	133,460	18,658	9,955	280	4,737	-	78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	155,209	18,736	9,955	280	4,737
49	**Assets not covered for GAR calculation**	235,295																																
50	**Central governments and Supranational issuers**	103,364																																
51	**Central banks exposure**	93,720																																
52	**Trading book**	38,211																																
53	**Total assets**	799,329	133,460	18,658	9,955	280	4,737	-	78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	155,209	18,736	9,955	280	4,737
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																
54	Financial guarantees	5,843	-	279	-	19	117	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	528	279	-	19	117
55	Assets under management	256,310	-	6,782	-	138	2,632	-	314	-	171	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,823	7,096	-	138	2,803
56	Of which debt securities	74,728	-	3,305	-	56	801	-	136	-	64	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,835	3,441	-	56	865
57	Of which equity instruments	92,364	-	2,873	-	63	1,558	-	159	-	93	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,817	3,033	-	63	1,652

Template 2: GAR – Sector information (Turnover)

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
C20.11 Manufacture of industrial gases	25	5			-	-			-	-			-	-			-	-			-	-			25	5		
C22.11 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
C22.19 Manufacture of other rubber products	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
C22.22 Manufacture of plastic packing goods	1	1			-	-			-	-			-	-			-	-			-	-			1	1		
C23.32 Manufacture of bricks, tiles and construction products, in baked clay	25	25			-	-			-	-			-	-			-	-			-	-			25	25		
C23.51 Manufacture of cement	34	5			-	-			-	-			-	-			-	-			-	-			34	5		
C23.61 Manufacture of concrete products for construction purposes	38	-			-	-			-	-			-	-			-	-			-	-			38	-		
C23.63 Manufacture of ready-mixed concrete	3	-			-	-			-	-			-	-			-	-			-	-			3	-		
C24.10 Manufacture of basic iron and steel and of ferro-alloys	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
C24.20 Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	120	112			-	-			-	-			-	-			-	-			-	-			120	112		
C25.12 Manufacture of doors and windows of metal	5	3			-	-			-	-			-	-			-	-			-	-			5	3		
C25.30 Manufacture of steam generators, except central heating hot water boilers	8	2			-	-			-	-			-	-			-	-			-	-			8	2		
C25.50 Forging, pressing, stamping and roll-forming of metal; powder metallurgy	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
C25.62 Machining	20	-			-	-			-	-			-	-			-	-			-	-			20	-		
C25.99 Manufacture of other fabricated metal products n.e.c.	12	6			-	-			-	-			-	-			-	-			-	-			12	6		
C26.11 Manufacture of electronic components	45	-			-	-			-	-			-	-			-	-			-	-			45	-		
C26.20 Manufacture of computers and peripheral equipment	14	10			-	-			-	-			-	-			-	-			-	-			14	10		
C26.51 Manufacture of instruments and appliances for measuring, testing and navigation	19	13			-	-			-	-			-	-			-	-			-	-			19	13		
C26.60 Manufacture of irradiation, electromedical and electrotherapeutic equipment	5	1			-	-			-	-			-	-			-	-			-	-			5	1		
C27.11 Manufacture of electric motors, generators and transformers	8	1			-	-			-	-			-	-			-	-			-	-			8	1		
C27.12 Manufacture of electricity distribution and control apparatus	2	1			-	-			-	-			-	-			-	-			-	-			2	1		

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
C27.20 Manufacture of batteries and accumulators	65	61			-	-			-	-			-	-			-	-			-	-			65	61		
C27.32 Manufacture of other electronic and electric wires and cables	8	5			-	-			-	-			-	-			-	-			-	-			8	5		
C27.33 Manufacture of wiring devices	1	1			-	-			-	-			-	-			-	-			-	-			1	1		
C27.51 Manufacture of electric domestic appliances	58	3			-	-			-	-			-	-			-	-			-	-			58	3		
C27.90 Manufacture of other electrical equipment	4	2			-	-			-	-			-	-			-	-			-	-			4	2		
C28.14 Manufacture of other taps and valves	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
C28.15 Manufacture of bearings, gears, gearing and driving elements	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
C28.22 Manufacture of lifting and handling equipment	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
C28.25 Manufacture of non-domestic cooling and ventilation equipment	42	1			-	-			-	-			-	-			-	-			-	-			42	1		
C28.29 Manufacture of other general-purpose machinery n.e.c.	1	1			-	-			-	-			-	-			-	-			-	-			1	1		
C28.30 Manufacture of agricultural and forestry machinery	22	-			-	-			-	-			-	-			-	-			-	-			22	-		
C28.49 Manufacture of other machine tools	16	5			-	-			-	-			-	-			-	-			-	-			16	5		
C28.91 Manufacture of machinery for metallurgy	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
C28.92 Manufacture of machinery for mining, quarrying and construction	5	-			-	-			-	-			-	-			-	-			-	-			5	-		
C28.93 Manufacture of machinery for food, beverage and tobacco processing	1	1			-	-			-	-			-	-			-	-			-	-			1	1		
C28.99 Manufacture of other special-purpose machinery n.e.c.	460	51			-	-			-	-			-	-			-	-			-	-			460	51		
C29.10 Manufacture of motor vehicles	245	56			-	-			-	-			-	-			-	-			-	-			245	56		
C30.11 Building of ships and floating structures	74	-			-	-			-	-			-	-			-	-			-	-			74	-		
C30.12 Building of pleasure and sporting boats	9	3			-	-			-	-			-	-			-	-			-	-			9	3		
C30.20 Manufacture of railway locomotives and rolling stock	25	2			-	-			-	-			-	-			-	-			-	-			25	2		
C30.91 Manufacture of motorcycles	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
C33.17 Repair and maintenance of other transport equipment	846	818			-	-			2	-			-	-			-	-			-	-			848	818		

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
D35.11 Production of electricity	48	30			-	-			-	-			-	-			-	-			-	-			48	30		
D35.12 Transmission of electricity	334	232			-	-			-	-			-	-			-	-			-	-			334	232		
D35.13 Distribution of electricity	14	13			-	-			-	-			-	-			-	-			-	-			14	13		
D35.21 Manufacture of gas	13	13			-	-			6	-			-	-			-	-			-	-			19	13		
D35.22 Distribution of gaseous fuels through mains	99	65			1	-			23	-			-	-			-	-			-	-			123	65		
D35.30 Steam and air conditioning supply	-	-			-	-			1	-			-	-			-	-			-	-			1	-		
E36.00 Water collection, treatment and supply	5	5			-	-			1	-			-	-			-	-			-	-			6	5		
E38.11 Collection of non-hazardous waste	1	1			-	-			-	-			-	-			-	-			-	-			1	1		
E38.21 Treatment and disposal of non-hazardous waste	27	8			-	-			-	-			-	-			-	-			-	-			27	8		
E38.32 Recovery of sorted materials	23	3			-	-			-	-			-	-			-	-			-	-			23	3		
F41.10 Development of building projects	308	185			1	1			-	-			9	-			-	-			-	-			318	186		
F41.20 Construction of residential and non-residential buildings	92	76			-	-			-	-			-	-			-	-			-	-			92	76		
F42.11 Construction of roads and motorways	93	17			-	-			-	-			-	-			-	-			-	-			93	17		
F42.12 Construction of railways and underground railways	49	15			4	-			-	-			1	-			-	-			-	-			54	15		
F42.13 Construction of bridges and tunnels	13	11			-	-			-	-			-	-			-	-			-	-			13	11		
F42.22 Construction of utility projects for electricity and telecommunications	4	3			-	-			-	-			-	-			-	-			-	-			4	3		
F43.21 Electrical installation	33	29			-	-			-	-			-	-			-	-			-	-			33	29		
F43.22 Plumbing, heat and air-conditioning installation	240	200			-	-			-	-			-	-			-	-			-	-			240	200		
F43.99 Other specialised construction activities n.e.c.	132	25			-	-			-	-			-	-			-	-			-	-			132	25		
H49.10 Passenger rail transport, interurban	127	39			-	-			-	-			-	-			-	-			-	-			127	39		
H49.20 Freight rail transport	21	21			-	-			-	-			-	-			-	-			-	-			21	21		
H49.31 Urban and suburban passenger land transport	1	-			-	-			-	-			-	-			-	-			-	-			1	-		

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
H49.39 Other passenger land transport n.e.c.	139	5			-	-			-	-			-	-			-	-			-	-			139	5		
H49.41 Freight transport by road	4	2			-	-			-	-			-	-			-	-			-	-			4	2		
H49.50 Transport via pipeline	368	47			-	-			-	-			-	-			-	-			-	-			368	47		
H50.10 Sea and coastal passenger water transport	-	-			1	-			-	-			-	-			-	-			-	-			1	-		
H52.21 Service activities incidental to land transportation	7	-			1	-			-	-			-	-			-	-			-	-			8	-		
H53.10 Postal activities under universal service obligation	28	-			-	-			-	-			-	-			-	-			-	-			28	-		
J61.20 Wireless telecommunications activities	9	1			-	-			-	-			-	-			-	-			-	-			9	1		
J61.90 Other telecommunications activities	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
J62.01 Computer programming activities	8	4			-	-			-	-			-	-			-	-			-	-			8	4		
J62.02 Computer consultancy activities	-	-			1	-			-	-			-	-			-	-			-	-			1	-		
J62.09 Other information technology and computer service activities	40	9			1	-			-	-			-	-			-	-			-	-			41	9		
L68.10 Buying and selling of own real estate	173	39			-	-			-	-			-	-			-	-			-	-			173	39		
L68.20 Rental and operating of own or leased real estate	17	12			-	-			-	-			1	-			-	-			-	-			18	12		
M71.12 Engineering activities and related technical consultancy	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
M72.19 Other research and experimental development on natural sciences and engineering	195	31			-	-			-	-			-	-			-	-			-	-			195	31		
N77.11 Rental and leasing of cars and light motor vehicles	1	-			-	-			-	-			-	-			-	-			-	-			1	-		

Template 2: GAR – Sector information (CapEx)

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (WTR)
C20.11 Manufacture of industrial gases	12	4			-	-			-	-		
C22.11 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	1	-			-	-			-	-		
C22.19 Manufacture of other rubber products	4	3			-	-			-	-		
C22.22 Manufacture of plastic packing goods	3	3			-	-			-	-		
C23.32 Manufacture of bricks, tiles and construction products, in baked clay	27	26			-	-			-	-		
C23.51 Manufacture of cement	37	10			-	-			-	-		
C23.61 Manufacture of concrete products for construction purposes	48	10			-	-			-	-		
C23.63 Manufacture of ready-mixed concrete	4	1			-	-			-	-		
C24.10 Manufacture of basic iron and steel and of ferro-alloys	91	83			-	-			-	-		
C24.20 Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	6	3			-	-			-	-		
C25.12 Manufacture of doors and windows of metal	4	-			-	-			-	-		
C25.30 Manufacture of steam generators, except central heating hot water boilers	2	-			-	-			-	-		
C25.50 Forging, pressing, stamping and roll-forming of metal; powder metallurgy	27	-			-	-			-	-		
C25.62 Machining	12	6			-	-			-	-		
C25.99 Manufacture of other fabricated metal products n.e.c.	37	-			-	-			-	-		
C26.11 Manufacture of electronic components	3	-			-	-			-	-		
C26.20 Manufacture of computers and peripheral equipment	16	7			-	-			-	-		
C26.51 Manufacture of instruments and appliances for measuring, testing and navigation	18	14			-	-			-	-		
C26.60 Manufacture of irradiation, electromedical and electrotherapeutic equipment	4	1			-	-			-	-		
C27.11 Manufacture of electric motors, generators and transformers	6	1			-	-			-	-		
C27.12 Manufacture of electricity distribution and control apparatus	2	2			-	-			-	-		

Breakdown by sector - NACE 4 digits level (code and label)	Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
C20.11 Manufacture of industrial gases	-	-			-	-			-	-			12	4		
C22.11 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	-	-			-	-			-	-			1	-		
C22.19 Manufacture of other rubber products	-	-			-	-			-	-			4	3		
C22.22 Manufacture of plastic packing goods	-	-			-	-			-	-			3	3		
C23.32 Manufacture of bricks, tiles and construction products, in baked clay	-	-			-	-			-	-			27	26		
C23.51 Manufacture of cement	-	-			-	-			-	-			37	10		
C23.61 Manufacture of concrete products for construction purposes	-	-			-	-			-	-			48	10		
C23.63 Manufacture of ready-mixed concrete	-	-			-	-			-	-			4	1		
C24.10 Manufacture of basic iron and steel and of ferro-alloys	-	-			-	-			-	-			91	83		
C24.20 Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	-	-			-	-			-	-			6	3		
C25.12 Manufacture of doors and windows of metal	-	-			-	-			-	-			4	-		
C25.30 Manufacture of steam generators, except central heating hot water boilers	-	-			-	-			-	-			2	-		
C25.50 Forging, pressing, stamping and roll-forming of metal; powder metallurgy	-	-			-	-			-	-			27	-		
C25.62 Machining	-	-			-	-			-	-			12	6		
C25.99 Manufacture of other fabricated metal products n.e.c.	-	-			-	-			-	-			37	-		
C26.11 Manufacture of electronic components	-	-			-	-			-	-			3	-		
C26.20 Manufacture of computers and peripheral equipment	-	-			-	-			-	-			16	7		
C26.51 Manufacture of instruments and appliances for measuring, testing and navigation	-	-			-	-			-	-			18	14		
C26.60 Manufacture of irradiation, electromedical and electrotherapeutic equipment	-	-			-	-			-	-			4	1		
C27.11 Manufacture of electric motors, generators and transformers	-	-			-	-			-	-			6	1		
C27.12 Manufacture of electricity distribution and control apparatus	-	-			-	-			-	-			2	2		

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
C27.20 Manufacture of batteries and accumulators	67	66			-	-			-	-			-	-			-	-			-	-			67	66		
C27.32 Manufacture of other electronic and electric wires and cables	17	13			-	-			-	-			-	-			-	-			-	-			17	13		
C27.33 Manufacture of wiring devices	2	1			-	-			-	-			-	-			-	-			-	-			2	1		
C27.51 Manufacture of electric domestic appliances	49	4			-	-			-	-			-	-			-	-			-	-			49	4		
C27.90 Manufacture of other electrical equipment	4	2			-	-			-	-			-	-			-	-			-	-			4	2		
C28.14 Manufacture of other taps and valves	2	1			-	-			-	-			-	-			-	-			-	-			2	1		
C28.15 Manufacture of bearings, gears, gearing and driving elements	2	1			-	-			-	-			-	-			-	-			-	-			2	1		
C28.22 Manufacture of lifting and handling equipment	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
C28.25 Manufacture of non-domestic cooling and ventilation equipment	36	1			-	-			-	-			-	-			-	-			-	-			36	1		
C28.29 Manufacture of other general-purpose machinery n.e.c.	1	1			-	-			-	-			-	-			-	-			-	-			1	1		
C28.30 Manufacture of agricultural and forestry machinery	1	-			1	-			-	-			-	-			-	-			-	-			2	-		
C28.49 Manufacture of other machine tools	10	-			-	-			-	-			-	-			-	-			-	-			10	-		
C28.91 Manufacture of machinery for metallurgy	13	6			-	-			-	-			-	-			-	-			-	-			13	6		
C28.92 Manufacture of machinery for mining, quarrying and construction	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
C28.93 Manufacture of machinery for food, beverage and tobacco processing	3	-			-	-			-	-			-	-			-	-			-	-			3	-		
C28.99 Manufacture of other special-purpose machinery n.e.c.	1	1			-	-			-	-			-	-			-	-			-	-			1	1		
C29.10 Manufacture of motor vehicles	464	168			-	-			-	-			-	-			-	-			-	-			464	168		
C30.11 Building of ships and floating structures	120	15			-	-			-	-			-	-			-	-			-	-			120	15		
C30.12 Building of pleasure and sporting boats	71	1			-	-			-	-			-	-			-	-			-	-			71	1		
C30.20 Manufacture of railway locomotives and rolling stock	9	3			-	-			-	-			-	-			-	-			-	-			9	3		
C30.91 Manufacture of motorcycles	26	5			-	-			-	-			-	-			-	-			-	-			26	5		
C33.17 Repair and maintenance of other transport equipment	1	-			-	-			-	-			-	-			-	-			-	-			1	-		
D35.11 Production of electricity	1.272	1.223			-	-			-	-			-	-			-	-			-	-			1.272	1.223		

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
D35.12 Transmission of electricity	53	34			-	-			-	-			-	-			-	-			-	-			53	34		
D35.13 Distribution of electricity	557	455			-	-			-	-			-	-			-	-			-	-			557	455		
D35.21 Manufacture of gas	28	15			-	-			-	-			-	-			-	-			-	-			28	15		
D35.22 Distribution of gaseous fuels through mains	36	35			-	-			-	-			-	-			-	-			-	-			36	35		
D35.30 Steam and air conditioning supply	2	2			-	-			-	-			-	-			-	-			-	-			2	2		
E36.00 Water collection, treatment and supply	134	101			1	-			-	-			-	-			-	-			-	-			135	101		
E38.11 Collection of non-hazardous waste	1	1			-	-			-	-			-	-			-	-			-	-			1	1		
E38.21 Treatment and disposal of non-hazardous waste	6	5			-	-			-	-			-	-			-	-			-	-			6	5		
E38.32 Recovery of sorted materials	1	1			-	-			-	-			-	-			-	-			-	-			1	1		
F41.10 Development of building projects	30	7			1	-			-	-			-	-			-	-			-	-			31	7		
F41.20 Construction of residential and non-residential buildings	8	5			-	-			-	-			-	-			-	-			-	-			8	5		
F42.11 Construction of roads and motorways	257	175			43	13			-	-			35	-			-	-			-	-			335	188		
F42.12 Construction of railways and underground railways	87	70			-	-			-	-			-	-			-	-			-	-			87	70		
F42.13 Construction of bridges and tunnels	46	14			-	-			-	-			-	-			-	-			-	-			46	14		
F42.22 Construction of utility projects for electricity and telecommunications	61	27			11	-			-	-			1	-			-	-			-	-			73	27		
F43.21 Electrical installation	15	15			1	-			-	-			-	-			-	-			-	-			16	15		
F43.22 Plumbing, heat and air-conditioning installation	7	5			-	-			-	-			-	-			-	-			-	-			7	5		
F43.99 Other specialised construction activities n.e.c.	48	48			-	-			-	-			-	-			-	-			-	-			48	48		
H49.10 Passenger rail transport, interurban	327	232			-	-			-	-			-	-			-	-			-	-			327	232		
H49.20 Freight rail transport	145	33			-	-			-	-			-	-			-	-			-	-			145	33		
H49.31 Urban and suburban passenger land transport	135	60			-	-			-	-			-	-			-	-			-	-			135	60		
H49.39 Other passenger land transport n.e.c.	21	21			-	-			-	-			-	-			-	-			-	-			21	21		
H49.41 Freight transport by road	1	1			-	-			-	-			-	-			-	-			-	-			1	1		
H49.50 Transport via pipeline	159	29			-	-			-	-			-	-			-	-			-	-			159	29		

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCM)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (CCA)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (WTR)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (CE)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (PPC)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mln EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
H50.10 Sea and coastal passenger water transport	8	1			-	-			-	-			-	-			-	-			-	-			8	1		
H52.21 Service activities incidental to land transportation	18	7			30	-			-	-			-	-			-	-			-	-			48	7		
H53.10 Postal activities under universal service obligation	225	183			-	-			-	-			-	-			-	-			-	-			225	183		
J61.20 Wireless telecommunications activities	7	-			-	-			-	-			-	-			-	-			-	-			7	-		
J61.90 Other telecommunications activities	18	-			-	-			-	-			-	-			-	-			-	-			18	-		
J62.01 Computer programming activities	23	6			-	-			-	-			-	-			-	-			-	-			23	6		
J62.02 Computer consultancy activities	1	1			-	-			-	-			-	-			-	-			-	-			1	1		
J62.09 Other information technology and computer service activities	8	5			-	-			-	-			-	-			-	-			-	-			8	5		
L68.10 Buying and selling of own real estate	49	16			4	-			-	-			-	-			-	-			-	-			53	16		
L68.20 Rental and operating of own or leased real estate	203	64			-	-			-	-			-	-			-	-			-	-			203	64		
M71.12 Engineering activities and related technical consultancy	44	34			-	-			-	-			-	-			-	-			-	-			44	34		
M72.19 Other research and experimental development on natural sciences and engineering	2	-			-	-			-	-			-	-			-	-			-	-			2	-		
N77.11 Rental and leasing of cars and light motor vehicles	246	58			-	-			-	-			-	-			-	-			-	-			246	58		
N77.39 Rental and leasing of other machinery, equipment and tangible goods n.e.c.	1	-			-	-			-	-			-	-			-	-			-	-			1	-		

Template 3: KPI GAR (Turnover stock)

	% (compared to total covered assets in the denominator)	2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	27.68%	3.63%	2.43%	0.10%	0.52%	0.02%	-	-	-	0.02%	-	-	-	0.03%	-	-	-	-	-	-	-	-	-	-	-	27.75%	3.63%	2.43%	0.10%	0.52%	35.15%
2	**Financial undertakings**	1.95%	0.25%	0.01%	-	0.06%	0.01%	-	-	-	-	-	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	1.97%	0.25%	0.01%	-	0.06%	7.43%
3	Credit institutions	0.81%	0.06%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.81%	0.06%	0.01%	-	-	2.84%
4	Loans and advances	0.59%	0.04%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.59%	0.04%	-	-	-	2.02%
5	Debt securities, including UoP	0.22%	0.02%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.22%	0.02%	0.01%	-	-	0.81%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.01%
7	Other financial corporations	1.14%	0.19%	-	-	0.06%	0.01%	-	-	-	-	-	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	1.16%	0.19%	-	-	0.06%	4.59%
8	of which investment firms	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%	-	-	-	-	0.02%
9	Loans and advances	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%	-	-	-	-	0.02%
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.03%

	% (compared to total covered assets in the denominator)	2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
16	of which insurance undertakings	0.40%	0.04%	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.40%	0.04%	-	-	0.01%	1.25%
17	Loans and advances	0.05%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%	0.01%	-	-	-	0.17%
18	Debt securities, including UoP	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%	-	-	-	-	0.11%
19	Equity instruments	0.32%	0.03%		-	0.01%	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.32%	0.03%		-	0.01%	0.97%
20	**Non-financial undertakings**	1.74%	0.97%	0.01%	0.10%	0.46%	0.01%	-	-	-	0.02%	-	-	-	0.02%	-	-	-	-	-	-	-	-	-	-	-	1.79%	0.97%	0.01%	0.10%	0.46%	4.40%
21	Loans and advances	1.58%	0.89%	-	0.09%	0.43%	0.01%	-	-	-	0.02%	-	-	-	0.02%	-	-	-	-	-	-	-	-	-	-	-	1.63%	0.89%	-	0.09%	0.43%	3.76%
22	Debt securities, including UoP	0.13%	0.07%	0.01%	0.01%	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.13%	0.07%	0.01%	0.01%	0.03%	0.55%
23	Equity instruments	0.03%	0.01%		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.03%	0.01%		-	-	0.09%
24	**Households**	23.99%	2.41%	2.41%	-	-	23.99%	2.41%	2.41%	-					-	-	-	-									23.99%	2.41%	2.41%	-	-	23.28%
25	of which loans collateralised by residential immovable property	23.45%	2.41%	2.41%	-	-	23.45%	2.41%	2.41%	-					-	-	-	-									23.45%	2.41%	2.41%	-	-	17.31%
26	of which building renovation loans	0.41%	-	-	-	-	0.41%	-	-	-					-	-	-	-									0.41%	-	-	-	-	0.30%
27	of which motor vehicle loans	-	-	-	-	-																					-	-		-	-	0.02%
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04%
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.05%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%	-	-	-	-	0.04%
32	**Total GAR assets**	27.73%	3.63%	2.43%	0.10%	0.52%	0.02%	-	-	-	0.02%	-	-	-	0.03%	-	-	-	-	-	-	-	-	-	-	-	27.80%	3.63%	2.43%	0.10%	0.52%	73.80%

	% (compared to total covered assets in the denominator)	2023																														
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**				**Pollution (PPC)**				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**					**Proportion of total assets covered**
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	23.60%	2.65%	1.76%	0.05%	0.40%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26.84%	2.65%	1.76%	0.05%	0.40%	32.56%
2	**Financial undertakings**	-	0.06%	-	-	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.39%	0.06%	-	-	0.02%	6.00%
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.59%	-	-	-	-	2.24%
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.37%	-	-	-	-	1.41%
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.22%	-	-	-	-	0.83%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	-	0.06%	-	-	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.80%	0.06%	-	-	0.02%	3.76%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	0.01%
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	0.04%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	0.01%
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.03%

	% (compared to total covered assets in the denominator)	2023																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.38%	-	-	-	-	1.01%
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04%	-	-	-	-	0.09%
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%	-	-	-	-	0.07%
19	Equity instruments	-	-		-	-	-	-		-	-	-			-	-		-	-	-			-	-		-	0.31%	-		-	-	0.85%
20	**Non-financial undertakings**	-	0.83%	-	0.04%	0.38%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.85%	0.83%	-	0.05%	0.38%	4.28%
21	Loans and advances	-	0.78%	-	0.04%	0.35%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.69%	0.78%	-	0.04%	0.35%	3.81%
22	Debt securities, including UoP	-	0.04%	-	0.01%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.12%	0.04%	-	0.01%	0.02%	0.41%
23	Equity instruments	-	0.01%		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.03%	0.01%		-	-	0.06%
24	**Households**	23.60%	1.76%	1.76%	-	-	-	-	-	-					-	-	-	-									23.60%	1.76%	1.76%	-	-	22.26%
25	of which loans collateralised by residential immovable property	23.56%	1.76%	1.76%	-	-	-	-	-	-					-	-	-	-									23.56%	1.76%	1.76%	-	-	16.63%
26	of which building renovation loans	0.03%	-	-	-	-	-	-	-	-					-	-	-	-									0.03%	-	-	-	-	0.02%
27	of which motor vehicle loans	-	-	-	-	-																					-	-		-	-	0.02%
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.06%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06%	-	-	-	-	0.04%
32	**Total GAR assets**	23.66%	2.65%	1.76%	0.05%	0.40%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26.90%	2.65%	1.76%	0.05%	0.40%	70.56%

Template 3: KPI GAR (CapEx stock)

	% (compared to total covered assets in the denominator)	2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	28.40%	4.35%	2.43%	0.14%	1.01%	0.08%	0.01%	-	-	-	-	-	-	0.03%	-	-	-	-	-	-	-	-	-	-	-	28.51%	4.36%	2.43%	0.14%	1.01%	35.15%
2	**Financial undertakings**	2.07%	0.42%	-	0.02%	0.16%	0.04%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.11%	0.42%	-	0.02%	0.16%	7.43%
3	Credit institutions	0.82%	0.07%	-	0.01%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.82%	0.07%	-	0.01%	0.01%	2.84%
4	Loans and advances	0.59%	0.05%	-	0.01%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.59%	0.05%	-	0.01%	0.01%	2.02%
5	Debt securities, including UoP	0.23%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.23%	0.02%	-	-	-	0.81%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.01%
7	Other financial corporations	1.25%	0.35%	-	0.01%	0.15%	0.04%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.29%	0.35%	-	0.01%	0.15%	4.59%
8	of which investment firms	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%	-	-	-	-	0.02%
9	Loans and advances	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%	-	-	-	-	0.02%
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	0.02%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%	0.01%	-	-	-	0.04%
13	Loans and advances	0.01%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	0.01%	-	-	-	0.01%
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	0.01%	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.01%	-		-	-	0.03%

	% (compared to total covered assets in the denominator)	2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
16	of which insurance undertakings	0.40%	0.06%	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.40%	0.06%	-	-	0.01%	1.25%
17	Loans and advances	0.05%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%	0.01%	-	-	-	0.17%
18	Debt securities, including UoP	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%	-	-	-	-	0.11%
19	Equity instruments	0.32%	0.05%		-	0.01%	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.32%	0.05%		-	0.01%	0.97%
20	**Non-financial undertakings**	2.34%	1.52%	0.02%	0.12%	0.85%	0.04%	0.01%	-	-	-	-	-	-	0.03%	-	-	-	-	-	-	-	-	-	-	-	2.41%	1.53%	0.02%	0.12%	0.85%	4.40%
21	Loans and advances	2.14%	1.41%	-	0.11%	0.80%	0.04%	0.01%	-	-	-	-	-	-	0.03%	-	-	-	-	-	-	-	-	-	-	-	2.21%	1.42%	-	0.11%	0.80%	3.76%
22	Debt securities, including UoP	0.17%	0.10%	0.02%	0.01%	0.04%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.17%	0.10%	0.02%	0.01%	0.04%	0.55%
23	Equity instruments	0.03%	0.01%		-	0.01%	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.03%	0.01%		-	0.01%	0.09%
24	**Households**	23.99%	2.41%	2.41%	-	-	23.99%	2.41%	2.41%	-					-	-	-	-									23.99%	2.41%	2.41%	-	-	23.28%
25	of which loans collateralised by residential immovable property	23.45%	2.41%	2.41%	-	-	23.45%	2.41%	2.41%	-					-	-	-	-									23.45%	2.41%	2.41%	-	-	17.31%
26	of which building renovation loans	0.41%	-	-	-	-	0.41%	-	-	-					-	-	-	-									0.41%	-	-	-	-	0.30%
27	of which motor vehicle loans	-	-	-	-	-																					-	-		-	-	0.02%
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04%
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.05%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%	-	-	-	-	0.04%
32	**Total GAR assets**	28.45%	4.35%	2.43%	0.14%	1.01%	0.08%	0.01%	-	-	-	-	-	-	0.03%	-	-	-	-	-	-	-	-	-	-	-	28.56%	4.36%	2.43%	0.14%	1.01%	73.80%

	% (compared to total covered assets in the denominator)	2023 – Climate Change Mitigation (CCM) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CCM – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CCM – Of which Use of Proceeds	CCM – Of which transitional	CCM – Of which enabling	Climate Change Adaptation (CCA) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CCA – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CCA – Of which Use of Proceeds	CCA – Of which enabling	Water and marine resources (WTR) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	WTR – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	WTR – Of which Use of Proceeds	WTR – Of which enabling	Circular economy (CE) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CE – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CE – Of which Use of Proceeds	CE – Of which enabling	Pollution (PPC) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	PPC – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	PPC – Of which Use of Proceeds	PPC – Of which enabling	Biodiversity and Ecosystems (BIO) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	BIO – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	BIO – Of which Use of Proceeds	BIO – Of which enabling	TOTAL (CCM + CCA + WTR + CE + PPC + BIO) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	TOTAL – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	TOTAL – Of which Use of Proceeds	TOTAL – Of which transitional	TOTAL – Of which enabling	Proportion of total assets covered
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	23.60%	3.31%	1.77%	0.05%	0.84%	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27.45%	3.32%	1.77%	0.05%	0.84%	32.56%
2	**Financial undertakings**	-	0.18%	-	-	0.13%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.28%	0.18%	-	-	0.13%	6.00%
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.40%	-	-	-	-	2.24%
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.26%	-	-	-	-	1.41%
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14%	-	-	-	-	0.83%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	-	0.18%	-	-	0.13%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.87%	0.18%	-	-	0.13%	3.76%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	0.01%
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	0.01%	-	-	-	0.04%
13	Loans and advances	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	0.01%	-	-	-	0.01%
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.03%

	% (compared to total covered assets in the denominator)	2023																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.36%	-	-	-	-	1.01%
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%	-	-	-	-	0.09%
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%	-	-	-	-	0.07%
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.31%	-		-	-	0.85%
20	**Non-financial undertakings**	-	1.37%	0.01%	0.05%	0.71%	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.58%	1.38%	0.01%	0.05%	0.71%	4.28%
21	Loans and advances	-	1.30%	-	0.04%	0.68%	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.38%	1.31%	-	0.04%	0.68%	3.81%
22	Debt securities, including UoP	-	0.06%	-	0.01%	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.17%	0.06%	-	0.01%	0.03%	0.41%
23	Equity instruments	-	0.01%		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.03%	0.01%		-	-	0.06%
24	**Households**	23.60%	1.76%	1.76%	-	-	-	-	-	-					-	-	-	-									23.60%	1.76%	1.76%	-	-	22.26%
25	of which loans collateralised by residential immovable property	23.56%	1.76%	1.76%	-	-	-	-	-	-					-	-	-	-									23.56%	1.76%	1.76%	-	-	16.63%
26	of which building renovation loans	0.03%	-	-	-	-	-	-	-	-					-	-	-	-									0.03%	-	-	-	-	0.02%
27	of which motor vehicle loans	-	-	-	-	-																					-	-		-	-	0.02%
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.06%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06%	-	-	-	-	0.04%
32	**Total GAR assets**	23.66%	3.31%	1.77%	0.05%	0.84%	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27.51%	3.32%	1.77%	0.05%	0.84%	70.56%

Template 4: KPI GAR (Turnover flow)

	% (compared to flow of total eligible assets)	2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	32.67%	8.11%	4.32%	0.35%	1.96%	0.12%	-	-	-	0.08%	-	-	-	0.10%	-	-	-	-	-	-	-	-	-	-	-	32.97%	8.11%	4.32%	0.35%	1.96%	9.43%
2	**Financial undertakings**	7.97%	1.05%	0.06%	0.03%	0.20%	0.10%	-	-	-	-	-	-	-	0.03%	-	-	-	-	-	-	-	-	-	-	-	8.10%	1.05%	0.06%	0.03%	0.20%	4.13%
3	Credit institutions	3.72%	0.28%	0.03%	0.01%	0.01%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.74%	0.28%	0.03%	0.01%	0.01%	1.63%
4	Loans and advances	2.62%	0.18%	-	0.01%	0.01%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.64%	0.18%	-	0.01%	0.01%	1.16%
5	Debt securities, including UoP	1.10%	0.10%	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.10%	0.10%	0.03%	-	-	0.47%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
7	Other Financial corporation	4.25%	0.77%	0.03%	0.02%	0.19%	0.08%	-	-	-	-	-	-	-	0.03%	-	-	-	-	-	-	-	-	-	-	-	4.36%	0.77%	0.03%	0.02%	0.19%	2.50%
8	Of which investment firms	0.08%	0.01%	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.08%	0.01%	-	-	0.01%	0.01%
9	Loans and advances	0.08%	0.01%	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.08%	0.01%	-	-	0.01%	0.01%
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	Of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	Of which insurance undertakings	0.31%	0.03%	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.31%	0.03%	-	-	0.01%	0.13%

	% (compared to flow of total eligible assets)	2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
17	Loans and advances	0.31%	0.03%	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.31%	0.03%	-	-	0.01%	0.12%
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-Financial undertakings**	5.34%	2.87%	0.07%	0.32%	1.76%	0.02%	-	-	-	0.08%	-	-	-	0.07%	-	-	-	-	-	-	-	-	-	-	-	5.51%	2.87%	0.07%	0.32%	1.76%	1.83%
21	Loans and advances	4.84%	2.58%	-	0.29%	1.63%	0.02%	-	-	-	0.08%	-	-	-	0.06%	-	-	-	-	-	-	-	-	-	-	-	5.00%	2.58%	-	0.29%	1.63%	1.60%
22	Debt securities, including UoP	0.40%	0.24%	0.07%	0.03%	0.11%	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	0.41%	0.24%	0.07%	0.03%	0.11%	0.21%
23	Equity instruments	0.10%	0.05%		-	0.02%	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.10%	0.05%		-	0.02%	0.02%
24	**Households**	19.36%	4.19%	4.19%	-	-	-	-	-	-					-	-	-	-									19.36%	4.19%	4.19%	-	-	3.46%
25	Of which loans collateralised by residential immovable property	18.86%	4.19%	4.19%	-	-	-	-	-	-					-	-	-	-									18.86%	4.19%	4.19%	-	-	1.78%
26	Of which building renovation loans	0.46%	-	-	-	-	-	-	-	-					-	-	-	-									0.46%	-	-	-	-	0.04%
27	Of which motor vehicle loans	-	-	-	-	-																					-	-	-	-	-	0.01%
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%
29	House financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	-
32	**Total GAR assets**	32.68%	8.11%	4.32%	0.35%	1.96%	0.12%	-	-	-	0.08%	-	-	-	0.10%	-	-	-	-	-	-	-	-	-	-	-	32.98%	8.11%	4.32%	0.35%	1.96%	9.43%

Template 4: KPI GAR (CapEx flow)

	% (compared to flow of total eligible assets)	2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total new assets covered
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	35.34%	11.29%	4.32%	0.50%	3.67%	0.40%	0.03%	-	-	-	-	-	-	0.05%	-	-	-	0.01%	-	-	-	-	-	-	-	35.80%	11.32%	4.32%	0.50%	3.67%	9.43%
2	**Financial undertakings**	8.33%	2.02%	0.06%	0.09%	0.81%	0.30%	-	-	-	-	-	-	-	0.02%	-	-	-	0.01%	-	-	-	-	-	-	-	8.66%	2.02%	0.06%	0.09%	0.81%	4.13%
3	Credit institutions	3.79%	0.33%	0.03%	0.02%	0.03%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.80%	0.33%	0.03%	0.02%	0.03%	1.63%
4	Loans and advances	2.71%	0.22%	-	0.02%	0.02%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.72%	0.22%	-	0.02%	0.02%	1.16%
5	Debt securities, including UoP	1.08%	0.11%	0.03%	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.08%	0.11%	0.03%	-	0.01%	0.47%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
7	Other Financial corporation	4.54%	1.69%	0.03%	0.07%	0.78%	0.29%	-	-	-	-	-	-	-	0.02%	-	-	-	0.01%	-	-	-	-	-	-	-	4.86%	1.69%	0.03%	0.07%	0.78%	2.50%
8	Of which investment firms	0.08%	0.02%	-	-	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.08%	0.02%	-	-	0.02%	0.01%
9	Loans and advances	0.08%	0.02%	-	-	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.08%	0.02%	-	-	0.02%	0.01%
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	Of which management companies	0.10%	0.07%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10%	0.07%	-	-	-	0.01%
13	Loans and advances	0.10%	0.07%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10%	0.07%	-	-	-	0.01%
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	Of which insurance undertakings	0.31%	0.04%	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.31%	0.04%	-	-	0.01%	0.13%

2024

	% (compared to flow of total eligible assets)	Climate Change Mitigation (CCM) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CCM – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CCM – Of which Use of Proceeds	CCM – Of which transitional	CCM – Of which enabling	Climate Change Adaptation (CCA) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CCA – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CCA – Of which Use of Proceeds	CCA – Of which enabling
17	Loans and advances	0.31%	0.04%	-	-	0.01%	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-
20	**Non-Financial undertakings**	7.65%	5.08%	0.07%	0.41%	2.86%	0.10%	0.03%	-	-
21	Loans and advances	7.05%	4.66%	-	0.39%	2.65%	0.08%	0.01%	-	-
22	Debt securities, including UoP	0.51%	0.35%	0.07%	0.02%	0.17%	-	-	-	-
23	Equity instruments	0.09%	0.07%		-	0.04%	0.02%	0.02%		-
24	**Households**	19.36%	4.19%	4.19%	-	-	-	-	-	-
25	Of which loans collateralised by residential immovable property	18.86%	4.19%	4.19%	-	-	-	-	-	-
26	Of which building renovation loans	0.46%	-	-	-	-	-	-	-	-
27	Of which motor vehicle loans	-	-	-	-	-				
28	**Local governments financing**	-	-	-	-	-	-	-	-	-
29	House financing	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.01%	-	-	-	-	-	-	-	-
32	**Total GAR assets**	35.35%	11.29%	4.32%	0.50%	3.67%	0.40%	0.03%	-	-

	% (compared to flow of total eligible assets)	Water and marine resources (WTR) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	WTR – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	WTR – Of which Use of Proceeds	WTR – Of which enabling	Circular economy (CE) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CE – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CE – Of which Use of Proceeds	CE – Of which enabling	Pollution (PPC) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	PPC – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	PPC – Of which Use of Proceeds	PPC – Of which enabling
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-		-	-	-		-
20	**Non-Financial undertakings**	-	-	-	-	0.03%	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	0.03%	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-		-	-	-		-
24	**Households**					-	-	-	-				
25	Of which loans collateralised by residential immovable property					-	-	-	-				
26	Of which building renovation loans					-	-	-	-				
27	Of which motor vehicle loans												
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-
29	House financing	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	-	-	-	-	0.05%	-	-	-	0.01%	-	-	-

	% (compared to flow of total eligible assets)	Biodiversity and Ecosystems (BIO) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	BIO – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	BIO – Of which Use of Proceeds	BIO – Of which enabling	TOTAL (CCM + CCA + WTR + CE + PPC + BIO) – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	TOTAL – Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	TOTAL – Of which Use of Proceeds	TOTAL – Of which transitional	TOTAL – Of which enabling	**Proportion of total new assets covered**
17	Loans and advances	-	-	-	-	0.31%	0.04%	-	-	0.01%	0.12%
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	0.01%
19	Equity instruments	-	-		-	-	-		-	-	-
20	**Non-Financial undertakings**	-	-	-	-	7.78%	5.11%	0.07%	0.41%	2.86%	1.83%
21	Loans and advances	-	-	-	-	7.16%	4.67%	-	0.39%	2.65%	1.60%
22	Debt securities, including UoP	-	-	-	-	0.51%	0.35%	0.07%	0.02%	0.17%	0.21%
23	Equity instruments	-	-		-	0.11%	0.09%		-	0.04%	0.02%
24	**Households**					19.36%	4.19%	4.19%	-	-	3.46%
25	Of which loans collateralised by residential immovable property					18.86%	4.19%	4.19%	-	-	1.78%
26	Of which building renovation loans					0.46%	-	-	-	-	0.04%
27	Of which motor vehicle loans					-	-	-	-	-	0.01%
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	0.01%
29	House financing	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	0.01%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	0.01%	-	-	-	-	-
32	**Total GAR assets**	-	-	-	-	35.81%	11.32%	4.32%	0.50%	3.67%	9.43%

Template 5: KPI off-balance sheet exposures (Turnover stock)

	% (compared to total eligible off-balance sheet assets)	2024																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	6.73%	2.71%	-	0.10%	1.06%	0.04%	0.01%	-	0.01%	0.02%	-	-	-	0.03%	-	-	-	0.01%	-	-	-	-	-	-	-	6.83%	2.72%	-	0.10%	1.07%
2	Assets under management (AuM KPI)	5.34%	1.92%	-	0.15%	0.97%	0.27%	0.05%	-	0.02%	0.02%	-	-	-	0.40%	-	-	-	0.25%	-	-	-	0.04%	-	-	-	6.32%	1.97%	-	0.15%	0.99%

Template 5: KPI off-balance sheet exposures (CapEx stock)

	% (compared to total eligible off-balance sheet assets)	2024																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	8.15%	4.58%	-	0.25%	1.17%	0.13%	0.07%	-	-	-	-	-	-	0.01%	-	-	-	0.01%	-	-	-	-	-	-	-	8.30%	4.65%	-	0.25%	1.17%
2	Assets under management (AuM KPI)	6.83%	3.06%	-	0.20%	1.40%	0.39%	0.14%	-	0.06%	0.03%	-	-	-	0.29%	-	-	-	0.23%	-	-	-	0.01%	-	-	-	7.78%	3.20%	-	0.20%	1.46%

Template 5: KPI off-balance sheet exposures (Turnover flow)

	% (compared to total eligible off-balance sheet assets)	**2024**																													
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**				**Pollution (PPC)**				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	7.92%	2.90%	-	0.37%	1.91%	0.03%	-	-	-	0.01%	-	-	-	0.02%	-	-	-	0.01%	-	-	-	-	-	-	-	7.99%	2.90%	-	0.37%	1.91%
2	Assets under management (AuM KPI)	2.23%	0.88%	-	0.08%	0.47%	0.14%	0.03%	-	0.01%	0.01%	-	-	-	0.18%	-	-	-	0.12%	-	-	-	0.02%	-	-	-	2.70%	0.91%	-	0.08%	0.48%

Template 5: KPI off-balance sheet exposures (CapEx flow)

	% (compared to total eligible off-balance sheet assets)	**2024**																													
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**				**Pollution (PPC)**				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	7.71%	3.72%	-	0.58%	1.49%	0.12%	0.04%	-	-	-	-	-	-	0.05%	-	-	-	0.01%	-	-	-	-	-	-	-	7.89%	3.76%	-	0.58%	1.49%
2	Assets under management (AuM KPI)	2.93%	1.40%	-	0.11%	0.67%	0.21%	0.07%	-	0.04%	0.01%	-	-	-	0.13%	-	-	-	0.11%	-	-	-	-	-	-	-	3.39%	1.47%	-	0.11%	0.71%

TEMPLATE ANNEX XII: FOSSIL GAS AND NUCLEAR DISCLOSURE

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES TEMPLATE (GAR STOCK)

Template 1: Nuclear and fossil gas related activities

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	Yes
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

Template 2: Taxonomy-aligned economic activities (denominator) - Turnover

(millions of euro)

	Economic activities	**CCM + CCA**		**Climate change mitigation (CCM)**		**Climate change adaptation (CCA)**	
		Amount	**%**	**Amount**	**%**	**Amount**	**%**
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	40	0.01%	40	0.01%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	20,476	3.62%	20,470	3.62%	6	-
8	**Total applicable KPI**	**20,516**	**3.63%**	**20,510**	**3.63%**	**6**	**-**

Template 2: Taxonomy-aligned economic activities (denominator) – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	4	-	4	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	26	-	26	-	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	4	-	4	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	-	2	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	24,640	4.36%	24,556	4.35%	84	0.01%
8	**Total applicable KPI**	**24,676**	**4.36%**	**24,592**	**4.35%**	**84**	**0.01%**

Template 3: Taxonomy-aligned economic activities (numerator) - Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	40	0.20%	40	0.20%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	20,476	99.80%	20,470	99.78%	6	0.02%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**20,516**	**100.00%**	**20,510**	**99.98%**	**6**	**0.02%**

Template 3: Taxonomy-aligned economic activities (numerator) - CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	4	0.02%	4	0.02%	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	26	0.10%	26	0.10%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	4	0.01%	4	0.01%	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	2	0.01%	2	0.01%	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	24,640	99.86%	24,556	99.52%	84	0.34%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**24,676**	**100.00%**	**24,592**	**99.66%**	**84**	**0.34%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	-	2	-	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	212	0.04%	212	0.04%	-	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	343	0.06%	343	0.06%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	25	-	25	-	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	135,950	24.02%	135,839	24.00%	111	0.02%
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**136,532**	**24.12%**	**136,421**	**24.10%**	**111**	**0.02%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	-	2	-	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	135	0.02%	131	0.02%	4	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	283	0.05%	283	0.05%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	48	0.01%	48	0.01%	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	136,307	24.09%	135,934	24.02%	373	0.07%
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**136,775**	**24.17%**	**136,398**	**24.10%**	**377**	**0.07%**

Template 5: Taxonomy non-eligible economic activities - Turnover

(millions of euro)

	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	19	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	36	0.01%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	408,835	72.24%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**408,893**	**72.25%**

Template 5: Taxonomy non-eligible economic activities - CapEx

(millions of euro)

	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	25	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	21	-
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	404,443	71.47%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**404,490**	**71.47%**

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES TEMPLATE (GAR FLOW)

Template 1: Nuclear and fossil gas related activities

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

Template 2: Taxonomy-aligned economic activities (denominator) – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	21	0.03%	21	0.03%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	5,838	8.08%	5,836	8.08%	2	-
8	**Total applicable KPI**	**5,859**	**8.11%**	**5,857**	**8.11%**	**2**	**-**

Template 2: Taxonomy-aligned economic activities (denominator) – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	-	3	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	15	0.02%	15	0.02%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	4	-	4	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	-	2	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	8,156	11.30%	8,132	11.27%	24	0.03%
8	**Total applicable KPI**	**8,180**	**11.32%**	**8,156**	**11.29%**	**24**	**0.03%**

Template 3: Taxonomy-aligned economic activities (numerator) – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	21	0.36%	21	0.36%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	5,838	99.64%	5,836	99.60%	2	0.04%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**5,859**	**100.00%**	**5,857**	**99.96%**	**2**	**0.04%**

Template 3: Taxonomy-aligned economic activities (numerator) – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	3	0.03%	3	0.03%	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	15	0.18%	15	0.18%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	4	0.04%	4	0.04%	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	2	0.02%	2	0.02%	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	8,156	99.73%	8,132	99.43%	24	0.30%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**8,180**	**100.00%**	**8,156**	**99.70%**	**24**	**0.30%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	-	2	-	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	121	0.17%	121	0.17%	-	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	184	0.26%	184	0.26%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	8	0.01%	8	0.01%	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	17,527	24.25%	17,442	24.13%	85	0.12%
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**17,842**	**24.69%**	**17,757**	**24.57%**	**85**	**0.12%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	-	1	-	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	84	0.12%	82	0.12%	2	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	147	0.20%	147	0.20%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	18	0.02%	18	0.02%	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	17,395	24.09%	17,129	23.72%	266	0.37%
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**17,645**	**24.43%**	**17,377**	**24.06%**	**268**	**0.37%**

Template 5: Taxonomy non-eligible economic activities – Turnover

(millions of euro)

	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	19	0.03%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	14	0.02%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	48,541	67.15%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**48,577**	**67.20%**

Template 5: Taxonomy non-eligible economic activities – CapEx

(millions of euro)

	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	15	0.02%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	10	0.01%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	46,427	64.22%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**46,453**	**64.25%**

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES TEMPLATE (AUM STOCK)

Template 1: Nuclear and fossil gas related activities

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

Template 2: Taxonomy-aligned economic activities (denominator) – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	-	1	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	102	0.05%	102	0.05%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	4,314	1.92%	4,192	1.87%	122	0.05%
8	**Total applicable KPI**	**4,417**	**1.97%**	**4,295**	**1.92%**	**122**	**0.05%**

Template 2: Taxonomy-aligned economic activities (denominator) – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	13	0.01%	13	0.01%	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	75	0.03%	75	0.03%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	-	2	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	-	2	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	7,066	3.16%	6,748	3.02%	318	0.14%
8	**Total applicable KPI**	**7,158**	**3.20%**	**6,840**	**3.06%**	**318**	**0.14%**

Template 3: Taxonomy-aligned economic activities (numerator) – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1	0.02%	1	0.02%	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	102	2.32%	102	2.32%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	4,314	97.66%	4,192	94.90%	122	2.76%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**4,417**	**100.00%**	**4,295**	**97.24%**	**122**	**2.76%**

Template 3: Taxonomy-aligned economic activities (numerator) – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	13	0.18%	13	0.18%	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	75	1.04%	75	1.04%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	2	0.03%	2	0.03%	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	2	0.03%	2	0.03%	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	7,066	98.72%	6,748	94.27%	318	4.45%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**7,158**	**100.00%**	**6,840**	**95.55%**	**318**	**4.45%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	-	3	-	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	248	0.11%	248	0.11%	-	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	314	0.14%	314	0.14%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	7	-	7	-	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	7,585	3.39%	7,093	3.17%	492	0.22%
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**8,157**	**3.64%**	**7,665**	**3.42%**	**492**	**0.22%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	-	2	-	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	214	0.10%	211	0.09%	3	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	211	0.09%	211	0.09%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	11	-	11	-	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	8,573	3.83%	8,017	3.59%	556	0.25%
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**9,011**	**4.02%**	**8,452**	**3.77%**	**559**	**0.25%**

Template 5: Taxonomy non-eligible economic activities – Turnover

(millions of euro)

	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	23	0.01%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	39	0.02%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	211,132	94.36%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**211,195**	**94.39%**

Template 5: Taxonomy non-eligible economic activities – CapEx

(millions of euro)

	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	72	0.03%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	29	0.01%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	207,499	92.74%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**207,600**	**92.78%**

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES TEMPLATE (AUM FLOW)

Template 1: Nuclear and fossil gas related activities

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

Template 2: Taxonomy-aligned economic activities (denominator) – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	-	1	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	31	0.01%	31	0.01%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	2,700	0.90%	2,615	0.87%	85	0.03%
8	**Total applicable KPI**	**2,732**	**0.91%**	**2,647**	**0.88%**	**85**	**0.03%**

Template 2: Taxonomy-aligned economic activities (denominator) – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	4	-	4	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	22	0.01%	22	0.01%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	4,389	1.46%	4,178	1.39%	211	0.07%
8	**Total applicable KPI**	**4,415**	**1.47%**	**4,204**	**1.40%**	**211**	**0.07%**

Template 3: Taxonomy-aligned economic activities (numerator) – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1	0.02%	1	0.02%	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	31	1.14%	31	1.14%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	2,700	98.84%	2,615	95.75%	85	3.09%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**2,732**	**100.00%**	**2,647**	**96.91%**	**85**	**3.09%**

Template 3: Taxonomy-aligned economic activities (numerator) – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	4	0.08%	4	0.08%	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	22	0.49%	22	0.49%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	4,389	99.43%	4,178	94.65%	211	4.78%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**4,415**	**100.00%**	**4,204**	**95.22%**	**211**	**4.78%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	-	2	-	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	136	0.05%	136	0.05%	-	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	150	0.05%	150	0.05%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	-	2	-	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	4,132	1.36%	3,782	1.25%	350	0.11%
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**4,422**	**1.46%**	**4,072**	**1.35%**	**350**	**0.11%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	-	1	-	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	119	0.04%	117	0.04%	2	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	96	0.03%	96	0.03%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	-	2	-	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	4,810	1.60%	4.400	1.46%	410	0.14%
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**5,028**	**1.67%**	**4.616**	**1.53%**	**412**	**0.14%**

Template 5: Taxonomy non-eligible economic activities – Turnover

(millions of euro)

	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	7	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	18	0.01%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	294,175	97.62%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**294,200**	**97.63%**

Template 5: Taxonomy non-eligible economic activities – CapEx

(millions of euro)

	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	21	0.01%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	14	-
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	291,875	96.85%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**291,910**	**96.86%**

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES TEMPLATE (FINGUAR STOCK)

Template 1: Nuclear and fossil gas related activities

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

Template 2: Taxonomy-aligned economic activities (denominator) – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0.03%	2	0.03%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	159	2.69%	159	2.69%	-	-
8	**Total applicable KPI**	**161**	**2.72%**	**161**	**2.72%**	**-**	**-**

Template 2: Taxonomy-aligned economic activities (denominator) – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.01%	1	0.01%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	275	4.64%	271	4.57%	4	0.07%
8	**Total applicable KPI**	**276**	**4.65%**	**272**	**4.58%**	**4**	**0.07%**

Template 3: Taxonomy-aligned economic activities (numerator) – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	2	0.98%	2	0.98%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	159	99.02%	159	99.02%	-	-
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**161**	**100.00%**	**161**	**100.00%**	**-**	**-**

Template 3: Taxonomy-aligned economic activities (numerator) – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1	0.20%	1	0.20%	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	275	99.80%	271	98.37%	4	1.43%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**276**	**100.00%**	**272**	**98.57%**	**4**	**1.43%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.01%	1	0.01%	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	8	0.14%	8	0.14%	-	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.02%	1	0.02%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	231	3.88%	229	3.85%	2	0.03%
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**241**	**4.05%**	**239**	**4.02%**	**2**	**0.03%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.01%	1	0.01%	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	4	0.07%	4	0.07%	-	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.02%	1	0.02%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	209	3.53%	205	3.47%	4	0.06%
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**215**	**3.63%**	**211**	**3.57%**	**4**	**0.06%**

Template 5: Taxonomy non-eligible economic activities – Turnover

(millions of euro)

	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	0.05%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.02%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	5,530	93.16%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**5,534**	**93.23%**

Template 5: Taxonomy non-eligible economic activities – CapEx

(millions of euro)

	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.02%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	5,444	91.70%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**5,445**	**91.72%**

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES TEMPLATE (FINGUAR FLOW)

Template 1: Nuclear and fossil gas related activities

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

Template 2: Taxonomy-aligned economic activities (denominator) – Turnover

(millions of euro)

	Economic activities	**CCM + CCA**		**Climate change mitigation (CCM)**		**Climate change adaptation (CCA)**	
		Amount	**%**	**Amount**	**%**	**Amount**	**%**
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	143	2.90%	143	2.90%	-	-
8	**Total applicable KPI**	**143**	**2.90%**	**143**	**2.90%**	**-**	**-**

Template 2: Taxonomy-aligned economic activities (denominator) – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	186	3.76%	184	3.72%	2	0.04%
8	**Total applicable KPI**	**186**	**3.76%**	**184**	**3.72%**	**2**	**0.04%**

Template 3: Taxonomy-aligned economic activities (numerator) – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	143	100.00%	143	100.00%	-	-
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**143**	**100.00%**	**143**	**100.00%**	**-**	**-**

Template 3: Taxonomy-aligned economic activities (numerator) – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	186	100.00%	184	99.02%	2	0.98%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**186**	**100.00%**	**184**	**99.02%**	**2**	**0.98%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities – Turnover

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	0.07%	3	0.07%	-	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	17	0.35%	17	0.35%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	230	4.63%	228	4.60%	2	0.03%
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**250**	**5.05%**	**248**	**5.02%**	**2**	**0.03%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities – CapEx

(millions of euro)

	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	4	0.07%	4	0.07%	-	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	12	0.24%	12	0.24%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	184	3.76%	180	3.68%	4	0.08%
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**200**	**4.07%**	**196**	**3.99%**	**4**	**0.08%**

Template 5: Taxonomy non-eligible economic activities – Turnover

(millions of euro)

	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.03%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.02%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	4,536	92.00%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**4,538**	**92.05%**

Template 5: Taxonomy non-eligible economic activities – CapEx

(millions of euro)

	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.02%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	4,544	92.15%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**4,545**	**92.17%**

TEMPLATE ANNEX X: TEMPLATES FOR KPIs OF INSURANCE AND REINSURANCE UNDERTAKINGS

Template: The proportion of the insurance or reinsurance undertaking's investments that are directed at funding, or are associated with, Taxonomy-aligned in relation to total investments

(millions of euro)

2024	
The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities **relative to the value of total assets covered by the KPI**, with following weights for investments in undertakings per below: Turnover-based: **2.01%** Capital expenditures-based: **3.42%**	The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below: Turnover-based: **1,867** Capital expenditures-based: **3,187**
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities. Coverage ratio: **50.82%**	The monetary value of assets covered by the KPI. Excluding investments in sovereign entities. Coverage: **93,080**
Additional, complementary disclosures: breakdown of denominator of the KPI	
The percentage of derivatives relative to total assets covered by the KPI. **0.86%**	The value in monetary amounts of derivatives. **805**
The proportion of **exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/ EU** over total assets covered by the KPI: **56.48%** For non-financial undertakings: **40.37%** For financial undertakings: **16.11%**	Value of **exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU**: **52,569** For non-financial undertakings: **37,571** For financial undertakings: **14,998**
The proportion of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: **46.09%** For non-financial undertakings: **33.76%** For financial undertakings: **12.33%**	Value of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU**: **42,902** For non-financial undertakings: **31,426** For financial undertakings: **11,476**
The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: **27.70%** For non-financial undertakings: **12.23%** For financial undertakings: **15.47%**	Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: **25,780** For non-financial undertakings: **11,383** For financial undertakings: **14,397**
The proportion of **exposures to other counterparties and assets** over total assets covered by the KPI: **14.96%**	Value of **exposures to other counterparties and assets**: **13,926**
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy- aligned economic activities: **37.02%**	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned economic activities: **34,454**
The value of all the investments that are funding **economic activities that are not Taxonomy- eligible** relative to the value of total assets covered by the KPI: Turnover-based: **91.42%** Capital expenditures-based: **90.21%**	Value of all the investments that are funding **economic activities that are not Taxonomy- eligible**: Turnover-based: **85,096** Capital expenditures-based: **83,965**
The value of all the investments that are funding Taxonomy-eligible economic activities, **but not Taxonomy-aligned** relative to the value of total assets covered by the KPI: Turnover-based: **6.57%** Capital expenditures-based: **6.37%**	Value of all the investments that are funding Taxonomy-eligible economic activities, **but not Taxonomy-aligned**: Turnover-based: **6,117** Capital expenditures-based: **5,928**
Additional, complementary disclosures: breakdown of numerator of the KPI	
The proportion of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: Turnover-based: **1.62%** Capital expenditures-based: **2.96%** For financial undertakings: Turnover-based: **0.39%** Capital expenditures-based: **0.47%**	Value of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: Turnover-based: **1,508** Capital expenditures-based: **2,753** For financial undertakings: Turnover-based: **359** Capital expenditures-based: **434**
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy- aligned: Turnover-based: **1.06%** Capital expenditures-based: **1.79%**	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned: Turnover-based: **986** Capital expenditures-based: **1,666**
The proportion of **Taxonomy-aligned exposures to other counterparties and assets** over total assets covered by the KPI: Turnover-based: **0.00%** Capital expenditures-based: **0.00%**	Value of **Taxonomy-aligned exposures to other counterparties and assets** over total assets covered by the KPI: Turnover-based: **-** Capital expenditures-based: **-**

Breakdown of the numerator of the KPI per environmental objective		
Taxonomy-aligned activities – provided 'do-not-significant-harm'(DNSH) and social safeguards positive assessment:		
1) Climate change mitigation	Turnover: **1.84%** CapEx: **3.04%**	Transitional activities: **0.16%**; **0.21%** (Turnover; CapEx) Enabling activities: **0.89%**; **1.32%** (Turnover; CapEx)
2) Climate change adaptation	Turnover: **0.05%** CapEx: **0.17%**	Enabling activities: **0.03%**; **0.09%** (Turnover; CapEx)
3) The sustainable use and protection of water and marine resources	Turnover: CapEx:	Enabling activities: (Turnover; CapEx)
4) The transition to a circular economy	Turnover: CapEx:	Enabling activities: (Turnover; CapEx)
5) Pollution prevention and control	Turnover: CapEx:	Enabling activities: (Turnover; CapEx)
6) The protection and restoration of biodiversity and ecosystems	Turnover: CapEx:	Enabling activities: (Turnover; CapEx)

Template: The underwriting KPI for non-life insurance and reinsurance undertakings

(millions of euro)

Economic activities	Substantial contribution to climate change adaptation			DNSH (Do No Significant Harm)					
	Absolute premiums, year t	Proportion of premiums, year t	Proportion of premiums, year t-1	Climate change mitigation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
	Currency	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	-	-	-	-	-	-	-	-	-
A.1.1 Of which reinsured	-	-	-	-	-	-	-	-	-
A.1.2 Of which stemming from reinsurance activity	-	-	-	-	-	-	-	-	-
A.1.2.1 Of which reinsured (retrocession)	-	-	-	-	-	-	-	-	-
A.2 Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	41	2.75%	2.12%	-	-	-	-	-	-
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	1,474	97.25%	97.88%	-	-	-	-	-	-
Total (A.1 + A.2 +B)	**1,515**	**100.00%**	**100.00%**						

TEMPLATE ANNEX IV: TEMPLATE FOR THE KPI OF ASSET MANAGERS

Standard template for the disclosure required under Article 8 of Regulation (EU) 2020/852 (asset managers)

(millions of euro)

2024	
The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities **relative to the value of total assets covered by the KPI**, with following weights for investments in undertakings per below: Turnover-based: **2.08%** CapEx-based: **3.37%**	The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities, with following weights for investments in undertakings per below: Turnover-based: **4,402** CapEx-based: **7,127**
The percentage of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities, Coverage ratio: **60.14%**	The monetary value of assets covered by the KPI. Excluding investments in sovereign entities. Coverage: **211,680**
Additional, complementary disclosures: breakdown of denominator of the KPI	
The percentage of derivatives relative to total assets covered by the KPI. **0.84%**	The value in monetary amounts of derivatives: **1,785**
The proportion of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/ 34/EU** over total assets covered by the KPI: For non-financial undertakings: **7.28%** For financial undertakings: **1.87%**	Value of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: **15,400** For financial undertakings: **3,963**
The proportion of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: **49.07%** For financial undertakings: **2.53%**	Value of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: **103,861** For financial undertakings: **5,362**
The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: **13.52%** For financial undertakings: **11.52%**	Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: **28,624** For financial undertakings: **24,384**
The proportion of **exposures to other counterparties and assets** over total assets covered by the KPI:**13.37%**	Value of **exposures to other counterparties and assets**: **28,301**
The value of all the investments that are funding **economic activities that are not taxonomy-eligible** relative to the value of total assets covered by the KPI: Turnover-based: **91.49%** CapEx-based: **90.26%**	Value of all the investments that are funding **economic activities that are not taxonomy-eligible**: Turnover-based: **193,676** CapEx-based: **191,069**
The value of all the investments that are funding taxonomy-eligible economic activities, **but not taxonomy-aligned relative to the value of** total assets covered by the KPI: Turnover-based: **6.43%** CapEx-based: **6.37%**	Value of all the investments that are funding Taxonomy-eligible economic activities, **but not taxonomy-aligned**: Turnover-based: **13,602** CapEx-based: **13,484**
Additional, complementary disclosures: breakdown of numerator of the KPI	
The proportion of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: Turnover-based: **1.82%** Capital expenditures-based: **3.07%** For financial undertakings: Turnover-based: **0.26%** Capital expenditures-based: **0.30%**	Value of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: Turnover-based: **3,855** Capital expenditures-based: **6,504** For financial undertakings: Turnover-based: **547** Capital expenditures-based: **623**
The proportion of **Taxonomy-aligned exposures to other counterparties and assets** over total assets covered by the KPI: Turnover-based: **0.00%** Capital expenditures-based: **0.00%**	Value of **Taxonomy-aligned exposures to other counterparties and assets**: Turnover-based: **-** Capital expenditures-based: **-**

Breakdown of the numerator of the KPI per environmental objective		
Taxonomy-aligned activities:		
1) Climate change mitigation	Turnover: **2.02%** CapEx: **3.22%**	Transitional activities: **0.15%; 0.21%** (Turnover; CapEx) Enabling activities: **1.03%; 1.47%** (Turnover; CapEx)
2) Climate change adaptation	Turnover: **0.06%** CapEx: **0.15%**	Enabling activities: **0.02%; 0.06%** (Turnover; CapEx)
3) The sustainable use and protection of water and marine resources	Turnover: CapEx:	Enabling activities: (Turnover; CapEx)
4) The transition to a circular economy	Turnover: CapEx:	Enabling activities: (Turnover; CapEx)
5) Pollution prevention and control	Turnover: CapEx:	Enabling activities: (Turnover; CapEx)
6) The protection and restoration of biodiversity and ecosystems	Turnover: CapEx:	Enabling activities: (Turnover; CapEx)

Corporate governance and remuneration policies

Corporate Governance and remuneration policies

Corporate Governance

Intesa Sanpaolo has adopted the “one-tier” governance system, with regulatory provisions, including supervisory provisions, in line with the principles laid down in the Corporate Governance Code and, in general, in line with national and international best practices, ensuring the effective and transparent allocation of roles and responsibilities to its Corporate Bodies and the correct balance between the strategic supervision, management and control functions.
For a more detailed description of the corporate governance system, reference should be made to the “Report on Corporate Governance and Ownership Structures” – available in the “Governance” section of the Company’s website – prepared in accordance with Article 123-bis of the Consolidated Law on Finance, which requires issuers to provide the market yearly with detailed information on their ownership structures, their compliance with a corporate governance code, their corporate bodies structure and operation as well as their corporate governance practices.

Shareholder base

According to the entries in the Shareholders’ Register and the available information, shareholders with stakes represented by shares with voting rights exceeding 3% of capital as at 31 December 2024 – a threshold that, if exceeded, requires disclosure to both the company and Consob[140], pursuant to current Italian legislation (Article 120 of the Consolidated Law on Finance) – are shown in the table below[141].

Shareholder	Ordinary shares	% held
Fondazione Compagnia di San Paolo	1,153,947,304	6.482%
Fondazione Cariplo	961,333,900	5.400%

One-tier governance system

Intesa Sanpaolo adopts the one-tier governance system and therefore operates through a Board of Directors, within which guidance and strategic supervision powers converge; the control functions are carried out by the Management Control Committee, established within the Board of Directors, made up entirely of Independent Directors appointed by the Shareholders’ Meeting; the Managing Director and CEO supervises the company’s management to the extent of his assigned powers, in compliance with the general planning and strategic guidelines set forth by the Board.
The governance model adopted by the Bank is characterised by a clear allocation of roles and responsibilities among the Bodies:

- the Board of the Company is assigned the guidance and strategic supervision duties and the duty to resolve on all the relevant corporate deeds;
- the Committees appointed by the Board support it in carrying out its own functions in order to facilitate the taking of fully informed decisions;
- the Management Control Committee exercises the powers and functions conferred by the current regulations upon the body with the control function and upon the internal control and audit committee, pursuant to Legislative Decree 39/2010;
- the Managing Director and CEO performs the day-to-day management function, within the scope of the powers delegated by the Board;
- the Managers support the Managing Director and CEO in day-to-day management within Managerial Committees, performing the tasks and powers assigned to them by the Board and detailed in specific Regulations which govern the functioning thereof.

[140] Pursuant to Article 119-bis, paragraph 7 of the Issuers’ Regulation, companies and licensed parties holding shares as assets under management may use the exemption from the disclosure obligations if the managed shares are more than 3% and less than 5%.
[141] See also what was reported in the 2023 Financial Statements:
- in December 2020, BlackRock Inc. had disclosed a 5.005% holding in the share capital of Intesa Sanpaolo (notified in Form 120 A dated 9 December 2020) as well as a 5.066% aggregate holding (notified in Form 120 B dated 4 December 2020) and has not provided any update of these holdings following the changes made subsequently in the number of shares into which the share capital of Intesa Sanpaolo is divided;
- JP Morgan Chase & Co. had disclosed on 21 December 2021 a 4.571% aggregate holding (notified in Form 120 B), of which only 0.963% was represented by voting rights attached to shares.

The Shareholders' Meeting

In the one-tier system adopted by the Bank, the ordinary Shareholders' Meeting resolves, amongst other things, on:
- the approval of the financial statements and distribution of net income;
- the appointment, removal and determination of remuneration with respect to the positions of Board Member, Chair and Deputy Chair of the Board of Directors and Chair and members of the Management Control Committee;
- the approval of the Board Members' and personnel's remuneration policies, as well as the plans based on financial instruments;
- the appointment of the independent auditors and the determination of the relative fees, upon the reasoned proposal of the Management Control Committee and, where the conditions are met, the revocation or amendment of said engagement, in consultation with the same Committee;
- the other matters assigned to it by the applicable regulations and the Articles of Association.

The Board of Directors, the Managing Director and the Board Committees

The Board of Directors is composed of a minimum of 15 up to a maximum of 19 members, including non-shareholders, appointed by the Shareholders' Meeting on the basis of slates of candidates submitted by shareholders in line with the legislation for listed companies. Board Members remain in office for three financial years until the date of the next Shareholders' Meeting called to approve the financial statements and the proposal for allocation of net income in accordance with Article 2364 of the Italian Civil Code and may be re-elected.
The Shareholders' Meeting, held on 29 April 2022, determined the number of members of the Board as 19 and appointed the Board of Directors for the 2022/2023/2024 financial years, electing as its Chair Gian Maria Gros-Pietro and as Deputy Chair Paolo Andrea Colombo. The election took place on the basis of slates of candidates who meet the requirements envisaged by law and by the Articles of Association.

The Board of Directors is responsible for exercising the Company's guidance and strategic supervision duties and for resolving on all the most important corporate actions, with the power to undertake all transactions considered necessary, useful or appropriate in achieving the corporate purpose, of both an ordinary and extraordinary nature, and to adopt all decisions reserved to it by law, by the Articles of Association and by the regulations. With regard to its corporate management duties, the Board, without prejudice to the powers reserved for it, delegates to the Managing Director the necessary and appropriate powers to ensure consistency in day-to-day management, in implementation of the guidelines decided by the same Board. The Board determines the content, limits and methods of exercise of the powers granted to the Managing Director and establishes how he/she must report back quarterly to the Board on the delegated activities.
At the meeting held on 29 April 2022, the Board of Directors, in continuity with the previous mandate, unanimously confirmed the appointment of Carlo Messina as Managing Director and CEO, who was granted the necessary and appropriate powers to ensure consistency in day-to-day management, in implementation of the guidelines issued by the Board.
The Managing Director is the Chief Executive Officer and General Manager and supervises the company's management to the extent of his assigned powers, in compliance with the general planning and strategic guidelines set forth by the Board. He determines and issues operational directives and is responsible for personnel management.
The Board of Directors has established four internal committees, the prerogatives and duties of which comply with the provisions of the Articles of Association and the Supervisory regulations in force:
- Nomination Committee: it performs inquiry and advisory duties to support the Board in the process of appointment or co-optation of the Board Members to ensure that the composition of the Body, in terms of size and professionalism, makes it possible to fulfil its duties efficiently, as part of the process for the appointment of members of the Bodies of the main subsidiaries; the Committee also performs the other duties assigned to it pursuant to the law or by the Board of Directors.
- Remuneration Committee: it inquires, proposes and advises on remuneration and incentive matters, thereby supporting the Board, and performs the other duties assigned to it pursuant to the law or by the Board of Directors.
- Risks and Sustainability Committee: it supports the Board in the performance of strategic supervision functions regarding risks, the internal control system and sustainability, and performs the other duties assigned to it pursuant to the law or by the Board of Directors.
- Committee for Transactions with Related Parties: it carries out the tasks assigned to it by the rules on transactions with related parties and associated entities; in particular, it issues its opinion on the transactions that fall within the scope of application of the rules and of the internal regulations.

The Management Control Committee

The Management Control Committee, appointed by the Shareholders' Meeting as part of the Board of Directors, consists of 5 members of the Board of Directors elected by the Shareholders' Meeting of 29 April 2022, who appointed as its Chair Alberto Maria Pisani. All Committee members meet the independence requirements laid down in the Articles of Association.
The Management Control Committee performs the duties assigned by current legislation to the control body of a parent company of a banking group heading a financial conglomerate and issuing listed shares and also operates as the Internal Control and Audit Committee pursuant to Article 19, paragraph 2, letter c) of Legislative Decree no. 39/2010.

Among other activities, the Committee supervises:
- compliance with the regulations, the principles of correct management and the actual implementation of the corporate governance rules set forth in the Corporate Governance Code,
- the adequacy of the Company's organisational, administrative and accounting structure,
- the statutory audit process and accounting and financial disclosures,
- the adequacy, efficiency and functionality of the internal control system,
- the adequacy, efficiency and functionality of the risk governance and management process and the business continuity plan.

The Committee may, after notifying the Chair of the Board of Directors, convene the Shareholders' Meeting whenever it deems it necessary for the performance of its duties or if, during its activities, it detects objectionable facts of significant severity and requiring urgent measures.

The operating structure

Divisions, Governance Areas and Head Office Departments reporting directly to the Managing Director and CEO

The Parent Company is divided into Divisions – comprising business line aggregations with similar characteristics in terms of products and services provided and in terms of regulatory framework – and into Head Office Structures grouped into Governance Areas in a direct reporting line to the Managing Director and CEO, which exercise guidance, coordination, control, support and service functions at Group level, as detailed below.
- Divisions
  - Banca dei Territori Division;
  - IMI Corporate & Investment Banking Division;
  - International Banks Division;
  - Wealth Management Division, which consists of the following Divisions: Private Banking Division, Asset Management Division and Insurance Division;
- Governance Areas
  - Chief Governance, Operating & Transformation Officer Governance Area, which includes the Chief Equity, Legal & M&A Officer Governance Area, the Chief Transformation & Organisation Officer Governance Area and the Chief People & Culture Officer Governance Area;
  - Chief Sustainability Officer Governance Area, which includes the Chief Social Impact Officer Governance Area;
  - Chief Security Officer Governance Area;
  - Chief Data, A.I. and Technology Officer Governance Area;
  - Chief Cost Management Officer Governance Area;
  - Chief Lending Officer Governance Area;
  - Chief Financial Officer Governance Area;
  - Chief Risk Officer Governance Area;
  - Chief Compliance Officer Governance Area;
  - Chief Institutional Affairs and External Communication Officer Governance Area.

In addition to the aforesaid structures, the Chief Audit Officer reports directly to the Board of Directors to ensure his/her necessary autonomy and independence.

The functions assigned to the Governance Areas are as follows:

Chief Governance, Operating & Transformation Officer (C-GOTO) Governance Area

The Chief Governance, Operating & Transformation Officer (C-GOTO) Governance Area is responsible for:
- overseeing the definition of transformation, innovation and organisational evolution strategies for the Group, to support the development of business and governance structures, in line with corporate objectives, promoting and accelerating the implementation of transformation initiatives;
- overseeing the definition of the Group's human resources and industrial relations policies, also promoting the development of the Group's values and culture, in compliance with the applicable regulations and in line with corporate strategies and objectives, to be proposed to the Managing Director and CEO and to the Corporate Bodies for matters within their competence;
- overseeing the definition of the evolutionary strategy for the Group's organisational model, in line with the corporate strategies and objectives, to be proposed to the Managing Director and CEO and to the Corporate Bodies for matters within their competence;
- supporting the Corporate Bodies in defining strategies on extraordinary finance transactions and governance of the investment portfolio for the Group, in line with corporate objectives;
- overseeing the definition of proposals for extraordinary finance transactions, to be submitted to the competent decision-making Bodies for assessment and approval as to matters within their competence;
- ensuring the monitoring of legal risk at Group level and providing legal advice by defining the relevant guidelines;
- ensuring, for the Group, the monitoring of compliance risk with reference to the areas of Protection of Health and Safety in the workplace, pursuant to Italian Legislative Decree No. 81/2008;
- assisting the Managing Director and CEO in his internal and external activities, supporting the examination of major strategic issues and the monitoring of relevant initiatives;
- assisting and advising the Parent Company's Corporate Bodies in the performance of their functions.

The Chief Governance, Operating & Transformation Officer Governance Area is reported to by the Chief of CEO Staff and Corporate Bodies and Corporate Affairs structures, in addition to the three Governance Areas whose functions are described below:

- ***Chief Equity, Legal & M&A Officer Governance Area***
  - ensuring the analysis of the evolutionary trends of the domestic and international markets of relevance to the Group, in close cooperation with the Business Divisions, to identify potential targets and/or partnerships and/or extraordinary corporate transactions in line with the Group's growth and/or rationalisation strategies as defined in the Business Plan;
  - defining proposals for extraordinary finance transactions for the Group, in line with corporate strategies and objectives, to be submitted to the competent decision-making Bodies for assessment and approval, by the Head of the Chief Governance, Operating & Transformation Officer Governance Area;
  - ensuring compliance with the guidelines and policies regarding the governance of the investment portfolio and the achievement of results in line with the Business Plan;
  - overseeing the legal risk at Group level, managing litigation and the related operational risk and defining, in these areas, the guidelines through directives and instructions;
  - providing legal advice and assistance to the Group's structures, following regulatory and case law literature, including at European and international level, ensuring the correct regulatory framework of all new initiatives and supporting the compliance function in the identification and interpretation for the purposes of managing the risk of non-compliance.

- ***Chief Transformation & Organisation Officer Governance Area***
  - defining, for the Group, the guidelines on transformation, innovation and organisational evolution (Transformation Plan), based on market trends and international best practices, as well as on an integrated and cross-cutting vision of customer satisfaction and the Group's reputation, in coordination with the Head of the Chief Governance, Operating & Transformation Officer Governance Area;
  - driving the Group's transformation and innovation process, in line with the above-mentioned guidelines, supporting the evolution of the business and governance structures, promoting and accelerating the implementation of the transformation initiatives and projects envisaged in the Business Plan;
  - managing the dissemination of innovation within the Group in a synergetic and structural manner, with a user-centred and sustainable approach, in line with business needs;
  - ensuring the definition and evolution of the Group's organisational model in line with corporate strategies and objectives, developing, in coordination with the Head of the Chief Governance, Operating & Transformation Officer Governance Area, the proposals to be submitted to the Managing Director and CEO and to the Corporate Bodies, for matters within their competence;
  - driving the implementation and transformation of the Group's organisational model with a view to effectiveness and efficiency, defining solutions consistent with regulatory and business requirements and pursuing the digital transformation of processes.

- ***Chief People & Culture Officer Governance Area***
  - defining people management and development policies for the Group, in compliance with the applicable regulations and in line with corporate strategies and objectives, in coordination with the Head of the Chief Governance, Operating & Transformation Officer Governance Area, to be proposed to the Managing Director and CEO and to the Corporate Bodies, for matters within their competence;
  - ensuring the implementation of the above policies through the promotion of innovative programmes and initiatives aimed at the growth and enhancement of human resources;
  - defining the employee remuneration and incentive policies, as provided for in the Guidelines on Remuneration, Incentives and Identification of Risk Takers, in coordination with the Head of the Chief Governance, Operating & Transformation Officer Governance Area, to be proposed to the Managing Director and CEO and to the Corporate Bodies, for matters within their competence;
  - ensuring the governance of labour costs, in line with corporate strategies and objectives;
  - defining training proposals and implementing the relevant training programmes to enable the continuous updating of skills, fulfilment of regulatory obligations and professional retraining, in line with the company's needs and strategies, individual motivation and enhancement of all Group people;
  - promoting the dissemination of a Group culture that supports change and contributes to creating an inclusive and high-quality working environment for all people;
  - ensuring, for the Group, the definition of guidelines and policies on the Protection of Health and Safety in the workplace, as well as their implementation.

Chief Sustainability Officer (CSO) Governance Area

The Chief Sustainability Officer (CSO) Governance Area is responsible for:

- ensuring the definition and implementation of the Group's ESG strategy in line with the Group's leadership position in the market and taking into consideration the relationship with stakeholders (customers, shareholders, Group people and all those who work with it, suppliers, the community and the environment – the latter also with regard to responsibility towards present and future generations);
- overseeing the setting and monitoring of qualitative-quantitative ESG targets and the identification of specific actions and initiatives in line with the Group's strategic objectives, with the support of the Group's competent structures, and contributing to the Consolidated Sustainability Statement;
- supporting the business units in the transition of the customer segments towards a sustainable economy, helping them to keep up with the new ESG regulations and to identify new business opportunities, in line with the Group's sustainability objectives;

- playing an active role in the development and promotion of the local areas and communities where the Group operates, supporting non-profit organisations, promoting social inclusion initiatives, and educational activities;
- promoting the Group's historical, artistic, architectural, and archival assets to contribute to the civil and cultural growth of the local areas and communities it serves, ensuring their protection and appreciation;
- promoting innovation in businesses and local areas as a key factor for sustainable development and competitive advantage, through applied research and support for startups, open innovation, the transition to a circular economy, and the development of innovation ecosystems;
- promoting the dissemination of a social, sustainability and innovation culture, also engaging in dialogue with external public and private institutions in collaboration with the Group's competent structures.

The Chief Sustainability Officer Governance Area is reported to by the Chief Social Impact Officer Governance Area, which is responsible for:

- ***Chief Social Impact Officer Governance Area***
  - contributing to the definition of strategic guidelines, overseeing the direction, governance and implementation of initiatives and projects in the Social Impact field carried out by the Group, ensuring relations with the main stakeholders and social parties in coordination with the competent Group functions;
  - identifying intervention models that facilitate the scalability of social initiatives and the activation of system-wide actions potentially generating potential multiplier effects and structural change;
  - promoting the well-being and inclusion of people and their communities through the enhancement of both external and internal best practices, in collaboration with the relevant Group structures;
  - ensuring the direction, coordination and monitoring of initiatives aimed at mitigating the direct environmental impacts generated by the Group's activities;
  - ensuring, for the Group, the monitoring of compliance risk with reference to Environmental Protection, pursuant to Italian Legislative Decree No. 152/2006, performing in this regard the role of Specialist Function envisaged by the Group Compliance Guidelines.

Chief Security Officer (CSeO) Governance Area

The Chief Security Officer (CSeO) Governance Area is responsible for:

- ensuring, for the Group, the definition and implementation of the cybersecurity, business continuity and corporate and physical security strategy, policies and models, in line with corporate objectives and in compliance with the applicable regulations;
- ensuring cybersecurity, corporate and physical security and anti-fraud monitoring, analysing the related risks, defining strategies and mitigating measures;
- coordinating the development and implementation of the guidelines and policies defined within its area of responsibility, promoting their correct application by the Group companies;
- overseeing the development, updating and monitoring of the Group Business Continuity Plan;
- ensuring the information flows to the Corporate Bodies provided for by the Internal Control System and the governance documents within the respective areas of responsibility.

Chief Data, A.I. and Technology Officer (C-DAITO) Governance Area

The Chief Data, A.I. and Technology Officer (C-DAITO) Governance Area is responsible for:

- ensuring, for the Group, the definition and implementation of the strategy, policies and models regarding ICT architectural, methodological and technological standards, data management and data use, and the development and implementation of Artificial Intelligence solutions, in line with corporate objectives and the needs of the Business Owners and in compliance with applicable regulations;
- ensuring, in line with the corporate objectives and the priorities of the Business Owners, the definition and development of innovative IT initiatives, technologies and solutions, implementing the interventions in line with the transformation and innovation guidelines defined by the Chief Governance, Operating & Transformation Officer Governance Area;
- overseeing the evolution of the IT systems, data governance system and operations with a view to the continuous innovation of technological solutions, the operating model and controls, in order to guarantee the Group's constant projection towards a dimension that is evolved and consistent with digitalisation advances, in compliance with the expenditure and investment levels assigned;
- driving the implementation of digital strategies, in line with the above-mentioned guidelines on transformation and innovation, in order to become a data-driven company;
- ensuring the information flows to the Corporate Bodies provided for by the Internal Control System and the governance documents within the respective areas of responsibility;
- ensuring, in agreement and in cooperation with the other competent Governance Areas, the analysis of the impacts of applicable regulations on digitisation, digital innovation and operational resilience relevant to the Area, and defining the related actions.

Chief Cost Management Officer (CCMO) Governance Area

The Chief Cost Management Officer (CCMO) Governance Area is responsible for:

- consistently with corporate strategies and objectives, assisting the Corporate Bodies in defining guidelines and policies on cost management, property, logistics and procurement of the Group;
- coordinating the implementation of guidelines and policies on cost management, property, logistics and procurement by the relevant Group business units, also in the various corporate contexts;
- collaborating with the Chief Financial Officer Governance Area and the Chief Data, A.I. and Technology Officer Governance Area contributing to the definition of the investment initiatives promoted by the same C-DAITO Area, by the Divisions/Business Units and by the other Governance Areas, in line with the objectives of the Business Plan;

- ensuring, through the appropriate control methods, compliance with the guidelines and policies in the aforementioned areas, ensuring, in accordance with the Business Plan, cost management results as well as the service levels offered within the property, logistics and procurement scope.

Chief Lending Officer (CLO) Governance Area

The Chief Lending Officer (CLO) Governance Area is responsible for:

- taking lending decisions, directly or submitting them to responsible corporate Bodies, the relevant lending decisions regarding the assumption and management of the Group's credit risks, directly authorising them as far as it is concerned, including through compliance opinions;
- ensuring the proactive management of credit and guaranteeing the management and the monitoring of the Group's non-performing loans, within the respective area of responsibility;
- ensuring the correct classification and valuation for financial reporting purposes of positions under its responsibility that are classified as non-performing loans;
- managing the stocks and flows of bad loans managed within the Group;
- defining and managing disposals of NPE individual exposures or portfolios and other assets within scope, with the collaboration of other competent functions;
- performing monitoring and control on outsourced activities, including monitoring the performance KPIs of Outsourcers, directly making decisions, or submitting them to the competent Bodies, regarding proposals exceeding the powers delegated to the Outsourcers;
- contributing, within its area of responsibility, to the process of formulating Credit Strategy proposals for the Divisions, with the aim of incentivising new lending, through pricing adjustments, to the economic sectors and customer clusters with the greatest attractiveness in terms of risk-return profile, also taking into account the Group's ESG policies;
- contributing to establishing and evaluating the Group's Sector Framework, coordinating and supporting the Sector Working Group in defining sector performance indicators;
- analysing the evolution of the cost of credit within the Group, also taking into account the application of the aforesaid Credit Strategies;
- assigning and validating the ratings to the positions in scope, also providing support in defining rating allocation processes and tools;
- defining lending relevant regulations and requirements for credit tools development and contribute to the formulation of proposals for the assignment of credit granting and NPL management powers, notwithstanding the responsibility for the final decision belonging to the Chief Risk Officer Governance Area;
- promoting initiatives aimed at disseminating and developing a credit culture;
- ensuring, consistently with the guidelines of the Chief Risk Officer Governance Area, the first level systematic supervision of the relevant credit portfolio, identifying phenomena referring to specific credit aggregates characterised by high levels of anomalies for which to activate the appropriate risk mitigation measures.

Chief Financial Officer (CFO) Governance Area

The Chief Financial Officer (CFO) Governance Area is responsible for:

- assisting the Corporate Bodies in defining, in accordance with the Group corporate strategies and objectives, the guidelines on: administration and tax, planning and management control, treasury and finance, studies and research, balance sheet optimisation from a risk-return perspective, relations with investors and rating agencies;
- coordinating the implementation of said guidelines by the relevant Group business units, and in other corporate areas as appropriate;
- overseeing Asset and Liability Management (ALM) activities, the management of the Treasury securities portfolio, the Funding Plan, the integrated management of liquidity risks as well as financial and regulatory risks, ensuring the satisfaction of funding requirements at Group level;
- defining the Group's future qualitative and quantitative objectives through strategic planning, budgeting, capital management, internal assessment of capital adequacy and liquidity position (ICAAP/ILAAP), monitoring of the Recovery and Resolution Plan and carrying out the continuous analysis of the economic and financial results;
- fulfilling the Parent Company's and the Group's tax obligations and providing assistance and advice on tax matters by strengthening uniformity of conduct at Group level;
- overseeing studies and research on investments, economy and markets;
- overseeing the balance sheet optimisation activities at Group level, supporting the Divisions in the active management of credit risk, with the aim of improving the risk-return profile of balance sheet items in order to create value for shareholders, also through market transactions on performing loan portfolios, together with the other competent corporate functions;
- managing communication and relations with investors, financial analysts, rating agencies and SRI Investors.

The Chief Financial Officer Governance Area also includes the Manager responsible for preparing the Company's financial reports, who ensures the accurate and timely financial reporting of the Bank and of the entire Group, as well as compliance with the relative accounting and supervisory obligations, performing quality control of the processes governing administrative and financial reporting disclosures to the market, pursuant to the appropriate regulations.
The same activity and monitoring are ensured with regard to Consolidated Sustainability Statement.

Chief Risk Officer (CRO) Governance Area

The Chief Risk Officer (CRO) Governance Area is responsible for:

- governing the macro-process of definition, approval, control and implementation of the Group's Risk Appetite Framework (RAF) with the support of the other corporate functions involved;
- consistent with corporate strategies and objectives, assisting the Bodies in defining and implementing guidelines and policies on risk management;
- coordinating the implementation of guidelines and policies on risk management by the relevant Group business units, also in the various corporate contexts;
- designing, developing and maintaining internal risk measurement, management and assessment systems, both for regulatory and – to the extent applicable – management purposes, ensuring they are incorporated into the relevant business processes;
- measuring and controlling the Group's exposure to the various types of risk, also verifying the implementation of the risk management guidelines and policies;
- formulating a prior opinion on the consistency of the Most Significant Transactions with the RAF, ensuring the assessment of all the risk profiles connected with them;
- performing II level monitoring and controls for monitoring ICT and security risk, as well as risks other than credit risks;
- continuously and iteratively validating risk measurement and management systems – used both for the determination of capital requirements and for non-regulatory purposes – in order to assess their compliance with regulatory provisions, operational company and reference market demands and to manage the internal validation process at Group level; in this context, also guaranteeing the monitoring and validation of the Group Data Governance framework and ensuring the definition and oversight of a framework for model risk governance;
- performing II level monitoring and controls on credit quality, the composition and evolution of the various loan portfolios and the proper classification and measurement of single positions ("single name" controls).

Chief Compliance Officer (CCO) Governance Area

The Chief Compliance Officer (CCO) Governance Area is responsible for:

- ensuring at Group level governance of compliance risk, including conduct risk, both in its operational component and in its reputational component, also through the adoption of a graded compliance model for regulations that require specific forms of specialized governance;
- defining, in line with Company strategies and objectives, the guidelines and policies to be adopted to ensure compliance with the Group's regulations, integrating the model of the assessment and management of compliance risk in the Risk Appetite Framework;
- coordinating the implementation of compliance guidelines and policies by the Group's designated units, including companies inside the Group;
- cooperating with the other corporate control functions in order to achieve an efficient integration of the risk management process;
- managing the interactions with Corporate Bodies and Supervisory Authorities as regards compliance issues.

Chief Institutional Affairs and External Communication Officer (CIAECO) Governance Area

The Chief Institutional Affairs and External Communication Officer (CIAECO) Governance Area is responsible for:

- promoting a coordinated, dynamic and result-oriented approach in the management of the Group's institutional relations and external communication in order to support its growth, development and reputation;
- overseeing the Group's institutional relations, promoting and managing relations with institutions, regulators and supervisors – including, by way of example, relations with the European Central Bank and antitrust authorities – schools, universities, think tanks, trade and interest associations at national, European and international level;
- supporting and disseminating knowledge of the Group and Top Management through the management of media relations, in line with the objectives set by the Business Plan;
- promoting and protecting the Group's image and identity – also by means of support initiatives and relations with Stakeholders and reference targets – by disseminating its ethical, social, cultural and educational values, in line with corporate strategies;
- overseeing and developing all the Group's institutional and product advertising and promotional activities, including continuous monitoring and listening and market research;
- overseeing High Impact Value Programmes for the Group and the community on key global transformation trends at national, European and international level;
- overseeing the identification and updating of geopolitical reference scenarios for the contexts in which the Group operates.

Chief Audit Officer (CAO)

The Chief Audit Officer (CAO), who reports directly to the Board of Directors (and therefore it reports to the Chairman), functionally reporting to the Management Control Committee, without prejudice to the appropriate links with the Managing Director and CEO, is responsible for:

- ensuring constant and independent monitoring action on the Bank's and the Group operations and processes to prevent/detect the occurrence of anomalous and risky behaviors or circumstances, by assessing the functionality of the Internal Control System and its suitability as to ensure the effectiveness and efficiency of business processes, the safeguarding of the value of assets and the protection against losses, the reliability and integrity of accounting and management data, the compliance of operations with the policies established by the Corporate Governance Bodies and with internal and external Regulations;
- providing advice to the Group's Corporate Functions, also through participating in projects, in order to create added value and improving the effectiveness of control, risk management, compliance and governance processes;

- ensuring supervision of the Internal Control Systems of the Group's Subsidiaries, also by performing governance and steering activities of the Local Internal Audit Functions;
- supporting corporate governance and ensuring to the Executives, Corporate Bodies and competent Authorities (e.g. European Central Bank, Bank of Italy, Consob, etc.) a prompt and systematic reporting on the effectiveness of the Internal Control System, on the results of the activities carried out and on the progress of related remedial actions;
- supporting the Surveillance Body pursuant to the Legislative Decree 231/2001 in ensuring constant and independent surveillance of the regular performance of operations and processes, in order to prevent or detect occurrence of anomalous and risky actions or situations, and to monitor compliance with - and the adequacy of - the rules set out in the Model 231;
- ensuring the correct execution of the Internal management process for reporting violations (so called "Whistleblowing").

Remuneration and incentive policies

Over the last few years, international bodies and regulators have paid increasing attention to the issue of remuneration across different sectors, including, in particular, that of listed companies, banks and banking groups, as well as insurance, assets under management and investment firms, with the aim of guiding operators towards the adoption of remuneration policies and remuneration systems that are consistent with the principles – intensified following the economic and financial crisis – governing the process for drawing up and approving the remuneration and incentive policies, the compensation structure and their transparency.

The regulatory framework has undergone a significant evolution - which is still ongoing - both at the European level and at the national level, in each of the above-mentioned sectors[142].

With reference to listed companies, Art. 123-ter of the Consolidated Law on Finance (Italian Legislative Decree No. 58 of 24 February 1998, "CLF") provides for the obligation to prepare and make available to the public a report on remuneration policy and compensation paid, divided into two sections (the first illustrating the company's policy in relation to remuneration and the procedures used for the adoption and implementation of this policy, the second providing information on the remuneration paid), to be drawn up including the information set out in the Issuers' Regulation, and to be submitted to the Shareholders' Meeting resolution. The Shareholders' Meeting is called to cast a binding vote on the first section of the report and to resolve in favour or against the second section. The latter resolution is not binding. In the banking sector, remuneration and incentive policies and practices are the subject of specific regulations at European and national level. These regulations have changed significantly over time. More specifically, and among other things, in implementation of the so-called CRD III (Directive 2010/76/EU) and taking into account the guidelines and criteria defined internationally (including the principles and standards of the Financial Stability Board, the methodologies of the Basel Committee on Banking Supervision, and the Guidelines issued at the time by CEBS), the Bank of Italy, with a measure dated 30 March 2011, issued Supervisory Provisions containing a harmonised set of regulations of remuneration policies, systems and practices in banks and banking groups, relating to the processing and control process, the remuneration structure and the disclosure obligations to the public, thereby requiring, among other things, the approval of the remuneration and incentive policies by the Shareholders' Meeting, in order to achieve remuneration systems in line with the long-term corporate strategies and objectives connected with company results, appropriately adjusted to take into account all risks, consistently with the capital and liquidity levels required to fulfil the activities undertaken and, in any case, such as to avoid distorted incentives that could lead to regulatory violations or excessive risk-taking for the bank and the system as a whole.
The Bank of Italy intervened once again in the matter with the two recommendations contained in the communications dated 2 March 2012 and 13 March 2013, highlighting in general the need for banks to establish a strategy that is aligned to the objective of preserving the stability of the business, also from a forward-looking perspective, as well as maintaining the conditions of capital adequacy and prudent management of liquidity risk. Subsequently, in 2014, the Supervisory Provisions on remuneration policies and practices - contained in Bank of Italy Circular no. 285/2013 - were revised to implement the regulations contained in the so-called CRD IV (Directive 2013/36/EU). In implementation of CRD IV, in 2014, the European Commission issued the Regulatory Technical Standards (RTS) relating to qualitative and quantitative criteria for the identification of categories of personnel whose professional activities have a material impact on the institution's risk profile (so-called "Risk Takers"). In December 2015, the EBA, based on the provisions contained in CRD IV, published the update of the "Guidelines on sound remuneration policies", drawn up by its predecessor CEBS, defining in detail the rules relating to the remuneration structure, remuneration policies and the related governance and implementation processes. The indications of these Guidelines were implemented by the Bank of Italy which, in 2018, updated the regulations on remuneration policies and practices referred to in Circular 285/2013. In 2019 CRD V (Directive 2019/878/EU) and Regulation (EU) 2019/876 (CRR II) were issued. Following the adoption of CRD V, the EBA revised (i) the regulatory technical standards that specify the criteria for identifying Risk Takers (RTS), merged into the Delegated Regulation (EU) 2021/923 published on 9 June 2021 and (ii) the Guidelines on Sound Remuneration Policies, publishing a new version in July 2021 and providing for its application starting from 31 December 2021; as a result, on the other hand, of the issuance of CRR II, the European Commission published Regulation (EU) 2021/637 – Implementing Technical Standards – which regulates, among other things, the way in which remuneration disclosures are made. The Bank of Italy implemented CRD V and the essential contents of the new EBA Guidelines as well as the Implementing Technical Standards with the 37th update of Circular 285/2013, published on 24 November 2021.

[142] Please note that the regulatory framework described in this paragraph is up to date as at the date of approval of this document while the following paragraphs refer to the provisions of the 2024 Group Remuneration and Incentive Policies approved by the Intesa Sanpaolo Shareholders' Meeting held on 24 April 2024.

With regard to the insurance sector, ISVAP (now IVASS), with Regulation No. 39 of 9 June 2011, laid down the principles regarding the decision-making processes, structure and disclosure obligations for the remuneration policies of insurance companies. Regulation No. 39/2011 was subsequently replaced by IVASS Regulation No. 38 of 3 July 2018 on the corporate governance of insurance companies and groups, which implements the Solvency II Directive (Directive 2009/138/EC) and the Guidelines issued by the European Insurance and Occupational Pensions Authority (EIOPA) on the corporate governance system, and incorporates the provisions of ISVAP Regulation No. 39/2011 concerning remuneration policies. Furthermore, on 5 July 2018 IVASS sent a Letter to the market regarding the guidelines on the application of the principle of proportionality in the corporate governance system.
With regard to the asset management sector, the provisions on remuneration, initially contained in the Joint Bank of Italy – Consob Regulation (issued pursuant to Article 6, paragraph 2-bis, of the Consolidated Law on Finance) updated on 27 April 2017 to transpose Directive 2014/91/EU (UCITS V Directive) into Italian law and included, from December 2019, in the Bank of Italy Regulation implementing Articles 4-undecies and 6, paragraph 1, sub-paragraphs b) and c-bis) of the Consolidated Law on Finance, also apply to asset management companies belonging to banking groups, differently according to whether or not the asset management company is classed as significant.
The above Regulation was updated on 23 December 2022 in order, primarily and to the extent relevant here, to implement the new rules on remuneration applicable to investment companies introduced by Directive (EU) 2019/2034 and the Remuneration Policy Guidelines (EBA/GL/2021/13) adopted by the EBA in consultation with ESMA. The framework on remuneration applicable to investment companies is accompanied by, among others, Commission Delegated Regulation (EU) 2021/2154, which sets out regulatory technical standards specifying the criteria to identify categories of staff whose professional activities have a material impact on the risk profile of the investment firm (“risk takers”), effective as of 12 December 2021.
Lastly, with reference, inter alia, to the provision of investment services and activities by banks, investment companies and asset management companies, the provisions on remuneration set out in Directive 2014/65/EU (MiFID II) and Delegated Regulation (EU) 2017/565 (MiFID II Delegated Regulation) are also relevant, as well as the “Guidelines on certain aspects of the MiFID II remuneration requirements” issued by ESMA and last updated in April 2023. These provisions aim to strengthen client protection by, among other things, preventing conflicts of interest that may arise in remuneration and incentive matters.
That being said, Intesa Sanpaolo has always extensively focused its attention on remuneration matters, on relative regulation compliance and on maximum transparency to the market.

Procedures for adoption and implementation of the remuneration policies

The role of Corporate Bodies

The Shareholders’ Meeting

The Articles of Association require the Shareholders’ Meeting to approve the Board Members' and personnel's remuneration policies, as well as the plans based on financial instruments.
The Shareholders’ Meeting shall approve the criteria for determining the severance payments to be granted in the event of early termination of the employment agreement or early termination of office, including the limits set for such payments as provided by the regulations currently in force and shall also determine, with the qualified majority threshold defined by the supervisory regulations in force, a ratio between the variable and fixed individual remuneration of the personnel above the ratio of 1:1, but in any case not exceeding the maximum established by the same regulations.
The Shareholders’ Meeting determines the remuneration for the members of the Board of Directors and the Management Control Committee and the remuneration for the offices of Chair and Deputy Chair of the Board of Directors and Chair of the Management Control Committee.
In addition, the Shareholders’ Meeting resolves with a non-binding vote on the annual disclosure of the remuneration paid pursuant to Article 123-ter of the Consolidated Law on Finance.

The Board of Directors

The Board of Directors may determine, in addition to the fixed remuneration determined by the Shareholders' Meeting and in compliance with the remuneration policies approved by the Shareholders' Meeting, the remuneration of the Board Members to whom the Board itself assigns further special duties in compliance with the Articles of Association, including the office of Managing Director and General Manager.
The Board of Directors is responsible for the drafting of the Group remuneration and incentive policy to be submitted to the Shareholders' Meeting and the definition of the remuneration and incentive systems for persons for whom the supervisory regulations require that this task be performed by the body with strategic supervision function, including the identification of parameters used to evaluate performance objectives and the definition of the variable remuneration deriving from the application of said systems.
The Board of Directors is tasked with determining the remuneration due to the Manager responsible for preparing the Company’s financial reports pursuant to Article 154-bis of Legislative Decree 58 of 24 February 1998, as well as to all other Top Risk Takers of the Group and the higher-level Executives of the Corporate Control Functions, in accordance with the provisions of the current legislation.

The Remuneration Committee
The Remuneration Committee was set up by the Board of Directors in order to support with all activities concerning remuneration.
The Committee supports the Board of Directors in preparing proposals to submit to the Shareholders' Meeting.
The Committee is responsible for formulating remuneration proposals for the Managing Director and CEO and for the members of the Board of Directors to whom additional special offices are assigned pursuant to the Articles of Association, as well as with regard to the remuneration systems for the Group Top Risk Takers and the higher-level Executives of the Corporate Control Functions, also taking into account the opinion of the Risks and Sustainability Committee and the Management Control Committee insofar as within its competence.
Lastly, the Committee formulates opinions on the achievement of the performance objectives linked to the Incentive Systems and on the verification of the other requirements laid down for payment of the remuneration.

The Risks and Sustainability Committee
Without prejudice to the responsibilities of the Remuneration Committee, the Risks and Sustainability Committee supports the Board of Directors by analysing the Remuneration and Incentive Policies to verify their link with current and prospective risks and the capital strength and levels of liquidity of the Group, with specific regard to the performance targets (KPIs) assigned by the Incentive System to the Group Top Risk Takers, excluding the Manager responsible for preparing the Company's financial reports and members of the Corporate Control Functions.
In order to strengthen the independence of the Corporate Control Functions, the Risks and Sustainability Committee (also following consideration in joint session with the Management Control Committee) expresses its opinion on the Incentive Systems for the Chief Risk Officer and the Head of the Internal Validation & Controls structure.

The Management Control Committee
In order to strengthen the independence of the Corporate Control Functions, the Management Control Committee expresses its opinion on the Incentive System for the Top Risk Takers belonging to the Corporate Control Functions and the Manager responsible for preparing the Company's financial reports. This opinion is expressed in a joint session with the Risks and Sustainability Committee with regard to the Incentive Systems for the Chief Risk Officer and the Head of the Internal Validation & Controls Structure.

The Chief People & Culture Officer and the Corporate Control Functions
As mentioned above, the Shareholders' Meeting is responsible for approving remuneration policies for employees upon proposal of the Board of Directors and with the involvement of the Remuneration Committee.
The Chief People & Culture Officer is responsible for drawing up the aforementioned remuneration policies, that undergo the relative approval procedure, involving the following, to the extent of their responsibilities, as envisaged by the Regulations:
- the Chief Risk Officer Governance Area, in order to ensure consistency of the remuneration policies and resulting incentive systems with the Group's Risk Appetite Framework (RAF);
- the Planning and Control Function, in order to ensure consistency of the remuneration policies and resultant incentive systems with:
  - the strategic short-and medium-long term objectives of the Companies and of the Group;
  - the level of capitalisation and liquidity of the Companies and of the Group;
- the Chief Compliance Officer Governance Area, in order to verify compliance of the remuneration policies and resulting incentive systems with rules, regulations, codes of ethics and standards of conduct applicable to the Group.

The Chief Audit Officer, in accordance with the guidelines of the Supervisory Authority, verifies compliance of the remuneration implementation procedures with the relevant policies, informing the Board of Directors and the Shareholders' Meeting on the results of the verifications conducted.

Remuneration of the members of the Board of Directors

Remuneration of Board Members
The Bank's Articles of Association envisage that the members of the Board of Directors be entitled, in addition to the reimbursement of expenses incurred due to their office, to a fixed remuneration for the services rendered, which is determined for the entire period of their office by the Shareholders' Meeting at the time of their appointment. Upon appointment, the Shareholders' Meeting also determines the supplementary remuneration of the offices of Chair and Deputy Chair of the Board of Directors.
An insurance policy for administrative liability is signed in favour of the members of the Board of Directors according to the terms resolved on by the Shareholders' Meeting.

Remuneration of the Managing Director and CEO
Pursuant to the Articles of Association, the Managing Director also acts as the General Manager of Intesa Sanpaolo.
The Managing Director and General Manager is entitled to receive a fixed and variable remuneration determined by the Board of Directors in line with the Group remuneration and incentive policies approved by the Shareholders' Meeting.
The Board of Directors, upon the proposal of the Remuneration Committee, determined the remuneration of the Managing Director. This amount is in addition to the amount due as a Board Member. The Managing Director, in his capacity as General Manager, is entitled to receive the gross annual remuneration, the short and long-term incentive system and the supplementary pension scheme, and to receive the additional fringe benefits envisaged for the position determined by the Board of Directors in accordance with the Remuneration and Incentive Policies for employees.

Remuneration of the members of the Management Control Committee

Under the Articles of Association, the Shareholders' Meeting is required, at the time of the appointment of the Management Control Committee and for the entire term of office thereof, to set a specific remuneration for the Board Members of that Committee, consisting exclusively of a fixed amount, which is equal for each Member and higher for the Chair.

Remuneration for participation in the other Board Committees

With regard to the work carried out by Board Members as members of the additional Board Committees, the Board of Directors, pursuant to the Articles of Association and upon proposal by the Remuneration Committee, establishes an additional fixed remuneration for said Board Members, in line with the Remuneration and Incentive Policies approved by the Shareholders' Meeting. In particular, the Board of Directors established, in addition to the remuneration envisaged for the position of Board Member, an attendance fee in relation to the actual participation of the members in the work of the Committees, and a further annual gross fixed remuneration for the Chairs of such Committees.

Remuneration policy for employees and staff not bound by an employment agreement

The remuneration policies of the Intesa Sanpaolo Group are based on the following principles:

- alignment of the conduct held by management and personnel to the interests of all Stakeholders, with a focus on creating value for Shareholders, as well as on the social impact generated on the Communities;
- correlation between remuneration and risks undertaken, through:
  - direction of management and personnel conduct towards the achievement of objectives within a framework of rules aimed at controlling corporate risks;
  - remuneration systems aligned with prudent financial and non-financial risk management policies (including legal and reputational risks), in line with what is defined in the Group's Risk Appetite Framework;
  - the definition of a sufficiently high fixed component to allow the variable portion to decline significantly, even down to zero, upon occurrence of pre-defined conditions;
- orientation towards medium-long term objectives, taking into account the Group Risk Tolerance through the definition of a set of Incentive Systems that allow performance to be oriented over a period of accrual longer than one year and to share the medium-long term results consequent to the implementation of the Business Plan;
- merit, to guarantee better matching with actual performance and the managerial quality identified, through:
  - remuneration flexibility linking the variable component to the results achieved and risks assumed;
  - focus on key staff members with high managerial skills, to whom competitive salary brackets compared with the reference market are reserved;
  - differentiation of the best performances to which variable bonus levels significantly in excess of the average are to be assigned;
- equity, in order to promote proper conduct and standardise treatment in terms of remuneration, through:
  - the correlation between the person's fixed remuneration and the level of responsibility managed, measured through the adoption of a Global Banding system[143], certified by a leading consultancy firm or the career title/professional figure;
  - differentiation of target salaries and the ratio of the variable component to the total remuneration according to the relevant professional category and/or geographical market, with Banding bracket or career title/professional figure being equal;
- gender neutrality, through:
  - ensuring equal pay for equal work, regardless of gender;
  - focus on the gender pay gap and its evolution over time;
- sustainability, to limit expense deriving from application of the policy to values compatible with the available economic and financial means, through:
  - mechanisms to adjust allocations to the overall incentive provisions according to corporate profitability and the Group's results;
  - selective reviews of fixed remuneration based on strict market benchmarks;
  - the determination of appropriate caps on both total incentives and the amount of individual bonuses;
- compliance with legislative and regulatory provisions, with the codes of conduct and other self-regulatory instruments with a focus on the Risk Takers (and, among these, on the so-called Top Risk Takers, including the Key Managers) and on the Corporate Control Functions;
- fairness in customer relations.

[143] The Global Banding System adopted by the Intesa Sanpaolo Group is based on the grouping in homogeneous categories of managerial positions that are similar by levels of complexity/responsibility managed, measured using the international IPE (International Position Evaluation) methodology.

Remuneration of Group employees is broken down into the following:
- fixed and/or recurring component;
- variable and/or non-recurring component.

a.1 Fixed remuneration

The fixed component of remuneration for employees is determined on the basis of pre-established non-discretionary criteria such as contract conditions, role held, responsibilities assigned and the employee's specific experience and skills.
In full compliance with the provisions of law, the fixed component includes:
- the gross annual remuneration reflecting the staff member's professional experience and seniority of service;
- allowances tied to the role held, not connected to any type of performance indicator and assigned in a non-discretionary manner to:
  - the Risk Takers[144] and Middle Management[145] belonging to the Corporate Control Functions and similar roles;
  - heads of commercial roles within the scope of the physical and digital distribution network of the Banca dei Territori Division;
  - specific categories of staff having a commercial role in the Reyl Group operating mainly in the Private Banking segment;
  - expatriate personnel, in order to cover for any differences in cost, quality of life and/or remuneration levels of the target reference market;
- allowances and/or fees deriving from offices held in corporate bodies, provided that these are not reversed to the companies to which they belong;
- any benefits designed to increase employee motivation and loyalty of the resources and assigned on a non-discretionary basis. The benefits paid to Group employees may be of a contractual nature (e.g., supplementary pension, health benefits, etc.) or the result of remuneration policy decisions (e.g., company car) and, therefore, have different treatment with respect to different categories of personnel.

a.2 Recurring remuneration

For Non-employee Financial Advisors (hereinafter also "Financial Advisors") and Financial Agents, the "recurring" component consists of commissions, which make up the stable and ordinary portion of remuneration.

In particular, for Financial Advisors, commissions remunerate their activity of placement, management and assistance to customers, and cover the costs they incur in carrying out their activities. For Financial Advisors given additional responsibilities of commercial coordination and supervision of specific activities and/or teams of Financial Advisors, the "recurring" remuneration consists of supervision commissions, for coordinating and supervising a team of Financial Advisors operating within their area of expertise, and of development commissions, for the development and growth in size of the team of Financial Advisors they supervise.

As for the Financial Agents of Prestitalia, recurring remuneration is differentiated according to product macro-categories, as detailed in the Report on remuneration policy and compensation paid. Specifically, with reference to the products provided by Prestitalia (e.g., salary-backed loans), recurring remuneration is divided into 3 components: ordinary, recurring, and additional commissions, which are constant by production segments. On the other hand, with regard to products offered under the distribution agreement with Intesa Sanpaolo (e.g., banking products and services), recurring remuneration is determined by product type as a share of the consideration paid by Intesa Sanpaolo to Prestitalia for the promotion and placement activities governed by the agreement.

In addition, with reference to Financial Agents with accessory contract (Team Leaders), recurring remuneration is also composed of a fixed monthly coordination fee for carrying out the assignment of supervising the commercial activity as well as the supervision commissions calculated on the basis of the commissions generated by the coordinated agents.

b.1 Variable remuneration

The variable component is linked to employee's performance and aligned to the results actually achieved and the risks prudentially assumed, and consists of:
- short-term variable component, paid through the annual Incentive Systems and the Broad-based Short-Term Plan (PVR);
- long-term variable component, paid through the PSP (Performance Share Plan), targeted at the Intesa Sanpaolo Group Management, including the Top Risk Takers and the remaining Group Risk Takers – in Italy and abroad, the LECOIP 3.0 Plan, targeted at the Intesa Sanpaolo Group Professionals – in Italy – and any other long-term incentive plans (e.g. Long-term incentive plans for staff in the "Investments" chain operating in asset management companies managing AIFs);
- the carried interest, i.e. the share in the profits of the UCITS or AIF received by personnel as compensation for the management of the UCITS or AIF[146];
- any variable short- and long-term components, tied to the duration of employment in the company (stability or non-competition agreements, one-off retention bonus) or extraordinary agreements (entry bonus, buy-out);
- any discretionary benefits.

The assignment of guaranteed bonuses is not envisaged, with the sole exception of limited cases of recently hired employees (signing bonus), without prejudice to thorough assessment and analysis of market practice, solely for the first year.

[144] Italy, Slovakia and Croatia, Hungary and Luxembourg perimeter.
[145] Italy, Switzerland, Serbia, New York, Egypt and China.
[146] Not including the portion of *pro rata* profit assigned to personnel by virtue of any investments made by them in the UCITS or AIF, provided that they are proportional to the actual percentage of participation in the UCITS or AIF and not exceeding the return recognised to the other investors. For a proper implementation of the regulation, managers must therefore be able to clearly identify the portions of profit which exceed the pro rata profit of the investments and that qualify as carried interest.

The distinction of the variable remuneration in a short-term and a long-term component promotes both attraction and retention of resources, allows performance to be oriented over a period of accrual longer than one year and to share the medium-long term results consequent to the implementation of the Business Plan.

b.2 Non-recurring remuneration

For non-employee Financial Advisors, the "non-recurring" component is represented by the commissions paid as annual incentives, with the aim of driving the sales activity to reach specific targets, taking into account both the long-term company strategies and objectives of the Networks they belong to and the correctness of customer relations.
Moreover:
- for around 5,000 Financial Advisors of the Fideuram, Sanpaolo Invest and IW Private Investments Networks, a 2022-2025 Long-Term Incentive Plan has been designed;
- for new Non-employee Financial Advisors of the Fideuram, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Private Banking networks, a specific non-recurring component is envisaged as part of the recruitment offer.

The remuneration pay mix

In accordance with the regulatory guidelines, the Intesa Sanpaolo Group traditionally adopts a pay mix that is appropriately "balanced" between the fixed (or recurring) component and the variable (or non-recurring) component, in order to:
- allow flexible management of labour costs, as the variable portion may significantly decline, even down to zero, depending on the performance actually achieved during the year in question or in the event that the Group is unable to maintain or restore a solid capital base;
- discourage behaviour focused on the achievement of short-term results, particularly if these involve taking on greater risk.

In order to achieve the above objectives, it is standard Group practice to establish ex ante limitations in terms of balanced ceilings for variable remuneration, through the definition of specific caps applied to bonuses in relation to any over-performance.

As a general rule of thumb, the aforesaid cap to the variable remuneration was determined:
- at 100% of fixed remuneration for roles not included amongst Corporate Control Functions, save as otherwise specified in the Report on Remuneration;
- at 33% of fixed remuneration for roles belonging to the Corporate Control Functions;
- at 60% of fixed remuneration for roles similar to the Corporate Control Functions and the Heads of the Group Human Resources Function.

The calculation of the variable remuneration takes into account both the short-term component relating to the Incentive System or PVR and the long-term component assigned through the long-term Incentive Plans (PSP Plan and LECOIP 3.0 Plan), any other long-term incentive plans, any variable components linked to seniority or exceptional components, and compensation in the event of termination of employment agreement or early termination of office (severance pay)[147]. In particular, the PSP and LECOIP 3.0 Plans have an impact on the pro-rata variable remuneration for the entire accrual period.

The maximum limit established by the general criteria (1:1) has been raised to 2:1, as provided for by CRD IV, permitted by the Bank of Italy's Supervisory Provisions and approved by the Shareholders' Meeting, for Group Risk Takers[148] not belonging to the Corporate Control Functions and similar roles for specific and limited professional sectors and highly profitable business segments[149], as well as non-employee Financial Advisors who are recipients of the recruitment offer in order to attract new key resources from the market for the growth and development of the Networks, as these have a significant effect on the Group's average annual total net funding.
Furthermore, starting from 2019, using the option granted by the Supervisory Provisions, the maximum limit on the variable remuneration has been raised above 2:1 up to a maximum of 4:1 for personnel in the "Investments" category of the Group's asset management companies, who work exclusively for the same Asset Management Company.

However, in terms of cap compliance between fixed and variable remuneration (1:1), appropriate pay mix differentiations were identified with reference to the various professional or business segments, in line with the results obtained by means of specific benchmark analyses related to the leading European global banks that also ensure compliance with the internal equity principle, given the use of common benchmarks for each cluster.
The adequacy of the amounts is further verified in comparison to market practices, with ongoing participation in national and international remuneration surveys; for management roles and other particular business positions, the comparison is based on specific Peer Groups, in order to evaluate the competitive alignment with the most appropriate reference market.
In relation to market data, the Intesa Sanpaolo Group aims to align the overall remuneration with median values, notwithstanding the possibility to make the appropriate differentiations for particularly critical positions and/or resources with high management skills.

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[147] With the exclusion of amounts agreed and recognised: (i) under a non-competition agreement, for the portion that, for each year of the plan's duration, does not exceed the last year of fixed remuneration; (ii) as part of an agreement between the Bank and the staff, wherever reached, for the settlement of an actual or potential dispute, if calculated on the basis of a predefined formula.

[148] Excluding the non-executive members of the Board of Directors of Intesa Sanpaolo and the Group Risk Takers operating in Slovakia, Slovenia, Bosnia and Herzegovina, Moldova and Romania.

[149] The Private Banking branches of Investment Banking, Insurance and Private Banking investment managers, Treasury and Finance, the commercial branch of the Asset Management Division dedicated to the non-captive market, the Heads of Product Management and Development of the Insurance Division, the Heads of the Institutional Clients structures, the Corporate Finance & Advisory structure, the Syndication & Risk Sharing structure, the Global Relationship Managers of the Global Institutional Client structures, the Managers of the Corporate and Financial Institutions Desks of certain former Hub branches present in the IMI CIB International Network as well as, within the scope of the Všeobecná Úverová Banka (VUB) Network, the Mortgage Specialists, the Magnifica Relationship Bankers and the Premium Relationship Managers.

The correlation between remuneration, risk and performance is ensured for all employees through:

- the use of a balanced pay mix, as the fixed component is sufficiently high to allow the variable portion, which is never guaranteed, to decline significantly, even down to zero, upon occurrence of the conditions specified below;
- the application of the principle of merit, under which significantly higher-than-average bonuses are awarded for the best performances;
- the adoption, based on the financial sustainability principle, of a structured funding mechanism for the variable component (bonus pool) that:
  - on the one hand, correlates top-down the resources allocated to the majority share of the bonus pool ("Gross Income-based bonus pool") to a specific Group indicator, currently identified in Gross Income; and
  - on the other, provides for the self-funding of a (minority) share of the bonus pool through a percentage from the fee and commission income generated by network employees within the scope of Wealth Management & Protection activities ("commission-based bonus pool")[150];
- within the scope of the Gross income-based bonus pool, the use of a solidarity mechanism between Group and Division results, according to which the amount of total bonuses paid to the employees of each Division depends in part on the Group's overall performance (reflected in the size of the bonus pool) and in part on the performance of the specific Division, measured in terms of the degree of expected contribution to the Group's Gross Income;
- the observance of the access conditions provided for in international and national regulations, namely:
  - at Group level, the achievement of a solid capital strength and adequate liquidity levels and, in any event, compliance with the limits envisaged in the RAF;
  - at individual level, the propriety of conduct (e.g. absence of disciplinary measures resulting in one or more days of suspension);
- the measurement of performance across multiple dimensions, both quantitative (profitability, growth, productivity, cost of risk/sustainability) and qualitative (strategic actions or projects – including, also for 2024, the transversal Group KPI "Environmental, Social and Governance (ESG)" – and managerial qualities), and covering different scopes (Group/Department/Individual). The following are some examples of indicators for performance drivers:
  - Profitability: average Operating Income/Risk Weighted Assets, Income from Insurance Business/Mathematical Reserves;
  - Growth: Net Funding, Medium/Long-Term Disbursements, New purchases of tax assets, Income from the Non-Life Insurance Business;
  - Productivity: Cost/Income, Reduction in operating costs, Full Combined Ratio;
  - Cost of risk/sustainability: Gross NPL Ratio, Gross flows from performing loans to NPE, Operating Losses/Operating Income, Concentration Risk, Maximisation of LCR target levels, Reduction in workplace health and safety risk;
- the use of corrective mechanisms that act as de-multipliers of the bonus accrued according to the risks taken and the relevant cluster.

It is expressly prohibited for individual employees to undertake personal hedging or insurance strategies on the remuneration or other aspects that may alter or undermine the effects of the alignment with company risk inherent in the remuneration mechanisms described.

Remuneration may not be paid in forms, instruments or methods aimed at avoiding provisions of law.

The termination of the employment agreement involving personnel with state pension or seniority pension rights and/or "Assicurazione generale obbligatoria" (AGO) pension treatment does not result in loss of the right to payment of the entitled amounts, even deferred. In all other cases, the Bank has the right to award any amounts, depending on the specific situations, upon termination of the employment agreement, also through consensual retrenchment agreements providing termination payments. Furthermore, individual prior agreements may be entered into for the determination of the remuneration to be granted in the event of early termination of the relationship, provided that these agreements must comply with all the conditions set out in the Remuneration Policies and in the Supervisory Provisions[151]. In recent years, the Bank has signed specific agreements with the trade unions with regard to the "solidarity fund", applied to employees of all levels, including executives, which also govern the treatment of sums payable to personnel upon termination of the employment agreement in the event of extraordinary transactions and/or company reorganisations[152].

According to the Supervisory Provisions on remuneration, any type and/or form of severance payment agreed in view of or upon early termination of the employment agreement or early termination of office for the amount exceeding the provisions of the National Collective Bargaining Agreement concerning payments related to the indemnity for failed notice constitutes the so-called severance, including any compensation paid according to the non-competition agreement limited to the portion exceeding the last year of fixed remuneration.

[150] It should be noted that this principle also applies to Financial Advisors who are not employees since, similar to the methods defined for the commission-based bonus pool at the Group level, the Financial Advisor Incentive Systems are self-funding through a percentage of the gross revenues earned by the Company to which they belong.

[151] In 2022, following a favourable resolution passed by the Board of Directors, on the proposal of the Remuneration Committee and taking into account the Chief Compliance Officer's opinion, in line with the practices commonly used among competitors and the leading Italian listed companies, an agreement containing specific conventional regulations on employment termination was entered into with the Managing Director and CEO. Specifically, in line with the provisions of the Remuneration Policies, this agreement provides, for Good Leavers, for the disbursement, in addition to the indemnity in lieu of the notice period required by law and the collective bargaining agreement, of an amount by way of severance of between 12 and 24 months of fixed remuneration depending on the average of the overall Performance Scorecard score relating to the Group's annual Incentive System for the three years preceding the date of termination of the employment agreement. If this average is less than 80%, no severance payment will be due to the Managing Director and CEO.

[152] In this regard, it should be noted that Section III, paragraph 2.2.3 of the Supervisory Provisions on Remuneration and Incentive Policies and Practices provides for specific exceptions to the applicable rules with reference to amounts agreed upon with a view to or on the occasion of the early termination of employment agreement or termination of office or to exit incentives, as part of extraordinary transactions or corporate restructuring processes, provided that the conditions described therein are met.

In the Intesa Sanpaolo Group, the principles for the definition of these payments - inspired to both the correlation between severance pay and ongoing performance criteria and the control of potential litigations – are:

- ensuring compliance with regulatory capital adequacy requirements;
- no reward for failure;
- unobjectability of individual behaviour (consistency with compliance breaches' criteria).

Pursuant to these criteria and the Supervisory Provisions on remuneration, when negotiating this kind of remunerations, the Group defined that those payments:

- are equal, as a maximum amount, to 24 months of fixed remuneration, and are determined in a different manner for each cluster, in order to take into due consideration the overall evaluation of the work of the person and having particular regard to the Group's capitalisation, liquidity and profitability levels and to the presence or absence of individual sanctions imposed by the Supervisory Authority;
- are paid according to the methods set for short-term variable remuneration, for each cluster;
- are included in the calculation of the ratio between the respective variable remuneration and the fixed remuneration of the last year of employment in the company, not including the sums agreed upon and paid:
  - based on a non-competition agreement, for the portion which, for each year of duration of the agreement, does not exceed the last year of fixed remuneration;
  - within an agreement reached in order to settle a current or potential dispute (wherever reached), if calculated according to a predefined calculation formula approved by the Shareholders' Meeting in advance.

Intesa Sanpaolo shares

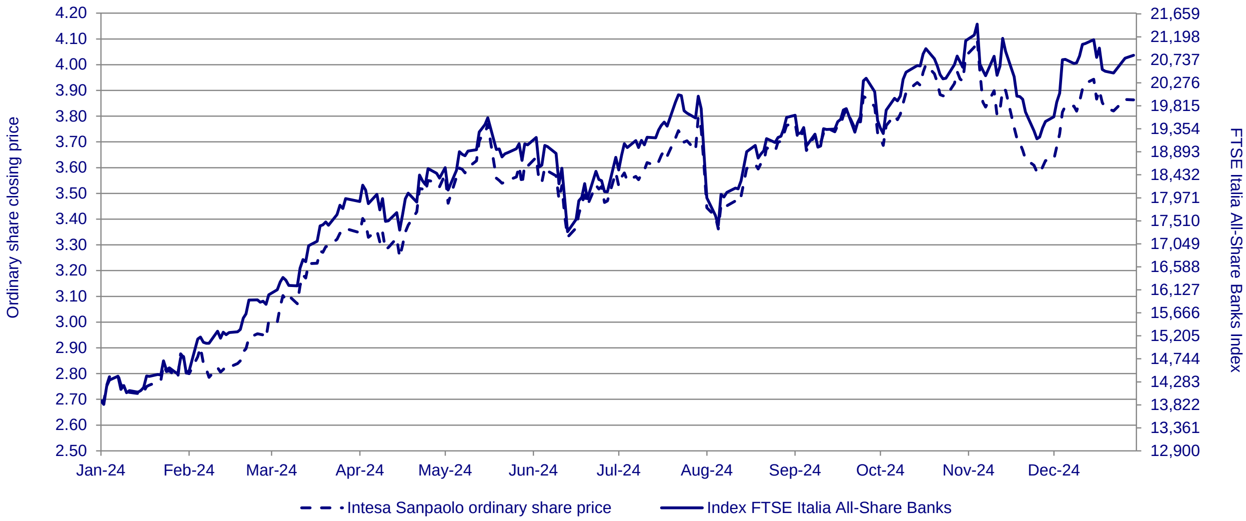
Intesa Sanpaolo shares

Share performance

In 2024, the banking segment benefited from the gradual improvement in the economy, from the strong performance of the industry and from capital distribution policies (dividends and buybacks), which led the European banking index to close the year up by 23.4%, outperforming the Euro Stoxx index (+6.6%).
Driven by the positive impact on bank earnings from higher-than-expected market interest rates at the beginning of the year, the absence of clear signs of asset quality deterioration and generous shareholder remuneration policies, the Italian banking index rose by 52.7% over the year, outperforming both the above-mentioned European industry index and the FTSE MIB (+12.6%).

The price of Intesa Sanpaolo ordinary shares in 2024 mirrored that of the banking sector indices, with a marked upward trend until mid-May, a downward trend in the following thirty days and a gradual recovery through to the end of July. The first week of August then saw a sharp decline, followed by a recovery which drove the share price to peak in early November. Fluctuations in the last two months led the share price to close the year up by 46.1% on end-2023.
Intesa Sanpaolo's capitalisation rose to 68.8 billion euro at the end of 2024, from 48.3 billion euro at the end of 2023.

Intesa Sanpaolo ordinary share price and banking index



Source: Bloomberg

Earnings per share

Intesa Sanpaolo's share capital consists solely of ordinary shares.
Net income attributable to ordinary shares is determined considering the dividends proposed and then allocating the residual portion of net income, in the hypothetical assumption of its total distribution, in equal weight to all outstanding shares.
The Earnings Per Share (EPS) indicator is presented both in the "basic" and in the "diluted" formula: basic EPS is calculated by dividing income theoretically attributable to holders of shares by the weighted average number of outstanding shares (excluding own shares repurchased); diluted EPS also takes into account the effect of any future issues.

	Ordinary shares				
	31.12.2024	**31.12.2023**	**31.12.2022**	**31.12.2021**	**31.12.2020**
Weighted average number of outstanding shares (*)	18,017,340,115	18,370,426,095	19,315,541,610	19,377,549,407	18,240,491,151
Income attributable (millions of euro) (**)	8,666	7,724	4,379	4,185	3,277
Basic EPS (euro)	0.48	0.42	0.23	0.22	0.18
Diluted EPS (euro)	0.48	0.42	0.23	0.22	0.18

(*) The weighted average number of outstanding shares is calculated excluding repurchased own shares.

(**) The attributable income for 2022 differs from that published in the 2022 Annual Report due to the adjustments made to the 2022 comparative information following the retrospective application of the new IFRS 17 Insurance Contracts and the IFRS 9 Financial Instruments by the Group's insurance companies, starting from 1 January 2022.

Price/book value

The indicator reflects the value attributed by the market to the share capital of a listed company, and hence indirectly to the company's overall assets. Although it measures the confidence which financial analysts and the financial community have in the company's income prospects and capital strength, the indicator is significantly affected by the external factors that influence share prices.
Also for the Intesa Sanpaolo Group, the level and performance of the indicator – as at 31 December 2024 calculated on both average figures and year-end figures – were influenced by the dynamics of the market and its industry sector. The comparative figures for the years 2020 to 2023 shown in the table are annual averages.

(millions of euro)

	31.12.2024	**2024**	**2023**	**2022**	**2021**	**2020**
Market capitalisation	68,776	63,323	45,144	38,433	44,535	34,961
Group's shareholders' equity	65,176	64,570	62,533	62,715	64,823	60,920
Price / book value	**1.06**	**0.98**	**0.72**	**0.61**	**0.69**	**0.57**

Payout ratio

The ratio represents the proportion between the amount allocated for the remuneration of shareholders and the total amount of net income produced.

(millions of euro)

	2024	**2023**	**2022**	**2021**	**2020**
Net consolidated income (*)	8,666	7,724	4,354	4,185	3,505
Dividends (**)	6,067	5,405	3,046	2,931	2,626
Payout ratio	**70%**	**70%**	**70%**	**70%**	**75%**

(*) For the purpose of calculating the payout, the consolidated net income for 2020, equal to 3,277 million euro, was adjusted, excluding the items related to the acquisition of UBI Banca consisting of the effects of purchase price allocation, including negative goodwill (+2,062 million euro) and charges for integration (-1,378 million euro), as well as the write-off of goodwill of the Banca dei Territori Division (-912 million euro).

(**) For the years 2024, 2023, 2021 and 2020, the amounts proposed/distributed are partly charged to reserves.
Starting from 2021, the amounts were partly distributed as interim dividends, following specific resolutions of the Board of Directors upon the approval of the results as at 30 September of each year.
The data relating to previous years are shown net of portion not distributed to own shares held at the record date. For 2022, the amount reflects the rounding differences identified when determining the final dividend amount (following the annulment of own shares acquired through the buyback programme).

In compliance with Supervisory Authority instructions and in line with the provisions of the 2022–2025 Business Plan – which envisages a payout of 70% of consolidated net income in each year of the Plan – the following is noted for the year 2024:

– on 20 November 2024 (with coupon presentation on 18 November and record date on 19 November), interim dividends were paid out from 2024 results, as resolved by the Intesa Sanpaolo Board of Directors on 31 October 2024, in compliance with the provisions set out in Article 2433-bis, paragraph 4 of the Italian Civil Code. The interim dividend of 17 euro cents per share was paid on the 17,778,801,839 ordinary shares outstanding at the record date for a total of 3,022,396,312.63 euro (net of an undistributed amount of 4,227,672.54 euro attaching to 24,868,662 own shares held in portfolio at the record date);
– on 4 February 2025 the Board of Intesa Sanpaolo resolved to submit at the Ordinary Shareholders' Meeting of 29 April 2025 a proposal for the distribution of a remaining dividend for 2024 of 17.10 euro cents for each of the 17,803,670,501 ordinary shares making up the share capital, for a total payout of 3,044,427,655.67 euro. Of that total, (i) 2,252,164,318.38 euro, equal to 12.65 euro cents per share, from net income for the year, while the remaining (ii) 792,263,337.29 euro, equal to 4.45 euro cents per share, from the Share premium reserve. If approved by the Shareholders' Meeting, the dividend distribution will take place from 21 May 2025 (with coupon presentation on 19 May and record date on 20 May).

The total dividend proposed for 2024 is therefore equal to 34.10 euro cents per share, for a total payout of 6,066,823,968.30 euro, equal to 70% of the consolidated net income.

With regard to 2023, it is worth recalling that:

– on 22 November 2023 (with coupon presentation on 20 November and record date on 21 November) interim dividends were payed out from 2023 results, as resolved by the Intesa Sanpaolo Board of Directors on 3 November 2023. The interim dividend of 14.40 euro cents per share was paid on the 18,256,842,646 ordinary shares outstanding at the record date for a total of 2,628,985,341.02 euro (net of an undistributed amount of 3,737,713.40 euro attaching to 25,956,343 own shares held in portfolio at the record date);
– at the Shareholders' Meeting of 24 April 2024, Intesa Sanpaolo shareholders approved the payout of a remaining dividend for 2023 of 15.20 euro cents per share on the 18,282,798,989 ordinary shares making up the share capital, for a total payout of 2,778,985,446.33 euro, of which: (i) 2,373,107,308.77 euro, equal to 12.98 euro cents per share, from net income for the year, and the remaining (ii) 405,878,137.56 euro, equal to 2.22 euro cents per share, from the Share premium reserve. The dividend was paid on 22 May 2024 (with coupon presentation on 20 May and record date on 21 May) for a total of 2,776,310,634.08 euro (net of an undistributed amount of 2,674,812.25 euro attaching to 17,597,449 own shares held in portfolio at the record date).

The total dividend paid out for 2023 therefore amounted to 29.60 euro cents per share, for a total payout of 5,405 million euro, equal to a ratio of 70% of consolidated net income.

Whereas with regard to 2022:

– on 23 November 2022 (with coupon presentation on 21 November and record date on 22 November) interim dividends were payed out from 2022 results, as resolved by the Intesa Sanpaolo Board of Directors on 4 November 2022. The interim dividend of 7.38 euro cents per share was paid on the 18,964,880,325 ordinary shares outstanding at the record date for a total of 1,399,608,167.99 euro (net of an undistributed amount of 1,765,505.22 euro attaching to 23,922,835 own shares held in portfolio at the record date);
– at the Shareholders' Meeting of 28 April 2023, Intesa Sanpaolo shareholders approved the payout of a remaining dividend for 2022 of 8.68 euro cents per share, subject to increase due to the annulment of the own shares purchased in execution of the buyback programme. Following the annulment of the shares at the start of May, on 24 May 2023 with coupon presentation on 22 May and record date on 23 May), a remaining dividend of 9.01 euro cents was paid on the 18,282,798,989 ordinary shares making up the share capital.[153]

The total dividend paid out for 2022 therefore amounted to 16.39 euro cents per share, for a total payout of 3,046 million euro, equal to a payout ratio of 70% of consolidated net income.

With regard to 2021:

– on 24 November 2021 (with coupon presentation on 22 November and record date on 23 November) interim dividends were payed out from 2021 results, as resolved by the Intesa Sanpaolo Board of Directors on 3 November 2021. The interim dividend of 7.21 euro cents per share was paid on the 19,399,837,165 ordinary shares outstanding at the record date for a total of 1,398,728,259.60 euro (net of the undistributed amount of 2,208,144.69 euro attaching to 30,626,140 own shares held);
– at the Shareholders' Meeting of 29 April 2022, shareholders approved the payout of a remaining dividend of 1,533,063,554.76 euro (7.89 euro cents per share) on the 19,430,463,305 ordinary shares making up the share capital, of which 1,299,897,995.10 euro as dividends from net income for 2021 (equal to 6.69 euro cents per share) and 233,165,559.66 euro as partial distribution of the free portion of the Share premium reserve (equal to 1.20 euro cents per share). The dividend was paid on 25 May 2022 (with coupon presentation on 23 May and record date on 24 May) for a total of 1,531,897,089.90 euro (net of an undistributed amount of 1,166,464.86 euro attaching to 14,784,092 own shares held in portfolio at the record date).

Based on the above, the dividend for the year 2021 was set at a total of 15.10 euro cents per share, for a total dividend distribution of 2,931 million euro and a payout ratio of 70% of consolidated net income.

Finally, in relation to 2020, at the Shareholders' Meeting of 28 April 2021, shareholders approved a cash dividend of 3.57 euro cents per share on the 19,430,463,305 ordinary shares making up the share capital, for a total payout of 693,667,539.99 euro, equal to the maximum allowed under the European Central Bank Recommendation of

[153] The total amount of the dividend paid was 1,646,462,490.59 euro against 1,765,623.70 euro allocated to the Extraordinary reserve in relation to the portion not distributed to the 9,075,453 own shares held by the Bank at the record date (817,698.32 euro) and the rounding differences arisen during the calculation of the final amount of the dividend (947,925.38 euro).

15 December 2020, within the limit of 20 basis points of the consolidated Common Equity Tier 1 ratio at 31 December 2020. Of the total: (i) 532,394,694.56 euro as dividends from the net income for 2020 (equal to 2.74 euro cents per share) and the remaining (ii) 161,272,845.43 euro as an assignment of reserves drawn on the Share premium reserve (equal to 0.83 euro cents per share).
This allocation was then accompanied by an additional cash distribution, approved by the Shareholders' Meeting of 14 October 2021, for a total of 1,935,274,145.18 euro, corresponding to a unit amount of 9.96 euro cents per share on each of the 19,430,463,305 ordinary shares making up the share capital. The dividend on outstanding ordinary shares was paid on 20 October 2021 (with coupon presentation on 18 October and record date on 19 October) for a total payout of 1,932,155,896.67 euro (net of an undistributed amount of 3,118,248.51 euro attaching to own shares held in portfolio at the record date). The overall dividend paid out on the result for 2020 consequently amounted to 2,626 million euro, or 13.53 euro cents per share, for a payout ratio for 2020 of 75% of 2020 consolidated net income, as adjusted to take into account components relating to the acquisition of UBI Banca and the related impairment of the goodwill of the Banca dei Territori.

Note that the Shareholder return should also be assessed in the light of the buyback operations carried out by Intesa Sanpaolo, by virtue of which Shareholders, without having to further invest, see growth in their share of participation in the Bank's total dividends.

Dividend yield

This indicator measures percentage return on the shares, calculated as the ratio between dividends allocated for the year and market price in the reference year. This return, determined on the basis of average annual share prices, maintained sustainable levels over time, also in view of financial market trends, and, as reiterated above, should be assessed in the light of buyback operations carried out since 2022.

	2024	2023	2022	2021	2020
Dividend per share (euro cents) (*)	34.10	29.60	16.39	15.10	13.53
Average stock price (euro)	3.481	2.438	2.024	2.292	1.799
Dividend yield	9.8%	12.1%	8.1%	6.6%	7.5%

(*) The 2022 remaining dividend per share has undergone an increase compared to the resolution of the Intesa Sanpaolo Shareholders' meeting of 28 April 2023 (from 8.68 euro cents to 9.01 euro cents) following the annulment, on 2 May 2023, of all own shares purchased in execution of the buyback programme which was launched on 13 February 2023 and concluded on 4 April 2023.

Rating

Summarised below are the main actions on the ratings of the Bank taken by the international agencies in 2024:
– Morningstar DBRS confirmed ratings and outlook of Intesa Sanpaolo on 23 May. On 4 November the rating agency improved the Bank's long-term trend to "positive", while confirming its ratings . Both rating actions followed up on similar rating actions on the sovereign ratings and trend for Italy, announced by Morningstar DBRS on 26 April and 25 October, respectively;
– Fitch Ratings affirmed the ratings on Intesa Sanpaolo and revised the outlook on the Bank to "positive" on 31 October, after doing the same for Italy's sovereign ratings on 18 October[154];
– Moody's affirmed Intesa Sanpaolo's ratings and outlook on 30 October;
– S&P Global Ratings left ratings and outlook on Intesa Sanpaolo unchanged (aligned with Italy's ratings, also after Italy's sovereign ratings and outlook affirmation dated 18 October).

The ratings assigned to Intesa Sanpaolo by the main international agencies, which were unchanged as at the data of approval of these financial statements, are shown below.

	RATING AGENCIES			
	Morningstar DBRS	Fitch Ratings	Moody's	S&P Global Ratings
Short-term debt	R-1 (low) (1)	F2	P-2	A-2
Long-term debt (senior preferred unsecured)	BBB (high)	BBB	Baa1	BBB
Outlook / Trend Long-term debt	Positive	Positive	Stable	Stable
Viability	-	bbb	-	-

(1) Stable Trend.

An always updated information about Intesa Sanpaolo's ratings can be found in the Investor Relations/Rating section of the Group website.

154 The rating agency had previously affirmed Italy's sovereign ratings and outlook on 3 May 2024.

Alternative Performance Measures and Other information

Alternative Performance Measures

Introduction

Pursuant to Article 16 of Regulation 1095/2010/EU, the European Securities and Markets Authority (ESMA) has issued specific Guidelines[155] on the presentation criteria for Alternative Performance Measures (APMs) included by European issuers in regulated information (including the Report on operations in the Annual Report, the Half-yearly report on operations in the Half-yearly report, and the Reports on operations in the Interim Statements), where such measures are not defined or provided for in the rules on financial reporting. These guidelines, in force since 3 July 2016, are designed to promote the utility and transparency of APMs included in the regulated information, by confirming a shared approach to the use of such measures, in order to improve their comparability, reliability, comprehensibility and consistency over time, with resulting benefits for end users. Consob[156] has transposed the Guidelines in Italy and incorporated them into its supervisory practices.
According to the definition provided in the ESMA Guidelines, an Alternative Performance Measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs are typically based on financial statement line captions prepared in accordance with applicable financial reporting rules. What sets them apart is that APMs are not defined in the financial reporting framework, yet their use is still widespread, with the role of conveying a view of the entity's performance that is closer to the management's perspective than would be possible using only the defined measures.
Measures published in application of prudential rules, including those laid down in the Regulation and Directive on capital requirements (CRR/CRD IV), physical or non-financial measures and social and environmental measures do not come within the narrow definition of APMs.

Intesa Sanpaolo's Alternative Performance Measures

In accordance with Legislative Decree 38 of 28 February 2005, Intesa Sanpaolo prepares its financial statements in compliance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Standards – Interpretations Committee (IFRS-IC), endorsed by the European Commission as provided for by EC Regulation 1606 of 19 July 2002, based on the "Instructions for the preparation of the separate and consolidated financial statements of banks and financial companies, which are parent companies of banking groups" issued by the Bank of Italy (Circular 262/2005 as amended), and disclosed in detail in Part A of the Notes to the financial statements.
To facilitate the understanding of the income statement and balance sheet figures, Intesa Sanpaolo also uses various Alternative Performance Measures (APMs) to provide a clear, concise and immediate account of the operating results, the financial position and the performance achieved. Intesa Sanpaolo's APMs – commonly used in banking and finance – are also used by the management in decision-making processes of both an operational and strategic nature.
It should be noted in this regard that the Alternative Performance Measures used are supplementary to the measures defined within the IFRS framework. The measures – described below in accordance with the above-mentioned ESMA Guidelines – include the margins of the reclassified income statement and the aggregates of the reclassified balance sheet, in addition to other measures calculated on the basis of the figures presented in the financial statements. The figures used are thoroughly reconciled with the related figures defined in the IFRS framework through the disclosures provided in the Report on operations and reconciliation statements included in the Attachments to the Financial Statements. The figures used are normally restated to enable like-for-like comparison when this restatement is necessary and material.

With regard to the war between Russia and Ukraine, in accordance with the ESMA Guidelines, no new measures have been added, nor have any changes been made to the measures normally used.

155 Guidelines on Alternative Performance Measures – ESMA/2015/1415en. Orientamenti Indicatori alternativi di performance - ESMA/2015/1415it.
156 Consob Communication No. 0092543 of 3 December 2015

Margins of the reclassified income statement

With regard to the reclassified income statement, the following aggregates and margins have been identified as Alternative Performance Measures.

Operating income: this aggregate includes core income and other income/expenses strictly correlated with operating activity. It is calculated as the sum of the following captions of the reclassified income statement:
- Net interest income;
- Net fee and commission income;
- Income from insurance business;
- Profits (losses) on financial assets and liabilities at fair value;
- Other operating income (expenses).

Operating costs: this aggregate includes costs and expenses relating to the operating activity presented in the following captions of the reclassified income statement:
- Personnel expenses;
- Administrative expenses;
- Adjustments to property, equipment and intangible assets.

Operating margin: margin measured as the difference between Operating income and Operating costs, as described above, representing the result of operations.

Gross income: operating margin that takes into account the effects of adjustments, provisions and impairment losses and realised gains/losses on loans and other assets. It is obtained by subtracting/adding the following captions of the reclassified income statement to the operating margin:
- Net adjustments to loans;
- Other net provisions and net impairment losses on other assets;
- Other income (expenses);
- Income (Loss) from discontinued operations.

Lastly, Net income (loss) includes income components beyond the company's control (taxes, levies and charges aimed at maintaining the stability of the banking industry), items of an "accounting" nature (effects of purchase price allocations and the impairment (net of tax) of goodwill and other intangible assets), as well as expenses related to restructuring/reorganisation processes. The following captions of the reclassified income statement are considered:
- Taxes on income;
- Charges (net of tax) for integration and exit incentives;
- Effect of purchase price allocation (net of tax);
- Levies and other charges concerning the banking and insurance industry (net of tax)
- Impairment (net of tax) of goodwill and other intangible assets;
- Minority interests.

For detailed information on the breakdown of the individual captions of the reclassified income statement cited above, see the chapter "Economic results and balance sheet aggregates" of this Report on operations. Reconciliations of the individual captions of the reclassified income statement with the captions of the financial statements are presented in an attachment to the financial statements, as also required by Consob in its Communication 6064293 of 28 July 2006. Where comparative figures and/or figures for the reporting period have been restated, a thorough reconciliation is provided in the attachments to the financial statements.

Aggregates of the reclassified balance sheet

With regard to the reclassified balance sheet, which is primarily intended to provide a summary with respect to the financial statements, the following have been identified as Alternative Performance Measures, while the chapter "Economic results and balance sheet aggregates" of this Report provides details of the remaining captions of the reclassified balance sheet derived directly from the financial statements. Reconciliations of the individual captions of the reclassified balance sheet with the captions of the financial statements are presented in an attachment to the financial statements, as also required by Consob in its Communication 6064293 of 28 July 2006. Where the comparative figures have been restated, a thorough reconciliation is provided in the attachments to the financial statements.

Loans to customers
This aggregate includes the captions typical of the lending business with customers relating to the banking segment.
It mainly consists of loans to customers classified as Financial assets measured at amortised cost and, to a lesser extent, exposures in securities (issued by non-financial companies, public entities and others) representing loans to customers. It also includes any portions of loans to customers classified under Financial assets held for trading, Financial assets designated at fair value, Other financial assets mandatorily measured at fair value and Financial assets measured at fair value through other comprehensive income.

Other banking business financial assets and liabilities
This aggregate comprises financial assets and liabilities of banking business (thereby excluding financial assets and liabilities pertaining to insurance companies) other than loans. In detail, the following captions of the reclassified balance sheet assets are included, as defined below: Financial assets measured at amortised cost which do not constitute loans; Financial assets measured at fair value through profit or loss and Financial assets measured at fair value through other comprehensive income. This aggregate also includes Financial liabilities held for trading in reclassified balance sheet liabilities, held by the banking segment, considered net of investment certificates, as they are included in direct deposits from banking business.

Financial assets measured at amortised cost which do not constitute loans
This aggregate includes portions of Financial assets measured at amortised cost (both amounts due from banks and loans to customers) of the banking segment not held for financing purposes. These are essentially debt securities of banks, governments, financial institutions and insurance companies. The breakdown of this caption is provided in the detail table included in the chapter “Economic results and balance sheet aggregates”.

Financial assets measured at fair value through profit or loss
These include Financial assets held for trading, designated at fair value and mandatorily measured at fair value pertaining to the banking segment, other than those representing loans to customers and due from banks, which are classified to the specific aggregates. The breakdown of this caption is provided in the detail table included in the chapter “Economic results and balance sheet aggregates”.

Financial assets measured at fair value through other comprehensive income
These include Financial assets measured at fair value through other comprehensive income of the banking segment, except for portions that represent loans to customers and due from banks, which are classified to the specific aggregates. The breakdown of this caption is provided in the detail table included in the chapter “Economic results and balance sheet aggregates”.

Customer financial assets
This aggregate represents total financial assets deposited by customers of the Group, in the various types of direct deposits from banking and insurance business and indirect deposits, as defined further below. In order to avoid duplications, the aggregate is constructed by netting those components of indirect customer deposits that also constitute types of direct deposits.

Direct deposits from banking business
This aggregate includes captions relating to funding from customers. In addition to the financial liabilities measured at amortised cost represented by amounts Due to customers (net of lease payables reclassified to Other liabilities) and Securities issued, it also includes funding – in the form of investment certificates and, to a marginal extent, other instruments – classified under the captions Financial liabilities held for trading and Financial liabilities designated at fair value.

Direct deposits from insurance business
This aggregate groups together funding items from the insurance segment and includes Insurance liabilities recognised on the balance sheet, Financial liabilities designated at fair value pertaining to insurance companies recognised on the reclassified balance sheet, and Other insurance deposits. This last item consists of securities issued and amounts due to customers recognised under Financial liabilities at amortised cost pertaining to insurance companies on the reclassified balance sheet, and includes subordinated liabilities.

Indirect customer deposits
This aggregate refers to investment and distribution activity – for securities, mutual funds, portfolio management schemes and insurance – carried out on behalf of third parties or in connection with the management of securities portfolios. The assets are measured at market prices. Indirect customer deposits are broken down into Assets under management (mutual funds, portfolio management schemes, insurance policies, pension funds and individual pension policies) and Assets under administration (all securities under administration and custody not attributable to assets under management: government bonds, Equities, Third-party bonds, etc.).

Amounts due from and to banks - net interbank position
Amounts due from and to banks include typical asset and liability items relating to interbank dealings in the banking segment.
The aggregate *due from banks* consists primarily of Amounts due from banks recognised as Financial assets measured at amortised cost, plus any financing to banks classified as Financial assets held for trading, Financial assets designated at fair value, Other financial assets mandatorily measured at fair value, or Financial assets measured at fair value through other comprehensive income.
Amounts *due to banks* include the corresponding caption under Financial liabilities measured at amortised cost, net of lease payables, which are reclassified to Other liabilities.
The *net interbank position* shows the net balance of amounts due from and to banks. It is calculated also including, on the asset side, on-demand deposits held with Central Banks and other banks, which strarting from September 2022 are recognised under Cash and cash equivalents, in accordance with the instructions of Bank of Italy Circular 262.

Other Alternative Performance Measures

In addition to the Alternative Performance Measures represented by the margins of the Reclassified income statement and the aggregates of the Reclassified balance sheet described above, Intesa Sanpaolo also publishes the following APMs.

Profitability ratios

Cost/income ratio
The measure is calculated as the ratio of operating costs (personnel expenses, administrative expenses and adjustments to property, equipment and intangible assets) to the operating income presented in the Reclassified income statement for the year/period and provides a synthetic overview of operating efficiency. For information regarding the breakdown of the captions included in the numerator and denominator of this ratio, see the above and the reconciliation statements attached to the financial statements for a detailed reconciliation.

ROE – Return On Equity
This measure is calculated as the ratio of net income or loss to shareholders' equity and represents the profitability generated by available shareholders' equity. In particular:
- the net income or loss presented in the Income statement for the year/period is used in the numerator; in exceptional cases only, net income or loss may be adjusted to account for any non-recurring components, which are precisely identified. In interim reporting, net income or loss is annualised (except for any non-recurring components, not annualised);
- in the denominator, the shareholders' equity considered is the amount pertaining to the Group at the end of the year/period and does not take into account the AT1 capital instruments and the net income or loss for the year/period.

ROA – Return On Assets
The measure is calculated by comparing the net income or loss to total assets and provides an overview of the profitability of company assets. In particular:
- the net income or loss presented in the Income statement for the year/period is used in the numerator; in exceptional cases only, net income or loss may be adjusted to account for any non-recurring components, which are precisely identified. In interim reporting, net income or loss is annualised (except for any non-recurring components, not annualised);
- in the denominator, period/year-end total assets are used.

Indicators relating to the Intesa Sanpaolo shares

Price/Book value
This measure, which reflects the value attributed by the market to Intesa Sanpaolo, and thus indirectly to its overall assets, is calculated by comparing the market capitalisation to shareholders' equity. It is published on the basis of a time series consisting of average data from the last 5 years/periods, in addition to the calculation on the basis of period-end values at the reporting date. Specifically:
- the average capitalisation for the reporting period/year is used in the numerator. The average capitalisation is calculated on the basis of the average price of shares (arithmetic average of the daily closing prices of trading on Borsa Italiana), multiplied by the weighted average number of shares making up the share capital during the reporting year/period.
  In addition to average capitalisation, the period/year-end capitalisation is also published, which is used to calculate the price/book value on the basis of period/year-end figures. Period/year-end capitalisation is calculated by multiplying the closing price of trading on Borsa Italiana on the last trading day, multiplied by the number of shares at the end of the period/year;
- the average Group shareholders' equity, calculated as the semi-sum of Group shareholders' equity at the beginning and end of the period/year, is used in the denominator. In addition to average shareholders' equity, the value of shareholders' equity at the end of the period/year is published in order to calculate the price/book value on the basis of period/year-end figures.

Payout ratio
This measure, published in table form in the Annual Report based on a time series consisting of data from the last 5 financial years, is the ratio between the amount assigned for the remuneration of shareholders and the total amount of the net income produced. In particular:
- the amount of cash dividends that have been proposed or approved for distribution to the shareholders, inclusive of any amounts arising from the distribution of available reserves, is used in the numerator;
- the net income or loss presented in the Consolidated income statement is used in the denominator, only exceptionally adjusted to account for any non-recurring items, which are duly identified.

Dividend Yield
This measure, published in table form in the Annual Report based on a time series consisting of data from the last 5 financial years, refers to the percentage return on the shares, calculated as the ratio between the dividend and the market price. Specifically:
- the amount of the divided per share proposed/approved is used in the numerator;
- the average price of the share, calculated as the annual arithmetic average of the daily closing prices of trading on Borsa Italiana, is used in the denominator.

Risk ratios

Net bad loans/Net loans to customers
The measure is calculated as the ratio of Bad loans to total Loans to customers outstanding at the year/period end, thus providing synthetic indications of the loan portfolio quality. The figures are taken from the financial statements, i.e. net of the related adjustments, and do not include loans to be disposed of that are recognised as assets held for sale. For the definition of the aggregate Loans to customers, see the above. The measure is also calculated with reference to gross values, i.e. before adjustments.

Net non-performing loans/Net loans to customers
This measure is calculated as the ratio of the amount of Non-performing loans (bad loans, unlikely-to-pay loans and past due loans) to total Loans to customers outstanding at the year/period end, thus providing synthetic indications of the loan portfolio quality. The figures are taken from the financial statements, i.e. net of the related adjustments, and do not include loans to be disposed of that are recognised as assets held for sale. For the definition of the aggregate Loans to customers, see the above. The measure is also calculated with reference to gross values, i.e. before adjustments.

Cumulated adjustments on bad loans/Gross bad loans to customers
This measure states the total amount of cumulated adjustments on Bad loans to customers as a ratio of total Bad loans to customers gross of adjustments outstanding at the end of the year/period, thus providing an indicator of the coverage ratio for bad loans. The figures do not include loans to be disposed of that are recognised as assets held for sale. For the definition of the aggregate Loans to customers, see the above.

Cumulated adjustments on non-performing loans/Gross non-performing loans
This measure states total cumulated adjustments on Non-performing loans (bad loans, unlikely-to-pay loans and past due loans) as a ratio of total Non-performing loans gross of the related adjustments outstanding at the end of year/period, thus providing an indicator of the coverage ratio for Non-performing loans. The values do not include loans to be disposed ofthat are recognised as assets held for sale. For the definition of the aggregate Loans to customers, see the above.

Cost of credit/Cost of risk
This measure is calculated as the ratio of the amount of net adjustments to loans for the period/year in the Reclassified income statement to the amount of Loans to customers at period/year-end, thus providing synthetic indications of the level of adjustments on the portfolio during the period/year. To enable a valuation more closely linked to ordinary operations, this measure may be accompanied by a version of the same measure calculated with the isolation of particularly significant non-recurring elements, which are precisely identified.
For the definition of the aggregate Loans to customers, see the above. In interim reporting, the numerator is annualised (except for any non-recurring components, not annualised).

Other measures

Loan-to-deposit ratio
This measure is calculated as the ratio of Net loans to customers to the amount of Direct deposits from banking business, thus providing synthetic indications of the structure of the customer lending and deposit activity. For the definitions of the aggregates Loans to customers and Direct deposits from banking business, see the above.

Absorbed capital
Absorbed capital is a measure of the risk capital associated with each Group Division in relation to its specific operations. For each Division, the absorbed capital is calculated on the basis of the Risk Weighted Assets (RWAs) measured in accordance with the applicable regulations and supplemented, where necessary, with management data on "economic" capital[157] to take into account the risks not covered by the regulatory metric.

[157] Economic capital consists of an internal estimate of the maximum "unexpected" loss the Group may incur in a given time horizon and considering the desired level of confidence. It aims to quantify the potential economic losses related to the individual risks to which the Group is exposed.

Other information

With regard to information to be included in the Annual Report as required by specific provisions please note the following:

- the list of Group companies and subsidiaries is provided in the Notes to the consolidated financial statements (Part A, Section 3 – Scope of consolidation and consolidation methods and Part B, Assets – Section 7), in accordance with Bank of Italy instructions;
- Part E - Information on risks and relative hedging policies of the Notes to the consolidated financial statements, in the introductory section on the Manager responsible for preparing the Company's financial reports, also provides information on the certification of compliance, during the year 2024, with the conditions required by Article 15 of Consob Market Regulation 20249/2017 (as amended) for the listing of shares of companies controlling companies established and regulated under the laws of non-EU countries;
- to enable a comprehensive understanding, all the information relating to the Bank's and the Group's connections and transactions with related parties, not only that required by IAS 24 but also that required by Article 5, paragraph 8, of Consob Regulation 17221 of 12 March 2010 (adopted pursuant to Article 2391-bis of the Italian Civil Code), is provided in Part H of the Notes to the consolidated financial statements;
- the information on the own shares of the Parent Company Intesa Sanpaolo held and traded at consolidated level is provided in Part F of the Notes to the consolidated financial statements;
- with regard to the information on corporate governance and ownership structure required by Article 123-bis of the Consolidated Law on Finance, Intesa Sanpaolo has opted to present this information in a separate document from the Report on operations, approved by the Board of Directors and published together with the Report. Accordingly, in addition to the summary provided in the chapter "Corporate Governance and remuneration policies" of this Report, see the "Report on Corporate Governance and Ownership Structures" available in the Governance section of the Group's website, at www.group.intesasanpaolo.com;
- with regard to the information on the remuneration paid to members of the Management and control bodies, General Managers and Key Managers and on the Parent Company shares held by them, as well as the assignment of financial instruments to board members and general managers or employees pursuant to Article 123-ter of the Consolidated Law on Finance, in addition to the summary provided in the already mentioned chapter "Corporate Governance and remuneration policies" of this Report, see the specific "Report on remuneration policy and compensation paid" published in the "Governance" section of the Group's website;
- the public disclosure concerning Basel 3 Pillar 3, contained in a specific separate file, is published on the Group's website in the Governance, Risk Management section;
- finally, the Country-by-Country Report required by Article 89 of Directive 2013/36/EU of the European Parliament and of the Council (CRD IV) is also published on the Group's website in the Governance, Risk Management section.

Forecast for 2025

The most recent consensus estimates for 2025 point to moderate GDP growth for Italy, the Eurozone and the United States, but still with a wide growth differential favouring the American economy. In Italy, a modest acceleration in economic growth is expected, driven by household consumption. There are widespread expectations that inflation will move closer to central bank targets, supporting further cuts in official interest rates. Currently, markets are pricing in a reduction of 75 to 100 basis points in the Eurozone, on top of the 25-basis-point cut already implemented on 30 January, and around 40 basis points in the United States. The outlook remains subject to an unusual level of uncertainty due to the lingering risk of an escalation in the Middle East conflict, which could cause sudden hikes in gas and oil prices, in addition to the sharp discontinuity that has characterized US economic policies since President Trump's inauguration. In particular, there are concerns that significant restrictions on foreign imports may be introduced, and that the extension of tax breaks may not be adequately offset, leading to a greater increase in debt and market tensions affecting US interest rates and government bond yields.

The economic outlook for the countries where Intesa Sanpaolo has subsidiaries reflects a diverse landscape. In Central and Southeastern Europe (CEE and SEE), growth is expected to be driven by consumption and infrastructure investments financed by EU funds, although this growth may be constrained by weak foreign demand and stagnation in Germany. In Eastern Europe (EE), GDP is likely to be impacted by geopolitical tensions and low investor confidence. Meanwhile, in Egypt, consumer price pressures could influence Central Bank decisions, consequently affecting GDP growth rates. On the inflation front, a decline is estimated in the CEE and SEE countries. In contrast, increased inflationary pressures are expected in Eastern Europe – largely due to the war in Ukraine – and in Egypt, where restrictive monetary policy may persist. The CEE and SEE countries are likely to favour a gradual reduction in interest rates in response to the fall in inflation. Conversely, Eastern Europe and Egypt may adopt a more cautious and restrictive approach due to geopolitical conditions and rising inflationary pressures. Overall, 2025 is set to be a year focused on finding a balance between supporting growth and maintaining macroeconomic stability within a challenging international environment.

In 2025, the Italian banking industry is expected to face continued weak demand for credit from businesses, due to their reliance on self-financing and uncertainties surrounding global trade, as well as the performance of Italy's major foreign partners and some industrial sectors. However, more favourable financial conditions by the end of the year may lead to a stabilisation of lending to businesses. The recovery in mortgage loans to households is estimated to continue, driven by a combination of strong demand and readily available supply, with the expectation that the deterioration rate will remain at a low level. Demand for mortgages will continue to be sustained by lower interest rates, expectations of a steady recovery in real estate transactions, and the positive trend in house prices.

Deposits are expected to normalise, following the significant outflows in 2023 towards more remunerative instruments and the recovery in 2024. Assuming that the reallocation of excess liquidity on current accounts has almost run its course, deposits as a whole will enter a consolidation phase. Household deposits will continue to be influenced by the attractiveness of government bonds, but not as strongly as in 2023, with this influence diminishing over time. Deposits from businesses are likely to show signs of a reversal, reflecting the decline in company earnings. The continued fall in interest rates will result in a reduction of the positive spread between the rates on time deposits and demand deposits, leading to a further slowdown for the former. For bonds, the more moderate growth is estimated to continue in 2025, supporting overall funding from customers.

The decline in lending rates is expected to accelerate, while the downward trajectory of borrowing rates will be characterised by stickiness, particularly for rates on current accounts. The overall cost of funding from customers will also be affected by the shift towards more expensive forms. As a result, the bank's spread between lending and borrowing rates will shrink significantly compared to 2024, by around half a percentage point, but will still remain high in historical terms.

Continued interest rate cuts are expected to lead to a moderate recovery in asset management and life insurance business volumes. Inflows of investments to these segments may be fuelled by the stock of cash that has flowed into deposits and securities under administration in previous years, in a scenario where interest in direct investment in fixed-income securities is expected to diminish.

With regard to the Intesa Sanpaolo Group, the implementation of the 2022-2025 Business Plan is proceeding at full speed, with the outlook for 2025 net income raised to well above 9 billion euro.

The forecast for 2025 envisages:

- increasing revenues, with: net interest income resilience (in relation to higher contribution from core deposits hedging and increase in loans volume); growth in net fee and commission income and income from insurance business which leverages on the Group's leadership in Wealth Management, Protection & Advisory; growth in profits from trading;
- decreasing operating costs, despite investment in technology, with: trade union agreement relating to Italy for 4,000 voluntary exits by 2027 of people close to retirement age, 2,350 of which by 2025 (already around 950 exits as at 1 January 2025), and 3,500 new hires of young people by the first half of 2028, 1,500 of which as Global Advisors for the Network commercial activities, specifically in Wealth Management & Protection; by 2027, through natural turnover of people, 3,000 exits in Italy, 1,000 of which by 2025, and 2,000 net exits in international subsidiaries, 500 of which by 2025; additional benefits deriving from technology (e.g., branch network rationalisation and IT processes streamlining); real-estate rationalisation;
- low cost of risk, with: low NPL stock; high-quality loan portfolio; proactive credit management;
- lower levies and other charges concerning the banking and insurance industry due to no further contribution to the deposit guarantee scheme.

A strong value distribution is envisaged:

- cash payout ratio of 70% of the consolidated net income for each year of the Business Plan, with an increase in the dividend per share for 2025 versus the dividend per share for 2024[158];
- buyback of 2 billion euro to be launched in June 2025 (authorised by the ECB)[159];
- additional distribution for 2025 to be quantified when full-year results are approved.

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 over 14% pre Basel 4, at around 13.7% post 2025 Basel 4 impact of around 40 basis points, and at around 14.5% post overall Basel 4 impact of around 60 basis points (of which around 20 in 2026-2033, including around 10 in 2026 relating to FRTB) and including the absorption of DTAs after 2025 of around 100 basis points (mostly by 2028), taking into account the above-mentioned payout ratio envisaged for the years covered by the Business Plan, the buyback to be launched in June 2025 and not considering an additional distribution for 2025.

The Board of Directors

Turin, 27 February 2025

158 Subject to the approval from the Shareholders' Meeting.

159 See the previous note.

Intesa Sanpaolo Group Consolidated financial statements

Consolidated financial statements

Consolidated balance sheet

(millions of euro)

Assets		31.12.2024	31.12.2023	Changes amount	Changes %
10.	Cash and cash equivalents	40,533	89,270	-48,737	-54.6
20.	Financial assets measured at fair value through profit or loss	150,943	144,594	6,349	4.4
	a) financial assets held for trading	*41,439*	*38,163*	*3,276*	*8.6*
	b) financial assets designated at fair value	*6*	*1*	*5*	
	c) other financial assets mandatorily measured at fair value	*109,498*	*106,430*	*3,068*	*2.9*
30.	Financial assets measured at fair value through other comprehensive income	150,269	140,753	9,516	6.8
40.	Financial assets measured at amortised cost	518,702	518,950	-248	-0.0
	a) due from banks	*38,460*	*32,899*	*5,561*	*16.9*
	b) loans to customers	*480,242*	*486,051*	*-5,809*	*-1.2*
50.	Hedging derivatives	6,505	7,006	-501	-7.2
60.	Fair value change of financial assets in hedged portfolios (+/-)	-3,602	-5,695	-2,093	-36.8
70.	Investments in associates and companies subject to joint control	3,036	2,501	535	21.4
80.	Insurance assets	693	813	-120	-14.8
	a) insurance contracts issued that are assets	*444*	*412*	*32*	*7.8*
	b) reinsurance contracts held that are assets	*249*	*401*	*-152*	*-37.9*
90.	Property and equipment	9,024	9,825	-801	-8.2
100.	Intangible assets	9,860	9,524	336	3.5
	of which:				
	- goodwill	*3,697*	*3,672*	*25*	*0.7*
110.	Tax assets	12,916	14,533	-1,617	-11.1
	a) current	*1,650*	*1,932*	*-282*	*-14.6*
	b) deferred	*11,266*	*12,601*	*-1,335*	*-10.6*
120.	Non-current assets held for sale and discontinued operations	667	264	403	
130.	Other assets	33,739	31,232	2,507	8.0
Total assets		**933,285**	**963,570**	**-30,285**	**-3.1**

Consolidated balance sheet

(millions of euro)

Liabilities and Shareholders' Equity		31.12.2024	31.12.2023	Changes amount	Changes %
10.	Financial liabilities measured at amortised cost	599,620	642,119	-42,499	-6.6
	a) due to banks	*45,794*	*93,242*	*-47,448*	*-50.9*
	b) due to customers	*443,457*	*440,449*	*3,008*	*0.7*
	c) securities issued	*110,369*	*108,428*	*1,941*	*1.8*
20.	Financial liabilities held for trading	42,882	43,493	-611	-1.4
30.	Financial liabilities designated at fair value	74,083	72,782	1,301	1.8
40.	Hedging derivatives	4,410	5,188	-778	-15.0
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-1,819	-3,967	-2,148	-54.1
60.	Tax liabilities	2,097	1,946	151	7.8
	a) current	*383*	*458*	*-75*	*-16.4*
	b) deferred	*1,714*	*1,488*	*226*	*15.2*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	5	2	3	
80.	Other liabilities	15,014	12,741	2,273	17.8
90.	Employee termination indemnities	706	767	-61	-8.0
100.	Allowances for risks and charges	4,885	4,523	362	8.0
	a) commitments and guarantees given	*601*	*524*	*77*	*14.7*
	b) post-employment benefits	*98*	*98*	*-*	*-*
	c) other allowances for risks and charges	*4,186*	*3,901*	*285*	*7.3*
110.	Insurance liabilities	126,081	119,849	6,232	5.2
	a) insurance contracts issued that are liabilities	*126,013*	*119,674*	*6,339*	*5.3*
	b) reinsurance contracts held that are liabilities	*68*	*175*	*-107*	*-61.1*
120.	Valuation reserves	-2,332	-2,009	323	16.1
130.	Redeemable shares	-	-	-	
140.	Equity instruments	8,706	7,948	758	9.5
150.	Reserves	15,367	14,697	670	4.6
155.	Interim dividend (-)	-3,022	-2,629	393	14.9
160.	Share premium reserve	27,601	28,003	-402	-1.4
170.	Share capital	10,369	10,369	-	-
180.	Treasury shares (-)	-179	-140	39	27.9
190.	Minority interests (+/-)	145	164	-19	-11.6
200.	Net income (loss) (+/-)	8,666	7,724	942	12.2
Total liabilities and shareholders' equity		**933,285**	**963,570**	**-30,285**	**-3.1**

Consolidated income statement

(millions of euro)

		2024	2023	Changes amount	%
10.	Interest and similar income	34,602	32,525	2,077	6.4
	of which: interest income calculated using the effective interest rate method	*29,438*	*28,482*	*956*	*3.4*
20.	Interest and similar expense	-16,512	-15,589	923	5.9
30.	**Interest margin**	**18,090**	**16,936**	**1,154**	**6.8**
40.	Fee and commission income	11,392	10,528	864	8.2
50.	Fee and commission expense	-2,781	-2,727	54	2.0
60.	**Net fee and commission income**	**8,611**	**7,801**	**810**	**10.4**
70.	Dividend and similar income	800	660	140	21.2
80.	Profits (Losses) on trading	493	513	-20	-3.9
90.	Fair value adjustments in hedge accounting	7	-59	66	
100.	Profits (Losses) on disposal or repurchase of:	57	-467	524	
	a) financial assets measured at amortised cost	*50*	*-58*	*108*	
	b) financial assets measured at fair value through other comprehensive income	*10*	*-445*	*455*	
	c) financial liabilities	*-3*	*36*	*-39*	
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	2,635	2,367	268	11.3
	a) financial assets and liabilities designated at fair value	*-5,342*	*-3,619*	*1,723*	*47.6*
	b) other financial assets mandatorily measured at fair value	*7,977*	*5,986*	*1,991*	*33.3*
120.	**Net interest and other banking income**	**30,693**	**27,751**	**2,942**	**10.6**
130.	Net losses/recoveries for credit risk associated with:	-1,139	-1,416	-277	-19.6
	a) financial assets measured at amortised cost	*-1,131*	*-1,359*	*-228*	*-16.8*
	b) financial assets measured at fair value through other comprehensive income	*-8*	*-57*	*-49*	*-86.0*
140.	Profits (Losses) on changes in contracts without derecognition	-28	-29	-1	-3.4
150.	**Net income from banking activities**	**29,526**	**26,306**	**3,220**	**12.2**
160.	Insurance service result	1,653	2,038	-385	-18.9
	a) insurance revenue arising from insurance contracts issued	*3,169*	*3,118*	*51*	*1.6*
	b) insurance service expenses arising from insurance contracts issued	*-1,446*	*-1,090*	*356*	*32.7*
	c) insurance revenue arising from reinsurance contracts held	*99*	*177*	*-78*	*-44.1*
	d) insurance service expenses arising from reinsurance contracts held	*-169*	*-167*	*2*	*1.2*
170.	Balance of financial income and expenses related to insurance operations	-5,804	-5,318	486	9.1
	a) net financial expenses/revenue related to insurance contracts issued	*-5,805*	*-5,319*	*486*	*9.1*
	b) net financial expenses/revenue related to reinsurance contracts held	*1*	*1*	*-*	*-*
180.	**Net income from banking and insurance activities**	**25,375**	**23,026**	**2,349**	**10.2**
190.	Administrative expenses:	-11,997	-11,505	492	4.3
	a) personnel expenses	*-7,422*	*-6,781*	*641*	*9.5*
	b) other administrative expenses	*-4,575*	*-4,724*	*-149*	*-3.2*
200.	Net provisions for risks and charges	-667	-326	341	
	a) commitments and guarantees given	*-80*	*50*	*-130*	
	b) other net provisions	*-587*	*-376*	*211*	*56.1*
210.	Net adjustments to / recoveries on property and equipment	-647	-684	-37	-5.4
220.	Net adjustments to / recoveries on intangible assets	-1,111	-973	138	14.2
230.	Other operating expenses (income)	1,161	910	251	27.6
240.	**Operating expenses**	**-13,261**	**-12,578**	**683**	**5.4**
250.	Profits (Losses) on investments in associates and companies subject to joint control	-32	163	-195	
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-23	-33	-10	-30.3
270.	Goodwill impairment	-	-	-	
280.	Profits (Losses) on disposal of investments	-1	168	-169	
290.	**Income (Loss) before tax from continuing operations**	**12,058**	**10,746**	**1,312**	**12.2**
300.	Taxes on income from continuing operations	-3,399	-2,994	405	13.5
310.	**Income (Loss) after tax from continuing operations**	**8,659**	**7,752**	**907**	**11.7**
320.	Income (Loss) after tax from discontinued operations	-	-	-	
330.	**Net income (loss)**	**8,659**	**7,752**	**907**	**11.7**
340.	Minority interests	7	-28	35	
350.	**Parent Company's net income (loss)**	**8,666**	**7,724**	**942**	**12.2**
	Basic EPS - Euro	**0.48**	**0.42**		
	Diluted EPS - Euro	**0.48**	**0.42**		

Statement of consolidated comprehensive income

(millions of euro)

		2024	2023	Changes amount	Changes %
10.	**Net income (Loss)**	**8,659**	**7,752**	**907**	**11.7**
	Other comprehensive income (net of tax) that may not be reclassified to the income statement	**133**	**-133**	**266**	
20.	Equity instruments designated at fair value through other comprehensive income	206	-218	424	
30.	Financial liabilities designated at fair value through profit or loss (change in own credit rating)	-65	-80	-15	-18.8
40.	Hedging of equity instruments designated at fair value through other comprehensive income	-	-	-	
50.	Property and equipment	-20	113	-133	
60.	Intangible assets	-	-	-	
70.	Defined benefit plans	12	52	-40	-76.9
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	**-492**	**500**	**-992**	
110.	Hedges of foreign investments	14	-14	28	
120.	Foreign exchange differences	-281	-27	254	
130.	Cash flow hedges	225	205	20	9.8
140.	Hedging instruments (not designated elements)	-	-	-	
150.	Financial assets (other than equities) measured at fair value through other comprehensive income	610	3,388	-2,778	-82.0
160.	Non-current assets held for sale and discontinued operations	-	-	-	
170.	Share of valuation reserves connected with investments carried at equity	34	-38	72	
180.	Financial revenue and expenses related to insurance contracts issued	-1,094	-3,024	-1,930	-63.8
190.	Financial revenue and expenses related to reinsurance contracts held	-	10	-10	
200.	**Total other comprehensive income (net of tax)**	**-359**	**367**	**-726**	
210.	**Total comprehensive income (captions 10 + 200)**	**8,300**	**8,119**	**181**	**2.2**
220.	**Total consolidated comprehensive income pertaining to minority interests**	**-42**	**4**	**-46**	
230.	**Total consolidated comprehensive income pertaining to the Parent Company**	**8,342**	**8,115**	**227**	**2.8**

Changes in consolidated shareholders' equity as at 31 December 2024

	31.12.2024												
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Interim dividend	Treasury shares	Net income (loss)	Shareholders' equity	Group shareholders' equity	Minority interests
	ordinary shares	other shares		retained earnings	other								
AMOUNTS AS AT 31.12.2023	**10,491**	**-**	**28,019**	**13,711**	**1,132**	**-2,157**	**7,948**	**-2,629**	**-140**	**7,752**	**64,127**	**63,963**	**164**
Changes in opening balances	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AMOUNTS AS AT 1.1.2024	**10,491**	**-**	**28,019**	**13,711**	**1,132**	**-2,157**	**7,948**	**-2,629**	**-140**	**7,752**	**64,127**	**63,963**	**164**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)													
Reserves	**-**	**-**	**-**	**2,721**	**-**	**-**	**-**	**-**	**-**	**-2,721**	**-**	**-**	**-**
Dividends and other allocations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,629**	**-**	**-5,031**	**-2,402**	**-2,392**	**-10**
CHANGES IN THE PERIOD													
Changes in reserves	**-**	**-**	**-**	**-**	**172**	**-**	**-**	**-**	**-**	**-**	**172**	**172**	-
Operations on shareholders' equity													
Issue of new shares	-	-	4	-	-	-	-	-	1,766	-	1,770	1,770	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-1,806	-	-1,806	-1,805	-1
Interim dividend	-	-	-	-	-	-	-	-3,022	-	-	-3,022	-3,022	-
Dividends	-	-	-406	-	-	-	-	-	-	-	-406	-406	-
Changes in equity instruments	-	-	-	-	-	-	758	-	-	-	758	758	-
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	17	-	27	-2,215	-	1	-	-	-	-	-2,170	-2,204	34
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-359**	**-**	**-**	**-**	**8,659**	**8,300**	**8,342**	**-42**
SHAREHOLDERS' EQUITY AS AT 31.12.2024	**10,508**	**-**	**27,644**	**14,217**	**1,304**	**-2,515**	**8,706**	**-3,022**	**-180**	**8,659**	**65,321**	**65,176**	**145**
- Group	**10,369**	**-**	**27,601**	**14,063**	**1,304**	**-2,332**	**8,706**	**-3,022**	**-179**	**8,666**	**65,176**		
- minority interests	**139**	**-**	**43**	**154**	**-**	**-183**	**-**	**-**	**-1**	**-7**	**145**		

(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 December 2023

	31.12.2023												
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Interim dividend	Treasury shares	Net income (loss)	Shareholders' equity	Group shareholders' equity	Minority interests
	ordinary shares	other shares		retained earnings	other								
AMOUNTS AS AT 31.12.2022	**10,537**	**-**	**28,068**	**14,254**	**904**	**-2,583**	**7,211**	**-1,400**	**-124**	**4,402**	**61,269**	**61,103**	**166**
Changes in opening balances	**-**	**-**	**-**	**-59**	**-**	**59**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AMOUNTS AS AT 1.1.2023	**10,537**	**-**	**28,068**	**14,195**	**904**	**-2,524**	**7,211**	**-1,400**	**-124**	**4,402**	**61,269**	**61,103**	**166**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)													
Reserves	**-**	**-**	**-**	**1,338**	**-**	**-**	**-**	**-**	**-**	**-1,338**	**-**	**-**	**-**
Dividends and other allocations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,400**	**-**	**-3,064**	**-1,664**	**-1,664**	**-**
CHANGES IN THE PERIOD													
Changes in reserves	**-**	**-**	**-57**	**-**	**228**	**-**	**-**	**-**	**-**	**-**	**171**	**171**	-
Operations on shareholders' equity													
Issue of new shares	-	-	7	-	-	-	-	-	1,764	-	1,771	1,771	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-1,780	-	-1,780	-1,780	-
Interim dividend	-	-	-	-	-	-	-	-2,629	-	-	-2,629	-2,629	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity instruments	-	-	-	-	-	-	737	-	-	-	737	737	-
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-46	-	1	-1,822	-	-	-	-	-	-	-1,867	-1,861	-6
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**367**	**-**	**-**	**-**	**7,752**	**8,119**	**8,115**	**4**
SHAREHOLDERS' EQUITY 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**
- Group	**10,369**	**-**	**28,003**	**13,565**	**1,132**	**-2,009**	**7,948**	**-2,629**	**-140**	**7,724**	**63,963**		
- minority interests	**122**	**-**	**16**	**146**	**-**	**-148**	**-**	**-**	**-**	**28**	**164**		

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

Consolidated statement of cash flows

(millions of euro)

	31.12.2024	31.12.2023
A. OPERATING ACTIVITIES		
1. Cash flow from operations	**12,476**	**10,739**
Net income (loss) (+/-)	8,659	7,752
Gains/losses on financial assets held for trading and on other assets/liabilities measured at fair value through profit and loss (-/+)	1,155	-1,802
Gains/losses on hedging activities (-/+)	-7	59
Net losses/recoveries for credit risk (+/-)	1,568	1,780
Adjustments to/net recoveries on property, equipment and intangible assets (+/-)	1,758	1,657
Net provisions for risks and charges and other costs/revenues (+/-)	1,764	995
Net revenues and expenses of insurance contracts issued and reinsurance contracts held (-/+)	4,151	3,281
Taxes, duties and tax credits to be paid/collected (+/-)	1,817	1,297
Net adjustments to/recoveries on discontinued operations net of tax effect (-/+)	-	-
Other adjustments (+/-)	-8,389	-4,280
2. Cash flow from / used in financial assets	**-11,890**	**-12,263**
Financial assets held for trading	-2,706	5,386
Financial assets designated at fair value	-20	-2,794
Other financial assets mandatorily measured at fair value	4,910	7,163
Financial assets measured at fair value through other comprehensive income	-10,013	-21,957
Financial assets measured at amortised cost	35	7,468
Other assets	-4,096	-7,529
3. Cash flow from / used in financial liabilities (*)	**-47,124**	**-17,427**
Financial liabilities measured at amortised cost	-43,832	-27,971
Financial liabilities held for trading	-688	-3,449
Financial liabilities designated at fair value	-4,022	8,949
Other liabilities	1,418	5,044
4. Cash flow from/used in insurance contracts issued and reinsurance contracts held	**6,351**	**1,613**
Insurance contracts issued that are assets/liabilities (+/-)	6,308	1,719
Reinsurance contracts held that are assets/liabilities (+/-)	43	-106
Net cash flow from (used in) operating activities	**-40,187**	**-17,338**
B. INVESTING ACTIVITIES		
1. Cash flow from	**304**	**1,200**
Sales of investments in associates and companies subject to joint control	168	421
Dividends collected on investments in associates and companies subject to joint control	53	73
Sales of property and equipment	79	633
Sales of intangible assets	4	73
Sales of subsidiaries and business branches	-	-
2. Cash flow used in	**-1,551**	**-1,788**
Purchases of investments in associates and companies subject to joint control	-35	-133
Purchases of property and equipment	-286	-334
Purchases of intangible assets	-1,383	-1,321
Purchases of subsidiaries and business branches	153	-
Net cash flow from (used in) investing activities	**-1,247**	**-588**
C. FINANCING ACTIVITIES		
Issues/purchases of treasury shares	-1,736	-1,709
Share capital increases	355	417
Dividend distribution and other	-5,830	-4,293
Disposal/acquisition of minority interests in subsidiaries	23	-7
Net cash flow from (used in) financing activities	**-7,188**	**-5,592**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-48,622**	**-23,518**
RECONCILIATION		
Financial statement captions		
Cash and cash equivalents at beginning of period	89,270	112,924
Net increase (decrease) in cash and cash equivalents	-48,622	-23,518
Cash and cash equivalents: foreign exchange effect	-115	-136
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**40,533**	**89,270**

LEGEND: (+) from (–) used in

(*) With regard to the disclosure required by par. 44 B of IAS 7, it is noted that the changes in liabilities deriving from financing activities amount to 47,124 million euro (cash flow used) and comprise -45,522 million euro in cash flows, -4,221 million euro in fair value changes and +2,619 million euro in other changes.

Notes to the consolidated financial statements

Part A – Accounting policies

A.1 – GENERAL CRITERIA

SECTION 1 – DECLARATION OF COMPLIANCE WITH IAS/IFRS

As set forth by Legislative Decree 38 of 28 February 2005, the Intesa Sanpaolo Group's Consolidated financial statements have been prepared in compliance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Standards - Interpretations Committee (IFRS-IC) and endorsed by the European Commission as provided for by EC Regulation 1606 of 19 July 2002.
The Consolidated financial statements as at 31 December 2024 have been prepared based on the "Instructions for the preparation of the separate and consolidated financial statements of banks and financial companies, which are parent companies of banking groups" issued by the Bank of Italy, in the exercise of powers set forth by Art. 43 of Legislative Decree 136/2015[160], with Regulation of 22 December 2005, which issued Circular 262/2005, and subsequent updates. Specifically, these consolidated financial statements have been prepared in accordance with the format and preparation rules of the 8th update of 17 November 2022[161].
These Instructions set out compulsory financial statement forms, as well as the contents of the Notes to the consolidated financial statements.
The financial statements have been prepared using the IAS/IFRS endorsed and in force as at 31 December 2024 (including the SIC and IFRIC interpretation documents) as listed in the attachments to these financial statements.
The table below shows the new standards or amendments to existing ones, together with the related European Commission endorsement regulations, which came into force in 2024.

IFRS endorsed as at 31.12.2024 in force since 2024

Endorsement Regulation	Amendments to Standards/Interpretations	Effective date
2579/2023	Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback	01/01/2024 First financial year starting on or after 01/01/2024
2822/2023	Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	01/01/2024 First financial year starting on or after 01/01/2024
1317/2024	Amendments to IAS 7 Statement of Cash Flows and to IFRS 7 Financial Instruments: Disclosure - Supplier Finance Arrangements	01/01/2024 First financial year starting on or after 01/01/2024

As shown in the above table, the financial statements as at 31 December 2024 reflect the provisions of Regulation no. 2579/2023 Amendment to IFRS 16 Leases – Lease Liability in a Sale and Leaseback
of 20 November 2023, Regulation no. 2822/2023 – Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants of 19 December 2023, and Regulation no. 1317/2024 Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 of 15 May 2024. There were no significant aspects of this for the Group. Below is a brief summary of their main content.

[160] Art. 43 of Legislative Decree 136/2015 confirmed to the Bank of Italy the powers concerning the layouts of financial statements already previously attributed to the same Authority by Legislative Decree 38/2005.
[161] The 8th update of 17 November 2022, which amended Circular 262 to take account of the new reporting standard, IFRS 17 Insurance Contracts, which became effective on 1 January 2023, applies from the financial statements for the periods ending on or after 31 December 2023. The financial statements as at 31 December 2024 also reflect the provisions introduced by IVASS Order no. 152 of 26 November 2024 applicable to insurance contracts. Indeed, IVASS provisions are also directly applicable pursuant to Bank of Italy Circular 262/2005 for topics relating to insurance contracts pertaining to consolidated insurance companies.

Regulation no. 2579/2023 - Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback
Regulation no. 2579/2023 of 20 November 2023 amends IFRS 16 Leases with respect to lease liabilities in a sale and leaseback transaction, published by the IASB on 22 September 2022.
The limited amendments introduced relate to the recognition of sale and leaseback transactions[162] 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.
The amendments are mandatory for annual reporting periods beginning on or after 1 January 2024. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16, i.e., 1 January 2019.
These amendments are not particularly significant for the Intesa Sanpaolo Group given the characteristics of its existing sale and leaseback agreements, which have no variable or insignificant variable payments.

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

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

The table below shows the new standards and amendments to existing ones, together with the related European Commission endorsement regulations, which will become mandatory after 2024, and for which the Intesa Sanpaolo Group has not exercised the option of early adoption.

[162] 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.

IFRS endorsed as at 31.12.2024 applicable subsequent to 31.12.2024

Endorsement Regulation	Amendments to Standards/Interpretations	Effective date
2862/2024	Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	01/01/2025 First financial year starting on or after 01/01/2025

Regulation no. 2862/2024 of 12 November 2024 Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

Regulation no. 2862/2024 of 12 November 2024 amends IAS 21 specifying when a currency is exchangeable into another currency and how to determine the exchange rate when it is not and the disclosure required.

Specifically, the amendments:

- introduce the definition of “exchangeability”[163] and an application guidance to assist entities in determining when a currency is exchangeable (for example, by clarifying how to assess the time frame to obtain the currency);
- cover the estimate of the spot exchange rate when a currency is not exchangeable into another currency, using an observable exchange rate or another estimation technique. In this respect, the IASB opted not to provide specific requirements on how to estimate spot exchange rates - since such estimate may depend on circumstances specific to the entity and the relevant economic/legal environment. However, some examples are provided to assist practitioners in their assessments;
- cover the required disclosure that would enable users of the financial statements to evaluate how a currency’s lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. Furthermore, an entity shall disclose information about the estimation process and the risks to which it is exposed because of the currency not being exchangeable into another currency.

The amendments apply to annual reporting periods beginning on or after 1 January 2025.

As also noted by the IASB the cases subject to regulatory intervention are not frequent. Therefore, given the current context, these amendments are not expected to be particularly significant for the Intesa Sanpaolo Group.

The table below shows the new international financial reporting standards or amendments to existing standards that have not yet been endorsed by the European Commission.

IFRS not endorsed as at 31.12.2024

New Standards/Interpretations		Date of issue
IFRS 18	Presentation and Disclosure in Financial Statements	09/04/2024
IFRS 19	Subsidiaries without Public Accountability: Disclosures	09/05/2024
Amendments to Standards/Interpretations		
IFRS 9	Amendments to the Classification and Measurements of Financial Instruments	30/05/2024
IFRS 7	Amendments to the Classification and Measurements of Financial Instruments	30/05/2024
Several IAS/IFRS (*)	Annual Improvements - Volume 11	18/07/2024
IFRS 9	Contracts Referencing Nature-dependent Electricity	18/12/2024
IFRS 7	Contracts Referencing Nature-dependent Electricity	18/12/2024

(*) The Annual Improvements relate to: Cost Method (Amendments to IAS 7), Credit Risk Disclosures (Amendments to Illustrative Examples accompanying IFRS 7), Determination of a ‘De Facto Agent’ (Amendments to IFRS 10), Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Illustrative Guidance accompanying IFRS 7), Gain or Loss on Derecognition (Amendments to IFRS 7), Hedge Accounting by a First-time Adopter (Amendments to IFRS 1), Lessee Derecognition of Lease Liabilities (Amendments to IFRS 9), Transaction Price (Amendments to IFRS 9)

[163] IAS 21.8: “A currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.”

As regards the IASB documents introducing new standards or amending existing accounting standards pending endorsement, the following is noted:

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements was issued by the IASB on 9 April 2024. Its application is mandatory for annual reporting periods starting from 1 January 2027 onwards but earlier application is permitted, subject to the completion of the endorsement process. Comparative information needs to be disclosed in respect of the previous period.
The standard will not affect how companies measure their financial performance, but only the presentation. Indeed, the following will be required:

1. Introduce defined subtotals in the statement of profit or loss

Under IFRS 18, entities need to classify items of income and expense in 5 categories: operating, investing and financing - covered by the new definition introduced by IFRS 18 - in addition to income taxes and discontinued operations, which are unchanged.
With respect to specific operating segments, such as banking, insurance and financial conglomerates, items of income and expense that would normally be classified in the investing or financing categories contribute to the operating performance since for these entities, investing or financing to customers are the main business activity.

2. Management-defined performance measures (MPMs)

Management-defined performance measures (MPMs) are the subtotals of income and expenses, other than those covered by IFRS 18 or specifically required by other IFRS, that an entity uses in public communications outside financial statements (including the report on operations) to communicate to investors management's view of an aspect of the financial performance of the entity. Under IFRS 18, an entity shall disclose information about its MPMs in a single note to the financial statements, including information that enables users of financial statements to understand them.

3. Grouping (aggregation and disaggregation) of information

Finally, IFRS 18 provides application guidance on aggregating information in the primary financial statements and accompanying notes, which have complementary roles. With respect to the expense items to be included in the operating category, under IFRS 18, entities must present these items in a way that provides the most useful structured summary of them, by either the "nature" or "function" of the expense. However, a "mixed" (by both nature and function) presentation is also allowed by disclosing the specific expenses by nature in the notes to the financial statements.
Although the mandatory first-time adoption of this standard is not imminent (it will become mandatory for annual reporting periods starting from 1 January 2027), its provisions are currently being analysed in order to assess their relevance for the Intesa Sanpaolo Group, specifically with respect to the presentation of the items comprising the statement of profit or loss (primary and reclassified). In any case, Italian banks will have to wait for the Bank of Italy's initiatives to adapt to the new standard, in particular, with reference to Circular 262/2005, also in order to assess the consequences on application systems.

Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB published "Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7" to address matters identified during the post-implementation review (PIR) of the classification and measurement requirements of IFRS 9 Financial Instruments.
The amendments cover the following aspects:

1. Classification of financial assets

The application guidance provides clarification for assessing the characteristics of contractual cash flows, i.e., the so-called solely payments of principal and interest (SPPI) criterion which, if met, leads to the classification of assets at amortised cost.
This includes the amendments that clarify the treatment for the SPPI test of financial assets with features linked to Environmental, Social and Governance (ESG) factors which, upon achieving (or failing to achieve) specific ESG KPIs, provide for a variability of the interest rate which is contractually defined (usually the increase and/or decrease of a specific number of basis points). Under the proposed approach, contracts where the contingent event does not relate directly to changes in basic lending risks and costs (with an example of reduction of carbon emissions), the entity should define an internal policy in order to assess that the cash flows of the instrument are not significantly different from those of a financial instrument with identical contractual terms, but without such a contingent feature.

2. Derecognition of financial liabilities settled through an electronic cash transfer system

Under the amendments, a financial liability is derecognised at the settlement date, unless the entity opts for the application of the new provisions whereby a financial liability can be derecognised at an earlier date if the cash transfer takes place through an electronic payment system and specific conditions are met. The amendment introduced by the IASB provides for the possibility (and not the obligation) to adopt an accounting policy to be applied consistently to all settlements made through a specific electronic payment system.

3. New disclosure requirements

The IFRS 7 was amended to introduce additional disclosure requirements relating to:

– financial instruments with contractual terms that could change the amount of cash flows based on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in basic lending risks and costs, e.g. in the case of ESG instruments;
– equity instruments designated at FVOCI.

The amendments are effective mandatorily for annual reporting periods beginning on or after 1 January 2026, subject to the completion of the endorsement process. Furthermore, earlier application is permitted or, alternatively, entities can decide to early adopt only the amendments related to the classification of financial assets and the related disclosures. The amendments are required to be applied retrospectively, in accordance with the requirements of IAS 8, though restatement of prior periods is not required (similarly to the first-time adoption of IFRS 9). With respect to the issues of greatest interest to the Group – the SPPI test for products with ESG features and the related disclosure - several analyses are currently underway in order to define the application methods and update corporate processes as part of a specific project that involves all the affected structures.

Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7

On 18 December 2024, the IASB published amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity, to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPA)[164]. The IASB acted swiftly in the light of the increased use of these contracts which help companies to secure their electricity supply from renewable sources such as wind and solar power, at a fixed price per unit of energy purchased or sold. The amount of electricity generated under these contracts can vary based on uncontrollable factors such as weather conditions and, at certain times (e.g. weekends or during the night), the entity may not consume all of the purchased energy, resulting in the need to resell it on the market, as energy cannot be stored.

The amendments include:

– clarifying the application of the "own-use" requirements;
  The aim of the amendments is to enable application of the exception envisaged by IFRS 9 for entities that enter into these agreements for the purpose of the receipt of energy in accordance with the entity's expected usage, thereby avoiding the classification as financial instruments to be measured at fair value;
– allow hedge accounting requirements when these agreements are used as hedging instruments (e.g. via a virtual PPA). These amendments essentially allow a cash flow hedge, avoiding the need to designate a specific amount by reference to the volume of the electricity transaction, as is normally required under IFRS 9 to promote the effectiveness of the hedging relationship;
– new disclosure requirements which enable investors to understand the effect of these agreements on the performance and cash flows of an entity. Specifically, entities are required to provide information about the terms and conditions of these agreements and quantitative and qualitative information about the agreements and their financial effect.

The mandatory effective date of the amendments is for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted subject to the completion of the endorsement process.

The PPAs were also covered by ESMA in Priorities 2023 given the importance of these instruments, specifically in certain industries, in the context of climate-related policies. There are currently no significant instances applicable to the Intesa Sanpaolo Group.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued by the IASB in May 2024 and permits subsidiaries that are eligible to provide reduced disclosures instead of the disclosure requirements of other IAS/IFRS.

IFRS 19 does not apply to the preparation of the Intesa Sanpaolo Group's consolidated financial statements, nor of Intesa Sanpaolo's separate financial statements. Overall, the scope of the standard is narrowed for banks, financial intermediaries and insurance companies (which often meet the public accountability criterion).

Annual Improvements - Volume 11

The IASB issued some narrow scope amendments to IAS/IFRS on 18 July 2024 as part of the annual improvements of financial reporting standards. All amendments will be effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted subject to the completion of the endorsement process.

Given their limited nature, the amendments are not particularly important for the Intesa Sanpaolo Group.

[164] Specifically, PPAs may refer to:

– the signing of a renewable power purchase agreement (physical PPA) whereby an entity undertakes to purchase a certain amount of electricity produced from renewable sources (e.g. all energy produced by a wind turbine) at a predetermined fixed price for a certain number of years (even a very long time, e.g. 20 years);
– virtual agreements (or virtual PPAs) whereby there is no physical delivery of energy; in these agreements, the difference between the fixed price determined in the PPA and the spot price at which energy can be purchased/sold in the market is settled.

SECTION 2 – GENERAL PREPARATION PRINCIPLES

The Consolidated financial statements are made up of the Balance sheet, the Income statement, the Statement of comprehensive income, the Changes in shareholders' equity, the Statement of cash flows, the Notes to the consolidated financial statements and the related comparative information; the Report on operations prepared by the Directors, on the economic results achieved and on the Intesa Sanpaolo Group's balance sheet and financial position has also been included.
In compliance with the provisions of Article 5 of Legislative Decree 38/2005, the financial statements have been drawn up in euro as functional currency.
The amounts indicated in the financial statements and in the Notes to the consolidated financial statements as well as those in the Report on operations are expressed in millions of euro, unless otherwise specified.
The financial statements are prepared with the application of the general principles set out by IAS 1 and the specific financial reporting standards endorsed by the European Commission and illustrated in Part A.2 of these Notes to the financial statements, as well as in compliance with the general assumptions set forth by the Conceptual Framework for the preparation and presentation of Financial Statements issued by IASB.
No exceptions to the application of IAS/IFRS have been made.
The Report on operations and the Notes to the consolidated financial statements contain all information required by the IAS/IFRS, by current regulations, by the Bank of Italy, by Consob (Italian Securities and Exchange Commission) and by the European Securities and Markets Authority - ESMA, in addition to other information which is not compulsory but is nonetheless deemed to be necessary in order to give a true and fair presentation of the Group's situation.

Where the conditions exist pursuant to IFRS 5, among the reclassified components held for sale, resulting from the consolidated balance sheet accounting schedules as of 31 December 2024 and the related details in the Notes to the consolidated financial statements, the main ones include: (i) the 22.5% investment in Cronos Vita Assicurazioni, acquired by Intesa Sanpaolo Assicurazioni (formerly Intesa Sanpaolo Vita) as part of the system-wide transaction aimed at protecting the policyholders of Eurovita, which involved 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 (classified among held for sale as early as December 2023 and confirmed also at the end of 2024); (ii) properties, including those subject to transfer under the agreement between Intesa Sanpaolo and COIMA entered into on 19 April 2024, with a total value of around 0.5 billion euro, due to be completed in 2025; and (iii) non-performing loans of 0.3 billion euro gross, due to be sold under a de-risking transaction approved in December 2024.
With respect to the non-performing loans included under assets held for sale as at 31 December 2023, comprising unlikely-to-pay loans and high-risk performing loans for a total of approximately 0.2 billion euro, almost the entire portfolio was sold on 15 April 2024, with marginal exposures remaining that will be sold in 2025.

The financial statement forms and the Notes to the consolidated financial statements show, in addition to the figures for the reference period, the corresponding comparative figures for 2023.
The Attachments include the reconciliation statements to the balance sheet and income statement originally published in the 2023 financial statements, together with specific reconciliations between the latter financial statements and the reclassified statements included in the Report on operations accompanying these financial statements.

Contents of financial statement forms

Balance sheet and income statement

The compulsory forms of the balance sheet and income statement are made up of captions, subcaptions and further detailed information (specified as the "of which" items in the captions and subcaptions).
In the interests of completeness, it should be noted that with regard to the compulsory forms defined by the Bank of Italy, captions which do not have amounts for the reporting year and the previous year have also been shown. In the income statement revenues are indicated without sign, whereas costs are preceded by the minus sign.

Statement of comprehensive income

The statement of comprehensive income shows, starting from the net income/(loss) for the year, the income components recognised as a balancing entry in valuation reserves, net of the tax effect, in compliance with international financial reporting standards.
Consolidated comprehensive income is represented by providing separate recognition of the income components that will not be reversed to the income statement in the future and those which, conversely, could later be reclassified to income/(loss) for the year under specific conditions. The statement also distinguishes between the portion of income pertaining to the Parent Company and that pertaining to minority interests. Similarly to the balance sheet and the income statement, with respect to the compulsory forms defined by the Bank of Italy, captions which do not present amounts for the reporting year and the previous year are in any case included. Negative amounts are preceded by the minus sign.

Changes in shareholders' equity

The statement of changes in shareholders' equity presents shareholders' equity accounts and changes which occurred in the reference year and in the previous year, broken down in share capital, reserves, reserves from retained earnings, valuation reserves and net income. Treasury shares are deducted from shareholders' equity. The table is presented by inverting the rows and the columns with respect to the same form provided for by the updating of Bank of Italy Circular 262/2005.

Statement of cash flows

The statement of cash flows registered in the reference year and in the previous year is prepared using the indirect method, on the basis of which cash flows from operating activities are represented by net income adjusted for the effects of non-cash transactions.
Cash flows are broken down into flows from operating activities, from investing activities and from financing activities.
In the form, cash flows generated in the year are indicated without sign, whereas cash flows absorbed are preceded by the minus sign.

Contents of the Notes to the consolidated financial statements

The Notes to the financial statements include the information provided for by International Financial Reporting Standards and Circular 262 issued by the Bank of Italy on 22 December 2005 and subsequently amended, applicable for the preparation of these financial statements. They have been supplemented in accordance with IVASS guidance based on the updates to Regulation 7 of 13 July 2007, directly applicable also pursuant to Circular 262/2005, for the disclosure required by IFRS 17 for insurance contracts pertaining to consolidated insurance companies.

SECTION 3 – 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.

With respect to 31 December 2023, the changes in the line-by-line consolidation area involved the entry of:

- First Bank S.A. – Romania following its acquisition by Intesa Sanpaolo S.p.A. on 31 May 2024;
- Alpian S.A. due to the change in the consolidation method from Equity to Line-by-Line following the increase in the percentage ownership with resulting change in classification from associate to subsidiary with effect from 1 August 2024;

and the exit of:

- IN.FRA - Investire nelle Infrastrutture S.r.l. in liquidation, Compagnia Italiana Finanziaria S.r.l. in liquidation and Iniziative Logistiche S.r.l. in liquidation following their removal from the Company Register;
- Lux Gest Asset Management S.A. following the sale to third parties;
- IW Private Investments SIM S.p.A., merged into Fideuram - Intesa Sanpaolo Private Banking S.p.A.;
- Intesa Sanpaolo RBM Salute S.p.A., merged into Intesa Sanpaolo Protezione S.p.A. (formerly Intesa Sanpaolo Assicura S.p.A.).

Finally, for completeness, it is noted that Intesa Sanpaolo Vita S.p.A. changed its name to Intesa Sanpaolo Assicurazioni S.p.A. with the related change in the name of the Intesa Sanpaolo Vita Insurance Group to Intesa Sanpaolo Assicurazioni Group.

The following table lists the investments in exclusively controlled companies at 31 December 2024.

1. Exclusively controlled companies

	Companies	Place of business	Registered office	Type of relation-ship (a)	INVESTMENT Direct ownership	% held	Votes available (b)
1	Acantus S.p.A.	Milan	Milan	1	Intesa Sanpaolo S.p.A.	80.00	
	Capital 1,000,000 euro						
2	Alpian S.A.	Geneva	Geneva	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	51.14	
	Capital CHF 43,087,601				REYL & Cie S.A.	10.46	
						61.60	
3	Alpian Technologies LTD (c)	London	London	1	Alpian S.A.	100.00	
	Capital GBP 100,000						
4	Alpian Technologies S.r.l. (c)	Rome	Rome	1	Alpian Technologies LTD	100.00	
	Capital 10,000 euro						
5	Anti Financial Crime Digital HUB S.c.a.r.l. (c)	Turin	Turin	1	Intesa Sanpaolo S.p.A.	60.00	
	Capital 100,000 euro				Intesa Sanpaolo Innovation Center S.p.A.	10.00	
						70.00	
6	Banca Comerciala Eximbank S.A.	Chisinau	Chisinau	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital MDL 1,250,000,000						
7	Banca Intesa AD Beograd	Novi Beograd	Beograd	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital RSD 21,315,900,000						
8	Bank of Alexandria S.A.E.	Cairo	Cairo	1	Intesa Sanpaolo S.p.A.	80.00	
	Capital EGP 5,000,000,000						
9	Banka Intesa Sanpaolo d.d. (d)	Koper	Koper	1	Intesa Sanpaolo S.p.A.	48.13	
	Capital 22,173,218 euro				Privredna Banka Zagreb d.d.	51.00	
						99.13	
10	CBP Quilvest PE Fund GP S.a r.l. (c)	Luxembourg	Luxembourg	1	Intesa Sanpaolo Wealth Management (Luxembourg) S.A.	100.00	
	Capital USD 20,000						
11	Centai Institute S.p.A. (c)	Turin	Turin	2	Intesa Sanpaolo S.p.A.	49.00	
	Capital 50,000 euro						
12	Cib Bank Ltd.	Budapest	Budapest	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital HUF 50,000,000,003						
13	CIB Insurance Broker Ltd. in liquidation	Budapest	Budapest	1	Cib Bank Ltd.	100.00	
	Capital HUF 10,000,000						
14	CIB Leasing Ltd.	Budapest	Budapest	1	Cib Bank Ltd.	100.00	
	Capital HUF 53,000,000						
15	CIB Rent Operative Leasing Ltd.	Budapest	Budapest	1	Cib Bank Ltd.	100.00	
	Capital HUF 5,000,000						
16	Colline e oltre S.p.A. (c)	Pavia	Pavia	1	Intesa Sanpaolo S.p.A.	51.00	
	Capital 100,000 euro						
17	Consorzio Studi e ricerche fiscali Gruppo Intesa Sanpaolo (c)	Rome	Rome	1	Intesa Sanpaolo S.p.A.	80.00	
	Capital 258,228.45 euro				Intesa Sanpaolo Assicurazioni S.p.A.	7.50	
					Fideuram Intesa Sanpaolo Private Banking S.p.A.	7.50	
					Eurizon Capital SGR S.p.A.	5.00	
						100.00	
18	Duomo Funding Plc (e)	Dublin	Dublin	2	Intesa Sanpaolo S.p.A.	-	
19	Epsilon SGR S.p.A.	Milan	Milan	1	Eurizon Capital SGR S.p.A.	100.00	
	Capital 5,200,000 euro						
20	Eurizon Asset Management Croatia D.O.O.	Zagreb	Zagreb	1	Eurizon Asset Management Slovakia Sprav. Spol. A.S.	100.00	
	Capital 663,614 euro						
21	Eurizon Asset Management Hungary Ltd.	Budapest	Budapest	1	Eurizon Asset Management Slovakia Sprav. Spol. A.S.	100.00	
	Capital HUF 600,000,000						
22	Eurizon Asset Management Slovakia Sprav. Spol. A.S.	Bratislava	Bratislava	1	Eurizon Capital SGR S.p.A.	100.00	
	Capital 4,093,560 euro						
23	Eurizon Capital Asia Limited (c)	Hong Kong	Hong Kong	1	Eurizon Capital SGR S.p.A.	100.00	
	Capital HKD 95,000,000						
24	Eurizon Capital Real Asset SGR S.p.A.	Milan	Milan	1	Intesa Sanpaolo Assicurazioni S.p.A.	40.01	24,50 (*)
	Capital 4,166,667 euro				Eurizon Capital SGR S.p.A.	19.98	51,00 (*)
						59.99	75,50 (*)
25	Eurizon Capital S.A.	Luxembourg	Luxembourg	1	Eurizon Capital SGR S.p.A.	100.00	
	Capital 7,974,600 euro						

	Companies	Place of business	Registered office	Type of relation-ship (a)	INVESTMENT Direct ownership	% held	Votes available (b)
26	Eurizon Capital SGR S.p.A.	Milan	Milan	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 99,000,000 euro						
27	Eurizon Slj Capital Ltd.	London	London	1	Eurizon Capital SGR S.p.A.	65.00	
	Capital GBP 1,001,000						
28	Exelia S.r.l. (c)	Brasov	Brasov	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital RON 8,252,600						
29	Exetra S.p.A. (g)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	85.00	
	Capital 158,000 euro						
30	Fideuram Intesa Sanpaolo Private Banking S.p.A.	Rome	Turin	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 300,000,000 euro						
31	Fideuram Asset Management (Ireland) Dac	Dublin	Dublin	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	100.00	
	Capital 1,000,000 euro						
32	Fideuram Asset Management SGR S.p.A.	Milan	Milan	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	100.00	
	Capital 25,870,000 euro						
33	Fideuram Asset Management Uk Ltd (c)	London	London	1	Fideuram Asset Management (Ireland) Dac	100.00	
	Capital GBP 1,000,000						
34	Fideuram Vita S.p.A.	Rome	Rome	1	Intesa Sanpaolo S.p.A.	80.01	
	Capital 357,446,836.42 euro				Fideuram Intesa Sanpaolo Private Banking S.p.A.	19.99	
						100.00	
35	First Bank S.A.	Bucharest	Bucharest	1	Intesa Sanpaolo S.p.A.	99.98	
	Capital RON 1,196,088,695						
36	Fondo Sviluppo ecosistemi di Innovazione (c)	Turin	Turin	1	Intesa Sanpaolo Innovation Center S.p.A.	100.00	
	Capital 26,000,000 euro						
37	Gap Manco Sarl (c)	Luxembourg	Luxembourg	1	REYL & Cie S.A.	100.00	
	Capital 12,500 euro						
38	Iberia Distressed Assets Manager Sarl (c)	Luxembourg	Luxembourg	1	REYL Finance (MEA) Ltd.	100.00	
	Capital 12,500 euro						
39	IMI Capital Market USA Corp.	New York	New York	1	IMI Investments S.A.	100.00	
	Capital USD 5,000						
40	IMI Finance Luxembourg S.A. (c)	Luxembourg	Luxembourg	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 100,000 euro						
41	IMI Investments S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 21,660,000 euro						
42	IMMIT - Immobili Italiani S.r.l.	Bergamo	Bergamo	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 185,680,000 euro						
43	Immobiliare Cascina Rubina S.r.l. (f)	Milan	Milan	1	Risanamento S.p.A.	100.00	
	Capital 10,000 euro						
44	InSalute Servizi S.p.A. (h)	Turin	Turin	1	Intesa Sanpaolo Assicurazioni S.p.A.	65.00	
	Capital 909,091 euro						
45	Intesa Invest A.D. Beograd (c)	Beograd	Beograd	1	Banca Intesa AD Beograd	100.00	
	Capital RSD 236,975,800						
46	Intesa Leasing Joint-Stock Company	Moscow	Moscow	1	Joint-Stock Company Banca Intesa	100.00	
	Capital RUB 3,000,000						
47	Intesa Leasing d.o.o. Beograd	Beograd	Beograd	1	Banca Intesa AD Beograd	100.00	
	Capital RSD 960,374,301						
48	Intesa Sanpaolo (Qingdao) Service Company Ltd (c)	Qingdao	Qingdao	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital CNY 80,000,000						
49	Intesa Sanpaolo Assicurazioni S.p.A.	Milan	Turin	1	Intesa Sanpaolo S.p.A.	99.99	
	Capital 320,422,509 euro						
50	Intesa Sanpaolo Bank Albania Sh.A.	Tirana	Tirana	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital ALL 5,562,517,674						
51	Intesa Sanpaolo Bank Ireland Plc	Dublin	Dublin	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 400,500,000 euro						
52	Intesa Sanpaolo Bank Luxembourg S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 1,389,370,555.36 euro						
53	Intesa Sanpaolo Banka d.d. Bosna I Hercegovina	Sarajevo	Sarajevo	1	Privredna Banka Zagreb d.d.	99.99	100,00 (**)
	Capital BAM 44,782,000						

	Companies	Place of business	Registered office	Type of relation-ship (a)	INVESTMENT Direct ownership	% held	Votes available (b)
54	Intesa Sanpaolo Brasil S.A. - Banco Multiplo	São Paulo	São Paulo	1	Intesa Sanpaolo S.p.A.	99.90	
	Capital BRL 1,015,480,421.02				Intesa Sanpaolo Holding International S.A.	0.10	
						100.00	
55	Intesa Sanpaolo Expo Institutional Contact S.r.l. (c)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 50,000 euro						
56	Intesa Sanpaolo Funding LLC	New York	Wilmington Delaware	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital USD 25,000						
57	Intesa Sanpaolo Harbourmaster III S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 5,500,000 euro						
58	Intesa Sanpaolo Highline S.r.l. (c)	Turin	Turin	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 500,000 euro						
59	Intesa Sanpaolo Holding International S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 2,157,957,270 euro						
60	Intesa Sanpaolo House Luxembourg S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 24,990,317 euro						
61	Intesa Sanpaolo Imi Securities Corp.	New York	New York	1	IMI Capital Market USA Corp.	100.00	
	Capital USD 44,500,000						
62	Intesa Sanpaolo Innovation Center S.p.A.	Turin	Turin	1	Intesa Sanpaolo S.p.A.	99.99	
	Capital 9,254,940 euro				Intesa Sanpaolo Assicurazioni S.p.A.	0.01	
						100.00	
63	Intesa Sanpaolo Insurance Agency S.p.A.	Turin	Turin	1	Intesa Sanpaolo Assicurazioni S.p.A.	100.00	
	Capital 500,000 euro						
64	Intesa Sanpaolo International Value Services d.o.o.	Zagreb	Zagreb	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 13,270 euro						
65	Intesa Sanpaolo Private Argentina S.A. (c)	Buenos Aires	Buenos Aires	1	REYL & Cie S.A.	95.01	
	Capital ARS 29,379,506				Fideuram Intesa Sanpaolo Private Banking S.p.A.	4.99	
						100.00	
66	Intesa Sanpaolo Private Banking S.p.A.	Milan	Milan	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	100.00	
	Capital 117,497,424 euro						
67	Intesa Sanpaolo Protezione S.p.A.	Turin	Turin	1	Intesa Sanpaolo Assicurazioni S.p.A.	100.00	
	Capital 27,912,258 euro						
68	Intesa Sanpaolo RE.O.CO. S.p.A.	Milan	Milan	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 1,000,000 euro						
69	Intesa Sanpaolo Rent FORYOU S.p.A.	Turin	Turin	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 630,000 euro						
70	Intesa Sanpaolo Romania S.A.	Bucharest	Bucharest	1	Intesa Sanpaolo S.p.A.	99.73	
	Capital RON 1,216,639,410				Intesa Sanpaolo Holding International S.A.	0.27	
						100.00	
71	Intesa Sanpaolo Servicos e Emprendimentos Ltda. em Liquidacao (c)	São Paulo	São Paulo	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital BRL 3,283,320						
72	Intesa Sanpaolo Servitia S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 1,500,000 euro						
73	Intesa Sanpaolo Wealth Management S.A.	Luxembourg	Luxembourg	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	100.00	
	Capital 123,813,000 euro						
74	ISP CB Ipotecario S.r.l. (c)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	60.00	
	Capital 120,000 euro						
75	ISP CB Pubblico S.r.l. (c)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 120,000 euro						

	Companies	Place of business	Registered office	Type of relationship (a)	INVESTMENT Direct ownership	% held	Votes available (b)
76	ISP OBG S.r.l. (c) Capital 42,038 euro	Milan	Milan	1	Intesa Sanpaolo S.p.A.	60.00	
77	Isybank S.p.A. Capital 31,000,000 euro	Milan	Milan	1	Intesa Sanpaolo S.p.A.	100.00	
78	Joint-Stock Company Banca Intesa	Moscow	Moscow	1	Intesa Sanpaolo S.p.A.	46.98	
	Capital RUB 10,820,180,800				Intesa Sanpaolo Holding International S.A.	53.02	
						100.00	
79	MSG Comparto Secondo S.r.l. (f) Capital 50,000 euro	Milan	Milan	1	Risanamento S.p.A.	100.00	
80	Neva II (c)	Turin	Turin	1	Intesa Sanpaolo S.p.A.	94.85	
	Capital 168,686,869 euro				Neva S.G.R. S.p.A. (formerly Imi Fondi Chiusi S.p.a.) (c)	0.96	
						95.81	
81	Neva II Italia (c)	Turin	Turin	1	Intesa Sanpaolo S.p.A.	99.00	
	Capital 40,404,040 euro				Neva S.G.R. S.p.A. (formerly Imi Fondi Chiusi S.p.a.) (c)	1.00	
						100.00	
82	Neva S.G.R. S.p.A. (c) Capital 2,000,000 euro	Turin	Turin	1	Intesa Sanpaolo Innovation Center S.p.A.	100.00	
83	Oro Italia Trading S.p.A. in liquidation (c) Capital 500,000 euro	Arezzo	Arezzo	1	Intesa Sanpaolo S.p.A.	100.00	
84	PBZ Card d.o.o. Capital 5,763,110 euro	Zagreb	Zagreb	1	Privredna Banka Zagreb d.d.	100.00	
85	PBZ Leasing d.o.o. Capital 1,990,840 euro	Zagreb	Zagreb	1	Privredna Banka Zagreb d.d.	100.00	
86	Porta Nuova Gioia (i) Capital 50,472,500 euro	Milan	Milan	1	Intesa Sanpaolo S.p.A.	90.00	
87	Pravex Bank Joint-Stock Company Capital UAH 1,254,155,348.64	Kyiv	Kyiv	1	Intesa Sanpaolo S.p.A.	100.00	
88	Prestitalia S.p.A. Capital 205,722,715 euro	Bergamo	Bergamo	1	Intesa Sanpaolo S.p.A.	100.00	
89	Private Equity International S.A. Capital 101,000,000 euro	Luxembourg	Luxembourg	1	Intesa Sanpaolo S.p.A.	100.00	
90	Privredna Banka Zagreb d.d. Capital 243,954,711 euro	Zagreb	Zagreb	1	Intesa Sanpaolo Holding International S.A.	100.00	
91	Qingdao Yicai Fund Distribution Co. Ltd. Capital CNY 691,000,000	Qingdao	Qingdao	1	Intesa Sanpaolo S.p.A.	100.00	
92	RB Participations S.A. Capital CHF 100,000	Geneva	Geneva	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	100.00	
93	Recovery Property Utilisation and Services Zrt. Capital HUF 20,000,000	Budapest	Budapest	1	Cib Bank Ltd.	100.00	
94	REYL & Cie (Malta) Holding Ltd. (c) Capital 730,000 euro	La Valletta	La Valletta	1	REYL & Cie S.A.	100.00	
95	REYL & Cie (Malta) Ltd. (c) Capital 730,000 euro	La Valletta	La Valletta	1	REYL & Cie (Malta) Holding Ltd.	100.00	
96	REYL & Cie S.A. (j)	Geneva	Geneva	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	46.00	
	Capital CHF 31,500,001				RB Participations S.A.	30.00	
						76.00	
97	REYL & CO (UK) Llp. (c) Capital GBP 2,500,000	London	London	1	REYL & CO Holdings Ltd.	100.00	
98	REYL & CO Holdings Ltd. (c) Capital GBP 2,400,000	London	London	1	REYL & Cie S.A.	100.00	
99	REYL Finance (MEA) Ltd. Capital USD 2,875,000	Dubai	Dubai	1	REYL & Cie S.A.	100.00	
100	REYL Overseas AG (c) Capital CHF 2,000,000	Zurich	Zurich	1	REYL & Cie S.A.	100.00	
101	REYL Private Office Luxembourg Sarl (c) Capital 50,000 euro	Luxembourg	Luxembourg	1	REYL & Cie S.A.	100.00	
102	REYL Singapore Holding Pte. Ltd. (c) Capital SGD 1,201	Singapore	Singapore	1	REYL & Cie S.A.	75.00	

	Companies	Place of business	Registered office	Type of relation-ship (a)	INVESTMENT Direct ownership	% held	Votes available (b)
103	REYL Singapore Pte. Ltd. (c)	Singapore	Singapore	1	REYL & Cie S.A.	76.00	
	Capital SGD 500,000				REYL Singapore Holding Pte. Ltd.	24.00	
						100.00	
104	RI Ambiente S.r.l. (f)	Milan	Milan	1	Risanamento S.p.A.	100.00	
	Capital 20,000 euro						
105	RI Immobiliare Due S.r.l. (f)	Milan	Milan	1	Risanamento S.p.A.	100.00	
	Capital 20,000 euro						
106	RI Immobiliare Uno S.r.l. (f)	Milan	Milan	1	Risanamento S.p.A.	100.00	
	Capital 20,000 euro						
107	RI Infrastrutture S.r.l. (f)	Milan	Milan	1	Risanamento S.p.A.	100.00	
	Capital 20,000 euro						
108	RI Rental S.r.l. (f)	Milan	Milan	1	Risanamento S.p.A.	100.00	
	Capital 10,000 euro						
109	Risanamento S.p.A. (f)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	48.88	
	Capital 107,689,512 euro						
110	Romulus Funding Corporation (e)	New York	New York	2	Intesa Sanpaolo S.p.A.	-	
111	Società Benefit Cimarosa 1 S.p.A. (c) (l)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 100,000 euro						
112	Società Italiana di Revisione e Fiduciaria – S.I.RE.F. S.p.A.	Milan	Milan	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	100.00	
	Capital 2,600,000 euro						
113	SRM Studi e Ricerche per il Mezzogiorno (c)	Naples	Naples	1	Intesa Sanpaolo S.p.A.	60.00	14,29 (*)
	Capital 90,000 euro						
114	UBI Finance S.r.l. (c)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	60.00	
	Capital 10,000 euro						
115	Vseobecna Uverova Banka A.S.	Bratislava	Bratislava	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 510,819,064 euro						
116	Vub Generali Dochodkova Spravcovska Spolocnost A.S. (k)	Bratislava	Bratislava	1	Vseobecna Uverova Banka A.S.	55.26	
	Capital 10,090,976 euro						
117	Vub Operating Leasing	Bratislava	Bratislava	1	Vseobecna Uverova Banka A.S.	100.00	
	Capital 25,000 euro						

(a) Type of relationship:

1 - majority of voting rights in the shareholders' meeting;

2 - other forms of control.

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

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

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

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

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

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

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

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

(j) Please note that there are put and call option agreements on 24% of share capital held by minority shareholders.

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

(l) Intesa Sanpaolo S.p.A. also holds 100% of the equity instruments issued by the investee.

2. Significant evaluations and assumptions in determining the scope of consolidation

As stated above, 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.

In particular, the Group considers the following factors in evaluating the existence of control:
- the purpose and the structure of the investee in order to identify its aims and relevant activities, or the activities that significantly affect the investee's returns, and how those activities are governed;
- power, in order to understand whether the Group has the contractual right to manage the relevant activities;
- the exposure to variable returns from the investee in order to evaluate whether the return recognised by the Group is subject to variations depending on the investee's returns.

Furthermore, in order to evaluate the existence of control, potential principal-agent relationships are taken into consideration. In order to evaluate whether the investee is acting as a principal or an agent, the Group takes account of the following factors:
- the decision-making power on the relevant activities of the subsidiary;
- the rights of other parties;
- the payments to which the Group is entitled;
- the Group's exposure to variable returns resulting from any investment in the investee.

IFRS 10 identifies relevant activities as activities of the investee that significantly affect the investee's returns.
In general terms, when the relevant activities are managed through voting rights, the following factors determine evidence of control:
- direct ownership, or indirect ownership through its subsidiaries, of more than half the voting rights of an entity, unless in exceptional circumstances it can be clearly demonstrated that such ownership does not constitute control;
- ownership of half, or less, of the votes which can be cast at the shareholders' meeting, and the practical ability unilaterally to govern the relevant activities through:
  - the control of more than half the voting rights as enshrined in an agreement with other investors;
  - the power to determine the financial and operational policies of the entity, as conferred by the Articles of Association or by contract;
  - the power to nominate or remove the majority of the members of the Board of Directors or of the equivalent corporate governance body;
  - the power to cast the majority of the votes at meetings of the Board of Directors or of the equivalent corporate governance body.

In order to exercise power, it is necessary for the rights that the Group has over the investee to be material; to be material, the Group must have the ability to use its rights when decisions relating to relevant activities are taken.
The existence and the effect of potential voting rights, where material, are taken into consideration in evaluating whether power exists to shape the managerial and financial policies of another entity.
Sometimes the Group has "de facto" control over certain entities when it possesses rights to determine unilaterally the relevant activities of the investee, even though it does not have the majority of the voting rights.
On the contrary, cases may emerge where the Group, though holding more than half of the voting rights, does not control the investee since, consequently to agreements with other investors, the exposure to variable returns from the involvement with the investees is not considered significant.
Subsidiaries can also include "structured entities" in which the voting rights are not the dominant factor in deciding who controls the entity; this includes special purpose vehicles (SPEs/SPVs) and investment funds. Structured entities are considered to be controlled where:
- the Group has powers enshrined in contractual rights allowing it to govern the relevant activities; and
- the Group is exposed to the variable returns deriving from such activities.

3. Investments in subsidiaries with significant minority interests

3.1 Minority interests, minority voting rights and dividends distributed to minorities

	Companies	Minority interests %	Minority voting rights % (1)	Dividends distributed to minority shareholders
1	Acantus S.p.A.	20.00	20.00	-
2	Alpian S.A.	36.07	36.07	-
3	Bank of Alexandria	20.00	20.00	6
4	Banka Intesa Sanpaolo D.D.	0.87	0.87	-
5	Eurizon Capital Real Asset SGR S.p.A.	40.01	24.50	-
6	Eurizon SLJ Capital Limited	35.00	35.00	-
7	Exetra S.p.A.	15.00	15.00	-
8	First Bank S.A.	0.02	0.02	-
9	Fondo Porta Nuova Gioia	10.00	10.00	-
10	Insalute Servizi S.p.A.	35.00	35.00	-
11	Intesa Sanpaolo Assicurazioni S.p.A.	0.01	0.01	-
12	Intesa Sanpaolo Banka D.D. Bosna I Hercegovina	0.01	-	-
13	Reyl & Cie S.A.	24.00	24.00	1
14	Risanamento S.p.A.	51.12	51.12	-
15	VUB Generali Dochodkova Spravcovska Spolocnost A.S.	44.74	44.74	3

(1) Available voting rights at Ordinary Shareholders' Meeting.

3.2 Investments in companies with significant minority interests: financial highlights

(millions of euro)

	Companies	Total assets	Cash and cash equivalents	Financial assets	Property, equipment and intangible assets	Financial liabilities	Shareholders' equity	Interest margin	Net interest and other banking income	Operating expenses	Income (loss) before tax from continuing operations	Income (loss) after tax from continuing operations	Income (loss) after tax from discontinued operations	Net income (loss) (1)	Other comprehensive income (net of tax) (2)	Consolidated comprehensive income (3) = (1) + (2)
1	Bank of Alexandria	4,154	62	3,869	115	3,302	569	400	440	-153	230	153	-	153	38	191

4. Significant restrictions

In terms of significant restrictions, it is noted that the Intesa Sanpaolo Group is subject to the supervisory rules provided for by Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR), amended by Directive 2019/878/EU (CRD V) and Regulation (EU) 876/2019 (CRR II), respectively, and controls financial institutions subject to the same or similar regulations aimed at maintaining an adequate level of regulatory capital in relation to risks taken; therefore, the ability of subsidiary banks or financial institutions to distribute capital or dividends is dependent on the fulfilment of the regulatory thresholds set in those regulations.

In view of the above, with regard to the disclosures to be made in accordance with IFRS 12, the limitations currently set by the Russian regulations essentially impose restrictions on repayments and payments to parties resident in unfriendly countries, which also affect the subsidiary Banca Intesa Russia. In this regard, it should also be noted that the current legal restrictions on transferring monetary resources beyond the country's borders do not prejudice in any way the ownership of the amounts (due to the creditor banks), nor do they constitute an obstacle to maintaining control over the Russian subsidiary. For more information, see the "Section 5 – Other aspects – Risks, uncertainties and impacts of the Russian/Ukrainian crisis" below.

Lastly, within the Group, there are insurance companies subject to the Solvency Capital Requirements of insurance companies established by the Solvency II legislation.

5. Other information

In preparing the Intesa Sanpaolo consolidated financial statements, the financial statements of all subsidiaries have the same financial year-end, except for that reported below for the Ukrainian subsidiary Pravex Bank and Risanamento in the following paragraph on Consolidation methods.

Consolidation methods

Full consolidation

This method involves the “line by line” aggregation of the individual amounts reported in the balance sheets and income statements of the subsidiary companies concerned. Following the allocation to minority shareholders of their interests, in a specific caption, in equity and in the result for the period, the residual value is eliminated against the book value of the subsidiaries concerned.
Any positive differences arising on consolidation, after the allocation to the assets and liabilities of the consolidated subsidiary, are recorded under Intangible assets as goodwill or other intangible assets. Negative differences are recognised in the income statement.
Assets, liabilities, income and expenses between consolidated companies are totally eliminated.
Business combinations must be accounted for using the "acquisition method" in accordance with IFRS 3, whereby identifiable assets acquired or liabilities assumed (including contingent liabilities) are recognised at their fair value at the acquisition date. Moreover, for each business combination, any minority interest in the acquired company can be recognised at fair value or in proportion to the minority investment in the net identifiable assets of the acquired company. Any excess of the consideration transferred (being the fair value of the assets sold, the liabilities incurred and the equity instruments issued) over the fair value recognition of minority interests with respect to the fair value of the assets acquired and the liabilities assumed is recognised as goodwill. If the consideration is lower, the difference is taken to the income statement.
The "acquisition method" is applied starting from the acquisition date, that is from the moment in which control of the acquired company is obtained. Therefore, the economic results of a subsidiary acquired in the reference period are included in the Consolidated financial statements starting from the acquisition date. Likewise, economic results of a subsidiary sold are included in the Consolidated financial statements until the date in which control ceased. The difference between sale price and book value at the date of disposal (including foreign exchange differences recorded in shareholders’ equity on consolidation, over time) is accounted for in the income statement.
Where necessary – and apart from entirely 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 Bank, as a result of the continuation of the critical situation in Kyiv (where the subsidiary’s offices are located), it was decided, with a view to reducing “operational” risk, that it was best to retain, in the December 2024 consolidation, the accounting values produced by Pravex for the consolidation of September 2024. Thus, for the financial statements as at 31 December 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 30 September 2024, using the exchange rate as at 31 December 2024 for conversion into Euro.
The decision to use the data as at 30 September 2024 for the line-by-line consolidation of Pravex, also taken in light of the slight materiality of the subsidiary, and motivated by objective operational restrictions, is also based on the indications in IFRS 10, though for specific cases[165].

With regard to the subsidiary Risanamento, over which Intesa Sanpaolo does not exercise the management and coordination envisaged in Article 2497 and following of the Italian Civil Code, by the date of approval of Intesa Sanpaolo’s financial statements there had been no board meetings of the company approving the related accounts as at 31 December 2024, and it was therefore not possible to include them in Intesa Sanpaolo’s consolidated financial statements, in accordance with the Group’s policy which stipulates that the income statements and balance sheet data of the subsidiaries must have been approved beforehand by their respective Boards of Directors in order to be included in the Group’s consolidated financial statements. Consequently, the data of the Risanamento Group as at 30 September 2024 was used for the contribution to the consolidated financial statements of Intesa Sanpaolo as at 31 December 2024, adjusted prudentially based on the information available at the time to take account of the uncertainty mainly related to additional costs for the remediation works, without any material effects on Intesa Sanpaolo’s consolidated income statement.

[165] IFRS 10 states that, where it is not possible to use the subsidiary’s data updated to the same reporting date as the consolidated financial statements, it is permitted to use the previous accounting data, provided that previous date is no more than 3 months prior. For more details, see the following paragraphs of IFRS 10: IFRS 10.B92 “*The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements shall have the same reporting date. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so*”; IFRS 10.B93 “*If it is impracticable to do so, the parent shall consolidate the financial information of the subsidiary using the most recent financial statements of the subsidiary adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements. In any case, the difference between the date of the subsidiary’s financial statements and that of the consolidated financial statements shall be no more than three months, and the length of the reporting periods and any difference between the dates of the financial statements shall be the same from period to period.*”

Measurement using the equity method

Associates and companies subject to joint control are consolidated with the equity method.
The equity method requires the initial recognition of the equity investment at cost and its subsequent value adjustment based on the stake in the shareholders' equity of the company.
Any difference between the value of the equity investment and the shareholders' equity of the company involved is recorded in the book value of the company.
The valuation of the portion of shareholders' equity does not consider any potential voting rights.
The portion of the company's results for the period pertaining to the Group is recorded in a specific caption of the consolidated income statement.
If there is evidence of impairment, the recoverable amount of the investment is estimated, considering the present value of the future cash flows which may be generated by the investment, including the final disposal value. If the recoverable amount is lower than the carrying value, the difference is recorded in the income statement.
For the consolidation of the companies subject to joint control and investments in associates, the most recent approved (annual or interim) figures have been used. In certain marginal cases, the companies do not apply IAS/IFRS and, therefore, for such companies it was verified that the adoption of IAS/IFRS would not have produced significant effects on the Intesa Sanpaolo Group's Consolidated financial statements.

Conversion of financial statements in currencies other than the euro

The financial statements of non-Eurozone companies are translated into euro by applying the spot exchange rate at the year end to assets and liabilities in the Balance sheet, and the average exchange rate for the year to Income statement captions.
Foreign exchange differences from the conversion of the financial statements of such companies, deriving from the application of different foreign exchange rates to assets and liabilities and the income statement, are recorded in Valuation reserves under shareholders' equity. Foreign exchange differences on the shareholders' equity of the subsidiaries are also recorded in Valuation reserves.
All foreign exchange differences are reversed to the income statement of the year in which the foreign operation is sold.

SECTION 4 – SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 4 February 2025, at the time of the approval of the annual and consolidated results as at 31 December 2024, the Board of Directors of Intesa Sanpaolo resolved to submit a proposal to the forthcoming Ordinary Shareholders' Meeting of 29 April 2025 for a purchase of own shares for annulment for 2 billion euro, already authorised by the ECB, to be launched in June 2025 subject to approval from the Shareholders' Meeting.

On 28 January 2025, Intesa Sanpaolo announced the signing of an industrial partnership in the operational leasing of capital goods with Grenke AG, leader in Italy in the sector through its subsidiary Grenke Locazione S.r.l. This type of lease strategically complements the traditional financial offering by allowing companies to renew their operational equipment without weighing on their financial structure and the tax deductibility of expenses.
The partnership, following the necessary authorisations, will involve the contribution of the entire stake (equal to 100% of the share capital) held by Intesa Sanpaolo in Intesa Sanpaolo Rent Foryou S.p.A. to Grenke Locazione. Following the contribution, Intesa Sanpaolo will retain a stake of around 17% in the company controlled by the Grenke AG Group, which will retain the remaining 83% of the capital. This partnership will create a new market player thanks to the Intesa Sanpaolo's branch network and customer base and Grenke's strong competitive positioning.

SECTION 5 - OTHER ASPECTS

RISKS, UNCERTAINTIES AND IMPACTS OF THE RUSSIAN/UKRAINIAN CRISIS

The extremely serious situation arising following the outbreak of the conflict between Russia and Ukraine on 24 February 2022 was immediately closely monitored and assessed by Intesa Sanpaolo, also in light of the related guidance provided by the regulators, given that the Group has:
- a direct presence with two subsidiaries in the warring countries, Pravex Bank Joint-Stock Company (Pravex) and Joint-Stock Company Banca Intesa (Banca Intesa Russia), and is therefore particularly exposed to the consequences of the conflict;
- cross-border exposures stemming from its corporate and investment banking activities.

In its lending activities, the IMI CIB Division had over time financed counterparties resident in the Russian Federation. More than two-thirds of the loans to Russian customers disbursed before the conflict involved leading industrial groups, which have established commercial relationships with customers belonging to the main international supply chains, a significant amount of which derives from commodity exports.

At the outbreak of hostilities, loans to Russian customers represented around 1% of the Intesa Sanpaolo Group’s total loans to customers, net of Export Credit Agency - ECA guarantees. Due to the existence of those guarantees, the credit risk on those exposures can be considered as not referring to either Russia or Ukraine.

That being said, in this section we note some information relating to the Russian and Ukrainian subsidiaries:
- Banca Intesa Russia: this is a Moscow-based corporate bank, 47% owned by Intesa Sanpaolo and 53% by Intesa Sanpaolo Holding International, part of the IMI Corporate Investment Banking Division. It operates with 22 branches and 797 staff;
- Pravex is a small commercial bank, wholly-owned by Intesa Sanpaolo and based in Kyiv, part of the International Banks Division. It operates with 39 branches (mainly in the Kyiv region) and 612 staff.

Despite the objective constraints imposed by the current situation, particularly for Pravex, the two subsidiaries are continuing to operate with the support of the Parent Company structures while the overall exposure to the Russian Federation has decreased significantly over the past three years, as required by the European regulators and the ECB recommendations, the latest of which was issued in December 2024 (“Decision establishing prudential requirements relating to further reduction of the risks connected with the Supervised Entity’s business in Russia”). The Decision Letter imposes restrictions on Intesa Sanpaolo directly aimed at the operations of Banca Intesa Russia, along with a recommendation regarding the Group’s cross-border operations in Russia. The measures set out for Banca Intesa Russia consist of reducing i) the loan portfolio; ii) the volume of customer deposits; iii) the placement of deposits with financial institutions domiciled in Russia; and iv) payment activities originating from Russia, in currencies other than the rouble.

Also for the purposes of the 2024 Financial Statements, as previously illustrated in the 2023 Financial Statements, Intesa Sanpaolo’s continuing control over the two entities has been confirmed, which can be evidenced from various points of view:
- in accounting/administrative terms, by acquiring the accounts for consolidation purposes. Specifically, as explained in greater detail in Part A: Section 3 - Scope of consolidation and consolidation methods, and also in line with the methodological choices made for the 2022 and 2023 Annual Report, for the Russian subsidiary, the accounts as at 31 December 2024 were acquired accurately and in a timely manner, while for Pravex, it was decided to maintain the accounts produced for consolidation as at 30 September 2024, valued at the exchange rate as at 31 December, considering the specific operating difficulties of the subsidiary, as well as in light of the substantial immateriality of its balance sheet figures at Group level;
- in terms of statutory regulations, with specific regard to the Russian subsidiary, the Parent Company was able to exercise its power to determine, in compliance with Russian regulations, the composition of the management body of Banca Intesa Russia at the Shareholders’ Meeting of 26 June 2024. The turnover of officers was the result of appointments proposed by the Parent Company that passed the approval process of the Russian Central Bank. Also for the Ukraine subsidiary, there was routine turnover in the governance bodies in 2024, based on the nominations expressed by the Parent Company;
- in terms of steering the business, the two entities continue to move ahead with their business following the instructions of the Parent Company;
- in terms of coordination and control, as the Parent Company’s control functions (including the support function of the Manager responsible for preparing the Company’s financial reports, namely Administrative and Financial Governance) continue to carry out their roles through the regular receipt and analysis of the planned information flows, interacting with the structures of the subsidiaries through the communication channels available, in line with any limitations that may arise over time, also handled using contingency solutions.

Moreover, the conclusions regarding the maintenance of control over Banca Intesa Russia are not invalidated by the limitations currently set by Russian regulations which, substantially, impose restrictions to repayments and payments to parties resident in “unfriendly” countries. Aware of the restrictions imposed by the specific regulatory framework, Banca Intesa Russia credited to specific Russian accounts, as provided by law, the monetary resources for the repayment of intragroup exposures that matured in the meantime. The potential use of the resources credited to those accounts – equal to around 24 million euro at the end of December 2024 – is limited to several specific purposes within Russia. In this context, it must be considered that the current limitations do not constitute the “expropriation” of the amounts in any way (nor are they even indicators of a loss of control over the subsidiary’s assets). Rather, they derive from the temporary legal “freezing” of the free availability of amounts which, based on economic rights, would otherwise be available for their owner.

In addition, the “valuation” approaches for the credit exposures to Russian and Ukrainian counterparties adopted for the 2024 Annual Report are substantially consistent with those adopted for the 2023 Annual Report. For a more complete discussion of the quantitative and valuation aspects of the Group’s exposures to Russian and Ukrainian counterparties, for which the de-risking already initiated in the period 2022-2023 was continued in 2024, see Part E (Section 2 “Risks of the Prudential Consolidation”) of these Consolidated Financial Statements.

Lastly, given the importance of these issues, the Report on operations contains a section specifically dedicated to “The military conflict between Russia and Ukraine”, which summarises – among the other topics – the aspects regarding the framework of sanctions against the Russian Federation and cybersecurity.

ADDITIONAL INFORMATION ON THE INTEREST RATE BENCHMARK REFORM

Based on the instructions in Circular 262, this section sets out the disclosure in accordance with IFRS 7, paragraphs 24 I and 24 J relating to the Interest Rate Benchmark Reform (IBOR Reform).

As at 31 December 2024, there were no longer any financial instruments – financial assets, financial liabilities and derivative contracts – indexed to interest rates that still had to transition to an alternative benchmark rate. The transitions for the last remaining positions on USD LIBOR were successfully completed, with its synthetic publication ceasing at the end of September 2024, and on the Canadian Offered Rate (CDOR), which ended on 28 June 2024.
The financial instruments linked to the Euribor were already subject to reform in November 2019, through the adoption of a hybrid calculation method, which fully meets the requirements for critical benchmarks set out in the Benchmark Regulation EU 2016/1011 and the IOSCO principles.

In view of the regulatory changes and the actions undertaken since 2016, the Group has completed the transition within the set deadlines. Specifically, to manage the stock of existing instruments, the Group set out the mass adoption of the new Risk Free Rates (RFR) on the financial instruments newly subscribed, thus abandoning the use of the benchmarks impacted by the reform and stabilising the stock of transactions to be transitioned, on the one hand, while setting up the solutions for the transition to the new RFR, defined based on the main international recommendations, capable of minimising the financial impacts of the transition, on the other.
As at 31 December 2024, the Group did not hold any hedges index-linked to benchmarks impacted by the reform.

SIGNIFICANT JUDGEMENTS IN APPLYING IFRS 17

With regard to the insurance companies included in the consolidation, the disclosure required by IFRS 17 Insurance Contracts, paragraphs 117 to 120, on significant judgments made in applying the standard, to ensure consistency of treatment, is provided in the Accounting Policies, Section A.2 Main financial statement captions in relation to the insurance assets and liabilities, which describes, among others, the methods used to determine the discount rates and the risk adjustment for non-financial risk, and to estimate the future fulfilment cash flows for the insurance contracts. The quantitative details of the yield curve used to discount cash flows, required by paragraph 120 of IFRS 17, are provided in Part E in relation to the Insurance Risks.

CLIMATE-RELATED MATTERS

The issue of potential impacts of climate-related matters on financial statement items is a significant concern for the various regulators, which are asking companies to pay increasing attention to ESG issues, and climate-related issues in particular, in the preparation of financial statements, and to strengthen the connectivity between financial disclosures and those provided in the sustainability statement.
For the preparation of the financial statements, the Intesa Sanpaolo Group has, as usual, taken into account the ESMA recommendations “European common enforcement priorities for 2024 annual financial reports” published in October 2024.
In particular, as recommended in the ESMA Priorities published from 2021 onwards – and reiterated in those of 2024 – issuers are asked to consider the potential impacts that climate-related matters may have on the financial statement items and to disclose them when material. The content of the ESMA Priorities was also reiterated by CONSOB in the Notice issued on 20 December 2024, which urges issuers to report the impacts of climate factors when they are material and can be reliably estimated – with information explaining the considerations adopted and the causes of uncertainty in the estimates – and to promote consistency between financial and sustainability reporting.
In its communications ESMA also referred to the IASB’s educational material, which gives illustrative examples of some potential financial implications of climate-related risks. Although the IFRS framework does not contain explicit references to ESG issues, companies are required to consider climate-related matters in the application of the IFRS accounting standards when these issues have a material impact, as clarified in the Educational Material - Effects of climate-related matters on financial statements.
More recently, in April 2024, the IFRIC published the Agenda Decision “Climate-related Commitments (IAS 37)”, which clarifies that companies’ commitments regarding sustainability should only be recognised in the financial statements when they translate into concrete actions that result in an actual obligation. In July 2024, the IASB published an Exposure Draft “Climate-related and Other Uncertainties in the Financial Statements” that proposes to include illustrative examples within the IAS/IFRS accounting standards. These examples aim to assist entities in preparing financial statement disclosures, providing guidance on how to apply existing IFRS Accounting Standards to report the effects of climate-related and other uncertainties in the financial statements.
Given their growing importance, ESG risks, and in particular climate risk, are subject to constant attention by the Intesa Sanpaolo Group, with a view to possible further developments, also within the overall Risk Management framework, which, as described in more detail in Part E, involves a materiality analysis, the establishment of specific controls within the RAF, the performance of scenario analyses, and the monitoring of ESG risks divided across the different risk categories (e.g. credit, market, liquidity). The materiality analysis contributed to determining the financial materiality envisaged in the Consolidated Sustainability Statement, included in the Report on operations, which should be referred to for more details, in order to identify the material risks the Group is exposed to, which may also influence the measurement of the various financial statement items potentially impacted by climate risks and the related disclosures. Indeed, the Intesa Sanpaolo Group recognises the importance of developing techniques that can more accurately identify how and to what extent environmental risks, and in

particular climate-related risks, may translate into financial risks, by incorporating environmental forward-looking information into its valuation models.
In addition, when identifying the time horizon over which environmental risks may generate an impact, it is necessary to consider the difficulty in determining the timing of the related effects with reasonable certainty. In this regard, the EBA in its "Report on the role of environmental and social risks in the prudential framework" of October 2023 notes that chronic physical risks may reasonably have an impact over a relatively long-term time horizon and only some acute physical risks, as well as transitional risks, may materialise over a short to medium term time horizon. The results of the impact assessments conducted so far by the Intesa Sanpaolo Group (materiality assessment and climate scenario analysis) have shown that, due to its business sector, the Group is not exposed to a material extent to climate risks in the short term.
With regard to the recognition and measurement of financial statement items in accordance with the IFRS Accounting Standards, the Intesa Sanpaolo Group carefully monitors the relevant changes and developments, although so far the scope of the initiatives undertaken has varied based on the materiality of the potential impact, which currently remains insignificant overall. However, this is still an evolving topic, and in some areas, a robust market and/or academic approach has not yet emerged for integrating the effects of climate variables in the measurement of certain financial statement items (for example, the fair value measurement of equity instruments).
Given the nature of the items recognised in the financial statements and in view of the Group's operations, credit is the category for which climate risk is potentially most significant for the Intesa Sanpaolo Group, in relation to which, as set out in Part E, the Group is continually developing its internal valuation models to include ESG and climate-related factors, within its credit risk, which currently do not appear to have an appreciable effect on the valuations produced by the models. In particular, for the measurement of the ECL (Expected Credit Loss) of loans, the Intesa Sanpaolo Group has taken steps to also include climate risk among the emerging risk factors in the risk-sensitive overlay, as detailed in Part E, Credit Risk, 2.3 Methods for measuring expected losses.

For the measurements made in the 2024 Annual Report, the methodological framework used for the calculation of the fair value of financial instruments and real estate has been strengthened, with regard to climate-related risks, without this having resulted in any significant impacts.
Alongside the management of the potential climate risks outlined above, the Group has undertaken a series of management actions primarily aimed at directing loans granted to customers towards activities that support the ecological transition, as detailed below.

"ESG" FINANCIAL INSTRUMENTS

The Intesa Sanpaolo Group supports customers in the ESG transition by granting new loans and opening credit lines for projects related to the green economy, circular economy and climate transition, as described in more detail in the Consolidated Sustainability Statement, included from this year in the Report on operations.
With regard to the loans aimed at supporting the ESG transition, a specific framework of incentives/benefits in terms of the rate applied has been developed, based on the purposes of the initiative and the alignment with the European Taxonomy. These may entail a subsequent variation of the rate depending on whether or not the borrower achieves specific ESG KPIs, or may be definitively acquired at the time of signing and therefore do not entail subsequent variability of the interest rate.
With regard to the loans with possible subsequent variability of the interest rate, the Group's offering is made up of highly standardised products, mainly offered by the Banca dei Territori Division (as at 31 December the related remaining exposure amounted to around 5 billion euro) or more customised products, mainly offered by the IMI Corporate & Investment Banking Division (as at 31 December the related remaining exposure amounted to around 10 billion euro).
These loans are subject to subsequent variability considered to be not significant, following analyses verifying the nature and impact, in absolute and relative terms, of these clauses on the contractual flows.
The support provided by Intesa Sanpaolo Group to its customers during the transition phase is further reflected in the investments in sustainable securities classified under the Hold to Collect and Hold to Collect and Sell business models.
The exposure in securities included sustainable-linked bonds, which are subject to possible (upward) variability of the interest rate, with a non-material nominal amount as at 31 December 2024. The expected impacts on net interest income in subsequent years, resulting from the failure of issuers to achieve the KPIs, are considered minimal.
With regard to the SPPI tests on financial instruments subject to possible subsequent variability of the interest rate depending on whether or not the borrower or the issuer achieves specific ESG KPIs, these clauses are not considered critical when there are qualitative-quantitative analyses in place aimed at verifying the minimal nature of the related impact on the overall contractual cash flows of the instrument.
Lastly, with regard to Intesa Sanpaolo's institutional funding, as at 31 December 2024, the balance sheet liabilities included green and social bond issues with a total nominal value of around 11 billion euro. These bonds do not entail a subsequent variability of the interest rate linked to specific KPIs of the issuer.

OTHER ASPECTS

Option for the national fiscal consolidation provisions

Intesa Sanpaolo and the Group's Italian companies have adopted the "national fiscal consolidation", set forth by Articles 117-129 of the Combined Tax Regulations, introduced by Legislative Decree 344/2003. It provides an option, based on which the total net income or fiscal loss of every subsidiary taking part in the fiscal consolidation procedure – together with withholding tax, tax deductions and tax credits – is transferred to the parent company, which determines a single taxable income or loss carried forward (that is the result of the sum of its own income/loss and of the income/loss of the participating subsidiaries) and, consequently, a sole tax debit/credit. Based on this option, Group companies that opted for the "national fiscal consolidation" determine the tax charge pertaining to them and the corresponding taxable income is transferred to the Parent Company.

Set up of a VAT Group

Intesa Sanpaolo and all of the Group companies that meet the requirements for participation opted to set up the VAT Group, governed by Articles from 70-bis to 70-duodecies of Presidential Decree 633/1972.
This option takes effect from 1 January 2019 and has a duration of three years, automatically renewed each year, unless revoked.
As a result of this option, the tax will not apply to either the provision of services and sales of goods between participating parties, with a few exceptions. Sales of goods and provision of services by a participating party to an external party shall be considered made out by the Group. Sales of goods and provision of services by an external party to a participating party shall be considered made to the Group.

"Cooperative compliance" regime

Intesa Sanpaolo applied for and obtained from the Italian Revenue Agency admission to the "cooperative compliance" regime set out in Legislative Decree 128/2015. The admission is effective from the tax period 2017.
The purpose of this regime is to promote the use of enhanced forms of communication and cooperation based on the reciprocal trust between the tax authorities and the taxpayer, as well as favouring the prevention and resolution of tax disputes, in the common interest of the parties.
Under the regime, Intesa Sanpaolo is required to maintain an appropriate system of recognition, measurement and management of tax risk as well as act in a cooperative and transparent manner, and the Italian Revenue Agency is required to promote a relationship based on the principles of transparency, cooperation and fairness.
In addition to Intesa Sanpaolo, the following companies applied for admission and were admitted to the regime: Fideuram - Intesa Sanpaolo Private Banking (with effect from 2018), as well as Intesa Sanpaolo Assicurazioni (formerly Intesa Sanpaolo Vita), Intesa Sanpaolo Protezione (formerly Intesa Sanpaolo Assicura), Fideuram Vita, Eurizon SGR and Epsilon SGR (with effect from 2019). Intesa Sanpaolo Private Banking, Fideuram Asset Management SGR and SIREF were admitted in 2021 with effect from 2020.

Auditing

EY S.p.A. audited the Consolidated financial statements, in execution of the Shareholders' Meeting resolution of 30 April 2019, which appointed the company as independent auditor for the years from 2021 to 2029, included.

Other aspects

A reformulation of the rules on the transparency of government grants laid down in Article 1, paragraphs 125-129 of Law No. 124/2017 has been introduced in Article 35 of Decree Law 34/2019 (the "Growth" Decree), converted by Law 58/2019. This reformulation indicates that the scope of transparency obligations applies to information regarding grants, subsidies, advantages, contributions or aid, in cash or in kind, "not of a general character and which do not represent consideration, remuneration or compensation" effectively disbursed by public authorities and the entities indicated in Article 2-bis of Legislative Decree 33/2013.
In the light of this reformulation, additional interpretative clarification provided in Assonime Circular No. 32 of 23 December 2019 has confirmed that the transparency obligation applies to awards of economic benefits arising from a bilateral relationship between a public entity and a specific beneficiary. Sums received by a company as consideration for a service rendered, as remuneration for an assignment received or as compensation for damages are expressly excluded. Economic advantages received in application of a general regime, such as tax or contribution relief accessible to all parties who meet certain conditions, are also excluded.
In consideration of the above, there were no cases to report in 2024 for the Group's Italian companies.
In the interest of completeness, reference should also be made to the National State Aid Registry, available for public consultation on the relevant website, in which aid measures and the related individual aid packages granted and recorded in the system by the managing entities are published, although, given the foregoing, for the Group's Italian companies the circumstances indicated therein for the year 2024 are not subject to financial statement transparency obligations pursuant to paragraphs 125 and 125-*bis*.

A.2 – MAIN FINANCIAL STATEMENT CAPTIONS

To ensure uniformity in the accounting policies used for the financial statements, the Intesa Sanpaolo Group has adopted an internal set of rules and policies for the various operational and organisational areas.

The methodological document used for the application of the accounting standards is the "Group Accounting Policies", which describes the application models adopted by the Group, within the framework of the standards and the legislation applicable to the various companies/subsidiaries, and sets out the choices made when the regulations envisage alternative or optional accounting treatments.

With regard to the valuation processes, the Group, in the document "Guidelines for the valuation of Balance Sheet Items", has drawn up the principles and regulatory framework for the valuation of the balance sheet items and the roles and responsibilities of the Corporate Bodies, the Manager responsible for preparing the Company's financial reports and the Parent Company's corporate functions involved in the valuation process; the prerequisites for the existing valuation processes and the control system necessary to ensure proper valuation; the general valuation processes based on accounting standards specific to the various categories of balance sheet items being measured (assets and liabilities); and the rules for guidance and coordination of Group companies on the valuation of balance sheet items.

The guidelines and policies also include the Business Model Rules, the Rules on the measurement of Expected Credit Loss in accordance with IFRS 9 (Impairment Policy), and the Rules for Valuation of Financial Instruments at Fair Value (former Fair Value Policy), in addition to more specific documents relating to non-performing loans, equity investments, and the management of hedging financial instruments.

Finally, with regard to prudential supervision, the Group has drawn up a specific document called "Harmonised Prudential Supervision Rules".

In general, these documents are approved by the competent Corporate Bodies. They are updated by the management structures in response to needs arising both from external factors (e.g. changes in regulations) and from internal factors within the Group (e.g. new operations and products). Those documents are subject to a specific approval process, based on the significance and scope of the changes made.

1. Financial assets measured at fair value through profit or loss (FVTPL)

Classification criteria

This category contains the financial assets not classified as Financial assets measured at fair value through other comprehensive income or as Financial assets measured at amortised cost. This caption includes in particular:

- financial assets held for trading, essentially consisting of debt securities and equity instruments and the positive value of derivative contracts held for trading;
- financial assets mandatorily measured at fair value through profit or loss, consisting of financial assets that do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual terms do not solely envisage payments of principal and interest on the principal amount outstanding (SPPI Test not passed) or that are not held under a Hold to Collect business model or a Hold to Collect and Sell business model;
- financial assets designated at fair value, i.e. financial assets that are defined as such upon initial recognition and when the conditions apply. In relation to this case, an entity may irrevocably designate a financial asset as measured at fair value through profit or loss only if it eliminates or significantly reduces a measurement inconsistency.

This caption therefore includes:

- debt securities and loans that are included in an Other/Trading business model (i.e., that do not come under the Hold to Collect or Hold to Collect and Sell business models) or that do not pass the SPPI Test, including the portions of syndicated loans subscribed or other types of loans that are originally intended to be sold and are not part of a Hold to Collect and Sell business model. It also includes the debt securities of the Insurance Division covering the liabilities to insured parties represented by unit-linked products, multi-line products and pension funds;
- equity instruments – that do not qualify as investments in subsidiaries, associates or joint ventures – held for trading purposes or for which the option was not exercised, upon initial recognition, to designate them at fair value through other comprehensive income;
- quotas of UCI (Undertakings for Collective Investment).

This caption also includes the derivatives, recognised under financial assets held for trading, which are presented as assets if the fair value is positive and as liabilities if the fair value is negative. The positive and negative current values arising from transactions with the same counterparty – also between derivatives allocated to the trading book and hedging derivatives, as envisaged by the Bank of Italy Circular 262 – may be offset only when the legal right to offset amounts recognised for accounting purposes currently exists and the net settlement of positions subject to offsetting is carried out.
Derivatives also include those embedded in combined financial contracts – where the host contract is a financial liability – which are subject to separate accounting when:

- their economic characteristics and risks are not closely related to the characteristics of the host contract;
- the embedded instruments, even though separate, fully meet the definition of derivative;
- the combined instruments are not measured at fair value with changes in fair value recognised through profit or loss.

According to the general rules established by IFRS 9 on the reclassification of financial assets (except for equity instruments, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets. In such cases, which are expected to be highly infrequent, the financial assets may be reclassified from those measured at fair value through profit or loss to one of the other two categories established by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through other comprehensive income). The transfer value is the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification date. In this case, the effective interest rate of the reclassified financial asset is determined based on its fair value at the reclassification date and that date is considered as the initial recognition date for the credit risk stage assignment for impairment purposes.
For more information regarding the classification criteria for the financial instruments see the paragraph below "Classification drivers for the financial assets".

Recognition criteria

Initial recognition of financial assets occurs at settlement date for debt securities and equity instruments, at disbursement date for loans and at trade date for derivative contracts.
On initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, without considering transaction costs or revenues directly attributable to the instrument.

Measurement criteria

After initial recognition, the financial assets measured at fair value through profit or loss are recorded at fair value. The effects of the application of this measurement criterion are recorded in the income statement.
For the determination of the fair value of financial instruments quoted on active markets, market quotations are used. If the market for a financial instrument is not active, standard practice estimation methods and valuation techniques are used which consider all the risk factors correlated to the instruments and that are based on market elements such as: valuation of quoted instruments with the same characteristics, calculation of discounted cash flows, option pricing models, recent comparable transactions, etc. For equities and derivative instruments that have equities as underlying assets, which are not quoted on an active market, the cost approach is used as the estimate of fair value only on a residual basis and in a small number of circumstances, i.e., when all the measurement methods referred to above cannot be applied, or when there are a wide range of possible measurements of fair value, in which cost represents the most significant estimate.
For more information regarding the criteria for the determination of fair value, see the Section "A.4 – Information on Fair Value".

Derecognition criteria

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the disposed financial assets is maintained, they continue to be recorded in the financial statements, even though their title has been transferred.
When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.
Lastly, disposed financial assets are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, without significant delay to third parties.

2. Financial assets measured at fair value through other comprehensive income (FVOCI)

Classification criteria

This category includes the financial assets that meet both the following conditions:

- the financial asset is held under a business model whose objective is achieved both through the collection of expected contractual cash flows and through sale (Hold to Collect and Sell business model), and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI Test" passed).

This caption also includes equity instruments, not held for trading, for which the option was exercised upon initial recognition of their designation at fair value through other comprehensive income.

In particular, this caption includes:

- debt securities that can be attributed to a Hold to Collect and Sell business model and that have passed the SPPI test;
- equity interests, that do not qualify as investments in subsidiaries, associates or joint ventures and are not held for trading, for which the option has been exercised of their designation at fair value through other comprehensive income;
- loans that are attributable to a Hold to Collect and Sell business model and have passed the SPPI Test, including the portions of syndicated loans subscribed or other types of loans that are originally intended to be sold and are part of a Hold to Collect and Sell business model.

According to the general rules established by IFRS 9 on the reclassification of financial assets (except for equity instruments, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets.
In such cases, which are expected to be highly infrequent, the financial assets may be reclassified from those measured at fair value through other comprehensive income to one of the other two categories established by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification date. In the event of reclassification from this category to the amortised cost category, the cumulative gain (loss) recognised in the valuation reserve is allocated as an adjustment to the fair value of the financial asset at the reclassification date. In the event of reclassification to the fair value through profit or loss category, the cumulative gain (loss) previously recognised in the valuation reserve is reclassified from shareholders' equity to net income (loss).
For more information regarding the classification criteria for the financial instruments see the paragraph below "Classification drivers for the financial assets".

Recognition criteria

Initial recognition of financial assets occurs at settlement date for debt securities and equity instruments and at disbursement date for loans. On initial recognition, assets are recorded at fair value, including transaction costs and revenues directly attributable to the instrument.

Measurement criteria

After initial recognition, the Assets classified at fair value through other comprehensive income, other than equity instruments, are measured at fair value, with the recognition in profit or loss of the impact resulting from the application of the amortised cost, the impairment effects and any exchange rate effect, whereas the other gains and losses resulting from a change in fair value are recognised in a specific shareholders' equity reserve until the financial asset is derecognised. Upon the total or partial sale, the cumulative gain or loss in the valuation reserve is transferred, in whole or in part, to the income statement.
Equity instruments, for which the choice has been made to classify them in this category, are measured at fair value and the amounts recognised in other comprehensive income cannot be subsequently transferred to profit or loss, not even if they are sold. The only component related to these equities that is recognised through profit or loss is their dividends.
Fair value is determined on the basis of the criteria already described for Financial assets measured at fair value through profit or loss.
For the equity instruments included in this category, which are not quoted on an active market, the cost approach is used as the estimate of fair value only on a residual basis and in a small number of circumstances, i.e., when all the measurement methods referred to above cannot be applied, or when there are a wide range of possible measurements of fair value, in which cost represents the most significant estimate.
For more information regarding the criteria for the determination of fair value, see the Section "A.4 – Information on Fair Value".

Financial assets measured at fair value through other comprehensive income – both in the form of debt securities and loans – are subject to the verification of the significant increase in credit risk (impairment) required by IFRS 9, in the same way as Assets measured at amortised cost, with the consequent recognition through profit or loss of a value adjustment to cover the expected losses. More specifically, for instruments classified as stage 1 (i.e., financial assets at origination, when not impaired, and instruments for which there has not been a significant increase in credit risk since the initial recognition date), a 12-month expected loss is recognised on the initial recognition date and at each subsequent reporting date. For instruments classified as stage 2 (performing for which there has been a significant increase in credit risk since the initial recognition date) and as stage 3 (credit-impaired exposures), a lifetime expected loss for the financial instrument is recognised.
Equity instruments are not subject to the impairment process.
See the paragraph below "Impairment of financial assets" for more details.

Derecognition criteria

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the disposed financial assets is maintained, they continue to be recorded in the financial statements, even though their title has been transferred.

When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.

Lastly, disposed financial assets are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, without significant delay to third parties.

3. Financial assets measured at amortised cost

Classification criteria

This category includes the financial assets (in particular loans and debt securities) that meet both the following conditions:

- the financial asset is held under a business model whose objective is achieved through the collection of expected contractual cash flows (Hold to Collect business model), and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI Test" passed).

More specifically, the following are recognised in this caption:

- loans to banks in their various forms that meet the requirements referred to above;
- loans to customers in their various forms that meet the requirements referred to above;
- debt securities that meet the requirements referred to above.

This category also includes the operating loans and receivables connected to the provision of financial activities and services as defined by the Consolidated Law on Banking and the Consolidated Law on Finance (e.g. for the distribution of financial products and servicing activities).

According to the general rules established by IFRS 9 on the reclassification of financial assets, reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets. In such cases, which are expected to be highly infrequent, the financial assets may be reclassified from the amortised cost category to one of the other two categories established by IFRS 9 (Financial assets measured at fair value through other comprehensive income or Financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification date. Gains and losses resulting from the difference between the amortised cost of a financial asset and its fair value are recognised through profit or loss in the event of reclassification to Financial assets measured at fair value through profit or loss and under Shareholders' equity, in the specific valuation reserve, in the event of reclassification to Financial assets measured at fair value through other comprehensive income.

For more information regarding the classification criteria for the financial instruments see the paragraph below "Classification drivers for the financial assets".

Recognition criteria

Initial recognition of the financial asset occurs at settlement date for debt securities and at disbursement date for loans. On initial recognition, assets are recorded at fair value, including transaction costs and revenues directly attributable to the instrument.

In particular, for loans, the disbursement date is usually the same as the date of signing of the contract. Should this not be the case, a commitment to disburse funds is made along with the subscription of the contract, which will cease to exist upon disbursement of the loan. The loan is recognised based on its fair value, equal to the amount disbursed or subscription price, inclusive of the costs/revenues directly attributable to the single loan and determinable from inception, even when settled at a later date. Costs that, even with the aforementioned characteristics, are reimbursed by the borrower or are classifiable as normal internal administrative costs are excluded.

Repurchase agreements and reverse repurchase agreements are recognised as funding or lending transactions. Specifically, repurchase agreements are recognised as payables for the spot amount received, whereas reverse repurchase agreements are recognised as receivables for the spot amount paid.

Measurement criteria

After the initial recognition, these financial assets are measured at amortised cost, using the effective interest method. The assets are recognised in the balance sheet at an amount equal to their initial carrying amount less principal repayments, plus or minus the cumulative amortisation (calculated using the effective interest method) of the difference between this initial amount and the amount at maturity (typically attributable to costs/income directly attributable to the individual asset) and adjusted by any provision for losses. The effective interest rate is the rate that exactly discounts estimated future cash payments of the asset, as principal and interest, to the amount disbursed inclusive of the costs/revenues attributable to that financial asset. This measurement method uses a financial approach and allows distribution of the economic effect of the costs/income directly attributable to a financial asset over its expected lifetime.

The amortised cost method is not used for assets, measured at historical cost, whose short duration makes the effect of discounting negligible, or for assets without a definite maturity or revocable loans.

The measurement criteria, as described in more detail in the paragraph "Impairment of financial assets", are closely linked to the inclusion of these instruments in one of the three stages of credit risk established by IFRS 9, the last of which (stage 3) consists of non-performing financial assets and the remaining (stages 1 and 2) of performing financial assets.

With regard to the accounting representation of the above measurement effects, the adjustments for this type of asset are recognised in profit or loss:

- on initial recognition, for an amount equal to the 12-month expected credit loss;
- on subsequent measurement of the asset, when the credit risk has not increased significantly since initial recognition, in relation to changes in the amount of adjustments for the 12-month expected credit losses;
- on subsequent measurement of the asset, when the credit risk has increased significantly since initial recognition, in relation to the recognition of adjustments for expected credit losses over the contractually agreed remaining lifetime of the asset;
- on subsequent measurement of the asset, where – after a significant increase in credit risk has occurred since initial recognition – the increase is no longer "significant" due to the alignment of the cumulative value adjustments to take account of the change from a lifetime expected credit loss to a 12-month expected credit loss for the instrument.

These financial assets, when they are performing, are subject to an assessment, aimed at establishing the value adjustments to be recognised in the financial statements, at the level of individual loan (or "tranches" of securities), according to the risk parameters consisting of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), derived from the AIRB models, and duly adjusted to take account of the provisions of IFRS 9.

If, in addition to a significant increase in credit risk, there is also objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the asset – classified as "non-performing", like all the other relationships with the same counterparty – and the present value of the estimated future cash flows, discounted using the original effective interest rate. The amount of the loss, to be recognised through profit or loss, is established based on individual measurement or determined according to uniform categories and, then, individually allocated to each position, and, as detailed in the paragraph "Impairment of financial assets", takes account of forward-looking information and possible alternative recovery scenarios.

Non-performing assets include financial assets classified as bad, unlikely-to-pay or past due by over ninety days according to the rules issued by the Bank of Italy, in line with the IAS/IFRS and EU Supervisory Regulations.

The expected cash flows take into account the expected recovery times and the estimated realisable value of any guarantees.

The original effective rate of each asset remains unchanged over time even if the relationship has been restructured with a variation of the contractual interest rate and even if the relationship, in practice, no longer bears contractual interest.

If the reasons for impairment are no longer applicable following an event subsequent to the registration of impairment, recoveries are recorded in the income statement. The size of the recovery must not lead the carrying value of the financial asset to exceed the amortised cost had no impairment losses been recognised in previous periods.

Recoveries on impairment with time value effects are recognised in net interest income.

In some cases, during the lifetime of these financial assets, and of loans in particular, the original contractual conditions may be subsequently modified by the parties to the contract. When the contractual clauses are subject to change during the lifetime of an instrument, it is necessary to verify whether the original asset should continue to be recognised in the balance sheet or whether, instead, the original instrument needs to be derecognised and a new financial instrument needs to be recognised.

In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are "substantial". The assessment of the "substantial nature" of the change must be made using both qualitative and quantitative information. In some cases, in fact, it may be clear, without resorting to complex analysis, that the changes introduced substantially modify the characteristics and/or contractual flows of a particular asset while, in other cases, further analysis (including quantitative analysis) will need to be carried out to assess the effects of the changes and verify whether or not to derecognise the asset and recognise a new financial instrument.

The qualitative and quantitative analyses aimed at defining the "substantial nature" of contractual changes made to a financial asset must therefore consider:

- the purposes for which the changes were made: e.g. renegotiations for commercial reasons and forbearance measures due to financial difficulties of the counterparty:
  - the former, aimed at "retaining" the customer, involve a borrower that is not in financial difficulty. This category includes all renegotiations aimed at aligning the cost of the debt to market conditions. These operations involve a change in the original conditions of the contract, usually requested by the borrower and relating to aspects concerning the cost of the debt, with a consequent economic benefit for the borrower. In general, whenever the bank carries out a renegotiation to avoid losing its customer, that renegotiation should be considered as substantial because, if it were not carried out, the customer could borrow from another intermediary and the bank would incur a decrease in expected future revenues;
  - the latter, carried out for "reasons of credit risk" (forbearance measures), relate to the bank's attempt to maximise the recovery of the cash flows of the original loan. The underlying risks and rewards, following the changes, are not normally substantially transferred and, consequently, the accounting representation that provides the most relevant information for the readers of the financial statements (apart from the triggers discussed below) is "modification accounting" – which involves the recognition through profit or loss of the difference between the carrying value and the present value of the modified cash flows discounted at the original interest rate – rather than derecognition;
- the presence of specific triggers that affect the contractual characteristics and/or cash flows of the financial instrument (such as, for example, a change in currency or a modification of the type of risk the financial instrument is exposed to, when correlated to equity and commodity parameters), which are considered to result in derecognition due to their impact (expected to be significant) on the original contractual cash flows.

Conversely, the amendments to financial assets following the Interest Rate Benchmark Reform (so-called IBOR Reform), relating to the change in the basis for determining contractual cash flows (the replacement of the existing interest rate benchmark with an alternative benchmark rate), do not constitute a derecognition event, but are to be considered a modification from an accounting standpoint. Such amendments, if made as a direct consequence of the IBOR Reform and applied on equivalent economic bases, are represented with a prospective adjustment of the effective interest rate - by applying paragraph B5.4.5 of IFRS 9 instead of modification accounting, with impacts on net interest income in future periods.

Derecognition criteria

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the disposed financial assets is maintained, they continue to be recorded in the financial statements, even though their title has been transferred.
When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.
Lastly, disposed financial assets are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, without significant delay to third parties.

4. Hedging transactions

The Intesa Sanpaolo Group has exercised the option, provided for on the introduction of IFRS 9, of continuing to fully apply the provisions of IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for each type of hedge (both for micro hedges and macro hedges).

Classification criteria: type of hedge

Hedging transactions are aimed at neutralising potential losses on a specific item or group of items, attributable to a certain risk, if such a risk should actually occur.
The following types of hedging transactions are used:

- fair value hedge, which has the objective of covering exposure to changes in the fair value (attributable to the different risk categories) of assets and liabilities in the balance sheet, or on a portion of these, of groups of assets/liabilities, of binding commitments and portfolios of financial assets and liabilities, including core deposits, as permitted by IAS 39 endorsed by the European Commission. Fair value macro hedges are aimed at reducing fluctuations in the fair value, as a result of interest rate risk, of a sum of money flowing from a portfolio of financial assets or liabilities. Net amounts resulting from mismatches between assets and liabilities cannot be subject to macro hedges;
- cash flow hedge, which has the objective of covering exposure to variability in future cash flows attributable to particular risks associated with balance sheet captions. This type of hedge is essentially used to stabilise the interest flow on floating rate funding to the extent that the latter finances fixed rate investments. In certain circumstances, similar transactions are carried out with respect to some types of floating rate investments;
- hedges of net investments in foreign currency, which refer to the coverage of the risks of net investments in foreign operations expressed in their original currency.

Only hedging transactions which involve counterparties outside the Group may qualify for hedge accounting.
The choice made by the Group to take advantage of the possibility of continuing to fully apply the IAS 39 rules for hedging relationships means that the equity instruments classified as Financial assets measured at fair value through other comprehensive income (FVOCI) cannot be measured as hedged items for price or exchange rate risk, since these instruments are not recognised through profit or loss, not even if they are sold (except for dividends that are recognised through profit or loss).

Recognition criteria

Hedging derivatives, like all derivatives, are initially recognised and subsequently measured at fair value.
A relationship qualifies as a hedging relationship, and is appropriately reported in the financial statements only if, all of the following conditions are met:

- at the inception of the hedge, the hedging relationship is formally designated and documented, including the company's risk management objectives and strategy in undertaking the hedge. This documentation includes the identification of the hedging instrument, the item or transaction hedged, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness in offsetting the exposures to changes in the fair value of the item hedged or in the cash flows attributable to the risk hedged;
- the hedge is expected to be highly effective;
- the planned transaction hedged, to hedge the cash flows, is highly probable and has an exposure to changes in cash flows that could have effects on the income statement;
- the effectiveness of the hedge can be reliably measured;
- the hedge is measured on an ongoing basis and is considered highly effective for all the financial years in which it is designated.

Measurement criteria

Hedging derivatives are measured at fair value. In particular:

- in the case of fair value hedges, the change in the fair value of the hedged item is offset by the change in fair value of the hedging instrument. Offsetting is recognised via the registration in the income statement of the gains and losses referred to both the hedged item (with regard to the variations produced by the underlying risk factor), and the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, is therefore the net economic effect. In case of fair value macro hedges, fair value changes related to the hedged risk of assets and liabilities in hedged portfolios are allocated to the balance sheet under caption 60. "Fair value change of financial assets in hedged portfolios" or under caption 50. "Fair value change of financial liabilities in hedged portfolios";

- in the case of cash flow hedges, changes in fair value of the derivative are recorded in equity, for the effective portion of the hedge, and these are registered in the income statement only when, with reference to the hedged item, there is a variation in the flows to be offset or if the hedge is ineffective;
- hedges of net investments in foreign currency are treated in the same way as cash flow hedges.

The effectiveness of the hedge depends on the extent to which changes in the fair value of the hedged item or the relating expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is appraised by comparing the aforementioned changes, considering the intent pursued by the entity at the time in which it entered the hedging transaction. A hedge is effective when the variations in fair value (or cash flows) of the hedging financial instrument almost completely neutralise, that is within the 80-125% range, the changes in the fair value of the hedged item, for the type of risk being hedged.

Effectiveness is assessed at every close of annual or interim financial statements using:
- prospective tests, which justify the application of hedge accounting, since these prove the expected effectiveness of the hedge;
- retrospective tests, which demonstrate the effectiveness of the hedge for the reference period, or measure how much the effective results diverge from perfect coverage.

Fair value hedge accounting is discontinued prospectively in the following cases:
- the hedging instrument expires or is sold, terminated, or exercised;
- the hedge no longer meets the hedge accounting criteria described above;
- the entity revokes the designation.

If such assessments do not confirm hedge effectiveness, from that moment hedge accounting is discontinued, the derivative is reclassified in instruments held for trading and the hedged item is measured on the basis of its classification in the balance sheet. If the assets or liabilities hedged are measured at amortised cost, the higher or lower value resulting from the fair value measurement due to the hedge becoming ineffective is recognised through profit or loss, using the effective interest rate method. When a fair value macrohedging relationship is discontinued, the cumulative change in fair value losses carried under caption 60 "Fair value change of financial assets in hedged portfolios" or caption 50. “Fair value change of financial liabilities in hedged portfolios” are transferred to the income statement among interest income or expense over the residual life of the original hedging relationships, without prejudice to verification that the requirements have been met.

An entity must discontinue cash flow hedge accounting prospectively in each of the following circumstances:
- the hedging instrument expires or is sold, terminated, or exercised (for this purpose the replacement or exchange of one hedging instrument with another hedging instrument is not a conclusion or termination if that replacement or exchange forms part of an entity’s documented hedging strategy). In this case the total profit (or loss) on the hedging instrument continues to be recognised directly in shareholders’ equity until the end of the reporting period in which the hedge became effective and it continues to be recognised separately until the programmed transaction, being hedged, occurs;
- the hedge no longer meets the criteria for hedge accounting. In this case the total profit or loss on the hedging instrument is recognised directly in shareholders’ equity starting from the reporting period in which the hedge became effective and continues to be recognised separately in shareholders’ equity until the programmed transaction occurs;
- it is no longer considered that the future transaction will occur, in which case any related total profit or loss on the hedging instrument recognised directly in equity starting from the reporting period in which the hedge became effective must be recognised through profit or loss;
- the entity revokes the designation. For hedges of a programmed transaction, total profits or losses on the hedging instrument recognised directly in shareholders’ equity starting from the reporting period in which the hedge became effective continue to be recognised separately in shareholders’ equity until the programmed transaction occurs or it is expected that it will no longer occur.

As an exception to the provisions of IAS 39 discontinuation following an update of the documentation of the hedging relationship (due to modification of the hedged risk, the hedged underlying or the hedging derivative, or of the method for verifying hedge effectiveness) does not apply in the case of modifications required as a direct consequence of the Interest Rate Benchmark Reform (so-called IBOR Reform) and applied on equivalent economic bases.

5. Investments in associates and companies subject to joint control

Classification, recognition and measurement criteria
The caption includes investments in companies subject to joint control and associates.
Entities are considered to be companies subject to joint control if control is contractually shared between the Group and one or more other parties, or where the decisions about the relevant activities require the unanimous consent from all parties sharing control.
Companies are considered subject to significant influence (associates) when the Group holds 20% or more of the voting rights (including “potential” voting rights) or if it – with a lower equity stake – has the power of participating in the determination of financial and management policies of the company based on specific juridical relations, such as the participation in voting syndicates.
Certain companies in which the Group holds a stake exceeding 20% are not considered subject to significant influence since it solely has economic rights on a portion of the returns generated by the investment, but does not have access to management policies and may exercise governance rights limited to the safeguarding of its economic interests.

The investments in associates and companies subject to joint control are measured at cost and accounted for according to the equity method. If there is evidence of impairment, the recoverable amount of the investment is estimated, considering the present value of the future cash flows which may be generated by the investment, including the final disposal value.
If the recoverable amount is lower than the carrying value, the difference is recorded in the income statement.
If the reasons for impairment are no longer applicable following an event subsequent to the registration of impairment, recoveries are recorded in the income statement.

Derecognition criteria
The investments in associates and companies subject to joint control are derecognised when the contractual rights to the cash flows from the assets expire or when the investment is sold, substantially transferring all the risks and rewards connected to the assets.

6. Property and equipment

Classification criteria
Property and equipment include land, owner-occupied property, investment property, valuable art assets, technical plants, furniture and fittings and any type of equipment that are expected to be used during more than one period.
Property and equipment held for use in the production or supply of goods and services are classified as "Property and equipment used in operations", in accordance with IAS 16. Real estate owned for investment purposes (to obtain rental income or gains on the capital invested) is classified as "Investment property" based on IAS 40.
This caption also includes property and equipment classified in accordance with IAS 2 - Inventories, which refer both to assets resulting from the enforcement of guarantees or from purchase at auction that the company intends to sell in the near future, without carrying out major renovation work, and which do not meet the requirements for classification in the previous categories, and to the real estate portfolio of the Group's real estate companies, including building sites, properties under construction, properties completed for sale and real estate development initiatives, held for sale.
Finally, this caption also includes the rights of use acquired through leases and relating to the use of an item of property and equipment (for the lessee companies) and the assets leased under operating leases (for the lessor companies).

Recognition criteria
Property and equipment are initially measured at cost which comprises in addition to their purchase price any costs directly attributable to the purchase and required for them to be operational.
Extraordinary maintenance expenses which lead to a rise in future economic benefits are attributed to increase the value of assets, while other ordinary maintenance costs are recorded in the income statement.

Measurement criteria
Property and equipment are measured at cost, net of depreciation and impairment losses, except for owner-occupied properties and valuable art assets, which are measured according to the revaluation model.
The investment properties are measured with the fair value method.

For the property and equipment subject to assessment according to the revaluation model:
- if the carrying value of an asset is increased following a revaluation, the increase must be recognised in the Statement of comprehensive income and accumulated in the shareholders' equity under the caption revaluation reserve; conversely, in the case where an impairment loss on the same asset recognised previously in the income statement is recovered, it must be recognised as income;
- if the carrying value of an asset is decreased following the revaluation, the decrease must be recognised in the Statement of comprehensive income to the extent in which there are possible credit balances in the revaluation reserve referring to this asset; otherwise, this reduction is recorded in the Income statement.

Property and equipment are systematically depreciated, adopting the straight-line method over their useful life. The depreciable amount is the cost of the goods (or the net value recalculated if the method adopted for the valuation is the revaluation model) net of the residual value at the end of the depreciation period, if significant. Buildings are depreciated for a portion deemed to be suitable to represent their deterioration over time following their use, considering extraordinary maintenance expenses, which are recognised in the carrying value of the assets. In order to determine the useful life of the various types of assets and the corresponding depreciation rates, the Group's real estate assets have been divided into four clusters: (i) Historical and particularly prestigious properties (useful life of 65 years), (ii) Entire buildings (useful life of 33 years), (iii) Banking branches (useful life of 20 years) and (iv) Other properties (useful life of 20 years). These clusters do not include the New Intesa Sanpaolo Headquarters in Turin, for which the useful life was estimated through a specific analysis which considered the peculiar architectural features of the building. Other property and equipment is depreciated based on the following useful lives: furniture from 5 to 10 years, plants from 4 to 10 years, hardware and IT equipment for a period from 4 to 8 years and, lastly, other assets from 3 to 13 years.

The following are not depreciated:
- land, irrespective of whether acquired individually or embedded in the value of buildings, since it has an indefinite useful life;
- the valuable art assets, the other historical, artistic and decorative assets, since their useful life cannot be estimated and their value is normally destined to increase over time;
- the investment properties, as required by IAS 40, are measured at fair value through profit or loss and therefore they must not be depreciated.

If there is some evidence that property and equipment measured at cost may have been impaired, the carrying amount of the asset and its recoverable amount are compared. Any impairment losses are recorded in the income statement.
If the reasons for impairment cease to exist, a value recovery is recorded and may not exceed the value that the asset would have had, net of depreciation, determined in the absence of previous impairment losses.

With regard to the property and equipment recognised in accordance with IAS 2, these are measured at the lesser of cost and net realisable value, without prejudice to the comparison between the asset's carrying amount and its recoverable amount where there is an indication that the asset may have been impaired. Any impairment losses are recorded in the income statement.

Property and equipment consisting of the right-of-use of assets subject to leases

According to IFRS 16, a lease is a contract or part of a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

According to IFRS 16, leases are accounted for on the basis of the right of use model, where, at the initial date, the lessee has a financial obligation to make payments due to the lessor to compensate for its right of use of the underlying asset during the lease term.
When the asset is made available to the lessee for use (initial date), the lessee recognises both the liability and the asset consisting of the right of use.
In particular, the right of use acquired with a lease is measured as the sum of the present value of the future payments over the term of the contract, the lease payments made at or before the commencement date, the lease incentives received, if any, the initial direct costs and any estimated costs of dismantling or restoring the underlying asset.
The financial liability recognised corresponds to the present value of the payments to be made for the lease.

With regard to the discount rate, based on the requirements of IFRS 16, the Group uses the implicit interest rate for each lease contract, when it is available. For leases from the lessee's point of view, in some cases, for example for rental agreements, the implicit interest rate cannot always be readily determined without using estimates and assumptions (the lessee does not have enough information about the unguaranteed residual value of the leased asset). In these cases, the Group has developed a methodology for setting the incremental interest rate as an alternative to the implicit interest rate and has decided to adopt the Funds Transfer Pricing (FTP) method. This is based on an unsecured and amortising rate curve, which envisages lease payments for the lease contract that are typically constant over the lease term, rather than a single payment upon maturity. The FTP method takes into account the creditworthiness of the lessee, the term of the lease, as well as the economic environment in which the transaction takes place and is therefore in line with the requirements of the standard.

The lease term is determined taking into account:
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option;
- periods covered by an option to terminate the lease if the lessee is reasonably certain to exercise that option.

During the course of the lease term a lessee shall:
- measure the right-of-use at cost less accumulated depreciation and accumulated impairment losses determined and recognised based on the provisions of IAS 36 "Impairment of assets", adjusted to take account of any remeasurement of the lease liability;
- increase the liability arising from the lease following the accrual of interest expense calculated at the interest rate implicit in the lease or alternatively at the incremental borrowing rate, and decrease it for payments of principal and interest made.

If changes are made to the lease payments, then the lease liability must be remeasured and the impact of the remeasurement of the liability is recognised against the right-of-use asset.

Derecognition criteria
Property and equipment are derecognised from the balance sheet on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

7. Intangible assets

Classification criteria
Intangible assets consist of goodwill and other intangible assets governed by IAS 38. They may include the rights of use acquired under a lease and relating to the use of an intangible asset (for lessees) and assets leased under an operating lease (for lessors).
Intangible assets are recognised as such if they may be identified and stem from legal or contractual rights. Intangible assets include goodwill, which represents the positive difference between purchase price and fair value of assets and liabilities pertaining to the acquired company.

Recognition and measurement criteria
Intangible assets are recognised at cost, adjusted for any accessory charges only if it is probable that the future economic benefits attributable to the assets will be realised and if the cost of the asset may be reliably determined. If this is not the case, the cost of the intangible asset is recorded in the income statement in the year in which it was incurred.

For assets with finite useful life, the cost is amortised on a straight-line basis or in decreasing portions determined on the basis of the economic benefits expected from the asset. Assets with indefinite useful life are not subject to systematic amortisation, but are periodically subjected to impairment testing.
If there is any indication that an asset may have suffered impairment losses, the asset's recoverable amount is estimated. The impairment loss, which is recorded in the income statement, is equal to the difference between the carrying value of the assets and the recoverable amount.

In particular, intangible assets include:
- technology-related intangible assets, such as software applications, which are amortised mainly on the basis of their expected technological obsolescence or, if lower, their expected use, and in any case generally no longer than a period of seven years. An exception are the core banking system platforms, whose useful life is estimated on a case-by-case basis, and, as a result, amortised over longer periods (from 10 to 15 years). Moreover, the costs incurred for the development of software are considered as intangible assets and are recognised under assets only when all the following conditions are met: i) the cost attributable to the intangible asset during its development can be measured reliably, ii) there is the intention, the availability of financial resources and the technical ability of making the intangible asset available for use or sale, iii) the future economic benefits to be generated by the asset can be demonstrated. Software development capitalised costs only comprise the costs directly attributable to the development process. Capitalised software development costs are amortised systematically over the estimated useful life of the relevant product/service so as to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity from the beginning of production over the product's estimated life;
- customer-related intangibles mainly represented, in business combinations, by asset management relations, non-financial activities related to provision of services and insurance portfolios classified as investments. Such assets, with a finite life, are originally measured by the discounting, using a rate representing the time value of money and the asset's specific risks, of the income margins on the ongoing relations at the time of the business combination over a period which expresses their residual, contractual or estimated life. For asset management relations and non-financial activities related to provision of services, they are amortised on a straight-line basis over the period of greater significance of the expected economic benefits in case of relations which do not have a predetermined duration and, for relations from insurance products classified as investments, generally in decreasing portions corresponding to the duration of the contract in case of relations with predetermined expiry (residual lives of the policies);
- marketing-related intangibles represented by the measurement of the brand name which is also recorded at the time of business combinations. This asset is considered as having indefinite life since it is deemed to contribute for an indefinite period of time to the formation of income flows.

Lastly, intangible assets include goodwill.

With respect to business combinations, goodwill may be recorded when the positive difference between the consideration transferred and the fair value recognition, if any, of minority interests, and the fair value of shareholders' equity acquired is representative of the future income-generation potential of the equity investment.
If this difference is negative or if goodwill may not be attributed considering future income-generation potential of the equity investments, the same difference is directly recorded in the income statement.
Once a year (or every time that there is evidence of impairment losses), an impairment test is carried out for goodwill. This requires the identification of the Cash Generating Unit (or CGU) to which goodwill is allocated. The cash-generating units of the Intesa Sanpaolo Group correspond to the operating divisions presented in segment reporting. Any impairment losses are determined on the basis of the difference between the recognition value of goodwill and its recoverable amount, if lower. The recoverable amount is equal to the higher between the fair value of the cash-generating unit, less any cost to sell, and the relative value in use. The consequent adjustments are posted in the income statement.
With regard to the intangible asset represented by the brand name, if the reference CGU does not have any goodwill allocated, then an independent and specific valuation is made of the intangible on the basis of the fair value certified by the appraisal of an independent expert. If the fair value of the brand name is not higher than its carrying amount, the recoverable amount of the CGU is estimated, calculated based on future cash flows.

It is also noted that, where a CGU which is allocated both goodwill and a brand name has a value in use lower than the carrying amount, by an amount that exceeds the total value of the intangibles with indefinite life allocated, without prejudice to the full write-down of goodwill, an autonomous valuation of the brand name is carried out based on the fair value stated in the specific appraisal.

Derecognition criteria
Intangible assets are derecognised from the balance sheet on disposal and if no future economic benefits are expected.

8. Other assets
Other assets essentially consist of items awaiting classification and items not attributable to the other balance-sheet captions, including receivables arising from the supply of goods and non-financial services, sundry tax items other than those recognised in their own caption (e.g., connected to withholding agent activities), gold, silver and precious metal, the tax credits connected with the "Cura Italia" and "Rilancio" Decree Laws and accrued income other than that capitalised on the related financial assets, including the income resulting from contracts with customers in accordance with IFRS 15, paragraphs 116 and following. As required by paragraphs 91 and following of IFRS 15, the costs incurred for the acquisition and fulfilment of long-term contracts with customers are capitalised and amortised when they are incremental and are expected to be recovered.

9. Non-current assets held for sale and discontinued operations and Liabilities associated with non-current assets held for sale and discontinued operations

Non-current assets/liabilities for which a disposal process has commenced and for which disposal is deemed to be extremely probable are recorded in assets under Non-current assets held for sale and discontinued operations and in liabilities under Liabilities associated with non-current assets held for sale and discontinued operations. These assets/liabilities are measured at the lower of the carrying amount and fair value less cost to sell, except for some type of assets (e.g., financial assets within the scope of IFRS 9) for which IFRS 5 specifically establishes that the measurement principles of the applicable accounting standard must be used. The assets that are subject to amortisation/depreciation under the IAS/IFRS are no longer amortised/depreciated when they are classified under non-current assets held for sale and discontinued operations.

Non-current assets held for sale and discontinued operations may include portfolios of assets for which there are no prices in an active market. In such case, where an agreement has been reached with the purchaser, they are measured at fair value by referring to the sale prices resulting from that agreement. Where there is no agreement, they are measured using specific valuation techniques based on the asset and, where necessary, by employing external fairness opinions.

The income and charges (net of tax effect) attributable to non-current assets held for sale and discontinued operations or recorded as such in the year are recognised in the income statement in a separate caption.

10. Current and deferred tax

Taxes on income[166], calculated according to domestic tax regulations, are accounted for as a cost on an accruals basis, in line with the method followed to include, in the financial statements, the costs and income that generated them. Therefore, they represent the balance of current and deferred income taxes[167] for the year. Current tax assets and liabilities include the balances of the Group companies due to the relevant Italian and foreign tax authorities relating to direct taxation. More specifically, these captions include the net balance of tax liabilities from previous years and the current year, calculated on the basis of a prudent estimate of the tax charges due for the year, assessed according to the tax regulations currently in force, and the current tax assets represented by advances, by withholding taxes borne or other tax credits. The risk inherent in such proceedings and the risks inherent in proceedings where preliminary disbursements have not been requested are evaluated in applying the principles contained in IAS 37 regarding the best estimate of the economic resources required.

Considering the Group's adoption of the national fiscal consolidation provisions, tax positions which may be referred to the Italian Group companies are managed separately from an administrative standpoint.

Deferred taxation is calculated according to the balance sheet liability method, taking into account the tax effect of the temporary differences between the book value of the assets and liabilities and their value for taxation purposes, which will determine taxable income or deductible amounts in the future. To this end, "taxable temporary differences" are differences which will give rise to taxable income in future years while "deductible temporary differences" are those which will give rise to deductible amounts in future years.

Deferred tax liabilities are calculated by applying the tax rates currently in force to taxable temporary differences that are likely to generate a tax burden, and to the deductible temporary differences for which it is likely that there will be future taxable amounts at the time when the related tax deductibility occurs (so-called probability test). Deferred tax assets and liabilities related to the same tax and due in the same period are offset.

If deferred tax assets and liabilities refer to items affecting the Income statement, the balancing entry is represented by taxes on income.

Where deferred tax assets and liabilities relate to transactions that have been recorded in shareholders' equity without affecting earnings (such as adjustments on IAS/IFRS first-time adoption, measurements of financial assets recognised at fair value through other comprehensive income or of cash flow hedge derivative contracts), the balancing entry is made in shareholders' equity, under specific reserves where so provided (e.g. valuation reserves).

Latent taxation on equity reserves that will become taxable "however used" is charged against shareholders' equity. No provision is made for reserves subject to latent taxation only in the event of distribution, since the size of the available reserves which have already been taxed leads to the belief that no transactions will be undertaken which may cause taxation of the untaxed reserves.

Deferred tax liabilities referred to Italian companies included in the fiscal consolidation are reported in their financial statements, in application of the accrual basis principle and in consideration of the fact that the effects of fiscal consolidation are limited to the settlement of current tax positions.

Latent taxation on shareholders' equity items of consolidated companies is not recorded in the financial statements if it is unlikely that any tax liability will actually arise, also bearing in mind the permanent nature of the investment.

[166] Pursuant to IAS 12, taxes on income also include those relating to the tax laws that implement the Global Minimum Tax.

[167] With respect to deferred taxation, it is noted that, under IAS 12, deferred tax assets and liabilities relating to taxes on income under the so-called Global Minimum Tax are not to be recognised or disclosed.

11. Allowances for risks and charges

Allowances for risks and charges for commitments and guarantees given

This sub-caption of the allowances for risks and charges contains the allowances for credit risk recognised for loan commitments and guarantees given that come under the scope of the IFRS 9 impairment rules. For these cases, in general, the methods described for financial assets measured at amortised cost or at fair value through other comprehensive income are adopted for the assignment to the three credit risk stages and the calculation of the expected credit loss.

This aggregate also includes allowances for risks and charges made to cover other types of commitments and guarantees given that, due to their specific characteristics, do not fall under the scope of impairment pursuant to IFRS 9.

Post-employment benefits

Company post-employment benefits are based on agreements and qualify as defined benefit plans. Liabilities related to such plans and the relative cost of current service are determined on the basis of actuarial assumptions based on the Projected Unit Credit Method. This method sets out that future obligations are forecast using past time-series analyses and the demographic curve and that such future cash flows are discounted based on a market interest rate. The provisions made in each year of service are considered separately and give rise to an additional unit of benefit entitlement for the purposes of the final obligation. The discounting rate is determined on the basis of market returns, surveyed as at the date of measurement, on high-quality corporate bonds, taking account of the residual average life of the liability. The present value of the liability at the reporting date is also adjusted by the fair value of any plan assets.

Actuarial profits and losses (namely the changes in the current value of the obligation resulting from changes in the actuarial assumptions and adjustments based on past experience) are recognised in the statement of comprehensive income.

Other allowances

Other allowances for risks and charges record provisions related to legal obligations or connected to labour relationships or to litigations, also of a fiscal nature, originating from a past event for which a disbursement will probably arise to settle the obligations, provided that the amount of the disbursement may be estimated reliably.

Consequently, a provision is recognised when, and only when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date and takes into account the risks and uncertainties that inevitably surround many events and circumstances. Where time value is significant, provisions are discounted using current market rates. Provisions and increases due to time value are recorded in the income statement.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation or when the obligation is settled, the provision should be reversed.

The caption also includes long-term benefits to employees, whose charges are determined with the same actuarial criteria described for post-employment benefits. Actuarial profits and losses are all immediately recognised in the income statement.

12. Financial liabilities measured at amortised cost

Classification criteria

Amounts Due to banks, Due to customers and Securities issued include various forms of funding on the interbank market and with customers, repurchase agreements with commitment to repurchase and funding via certificates of deposit, bonds issued and other funding instruments in circulation, net of any amounts repurchased.

It also includes the payables recorded by the entity in the capacity of lessee in lease transactions.

Recognition criteria

Initial recognition of these financial liabilities occurs at the date of subscription of the contract, which usually coincides with the time of collection of the sums deposited or the issue of debt securities.

Initial recognition is based on the fair value of the liabilities, normally equal to the amount collected or the issue price, increased by any additional charges/revenues directly attributable to the single funding or issuing transaction. Internal administrative costs are excluded.

Lease payables are recognised at the present value of the future lease payments, discounted using the implicit interest rate of the transaction or, where it cannot be determined, the marginal financing rate.

Measurement criteria

After initial recognition, financial liabilities are measured at amortised cost with the effective interest method.

An exception is made for short-term liabilities, where time value is immaterial, which are stated at collected amount.

Lease payables are remeasured when there is a lease modification (e.g. a change in the contract which is not accounted for/considered as a separate contract); the effect of the remeasurement will be a corresponding adjustment to the right-of-use asset.

Derecognition criteria

Financial liabilities are derecognised from the balance sheet when they have expired or extinguished. Derecognition also occurs for repurchase of previously-issued bonds. The difference between book value of the liability and amount paid for repurchase is recorded in the income statement.

Placement of own securities, after their repurchase, is considered a new issue with recognition at the new placement price.

13. Financial liabilities held for trading

Recognition criteria

These financial instruments are recognised at the subscription or issue date at the fair value of the instrument, without taking into account directly attributable transaction costs or revenues.
This liability category includes, in particular, the negative fair value of trading derivatives, as well as embedded derivatives with a negative fair value separated from liabilities measured at amortised cost.
It also includes liabilities determined by short selling generated by trading of securities and certificates forming part of the trading business model.

Measurement criteria

All financial liabilities held for trading are measured at fair value through profit or loss.

Derecognition criteria

Financial liabilities held for trading are derecognised when the contractual rights to the related cash flows expire or when the financial liability is disposed of with the substantial transfer of all the risks and rewards connected to it.

14. Financial liabilities designated at fair value

Classification criteria

Financial liabilities designated at fair value are recorded under this caption, on the basis of the fair value option given to companies by IFRS 9 and in compliance with the cases contemplated in the reference regulations.
With reference to the financial liabilities of the subsidiary insurance companies, which do not fall within the scope of application of IFRS 17, the Group has availed itself of the possibility of designating as fair value liabilities products of a financial nature without a significant insurance risk and which are not included in separate management and therefore do not provide elements of discretionary participation features. Investments relating to these forms of funding, as already set out above, are also measured at fair value through profit or loss as they are managed according to an "Other" Business Model.

This category of liabilities also includes certificates included in the banking book business model.

Recognition criteria

These liabilities are recorded at fair value as at the date of issue, including the value of any embedded derivatives, net of placement fees paid.

Measurement criteria

These liabilities are measured at fair value according to the following rules established by IFRS 9:
- changes in fair value attributable to changes in own credit risk must be recognised in the statement of comprehensive income (shareholders' equity);
- the remaining changes in fair value must be recognised in the income statement.

The amounts recognised in the statement of comprehensive income are not subsequently recycled to the income statement. This method of accounting must not be applied when recognition of the effects of own credit risk on shareholders' equity results in or accentuates an accounting mismatch in the income statement. In this case, gains and losses associated with the liability, including those resulting from changes in own credit risk, must be recognised in the income statement.

Derecognition criteria

The financial liabilities designated at fair value are derecognised when the contractual rights to the related cash flows expire or when the financial liability is disposed with the substantial transfer of all the risks and rewards connected to it.

15. Foreign currency transactions

Definition

The foreign currency is a currency that is not the functional currency of the entity, which is in turn the currency of the primary economic environment in which the entity operates.

Initial recognition

Foreign currency transactions are recorded, on initial recognition, in the functional currency, by applying to the foreign currency amount the spot exchange rate at the date of the transaction.

Subsequent measurement

At every close of annual or interim financial statements, captions in foreign currency are measured as follows:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction;
- non-monetary items that are measured at fair value in a foreign currency are translated using the closing rates.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised through profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised through profit or loss, any exchange component of that gain or loss is recognised through profit or loss.

With regard to the "Conversion of financial statements in currencies other than the euro" for the purposes of consolidation and accounting for the related foreign exchange differences, reference is made to the specific paragraph of Part A: Section 3 - Scope of consolidation and consolidation methods of these Notes to the consolidated financial statements.

16. Insurance assets and liabilities

Classification criteria

This category contains the insurance assets and liabilities within the scope of application of IFRS 17 Insurance Contracts.
Specifically, the caption insurance liabilities presents the liabilities recognised by the Group for contracts for which insurance risk is deemed significant and which include: temporary class I life policies and income and mixed policies with guaranteed fixed conversion rates at the time of issue, and certain types of unit-linked policies, insurance pension funds and damage cover, as well as reinsurance components.
This caption also includes liabilities recognised for investment products that entail discretionary participation features (separate management schemes) as well as mixed class I products and class V capitalisation policies.
Note that the financial products issued by insurance companies that do not have significant insurance risk and no not provide for discretionary participation features are recognised in the financial statements as financial liabilities and accounted for pursuant to IFRS 9. Specifically, the Group measures those products at fair value, exercising the option provided by the standards (Fair Value Option) to avoid accounting mismatches with the correlated investments measured at fair value. These financial products substantially include unit-linked policies without extra return clauses.
Their classification as assets or liabilities is based on the net balance of the portfolio the contracts belong to. Generically, the insurance contracts present a balance payable (insurance liabilities) while reinsurance contracts present a balance receivable (insurance assets).

Recognition criteria

When the contract is signed with the policyholder, a liability is recognised whose amount represents the sum of the present value of all of the expected contractual cash flows (Present value of future cash flows), discounted and also including an appropriate Risk Adjustment (for non-financial risks) and the Contractual Service Margin which represents the present value of the future profits.
Contracts are recognised by groups (units of account), not contract by contract. In order to identify the units of account, the contracts issued are firstly divided into "portfolios", or groups of contracts with similar risks, which are managed as a unit. Each portfolio is then divided into profitability buckets, distinguishing between onerous contracts at the time of initial recognition, contracts which have no significant possibility of becoming onerous at the time of initial recognition and groups composed of other contracts in the portfolio. A specific test is conducted to define the profitability classes (onerousness test).
Lastly, groups of contracts shall not contain contracts issued more than 12 months previously (grouping by "cohorts"), with the exception of contracts linked to separate management schemes, for which the European Commission's endorsement of IFRS 17 provided the option to depart from that requirement (carve-out).
The Intesa Sanpaolo Group aggregates the contracts belonging to the Non-Life Business based on the Solvency II Line of Business ("LoB") they belong to. For the Life Business, groups of contracts are aggregated for products included in the same Separate Management, for Multi-management products in the same combination of Separate Management, Multi-Line products linked to the same Separate Management, Unit-Linked products, products linked to Pension Funds and pure risk products (e.g. temporary life policies).
With regard to contracts relating to Multi-Line products or linked to one or more Separate Management schemes, the Group exercises the option not to apply the Annual Cohort requirement (so-called "carve-out"), as allowed in the IFRS 17 Endorsement Regulation at European level, and therefore aggregates these types of contracts only based on the concept of sharing similar risks and uniform management as well as belonging to the same profitability bucket.
Contract boundaries are the expected cash flows to be considered when projecting the cash flows of an insurance contract. The determination of the contract boundaries is used to establish whether a particular contractual option is to be included in the cash-flow projection as soon as the contract is issued or whether the exercise of that option will result in the generation of a new group of contracts. The IFRS 17 contract boundaries include all the contractual options that establish the predetermined exercise conditions in terms of pricing, already at the time when the contracts are issued. If the exercise of the option does not have conditions predetermined upon issue and the conditions are only defined at a later date or at the time of exercise by the policyholder, they are not included in the IFRS 17 contract boundaries and are not projected in the cash flows of the host contract; the exercise of the option generates a group of contracts different from that of the host contract.

Measurement criteria

IFRS 17 requires the measurement of insurance liabilities (or assets if of opposite sign) based on up-to-date information that reflects the conditions existing at the measurement date.
Specifically, the standard sets out:
- a reference accounting model (General Model) used for life insurance contracts without contractual links to other assets and liabilities (life policy products and credit protection insurance) and for long-term non-life contracts ineligible for the simplified model;
- a model that modifies the General Model called the Variable Fee Approach, which is mandatory for measuring certain specific types of liabilities (for example, contracts linked to separate management schemes or Unit-Linked products); and
- an optional simplified approach called the Premium Allocation Approach.

For the General Model and the Variable Fee Approach, the standard requires, at the initial measurement date, the measurement of a group of contracts as the sum of the expected contractual cash flows (Present value future cash flow), a risk adjustment – a liability that reflects the uncertainty of cash flows due to non-financial risks – and the Contractual Service Margin, which represents the unaccrued profits that the entity will recognise gradually as it provides the service provided for by the group of insurance contracts.

Insurance liabilities comprise:
- the liability for remaining coverage (LRC): this is the liability related to the hedged event and consists of the sum of the expected contractual cash flows (Present value future cash flows), the Risk Adjustment and the Contractual Service Margin;
- the liability for incurred claims (LIC): this is the liability representing events that have already occurred and is composed of the sum of the related expected contractual cash flows (Present value future cash flows) and Risk Adjustment.

To determine the expected cash flows, all flows directly linked to the performance of the insurance contracts are considered. Because the insurance products in the Intesa Sanpaolo Group are mainly distributed by Group companies other than those in the Insurance Division, to quantify the cash flows and thus, the Contractual Service Margin at consolidated level, only the real costs incurred by the Group due to third parties are considered.

Following initial recognition, the carrying amount of a group of insurance contracts at each reporting date must be revised based on the most up-to-date assumptions, both operational (i.e. costs of claims, expenses) and financial (i.e. interest rate).
At each accounting closing it is thus necessary to update the balances of the present value of future cash flows and the risk adjustment. In this context, the General Model of measurement envisages the following:
- the update of the present value of future cash flows or the risk adjustment attributable to operational assumptions (i.e. the update to the estimated future claims) is recorded as an offsetting entry to the contractual service margin (i.e. a reduction in the present value of future cash flows due to a decrease in expected claims is recorded as an increase in the contractual service margin);
- the update of the present value of future cash flows or the risk adjustment attributable to financial changes (i.e. the update to the interest rate) is recognised, instead, in the income statement (i.e. as a reduction in the present value of future cash flows due to an increase in the discount rate is recognised in the income statement).

Once the changes attributable to operational assumptions of the expected contractual cash flows and the risk adjustments have been applied, the Contractual Service Margin for the insurance service provided during the period is released to the income statement. The release method follows the service provided over the term of the contract (coverage unit), which the Group calculates using the projected and discounted insured amounts for the life business and the earned premiums for the non-life business.
With respect to the Life business products measured under the Variable Fee Approach, in addition to the release of the Contractual Service Margin calculated using the Coverage Units, there is the release of the Systematic Economic Variance (ESR) which is equal to the difference between the prospective period-end Contractual Service Margin before the release under the Real World assumption and the prospective period-end Contractual Service Margin before the release under the Risk Neutral assumption.
For groups of onerous contracts, the standard requires that the overall estimated loss over the entire life of the policies be immediately recognised in the income statement.
The differences between the expected cash flows for the period and the corresponding actual figure also contribute to the adjustment of the Contractual Service Margin. In particular, with respect to the benefits provided by the contracts, the following must be calculated:
- the actual/expected difference relating to the non-distinct investment component (amounts that are paid to the holder of the contract in all circumstances, net of any components relating to insurance risks), which was identified for all products in portfolio with reference to the surrender value payable by the Company at the request of the holder of the contract, net of any penalties;
- the actual / expected difference relating to the premiums paid by the holder of the contract and related commissions, with reference only to the component relating to future services.

For insurance contracts with direct participation features (life products whose value is influenced by the underlying assets), the standard requires the mandatory application of a modified version of the General Model called the Variable Fee Approach.
A contract has direct participating features if its terms and conditions envisage that:
- the policyholder obtains returns linked to a clearly identified group of underlying items;
- the entity expects to pay out a substantial share of the fair value returns on the underlying assets;
- a substantial proportion of the cash flows that the issuer expects to pay the policyholder will vary with the change in the fair value of the underlying assets.

The Variable Fee Approach has the same rules of initial recognition as the General Model, but provides several variants on the changes in subsequent measurements.
Under the Variable Fee Approach, the contractual service margin includes, in addition to that set out in the General Model, the financial profits pertaining to the Group deriving from the management of the assets underlying contracts measured using the Variable Fee Approach.
To determine whether discretionary participation features are significant, the Group performs both a qualitative and quantitative test to verify the requirements. Within the Insurance Division's products, all the linked insurance contracts and pension funds and all the contracts linked to a separate management, both individual and Multi-Line, are measured using the Variable Fee Approach.

Lastly, IFRS 17 requires the application of the Premium Allocation Approach to simplify the measurement of a group of insurance contracts if the coverage period of each contract in the group (including the insurance services deriving from all premiums included within the contractual limit) does not exceed 12 months or if the application of that approach does not provide results that deviate significantly from the application of the General Model.

That approach does not require the identification of the single components of liabilities for future coverage (present value of future cash flows, risk adjustment and contractual service margin) but the identification of an "overall" insurance liability. The Intesa Sanpaolo Group applies this approach solely to the Non-Life Business, with the general rule being to use the Premium Allocation Approach for insurance policies with a duration of one year or less.

In some cases, the interaction between IFRS 17 and IFRS 9 may generate mismatches between the way insurance contracts and related financial assets are accounted for. In order to reduce these mismatches, IFRS 17 allows for a disaggregation of financial income and expenses from insurance contracts between the profit or loss (financial result) and the statement of comprehensive income.
The decision to carry out disaggregation is made for groups of contracts in applying IFRS 17 with the following methods:

- with regard to contracts valued using the General Model and the Premium Allocation Approach, the financial revaluation of future cash flows and risk adjustment at historical rates is recognised through profit or loss, while the difference between the revaluation at historical and current rates is recognised through other comprehensive income;
- for contracts valued under the Variable Fee Approach, IFRS 17 requires the financial result of insurance contracts to be disaggregated between profit or loss and other comprehensive income. In essence, the difference between the financial result of insurance contracts and the financial result through profit or loss arising from the underlying financial instruments is reclassified to other comprehensive income (mirroring).

In line with the decisions to classify the securities under assets to cover the insurance products, and to reduce potential accounting mismatches, the Intesa Sanpaolo Group adopts the disaggregation illustrated above (also known as the "OCI option") on all portfolios of insurance contracts, except those relating to unit-linked policies not linked to multi-line products or open pension funds.

Modification and derecognition criteria
According to IFRS 17, an insurance contract is derecognised from the accounts when, and only when, the contract is extinguished, i.e., when the specific obligation in the insurance contract has expired or has been fulfilled or eliminated.

Moreover, following contractual modifications (agreed between the parties or due to changes in regulations) that reflect at least one of the following conditions:

- the modified contract would have been excluded from the scope of application of IFRS 17 if the modified terms had been included in the contract on initial recognition; the separation of the different components, bringing a different contract to be measured under IFRS 17; or a substantially different "contract boundary" or the assignment of a different group of contracts;
- the original contract meets the definition of insurance contract with direct participation features, but the modified contract no longer does, and vice versa;
- the original contract is measured using the simplified approach or the premium allocation approach, but the modified contract no longer meets the eligibility criteria to be measured using this approach.

IFRS 17 requires that the original contract be derecognised and the new contract be recognised. Conversely, if the contractual modifications meet none of the conditions listed above, they shall be treated as changes in the measurement assumptions of the present value of future cash flows and, as a result, shall modify the previously calculated risk adjustment and contractual service margin.

Use of estimates to determine the insurance liabilities pursuant to IFRS 17

Discount rate
In accordance with IFRS 17, the Intesa Sanpaolo Group defined a methodology for calculating discount rates for the measurement of insurance contracts.
Specifically, the Intesa Sanpaolo Group follows a bottom-up approach, defining a discount rate structure that includes both risk-free interest rates and an adjustment to reflect the illiquid nature of insurance products.
In order to determine the risk-free interest rate structure, the Group first observes the market data on interest rates that are deemed sufficiently liquid. At present, the Intesa Sanpaolo Group considers sufficiently liquid the swap rate observations up to the 20-year maturity (LLP or Last Liquid Point). In order to ensure the use of a risk-free structure, the Group subsequently excludes the credit risk component from the valuation of swap rates, which is quantified (similarly to EIOPA) through the calculation of credit risk adjustment (CRA).
The risk-free rates calculated accordingly as swaps less CRA are extrapolated beyond the LLP, using specific market methodologies, also defining a risk-free interest rate on long maturities of the curve (60y), assessed by also considering inflation expectations[168].
On the other hand, with respect to the liquidity premium to be added to the risk-free rates calculated accordingly, the Intesa Sanpaolo Group first defines, for each insurance contract to be valued, the appropriate reference asset portfolio to calculate this premium. The Group elected to use the following reference portfolios for the different types of insurance contracts:

- for contracts relating to the non-life business, the asset portfolio of the company is used;
- for contracts relating to the life unit-linked business and pension funds, the company's total portfolio of assets relating to the unit-linked business and pension funds is used;
- for contracts relating to the traditional life business (separate management) or multi-line business, the investment portfolio of separate management to which the product is linked is used.

[168] The Group's elections, both for the interest rate liquidity analysis component, the CRA adjustment and the extrapolation of long-term rates, are in line with the provisions of IFRS 17 on the definition of the risk free rate structure and the insurance practice.

After identifying the reference asset portfolio, the Group calculates the average liquidity premium of the assets in the portfolio, equal to the difference between the spread observable at the measurement date for each asset and its probability of default. The default component is deducted in line with the provisions of IFRS 17 on credit risk correction.

Estimates of future cash flows for the performance of insurance contracts
Future cash flows represent future liabilities that the insurance company posts to cover its commitments regarding insurance business. These include cash flows to insured parties weighted by their probability of occurrence, including forward-looking returns on insurance products and expenses to be incurred to support the business in force.

Life business cash flows are calculated using the actuarial engine, based on future cash flow projection methods similar to those defined under Solvency II, with a higher level of granularity compared to the Unit of Account, in order to achieve an estimation level as close to reality as possible. 200 scenarios were used for stochastic processing.
Management of the assets belonging to separate management schemes, used for projection purposes and implemented in the actuarial engine, is defined as Future Management Measures (FMG). These include, inter alia: the target return of the separate management scheme, strategic asset allocation, reinvestment/disposal policies, risk mitigation strategies and commercial actions.

With respect to the Non-Life business, the future cash flows relating to the liability for incurred claims (LIC) are calculated without distinguishing between the different components included in the calculation (i.e., there is no need for a break down into the different components relating to claims, incurred but not reported, external settlement costs, etc.).
With respect to the future cash flows relating to the liability for remaining coverage (LRC) measured using the General Model, the calculation is based on the definition of future cash flows under Solvency II, duly adjusted to reflect any differences with respect to the scope of the future cash flows to be considered (i.e., contract boundary) and the granularity required by IFRS 17.
The calculation of the liability for remaining coverage measured using the Premium Allocation Approach does not require future projections and is based on the simplified method envisaged by the standard.

To estimate the expected future cash flows within the scope of each group of contracts, the Group applies the following criteria:
- incorporating all available information obtained in a reasonable and justifiable manner, without superfluous costs or efforts, with regard to the amount, timing and uncertainty of the cash flows;
- maintaining consistency of the estimate of any market variables with the corresponding values observable on the market for those variables;
- reflecting the conditions existing at each measurement date, i.e. the estimate is based on current information, updated for each reporting period.

Specifically, the accounting standard defines non-financial variables (so-called operational assumptions) as all variables that cannot be observed or derived directly from markets.
The operational assumptions mainly affect:
- the exercise by the insured parties of contractual options that modify the nature of the terms of the contract and the resulting cash flows (such as the conversion option);
- the frequency and amount of insured events (such as the operational mortality factor);
- the technical assumptions relating to non-life business (such as the definition of the loss ratio, the expense ratio, early termination rates with and without premium reimbursement, claim run-off rates).

Where cash flows contain financial guarantees and contractual options (which do not change symmetrically with market charges), the methodology adopted by the Intesa Sanpaolo Group provides for appropriate modelling of the impact of financial guarantees and contractual options, using stochastic financial scenarios within the actuarial platform.
The companies belonging to the Insurance Division maintain and regularly update a list of all operational factors that may affect future liabilities.
For each operational factor selected and deemed material, the most appropriate, comprehensive and accurate data set (internal or external, or a combination of the two) is identified and will be used as an objective, stable and robust basis to define Best Estimate assumptions. For each of the selected operational factors, the most reliable, objective, appropriate and stable method is identified to derive Best Estimate assumptions, appropriately using the available information and possibly considering the impact of outliers and potential future trends. Finally, the validity is checked and the adequacy of the methods used to derive the Best Estimate assumptions is actively and regularly monitored.
With respect to the most significant operating assumptions, the companies belonging to the Insurance Division perform appropriate sensitivity analyses.

To identify the amount of expenses included in the scope of IFRS 17, reference is made to the expense captions, net of several expenses (e.g. training expenses, donations and fines etc…), in line with the provisions of the standard. Specifically, the expenses include those directly attributable to groups of contracts, including the allocation of fixed and variable general overhead costs. Moreover, under several methods used to measure claims incurred for Non-Life/Accident contracts, the estimate of future payments of claims are adjusted to take account of inflation. The Insurance Acquisition Cash Flows incurred in a lump-sum on issuing new contracts are not part of future cash flows, but are included in the measurement of the Contractual Service Margin of New Business, as a decrease thereto, by virtue of the fact that those costs were paid against the payment of the premium.
In defining projected cash flows, the Intesa Sanpaolo Group projects the real costs incurred to third parties, eliminating the intragroup costs incurred by the insurance companies.

With regard to the assumptions on mortality rates, the Italian national mortality tables published by ISTAT are considered. A survey on the Group's experience in the last ten years is conducted, and statistical methods are used to adjust the mortality tables in order to generate the expected mortality rates differentiated by macro-type of product (credit protection insurance, temporary life policies, savings/investment/pension) and by age and gender classes.

The other technical assumptions are also obtained starting with the historical data taken from ERP/management applications. Specifically, for redemption rates, a statistical analysis is conducted by claim duration of the historical frequencies recorded by the single insurance companies, suitably adjusted based on expert judgement, specifically regarding the claim durations not yet subject to observation.

To measure the future cash flows relating to the liability for incurred claims, the Group uses the most commonly used methods in the sector, also based on the availability of data and time series on claims. The estimate of liabilities for claims occurred includes the estimate of reimbursements and direct costs for claims occurred and reported, occurred but not yet reported, direct liquidation fees and management and liquidation fees allocated.

Methods used to measure the adjustment for non-financial risk

The non-financial risk adjustment is the compensation required to support the uncertainty on the amount and timing of cash flows deriving from non-financial risk at the time of performance of the insurance contract. As the risk adjustment compensates for uncertainty, estimates are made both on a proportionate approach to calculating the risk adjustment as the product of an average percentage applied to the expected contractual cash flows, where the percentage is obtained by leveraging an ex-ante VaR approach on a quarterly basis, based on the 75th percentile of the specific distribution of each risk considered. The analysis of the requirements of the standard entailed the selection, for the purposes of calculating the risk adjustment for the Life Business and the Non-Life Business, of the following underwriting risks:
- for the Life business, reference is made to the following risks: Mortality, Longevity, Expenses and the higher of the Lapse Up risk and Lapse Down risk;
- for the Non-Life business, reference is made to the following risks: Premium and Reserve and Lapse.

Both for the Life business and the Non-Life business, Catastrophic risk is excluded.
The *ex-ante* VaR is calculated at the overall company level, benefiting from diversification effects between risks and portfolios. This measure is subsequently "re-allocated" to each Macro-Portfolio (for the Life business: Separate Management, Multi-line, Unit Linked, Pension Funds and pure risk products; for the Non-life business, the Macro-Portfolios correspond to the Solvency 2 Business Lines) on a pro rata basis according to each Macro-Portfolio's individual contribution to the *ex-ante* Var.

17. Other information

Own shares

Any own shares held are directly deducted from equity. Similarly, their original cost and the profits or losses deriving from their subsequent sale are recorded in equity.

Accruals, prepayments and deferrals

Accruals, prepayments and deferrals for the year that include income and charges for the year, accrued on assets and liabilities, are shown in the financial statements as an increase or decrease of the assets and liabilities to which they are related.

Leasehold improvements

The costs sustained for restructuring property belonging to third parties are capitalised in consideration of the fact that for the duration of the rental contract the using company has control of the assets and may receive their future economic benefits. These costs, recorded in Other assets as provided for by the instructions of the Bank of Italy, are amortised over a period which must not exceed the duration of the rental contract.

Employee termination indemnities

Employee termination indemnities qualify as a "post-employment benefit" classified as:
- a "defined contribution plan" to the extent of the portions accruing from 1 January 2007 (the date the reform of the supplementary pension schemes came into force pursuant to Legislative Decree 252 of 5 December 2005) when the employee opted for the complementary pension scheme or decided to allocate such portions to the INPS (the Italian Social Security Institute) Treasury fund. Therefore, the amounts, recorded under personnel expenses, are determined on the basis of amounts due without the application of actuarial calculation;
- a "defined benefit plan" to the extent of the portions of employee termination indemnities accrued until 31 December 2006. These amounts are recognised at their actuarial value determined using the "Projected Unit Credit Method", without applying the pro-rata of the service rendered. Indeed, the current service cost of employee termination indemnities is almost entirely accrued and its revaluation in the years to come is not expected to generate significant benefits for employees.

For the purposes of discounting, the rate used is the market yield of high-quality corporate bonds taking into account the average remaining life of the liability, weighted based on the percentage amount paid and advanced, for each maturity, with respect to the total to be paid and advanced until the expiry of the entire obligation.
The plan's costs are recorded under personnel expenses, while actuarial profits and losses are recognised in the statement of comprehensive income.

Share-based payments

Share-based payments are recorded in the income statement, with a corresponding increase in shareholders' equity, on the basis of the fair value of financial instruments attributed at assignment date, dividing the charge over the period set forth by the plan.

In the case of options, the fair value is calculated using a model which considers, in addition to information such as strike price and expiry date of the option, spot price of the shares and their expected volatility, expected dividends and the risk-free interest rate, as well as the specific characteristics of the plan. The pricing model values the option and the probability of realisation of the condition on the basis of which the options have been assigned.

The combination of the two values supplies the fair value of the assigned instrument.

Any decrease in the number of financial instruments granted is accounted for as a cancellation of such instruments.

Employee benefits

Employee benefits are defined as all forms of consideration given by an entity in exchange for service rendered by employees. Employee benefits are divided into:

- short-term benefits (other than termination benefits or equity compensation benefits) that are expected to be paid in full within twelve months after the end of the period in which the employees render the related service and recognised in full through profit or loss when they become due (this category includes, for example, wages, salaries and "extraordinary" benefits);
- post-employment benefits payable after the conclusion of employment that require the entity to provide future benefits to employees. These include employee termination indemnities and pension funds, which are in turn divided into defined contribution plans and defined benefit plans or company pension funds;
- termination benefits, i.e. compensation that the company recognises to the staff members upon termination of the employment agreement, following the company's decision to terminate the employment relationship prior to the normal retirement date;
- long-term benefits, other than those above, that are not expected to be paid in full within twelve months after the end of the period in which the employee rendered their service.

Offsetting of financial instruments

According to IAS 32, paragraph 42, financial assets and financial liabilities are offset and the net amount presented in the financial statements when an entity:

- has a legal enforceable right of set off which is currently exercisable in all circumstances, both in the ordinary course of business or in the event of default, insolvency or bankruptcy of the parties;
- intends to settle the transactions on a net basis or on a gross settlement basis whose substantive effects are equivalent to a net settlement.

For derivative instruments covered by netting agreements that meet the above requirements, Bank of Italy Circular 262 also requires the offsetting to be performed between trading and hedging derivatives, with the mismatches to be presented on a net basis. The net balance is usually allocated to the trading book rather than to the hedging derivatives, based on the actual amount of the mismatch between trading and hedging derivatives.

In compliance with the requirements of IFRS 7, more detailed information is provided in the tables contained in Part B – Other information of these Notes to the financial statements, which present the following:

- the carrying amounts of assets and liabilities that meet the requirements of IAS 32, paragraph 42, before and after offsetting;
- the exposures subject to master netting agreements that have not been offset but have the potential to be offset following specific circumstances;
- the collateral associated with them.

Tax credits related to the "Cura Italia" and "Rilancio" Decree Laws acquired as a result of transfer by direct beneficiaries or previous purchasers (e.g. ecobonus)

Decree Laws no. 18/2020 ("Cura Italia" Decree) and no. 34/2020 ("Rilancio" Decree) introduced tax incentives related to both investment expenditure (e.g. ecobonus and seismicbonus) and current expenditure (e.g. rents for non-residential premises). The government once again intervened on the issue through Decree Law no. 50/2022 ("Decreto Aiuti"), mainly by remodulating the base of potential re-assignees through Decree Law no. 11/2023 which prohibits, although with certain exceptions, the possibility of opting, instead of directly using the deduction, for the discount on invoices or transfer of credit and, finally, through Decree Law no. 39/2024 which mainly refers to qualified parties (financial intermediaries and insurance companies) and limits the possibility of netting social security against contribution liabilities.

These tax incentives apply to households or businesses, are linked to a percentage of the expenditure incurred (in some cases up to 110%) and are granted in the form of tax credits or tax deductions (with option for conversion into tax credits). The main features of these tax credits are: i) the possibility of using them for offsetting; ii) their transferability to third-party purchasers; and iii) their non-refundability by the Treasury.

The accounting for tax credits acquired from a third party (transferee of the tax credit) is not covered by a specific international accounting standard. IAS 8 requires, in cases where there is a circumstance not explicitly addressed by an IAS/IFRS accounting standard, that management develop an accounting policy to ensure relevant and reliable disclosure of such transactions.

To this end, the Intesa Sanpaolo Group, in view of the guidance provided by the Authorities, in the document "Accounting treatment of tax credits connected with the 'Cura Italia' and 'Rilancio' Decree Laws acquired following the assignment by the direct beneficiaries or previous purchasers" published on 5 January 2021 by the Coordination Committee between the Bank of Italy, Consob and IVASS concerning the application of accounting standards IAS/IFRS has adopted an accounting policy that refers to the accounting rules established by IFRS 9, applying the provisions that are consistent with the characteristics of the transaction.

The Group attributes:

– to a Hold to Collect business model the loans that are acquired within the limits of its tax capacity, with the objective of holding and using them for future offsetting. Those loans are recognised at amortised cost, representing the remuneration of net interest income over the time frame of recovery;
– to a Hold to Collect and Sell business model the loans that are acquired within the limits of its tax capacity, which may be further reassigned. Those credits are measured at fair value through other comprehensive income. Given the particular nature of these instruments, their fair value fluctuations are linked to the changes in interest rates. The profitability is recognised on a *pro rata* basis under net interest income in the income statement;
– to an Other business model, the loans acquired for trading, e.g., in the event of purchases above its tax capacity and the signing of related reassignment agreements. Those loans are measured at fair value through profit or loss. Their fair value fluctuations are linked to the changes in interest rates. The profitability is recognised on a pro-rata basis under net interest income in the Income statement.

In all the above cases, the initial recognition value matches the fair value at the date of purchase. Therefore, no day-one profit/loss is recognised.

The accounting framework set out in IFRS 9 for calculating expected credit losses is not deemed applicable to this specific case. The ECL (Expected Credit Loss) need not be calculated on these tax credits, as no refund is expected from the tax authorities, as the extinction of the instrument is linked to the offsetting of the bearer's tax payables. Moreover, in cases where reassignment is planned, the sale will be finalised by collecting the price of the instrument, without recognising a receivable due from the assignee.

Lastly, considering the operating methods implemented by the Group, the risk of non-use of the tax credits, i.e. the risk that the Bank lacks the tax capacity to achieve the benefits associated with the asset, can be reasonably deemed as inexistent. Specifically:

– with regard to the Hold to Collect and Hold to Collect and Sell business models, the amounts acquired are consistent with the overall tax capacity, so that the Bank can offset its payables;
– with regard to the Other business model, for the loans acquired, reassignment agreements were gradually entered into for excess volumes, binding on the customer, with multiple counterparties, whose tax capacity is verified in advance.

As specified in the joint document from the Authorities, as mentioned above, given that the purchased tax credits do not qualify as tax assets, public subsidies, intangible assets or financial assets under the international accounting standards, the most appropriate classification, for their presentation in the financial statements, is the residual classification under Other Assets in the balance sheet.

Treatment of Irrevocable Payment Commitments (IPC) with the Single Resolution Fund (SRF)

Starting from 2016, the banks from all Eurozone countries joined the Single Resolution Mechanism (SRM) under which the Single Resolution Fund (SRF) was established with the aim of having adequate resources to be used in the event of banking crises. The relevant legislation establishes that the initial target level of the fund - to be achieved over 8 years (2016-2023) - is equal to at least 1% of the covered deposits of all credit institution authorised in the banking union. The contribution, which is determined annually by the Single Resolution Board (SRB) and communicated to the member banks, may be paid in cash and, in part, by entering into Irrevocable Payment Commitments (IPCs), not exceeding 30% of the total contribution and fully backed by collateral of low-risk assets. The use of irrevocable payment commitments is at the discretion of each bank. The Intesa Sanpaolo Group decided to use IPCs - against which off-balance sheet commitments have been recognised - by paying, in this respect, cash collateral in the same amount as a deposit, which is remunerated on the basis of the applicable contractual conditions and consistently applied to all European banks that use the IPC mechanism.
The off-balance sheet commitment - which, for prudential purposes, is fully deducted from CET1 in accordance with the ECB provisions covering the SREP measure - is assessed at each reporting date and/or whenever there is evidence indicating that its enforcement is probable. In this respect, the Group has activated a specific monitoring mechanism, with the support of a leading research company, in order to verify the absence of critical indicators in member banks that would deem SRF intervention probable and therefore the recall of the IPC. Based on the analyses performed, the risk that the IPCs be called as at 31 December 2024 is deemed remote. Furthermore, since its establishment in 2016, the Single Resolution Fund has never called the IPCs entered into by the banks, as it did not take any action that involved the use of the funds raised.
Finally, in relation to the contributions requested in the 2016-2023 period, IPCs were entered into by the Intesa Sanpaolo Group for a total of 382 million euro, against which the Group set up the cash collateral recognised under Financial assets measured at amortised cost. In 2024, having achieved the minimum capacity envisaged by Regulation (EU) 806/2014, the SRB did not request any further contributions.

Recognition of revenues and costs

Revenues are gross flows of economic benefits deriving from the performance of the company's ordinary business and are recognised when control of the goods or services is transferred to the customer, at an amount that represents the amount of consideration that the company considers it is entitled to. In particular, revenues are recognised by applying a model that must meet the following criteria:

- identification of the contract, defined as an agreement in which the parties are committed to perform their respective obligations;
- identification of the individual performance obligations contained in the contract;
- determination of the transaction price, i.e. the expected consideration for the transfer of the goods or services to the customer;
- allocation of the transaction price to each performance obligation, based on the sale prices of the individual obligation;
- recognition of revenues when (or as) the performance obligation is satisfied by transferring a promised good or service to a customer.

The transaction price is the amount to which an entity expects to be entitled in exchange for the transfer of goods and services promised. It may include fixed or variable amounts or both. Revenues from variable fees are recognised in the income statement if they can be reliably estimated and only if it is highly likely that all or a significant part of this fee will not need to be reversed from the income statement in future periods. Where there is a high level of uncertainty related to the nature of the consideration, it will be recognised only when this uncertainty is resolved.

Revenues may be recognised:
- at a specific point in time, when the entity satisfies a performance obligation by transferring a promised good or service to the customer, or
- over time, as the entity satisfies a performance obligation by transferring a promised good or service to the customer.

The good is transferred when, or in the period when, the customer acquires control of the good.

In particular:
- interest is recognised on accrual on the basis of the contractual interest rate or the effective interest rate in the case of application of amortised cost. Interest income (or interest expense) includes differentials and positive (or negative) margins accrued up to the reporting date, relating to financial derivatives:
  a) hedging interest-generating assets and liabilities;
  b) classified in the balance sheet in the trading book, though related to financial assets and/or liabilities designated at fair value through profit or loss (fair value option) in management terms;
  c) related in management terms to assets and/or liabilities classified in the trading book and providing for the settlement of differentials or margins with different maturities;
- overdue interest, which may be provided for by the relevant contracts is recorded in the income statement solely at the time of collection;
- dividends are posted in the income statement when their distribution is approved, unless this date is not known or the information is not immediately available, in which case they may be recognised when they are collected;
- commission income from services is recorded, on the basis of the existence of contractual agreements, in the period in which the services have been rendered. Commission income included in the amortised cost for the purposes of determining the effective interest rate is recognised under interest;
- profits and losses from securities trading are recognised in the income statement at the date of sale, on the basis of the difference between the consideration paid or collected and the carrying value of such instruments;
- profits deriving from insurance contracts recorded pursuant to IFRS 17, posted in the balance sheet caption Contractual Service Margin are released to the income statement for the estimated portion of insurance services rendered during the period;
- revenues deriving from the sale of non-financial assets are recorded at the date of sale, or when the performance obligation towards the customer is satisfied.

Costs are recognised in the income statement on an accruals basis. Costs relating to the receipt and performance of contracts with customers are recognised in the income statement in the periods when the related revenues are recognised.

Use of estimates and assumptions in preparing financial reports

The preparation of financial reports requires the use of estimates and assumptions that may have a significant effect on the amounts stated in the balance sheet and income statement, and on the contingent assets and liabilities reported in the financial statements. Estimates are based on available information and subjective evaluations, also founded on past experience, which are used to formulate reasonable assumptions in measuring operating events. Given their nature, the estimates and assumptions used may vary from year to year, and hence it cannot be excluded that current amounts carried in the financial statements may differ significantly in future financial years as a result of changes in the subjective evaluations made.

If there are greater uncertainties and/or the assets being measured are particularly material, the valuation is supported by specific fairness opinions from external appraisers/experts.

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

For some of the types listed above, the main factors subject to estimates by the Group and which determine the carrying value of assets and liabilities in the financial statements can be identified. The following are noted, by way of example:
- to determine the fair value of financial instruments not listed on active markets, if the use of parameters that cannot be obtained from the market is necessary, the main estimates regard, on one hand, development of future cash flows (or even income flows, in the case of equities), possibly conditional on future events and, on the other, the level of specific input parameters not listed on active markets;
- the estimates for the assignment of loans and debt securities classified as Financial assets measured at amortised cost and Financial assets measured at fair value through other comprehensive income to the three credit risk stages required by IFRS 9 and to calculate the related expected credit losses involve:

- the determination, where applicable, of the parameters for a significant increase in credit risk, essentially based on models for measuring the probability of default (PD) upon origination of the financial assets and at the reporting date;
- the inclusion of forward-looking factors, including macroeconomic factors, for the determination of the PD and LGD (Loss Given Default);
- the determination of the likelihood of sale of impaired financial assets, through the realisation of market positions;

- to determine the future cash flow estimates from non-performing loans, a number of items are considered: the expected recovery times, the presumed realisable value of guarantees and the costs to be sustained for the recovery of credit exposure;
- to determine the value in use of intangible assets with an indefinite life (brand name and goodwill) with regard to the Cash-Generating Units (CGU) comprising the Group, the future cash flows in the forecasting period of the analysis and the flows used to determine the terminal value, generated by the CGU, are subject to estimate, separately and appropriately discounted. Also the cost of capital is among the items subject to estimate;
- to determine the value in use of intangible assets with a finite life with regard to the CGUs comprising the Group, the useful life is subject to estimate, on the one hand, as well as the future cash flows arising from the asset, on the other. The cost of capital is subject to estimate in the case of intangible assets with a finite life as well;
- the fair value measurement of real estate and valuable art assets is based on valuations prepared by qualified independent firms. Lease rentals, selling prices, discount rates and capitalisation rates are estimated in order to conduct the appraisals of the properties, while to conduct the appraisals on the valuable art assets, the estimate of the value is gathered from the performance of the exchanges of similar works (in terms of technique, size, subject) by the same author or regional movements and schools that are close with regard to style and technique;
- to measure post-employment benefits, the present value of the obligations is subject to estimate, taking into account the flows, appropriately discounted, arising from past time-series analyses and the demographic curve;
- to measure allowances for risks and charges, the amount of outflows necessary to fulfil the obligations is estimated, where possible, taking into account the effective probability of having to utilise resources;
- to determine the insurance liabilities, estimates are used to measure the future cash flows for fulfilment of the contracts and to define the technical assumptions on mortality rates and other technical assumptions, and, for example, redemption rates and claims occurred for the measurement of non-life contracts. The assumptions used to determine the discount rates and the methods used to measure the non-financial risk adjustment are of particular importance;
- to determine the value of deferred tax items, the likelihood of an effective future tax burden is estimated (taxable temporary differences) and the level of reasonable certainty – if it exists – of future taxable amounts at the time when the tax deductibility occurs (deductible temporary differences and tax losses carried forward).

Considering that subjective evaluations are also used by management, *inter alia*, to estimate the useful life of property, equipment and intangible assets subject to the periodic amortisation process, such as owner-occupied properties and software subject to valuation by the Intesa Sanpaolo Group, respectively, according to the revaluation model and at cost, the following should be noted in relation to these assets:

- with respect to owner-occupied properties, in accordance with internal rules and the IAS/IFRS, the Group periodically checks the adequacy of the useful life of these assets, also considering the close relationship between the useful life of an asset and the extent of the upgrading and modernisation work aimed at preserving quality and functional levels in line with market standards. The revaluation of the useful life of owner-occupied properties was carried out with the support of independent third-party appraisers and covered, in particular, clusters relating to entire buildings as well as branch buildings which showed suitable conditions for maintaining the original useful life. In consideration of the update of the useful life, a positive impact amounting to approximately 20 million euro due to lower depreciation was recognised in the 2024 income statement under “Net Adjustments to/Recoveries on property and equipment”;
- with respect to software, in the current digital environment, IT resources are becoming an increasingly strategic asset, including in the banking industry, to support corporate business development. Consequently, the investments in digital solutions and/or innovative and transformative information technology systems have become increasingly important in quantitative terms. Based on the above and in line with internal policies and the IAS/IFRS, the estimated useful life of the company’s software applications was revised. As a result of the recent investments made in new functionalities and innovative technological developments, some software applications met the conditions for the revision of their useful life. This led to the recognition of a positive impact of approximately 68 million euro generated by lower amortisation on the 2024 income statement under “Net adjustments to/recoveries on intangible assets”.

The classification drivers for financial assets

The classification of the financial assets into the three categories established by the standard depends on two classification drivers: the business model used to manage the financial instruments and the contractual cash flow characteristics of the financial assets (or SPPI Test).

The classification of the financial assets derives from the combined effect of the two drivers mentioned above, as described below:

- Financial assets measured at amortised cost: assets that pass the SPPI test and come under the Hold to Collect (HTC) business model;
- Financial assets measured at fair value through other comprehensive income (FVOCI): assets that pass the SPPI test and come under the Hold to Collect and Sell (HTCS) business model;
- Financial assets measured at fair value through profit or loss (FVTPL): this is a residual category, which includes financial instruments that cannot be classified in the previous categories based on the results of the business model test or the test of the contractual cash flow characteristics (SPPI test not passed).

SPPI test

For a financial asset to be classified as at amortised cost or at FVOCI – in addition to the analysis of the business model – the contractual terms of the asset must also provide, on specified dates, for cash flows that are solely payments of principal and interest (SPPI). This analysis must be carried out for loans and debt securities in particular.

The SPPI test must be carried out on each individual financial instrument at the time of recognition in the balance sheet. After initial recognition, and as long as it is recognised in the balance sheet, the asset is no longer subject to new assessment for the purposes of the SPPI test. If a financial instrument is derecognised and a new financial asset is recognised, the SPPI test must be performed on the new asset.

For the application of the SPPI test, IFRS 9 provides the following definitions:

- Principal: this is the fair value of the financial asset at initial recognition. This value may change over the life of the financial instrument, for example as a result of repayments of part of the principal;
- Interest: this is the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time. It can also include consideration for other basic lending risks and costs and a profit margin.

In assessing whether the contractual flows of a financial asset can be defined as SPPI, IFRS 9 refers to the general concept of a ‘basic lending arrangement’, which is independent of the legal form of the asset. When contract terms introduce exposure to risks or volatility in the contractual cash flows that is inconsistent with the definition of a basic lending arrangement, such as exposure to changes in share or commodity prices, the contractual cash flows do not meet the definition of SPPI. The application of the classification driver based on contractual cash flows sometimes requires a subjective judgement and, consequently, the establishment of internal application policies.

In cases of modified time value of money – for example, when the interest rate of the financial asset is recalculated periodically, but the frequency of the recalculation or the frequency of payment of the coupons does not reflect the nature of the interest rate (such as when the interest rate is recalculated monthly on the basis of a one-year rate) or when the interest rate is recalculated regularly on the basis of an average of particular short or medium-to-long term rates – an entity should assess, using both quantitative and qualitative information, whether the contractual cash flows still meet the definition of SPPI (benchmark cash flows test). If the test shows that the (undiscounted) contractual cash flows are “significantly different” from the (also undiscounted) cash flows of a benchmark instrument (i.e. without the modified time value element), the contractual cash flows cannot be considered to meet the definition of SPPI.
The standard requires specific analyses (“look through test”) to be performed and these are therefore also conducted on multiple contractually linked instruments (CLIs) that create concentrations of credit risk for debt repayment and on non-recourse assets, for example in cases where the loan can only be enforced on specified assets of the debtor or on the cash flows from specified assets.

The presence of contractual clauses that may change the frequency or amount of the contractual cash flows must also be considered to determine whether those cash flows meet the requirements to be considered as SPPIs (e.g. prepayment options, the possibility of deferring contractually agreed cash flows, embedded derivative instruments, subordinated instruments, etc.).

However, as envisaged by IFRS 9, a contractual cash flow characteristic does not affect the classification of the financial asset if it could have only a de minimis effect on the contractual cash flows of the financial asset (in each year and cumulatively). Similarly, if a cash flow characteristic is not genuine, i.e. if it affects the instrument’s contractual cash flows only on the occurrence of an event that is extremely rare, highly abnormal and very unlikely to occur, it does not affect the classification of the financial asset.

For operations in debt securities, the Intesa Sanpaolo Group uses the services offered by well-known info-providers for the performance of the SPPI Tests. This choice, on one hand, provides front office staff who deal in securities with an immediate result for the performance of the test, enabling the streamlining of purchasing processes, and, on the other hand, provides access to market approaches shared by numerous operators and audit firms. Only in cases where the securities are not managed by info-providers, the test is carried out manually using a proprietary tool based on an internally developed methodology (decision-making trees).

A proprietary tool based on an internally developed methodology (decision-making trees) has also been developed for carrying out the SPPI test for the lending processes. In particular, given the significant differences in characteristics, the procedure differs between products related to a contractual standard (typically the retail loan portfolio) and tailor-made loans (typically the corporate loan portfolio).
For standard products, the SPPI test is carried out during the structuring of the contractual standard, through the “New Product Coordination” process, and the result of the test is applied to all the individual relationships related to the same catalogue product. For tailor-made products, on the other hand, the SPPI test is carried out for each new credit line/relationship submitted to the decision-making body through the use of the proprietary tool.

The decision-making trees – included in the proprietary tool – have been produced internally (both for debt securities and loans) and capture the possible non-SPPI compliant characteristics. They take account of the instructions provided by IFRS 9, as well as the interpretations of the standard made by the Group. The trees are used both for the implementation of the rules of the proprietary tool and for the verification and validation of the methodology adopted by the info-providers.

Business model

With regard to the business models, IFRS 9 identifies three cases relating to the way in which cash flows and sales of financial assets are managed:

- *Hold to Collect (HTC)*: this is a business model whose objective is achieved by collecting the contractual cash flows of the financial assets included in the portfolios associated to it. The inclusion of the portfolio of financial assets in this business model does not necessarily result in the inability to sell the instruments, but the frequency, value and timing of sales in prior periods, the reasons for the sales, and the expectations about future sales, need to be considered;
- *Hold to Collect and Sell (HTCS)*: this is a mixed business model whose objective is achieved by collecting the contractual cash flows of the financial assets in portfolio and (also) through the sale of the financial assets, which is an integral part of the strategy. Both activities (collection of contractual flows and sale) are indispensable for achieving the business model's objective. Accordingly, sales are more frequent and significant than for an HTC business model and are an integral part of the strategies pursued;
- *Other/Trading*: this is a residual category that includes both financial assets held for trading and financial assets managed with a business model that does not come under the previous categories (Hold to Collect and Hold to Collect and Sell). In general, this classification applies to a portfolio of financial assets whose management and performance are measured based on fair value.

The business model reflects the way in which financial assets are managed to generate cash flows for the benefit of the entity and is defined by top management with the appropriate involvement of the business structures. It is observed by considering the way in which financial assets are managed and, as a consequence, the extent to which the portfolio's cash flows derive from the collection of contractual flows, from the sale of the financial assets, or from both. This assessment is not performed on the basis of scenarios that the entity does not reasonably expect to occur, such as 'worst case' or 'stress case' scenarios. For example, if an entity expects that it will sell a particular portfolio of financial assets only in a stress case scenario, that scenario does not affect the entity's assessment of the business model for those assets if the entity reasonably expects that such a scenario will not occur.

The business model does not depend on management's intentions regarding an individual financial instrument, but refers to the way in which groups of financial assets are managed in order to achieve a specific business objective.

In summary, the business model:

- reflects the way in which financial assets are managed to generate cash flows;
- is defined by top management, with the appropriate involvement of the business structures;
- must be observable by considering the way the financial assets are managed.

In operational terms, the assessment of the business model is carried out in line with the company's organisation, the specialisation of the business functions, the risk cascading model, and the assignment of delegated powers (limits). All relevant factors available at the date of the assessment are used in the assessment of the business model. The above information includes the strategy, the risks and their management, the remuneration policies, the reporting, and the amount of the sales. In the analysis of the business model, the elements investigated must be consistent with each other and, in particular, must be consistent with the strategy pursued. Evidence of activities not in line with the strategy must be analysed and duly justified.
In this regard, and in relation to the business models under which the financial assets are held, a specific set of "Business Model Rules" (approved by the competent levels of governance) has been drafted for the Parent Company and Banking Group companies. It defines and sets out the components of the business model in relation to the financial assets included in the portfolios managed as part of the operations of the Intesa Sanpaolo Group's business structures. In further detail, the mapping of the business model adopted by the various structures through which the Group operates, with regard to both loans and receivables and debt securities, takes account of the structure of the division model and the Corporate Centre; this structure has been identified as the relevant level for formulating and representing the various business models applied by the Group's risk-taking centres.

Within the Chief Risk Officer Area, the Market & Financial Risk Management structure of the Parent Company provides high-level supervision of the procedure required for determining the business model within which a given set of assets is held and verifies the need for any updates (to be incorporated, at least annually, in the Business Model Rules document).

Monitoring of the business model

The monitoring of the reference business model of the various structures through which the Group operates is performed by the Market & Financial Risk Management structure, which uses indicators intended to verify the consistency of the declared strategy with that pursued within the business models; these indicators, differentiated for the various business models, have been developed in accordance with IFRS 9 and corporate rules and procedures.

For the Hold to Collect portfolios, the Group has set limits for frequent but not significant sales to be considered eligible (individually or in aggregate), or for infrequent sales even if their amount is significant, and the parameters have also been established for identifying sales as being consistent with that business model because they relate to an increase in credit risk or for securities nearing maturity.
More specifically, within an HTC business model, sales are allowed:

- in the event of an increase in credit risk, i.e., if the exposure deteriorates or moves to stage 2 in accordance with the impairment rules under IFRS 9;
- for securities nearing maturity (i.e., according to the Group rules, in the 6 months preceding maturity), provided that the amount collected is close to the current value of the remaining contractual flows;

- when they are frequent but not significant in terms of value or occasional even if significant in terms of value, subject to authorisation assessment by the competent Control bodies. In order to determine these aspects, thresholds of frequency and significance have been set:
  - frequency is defined as the percentage ratio between the number of positions sold over the year and the number of portfolio positions at the beginning of the period considered;
  - significance is defined as the percentage ratio between the nominal value of the sales during the current year and the nominal value of the instruments held in the portfolio at the beginning of the period considered.

With regard to the determination of the "Risks" and the "Reporting" for the HTCS and Trading business models, the provisions of the RAF and Market Risk Charter and of internal policies in the area of market risk controls apply in principle, and measures are concurrently established for monitoring the consistency of the HTCS and Other/Trading business models.

With regard to the HTCS business model, IFRS 9 does not provide for the need for limits on the frequency or the value of the sales. However, the Group has established indicators for debt securities only in order to ensure that they are properly assigned to the chosen business model over time. These indicators are:
- The holding period, which measures the time for which a certain instrument has been held in portfolio;
- Turnover rate, which measures the speed with which positions in portfolio turn over during a predefined period of time.

Within the framework of the monitoring of the indicators set out above, limits and early-warning thresholds apply according to the overall strategies pursued by the HTCS portfolio.

Finally, with regard to debt or equity securities held for trading, a measure of the consistency of inclusion in the chosen business model applies, represented by the indicator of "expected average permanence" (so-called Vintage) which measures the observed holding period of all securities in portfolio.

The monitoring measures relating to the various business models are subject to regular reporting through technical committees.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition net of any principal repayments, plus or minus cumulative amortisation, calculated using the effective interest rate method, of any difference between initial amount and amount at maturity and net of any reduction for impairment.

The effective interest rate is the rate that exactly discounts future cash payments or receipts through the expected life of the financial instrument or through the subsequent date for recalculation of the price to the present value of the financial asset or financial liability. In the calculation of the present value, the effective interest rate is applied to the flow of future cash receipts or payments through the entire useful life of the financial asset or liability or for a shorter period when certain conditions recur (for example review of market interest rates).

After initial recognition, amortised cost enables allocation of revenues and costs directly by decreasing or increasing the value of the instrument over its entire expected life via the amortisation process. The determination of amortised cost is different depending on the fact that financial assets/liabilities have fixed or floating rates and – in this last case – if the volatility of the rate is known or not beforehand. For instruments with fixed rate or fixed rate by time bands, future cash flows are quantified on the basis of the known interest rate (sole or floating) over the life of the loan. For financial assets/liabilities with a floating rate, for which the volatility is not known beforehand (for example because it is linked to an index), the determination of cash flows is carried out based on the last rate available. At every revision of the interest rate, the amortisation plan and the effective interest rate for the entire life of the investment, that is, until maturity, are recalculated. Any changes are recorded in the income statement as income or loss.

Measurement at amortised cost is applied for the financial assets measured at amortised cost and for the financial assets measured at fair value through other comprehensive income, as well as the financial liabilities measured at amortised cost.

Financial assets and liabilities traded at market conditions are initially recognised at fair value, which normally corresponds to the amount disbursed or paid including, for instruments measured at amortised cost, transaction costs and any directly attributable fees.

Transaction costs include internal or external marginal costs and income attributable to the issue, the acquisition or the disposal of a financial instrument which are not debited to the customer. These commissions, which must be directly attributable to the single financial asset or liability, modify the original effective return, thereby the effective interest rate associated to the transaction differs from contractual interest rate. Transaction costs do not include costs/income referred to more than one transaction and the components related to events which may occur during the life of the financial instrument, but which are not certain at the time of the initial agreement, such as for example: commissions for retrocession, for non-use, for advance termination. Furthermore, amortised cost does not include costs which would be sustained independently from the transaction (e.g. administrative and communication costs, stationery expenses), those, which though directly attributable to the transaction are part of standard practice for the management of the financing (e.g. activities related to the loan granting process), as well as commissions for services received following structured finance activities which would in any case have been received independently from the subsequent financing of the transaction (e.g. facility and arrangement fees).
With reference to loans, the following costs are considered directly attributable to the financial instrument: fees paid to distribution networks, fees paid for the origination and/or the participation in syndicated loans and lastly, up-front fees correlated to loans disbursed at rates exceeding market rates. Income considered in the calculation of amortised cost includes: up-front fees correlated to loans disbursed at rates below market rates, income for the participation in syndicated loans and brokerage commissions received.

For debt securities not measured at fair value through profit or loss, the following are considered transaction costs: commissions on contracts with brokers operating on the Italian stock exchange, commissions paid to dealers operating on the Italian and foreign stock and bond markets defined on the basis of the commission tables. Stamp duty is not considered in amortised cost since immaterial.
Regarding securities issued, amortised cost considers placement commissions on bond issues paid to third parties, amounts paid to Exchanges and remuneration paid to Independent auditors for the activities performed for each single issue, while amortised cost does not consider commissions paid to rating agencies, legal and advisory/review expenses for the annual update of prospectuses, the costs for the use of indexes and commissions which originate during the life of the bond issue.

Amortised cost is also applied for the measurement of loss incurred by the financial instruments listed above as well as for the measurement of instruments issued or purchased at a value other than fair value. The latter are measured at fair value, instead of the amount collected or paid, by discounting expected future cash flows at a rate equal to the effective rate of return of similar instruments (in terms of credit rating, contractual expiry, currency, etc.), with the simultaneous recognition in the income statement of a financial charge or income; after initial recognition, these are measured at amortised cost with the registration of higher or lower effective interest with respect to nominal interest. Lastly, structured liabilities that are not measured at fair value through profit or loss, for which the embedded derivative has been separated from the financial instrument, are also measured at amortised cost.

As specified by IFRS 9, in some cases, a financial asset is considered credit-impaired at initial recognition because the credit risk is very high, and in the case of a purchase it is purchased at a deep discount (with respect to the initial disbursement value). If these financial assets, based on the application of the classification drivers (SPPI Test and business model), are classified as assets measured at amortised cost or at fair value through other comprehensive income, they are classed as Purchased or Originated Credit Impaired (POCI) assets and are subject to special treatment for the impairment process. In addition, for the financial assets classed as POCI, the credit-adjusted effective interest rate is calculated, at the initial recognition date, which requires the inclusion of the initial expected credit losses in the cash flow estimates. This credit-adjusted effective interest rate is used for the application of the amortised cost and the consequent calculation of interest.
For non-performing loans arising from business combinations, the difference between the initial recognition amount (the fair value determined in the PPA) of the POCIs and the previous carrying amount at the acquired entity is split into two components: one related to the lower recoverable cash flows estimated at fair value, which therefore include the expected credit losses over their entire remaining life, and the other related to the discounting of those lower recoverable cash flows. Please note that the reversal of discounting (connected with the estimate of recoverable cash flows attributed to non-performing loans at the moment of the PPA) is recognised, on a pro-rata basis, among interest income so as to supplement the contractual interest rate with the higher return resulting from the lower value attributed to the recoverable cash flows, which, as mentioned above, take into account the expected losses over the entire remaining life of the POCI assets.

The amortised cost measurement criterion is not applied to hedged financial assets/liabilities for which fair value changes related to the risk hedged are recorded through profit or loss. The financial instrument is again measured at amortised cost in the case of hedge termination; from that moment the fair value changes recorded before are amortised, calculating a new effective interest rate which considers the value of the loan adjusted by the fair value of the hedged part, until the natural expiry of the hedge. Furthermore, as already mentioned in the paragraphs relating to financial assets and liabilities measured at amortised cost, measurement at amortised cost is not applied to short-term assets/liabilities for which the time value is deemed to be immaterial and to loans without a definite maturity or revocable loans.

Impairment of assets

Impairment of financial assets

At each reporting date, pursuant to IFRS 9, financial assets other than those measured at fair value through profit or loss are subject to an assessment aimed at verifying whether there is any evidence that the carrying value of the assets may not be fully recoverable. A similar analysis is also performed for loan commitments and for guarantees given that must be tested for impairment under IFRS 9.
In preparation for the determination of the impairment losses, at each reporting date the financial instruments must be assigned to the following categories ("Stage Assignment" or "Staging"):
- Stage 1: comprising financial instruments for which, from their initial recognition up to the reporting date, there is no evidence of a significant increase in credit risk;
- Stage 2: it comprises financial assets that have had a significant increase in credit risk since initial recognition;
- Stage 3: if there is evidence of impairment, these financial assets – in line with any other assets pertaining to the same counterparty – are considered impaired and are therefore included in Stage 3.

The non-performing exposures consist of financial assets classified in the categories of bad loans, unlikely-to-pay (UTP) loans and exposures past due by more than ninety days, defined in Bank of Italy Circular 272/2008.

Impairment of performing financial assets

For financial assets for which there is no evidence of impairment (unimpaired financial instruments), it is necessary to check whether there are indicators that the credit risk of the individual transaction has increased significantly since initial recognition. This check, in terms of classification (or, more precisely, staging) and measurement, has the following consequences:
- where these indicators exist, the financial asset is included in stage 2. In this case, in compliance with the IAS/IFRS and despite the absence of an actual impairment, the measurement consists of the recognition of impairment losses equal to the lifetime expected credit losses of the financial instrument. These adjustments are subject to revision at each subsequent reporting date, both to periodically check their consistency with the continuously updated loss estimates and to take account – if the indicators of "significantly increased" credit risk are no longer present – of the change in the forecast period for the calculation of the expected credit loss;

- where these indicators do not exist, the financial asset is included in stage 1. In this case, in compliance with the IAS/IFRS and despite the absence of an actual impairment, the measurement consists of the recognition of the 12-month expected credit losses for the specific financial instrument. These adjustments are subject to revision at each subsequent reporting date both to periodically check their consistency with the continuously updated loss estimates and to take into account – if there are indicators that the credit risk has "significantly increased" – the change in the forecast period for the calculation of the expected loss.

With regard to the measurement of financial assets and, in particular, the identification of the "significant increase" in credit risk (a necessary and sufficient condition for the classification of the asset being measured as stage 2), the following factors constitute the key elements to be taken into account, in accordance with the standard and its operational implementation by the Intesa Sanpaolo Group:
- the variation (beyond set thresholds) of the lifetime probabilities of default compared to the time of initial recognition of the financial instrument. This is therefore an assessment made on a "relative" basis, which constitutes the main driver;
- the presence of a past due position that – subject to the materiality thresholds identified by the regulations – has been in that status for at least 30 days. If these circumstances apply, the credit risk of the exposure is considered to have "significantly increased" and the exposure is therefore transferred to stage 2 (when the exposure was previously included in stage 1);
- the presence of forbearance measures, which – again on a presumption basis – result in the classification of the exposures under those whose credit risk has "significantly increased" since initial recognition. Activating a forbearance measure implies a minimum probation period of 24 months in stage 2;
- some of the indicators from the credit monitoring systems specifically used within the Group are also considered for the purposes of the transfer between "stages". Specifically, reference is made to the following:
  - with respect to the centralised perimeter (main Italian companies and foreign corporate banks), to early warning systems. Where signals of high risk ("traffic light" results) are identified for at least three consecutive months by such systems, a perimeter of potentially riskier counterparties is defined, to be classified in stage 2;
  - with respect to the banks belonging to the international perimeter (International Banks Division), to the watch lists, i.e. the credit monitoring systems that – based on the current credit quality of the borrower – place performing exposures above a certain level of risk within a particular range.

Finally, a staging allocation effect was identified in the in-model adjustment linked to the identification of extreme scenarios (described later in this section). This led to the stage 2 classification of the counterparties deemed most vulnerable to the aforementioned extreme scenarios in relation to the rating assigned.

Focusing on the main trigger out of those referred to above (i.e. the change in the lifetime probability of default), the significant increase in credit risk ("SICR") is determined by comparing the relative change in the lifetime probability of default recorded between the initial recognition date of the relationship and the observation date (lifetime PD Change) with predetermined significance thresholds. The assignment of a lifetime PD to the individual relationships is carried out by allocating the ratings for each segment according to the masterscale at both the initial recognition date and the observation date. Ratings are determined based on internal models, where available, or on business models. If there are no ratings, the Benchmark PDs are assigned to the type of counterparty being assessed.
The significant deterioration is therefore based on the increase in the lifetime PD caused by downgrades of the position from its origination to the reporting (observation) date, as well as the change in the forecast of the future macroeconomic factors.

The above-mentioned "relative" change in lifetime PD is an indicator of the increase or decrease in credit risk during the reporting period. To establish whether, in accordance with IFRS 9, any increase in credit risk can be considered "significant" (and therefore entail a transition between stages), it is necessary to set specific thresholds. Increases in lifetime PD below these thresholds are not considered significant and, consequently, do not result in the transfer of individual credit lines/tranches of debt securities from stage 1 to stage 2. However, this transfer is required if there are relative increases in PD above these thresholds. The thresholds used have been estimated based on a process of simulations and optimisations of forecast performance, carried out using granular historical portfolio data. Specific thresholds are set for the Corporate, Retail, Large Corporate and Retail SME models and extended to the other models based on methodological affinity. The thresholds differ in terms of residual maturity, annual granularity and rating class.
The determination of the thresholds has been calibrated to find a suitable balance between the performance indicators relating to the ability of the thresholds to:
- detect stage 2 positions before their transition to default;
- identify positions for which a return to stage 1 is due to an actual improvement in credit rating.

To complement the above methodology, a "relative" threshold also exists (tripling of lifetime PD at the observation date compared to the lifetime PD at the initial recognition date), which acts on a residual basis compared to the main methodology. Therefore, if this threshold is exceeded, the position is automatically classified to Stage 2. In order to avoid the "sliding" into stage 2 of particularly high credit quality positions, the threshold is only triggered for non-investment grade loans and securities.

Some specific considerations apply for the "staging" of the debt securities. Unlike loans, for this type of exposure, sales and purchases after initial recognition (made using the same ISIN) may form part of the ordinary management of the positions (with the consequent need to identify methods to be adopted for identifying the sales and repayments in order to determine the remaining quantities of the individual transactions that need to be allocated a credit quality/rating upon origination to be compared with that parameter at the reporting date). In this regard, the use of the "first-in-first-out" or "FIFO" method (for the recognition of the recorded ECL in the income statement, in the event of sales or repayments) was considered to help in providing a more transparent management of the portfolio, also for the front office operators, while also enabling the continued updating of the credit rating based on new purchases.

Once the allocation of the exposures to the various credit risk stages has been established, the expected credit losses (ECL) are determined at individual transaction or securities tranche level, using the IRB/Business models, based on the parameters of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), to which appropriate corrections are made to ensure compliance with the specific requirements of IFRS 9.
The following definitions apply for PD, LGD and EAD:
- PD (Probability of Default): likelihood of migrating from performing to non-performing status over the period of one year. In models consistent with supervisory provisions, the PD factor is typically quantified through the rating. In the Intesa Sanpaolo Group, the PD values are derived from internal rating models where available, supplemented by external ratings or segment/portfolio average figures;
- LGD (Loss Given Default): percentage loss in the event of default. In the models consistent with supervisory provisions, it is quantified through the historical experience of discounted recoveries on exposures that have become non-performing;
- EAD (Exposure At Default) or credit equivalent: amount of the exposure at the time of default.

As mentioned above, in order to comply with IFRS 9, specific adjustments had to be made to these factors, including in particular:
- adoption of a Point in Time (PIT) PD compared to the Through the Cycle (TTC) PD used for Basel purposes;
- removal of some additional components from the TTC LGD, such as indirect costs (non-recurring costs) and an additional margin of conservatism specifically introduced for the regulatory models, as well as the component linked to the economic downturn;
- the introduction of specific treatment in relation to the regulatory provisions, in order to estimate the accounting LGD, to include in the modelling (in line with the indications of IFRS 9 on using entity-specific information) the estimates of internal recoveries exceeding the regulatory threshold of the Maximum Recovery Period, i.e., the maximum time limit beyond which the Supervisory Authority assumes that nothing will be recovered;
- the use of PDs and, where necessary, multi-period LGDs, to determine the lifetime expected loss of the financial instrument (stages 2 and 3);
- the use of the effective interest rate of the individual transaction in the discounting of the expected future cash flows, unlike in the regulatory models, where the individual cash flows are discounted using the discounting rates determined in compliance with the prudential regulations.

In relation to the multi-period EAD, in line with IFRS 9 the Intesa Sanpaolo Group refers to the plans at amortised cost for both loans and debt securities, regardless of the measurement method used (amortised cost or fair value through other comprehensive income). For loan commitments (margins), on the other hand, the EAD is assumed to be equal to the nominal amount weighted according to a specific Credit Conversion Factor (CCF).

The measurement of the financial assets also reflects the best estimate of the effects of current and future conditions and in particular the economic conditions that affect the forward-looking PDs and LGDs. IFRS 9, also based on the guidance from the international regulators, gives particular importance to information on future macroeconomic scenarios in which the Bank may find itself and which clearly influence the situation of the debtors, with regard both to the “risk” of migration of exposures to lower quality classes (and therefore concerning the staging) and to the recoverable amounts (and therefore concerning the determination of the expected loss on the exposures). In terms of method, various possible alternative approaches designed to take account of these elements have been analysed. Of the various alternatives considered, the Intesa Sanpaolo Group has decided to adopt the “Most Likely scenario + Add-on” approach. According to this approach, the macroeconomic conditioning of PD and LGD is carried out through a baseline scenario («Most-Likely», in line with the approach used for other business purposes such as, for example, the budget and business plans) and then corrected with an Add-On to include any differences compared to downside and upside scenarios. If the overall impact of the Add-On on the risk parameters is positive, the decision has been made to neutralise the effect for both staging and ECL calculation purposes.

The macroeconomic scenario is determined by the Bank’s Research structure using forecasting models that are disclosed to the market to determine the consensus. Alternative upside and downside scenarios are determined through stress tests of the input variables of the forecasting models.

In particular, the most likely scenario and alternative scenarios are determined using a set of analytical and stand-alone forecasting instruments that determine the forecast path for several blocks of variables, namely:
- national accounts and inflation of the main Eurozone countries, the United States, the United Kingdom and Japan;
- official rates (ECB, Fed, BoJ), EUR and USD swap rate curves, and several points of the government curves;
- exchange rates for EUR, USD, JPY and GBP;
- stock market indices (DJ Eurostoxx 50 and S&P 500);
- Brent price;
- some specific data for the Italian economy (industrial production, real estate prices, employment, public finance balances).

These forecasts are then processed using the Oxford Economics multi-country structural Global Economic Model, where they replace the forecast paths of the baseline scenario provided by the company with the periodic updating of the database. The model is then solved to derive a consistent global forecasting framework, including variables for which no specific models have been developed, and to obtain a simulation environment that can be used to generate alternative scenarios. This step may require some iterations, particularly if the forecasting framework generated internally is significantly different from the one provided by Oxford Economics. If this is the case, further fine-tuning may be needed for specific secondary variables that the analysts consider to be inconsistent with the forecast scenario or that have an unexplainable quarterly volatility.

The alternative paths are selected using external information. In particular:

- average annual GDP growth rates of several countries: this is the key driver for the simulation and the deviations are determined to replicate the dispersion of the growth estimates published by Consensus Economics in the most recent report available at the date of the simulation, considering the minimum and maximum forecasts (after applying a filter to identify and eliminate possible outliers). If there are outliers, these are discarded and the remaining maximum and minimum values are considered. Since consensus estimates are only available for the first two years of the simulation period, an extrapolation of the deviations identified for the first two years is used for the third year;
- stock market indices (DJ Eurostoxx 50, S&P 500) and US residential real estate prices: the minimum and maximum forecasts of the Thomson Reuters panel are used as a reference;
- Italian residential real estate prices: since no consensus estimates are currently available, the alternative paths are based on the distribution of the historical quarterly changes available from 1980 to the current quarter.

The percentile value identified is used, for the Most Likely scenario, to determine the variations corresponding to a probability gap, calculated through statistical analysis of the historical distribution of the observations. The two (positive and negative) changes with respect to the most-likely scenario are then used to calculate the level of the individual identified indices, reconstructing the two alternative paths (one positive and one negative) for each of them that represent the input for the determination of the Add-On. The probability gap used is identified based on the variability characteristics of the series, to obtain a significant deviation from the most-likely scenario.
In addition to defining the alternative paths, a map of possible additional factors is maintained, i.e., adverse idiosyncratic events or scenarios, not explicitly incorporated in the time series used for the construction of the most-likely scenario or in the alternative paths, which can generate further significant effects on expected losses.
The following is assessed for these events/scenarios:

- the possible time frame;
- the degree of inclusion in the most-likely scenario or the alternative paths;
- the potential impact, assessed in qualitative terms.

The map of additional factors also draws on the list of risk factors contained in the forecast reports of the IMF (World Economic Outlook) and the European Commission and may change over time.
Within the assessment of the time frame for the additional factors, note is made if the factor cannot be placed within a specific time period, which makes its incorporation into the most-likely scenario or alternative paths unfeasible.
The assessments made take account of the fact that the consensus estimates may include forecasts that already incorporate the total or partial realisation of one or more risk factors in their estimates, which means that the alternative paths may already incorporate these additional factors to some extent.
Where there is considerable uncertainty in the national and international macroeconomic forecasts, as well as significant deviations in terms of best-case forecasts with respect to the TTC scenario, prudential factors may be introduced in relation to the deviations in the minimum and maximum values of the variables based on the above-mentioned consensus or historical figures.
The above macroeconomic scenarios (Most Likely and alternative scenarios) are used in internal models to determine the point-in-time (PIT) parameters.
Specifically, the time series of default rates acquired from the Bank of Italy are differentiated over the main economic macro-sectors (e.g. consumer households, family businesses, construction) and, for each of these, specific satellite models establish the relationships with the macroeconomic variables in order to obtain the forecast default rates. In turn, these impact the TTC transition matrices between rating classes and thus provide the PIT transition matrices for each scenario (Most Likely and alternative scenarios). These give rise to the lifetime conditional PD.
In particular, the TTC matrices are calculated using internal default rates for the Corporate, Retail SME and Retail segments, whereas the Bank of Italy system rates are used for the Low Default segments, because the internal time series data for those segments is less extensive. The forward-looking point-in-time matrices, on the other hand, are calculated using the system default rates for all the segments.
A similar process is used to determine the PIT LGD grids.

Taking account of the repayment plans of the individual loans, their conditional PD and LGD, residual maturity and staging, the impairment of performing financial assets is determined.

Finally, with reference to the estimation methodologies of impairment of performing financial assets, in certain circumstances, the need may arise to make adjustments (valuation increases) to the results of the models adopted. That need may indicatively arise as a result of external events that are unexpected, which the bank cannot control and have potential consequences, also on a large scale, on the measurement of the ECL of the portfolios as a result of elements that otherwise are not adequately captured within the IFRS 9 framework. It must be noted that the IFRS 9 estimation methodologies are founded on experience-based assumptions, and are strongly anchored to historical observations, which are considered over a congruous time horizon and in a sufficiently stable backdrop. Therefore, in order to fully understand the effects of particular conditions of volatility or of possible significant economic deviations from the expected macroeconomic scenarios, also in relation to “emerging risks”, a specific reference framework was identified to take action - duly approved by the competent Management Bodies - to factor into ECL calculation further elements that are not yet and/or insufficiently covered by the models in use.
Specifically, the measurement of ECL in such situations is adjusted (increasing) via the following two elements:

- a first impact (in-model adjustment) on the performing positions as a whole, in the case of specific economic times characterised by risks of significant deviation from the expected scenarios, estimated through the forward-looking conditioning model, with an impact on the individual risk parameters (PD and LGD), by identifying “extreme” scenarios, characterised by a probability of occurrence considerably contained and typical only of extreme events (therefore outside the consensus ranges) with respect to the long-term macroeconomic scenario. The approach described also triggers a staging allocation effect with stage 2 classification of the counterparties deemed most vulnerable to extreme scenarios in relation to the assigned rating;

- an additional impact (post-model adjustment) related to the effects - on “vulnerable” customers and at the same time belonging to subsectors of the loan portfolio, particularly exposed to the consequences of “emerging” risk factors - of the combination of evolving structural risks and new risks. This enhances the information from credit quality monitoring processes. This latter valuation burden is determined for vulnerable customers belonging to higher-risk subsectors, by increasing the ECL in relation to the estimated greater risk. The approach described also triggers a staging allocation effect with stage 2 classification of the most vulnerable positions.

Impairment of non-performing financial assets

Non-performing loans are represented by bad loans, unlikely to pay and past due positions by more than 90 days.
Non-performing loans classified as bad loans are subject to the following measurement methods:

- analytical-statistical measurement, which is used for exposures of less than 2 million euro and is based on the use of specific LGD grids, plus an Add-On to take account of information linked to the evolution of the current conditions related to management variables highly correlated with the loss performance and forward-looking information relating to the impact of expected future macroeconomic scenarios (as described in the previous paragraphs);
- analytical-specific measurement, which is used for customers with exposures exceeding 2 million euro and is based on the impairment percentages allocated by the manager, following specific analysis and measurements, also based on the evolution of the current conditions, plus an Add-On to take account of forward-looking information, and in particular information relating to the impact of future macroeconomic scenarios (except for bad loans backed by mortgage collateral or relating to property leases for which the impact of future scenarios is included through the method used to determine the haircuts to the value of the properties pledged as collateral).

The measurement of unlikely-to-pay loans (UTPs) is also performed based on different approaches:

- analytical-statistical measurement, for exposures of less than 2 million euro, based on the use of specific LGD grids, plus an Add-On to take account of the already mentioned information linked to the current conditions and the impacts of future macroeconomic scenarios, as well as continuation in the risk status, in order to penalise positions with greater vintage or which have no movements and/or recoveries for a particular period of time;
- analytical-specific measurement, for on-balance sheet exposures of more than 2 million euro, based on the impairment percentages allocated by the manager, following specific analyses and assessments also based on the evolution of the current conditions, plus an Add-On to take account, also in this case, of the impacts of future macroeconomic scenarios and of continuation in the risk status.

For Group companies, the threshold value for analytical-statistical measurement is set by the competent bodies of the individual companies, in coordination with the structures of Intesa Sanpaolo, at a level that is not, in any event, higher than that set by the Parent Company.

Regardless of the division of these exposures between those subject to analytical-statistical measurement and those subject to analytical-specific measurement (as identified above), the add-ons envisaged include the sales scenarios for the disposable non-performing loans if the business plan and the NPL reduction plan envisage sales and those sales do not lead to a reclassification pursuant to IFRS 5. The valuation of the disposable non-performing loans therefore considers the possibility of also realising these loans through their sale.

Non-performing loans classified in the past-due loans category, on the other hand, are subject to analytical measurement based on statistics, regardless of the amount of the exposure. However, also in this case, the adjustment determined based on the LGD statistical grids is supplemented to take account of the Add-On attributable to the effect of the evolution of the current conditions and the future macroeconomic scenarios.

Credit exposures must continue to be carried as non-performing for at least three months after they cease to meet the requirements for being classified as such (the “probation period”). Until the conditions are met for reclassification out of the non-performing category, such exposures are retained in their respective risk classes and measured according to an analytical-statistical or an analytical-specific approach taking account of their lower risk level.

A brief description is provided below of the methods used for the analytical-specific and analytical-statistical measurement:

- the analytical-specific measurement of bad loans and unlikely-to-pay loans above 2 million euro is a measurement performed by the managers of the individual positions based on a qualitative and quantitative analysis of the borrower's financial position, the riskiness of the credit relationship, the targets and strategies for reduction of the non-performing loans, and any mitigating factors (collateral), taking into account the financial impact of the estimated recovery time.

  For bad loans in particular, a series of elements are relevant, which differ according to the characteristics of the positions, and must be thoroughly and prudently assessed, including the following, listed merely as examples:
  - nature of the credit, whether preferential or unsecured;
  - net asset value of the borrowers/third party collateral providers;
  - complexity of existing or potential litigation and/or the underlying legal issues;
  - exposure of the borrowers to the banking system and other creditors;
  - last available financial statements;
  - legal status of the borrowers and any pending insolvency and/or individual proceedings.

  In order to determine the estimated realisable value of loans secured by real estate, and to take into account both the time series of recoveries and the forward-looking information in accordance with IFRS 9, an approach is applied focused on the valuation of real estate based on the expected average auction price and the related reduction in the observed price, with the calculation of average haircuts that differ according to the type of real estate collateral (residential, commercial, industrial and land). Accordingly, to avoid duplications, a macroeconomic Add-On is not used in the

analytical-specific measurement for bad mortgage loans, because the forward-looking component is already taken into account through the haircut.
For real-estate bad loans arising from lease contracts, in view of the particular nature of the product (lack of auctions), the haircut is estimated as the depreciation of the asset with respect to the appraised value observed at the time of classification as non-performing and the actual price of sale.

In addition, for unlikely-to-pay loans, the measurement is based on a qualitative and quantitative analysis of the borrower's financial position and on precise assessment of the risk situation.
The calculation of the impairment loss involves the valuation of the future cash flows that the borrower is considered to be able to generate and that will also be used to service the financial debt. This estimate must be made based on two alternative approaches:

- the going concern approach: the operating cash flows of the borrower (or the beneficial owner) continue to be generated and are used to repay the financial debts contracted. The going concern assumption does not rule out the realisation of collateral, but only to the extent that this can take place without affecting the borrower's ability to generate future cash flows. The going concern approach is also used in cases where the recoverability of the exposure is based on the possible sale of assets by the borrower or on extraordinary transactions. Similarly to the case of bad loans, haircuts are also used in measuring real-estate collateral for unlikely-to-pay positions. For going-concern positions, these haircuts are determined on the basis of the haircuts applied in the liquidation process (gone-concern bad loan or UTP position), while applying a calibration factor equal to the probability of migration of the UTP positions to the bad loan category;
- the gone concern approach: applicable in cases when it is believed that the borrower's cash flows will cease. This is a scenario that can apply to positions that are expected to be classified as bad loans. In this context, assuming that shareholders' interventions and/or extraordinary operations to restructure debt in turnaround situations are not reasonably feasible, recovery of the credit is essentially based on the value of the collateral that secures the Bank's credit claim, net of the application of a haircut (determined as for bad loans) and, alternatively, on the realisable value of the assets, taking into account the liabilities and possible pre-emptive claims;

- the analytical-statistical measurement, performed for bad loans and unlikely-to-pay loans of less than 2 million euro and for past-due loans has specific features according to the type of exposure involved.

  With regard to bad loans, the analytical-statistical measurement is based on the Bad Loan LGD grids, where the LGD Defaulted Asset model is mainly characterised by the differentiation of the loss rates that, in addition to the regulatory segment, is based on the continuation in the risk status ("vintage") and the possible activation of legal recovery proceedings. The grids are also differentiated for the other significant analysis axes used in the model estimation (e.g. product type, type of guarantee, geographical area, exposure band, etc.). The recovery time grids are mainly broken down by regulatory segment and by additional significant analysis axes used in the modelling (e.g. recovery procedures, exposure band, product type).

  For unlikely-to-pay loans, the measurement is performed using statistical LGD grids estimated specifically for positions classified as unlikely-to-pay loans, in line with the estimated LGD grids for bad loans. The estimation model for the LGD grid for unlikely-to-pay loans is similar to the one described above for bad loans and calculates the expected loss rate of the relationship being valued according to its characteristics. The LGD for unlikely-to-pay loans is obtained by recalibrating the bad loan LGD using the Danger Rate module. The Danger Rate is a multiplying correction factor to apply to the bad loan LGD, in order to take into account the loss rates that can be recorded in the various default statuses (Unlikely-to-Pay and/or past due). The Danger Rate is estimated using the probability of migration to bad loans for positions already in default, the loss rates observed in the pre-bad loans phase for positions migrating to bad loans, and the loss rates observed in the pre-bad loans phase for positions that return to performing status or are extinguished.
  In addition, for the two subclasses of the "Unlikely-to-Pay Loans" risk status ("Non-Forborne Unlikely-to-Pay Loans" and "Forborne Unlikely-to-Pay Loans"), differentiated grids are estimated to take into account the characteristics of the Forborne loans, which, in addition to having lower average loss levels due to the effect of the Forbearance Measures, are also affected by the regulatory constraints that prevent their return to performing loan status before 12 months from the date of the renegotiation.

  For past-due loans, the methods used to determine the grids are the same as those described for the unlikely-to-pay loans (Framework Danger Rate). In this case, the vintage factor is captured by the introduction of a differentiation based on the duration of the past-due period (Past Due at 90 days/180 days) which produces a significant variation in the loss rates of the grids, which are also differentiated according to regulatory segment and additional analysis axes (e.g. product type, type of guarantee, geographical area, exposure band, etc.) common to the other non-performing loan categories.

  Also in the LGD estimation models used in the analytical-statistical measurement of non-performing exposures, several additional components specifically included for regulatory models are removed, similar to that illustrated for performing exposures.

With regard to the inclusion of current and forward looking information, it should be noted that, for non-performing exposures, a statistically estimated component (Add-On from macroeconomic scenario) linked to the most-likely and downside scenarios expected over the period of the next three years is also considered, according to the criteria already described.
In fact, as required by IFRS 9, the effects of the forward-looking scenario on LGD estimates must also be considered and the aforementioned component is aimed at capturing the non-linearity of the relationship between the macroeconomic variables and ECL measurement, by analysing the forecast uncertainty of the variables used for the preparation of the most-likely scenario. It is based on the methodological framework that is used for performing loans, but ignores the upside scenario from

a prudential perspective and only considers the average downside and most-likely scenarios over the period of the next three years.
Furthermore, an additional factor is applied to the analytical/statistical measurement firmly based on internal management variables, in particular the level of past and prospective NPL ratio, which, on the basis of long-term observation, is statistically correlated with the loss performance. This factor makes the LGD estimate more sensitive to changes in the current and future economic/management context.
Also in terms of future scenarios, with regard to the unlikely to pay category, which includes positions that are still performing but show signs of difficulty, both for positions with analytical-specific measurement and those with analytical-statistical measurement, when there are no effective forbearance measures, an additional component shall be applied (in addition to the aforementioned add on from the macroeconomic scenario) to reduce the recoverable amount of the positions based on their vintage in the risk status and the absence of movements and/or recoveries in a specific period of time.

With regard to the alternative recovery scenarios, the Intesa Sanpaolo Group, in relation to the objectives of reducing the stock of outstanding non-performing loans, included in its business plans, and the commitments made to the Supervisory Authorities, with specific regard to the NPL Strategy, considers the sale of particular portfolios as the strategy that, in certain conditions, can maximise the cash flow recovery, also considering the recovery times.
Consequently, the “ordinary” scenario, which assumes a recovery strategy based on the collection of credit, typically through legal actions, mandates to credit recovery companies and the realisation of mortgage collateral, is also been accompanied - where applicable and as an alternative recovery strategy - by the scenario of the sale of the loan.
Where company plans and Group strategies identify disposal objectives and, as a result, a portfolio of non-performing loans that may be disposed of, until the disposal objectives are reached, the loans and receivables included in that portfolio shall be measured taking account of both the amount recoverable through operating activities and market valuations (based on external appraisals) and/or sales prices, if already defined.
In particular, where a larger loan portfolio that may be sold represented by Group loans that are disposable (thus, for example, positions that are not involved in disputes, as per precise indication by the management structures and which are not subject to synthetic securitisation), in relation to the sales objectives is identified, the book value of said portfolio is determined by weighting the recoverable amount through operating activities with the amount recoverable through sale.
More specifically, the recoverable amount of disposable non-performing loans is quantified as the average between (i) the value in the event of sale (fair value) and (ii) the collection amount, weighted on the basis of the percentage of the loans eligible for sale - determined as the ratio between the target volume of loans to be sold and the respective non bankruptcy-remote portfolios having the same profile, i.e. as a percentage that reflects the probability of sale of the portfolios whose disposal is considered highly probable. The “collection amount” was determined according to the ordinary methods adopted by the Group for the impairment of non-performing loans, i.e. based on the individual measurement of the exposures exceeding a defined threshold and based on an analytical-statistical measurement for the others. The measurement of the value in the event of sale is carried out by an external expert, based on market valuations.
However, where the positions to be sold are specifically identified, those positions shall be measured exclusively taking account of the market values established by external experts, based on a specific fairness opinion or, if already defined through a binding agreement with the buyer, the sales price. Those loans are also reclassified as assets held for sale.

As already mentioned, the purchased or originated credit-impaired (POCI) financial assets have specific features in terms of impairment. As a result, value adjustments equal to the lifetime ECL must be recognised on these instruments from their initial recognition date and for their entire lifetime. At each subsequent reporting date, the amount of the lifetime ECL must therefore be adjusted, with the recognition through profit or loss of the amount of any change in lifetime expected credit losses as a gain or an impairment loss. In view of the above, POCI financial assets are initially recognised in stage 3, subject to the possibility of being subsequently transferred to the performing loans stage, even if an expected loss equal to the lifetime ECL will continue to be recognised.

Lastly, with regard to non-performing loans, it is highlighted that the Intesa Sanpaolo Group uses the – full or partial – write-off/derecognition of unrecoverable accounting positions and, in the following cases, the consequent allocation to loss of the remainder that has not yet been adjusted:
- uncollectability of the debt, as a result of definite and precise elements (such as, for example, untraceability and indigence of the debtor, lack of recovery from realisation of securities and real estate, negative foreclosures, bankruptcy proceedings closed with no full compensation for the Bank, if there are no further guarantees that can be enforced etc.);
- waiver of the credit claim, due to the unilateral cancellation of the debt or residual amount as a result of settlement agreements;
- no waiver of the credit claim. With regard to the full or partial write-offs without waiver of the credit claim, in order to avoid maintaining loans on the balance sheet that have a very low possibility of recovery, despite continuing to be managed by the recovery structures, they are fully or partially written off due to uncollectability even if the legal proceedings have not been closed. The write-off can only involve the portion of the loan covered by provisions and, therefore, each loan can only be written off up to the amount of its net book value. Therefore, on a periodic basis, the Group identifies the bad loan portfolios to be subject to total or partial write-offs with the following macro-characteristics:
  - percentage cover of 100% and a vintage (understood as the period of time in “bad loan” status) of >1 year;
  - percentage cover of >95% and a vintage (understood as the period of time in “bad loan” status) of >5 years or >8 years, respectively, for non-mortgage and mortgage loans.

  Portfolios to be written off can also be identified that have similar characteristics that are different from those indicated above, but that relate to exposures that have a marginal possibility of recovering the amount of the provision, where the minimum amount of the provision (calculated taking into account the accumulated write-offs on the position, according to the same rule established at prudential level by the calendar provisioning framework) is at least equal to the amount needed to bring the value of the exposures up to their fair value estimated based on the prices recorded in the latest sales of bad loans made by the Group.

Impairment of investments in associates and companies subject to joint control

At each reporting date the investments in associates and companies subject to joint control are subjected to an impairment test to assess whether there is objective evidence to consider that the carrying value of such assets is not fully recoverable.

The process of detection of any impairment involves the verification of the presence of impairment indicators and the determination of any write-down. The impairment indicators are essentially divided into two categories: qualitative and quantitative indicators.

Qualitative indicators include:

- the generation of negative economic results or in any case a significant variance with respect to the targets budgeted or established in the multi-year plans disclosed to the market;
- the announcement/initiation of insolvency proceedings or restructuring plans;
- the downgrading by more than two rating classes;
- failure to discharge payment obligations for debt securities issued fully and in a timely manner;
- use of industrial policy tools aimed at responding to a serious crisis or allowing companies to face restructuring/reorganisation processes.

Quantitative indicators include:

- a reduction in fair value of over 30% below the carrying value or for a period of over 24 months;
- a market capitalisation lower than the company's net book value, in the case of securities listed on active markets, a carrying value of the investment in the Parent Company's financial statements higher than the carrying value in the consolidated financial statements of the investee's net assets and goodwill, or distribution by the investee of a dividend that is higher than its total income.

The presence of impairment indicators results in the recognition of a write-down to the extent that the recoverable amount is lower than the recognition value.

The recoverable amount consists of the higher of the fair value and the value in use, less costs to sell.

For an illustration of the valuation techniques used to determine fair value, see the specific Section A.4 – Information on fair value.

Value in use is the present value of expected future cash flows from the asset; it reflects estimated expected future cash flows from the asset, the estimate of possible changes in the amount and/or timing of cash flows, time value of money, the price able to repay the risk of the asset and other factors, which may affect the appreciation by market participants of expected future cash flows from the asset.

Value in use is determined by discounting future cash flows.

Impairment of non-financial assets

Property, equipment and intangible assets with definite useful life are subject to impairment testing if there is the indication that the book value of the asset may no longer be recovered. The recoverable amount is determined with reference to the fair value of the property and equipment or intangible assets less costs to sell or the value in use, if determinable and if it is higher than fair value.

For property and equipment other than real estate and valuable art assets and intangible assets (other than those recognised following business combinations) it is assumed that the carrying amount normally corresponds to the value in use, since it is determined by a depreciation or amortisation process estimated on the basis of the effective contribution of the asset to the production process and since the determination of fair value is extremely subjective. The two values diverge and lead to impairment in case of damages, exit from the production process or other similar non-recurring circumstances.

As clarified in the discussion of “Property and equipment and intangible assets”, the Group measures owner-occupied properties and valuable art assets according to the revaluation model; in this case, any impairment loss on a revalued asset must be treated as a decrease in the revaluation up to the relevant amount, after which any difference is taken to the income statement.

As described in the Information on fair value – “Fair value of real estate and valuable art assets”, for owner-occupied properties each year a scenario analysis is conducted on trends in the real-estate market to assess whether there are any significant deviations in the value of the assets. If significant changes are identified (+ or - 10%), an updated appraisal is prepared to adjust the fair value of the asset to the valuations of the real estate market. If there are no significant differences, the value is redetermined through a new expert appraisal every two years for “trophy assets” (i.e. particularly prestigious properties used by management functions located in the main cities where the bank is based or properties of particular historical and artistic interest because they are listed by the Ministry of Culture) and every three years for other owner-occupied properties.

For the valuable art assets, the revaluation is carried out by means of a new expert appraisal every three years. However, a scenario analysis is carried out annually to identify any appreciable changes in value in order to bring forward the valuation. If the annual monitoring identifies a possible positive or negative value deviation of more than 15% for individual works of artists in the bank’s collections and comparable on the basis of objective criteria (size, technique, period of production, etc.), new appraisals are commissioned.

Intangible assets recognised following a business combination and in application of IFRS 3 are subjected to an impairment test at each reporting date to assess whether there is objective evidence that the asset may have been impaired. Intangible assets with a finite life, represented by the value of the asset management portfolio, core deposits and the value of the insurance portfolio, in the presence of impairment indicators are subjected to a new valuation process to assess the recoverability of the book values. The recoverable amount is determined on the basis of the value in use, namely the present value estimated using a rate representing the time value of money and the asset’s specific risks, of the income margins generated by the existing relations as at the valuation date over a period which expresses their expected residual life.

Intangible assets with an indefinite life, represented by the valuation of the brand name and goodwill, do not have independent cash flows and therefore annually undergo an assessment of the adequacy of the value recorded under the

assets with reference to the Cash-Generating Unit (CGU) to which the values are attributed at the time of the business combinations. The amount of any impairment is determined on the basis of the difference between the CGU's book value and its recoverable amount represented by the higher of the fair value, less costs to sell, and the value in use.
The book value of the CGUs must be determined in a manner consistent with the criterion used to determine their recoverable amount. For a banking business, the cash flows generated by a CGU cannot be identified without considering the cash flows deriving from financial assets/liabilities, as these form part of the core business.
In other words, the recoverable amount of the CGUs is influenced by the aforementioned cash flows and therefore the CGUs' book value must include financial assets/liabilities in accordance with the scope of the recoverable amount estimate process. Consequently, these assets and liabilities must be properly allocated to the associated CGUs.
On this basis, the book value of Intesa Sanpaolo's CGUs may be determined in terms of contribution to consolidated shareholders' equity including the minority interest.
Thus, the carrying amount of the CGUs consisting of companies that belong to a single operating division or consist of a single legal entity (Asset Management, Private Banking, Insurance and International Banks) is determined by summing the individual carrying amounts of each company in the consolidated financial statements, namely the contribution to consolidated shareholders' equity and corresponding to their net book value, taking into account any goodwill and intangibles recorded upon acquisition (net of subsequent amortisation and any write-downs) and the consolidation entries. With regard to the determination of the carrying value of the other two divisions (Banca dei Territori and IMI Corporate & Investment Banking), given that the Parent Company and other banks contribute to the management of these divisions, and this subdivision is not represented in the accounting information, the overall carrying value of the CGUs cannot be determined on the basis of book values. As a consequence, the use of operational factors is required to make the subdivision following a detailed allocation of the intangibles and goodwill to the two CGUs in accordance with the available accounting information. The operational driver is identified as the "regulatory capital" determined by Market & Financial Risk Management structure for each operating division: it represents the capital absorption necessary to handle the types of risk envisaged by the regulatory supervision rules. The resulting book values already take into account the effects of any impairment of the individual assets, including those relating to intangible assets with a finite life.
For an illustration of the valuation techniques used to determine fair value, see Section A.4 – Information on fair value.

The value in use of a CGU is determined by estimating the present value of future cash flows that may be expected to be generated by the CGU. These cash flows are determined by using the latest publicly available business plan or, in its absence, through the drawing up by management of an internal forecast plan or other external information available. The forecasting period for the analysis usually consists of a maximum of five years. The cash flow of the final year of the forecast is projected in perpetuity, using an appropriate growth rate "g" for the purposes of the so-called Terminal value. The "g" rate is determined by assuming that the growth factor is the lower of the average growth rate for the forecasting period of the analysis and the average rate of increase in the Gross Domestic Product in the countries where the cash flows are generated.
For the determination of the value in use, the cash flows must be discounted at a rate that reflects the present valuations of the time value of money and the asset's specific risks. Specifically, the discount rates used incorporate the risk free component and the premiums for the risk associated with the equity component observed over a sufficiently long time period to reflect different market conditions and economic cycles. In addition, given the diverse risks of the respective operating areas, different Beta coefficients are used for each CGU. All the resulting rates have been adjusted to take into account the "Country Risk".
The cash flows produced by the international subsidiaries are estimated in the currency in which they are generated and translated into euro using the spot exchange rate as at the date of the determination of the value in use.
With regard to the intangible asset represented by the brand name, if the reference CGU does not have any goodwill allocated and, as a result, it is not possible to test the recoverable amount of the specific intangible as part of the impairment test of the goodwill based on total cash flows at the level of the CGU, then an independent and specific valuation is made on the basis of the fair value certified by the appraisal of an independent expert.

Business combinations
Business combinations are governed by IFRS 3.
The transfer of control over a company (or over a group of assets managed together as a single business) is considered a business combination.
To this end, control is deemed to have transferred when the investor is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns by exercising its power over the investee.
IFRS 3 requires that an acquirer be identified in any business combination. The acquirer is identified as the combining entity that obtains control of the other combining entities or businesses. If a controlling entity cannot be identified, following the definition of control described above, as for example in the case of exchange of equity investments, the identification of the acquirer must occur considering other factors such as: the entity which has a significantly higher fair value, the entity which pays a cash consideration, the entity which issues new shares.
The acquisition, and therefore the initial consolidation of the acquired entity, must be recognised in the books on the date in which the acquirer effectively obtains control over the acquired company or businesses. When the combination occurs via an exchange of voting ordinary equity instruments, the date of the exchange usually coincides with the date of the acquisition. However, it is always necessary to verify that there are no agreements which may lead to transfer of control prior to the date of the exchange.
The consideration transferred as part of a business combination is equal to the sum of the fair value, at the exchange date, of the transferred assets, the liabilities incurred or assumed and the equity instruments issued by the acquirer in return for control.
In transactions which entail cash consideration (or when payment occurs via cash-equivalent financial instruments), the purchase price is the agreed consideration. When settlement does not occur in the short-term, the fair value of any deferred component is calculated by discounting the amounts payable to their present value; when payment occurs via an instrument other than cash, therefore via the issue of financial instruments, the price is equal to the fair value of such instruments net of

the costs directly attributable to their issue. For the determination of fair value of financial instruments, see Section A.4 – Information on fair value and note that, in the case of shares quoted on active markets, fair value is represented by Stock Exchange price at acquisition date or, should that not be available, the last price available.
Purchase price at acquisition date includes any adjustments to the cost contingent on future events, if provided for by the combination agreement and only if the adjustment is probable, can be measured reliably and realised within the twelve months subsequent to the date of acquisition of control. Instead, any restoration related to any loss in the value of the assets used as consideration is not included in purchase price since it is already considered either in the fair value of equity instruments or as a reduction in the premium or an increase in the discount on the initial issue of debt instruments.
Acquisition costs refer to the charges incurred by the acquirer to carry out the business combination, including, for example, professional fees paid to independent auditors, experts, legal advisors, costs for legal opinions and audit of accounts, preparation of information documents required by the law, as well as advisory fees sustained to identify potential acquisition targets if the contract provides for the payment of success fees as well as debt securities' or equities' registration and issue costs.
Acquisition costs must be recognised as charges when incurred and when the related services are provided, except for the costs relating to the issue of debt securities or equities which must be recognised in accordance with IAS 32.
Business combinations must be accounted for using the "acquisition method" whereby identifiable assets acquired (including any intangible assets which had not been previously recognised by the acquired company) or liabilities assumed (including contingent liabilities) are recognised at their fair value at acquisition date.
Moreover, as specifically required by IFRS 3, for each business combination, any minority interest in the acquired company can be recognised at fair value (therefore increasing the consideration transferred) or in proportion to the minority investment in the net identifiable assets of the acquired companies.
If control is achieved in stages, the acquirer recalculates its previous interest in the acquired company at the acquisition date fair value. Any difference with respect to the previous carrying value is taken to income statement.
Excess between the consideration transferred (being the fair value of transferred assets, liabilities incurred and equity instruments issued by the acquirer), increased, where present, by minority interests (determined as above) as well as the fair value of the stakes already held by the acquirer, and the fair value of acquired assets and liabilities should be recognised as goodwill. Conversely, such difference is taken to the income statement when the latter exceed the sum of the consideration, minority interests and the fair value of the stakes already held.
The accounting for business combination can be determined provisionally by the end of the year in which the combination is realised and must be completed within twelve months of the acquisition date.
In accordance with IFRS 10, acquisitions of further stakes in companies which are already controlled are accounted for as a capital transaction or as a transaction with shareholders acting in their capacity as shareholders. For this reason, the difference between the cost of the acquisition and the book value of the minority stakes acquired is posted to Group shareholders' equity; in the same way, the sale of minority stakes without ceding control, does not generate gains or losses in the income statement but is posted to Group shareholders' equity.
The following transactions are outside the scope of business combinations: transactions aimed at acquiring control over one or more entities which are not part of the company's business; transactions aimed at acquiring transitory control; transactions conducted for organisational purposes, therefore between two or more companies or businesses which are already part of the Intesa Sanpaolo Group, and which do not entail changes in control, independently of the extent of minority interests in each of the combining entities before and after the business combinations (business combinations involving entities under common control). These transactions are considered immaterial. Therefore, since there are no specific provisions in IAS/IFRS and in compliance with IAS 8 which requires – in the absence of a specific standard – that the reporting entity must use its judgement in applying an accounting policy that results in information that is relevant, reliable, prudent and that reflects the economic substance of the transaction, these are accounted for safeguarding the continuing values in the financial statements of the acquirer.
Mergers are examples of combinations between companies and represent the most complete business combinations, since they imply the legal and economic unification of the merged entities.

Mergers which entail the establishment of a new legal entity and mergers by incorporation (which entail that an entity is absorbed by another existing entity) are treated according to the criteria illustrated above, that is:

- if the transaction leads to the transfer of control of a company, it is accounted for as a business combination as provided for by IFRS 3;
- if the transaction does not lead to the transfer of control, it is accounted for by privileging the continuity of the values.

Criteria for the preparation of segment reporting

The Intesa Sanpaolo Group's segment reporting is based on the elements that the management uses to make its own operating decisions (the "management approach") and is therefore consistent with the disclosure requirements of IFRS 8.
The Intesa Sanpaolo Group's organisational model is structured according to six business segments with specific operational responsibilities and similar characteristics in terms of the type of products and services offered: Banca dei Territori, IMI Corporate & Investment Banking, International Banks, Asset Management, Private Banking and Insurance. In addition to these operating areas there is the Corporate Centre which is responsible for guidance, coordination and control of the whole Group. The Corporate Centre also includes the following support structures: Group Treasury & Capital Management, NPE Head Office Department and the Strategic Asset & Liability Management (ALM) activities.
For the purposes of preparation of the Segment Reporting, the income statement and balance sheet results attributed to the various business sectors were calculated according to the accounting principles used in the preparation and presentation of the consolidated financial statements. Use of the same accounting standards allows segment data and consolidated data to be effectively reconciled. To represent results more effectively and give a better understanding of the components that generated them, the reclassified income statement for each reporting segment is presented with values that express the contribution made by each segment to the Group's results.
The contribution of the various Divisions and of the Corporate Centre to the Group's overall income statement results is determined according to the methods described below:

- application of the contribution model with Internal Fund Transfer Pricing (FTP), differentiated on the basis of the maturity of the individual transaction, for the correct attribution of net interest income;
- application, by virtue of specific contractual agreements between the Group banks/companies, of retrocession rules for economic components relative to transactions which set out the distribution of results between product factories/service units and relationship entities/customer units;
- direct cost debiting to each Business Division and to the Corporate Centre;
- application of the Group business accounting model, for the part within its remit, for the charging of the costs for the services provided by the head-office structures of the Parent Company belonging to the Corporate Centre to the Business Divisions and other Structures of the Corporate Centre, as well as the costs relating to the performance of steering and control activities;
- application of customer portfolio/segmentation logics for the assignment to each Division and to the Corporate Centre of the economic results of operations with customers and of the net adjustments to loans.

Business units' profits are shown net of the tax effect, calculated by applying the main components underlying the effective tax rate, in line with the Group tax policy.
The economic results of the business operational segments are disclosed net of intragroup relations within each segment and gross of intragroup relations between different business operational segments.
For each Division and for the Corporate Centre, the absorbed capital is also calculated on the basis of the Risk Weighted Assets (RWAs) determined in accordance with the applicable regulations and supplemented, where necessary, with management data on "economic" capital to take into account the risks not covered by the regulatory metric.
To complete business operational segment reporting, the most relevant income statement data and balance sheet aggregates referred to the geographical areas in which the Group operates are also given. Geographical areas are defined on the basis of the territorial breakdown of Group activities. Three main geographical areas have been identified, based on the residence of the legal entities making up the Group: Italy, Europe and Rest of the World.

A.3 – INFORMATION ON TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

Following the adoption of IFRS 9, the Intesa Sanpaolo Group did not make changes to its business model for managing its financial assets and, therefore, no transfers occurred between portfolios of financial assets.
According to the general rules established by IFRS 9 on the reclassification of financial assets (except for equity instruments, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets. Such changes are expected to be extremely rare and must be decided by the management following significant external or internal changes that can be demonstrated to external parties.

A.3.1 Reclassified financial assets: change in business model, book value and interest income

No disclosure is required since there are no reclassified financial assets recognised under balance sheet assets.

A.3.2 Reclassified financial assets: change in business model, fair value and effects on comprehensive income

No disclosure is required since no transfers were carried out between portfolios of financial assets in 2024.

A.3.3 Reclassified financial assets: change in business model and effective interest rate

No disclosure is required since there are no reclassified financial assets recognised under balance sheet assets.

A.4 – INFORMATION ON FAIR VALUE

FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES, INDEPENDENT PRICE VERIFICATION AND PRUDENT VALUATION

FAIR VALUE, INDEPENDENT PRICE VERIFICATION AND PRUDENT VALUE OF FINANCIAL INSTRUMENTS

The framework of financial measurement at fair value is based on three pillars: fair value measurement according to the IAS/IFRS, independent price verification (IPV) and prudent value measurement. The latter two are established by the Capital Requirements Regulation (CRR). The paragraphs below describe the methods applied by the Intesa Sanpaolo Group to implement and use those elements.

General fair value principles

The Intesa Sanpaolo Group governs and defines the fair value measurement of financial instruments through the "Group Guidelines and Rules for Valuation of Financial Instruments at Fair Value", prepared by Market & Financial Risk Management and applied by the Parent Company and all consolidated subsidiaries, including the insurance companies.

The "Guidelines for Valuation of Financial Instruments at Fair Value", once a favourable opinion has been given by the Group Financial Risks Committee, are revised and approved at least on an annual basis by the Board of Directors, with the support of the Risks and Sustainability Committee. The "Rules for Valuation of Financial Instruments at Fair Value" are reviewed, revised and approved at least on an annual basis by the Group Financial Risks Committee, which is specifically delegated to do so by the Management Bodies, and which also reviews material changes and updates proposed by Market & Financial Risk Management.

The "Rules for the measurement of unlisted equity investments", drawn up by Group Shareholdings and approved by the Group Financial Risks Committee, govern the fair value measurement of unlisted equities and financial instruments with unlisted equities as their underlying.

IFRS 13, which harmonises the measurement rules and the related disclosure, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e. not as part of the compulsory liquidation or a below-cost sale) as at the measurement date. Fair value is a market measurement criterion, not specifically referring to a single Bank. Underlying the definition of fair value is the assumption that the Bank is carrying out normal operations, without any intention of liquidating its assets, significantly reducing the level of operations or carrying out transactions at unfavourable conditions.
The Bank measures the fair value of an asset or liability by adopting the assumptions that would be used by market participants when pricing an asset or liability, presuming that they act with a view to satisfying their own economic interest in the best way possible. Measurement at fair value presumes that the asset is sold or the liability transferred:

a. in the principal active market for the asset or liability;
b. in the absence of a major market, in the most advantageous active market for the asset or liability.

The Bank is not required to conduct an exhaustive study of all possible markets to identify the major market or, in the absence of the major market, the most advantageous market, but must take into account all the reasonably available information. If there is no evidence to the contrary, the market that the entity normally operates in to sell the asset or transfer the liability is assumed to be the major market or the most advantageous market, if there is no major market. The Intesa Sanpaolo Group considers the principal market of a financial asset or liability to be the market in which the Intesa Sanpaolo Group generally operates.

In accordance with IFRS 13, the Group considers an active market to be a market where transactions in an asset or liability occur with sufficient frequency and volume to provide useful information for determining price on an ongoing basis. More specifically, a financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

In specific cases, governed by the Guidelines and Rules for Valuation of Financial Instruments at Fair Value, and despite being quoted on regulated markets, relevant research is carried out to verify the significance of the official market values. In the event of a significant reduction in the volume or level of operations compared to normal operations for the asset or liability (or for similar assets or liabilities) highlighted by a number of indicators (number of transactions, limited significance of market prices, significant increase in implicit premiums for liquidity risk, widening or increase of the bid-ask spread, reduction or total lack of market for new issuances, limited publicly-available information), analyses of the transactions or of the quoted prices must be carried out. A reduction in the volume or the level of activity alone may not indicate that the price of a transaction or the quoted price does not represent fair value or that the transaction in that market is not ordinary. If an entity determines that a transaction price or quoted price does not represent fair value (e.g., non-ordinary transactions) an adjustment to the transaction prices or listed prices is required if the entity uses those prices as the basis for fair value measurement and that adjustment may be significant with respect to the fair value as a whole.

The fair value of financial instruments

The presence of quoted prices in an active market represents the best evidence of fair value and these prices are therefore the quoted prices to be used on a priority basis for the measurement of financial assets and liabilities. If there is no active market, the fair value is determined using valuation techniques aimed, ultimately, at establishing the price the product would have had, at the measurement date, in an arm's length exchange motivated by normal business considerations.
The choice of the above measurement methods is not optional, because they must be applied in hierarchical order: the availability of a price stated in an active market prevents the use of one of the other measurement approaches.

Inputs of the valuation techniques

The inputs are defined as the assumptions that market participants would have used to determine the price of the asset or the liability, including assumptions regarding risk, such as, for example, the risk relating to a particular valuation technique used to measure fair value or the risk relating to the inputs of the valuation technique. The inputs may be observable or unobservable.
Observable inputs are those produced using market data, such as publicly available information on operations or actual events, which reflect the assumptions that market participants would use in determining the price of the asset or the liability.
Unobservable inputs are those for which no market information is available and that are produced using the best available information regarding the assumptions that market participants would use to determine the price of the asset or the liability.

Fair value hierarchy

IFRS 13 establishes a fair value hierarchy in which inputs to fair value measurement techniques are divided into three levels. That hierarchy assigns top priority to (unadjusted) quoted prices on active markets for identical assets or liabilities (level 1 data) and the lowest priority to unobservable inputs (level 3 data). Specifically:

- fair value level 1 applies when an instrument is measured directly on the basis of (unadjusted) quoted prices on active markets for identical assets or liabilities to which the entity has access on the measurement date;
- fair value level 2 applies when a price has not been found on an active market and the instrument is measured according to valuation techniques, on the basis of observable market parameters, or of the use of parameters that are not observable but are supported and confirmed by market evidence, such as prices, spreads or other inputs (the comparable approach);
- fair value level 3 applies when fair value is measured using various inputs, not all of which are directly drawn from observable market parameters, and which thus entail estimates and assumptions by the valuator.

If various inputs are used to measure the fair value of an asset or liability, classification in the hierarchy is determined on the basis of the lowest-level input used in measurement. When assigning a level in the fair value hierarchy, priority is given to the inputs of the valuation techniques rather than the valuation techniques themselves.
The attachment "Fair Value Hierarchy Rules" to the "Rules for Valuation of Financial Instruments at Fair Value" defines, with regard to the respective financial instrument valuation models/inputs, the basic rules that market inputs must comply with in order to be classified as Level 2, and the significance thresholds which, when overrun, result in the assignment of Level 3.

For level 1 financial instruments, the current bid price is used for financial assets and the current ask price for financial liabilities, struck on the principal active market at the end of the reference period.
For financial instruments with a scarcely significant bid-ask spread or for financial assets and liabilities with offsetting market risks, mid-market prices are used (again referred to the last day of the reference period) instead of the bid or ask price.
The following are considered level 1 financial instruments: contributed bonds (i.e. bonds for which the Composite Bloomberg Bond Trader is available from the Information Provider Bloomberg, or, alternatively, a price on the EuroMTS circuit, or at least three prices available from the Information Provider Bloomberg), contributed equities (i.e., quoted on the official market of reference), contributed UCITS funds (covered by EU directives), spot exchange rates, and derivatives for which prices are available on an active market (for example, exchange traded futures and options) and UCITS hedge funds.
Conversely, all other financial instruments that do not belong to the above-described categories or that do not have the contribution level defined by the Guidelines and Rules for Valuation of Financial Instruments at Fair Value are not considered level 1 instruments.

When no listing on an active market exists or the market is not functioning regularly, that is when the market does not have a sufficient and continuous number of trades, and bid-ask spreads and volatility that are not sufficiently contained, the fair value of the financial instruments is mainly determined through the use of valuation techniques whose objective is the establishment of the price at which, in an orderly transaction, the asset is sold or the liability transferred between market participants, as at the measurement date, under current market conditions.
In the case of instruments classified as level 2, the valuation is based on prices or credit spreads presumed from the official listing of instruments which are similar in terms of risk factors, using a given calculation methodology (valuation model). The use of this approach requires the identification of transactions on active markets in relation to instruments that, in terms of risk factors, are comparable with the instrument to be measured. Level 2 calculation methodologies reproduce prices of financial instruments quoted on active markets (model calibration) and do not contain discretional parameters – parameters for which values may not be inferred from quotations of financial instruments present on active markets or fixed at levels capable of reproducing quotations on active markets – that significantly influence the final measurement.
The following are measured using level 2 input models:

- bonds without official quotations expressed by an active market and whose fair value is determined through the use of an appropriate credit spread which is estimated starting from contributed and liquid financial instruments with similar characteristics;
- loans whose fair value is determined through the use of an appropriate credit spread which is estimated starting from market data of financial instruments with similar characteristics;
- derivatives measured through specific models, fed by input parameters (such as yield, foreign exchange and volatility curves) observed on the market;

- structured credit products (including, among others, ABSs – Asset Backed Securities, CLOs HY - Collateralized Loan Obligations High Yield, CDOs - Collateralized Debt Obligations) for which significant prices are not available and whose fair value is measured using valuation techniques that consider parameters that can be gathered from the market;
- non-contributed equity instruments measured based on direct transactions, that is significant transactions on the stock registered in a time frame considered to be sufficiently short with respect to measurement date and in constant market conditions, or using the "relative" valuation models based on multipliers;
- non-UCITS hedge funds, provided the Level 3 instruments do not exceed a set threshold.

In case of instruments classified as level 3, the calculation of the fair value is based on valuation models which consider input parameters not directly observable on the market, therefore implying estimates and assumptions on the part of the valuator. In particular, the valuation of the financial instrument uses a calculation methodology which is based on specific assumptions of:

- the development of future cash flows, which may be affected by future events that may be attributed probabilities presumed from past experience or on the basis of the assumed behaviour;
- the level of specific input parameters not quoted on active markets, for which information acquired from prices and spreads observed on the market is in any case preferred. Where this is not available, past data on the specific risk of the underlying asset or specialised reports are used (e.g. reports prepared by Rating agencies or primary market players).

The following are measured using this method:

- some transactions in derivatives, bonds, or complex structured credit instruments measured using level 3 inputs;
- hedge funds in which the level 3 assets are above a set limit;
- private equity funds, private debt funds, real estate funds and closed-end funds resulting from sales of non-performing loans valued at NAV – Net Asset Value, with possible discounts;
- shareholdings and other equities measured using models based on discounted cash flows or using equity methods;
- loans whose fair value is determined through the use of a credit spread that does not meet the criteria to be considered level 2;
- loans with underlying equity risk, whose fair value is calculated based on the discounting of expected contractual flows.

The transfer of fair value levels of financial assets and financial liabilities measured at fair value on a recurring basis occurs, as established by IFRS 13, as follows: the transfer between levels 2 and 3 occurs upon a change in the observability or significance of an input to the measurements; and the transfer between levels 1 and 2 or 3 occurs upon a change in the availability of prices in an active market.

For OTC derivatives, the initial choice of the level of fair value hierarchy depends on the degree of observability and significance of the parameters used to determine the risk-free component. The calculation of the counterparty/issuer default risk component may result in a transfer to level 3 when the current exposure is positive for the bank and the counterparty is in non-performing loan status, or when the determination of default risk requires unobservable inputs and the bilateral credit value adjustment (bCVA) component is significant when compared to the overall fair value of the netting set, or when the counterparty's sensitivity to downgrading is significant when compared to the overall fair value of the netting set.

For non-contributed equity instruments, the change of the level occurs:

- when inputs observable on the market (e.g., prices defined based on comparable transactions on the same instrument between independent and informed counterparties) have become available during the period. In this case, the Intesa Sanpaolo Group reclassifies from level 3 to level 2;
- when the directly or indirectly observable elements used as the basis for the valuation cease to exist, or when they are no longer up to date (e.g., comparable transactions that are no longer recent or multiples that are no longer applicable). In this case, the Intesa Sanpaolo Group uses valuation techniques that use unobservable inputs.

Valuation of financial instruments

The valuation of financial instruments entails the following phases:

- identification of the sources for valuation: for each asset class, the Guidelines and Rules for Valuation of Financial Instruments at Fair Value establish the processes that are necessary to identify market parameters and the manner according to which such data must be extracted and used;
- validation and processing of input data for periodic valuation: this stage consists of the accurate verification, at each accounting measurement date, of the market parameters used (verifying the integrity of data contained on the proprietary platform with respect to the source of contribution), reliability tests (consistency of each single figure with similar or comparable figures) and verification of concrete application means;
- certification of the measurement methods: this phase is aimed at verifying the consistency and the adherence of the various measurement techniques used with current market practice, at highlighting any critical aspects in the measurement models used and at determining any adjustments necessary for measurement;
- monitoring and revision of the measurement methods: the monitoring consists of the ongoing checking of the adherence to the market of the valuation model and enables the timely discovery of any gaps, in order to initiate the necessary checks and measures.

Identification, certification and processing of the input data for the measurements

The fair value calculation process and the need to distinguish between products which may be measured on the basis of effective market quotes rather than through the application of measurement techniques, highlight the need to establish univocal principles in the determination of market parameters. To this end, the Guidelines and Rules for Valuation of Financial Instruments at Fair Value establish the processes needed to identify the market parameters, the contribution sources considered appropriate and how the data must be received (cut-offs) and used for the measurement of financial instruments held for any purpose in the proprietary portfolios of the Parent Company and its subsidiaries. The same sources are used in measurements carried out for third parties under Service Level Agreements, entered into in advance. The adequacy of the input data for the measurements is guaranteed by the respect of reference requirements, which are based on comparability, availability and transparency of the data, or the possibility of extracting the figure from one or more info providing systems, measuring the contribution bid-ask, and lastly, for OTC products, verifying the comparability of the contribution sources.
The use of all market parameters in Intesa Sanpaolo is subordinated to their certification by Market & Financial Risk Management, in terms of specific controls (verifying the integrity of data contained on the proprietary platform with respect to the source of contribution), reliability tests (consistency of each single figure with similar or comparable figures) and verification of concrete application means.

Certification of measurement methods

The measurement methods used by the Intesa Sanpaolo Group are certified by IMI CIB Risk Management, with the involvement of all relevant structures. The purpose of the certification is to verify the consistency of the methods with current market practice, to highlight any problems or limitations, and to determine any fair value adjustments, in accordance with the applicable regulations. The certification process considers all aspects of the measurement method (basic assumptions, mathematical derivation, any approximations, numerical algorithms used, inputs and outputs) but also all contextual elements that are relevant to the management, including the characteristics of the associated products (payoffs, early termination clauses, etc.), any ancillary agreements (e.g. netting or collateral agreements), the market where the products are traded, and how they are used by end users (e.g. precision vs. performance, calculation of risk measures, etc.). These aspects are subject to qualitative and quantitative analysis and are duly reported in the internal documentation.
The possibility of independent validation issued by high standing financial service companies is also envisaged in highly-complex cases and/or in presence of market turbulence (market dislocation).
At the end of the certification process, the measurement method is recorded in the Rules for Valuation of Financial Instruments at Fair Value.

Monitoring and review of measurement methods

As required by the applicable regulations, the measurement methods used are subject to ongoing monitoring of their performance with respect to the evolution of financial instruments, markets and methodological innovations developed by the scientific community, in order to ensure their continuous alignment to the market, promptly highlight any inadequacies and initiate the necessary checks and actions. The Rules for Valuation of Financial Instruments at Fair Value detail all elements considered for the periodic monitoring and revision of the measurement methods. The functions involved in the monitoring process are the same as those involved in the process of certification of the measurement methods mentioned above and in the IPV process governed by the Guidelines and Rules on Independent Price Verification.

Valuation risk: fair value adjustments

The Intesa Sanpaolo Group defines valuation risk as the risk of losses arising from the valuation uncertainty for the fair value exit price of financial instruments, due to any limitations of the measurement techniques used or particular market conditions.
The main measure of the valuation risk associated with a financial instrument are the fair value adjustments, which are designed to take into account the valuation uncertainty or the difficulty in the disposal of specific financial positions, and may relate to a single financial instrument or to the net position for a particular risk factor. The adjustments may be calculated as add-ons to the valuation or included directly in the valuation. They are regularly reviewed, also considering market trends, or the introduction of new liquid instruments, different calculation methodologies and, in general, methodological advances which may also lead to significant changes in measurement methods chosen and their implementation.
In particular, the Intesa Sanpaolo Group envisages fair value adjustments for the following categories of measurement uncertainty:

- uncertainty of input data: any valuation uncertainty related to the input data for the valuation (whether mid, bid or ask) is measured with respect to temporary or structural conditions on the markets or in relation to the size of the values held (in the case of concentration), and where necessary a fair value adjustment is made, quantifying the consequent impact on the valuations;
- illiquidity of the underlying positions or risk factors: similarly to the case above, the market bid-ask spread is measured and, where necessary, a fair value adjustment is made, quantifying the consequent impact on the valuations;
- model risk: this is based on the identification and use of variants of the same model or alternative models, with which to carry out comparison analyses aimed at quantifying the variability of the valuations (in particular any directionality of the price when the model changes) and the behaviour of the model in various market scenarios (stress tests). The quantification of the fair value adjustment is based, where possible, on easily comprehensible and measurable financial variables (e.g. vega, delta, correlation shift). This category includes transactions involving ESG contractual clauses that condition cash flows on the achievement of environmental, social or governance objectives by the counterparty. If these clauses are favourable to the counterparty, a prudential fair value adjustment is made by considering the most unfavourable scenario for the Bank;
- counterparty and funding risk: counterparty and funding risks, collectively referred to as XVA, include Bilateral Credit Value Adjustment (bCVA) and Funding Value Adjustment (FVA). The bCVA takes account of the counterparty risk premium associated with the possibility that the counterparties may not honour their mutual commitments (for example in the event of bankruptcy). This component derives, in turn, from two components: the Credit Value Adjustment (CVA, negative) and the Debt Value Adjustment (DVA, positive), which consider, respectively, the scenarios where the Counterparty goes bankrupt before the Bank (and the Bank has a positive exposure towards the Counterparty), and vice

versa the scenarios where the Bank goes bankrupt before the Counterparty (and the Bank has a negative exposure towards the Counterparty). The Funding Value Adjustment (FVA, negative), on the other hand, takes into consideration the funding risk premium, connected to the costs of funding the cash flows (coupons, dividends, collateral, etc.) generated by the Bank's overall OTC derivatives portfolio. The calculation of the XVAs depends on the overall exposure between the two counterparties, calculated using techniques for simulating the underlying risk factors of the transactions considered, taking into account any counterparty risk mitigation arrangements (in particular netting and collateralisation agreements), as well as any contractual clauses. The calculation of the XVAs also depends on the Loss Given Defaults (LGDs) based on the estimated value of the expected recovery in the event of counterparty default, and the probability of counterparty default (PD). LGDs and PDs are obtained from credit default swap market quotes or are based on internal estimates by sector/rating used for credit risk. In addition, the FVA calculation is based on a funding curve representative of the best market counterparties that the Bank could renegotiate transactions with, in accordance with the most IFRS 13 advantageous market principle, as there is currently no real main market for these transactions.

The management process for fair value adjustments is formalised in the Guidelines and Rules for Valuation of Financial Instruments at Fair Value and the Rules for the Valuation of Unlisted Equity Investments with appropriate calculation methodologies on the basis of the different configurations of the points set out above, and is carried out in the most objective, consistent and systematic manner possible by IMI CIB Risk Management and Group Shareholdings. The introduction and release of the fair value adjustments depend on the factors described above. Such processes are a combination of quantitative elements that are rigidly specified and qualitative elements, valued based on the different configuration over time of the risk factors which generated the adjustments. Thus, the estimates subsequent to initial recognition are always guided by the mitigation or elimination of said risks.

For new products, the decision to apply the adjustments is taken during the new product approval process, upon proposal by IMI CIB Risk Management.

The application of the adjustments is subject to an authorisation procedure that, above a certain warning threshold defined for specific cases, involves both the area of the Chief Risk Officer and the Manager responsible for preparing the Company's financial reports.

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

The sections below provide a summary of the information, by type of financial instrument (securities, derivatives, structured products, hedge funds, and loans), on the valuation models used.

I. Valuation of non-contributed debt securities

The fair value of non-contributed debt securities is measured using the income approach, i.e. by calculating the present value of expected future cash flows using an appropriate risk premium represented by the credit spread, identified on the basis of contributed and liquid financial instruments with similar characteristics. The sources used for this measurement are the following:

- contributed and liquid debt securities of the same issuer;
- credit default swaps on the same reference entity;
- contributed and liquid securities of an issuer with the same rating and belonging to the same sector.

In any case, the different seniority of the security to be priced is considered with regard to the issuer's debt structure.

In the case of Italian public issuers, a rating/maturity matrix is defined on the basis of the spread levels on government issues, to which the spreads among the various rating/maturity classes with respect to public issues (regions, provinces, municipalities, government entities) are applied.

When applying the spread for the pricing of the non-contributed instrument, if the estimated 'fair' credit curve does not respect the same characteristics of the instrument, correction factors are considered.

Also, for bonds that are not quoted on active markets, an extra spread, estimated based on the bid/ask spread recorded on the market, is added to the "fair" credit spread component, to take account of the higher premium demanded by the market compared to similar contributed securities.

Finally, if the instrument includes an optional component, a further adjustment is made to the spread by adding a component designed to capture the hedging costs of the structure and any illiquidity of the underlying assets. This component is calculated based on the type of option, using the corresponding valuation models for derivatives mentioned below.

Similarly, Intesa Sanpaolo's credit spread for the Banking Group's financial liabilities designated at fair value is determined and measured based on the bonds issued by the Parent Company, with regular, periodic coupons, maturity beyond one year and quoted on an active market in compliance with IAS/IFRS. The implicit credit rating is determined on the basis of market prices and subsequently adjusted through interpolation models which generate credit spread curves by type of coupon, maturity and subordination level. Similarly, the issued certificates are measured at fair value by breaking them down into the following two components: an issued bond, measured as described above, and an option component, measured using the corresponding derivative pricing models described below.

Finally, measurement of the financial liabilities designated at fair value of the insurance companies (mainly liabilities associated with unit-linked investment contracts that do not present significant insurance risk) reflects the market value of the underlying assets, which are determined in application of the various methods described herein.

II. Valuation of loans

Loans are measured at fair value through contributions from info providers when available or by calculating the present value of expected future cash flows using an appropriate credit spread, identified starting from the following sources:

- contributed loans on the market;
- sector/rating-specific loan market curves;
- contributed securities of the same issuer;

- credit default swaps on the same reference entity.

In any case, the different seniority of the instrument to be priced is considered with regard to the issuer's debt structure.
When applying the spread for the pricing of the loan, if the estimated 'fair' credit curve does not respect the same characteristics of the instrument, correction factors are considered.
Moreover, where, in determining the credit spread of the loans, reference is made to the curves created through bonds, a Bond – Loan basis must be applied, to capture the different structure of the market, if any, and the different type of loan.
In order to consider the premium required by the market for illiquid and/or structured instruments, several adjustments are applied to the credit spread.
Loans with an underlying unlisted equity risk (which include financial instruments that, pursuant to IAS 32, cannot be classed as equity, e.g. loans convertible into shares) are usually measured by discounting the cash flows provided for by the contract. Since these are debt securities, the cash flows are normally discounted using a rate consisting of the sum of: a risk free rate, a spread deriving from the CDS or measured on listed securities or similar disbursements, and any additional risk premium.
In the case of non-performing loans, the fair value is determined based on the recoverable amount of the position. This estimate is made taking into account the contractual elements that characterise the loan and may involve, for example, the valuation of the cash flows from the sale of the real estate pledged as collateral or the valuation of any capital instruments that may be acquired following the introduction of an equity conversion clause for the position.

III. Valuation of OTC derivatives

Derivatives, if not traded on regulated markets, are Over The Counter (OTC) instruments, which are bilaterally exchanged with market counterparties and are measured through specific measurement methods and input parameters (such as, for example, interest rate, foreign exchange and volatility curves) observed on the market and subject to the certification and monitoring illustrated above.
The fair value of an OTC derivative is calculated considering the risk premium related to the various underlying risk factors. Specifically, there are two relevant cases, according to whether or not the instrument is subject to collateralisation agreements (CSAs) aimed at mitigating the counterparty and funding risk:

- for CSA transactions with characteristics that reduce counterparty and funding risk to a negligible level, the fair value is calculated according to the non-arbitrage principle, by including the market risk premium related to the risk factors underlying the contract (e.g. interest rates, volatility, etc.), and, in the most significant cases, using the rate of remuneration for the collateral as the discount rate for the future cash flows;
- for transactions without CSAs, or with CSAs with characteristics that do not reduce the counterparty and funding risk to a negligible level (e.g., One Way CSAs, or with non-negligible limits or minimum transfer amounts), the fair value of the instrument may be stated, under appropriate circumstances, as the sum of the reference (or base) value, equal to the price of the corresponding collateralised instrument, and several additional valuation components related to the counterparty and funding risk premium, referred to jointly as XVA (see "Valuation risk: fair value adjustments").

In view of the number and complexity of the OTC derivatives, a systematic reference framework has been developed which represents the common elements (calculation algorithms, processing models, market data used, basic assumptions of the model) that are used for their measurement.

The table below illustrates the main methods used to measure OTC derivatives based on the category of underlying asset.

Underlying class	Valuation models	Market data and input parameters
Interest rate	Net Present Value, Shifted-Black, Shifted-SABR, Libor Market Model, Hull-White, Bivariate log-normal, Hagan exact formula for CMS	Interest rate curves (deposits, FRA, Futures, OIS, swap, basis swap, CMS), cap/floor/swaption option volatility, correlation between interest rates
Foreign exchange rate	Net present Value FX, Garman-Kohlhagen, Mixture, Stochastic Local Volatility, Local Volatility	Interest rate curves, spot and forward FX curves, FX volatility, "quanto" volatility and correlations
Equity	Accrual, Net present Value Equity, Generalised Black-Scholes, Heston, Local Volatility, Jump Diffusion	Interest rate curves, underlying asset spot rate, expected dividends, underlying asset volatility and correlation between underlying assets, "quanto" volatility and correlations
Inflation	Inflation NPV, Inflation SABR, Inflation Jarrow-Yildirim	Nominal and inflation interest rate curves, interest and inflation rate volatility, seasonality ratios of consumer price index, correlation between inflation rates
Commodity	Net present Value Commodity, Black-Scholes Commodity, Independent Forward, Local Volatility, 2-Factors Jump Diffusion	Interest rate curves, spot rate, forwards and futures of underlying assets, underlying asset volatility and correlation between underlying assets, "quanto" volatility and correlations
Loans	Net present Value, CDS Option (or log-normal model), Contingent CDS	Probability of default, Recovery rate, credit index volatility.

As envisaged by IFRS 13, in determining fair value the Intesa Sanpaolo Group also takes into account the effect of non-performance risk. This risk includes changes in the counterparty credit rating and changes in the issuer's own credit risk.

IV. Valuation model for structured credit products

With regard to asset-backed securities (ABSs), if significant prices are not available, valuation techniques are used that take into account parameters that can be gathered from an active market (level 2 inputs) or, where parameters cannot be observed, estimated parameters (level 2 or 3 inputs, where immaterial or material).

In this case, the cash flows are obtained from infoproviders or specialised platforms, where available, or are taken from the business plan of the transaction, supplemented with periodic reporting, such as the case of Non-Performing Loans (NPLs) and Unlikely to Pay (UTP); the spreads are gathered from prices available on the market/market info provider, further strengthened by a qualitative analysis relative to the performance of the underlying assets presumed from periodic investor reports and aimed at highlighting structural aspects that are not (or not fully) encompassed by the analyses described above, relating to the actual future ability to pay the expected cash flows and analyses of relative value with respect to other similar structures.

In the case of securitised high-yield loans to European corporate borrowers (HY CLO), valuation techniques call for calculation of the net present value of the expected cash flows, determined through specialised platforms, discounted using market spreads. When modelling expected future flows, account is taken of all contractual aspects of the HY CLOs that may influence the waterfall, i.e. the distribution of cash flows from the collateral on the notes.

After this valuation, credit analyses on underlying assets are fine-tuned to incorporate further valuation elements not included in the quantitative models. In particular, a Qualitative Credit Review is provided for and entails an accurate analysis of credit aspects referred to the specific structure of the HY CLO and to the collateral present. This is to identify any present or future weaknesses which emerge from the characteristics of the underlying assets, which could have been missed by rating agencies and as such not fully considered in the valuations described in the previous point.

V. Valuation of non-contributed equities

Level 2 equities include:

- equities measured based on direct transactions, that is significant transactions on the stock registered in a time frame considered to be sufficiently short with respect to measurement date and in constant market conditions;
- equities measured using relative methods, based on multipliers: implied multiples in transactions in comparable listed or unlisted companies, within a time frame deemed sufficiently short with respect to the time of measurement and under constant market conditions (M&A multiples) or implicit multiples in the stock market prices of a sample of comparable companies (stock market multiples).

Level 3 equities for which the “relative” models described above are not applicable in significant terms, and, therefore, “absolute” valuation models are used, include:

- equities for which analytical models based on flows are used, which determine the value through estimates of the cash or income flows that the company is expected to generate over time, discounted using an appropriate rate based on the level of risk of the instrument;
- equities measured based on net worth criteria such as NAV or Adjusted Net Asset Value (ANAV), which estimates the fair value of the various components of the assets of the investee.

Any values deemed representative of the fair value of the equity instrument deriving from contractual clauses (for example, options) are classified in level 2 or 3 of the fair value hierarchy, according to the observability of the inputs used in the valuation. Specifically, if the negotiation of the clause resulted in strike prices or pre-defined algorithms and multiples, the instrument is classified in level 2.

The cost criterion as estimate of fair value is used to a lesser extent, where none of the previous methods are applicable due to lack of sufficient information, and in the cases where there is a wide range of possible fair value measurements and it is not possible to identify the most appropriate value among these.

This case also includes Equity Instruments which, in accordance with IAS 32, have the characteristics to be considered as equities.

VI. The valuation of hedge funds

The fair value of a hedge fund corresponds to the Net Asset Value (NAV) provided by the fund administrator, to which an adjustment can be applied, deriving from a measurement process aimed at capturing the main risk factors that the management of the funds is subject to, which consist of the following two types:

- counterparty (broker) risk, i.e. the risk that the assets of the fund are exposed to when a single service provider is entrusted with prime brokerage or custodian activities, subject to the risk of default;
- illiquidity risk, i.e. the risk that the assets of the fund are illiquid due to the limited prices available or due to a lack of information on the assessment policies used by the fund.

These risks are assessed on the basis of the information contained in the documentation received periodically from the fund managers or administrators.

The fair value hierarchy level is Level 2, provided the Level 3 instruments do not exceed a set threshold.

VII. The valuation of private debt funds

For Private Debt Funds, the investment authorisation process involves an initial due diligence to verify the consistency between each fund's asset valuation policy and the Guidelines and Rules for Valuation of Financial Instruments at Fair Value. The fund is subsequently valued at NAV. The fair value hierarchy level is Level 3.

VIII. Valuation of closed-end private equity funds, real estate funds and closed-end funds resulting from sales of non-performing loans

Closed-end private equity funds are usually valued using the latest Net Asset Value approved by the asset management company (published half yearly or quarterly), adjusted solely to take into account events that have not yet occurred at the reference date of the NAV, such as:

- a material transaction on a portfolio company;
- the bankruptcy or liquidation of a portfolio company;
- the alignment of any listed assets to current prices;
- draw downs and distributions by the fund.

Closed-end real estate funds are valued using the last available Net Asset Value, adjusted for any subsequent call ups or distributions and, where considered necessary, applying a discount calculated using an internal model, with the aid of an independent expert. Specifically, this model enables the calculation of a discount on the Net Asset Value based on five different factors: (i) the size of the asset management company that manages the fund; (ii) the number of subscribers; (iii) the fund's historical return; (iv) the fund's return for the period; and (v) the level of debt. These factors are calibrated differently based on the business model and the fund's resulting risk profile, distinguishing between core, value added and opportunistic funds.

With regard to closed-end funds resulting from sales of non-performing loans, where an information set is available that makes it possible to conduct an analysis of the business plan of the positions held by the fund, individually or by uniform cluster, to determine the fair value of the units of the fund, in general the Bank uses the support of an independent expert, who, among other duties, carries out a comparison of performance of the business plans of the underlying exposures, and states in its report, that the fair value determined by the expert complies with the indications from the main regulators[169].

Where it is not possible to apply the approach mentioned above, for each fund a comparison is made between the expected return of the fund and a benchmark rate, defined using a model that factors in various elements, such as: i) the fund's valuation policies, verifying whether they are compliant with criteria consistent with the definition of fair value pursuant to IFRS 13, ii) verification that there is an updated business plan and of the performance of the fund compared to the available business plan, iii) the characteristics of the fund's assets, iv) the level of the cost of funding on the market for issuing liquid instruments, v) the completeness and extensiveness of the information provided by the fund, and vi) the fund management methods. Where the expected return of the fund is higher than the defined benchmark rate, the NAV communicated by the asset management company is used as the fair value measure. Where, instead, the benchmark rate is higher than the expected return of the fund, the fair value is determined based on the NAV minus a discount, which takes account of the spread between the benchmark rate and the expected return of the fund and the average residual life of the fund (Weighted Average Life or WAL).

For the funds of this type classified under Investments in associates and companies subject to joint control, the impairment test in accordance with IAS 28 is conducted using the measurement criteria described above for the determination of the fair value of the funds classified under the financial assets measured at fair value through profit or loss (FVTPL).

[169] See Bank of Italy/Consob/Ivass Document no. 8 "Treatment in the financial statements of sales without recourse of unlikely-to-pay loans in exchange for units of investment funds", published in April 2020.

Valuation of financial assets and liabilities not measured at fair value on a recurring basis

Finally, for asset and liability financial instruments measured at amortised cost, whose fair value is determined solely for the purposes of disclosure in the notes to the financial statements, the following is noted:

- the fair value of the bonds is calculated using the methods described above;
- the fair value measurement of the other medium- and long-term asset and liability financial instruments is performed by discounting future cash flows using the discount rate adjustment approach, which requires credit risk factors to be taken into account in the discount rate for future cash flows;
- for short-term assets and liabilities, the book value is assumed to be a reasonable approximation of fair value.

For more information see paragraph A.4.5.4.

As required by IFRS 13, the table below highlights, for financial assets and liabilities measured at level 3 fair value, quantitative information on the significant, unobservable inputs used in the fair value measurement.

(thousands of euro)

Financial assets/ liabilities	Valuation technique	Main non-observable input	Minimum value of range of changes	Maximum value of range of changes	Unit	Favourable changes in FV	Unfavourable changes in FV
Securities and loans	Discounting Cash Flows	Credit Spread	-3	4	%	1,683	-2,527
Structured securities and loans	JD model	JD parameters	-46	14	%	281	-611
Structured securities and loans	Two-factor model	Correlation	-33	29	%	12,343	-9,172
ABSs	Discounting Cash Flows	Credit Spread	-2	2	%	468	-516
CLOs Cash	Discounting Cash Flows	Credit Spread	-6	6	%	240	-250
OTC derivatives subject to FV adjustment for CVA/DVA	CVA	Loss Given Default Rate (LGD)	0	100	%	433	-1,338
OTC derivatives subject to FV adjustment for CVA/DVA	CVA	Probability of default (PD) based on counterparty's internal rating	CCC	A	internal rating	775	-690
OTC Derivatives - Equity basket option	Black - Scholes model	Equity basket correlation	92	99	%	12	-9
OTC Derivatives - Equity Option	Black - Scholes model	Historical volatility	8	37	%	544	-1,732
OTC Derivatives - Equity Option	Marshall Olkin Model	Historical correlation	4	67	%	63	-44
Fondi hedge	Discounting Cash Flows	Net Asset Value	-1	2	%	70	-48
Uncontributed Equity Securities	Net present value	Cost of Equity	-100	100	bp	6,245	-5,027
Uncontributed Equity Securities	Various	Carrying Amount/Net Asset Value	-1	1	%	4,661	-4,661
UCI units deriving from sales of non-performing loans and similar assets	Adjusted NAV on IRR Basis/Net Present Value	IRR benchmark / Cost of Equity	-100	100	bp	40,493	-42,979
UCI units not deriving from sales of non-performing loans and similar assets	Net Asset Value	Net Asset Value	-1	1	%	16,108	-16,108

A.4.2 Valuation processes and sensitivity

For a description of the valuation processes used by the Group for instruments measured at level 3 in a recurring and non-recurring manner, see paragraphs A.4.1 and A.4.5 respectively.

As required by IFRS 13, for the financial assets and liabilities measured at level 3 fair value, the following table lists the effects of a change in one or more significant non-observable parameters used in the valuation techniques adopted to determine the fair value. Note that only the total material effects at the end of the year are shown in the table.

Financial assets/liabilities	Non-observable parameters	Sensitivity (thousands of euro)	Change in non-observable parameter
FVTPL and FVTOCI securities and loans	Credit spread	-96	1 bp
FVTPL and FVTOCI securities and loans	JD parameters	-23	1%
FVTPL and FVTOCI securities and loans	Correlation	-160	1%
OTC Derivatives - Equity	Correlation between underlying equity baskets	-32	10%
OTC Derivatives - Equity	Historical volatility	825	10%
OTC Derivatives - Equity CPPI	Historical correlation	-17	10%
Fondi Hedge	Net Asset Value	42	1%

For tax credits held under the Hold to Collect and Sell and Other/Trading business models, which are initially recognised and subsequently measured at fair value, note that the fluctuations in fair value are mainly due to the trends in risk-free rates.

Specifically, an increase (decrease) in interest rates of 1 basis point is estimated to correspond to a negative (positive) fluctuation of:
- 1,304 thousand euro for tax credits classified under the Other/Trading business model;
- 546 thousand euro for tax credits classified under the Hold to Collect and Sell business model;

A.4.3. Fair value hierarchy (transfers between the different levels)
A description of the policy for determining when transfers occur between the different levels of fair value hierarchy (see IFRS 13, par. 95) is provided above (see “Fair value hierarchy").

A.4.4. Other information
In calculating the bCVA, the Intesa Sanpaolo Group considers the net positions in derivatives of each counterparty (see paragraph A.4.1 above for further details on the measurement of derivatives). For other cases, the Group does not make use of the option provided in paragraph 48 of IFRS 13, which permits an entity “to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or paid to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions”.

General Independent Price Verification principles
The Intesa Sanpaolo Group governs and defines the independent price verification process through the Group Guidelines and Rules on Independent Price Verification, documents that are coordinated by Market & Financial Risk Management and applied by the Parent Company and all consolidated subsidiaries of the Banking Group.
The “Guidelines on Independent Price Verification”, once a favourable opinion has been given by the Group Financial Risk Committee, are revised and approved at least on an annual basis by the Board of Directors, with the support of the Risks and Sustainability Committee. The level I and II “Rules on Independent Price Verification” are revised and approved at least on an annual basis by the Group Financial Risks Committee, which is specifically delegated to do so by the Management Bodies, and which also reviews material changes and updates proposed by Market and Financial Risk Management.
According to the provisions of Regulation (EU) 575/2013 (Capital Requirement Regulation – CRR), Article 4, par. 1.70 and Article 105, par. 8, the Intesa Sanpaolo Group governs the Independent Price Verification (IPV) process, which consists of the regular verification of the accuracy and independence of market prices or the data input in pricing models, carried out by an organisational unit independent from the business functions, at a frequency commensurate with the trading carried out and the nature of the market.
The Intesa Sanpaolo Group has set up an IPV process with 3 levels of control in line with the provisions of Bank of Italy Circular 285/2013 (Supervisory regulations for banks), incorporated into the Integrated Internal Control System, which requires the risk management processes to be incorporated in the processes and methods for valuing the company activities, also for accounting purposes.
Within the IPV, the level I, II and III control functions have the following main responsibilities:
- the level I control function participates in the definition of the related methodological framework and carries out the level I implementations and controls, reporting the results to the business function and the level II control functions;
- the level II control function defines the methodological and control framework, ensures alignment with current regulations and consistency between the IPV controls, accounting valuations and additional valuation adjustments (AVA) (carried out, respectively, on the basis of the Guidelines and Rules for Valuation of Financial Instruments at Fair Value and the Guidelines and Rules for Prudent Valuation of Financial Instruments at Fair Value) and supervises the level I controls and performs the level II controls;
- the level III control function carries out internal audit controls to identify breaches of procedures and regulations, as well as to periodically assess the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the organisational structure of the other components of the internal control system and the IT system at Group level, at scheduled deadlines in relation to the nature and intensity of the risks.

The level I and II IPV controls are qualitative and quantitative controls and are distinguished according to the type of instruments subject to control. They are applied consistently to both the input data underlying the valuations and the valuations themselves, and ensure consistency between the management valuations and the accounting valuations carried out in the various systems. They are characterised by completeness and suitability of application, absence of overlaps, sequentiality and complementarity in execution. The IPV control instruments use, as far as possible, specific applications or IT procedures, which enable extensive data analysis on a daily basis. In particular:
- the level I controls are aimed at ensuring the validation of the market data entered into the systems and are based on an in-depth analysis of the data obtained from external providers. If the level I controls detect that certain thresholds have been exceeded for the data contained in the systems, or the data is not considered correct by the level I control functions, a comparison process (challenge) is activated with the involvement of the business function and the level II control functions, in line with the degree of complexity of the report;
- the level II controls are characterized by sequentiality and complementarity in execution with the level I controls and are designed to ensure alignment between management and accounting valuations, based on an in-depth analysis of consensus or counterparty data and, where these are not available, through the application of pricing models associated with the respective instruments.

The results of the IPV process are analysed, assessed and coordinated by the Financial Measurements Working Group, a technical body set up specifically for this purpose, with the aim of facilitating integration and comparison between the business functions and the control functions.

General prudent value principles

The framework of financial measurements is completed with the prudent valuation of financial instruments measured at fair value, which involves the calculation of additional valuation adjustments for prudential purposes, without impacts on the fair value calculated for accounting purposes in accordance with the IFRS.

The Intesa Sanpaolo Group governs and defines the prudent value measurement of financial instruments through the Group Guidelines and Rules for Prudent Valuation of Financial Instruments at Fair Value, prepared by Market & Financial Risk Management and applied by the Parent Company and all the consolidated subsidiaries of the Banking Group.

The “Guidelines on Prudent Valuation of Financial Instruments”, once a favourable opinion has been given by the Group Financial Risks Committee, are revised and approved at least on an annual basis by the Board of Directors, with the support of the Risks and Sustainability Committee. The “Rules for Prudent Valuation of Financial Instruments” are revised and approved at least on an annual basis by the Group Financial Risks Committee, which is specifically delegated to do so by the Management Bodies, and which also reviews material changes and updates proposed by Market & Financial Risk Management.

In accordance with the provisions of Regulation (EU) 575/2013 (Capital Requirements Regulation – CRR), prudent valuation entails the calculation of specific additional valuation adjustments (AVAs) for the financial instruments measured at fair value, aimed at capturing different sources of valuation uncertainty and ensuring the achievement of a suitable level of certainty in the measurement of the positions. The total value of the AVAs is deducted from the Common Equity Tier 1 capital, without impacts on accounting fair values.

The Intesa Sanpaolo Group, in line with the criteria indicated in Delegated Regulation (EU) 101/2016, is subject to the application of the core approach for the determination of AVAs both at individual and at consolidated level for all the positions measured at fair value. In particular the following AVAs are considered:

- market price uncertainty: this reflects the uncertainty of the market prices, calculated at valuation exposure level;
- close-out costs: it reflects the uncertainty of the exit price calculated at valuation exposure level;
- model risks: it considers the valuation model risk which arises due to the potential existence of a range of different models or model calibrations, which are used by market participants, and the lack of a firm exit price for the specific product being valued;
- unearned credit spreads: it reflects the valuation uncertainty in the adjustment necessary according to the applicable accounting framework to include the current value of expected losses due to counterparty default on derivative positions;
- investment and funding costs: it represents the valuation uncertainty in the funding costs used when assessing the exit price according to the applicable accounting framework;
- concentrated positions: it reflects the uncertainty relating to the exit price of the positions defined as concentrated;
- future administrative costs: it considers administrative costs and future hedging costs over the expected life of the valuation exposures for which a direct exit price is not applied for the close-out costs AVAs for concentrated positions;
- early termination: it considers the potential losses arising from non-contractual early terminations of customer trades;
- operational risks: it considers the potential losses which may be incurred consequently to the operational risks connected to the valuation processes.

The prudent value corresponds to the exit price from the position with a level of certainty equal to 90%. Where possible, this value is determined on the basis of a distribution of exit prices observed on the market. In all the other cases, an expert-based approach is used, referring to the qualitative and quantitative information available.

The AVA value associated to the single position and to the single source of uncertainty in valuation thus corresponds to the difference between the prudent value and the fair value. The total AVA is obtained by aggregating the single AVAs, taking into account the corresponding weighting ratios.

The “Rules for Prudent Valuation of Financial Instruments” outline, for each AVA, the definition and interpretation, the scope of application, the input data and the detailed calculation method for each class of financial instrument.

FAIR VALUE OF REAL ESTATE AND VALUABLE ART ASSETS

Fair value of real estate assets

As extensively illustrated in the first part regarding the accounting policies, the Group has adopted the revaluation model as the basis of measurement for the owner-occupied properties accounted for according to IAS 16 and fair value for the investment properties accounted for according to IAS 40.

Measurement of real estate assets

The revaluation model applied to owner-occupied properties envisages that property and equipment, whose fair value can be reliably determined, is recorded at a revalued amount, equal to its fair value at the date of the revaluation, net of depreciation and any accumulated impairment losses.
For the properties held for investment, the Intesa Sanpaolo Group has chosen the fair value method, according to which, after initial recognition, all investment properties are measured at fair value.

Valuation approach

IFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".
The valuation approach has been defined on the basis of the business relevance and plan for the use of the properties, which consists of three main groups:

- "trophy assets", i.e. particularly prestigious properties used by management functions located in the main cities where the Bank is based or properties of particular historical and artistic interest because they are listed by the Ministry for Culture;
- "owner-occupied properties";
- "investment properties".

The properties are valued individually asset-by-asset without considering any discount, or premium, that may be agreed during commercial negotiations if all or part of the portfolio is sold in bulk or in lots.
The Intesa Sanpaolo Group has chosen to assign the valuation activity to professionally qualified external companies with an international structure, able to provide property valuations based on the RICS Valuation standards[170] which guarantee:

- determination of the value consistent with the fair value configuration indicated in the IAS/IFRS;
- compliance with the professional, ethical and independence requirements for experts, in line with the provisions of international and European standards.

To determine the value of the assets, the following valuation methods are used based on the characteristics of the asset and the conditions of the market of reference; the valuer determines the most suitable method for each individual property:

- The Discounted Cash Flow Method: the discounted cash flow method is based on the discounting (for a variable period based on the rental/occupational situation of the property and its subsequent optimisation) of the future net proceeds from the rental or sale of the property. At the end of this period, the value of the property is assumed to be the sale price obtained by capitalising the income of the last year at a market rate for investments similar to the object of the estimate or through a split sale. This method is used for the valuation of all the owner-occupied properties or real estate leased to third parties, located in Italy.
- Comparative or Market Method: the comparative or market method is based on the comparison between the assets examined and similar assets recently sold/purchased or offered on the same market or in competitive environments. This criterion is based on a comparison with properties that have recently been sold or offered on the open market and, if possible, have the same characteristics. In the absence of observations directly related to the property examined, cases are used that are as similar as possible to the property examined, making the necessary adjustments. This method, which also represents the basis for other valuation methods, can be adopted in particular for non-owner-occupied assets and/or, in any case, for unrestricted and available assets in Italy and abroad.
- Direct capitalisation income approach: the income approach is based on the current value of the potential market income of a property, obtained by capitalising the income at a market rate. This approach is applied mainly to owner-occupied properties abroad, where a prolonged stay within the building is envisaged.
- Investment Value (Worth): the Investment Value (Worth) is defined by the International Valuation Standard as: "the value of an asset to a particular owner or prospective owner for individual investment or operational objectives". This definition is consistent with the provisions of the latest edition of the "RICS Valuation - Global Standards" of the Royal Institution of Chartered Surveyors of the United Kingdom, where the Investment Value is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives".
  The Investment Value is applicable to properties built by the entity or properties with a strong business relevance subject to significant investments for technological, construction and functional adaptation.
  The Investment Value of these properties is determined on the basis of a 12+6 year plan for business use without break options, whose annual rent is determined by applying an appropriate gross rate of return to the amount of direct and indirect costs capitalised by the owner, including the costs of purchasing the land.

For the purposes of the valuation, where applicable and relevant, the assumptions include considerations relating to specific legislation (for example on safety, accessibility, and the removal of architectural barriers) as well as sustainability considerations connected to climate change factors and energy efficiency. In conclusion, based on the assessments conducted by the independent expert, it can be confirmed that at present the climate variables have not led to any significant impacts on the 2024 Financial Statements.

[170] Standards set out in the Royal Institution of Chartered Surveyors of the United Kingdom document "RICS Valuation – Global Standard" (also known as the "Red Book"): the version in force as at 31 December 2024 was issued in November 2021 and took effect on 31 January 2022.

Frequency of valuation

Revaluations must be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

The frequency of revaluations depends upon the changes in fair values of the property and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required.

Specifically, based on the market trends, different valuation frequencies have been identified that, according to the characteristics of the assets and their location, are considered capable of capturing the significant changes in the value of the assets.

The following distinction is made for owner-occupied properties:

– for trophy assets, the revaluation is carried out by verifying the value through a scenario analysis (market trend analysis) every year and with a new appraisal every two years;
– for the other owner-occupied properties, the revaluation is carried out through scenario analysis (market trend analysis) every year and through a new appraisal every three years.

If the scenario analysis identifies significant changes (+/- 10%), specific and updated appraisals must be carried out to adjust the fair value of the asset to the valuations of the real estate market.

For investment properties, the value is determined on the basis of new appraisals each year.

Based on the rules mentioned above, in 2024, the investment properties and the owner-occupied properties, for which the scenario analysis identified changes with respect to the threshold set, were subject to periodic valuation.

Scenario analysis

As part of the annual update of the fair value of the owner-occupied properties, in the years when a revaluation of the property is not envisaged, a scenario analysis (market trend analysis) is carried out using the best information sources available for the various countries in which the properties are located, in order to identify deviations, using databases, in the market values between the analysis period and the previous period.

In particular, for real estate located in Italy, the changes are defined using at least 3 different sources. The main source is that provided by the Italian Revenue Agency, based on the specific OMI (Real Estate Market Monitor) zones. The second publication source is Nomisma for which, for the related zoning, the same queries are conducted as those for the OMI (main database).

Lastly, the third source is based on the analyses of the changes during the year surveyed in terms of the offers present on the real estate market.

Accordingly, the experts identify the annual deviations in rents and/or prices by related asset class for each property.

Real estate located abroad is grouped, for each country, into different clusters based on location and asset class. Specific market analyses are conducted based on local and national knowledge of the particular target real estate market.

The market study also takes account of the following macroeconomic drivers:

– analysis of economic data (unemployment rate, GDP per capita, inflation and consumer price index); these macroeconomic factors constitute the first economic analysis, supporting the real estate market forecasts;
– movement in average yield;
– movement in market rents;
– range of movement in unit values.

The above-mentioned market survey, together with a qualitative weighting of the macroeconomic key drivers is used to determine a range of percentage deviation from the last assessment carried out, which is compared with the target threshold set, identifying a synthetic percentage factor for each individual property, included in a single worksheet.

This activity is carried out close to the end of the year in order to produce a range of deviations within a reference threshold and to enable the timely planning of the updating of the specific appraisals for the properties whose deviation exceeds the threshold.

The permitted variation threshold is +/-10%.

If the deviations identified exceed this threshold, a new valuation will be carried out before the end of the year.

Sensitivity of valuations

Just as for financial instruments, level 3 non-financial assets and liabilities measured at fair value for which, due to the valuation model used to determine the fair value, execution is possible, and whose results are significant, are subject to sensitivity analysis. The analysis essentially concerned the properties of the Parent Company Intesa Sanpaolo, which represent the Core perimeter of the Group's real estate assets.

It is noted that the sensitivity analysis was conducted by identifying the most important variables in the valuation model used to value the various classes of real estate, represented by the discounted cash flow method. Specifically, taking account of the trend recorded in the various asset classes of the real estate market and the parameters featuring greater volatility/variability, for owner-occupied properties, reference was made to the net capitalisation rate (yield) and the average medium/long-term inflation rate, while for investment properties, to the exit value. In compliance with the estimate assumptions applied to real estate assets, for the purpose of the analysis, variation ranges were used that were consistent with the potential trends in the market at the reporting date. For owner-occupied properties, a change of +/- 25 bps for the net capitalisation rate and a concurrent change of -/+20% for the inflation rate were assumed, in relation to which average deviations of fair value of +4.4% and -3.8% were recorded. For investment properties, a change of +/- 5% in the exit value was assumed, in relation to which there were average deviations of fair value of +4.5% and -4.4%.

Fair value of valuable art assets

The Bank's valuable art assets are also valued using the revaluation model, which envisages that property and equipment, whose fair value can be reliably determined, is recorded at a revalued amount, equal to its fair value at the date of the revaluation.

Works of art included in the asset class "valuable art assets" are works of particular importance, recognised for their historic and artistic value by experts and in line with the ministerial guidelines, and particularly those set out in Ministerial Decree 537 of 6 December 2017 on the exportation of works of art, such as: the state of preservation, the historical importance of the artist, the importance of the work in terms of art criticism/history, illustrious origin, certain quality and attribution and the declaration of interest by the Italian government.

Valuation approach

The valuation is carried out by determining the value through external appraisals, entrusted to qualified independent experts.
These values are obtained from online databases such as Artnet and Artprice, which list over 100 million works of art and monitor the results of leading Italian and international auction houses. These are objective parameters that are compared with the market as a whole, in an analysis that also involves monitoring galleries and art fairs.
In particular, the factors considered for the fair value measurement include objective factors relating to the historical-critical-artistic value of the author, state of preservation, execution technique, size and quality of the artwork, importance of the artwork in the production by the artist, publication of the artwork in specialist catalogues, period of execution of the artwork, international exposure of the artworks by the artist, distinguished provenance, certainty of attribution, guarantee of authenticity of an artwork, as well as other factors (which may change over time, depending on the evolution and tastes of the market), such as the reputation of the museum hosting the artwork by the artist, the prestige of fairs/exhibitions/galleries/auction houses that handle the artwork, the reputation of its critics and collectors, and the quality of the communications concerning the artist's work.
Once these factors have been identified, the fair value is determined comparing them firstly with artworks similar to those examined (in terms of period of production/year, technique, size, type of subject and state of preservation), by the same artist and from the same period, if available (this is more feasible for modern and contemporary works) and, secondly, with works by artists or schools and areas that are close in style, philosophy and importance in the same historical period. Where several similar artworks are available, average values are used to take account of price volatility.
In addition to considering the trends in auction trading, starting from the most recent trading and also including unsold items in the analysis, which are a possible indicator of the loss of market value for the artwork/artist, the valuation also considers the current market interest in an artwork or an artist, measured by the number and quality of temporary exhibitions held in internationally important museum spaces and accompanied by specific publications.
The valuations also take into account any declarations of historical-artistic interest formally expressed by the Italian Ministry for Culture (commonly referred to as "notifications"), which tie part of the artworks in the collection to Italy's heritage and restrict their circulation to the country's territory, reducing the price obtainable on the international market.
The pricing is also influenced by the importance of the buyers/sellers (e.g. prices paid by famous collectors or known investors may be more significant).
The valuation approach is based on the monitoring of the objective market values of the artworks included in the category examined, which follows three methodological approaches:

– prudent basis, analysing the average values of a variety of different information sources, based on robust, updated and statistically representative databases: in a market of "unique" artworks, often without transactions for decades, this approach ensures the periodic identification of any outlier values and avoids following speculative trends;
– comparison, monitoring the transactions that have taken place at a global level in a variety of distribution channels, in order to avoid considering only certain forms of transaction and the related financial values: in a global market with global demand, this approach enables verification of the presence of any geographical arbitrage or specific appreciation/depreciation phenomena with potential impacts;
– recurrence, since it updates and monitors price trends over the shortest period of time that the specific features of the market allow, i.e. the half year: in a market in which there are no public trades monitored daily, the shortness of the measurement period ensures maximum attention and timeliness of any changes.

This approach is applied to all the "valuable art assets".

Frequency of valuation

For valuable art assets, the revaluation is carried out by means of an expert appraisal every three years. However, a scenario analysis is carried out annually to identify any appreciable changes in value in order to bring forward the valuation.
Based on the rules mentioned above, in 2024, the artworks, for which the scenario analysis identified changes with respect to the threshold set, were subject to valuation.

Scenario analysis

In order to identify and determine the changes in the market of the artworks being valued, market trends are monitored to detect signs of significant change that require appraisals to be made in advance with respect to the frequency established.
This monitoring is carried out on a two-fold basis:

– Monitoring of the market prices of the top artworks in terms of value held in Intesa Sanpaolo's collections, which represent 75% of the total value of the artworks included in the "valuable art assets" class, by verifying both the results of the main international auctions (which are based on a calendar of precise seasonal deadlines) and the reports of the two main world databases (Artprice and Artnet), whose analytics provide useful tools for monitoring prices;
– Monitoring the performance of the art market in general, to identify trends and changes with respect to Intesa Sanpaolo's "valuable art assets", verifying both the results of the main international auctions (which are based on a calendar of precise seasonal deadlines), and the reports of the two main world databases (Artprice and Artnet); since the works of many artists in the Intesa Sanpaolo's collection very rarely go up for auction due to the limited number of items left in the market, it is important to monitor the trend of similar artists or works; accordingly, the monitoring is not just limited to the works held and their artists, but also extends to the authors and artworks related to the same area, to take into account trend data.

If the annual monitoring identifies a potential, positive or negative, value deviation of more than 15% for individual artworks/collections of artists in Intesa Sanpaolo's collections and comparable on the basis of objective criteria (such as period of production/year, size, technique, period of production, etc.), the appraisals are commissioned according to the usual internal procedures in order to align the carrying amount.

Quantitative information

A.4.5. Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: fair value by level

(millions of euro)

Assets / liabilities at fair value	31.12.2024			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	112,812	28,322	9,809	107,488	27,918	9,188
a) Financial assets held for trading	14,948	26,337	154	11,546	26,487	130
of which: equities	*7,588*	*-*	*1*	*1,892*	*-*	*23*
of which: quotas of UCI	*440*	*-*	*37*	*444*	*-*	*6*
b) Financial assets designated at fair value	-	2	4	-	1	-
c) Other financial assets mandatorily measured at fair value	97,864	1,983	9,651	95,942	1,430	9,058
of which: equities	*6,090*	*296*	*104*	*5,578*	*205*	*210*
of which: quotas of UCI	*83,884*	*201*	*8,236*	*83,672*	*192*	*7,501*
2. Financial assets measured at fair value through other comprehensive income	139,665	9,792	812	130,591	9,489	673
of which: equities	*542*	*122*	*648*	*458*	*497*	*344*
3. Hedging derivatives	-	6,505	-	-	7,006	-
4. Property and equipment	-	-	6,607	-	-	7,222
5. Intangible assets	-	-	-	-	-	-
Total	**252,477**	**44,619**	**17,228**	**238,079**	**44,413**	**17,083**
1. Financial liabilities held for trading	6,890	35,982	10	7,829	35,614	50
2. Financial liabilities designated at fair value	1,488	72,519	76	91	72,660	31
3. Hedging derivatives	-	4,410	-	-	5,188	-
Total	**8,378**	**112,911**	**86**	**7,920**	**113,462**	**81**

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 5.5% on total assets (5.7% as at 31 December 2023).
Level 3 financial assets refer mainly to UCI units under Financial assets mandatorily measured at fair value, and are mainly attributable to equity and bond funds of insurance companies. With regard to the banking segment, the UCI units under Financial assets mandatorily measured at fair value are mainly attributable to the Parent Company and in terms of composition they relate, in order of significance, to real estate funds, private equity funds, private debt funds, infrastructure funds, hedge funds, and venture capital funds. The caption also includes 197 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 38.4% of the balance sheet assets at level 3 fair value.
A total of 80.3% 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 93% of the liabilities at fair value are attributable to Level 2, primarily to Financial liabilities designated at fair value.

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: fair value by level (of which: Banking Group and Other companies)

(millions of euro)

Assets / liabilities at fair value	31.12.2024			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	15,136	27,244	4,255	11,703	27,257	3,940
a) Financial assets held for trading	14,910	26,337	154	11,521	26,485	130
of which: equities	*7,588*	*-*	*1*	*1,892*	*-*	*23*
of which: quotas of UCI	*440*	*-*	*37*	*444*	*-*	*6*
b) Financial assets designated at fair value	-	2	4	-	1	-
c) Other financial assets mandatorily measured at fair value	226	905	4,097	182	771	3,810
of which: equities	*172*	*296*	*13*	*137*	*205*	*128*
of which: quotas of UCI	*54*	*201*	*3,540*	*45*	*192*	*3,130*
2. Financial assets measured at fair value through other comprehensive income	69,754	6,810	732	61,003	7,135	480
of which: equities	*542*	*122*	*641*	*458*	*490*	*344*
3. Hedging derivatives	-	6,469	-	-	6,982	-
4. Property and equipment	-	-	6,600	-	-	7,214
5. Intangible assets	-	-	-	-	-	-
Total	**84,890**	**40,523**	**11,587**	**72,706**	**41,374**	**11,634**
1. Financial liabilities held for trading	6,882	35,974	10	7,825	35,611	50
2. Financial liabilities designated at fair value	1,488	21,873	76	91	21,222	31
3. Hedging derivatives	-	4,363	-	-	5,105	-
Total	**8,370**	**62,210**	**86**	**7,916**	**61,938**	**81**

With regard to assets of the Banking Group and Other Companies, level 3 instruments, which allow for more discretion in fair value measurement, account for a limited portion of the portfolio, with an impact of 8.5% on total assets (9.3% as at 31 December 2023).
A total of 62% 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 57% of the balance sheet assets at level 3 fair value.
A total of 88% of these liabilities are classified in level 2, and the share of level 3 instruments is less than 1% of total liabilities.
As at 31 December 2024, the impact of non-performance risk (Credit Value Adjustment and Debt Value Adjustment) in the determination of the fair value of derivative contracts amounted to a reduction of 101 million euro in positive fair value and a reduction of 2 million euro in negative fair value.
The impact of the Funding Value Adjustment in reducing the fair value amounted to 43 million euro, equal to the cost of funding the cash flows generated by the Parent Company's overall portfolio of OTC derivatives.
Determining the quantity of those adjustments is irrespective of the effects of the correlated operational hedging strategies, where present.

Lastly, the caption "Other assets", not directly included in the table above, comprised tax credits recognised and measured at fair value for 11.2 billion euro as at 31 December 2024, of which 3.3 billion euro held under the Hold to Collect and Sell business model and 7.9 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").

In addition to the transfers relating to financial assets and liabilities measured at level 3 as detailed below, please note that the following transfers were made during 2024:

- from level 1 to level 2:
  - financial assets held for trading for 55 million euro (book value as at 31 December 2024);
  - financial assets measured at fair value through other comprehensive income for 18 million euro (book value as at 31 December 2024);
  - financial liabilities designated at fair value for 76 million euro (book value as at 31 December 2024);
- from level 2 to level 1:
  - financial assets held for trading for 102 million euro (book value as at 31 December 2024);
  - financial liabilities held for trading of 6 million euro
  - financial liabilities designated at fair value for 1,488 million euro (book value as at 31 December 2024).

The transfers between fair value levels are determined by the trends in the observability of prices or market data used to measure the instruments and by the materiality of the unobservable inputs.
The transition from level 1 to level 2 is a consequence of the disappearance of an active market for that instrument assessed by analysing the reliability and the reciprocal consistency of the available prices according to the provisions of the Group's Fair Value Policy. Conversely, securities for which a mark-to-model measurement is performed using inputs that can be observed on the market – classified, therefore, as level 2 – are transferred to level 1 when the existence of an active market is identified.

A.4.5.1 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	31.12.2024			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	97,676	1,078	5,554	95,785	661	5,248
a) Financial assets held for trading	38	-	-	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	97,638	1,078	5,554	95,760	659	5,248
of which: equities	*5,918*	-	*91*	*5,441*	-	*82*
of which: quotas of UCI	*83,830*	-	*4,696*	*83,627*	-	*4,371*
2. Financial assets measured at fair value through other comprehensive income	69,911	2,982	80	69,588	2,354	193
of which: equities	-	-	*7*	-	*7*	-
3. Hedging derivatives	-	36	-	-	24	-
4. Property and equipment	-	-	7	-	-	8
5. Intangible assets	-	-	-	-	-	-
Total	**167,587**	**4,096**	**5,641**	**165,373**	**3,039**	**5,449**
1. Financial liabilities held for trading	8	8	-	4	3	-
2. Financial liabilities designated at fair value	-	50,646	-	-	51,438	-
3. Hedging derivatives	-	47	-	-	83	-
Total	**8**	**50,701**	**-**	**4**	**51,524**	**-**

With regard to assets of Insurance Companies, level 3 instruments, which allow for more discretion in fair value measurement, account for a very small portion of the portfolio, with an impact of 3.2% on total assets (3.1% as at 31 December 2023).
94.5% 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.

In addition to the transfers relating to financial assets and liabilities in the insurance segment designated at level 3 as detailed below, please note that the following transfers were made during 2024:
- from level 1 to level 2:
  - financial assets mandatorily measured at fair value for 131 million euro (book value as at 31 December 2024);
  - financial assets measured at fair value through other comprehensive income for 596 million euro (book value as at 31 December 2024);
- from level 2 to level 1:
  - financial assets measured at fair value through other comprehensive income for 143 million euro (book value as at 31 December 2024);

The transfers between fair value levels are determined by the trends in the observability of prices or market data used to measure the instruments and by the materiality of the unobservable inputs.
The transition from level 1 to level 2 is a consequence of the disappearance of an active market for that instrument assessed by analysing the reliability and the reciprocal consistency of the available prices according to the Group's Guidelines and Rules for Valuation of Financial Instruments at Fair Value. Conversely, securities for which a mark-to-model measurement is performed using inputs that can be observed on the market – classified, therefore, as level 2 – are transferred to level 1 when the existence of an active market is identified.

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (Level 3)

(millions of euro)

	Assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property and equipment	Intangible assets
	TOTAL	*of which: a) Financial assets held for trading*	*of which: b) Financial assets designated at fair value*	*of which: c) Other financial assets mandatorily measured at fair value*				
1. Initial amount	**9,188**	**130**	**-**	**9,058**	**673**	**-**	**7,222**	**-**
2. Increases	**2,374**	**82**	**4**	**2,288**	**541**	**-**	**305**	**-**
2.1 Purchases	1,503	37	1	1,465	34	-	114	-
2.2 Gains recognised in:	401	10	-	391	9	-	55	-
2.2.1 Income statement	401	10	-	391	-	-	8	-
- of which capital gains	*379*	*8*	-	*371*	-	-	*8*	-
2.2.2 Shareholders' equity	-	X	X	X	9	-	47	-
2.3 Transfers from other levels	14	12	-	2	378	-	-	-
2.4 Other increases	456	23	3	430	120	-	136	-
3. Decreases	**-1,753**	**-58**	**-**	**-1,695**	**-402**	**-**	**-920**	**-**
3.1 Sales	-1,021	-19	-	-1,002	-118	-	-10	-
3.2 Reimbursements	-8	-1	-	-7	-42	-	-	-
3.3 Losses recognised in:	-389	-9	-	-380	-25	-	-161	-
3.3.1 Income statement	-389	-9	-	-380	-3	-	-136	-
- of which capital losses	*-384*	*-8*	-	*-376*	*-2*	-	*-136*	-
3.3.2 Shareholders' equity	-	X	X	X	-22	-	-25	-
3.4 Transfers to other levels	-27	-6	-	-21	-48	-	-	-
3.5 Other decreases	-308	-23	-	-285	-169	-	-749	-
4. Final amount	**9,809**	**154**	**4**	**9,651**	**812**	**-**	**6,607**	**-**

Caption 2.3 “Transfers from other levels” of Financial assets measured at fair value through other comprehensive income amounting to 378 million euro, includes 375 million euro relating to the transfer from Level 2 to Level 3 of the Bank of Italy shares. In the absence of recent direct transactions on the shares, they were valued using the Dividend Discount Model (DDM), which confirmed the carrying amount. The use of that method also resulted in the classification at Level 3 of the fair value hierarchy, instead of Level 2 as in the 2023 Financial Statements.

The captions of Property and equipment “Other increases” and “Other decreases” include the transfers from Investment property to Property and equipment used in operations and vice versa. These also include transfers of assets held for sale. Specifically, “Other decreases” include a portfolio of real estate reclassified by Intesa Sanpaolo S.p.A. to assets held for sale pursuant to IFRS 5, as part of a contribution of real estate assets to funds managed by Coima, for 506 million euro from Intesa Sanpaolo S.p.A. and a further 10 million euro from Immit – Immobili Italiani S.r.l.

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (Level 3) *(of which: Banking Group and Other companies)*

(millions of euro)

	Assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property and equipment	Intangible assets
	TOTAL	*of which: a) Financial assets held for trading*	*of which: b) Financial assets designated at fair value*	*of which: c) Other financial assets mandatorily measured at fair value*				
1. Initial amount	**3,940**	**130**	**-**	**3,810**	**480**	**-**	**7,214**	**-**
2. Increases	**1,336**	**82**	**4**	**1,250**	**533**	**-**	**305**	**-**
2.1 Purchases	781	37	1	743	34	-	114	-
2.2 Gains recognised in:	176	10	-	166	8	-	55	-
2.2.1 Income statement	176	10	-	166	-	-	8	-
- of which capital gains	*154*	*8*	-	*146*	-	-	*8*	-
2.2.2 Shareholders' equity	-	X	X	X	8	-	47	-
2.3 Transfers from other levels	14	12	-	2	371	-	-	-
2.4 Other increases	365	23	3	339	120	-	136	-
3. Decreases	**-1,021**	**-58**	**-**	**-963**	**-281**	**-**	**-919**	**-**
3.1 Sales	-588	-19	-	-569	-8	-	-10	-
3.2 Reimbursements	-8	-1	-	-7	-42	-	-	-
3.3 Losses recognised in:	-230	-9	-	-221	-24	-	-161	-
3.3.1 Income statement	-230	-9	-	-221	-2	-	-136	-
- of which capital losses	*-225*	*-8*	-	*-217*	*-2*	-	*-136*	-
3.3.2 Shareholders' equity	-	X	X	X	-22	-	-25	-
3.4 Transfers to other levels	-7	-6	-	-1	-38	-	-	-
3.5 Other decreases	-188	-23	-	-165	-169	-	-748	-
4. Final amount	**4,255**	**154**	**4**	**4,097**	**732**	**-**	**6,600**	**-**

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (Level 3) *(of which: Insurance Companies)*

(millions of euro)

	Assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property and equipment	Intangible assets
	TOTAL	*of which: a) Financial assets held for trading*	*of which: b) Financial assets designated at fair value*	*of which: c) Other financial assets mandatorily measured at fair value*				
1. Initial amount	**5,248**	**-**	**-**	**5,248**	**193**	**-**	**8**	**-**
2. Increases	**1,038**	**-**	**-**	**1,038**	**8**	**-**	**-**	**-**
2.1 Purchases	722	-	-	722	-	-	-	-
2.2 Gains recognised in:	225	-	-	225	1	-	-	-
2.2.1 Income statement	225	-	-	225	-	-	-	-
- of which capital gains	*225*	-	-	*225*	-	-	-	-
2.2.2 Shareholders' equity	-	X	X	X	1	-	-	-
2.3 Transfers from other levels	-	-	-	-	7	-	-	-
2.4 Other increases	91	-	-	91	-	-	-	-
3. Decreases	**-732**	**-**	**-**	**-732**	**-121**	**-**	**-1**	**-**
3.1 Sales	-433	-	-	-433	-110	-	-	-
3.2 Reimbursements	-	-	-	-	-	-	-	-
3.3 Losses recognised in:	-159	-	-	-159	-1	-	-	-
3.3.1 Income statement	-159	-	-	-159	-1	-	-	-
- of which capital losses	*-159*	-	-	*-159*	-	-	-	-
3.3.2 Shareholders' equity	-	X	X	X	-	-	-	-
3.4 Transfers to other levels	-20	-	-	-20	-10	-	-	-
3.5 Other decreases	-120	-	-	-120	-	-	-1	-
4. Final amount	**5,554**	**-**	**-**	**5,554**	**80**	**-**	**7**	**-**

A.4.5.3 Annual changes in financial liabilities measured at fair value on a recurring basis (level 3)

(millions of euro)

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Initial amount	**50**	**31**	**-**
2. Increases	**5**	**53**	**-**
2.1 Issues	1	51	-
2.2 Losses recognised in:	-	2	-
2.2.1 Income statement	-	2	-
- of which capital losses	*-*	*2*	*-*
2.2.2 Shareholders' equity	X	-	-
2.3 Transfers from other levels	4	-	-
2.4 Other increases	-	-	-
3. Decreases	**-45**	**-8**	**-**
3.1 Reimbursements	-	-	-
3.2 Repurchases	-	-8	-
3.3 Gains recognised in:	-2	-	-
3.3.1 Income statement	-2	-	-
- of which capital gains	*-2*	*-*	*-*
3.3.2 Shareholders' equity	X	-	-
3.4 Transfers to other levels	-43	-	-
3.5 Other decreases	-	-	-
4. Final amount	**10**	**76**	**-**

The caption “transfers to other levels” relates to certificates of the Parent Company.
Only one table is presented, because the insurance segment does not have this case.

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: fair value by level

(millions of euro)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31.12.2024				31.12.2023			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	518,702	44,095	298,969	167,742	518,950	38,622	296,383	174,096
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	667	-	-	667	264	-	-	264
Total	**519,369**	**44,095**	**298,969**	**168,409**	**519,214**	**38,622**	**296,383**	**174,360**
1. Financial liabilities measured at amortised cost	599,620	58,993	499,952	42,411	642,119	60,128	538,963	43,238
2. Liabilities associated with non-current assets	5	-	-	5	2	-	-	2
Total	**599,625**	**58,993**	**499,952**	**42,416**	**642,121**	**60,128**	**538,963**	**43,240**

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: fair value by level *(of which: Banking Group and Other Companies)*

(millions of euro)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31.12.2024				31.12.2023			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	518,697	44,095	298,964	167,742	518,945	38,622	296,378	174,096
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	617	-	-	617	214	-	-	214
Total	**519,314**	**44,095**	**298,964**	**168,359**	**519,159**	**38,622**	**296,378**	**174,310**
1. Financial liabilities measured at amortised cost	598,205	58,993	498,634	42,411	639,914	60,128	537,323	42,886
2. Liabilities associated with non-current assets	5	-	-	5	2	-	-	2
Total	**598,210**	**58,993**	**498,634**	**42,416**	**639,916**	**60,128**	**537,323**	**42,888**

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: fair value by level *(of which: Insurance Companies)*

(millions of euro)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31.12.2024				31.12.2023			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	5	-	5	-	5	-	5	-
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	50	-	-	50	50	-	-	50
Total	**55**	**-**	**5**	**50**	**55**	**-**	**5**	**50**
1. Financial liabilities measured at amortised cost	1,415	-	1,318	-	2,205	-	1,640	352
2. Liabilities associated with non-current assets	-	-	-	-	-	-	-	-
Total	**1,415**	**-**	**1,318**	**-**	**2,205**	**-**	**1,640**	**352**

Financial assets and liabilities

For financial assets and liabilities not measured at fair value (loans and loans represented by securities, amounts due to customers and securities issued), the Group measures fair value by calculating the present value of future cash flows at a rate that incorporates the estimate of the main risks and uncertainties associated with the financial instrument to be measured (discount rate adjustment approach).

In particular, the interest rate used to discount the future cash flows is determined by taking into account the following risk factors:

- interest rate risk, which represents the rate offered by the market for each unit of capital provided to risk-free counterparties;
- credit risk, which is the premium for having provided capital to counterparties with insolvency risk.

For fixed-rate instruments, the cash flows are those envisaged by the contracts. For floating-rate instruments, the future cash flows are determined based on forward rates, implicit in the zero-coupon interest rate curves observed at the various fixing dates and differentiated by indexation type.

The value of the risk premium (credit spread) is determined per individual position, through acquisition of the risk class (LGD) and rating (PD). These amounts, together with the average residual financial life, constitute the guideline for acquisition of the credit spread. For securities issued, the construction of the spread curve follows the rules set out in the Rules for Valuation of Financial Instruments at Fair Value.

The following assumptions were used in determining the fair values indicated in table A.4.5.4:

- for loans represented by securities, the same rules envisaged for the fair value measurement of other categories of securities are used;
- for securities issued, the rules used are the same as those applied to securities under assets;
- the book value is calculated as the reasonable approximation of fair value for:
  - demand financial items (assets and liabilities) or financial items with an original maturity equal to or shorter than 12 months and residual maturity equal to or shorter than 12 months: in the table, the column corresponding to level 2 of the fair value hierarchy presents the short-term financial items and cash collateral for financial operations, while the column corresponding to level 3 of the fair value hierarchy presents demand loans;
  - non-performing assets which in the table are included in the column corresponding to level 3 of the fair value hierarchy.

A.5 – INFORMATION ON “DAY ONE PROFIT/LOSS”

Under IFRS 9, financial instruments shall be initially recognised at fair value. The fair value of a financial instrument at initial recognition is normally the "transaction price", i.e. the fair value of the consideration given or received in relation to, respectively, financial assets and liabilities. The fact that, upon initial recognition, the fair value of a financial instrument normally coincides with the transaction price is usually intuitively verifiable in the case of transactions falling under level 1 of the fair value hierarchy. Any differences between the price and the fair value are usually attributable to the so-called commercial margins, which are considered as not falling within the scope of Day One Profit (DOP). Therefore, commercial margins are taken to the income statement on the first subsequent measurement of the financial instrument. Also in the case of level 2, which is based on quotes that can be derived indirectly from the market (Comparable Approach), the fair value and the price often coincide upon initial recognition. Any residual differences, as in the previous case, are usually attributable to the commercial margins. With respect to level 3 instruments, no definite reference benchmark is available to compare the transaction price with, since there is more discretion in fair value measurement. For the same reason, the calculation of any commercial margin to be taken to the income statement is also difficult. In this event, the instrument is always initially recognised at the transaction cost, irrespective of whether it is possible to identify commercial margins. Subsequent measurement shall not include the difference between cost and fair value identified upon initial recognition (also defined as DOP). This difference shall be recognised in the income statement only when it arises from changes to the factors over which market participants base their valuations when fixing prices (including the time effect). Where unobservable inputs used to estimate the fair value become observable, the residual deferred DOPs are recognised in the income statement. Similarly, in the event of “on the book” transactions falling under the investment division’s activities, the DOPs earned on transactions – included in the above on the book management – are taken to the income statement when transactions are carried out which substantially eliminate the risks linked to unobservable parameters of the instrument which generated the DOP.

At the end of 2024, the amount of the DOPs deferred in the balance sheet had been fully released to the income statement, following the closing of the associated transactions.

Part B - Information on the consolidated balance sheet

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS - CAPTION 10

1.1 Cash and cash equivalents: breakdown

(millions of euro)

	31.12.2024	31.12.2023
a) Cash	3,882	3,934
b) Current accounts and on demand deposits with Central Banks	32,531	81,582
c) Current accounts and on demand deposits with banks	4,120	3,754
Total	**40,533**	**89,270**

Sub-caption b) Current accounts and on-demand deposits with Central Banks refers to (overnight) on-demand deposits for an amount of 32,531 million euro, down on the amount of 81,582 million euro as at 31 December 2023. That change mainly reflects the decrease in “Financial liabilities measured at amortised cost” due to the repayment of TLTRO III operations during the year.

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS CAPTION 20

2.1 Financial assets held for trading: breakdown

(millions of euro)

Captions	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	6,759	1,285	82	9,071	1,044	68
1.1 Structured securities	*31*	*4*	*-*	*775*	*-*	*-*
1.2 Other debt securities	*6,728*	*1,281*	*82*	*8,296*	*1,044*	*68*
2. Equities	7,588	-	1	1,892	-	23
3. Quotas of UCI	440	-	37	444	-	6
4. Loans	-	65	9	-	95	-
4.1 Repurchase agreements	*-*	*-*	*-*	*-*	*-*	*-*
4.2 Other	*-*	*65*	*9*	*-*	*95*	*-*
Total (A)	**14,787**	**1,350**	**129**	**11,407**	**1,139**	**97**
B. Derivatives						
1. Financial derivatives	161	21,935	25	139	24,073	33
1.1 trading	*161*	*21,910*	*25*	*139*	*24,057*	*33*
1.2 fair value option	*-*	*-*	*-*	*-*	*-*	*-*
1.3 other	*-*	*25*	*-*	*-*	*16*	*-*
2. Credit derivatives	-	3,052	-	-	1,275	-
2.1 trading	*-*	*3,052*	*-*	*-*	*1,275*	*-*
2.2 fair value option	*-*	*-*	*-*	*-*	*-*	*-*
2.3 other	*-*	*-*	*-*	*-*	*-*	*-*
Total (B)	**161**	**24,987**	**25**	**139**	**25,348**	**33**
TOTAL (A+B)	**14,948**	**26,337**	**154**	**11,546**	**26,487**	**130**

The total amount of the Financial assets held for trading as at 31 December 2024 of 41,439 million euro (38,163 million euro as at 31 December 2023) consisted of 41,401 million euro for the "Banking Group" and 38 million euro for the "Insurance Companies"; as at 31 December 2023 these amounts were 38,136 million euro and 27 million euro respectively.

Structured securities as at 31 December 2024 consist of 19 million euro of debt securities convertible into shares and 16 million euro of fixed-rate debt securities indexed to inflation, as an additional component.
Other debt securities are made up of the securities connected with securitisations for a total amount of 1,017 million euro (962 million euro Level 2 and 55 million euro Level 3), of which 832 million euro is senior, 177 million euro is mezzanine and 8 million euro is junior.

Equity instruments as at 31 December 2024 include investments correlated with financial trading derivatives on equity instruments and stock indices.

As the gross positive fair value of the derivative instruments implemented with the legal clearing agent LCH Ltd. meets the requirements set out for offsetting between gross positive and negative balances pursuant to IAS 32, paragraph 42, it was subject to offsetting, with recognition of the net fair value under Financial liabilities held for trading and Financial assets held for trading, respectively.

2.2 Financial assets held for trading: borrower/issuer/counterparty breakdown

(millions of euro)

Captions	31.12.2024	31.12.2023
A. Cash assets		
1. Debt securities	**8,126**	**10,183**
a) Central Banks	220	77
b) Public administration	3,517	5,963
c) Banks	2,347	2,536
d) Other financial companies	1,653	1,274
of which: insurance companies	*156*	*125*
e) Non-financial companies	389	333
2. Equities	**7,589**	**1,915**
a) Banks	399	64
b) Other financial companies	1,200	243
of which: insurance companies	*173*	*132*
c) Non-financial companies	5,990	1,608
d) Other issuers	-	-
3. Quotas of UCI	**477**	**450**
4. Loans	**74**	**95**
a) Central Banks	-	-
b) Public administration	-	-
c) Banks	-	-
d) Other financial companies	7	34
of which: insurance companies	-	-
e) Non-financial companies	67	61
f) Households	-	-
Total A	**16,266**	**12,643**
B. Derivatives		
a) Central counterparties	5,058	6,934
b) Other	20,115	18,586
Total B	**25,173**	**25,520**
TOTAL (A+B)	**41,439**	**38,163**

Quotas of UCI held at the end of the year mainly included hedge funds for 245 million euro.

2.3 Financial assets designated at fair value: breakdown

(millions of euro)

Captions	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**-**	**2**	**1**	**-**	**1**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	2	1	-	1	-
2. Loans	**-**	**-**	**3**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	3	-	-	-
Total	**-**	**2**	**4**	**-**	**1**	**-**

This caption refers entirely to the “Banking Group”.

This category includes debt securities linked to financial instruments measured at fair value through profit and loss, such as financial derivatives. On the basis of the debt securities, no hedges were arranged through credit derivatives or similar instruments to mitigate the relevant credit risk.

The fair value change attributable to the measurement of credit risk of financial assets designated at fair value was insignificant, both during the year and in cumulative terms.

2.4 Financial assets designated at fair value: borrower/issuer breakdown

(millions of euro)

Captions	31.12.2024	31.12.2023
1. Debt securities	**3**	**1**
a) Central Banks	-	-
b) Public administration	2	1
c) Banks	-	-
d) Other financial companies	1	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Loans	**3**	**-**
a) Central Banks	-	-
b) Public administration	-	-
c) Banks	3	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**6**	**1**

2.5 Other financial assets mandatorily measured at fair value: breakdown

(millions of euro)

Captions	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**7,890**	**1,119**	**431**	**6,692**	**723**	**453**
1.1 Structured securities	-	-	-	-	5	-
1.2 Other debt securities	7,890	1,119	431	6,692	718	453
2. Equities	**6,090**	**296**	**104**	**5,578**	**205**	**210**
3. Quotas of UCI	**83,884**	**201**	**8,236**	**83,672**	**192**	**7,501**
4. Loans	**-**	**367**	**880**	**-**	**310**	**894**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	367	880	-	310	894
Total	**97,864**	**1,983**	**9,651**	**95,942**	**1,430**	**9,058**

The total amount of the Financial assets mandatorily measured at fair value as at 31 December 2024 of 109,498 million euro (106,430 million euro as at 31 December 2023) consisted of 5,228 million euro for the "Banking Group" and 104,270 million euro for the "Insurance Companies"; as at 31 December 2023, these amounts were 4,763 million euro and 101,667 million euro respectively.
The details for the "Banking Group" and "Insurance Companies" are provided below.

2.5 Other financial assets mandatorily measured at fair value: breakdown *(of which: Banking Group)*

(millions of euro)

Captions	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**-**	**41**	**57**	**-**	**64**	**83**
1.1 Structured securities	-	-	-	-	5	-
1.2 Other debt securities	-	41	57	-	59	83
2. Equities	**172**	**296**	**13**	**137**	**205**	**128**
3. Quotas of UCI	**54**	**201**	**3,540**	**45**	**192**	**3,130**
4. Loans	**-**	**367**	**487**	**-**	**310**	**469**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	367	487	-	310	469
Total	**226**	**905**	**4,097**	**182**	**771**	**3,810**

Other debt securities include the securities connected with securitisation transactions for a total amount of 74 million euro (17 million euro Level 2 and 57 million euro Level 3), of which 11 million euro is senior, 45 million euro is mezzanine and 18 million euro is junior.

2.5 Other financial assets mandatorily measured at fair value: breakdown *(of which: insurance companies)*

(millions of euro)

Captions	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**7,890**	**1,078**	**374**	**6,692**	**659**	**370**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	7,890	1,078	374	6,692	659	370
2. Equities	**5,918**	**-**	**91**	**5,441**	**-**	**82**
3. Quotas of UCI	**83,830**	**-**	**4,696**	**83,627**	**-**	**4,371**
4. Loans	**-**	**-**	**393**	**-**	**-**	**425**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	393	-	-	425
Total	**97,638**	**1,078**	**5,554**	**95,760**	**659**	**5,248**

2.6 Other financial assets mandatorily measured at fair value: borrower/issuer breakdown

(millions of euro)

Captions	31.12.2024	Of which: Banking group	Of which: Insurance companies	Of which: Other companies	31.12.2023
1. Equities	**6,490**	**481**	**6,009**	**-**	**5,993**
of which: banks	*536*	*-*	*536*	*-*	*494*
of which: other financial companies	*409*	*211*	*198*	*-*	*324*
of which: non-financial companies	*5,545*	*270*	*5,275*	*-*	*5,175*
2. Debt securities	**9,440**	**98**	**9,342**	**-**	**7,868**
a) Central Banks	74	-	74	-	77
b) Public administration	5,763	-	5,763	-	4,577
c) Banks	1,591	-	1,591	-	1,281
d) Other financial companies	995	98	897	-	943
of which: insurance companies	*641*	*-*	*641*	*-*	*640*
e) Non-financial companies	1,017	-	1,017	-	990
3. Quotas of UCI	**92,321**	**3,795**	**88,526**	**-**	**91,365**
4. Loans	**1,247**	**854**	**393**	**-**	**1,204**
a) Central Banks	-	-	-	-	-
b) Public administration	-	-	-	-	-
c) Banks	458	65	393	-	467
d) Other financial companies	113	113	-	-	95
of which: insurance companies	*7*	*7*	*-*	*-*	*11*
e) Non-financial companies	328	328	-	-	324
f) Households	348	348	-	-	318
Total	**109,498**	**5,228**	**104,270**	**-**	**106,430**

With regard to the Banking Group, the quotas of UCI 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 196 million euro relating to interests held by the bank in the Atlante Fund and in the Italian Recovery Fund (formerly Atlante Fund II), as alternative investment funds to support Italian banks in their recapitalisation transactions and in the management of the bad loans in the sector.
With regard to the insurance undertakings, on the other hand, the quotas of UCI are attributable to Intesa Sanpaolo Assicurazioni and Fideuram Vita and in terms of composition they mainly relate to bond, equity and flexible funds.

In addition, loans include credit exposures classified among financial assets mandatorily measured at fair value as they failed the test on the contractual characteristics of cash flows (SPPI Test) required by IFRS 9.

SECTION 3 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CAPTION 30

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

(millions of euro)

Captions	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**139,123**	**8,760**	**81**	**130,133**	**8,187**	**232**
1.1 Structured securities	970	-	-	654	-	-
1.2 Other debt securities	138,153	8,760	81	129,479	8,187	232
2. Equities	**542**	**122**	**648**	**458**	**497**	**344**
3. Loans	**-**	**910**	**83**	**-**	**805**	**97**
Total	**139,665**	**9,792**	**812**	**130,591**	**9,489**	**673**

The total amount of the Financial assets measured at fair value through other comprehensive income as at 31 December 2024 of 150,269 million euro (140,753 million euro as at 31 December 2023) consisted of 77,296 million euro for the "Banking Group" and 72,973 million euro for the "Insurance Companies"; as at 31 December 2023, these amounts were 68,618 million euro and 72,135 million euro respectively.
The details for the “Banking Group” and “Insurance Companies” are provided below.

3.1 Financial assets measured at fair value through other comprehensive income: breakdown
(of which: Banking Group)

(millions of euro)

Captions	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**69,212**	**5,778**	**8**	**60,545**	**5,840**	**39**
1.1 Structured securities	970	-	-	654	-	-
1.2 Other debt securities	68,242	5,778	8	59,891	5,840	39
2. Equities	**542**	**122**	**641**	**458**	**490**	**344**
3. Loans	**-**	**910**	**83**	**-**	**805**	**97**
Total	**69,754**	**6,810**	**732**	**61,003**	**7,135**	**480**

Loans included in this caption, as illustrated in Part A - Accounting policies, refer to portions of syndicated loans underwritten and destined to be subsequently sold.

Structured securities as at 31 December 2024 consist entirely of fixed-rate debt securities indexed to inflation, as an additional component.

Other debt securities include the securities connected with securitisations for a total amount of 2,203 million euro (entirely Level 2), of which 2,152 million euro is senior and 51 million euro is mezzanine.

Financial assets measured at fair value through other comprehensive income (caption 2. Equities – Level 3) include the stakes in the capital of the Bank of Italy for an amount of 375 million euro. In this regard, lacking recent direct transactions on the stakes, the method based on the discounting of future dividends deriving from the investment (DDM – “Dividend Discount Model”) was used, which confirmed the carrying value. The use of that method also resulted in the classification at Level 3 of the fair value hierarchy, instead of Level 2 as in the 2023 Financial Statements.

The book value of equity instruments deriving from the recovery of impaired financial assets amounted to 11 million euro.

3.1 Financial assets measured at fair value through other comprehensive income: breakdown
(of which: insurance companies)

(millions of euro)

Captions	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**69,911**	**2,982**	**73**	**69,588**	**2,347**	**193**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	69,911	2,982	73	69,588	2,347	193
2. Equities	**-**	**-**	**7**	**-**	**7**	**-**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**69,911**	**2,982**	**80**	**69,588**	**2,354**	**193**

3.2 Financial assets measured at fair value through other comprehensive income: borrower/issuer breakdown

(millions of euro)

Captions	31.12.2024	*Of which:*			31.12.2023
		Banking group	*Insurance companies*	*Other companies*	
1. Debt securities	**147,964**	**74,998**	**72,966**	**-**	**138,552**
a) Central Banks	717	459	258	-	1,103
b) Public administration	108,772	53,858	54,914	-	102,516
c) Banks	20,679	11,590	9,089	-	18,618
d) Other financial companies	6,299	5,396	903	-	5,817
of which: Insurance companies	*551*	*60*	*491*	-	*520*
e) Non-financial companies	11,497	3,695	7,802	-	10,498
2. Equities	**1,312**	**1,305**	**7**	**-**	**1,299**
a) Banks	746	739	7	-	618
b) Other issuers:	566	566	-	-	681
- other financial companies	214	214	-	-	256
of which: insurance companies	*3*	*3*	-	-	*3*
- non financial companies	341	341	-	-	414
- other	11	11	-	-	11
3. Loans	**993**	**993**	**-**	**-**	**902**
a) Central Banks	-	-	-	-	-
b) Public administration	-	-	-	-	-
c) Banks	-	-	-	-	-
d) Other financial companies	251	251	-	-	162
of which: insurance companies	-	-	-	-	-
e) Non-financial companies	742	742	-	-	740
f) Households	-	-	-	-	-
Total	**150,269**	**77,296**	**72,973**	**-**	**140,753**

3.3 Financial assets measured at fair value through other comprehensive income: gross amount and total adjustments

(millions of euro)

		Gross amount					Total adjustments				Total partial write-offs
		Stage 1	*of which: Instruments with low credit risk*	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
Debt securities		145,216	*170*	2,854	36	-	-54	-52	-36	-	-
Loans		927	-	64	11	-	-3	-2	-4	-	-
Total	**31.12.2024**	**146,143**	***170***	**2,918**	**47**	**-**	**-57**	**-54**	**-40**	**-**	**-**
Total	**31.12.2023**	**135,821**	***276***	**3,738**	**36**	**-**	**-49**	**-56**	**-36**	**-**	**-**

For the approach used to represent the gross value and the total adjustments to impaired financial assets, see the illustration provided in Part A – Accounting policies.

3.3 Financial assets measured at fair value through other comprehensive income: gross amount and total adjustments *(of which: Banking Group)*

(millions of euro)

		Gross amount					Total adjustments				Total partial write-offs
		Stage 1	*of which: Instruments with low credit risk*	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
Debt securities		73,628	*170*	1,401	36	-	-20	-11	-36	-	-
Loans		927	-	64	11	-	-3	-2	-4	-	-
Total	**31.12.2024**	**74,555**	***170***	**1,465**	**47**	**-**	**-23**	**-13**	**-40**	**-**	**-**
Total	**31.12.2023**	**65,493**	***276***	**1,910**	**36**	**-**	**-32**	**-45**	**-36**	**-**	**-**

3.3 Financial assets measured at fair value through other comprehensive income: gross amount and total adjustments *(of which: insurance companies)*

(millions of euro)

		Gross amount					Total adjustments				Total partial write-offs
		Stage 1	*of which: Instruments with low credit risk*	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
Debt securities		71,588	-	1,453	-	-	-34	-41	-	-	-
Loans		-	-	-	-	-	-	-	-	-	-
Total	**31.12.2024**	**71,588**	**-**	**1,453**	**-**	**-**	**-34**	**-41**	**-**	**-**	**-**
Total	**31.12.2023**	**70,328**	**-**	**1,828**	**-**	**-**	**-17**	**-11**	**-**	**-**	**-**

SECTION 4 - FINANCIAL ASSETS MEASURED AT AMORTISED COST – CAPTION 40

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

(millions of euro)

Transaction type/Amount	31.12.2024						31.12.2023					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3
A. Due from Central Banks	**10,903**	**-**	**-**	**-**	**9,107**	**1,796**	**10,923**	**-**	**-**	**-**	**9,278**	**1,645**
1. Time deposits	1,639	-	-	X	X	X	1,771	-	-	X	X	X
2. Reserve requirement	7,740	-	-	X	X	X	7,701	-	-	X	X	X
3. Repurchase agreements	1,418	-	-	X	X	X	1,362	-	-	X	X	X
4. Other	106	-	-	X	X	X	89	-	-	X	X	X
B. Due from banks	**27,498**	**59**	**-**	**2,120**	**18,623**	**6,789**	**21,884**	**92**	**-**	**1,569**	**14,991**	**5,420**
1. Loans	25,190	59	-	-	18,480	6,767	20,239	92	-	-	14,971	5,402
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	2,079	-	-	X	X	X	2,173	-	-	X	X	X
1.3 Other loans:	23,111	59	-	X	X	X	18,066	92	-	X	X	X
- Reverse repurchase agreements	*12,898*	-	-	*X*	*X*	*X*	*7,595*	-	-	*X*	*X*	*X*
- Finance leases	*4*	-	-	*X*	*X*	*X*	*4*	-	-	*X*	*X*	*X*
- Other	*10,209*	*59*	-	*X*	*X*	*X*	*10,467*	*92*	-	*X*	*X*	*X*
2. Debt securities	2,308	-	-	2,120	143	22	1,645	-	-	1,569	20	18
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other	2,308	-	-	2,120	143	22	1,645	-	-	1,569	20	18
TOTAL	**38,401**	**59**	**-**	**2,120**	**27,730**	**8,585**	**32,807**	**92**	**-**	**1,569**	**24,269**	**7,065**

The total amount of the Financial assets measured at amortised cost – Due from banks - relates entirely to the Banking Group.
The sub-caption "Other loans - Other" includes operating loans, i.e. operations connected to the provision of financial activities and services with no credit facilities, for an amount of 129 million euro. Those exposures are essentially performing loans classified in Stage 1 and adjusted based on IFRS 9.

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

(millions of euro)

Transaction type/Amount	31.12.2024						31.12.2023					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3
1. Loans	**408,409**	**4,751**	**193**	**-**	**257,245**	**151,054**	**416,952**	**4,772**	**219**	**-**	**259,148**	**155,757**
1.1.Current accounts	21,187	428	5	X	X	X	21,486	430	9	X	X	X
1.2. Reverse repurchase agreements	17,991	-	-	X	X	X	16,636	-	-	X	X	X
1.3. Mortgages	214,627	2,924	96	X	X	X	225,252	2,855	120	X	X	X
1.4. Credit card loans, personal loans and transfer of one fifth of salaries	20,375	273	3	X	X	X	19,742	298	2	X	X	X
1.5. Finance leases	6,467	223	79	X	X	X	7,123	252	75	X	X	X
1.6. Factoring	10,265	63	-	X	X	X	10,102	59	-	X	X	X
1.7. Other loans	117,497	840	10	X	X	X	116,611	878	13	X	X	X
2. Debt securities	**66,860**	**29**	**-**	**41,975**	**13,994**	**8,103**	**64,067**	**41**	**-**	**37,053**	**12,966**	**11,274**
2.1. Structured securities	3,778	-	-	2,270	930	49	4,922	-	-	3,362	321	633
2.2. Other debt securities	63,082	29	-	39,705	13,064	8,054	59,145	41	-	33,691	12,645	10,641
Total	**475,269**	**4,780**	**193**	**41,975**	**271,239**	**159,157**	**481,019**	**4,813**	**219**	**37,053**	**272,114**	**167,031**

The total amount of the Financial assets measured at amortised cost – loans to customers as at 31 December 2024 of 480,242 million euro (486,051 million euro as at 31 December 2023) consisted of 472,543 million euro for the "Banking Group", 5 million euro for "Insurance Companies", and 7,694 million euro for "Other companies"; as at 31 December 2023 these amounts were 476,230 million euro, 5 million euro and 9,816 million euro respectively.
The sub-caption "Other loans" includes operating loans, i.e. operations connected to the provision of financial activities and services with no credit facilities, for an amount of 846 million euro. Those exposures are essentially performing loans classified in Stage 1 and adjusted based on IFRS 9.
The amount of Debt securities - Structured securities, under sub-caption 2.1, consists entirely of fixed-rate debt securities indexed to inflation, as an additional component.
Debt securities include the securities connected with securitisations for a total amount of approximately 7,720 million euro, of which 7,704 million euro is senior notes and 16 million euro mezzanine.

4.3 Financial assets measured at amortised cost: breakdown by borrower/issuer of loans to customers

(millions of euro)

Transaction type/Amount	31.12.2024			31.12.2023		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired
1. Debt securities	**66,860**	**29**	**-**	**64,067**	**41**	**-**
a) Public administration	45,621	6	-	40,596	8	-
b) Other financial companies	17,606	8	-	20,383	22	-
of which: insurance companies	*23*	-	-	*2*	-	-
c) Non-financial companies	3,633	15	-	3,088	11	-
2. Loans:	**408,409**	**4,751**	***193***	**416,952**	**4,772**	**219**
a) Public administration	15,450	194	-	15,987	221	-
b) Other financial companies	52,391	203	-	50,918	153	-
of which: insurance companies	*232*	-	-	*173*	-	-
c) Non-financial companies	166,065	2,880	*116*	176,408	2,838	*129*
d) Households	174,503	1,474	*77*	173,639	1,560	*90*
TOTAL	**475,269**	**4,780**	***193***	**481,019**	**4,813**	**219**

4.4 Financial assets measured at amortised cost: gross amount and total adjustments

(millions of euro)

		Gross amount					Total adjustments				Total partial write-offs
		Stage 1	*of which: Instruments with low credit risk*	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
Debt securities		63,709	-	5,684	104	-	-19	-114	-75	-	**-**
Loans		409,794	-	36,789	9,507	270	-559	-1,614	-4,697	-77	**1,683**
Total	**31.12.2024**	**473,503**	**-**	**42,473**	**9,611**	**270**	**-578**	**-1,728**	**-4,772**	**-77**	**1,683**
Total	**31.12.2023**	**469,138**	***15***	**47,274**	**9,810**	**317**	**-722**	**-1,864**	**-4,905**	**-98**	**1,795**

For the approach used to represent the gross value and the total adjustments to impaired financial assets, see the illustration provided in Part A – Accounting policies.

On 16 December 2022, the EBA repealed the Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis, contained in EBA/GL/2020/07, with effect from 1 January 2023, following the change in the scenario related to the pandemic. However, the Bank of Italy, in the communication dated 14 March 2023, requested that certain financial statement disclosures be maintained on loans subject to public guarantees, in free format at the bottom of this table.

In this regard, it should be noted that the gross value of the loans subject to public guarantees issued in response to the COVID-19 situation as at 31 December 2024 amounted to 15,416 million euro, of which 12,361 million euro in stage 1, 2,076 million euro in stage 2, and 979 million euro in stage 3.
The total adjustments amounted to 415 million euro, of which 13 million euro related to stage 1, 33 million euro to stage 2, and 369 million euro to stage 3.

SECTION 5 - HEDGING DERIVATIVES – CAPTION 50

Concerning the objectives and the strategies underlying hedging transactions see the information provided in Part E – Information on risks and relative hedging policies, Section 2 – Market risks.

5.1 Hedging derivatives: breakdown by type of hedge and level

(millions of euro)

	Fair value 31.12.2024			Notional amount	Fair value 31.12.2023			Notional amount
	Level 1	Level 2	Level 3	31.12.2024	Level 1	Level 2	Level 3	31.12.2023
A. Financial derivatives								
1. Fair Value	-	6,352	-	302,837	-	6,960	-	209,858
2. Cash flows	-	153	-	18,385	-	46	-	2,690
3. Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**6,505**	**-**	**321,222**	**-**	**7,006**	**-**	**212,548**

The total amount of the hedging derivatives as at 31 December 2024 of 6,505 million euro (7,006 million euro as at 31 December 2023) consisted of 6,469 million euro for the "Banking Group" and 36 million euro for the "Insurance Companies". As at 31 December 2023, these amounts were 6,980 million euro, 24 million euro and 2 million euro respectively.

With regard to the Banking Group, because the gross positive fair value of Hedging derivatives implemented with the legal clearing agent LCH Ltd. meets the requirements set out for offsetting between gross positive and negative balances pursuant to IAS 32, paragraph 42, it was subject to offsetting, with recognition of the net fair value under Financial liabilities held for trading.
The annual decrease in the fair value of the financial hedging derivatives was attributable to the reduction in interest rates in the final months of 2024.

5.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

(millions of euro)

Transactions / Type of hedge	Fair Value							Cash-flow		Foreign investm
	Specific						Generic	Specific	Generic	
	debt securities and interest rates	equities and stock indices	foreign exchange rates and gold	credit risk	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	609	-	163	-	X	X	X	36	X	X
2. Financial assets measured at amortised cost	1,570	X	1	-	X	X	X	28	X	X
3. Portfolio	X	X	X	X	X	X	2,099	X	89	X
4. Other transactions	-	-	2	-	-	-	X	-	X	-
Total assets	**2,179**	**-**	**166**	**-**	**-**	**-**	**2,099**	**64**	**89**	**-**
1. Financial liabilities	471	X	125	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	1,312	X	-	X
Total liabilities	**471**	**-**	**125**	**-**	**-**	**-**	**1,312**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	-	X	-	-

The table indicates positive fair values of hedging derivatives, broken down in relation to asset or liability hedged and type of hedge.
Considering the values gross of netting in the financial statements, these continued to refer mainly to macro fair value hedges of loans disbursed, as well as micro fair value hedges of debt securities under assets.

SECTION 6 – FAIR VALUE CHANGE OF FINANCIAL ASSETS IN HEDGED PORTFOLIOS – CAPTION 60

6.1 Fair value change of hedged assets: breakdown by hedged portfolios

(millions of euro)

Fair value change of hedged assets / Amount	31.12.2024	31.12.2023
1. Positive fair value change	**1,357**	**16**
1.1 of specific portfolios:	1,315	16
a) financial assets measured at amortised cost	*1,315*	*16*
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 overall	42	-
2. Negative fair value change	**-4,959**	**-5,711**
2.1 of specific portfolios:	-4,906	-5,666
a) financial assets measured at amortised cost	*-4,906*	*-5,666*
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 overall	-53	-45
Total	**-3,602**	**-5,695**

The balance of the changes in value of assets subject to macrohedging against interest rate risk is recorded in this caption. For the application the Group took advantage of the option envisaged by IFRS 9 to continue to apply the provisions permitted by the IAS 39 carve out.

The lower negative balance compared to 31 December 2023 of the fair value change of financial assets in hedged portfolios from interest rate risk was due to the reduction in interest rates in the final months of 2024.

SECTION 7 – INVESTMENTS IN ASSOCIATES AND COMPANIES SUBJECT TO JOINT CONTROL – CAPTION 70

7.1 Investments in associates and companies subject to joint control: information on equity interests

	Companies	Registered office	Place of business	Type of relationship (a)	INVESTMENT Direct ownership	% held	Votes available % (b)
	A. COMPANIES SUBJECT TO JOINT CONTROL						
1	Apside S.p.A. (c) Capital Euro 50,000 in shares of Euro 1	Turin	Turin	7	Intesa Sanpaolo S.p.A.	50.00	
2	Augusto S.r.l. Capital Euro 10,000 in shares of Euro 1	Milan	Milan	7	Intesa Sanpaolo S.p.A.	5.00	
3	Diocleziano S.r.l. Capital Euro 10,000 in shares of Euro 1	Milan	Milan	7	Intesa Sanpaolo S.p.A.	5.00	
4	Mir Capital Management S.A. in liquidation Capital Euro 31,000 in shares of Euro 1	Luxembourg	Luxembourg	7	Private Equity International S.A.	50.00	
5	Mir Capital S.C.A. SICAR in liquidation Capital Euro 65,365,000 in shares of Euro 1	Luxembourg	Luxembourg	7	Private Equity International S.A.	50.00	
6	Mooney Group S.p.A. Capital Euro 10,050,000 in shares of Euro 0.20	Milan	Milan	7	Isybank S.p.A.	50.00	
7	PBZ Croatia Osiguranje Public Limited Company for Compulsory Pension Fund Management Capital Euro 7,488,000 in shares of Euro 133	Zagreb	Zagreb	7	Privredna Banka Zagreb D.D.	50.00	
	B. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE						
1	1875 Finance Holding AG Capital CHF 500,000 in shares of CHF 1	Sarnen	Sarnen	4	Reyl&Cie S.A.	40.00	
2	Asteria Investment Managers S.A. Capital CHF 2,300,000 in shares of CHF 10	Geneva	Geneva	4	Fideuram - Intesa Sanpaolo Private Banking S.p.A.	49.00	
3	Back2Bonis Capital Euro 1,062,413,350 in shares of Euro 500,000	Milan	Milan	4	Intesa Sanpaolo S.p.A.	42.47	35,00 (*)
4	Brera Sec S.r.l. (d) Capital Euro 10,000 in shares of Euro 1	Conegliano	Conegliano	4	Intesa Sanpaolo S.p.A.	5.00	
5	Camfin S.p.A. (e) Capital Euro 110,000,000 in shares of Euro 0.2	Milan	Milan	4	Intesa Sanpaolo S.p.A.	4.60	8,53 (*)
6	Cassa di Risparmio di Fermo S.p.A. Capital Euro 39,241,088 in shares of Euro 51.65	Fermo	Fermo	4	Intesa Sanpaolo S.p.A.	33.33	
7	Clara Sec S.r.l. (d) Capital Euro 10,000 in shares of Euro 1	Conegliano	Conegliano	4	Intesa Sanpaolo S.p.A.	5.00	
8	Compagnia Aerea Italiana S.p.A. Capital Euro 3,526,846 in shares of Euro 0.00004	Rome	Fiumicino	4	Intesa Sanpaolo S.p.A.	27.49	
9	Destination Gusto S.r.l. (f) Capital Euro 20,000 in shares of Euro 1	Milan	Milan	4	Intesa Sanpaolo S.p.A.	49.00	
10	Digit'ed Holding S.p.A. (g) Capital Euro 2,254,389 in shares of Euro 1	Milan	Milan	4	Intesa Sanpaolo S.p.A.	19.04	19,40 (*)
11	ECRA Private Debt Fund Capital Euro 155,556,000 in shares of Euro 1,000	Milan	Milan	4	Intesa Sanpaolo S.p.A.	9.64	
12	Efesto Capital Euro 1,353,774,696 in shares of Euro 1	Conegliano	Conegliano	4	Intesa Sanpaolo S.p.A.	43.19	
13	Equiter S.p.A. Capital Euro 150,004,017 in shares of Euro 1	Turin	Turin	4	Intesa Sanpaolo S.p.A.	32.88	
14	Europrogetti & Finanza S.r.l. in liquidation Capital Euro 5,636,400 in shares of Euro 1	Rome	Rome	4	Intesa Sanpaolo S.p.A.	15.97	
15	Eusebi Holdings B.V. Capital Euro 100 in shares of Euro 1	Amsterdam	Amsterdam	4	Intesa Sanpaolo S.p.A.	47.00	
16	FI.NAV Sub-fund A loans (h) Capital USD 405,821,168 in shares of USD 1	Rome	Rome	4	Intesa Sanpaolo S.p.A.	50.54	

	Companies	Registered office	Place of business	Type of relationship (a)	INVESTMENT Direct ownership	% held	Votes available % (b)
17	Basket Eque Fund Capital Euro 20,500,000 in shares of Euro 1	Milan	Milan	4	Intesa Sanpaolo S.p.A.	24.39	
18	Fondo di Rigenerazione Urbana Sicilia S.r.l. (i) Capital Euro 50,000 in shares of Euro 1	Palermo	Turin	4	Intesa Sanpaolo S.p.A.	100.00	
19	Fondo per la ricerca e l'innovazione S.r.l. RIF (i) Capital Euro 25,000 in shares of Euro 1	Turin	Turin	4	Intesa Sanpaolo S.p.A.	100.00	
20	Fondo Sardegna Energia S.r.l. (i) Capital Euro 25,000 in shares of Euro 1	Cagliari	Turin	4	Intesa Sanpaolo S.p.A.	100.00	
21	Fondo Tematico Piani Urbani Integrati S.r.l. (i) Capital Euro 25,000 in shares of Euro 1	Turin	Turin	4	Intesa Sanpaolo S.p.A.	100.00	
22	Fondo Tematico Turismo S.r.l. (i) Capital Euro 25,000 in shares of Euro 1	Turin	Turin	4	Intesa Sanpaolo S.p.A.	100.00	
23	UTP Italia Fund Loans Sub-Fund Capital Euro 521,784,930 in shares of Euro 1	Milan	Milan	4	Intesa Sanpaolo S.p.A.	55.02	35,00 (*)
24	Giada Sec S.r.l. (d) Capital Euro 10,000 in shares of Euro 1	Conegliano	Conegliano	4	Intesa Sanpaolo S.p.A.	5.00	
25	IDEA CCR (Corporate Credit Recovery) II Loans Sub-Fund Capital Euro 1,002,550,691 in shares of Euro 25,285.33	Milan	Milan	4	Intesa Sanpaolo S.p.A.	35.23	
26	Indaco Venture Partners SGR S.p.A. Capital Euro 750,000 in shares of Euro 0.50	Milan	Milan	4	Intesa Sanpaolo S.p.A.	24.50	
27	Iniziative Immobiliari Industriali S.p.A. in liquidation Capital Euro 510,000 in shares of Euro 0.51	Arquà Polesine	Arquà Polesine	4	Intesa Sanpaolo S.p.A.	20.00	
28	International Care Company S.p.A. Capital Euro 5,434,089 in shares of Euro 1.14	Monza	Monza	4	Intesa Sanpaolo Assicurazioni S.p.A.	10.00	
29	Intrum Italy S.p.A. Capital Euro 600,000 in shares of Euro 0.02	Milan	Milan	4	Intesa Sanpaolo S.p.A.	49.00	
30	Ism Investimenti S.p.A. Capital Euro 6,654,902 in shares of Euro 1	Mantua	Mantua	4	Intesa Sanpaolo S.p.A.	27.36	
31	Lendlease MSG Heartbeat Capital Euro 667,219,331 in shares of Euro 1	Milan	Milan	4	Intesa Sanpaolo S.p.A.	56.80	40,00 (*)
					Risanamento S.p.A.	0.01	
						56.81	40,00 (*)
32	Leonardo Technology S.r.l. in liquidation Capital Euro 242,081 in shares of Euro 1	Turin	Turin	4	Intesa Sanpaolo S.p.A.	26.60	
33	Marketwall S.r.l. Capital Euro 2,380,409 in shares of Euro 1	Milan	Milan	4	Intesa Sanpaolo S.p.A.	33.00	
34	Materias S.r.l. Capital Euro 31,418 in shares of Euro 1	Naples	Naples	4	Intesa Sanpaolo S.p.A.	13.66	
35	Misr Alexandria for Financial Investments Mutual Fund Co. in liquidation Capital EGP 30,708,000 in shares of EGP 1,000	Cairo	Cairo	4	Bank of Alexandria S.A.E.	25.00	
36	Misr International Towers Co. Capital EGP 50,000,000 in shares of EGP 10	Cairo	Cairo	4	Bank of Alexandria S.A.E.	27.86	
37	Monilogi SRO Capital Euro 2,250,000 in shares of Euro 1	Bratislava	Bratislava	4	Vseobecna Uverova Banka A.S.	33.00	
38	Montefeltro Sviluppo Soc.cons. A.r.l. Capital Euro 73,000 in shares of Euro 10	Urbania	Urbania	4	Intesa Sanpaolo S.p.A.	26.37	
39	Network Impresa S.p.A. in arrangement with creditors Capital Euro 562,342 in shares of Euro 1	Limena	Limena	4	Intesa Sanpaolo S.p.A.	28.95	
40	Neva First - FCC Capital Euro 237,323,232 in shares of Euro 99.80	Turin	Turin	4	Intesa Sanpaolo Innovation Center S.p.A.	42.59	
41	Penghua Fund Management Co. Ltd. Capital CNY 150,000,000 in shares of CNY 1	Shenzhen	Shenzhen	4	Eurizon Capital SGR S.p.A.	49.00	

	Companies	Registered office	Place of business	Type of relationship (a)	INVESTMENT Direct ownership	% held	Votes available % (b)
42	R.C.N. Finanziaria S.p.A. Capital Euro 1,000,000 in shares of Euro 0.50	Mantua	Mantua	4	Intesa Sanpaolo S.p.A.	23.96	
43	Retail & Leisure Fund (h) Capital Euro 224,368,515 in shares of Euro 1	Rome	Rome	4	Intesa Sanpaolo S.p.A.	68.30	
44	Rexer S.p.A. (j) Capital Euro 2,900,000 in shares of Euro 0.01	Monza	Monza	4	Intesa Sanpaolo S.p.A.	48.98	49,17 (*)
45	RSCT FUND - LOANS SUB-FUND (h) Capital Euro 383,363,831 in shares of Euro 1	Milan	Milan	4	Intesa Sanpaolo S.p.A.	70.07	
46	S.F. Consulting S.r.l. Capital Euro 93,600 in shares of Euro 0.52	Bergamo	Bergamo	4	Intesa Sanpaolo S.p.A.	35.00	
47	Sicily Investments S.a.r.l. Capital Euro 12,500 in shares of Euro 25	Luxembourg	Luxembourg	4	Intesa Sanpaolo S.p.A.	25.20	
48	Slovak Banking Credit Bureau S.r.o. Capital Euro 9,958.17 in shares of Euro 3,319.39	Bratislava	Bratislava	4	Vseobecna Uverova Banka A.S.	33.33	
49	Società Editrice Allemandi a r.l. Capital Euro 10,000 in shares of Euro 1	Turin	Turin	4	Intesa Sanpaolo S.p.A.	49.00	
50	Sviluppo Como - Comonext S.p.A. Capital Euro 15,325,851 in shares of Euro 0.97	Como	Lomazzo (Como)	4	Intesa Sanpaolo S.p.A.	25.16	
51	Sviluppo Industriale S.p.A. in Liquidation Capital Euro 628,444 in shares of Euro 22.26	Pistoia	Pistoia	4	Intesa Sanpaolo S.p.A.	28.27	
52	Trinacria Capital S.a.r.l. Capital Euro 12,500 in shares of Euro 25	Luxembourg	Luxembourg	4	Intesa Sanpaolo S.p.A.	25.20	
53	UTP Restructuring Corporate Capital Euro 235,875,126 in shares of Euro 1	Milan	Milan	4	Intesa Sanpaolo S.p.A.	58.07	35 (*)
54	Warrant Hub S.p.A. Capital Euro 82,628 in shares of Euro 0.58	Correggio	Correggio	4	Intesa Sanpaolo S.p.A.	9.52	
55	Yolo Group S.p.A. Capital Euro 126,486.63 in shares of Euro 0.01	Milan	Milan	4	Intesa Sanpaolo Assicurazioni S.p.A.	0.99	

(a) Type of relationship:
1 - majority of voting rights at Ordinary Shareholders' Meeting;
2 - dominant influence at Ordinary Shareholders' Meeting;
3 - agreements with other shareholders;
4 - company subject to significant influence;
5 - unitary management as defined in Art. 26.1 of "Legislative Decree 87/1992";
6 - unitary management as defined in Art. 26.2 of "Legislative Decree 87/1992";
7 - joint control;
8 - other relationship.

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

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

(d) These are vehicles used for securitisation transactions within the Group. The put&call options are exercisable in the half year following the closing date of the securitisation.

(e) The different value between the actual share and the number of votes in the Shareholders' Meeting is linked to the presence of various categories of shares (A and B). Only category A shares (also held by Intesa Sanpaolo) grant rights to vote in the Shareholders' Meeting.

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

(g) The different value between the actual share and the number of votes in the Shareholders' Meeting is linked to the presence of various categories of shares. The category of the shares held by managers does not attribute the right to vote in the Shareholders' Meeting, but only in the Special Meeting (pursuant to Art. 2766 of the Italian Civil Code).

(h) The interest is included under Companies subject to significant influence because, even though it represents a more complex situation than that typical of an ordinary non-controlling interest, the absence has been confirmed of the conditions for exercise of control envisaged by IFRS 10 on the basis of the corporate governance provisions in the articles of association/regulations.

(i) EIB Funds: the economic effects of the investments in equity and loans underlying the fund's operations will be borne in full by the EIB.

(j) The different value between the actual share and the number of votes in the Shareholders' Meeting is linked to the presence of a category of shares (B) lacking the right to vote in the Shareholders' Meeting.

The illustration of the criteria and the methods for the definition of the scope of consolidation and the reasons which determine that a company is subject to joint control or significant influence is contained in Part A – Accounting policies, to which reference should be made.

7.2 Individually material investments in associates and companies subject to joint control: book value, fair value and dividends received

(millions of euro)

		Book value	Fair value	Dividends received (a)
A. COMPANIES SUBJECT TO JOINT CONTROL				
1	Mooney Group S.p.A.	94	-	-
B. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE				
1	Penghua Fund Management Co. Ltd.	359	-	29
2	BACK2BONIS	344	-	-
3	EFESTO	336	-	-
4	RSCT FUND - Comparto Crediti	257	-	-
5	FONDO UTP ITALIA COMPARTO CREDITI	229	-	-
6	IDEA CCR (CORPORATE CREDIT RECOVERY) II COMPARTO CREDITI	226	-	-
7	Intrum Italy S.p.A.	191	-	8
8	UTP RESTRUCTURING CORPORATE	136	-	-
9	LENDLEASE MSG HEARTBEAT	132	-	-
10	RETAIL & LEISURE FUND	124	-	-
11	Equiter S.p.A.	104	-	5
12	NEVA FIRST - FCC	86	-	-
TOTAL		**2,618**	**-**	**42**

a) Dividends are paid by Group companies accounted for using the equity method, and, though they are not included in caption “250 Profits (Losses) on equity investments”, as they represent a decrease in caption “70 Investments in associates and companies subject to joint control” under Assets, they are still presented in that table, as envisaged by the reference regulations.

7.3 Individually material investments in associates and companies subject to joint control: financial information

(millions of euro)

	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenues	Interest margin	Adjustments to/write-backs on property, equipment and intangible assets	Income (Loss) before tax from continuing operations	Income (Loss) after tax from continuing operations	Income (Loss) after tax from discontinued operations	Net income (loss) (1)	Other comprehensive income (net of tax) (2)	Consolidated comprehensive income (3) = (1) + (2)
A. COMPANIES SUBJECT TO JOINT CONTROL														
Mooney Group S.p.A.	X	452	916	1,443	279	309	X	X	-66	-52	-	-52	-	-52
B. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE														
Penghua Fund Management Co. Ltd.	X	878	180	259	206	458	X	X	125	96	-	96	-	96
BACK2BONIS	X	870	56	51	1	18	X	X	-23	-23	-	-23	-	-23
EFESTO	X	496	28	-	3	16	X	X	9	9	-	9	-	9
RSCT FUND - Comparto Crediti	X	315	72	-	15	-	X	X	-	-	-	-	-	-
FONDO UTP ITALIA COMPARTO CREDITI	X	383	4	-	-	7	X	X	7	7	-	7	-	7
IDEA CCR (CORPORATE CREDIT RECOVERY) II COMPARTO CREDITI	X	41	352	-	21	19	X	X	10	10	-	10	-	10
Intrum Italy S.p.A.	X	95	63	10	59	152	X	X	57	42	-	42	-	42
UTP RESTRUCTURING CORPORATE	X	-	-	-	-	-	X	X	-	-	-	-	-	-
LENDLEASE MSG HEARTBEAT	X	-	625	75	7	-	X	X	-20	-20	-	-20	-	-20
RETAIL & LEISURE FUND	X	222	-	-	2	-	X	X	-	-	-	-	-	-
Equiter S.p.A.	X	285	30	-	5	28	X	X	20	16	-	16	-	16
NEVA FIRST - FCC	X	181	-	-	-	3	X	X	1	1	-	1	-	1

The figures for these companies are updated to December 2024 for Intrum and Penghua; 30 September 2024 for Idea CCR II Comparto Crediti, Efesto and Mooney; 30 June 2024 for Back2Bonis, RSCT Fund, Fondo UTP Italia Comparto Crediti, Lendlease Msg Heartbeat, Retail & Leisure Fund and Neva First-FCC; and 31 December 2023 for Equiter.
For Mooney Group S.p.A., the figures shown above refer to 30 September 2024, even though the figures as at 31 December 2024 were used for the purposes of the Group's consolidated financial statements. The latter will be made public following approval by the company's Shareholders' Meeting.
It is specified that no figures are shown for the UTP Restructuring Corporate fund, as this is a newly-established fund which had not made its Report available at the date of this document.

(millions of euro)

	Total Shareholders' Equity	Proportionate equity	Goodwill	Other changes	Consolidated book value
A. COMPANIES SUBJECT TO JOINT CONTROL					
Mooney Group S.p.A.	-	-	94	-	94
B. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE					
Penghua Fund Management Co. Ltd.	614	301	58	-	359
BACK2BONIS	883	375	-	-31	344
EFESTO	778	336	-	-	336
RSCT FUND - Comparto Crediti	367	257	-	-	257
FONDO UTP ITALIA COMPARTO CREDITI	450	247	-	-18	229
IDEA CCR (CORPORATE CREDIT RECOVERY) II COMPARTO CREDITI	642	226	-	-	226
Intrum Italy S.p.A.	89	44	147	-	191
UTP RESTRUCTURING CORPORATE	234	136	-	-	136
LENDLEASE MSG HEARTBEAT	232	132	-	-	132
RETAIL & LEISURE FUND	181	124	-	-	124
Equiter S.p.A.	295	97	7	-	104
NEVA FIRST - FCC	212	91	-	-5	86
	4,977	**2,366**	**306**	**-54**	**2,618**

As regards UTP Restructuring Corporate, the figures represent the value at cost because, as indicated above, it is a newly-established fund.

For investment funds classified under interests subject to significant influence, the "Comprehensive equity" is determined through a process of periodic valuation, and takes account of the changes in the NAV, adjusted, if necessary, according to the valuation policies applied by the Group.

7.4 Individually immaterial investments in associates and companies subject to joint control: financial information

(millions of euro)

	Book value of investments in associates and companies subject to joint control	Total assets	Total liabilities	Total revenues	Income (loss) after tax from continuing operations	Income (Loss) after tax from discontinued operations	Net income (loss) (1)	Other comprehensive income (net of tax) (2)	Consolidated comprehensive income (3) = (1) + (2)
COMPANIES SUBJECT TO JOINT CONTROL	26	70	4	11	1	-	1	-	1
COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE (a)	392	5,378	3,937	512	26	-	26	9	35

(a) This caption includes some subsidiaries excluded from the scope of consolidation as of modest amount.

7.5 Investments in associates and companies subject to joint control: annual changes

(millions of euro)

	31.12.2024	31.12.2023
A. Initial amount	**2,501**	**2,013**
B. Increases	**1,055**	**953**
B.1 purchases	625	168
of which business combinations	-	-
B.2 recoveries	-	-
B.3 revaluations	136	129
B.4 other changes	294	656
C. Decreases	**-520**	**-465**
C.1 sales	-	-136
C.2 impairment losses	-55	-91
C.3 write-downs	-164	-92
C.4 other changes	-301	-146
D. Final amount	**3,036**	**2,501**
E. Total revaluations	**468**	**355**
F. Total impairment losses	**-507**	**-291**

Sub-caption B.1 Purchases primarily relates to the following purchases, relating to contributions of loan portfolios:
- Efesto for 194 million euro;
- UTP Restructuring Corporate for 137 million euro;
- Retail & Leisure S.p.A. for 126 million euro.

The sub-caption B.3 revaluations mainly includes the profits of companies carried at equity (including Penghua Fund Management Co. Ltd. for 47 million euro and Intrum Italy S.p.A. for 20 million euro).

The sub-caption B.4 Increases - Other changes mainly comprises the following transactions:
- reclassification from other portfolios of Idea CCR II Comparto Crediti for 235 million euro;
- a gain on the sale of Bancomat for 17 million euro.

The sub-caption C.2 Impairment losses mainly includes the impairment of the following equity investment:
- Intrum Italy S.p.A. for 54 million euro.

The sub-caption C.3 Write-downs mainly refers to the companies indicated below:
- Mooney Group S.p.A. for 31 million euro;
- Lendlease MSG Heartbeat for 80 million euro;
- Back2bonis for 16 million euro.

The sub-caption C.4 Decreases - other changes mainly comprises:
- the payment of dividends by Penghua Fund Management Co. Ltd totalling 30 million euro;
- the redemptions in cash of FI.NAV Sub-Fund A - Loans for 101 million euro, Efesto for 27 million euro and Fondo UTP Italia Comparto Crediti for 25 million euro;
- the reclassification of Bancomat to other portfolios for 32 million euro;
- the reclassification of Alpian S.A. to other portfolios for 31 million euro.

7.6 Significant evaluations and assumptions to establish the existence of joint control or significant influence

Entities are considered to be companies subject to joint control if control is contractually shared between the Group and one or more other parties, or where the decisions about the relevant activities require the unanimous consent from all parties sharing control.

Companies are considered subject to significant influence (associates) when the Group holds 20% or more of the voting rights (including “potential” voting rights) or if it – with a lower equity stake – has the power of participating in the determination of financial and management policies of the company based on specific juridical relations, such as the participation in voting syndicates. Certain companies in which the Group holds a stake exceeding 20% are not considered subject to significant influence since it solely has economic rights on a portion of the returns generated by the investment, but does not have access to management policies and may exercise governance rights limited to the safeguarding of its economic interests.

7.7 Commitments referred to investments in companies subject to joint control

As at 31 December 2024, there were commitments on capital referring to Mir Capital S.C.A. Sicar for a total of 35.5 million euro; to Mooney Group S.p.A. for a total of 10 million euro; and to Apside S.p.A. for a total of 14.4 million euro, relating to the subscription of equity instruments issued by the company.

7.8 Commitments referred to investments in companies subject to significant influence

As at 31 December 2024, the following commitments were outstanding: the commitment made by Intesa Sanpaolo Innovation Center S.p.A. and Neva SGR S.p.A. to pay the amounts for the call ups of the Neva First FCC Fund for a residual 21.2 million euro; a commitment to pay the amounts relating to any call ups made by the ECRA Private Debt Fund for 11.9 million euro; a commitment to pay the amounts relating to any call ups made by the Lendlease MSG Heartbeat Fund for 7.9 million euro; a commitment to pay the amounts relating to any call ups made by the Basket Eque Fund for 5 million euro; a commitment to subscribe equity instruments issued by the associate Destination Gusto S.r.l. for a maximum of 1.6 million euro; and lastly a residual commitment on Leonardo Technology S.r.l. of a modest amount.

7.9 Significant restrictions

There is nothing to report in terms of significant restrictions.

7.10 Other information

For most of the companies subject to joint control or significant influence, the timing regarding the availability of the financial statements at the end of the year is not compatible with the terms set for the closure of Intesa Sanpaolo's consolidated financial statements; on this point, for the application of the equity method, reference is made to the last accounting reports available that, in most cases, include the interim statement of the first 9 months for the listed associates or the last financial statements or half-yearly report available for the other associates. In any case, when the accounts of the associate or joint venture used in the application of the equity method refer to a date that is different from that of Intesa Sanpaolo's financial statements, adjustments are made to take into account the effects of operations or significant events which took place between that date and the reporting date of Intesa Sanpaolo's financial statements.

Impairment tests of investments in associates and companies subject to joint control

As required under the IAS/IFRS, investments in associates and companies subject to joint control are subjected to impairment testing to assess whether there is objective evidence to consider that the carrying value of the assets is not fully recoverable.
With reference to investments in associates and companies subject to joint control, the process of detection of any impairment involves verification of the presence of impairment indicators and the determination of any write-down. The impairment indicators are essentially divided into two categories: qualitative indicators, such as the generation of negative economic results or in any case a significant variance with respect to the targets budgeted or established in the multi-year plans disclosed to the market, the announcement/start-up of insolvency proceedings or restructuring plans, and the downgrading by more than two classes of the rating; quantitative indicators, represented by a reduction in fair value of over 30% below the carrying value or for a period of over 24 months, by market capitalisation lower than the company's net book value, in the case of securities listed on active markets or by a carrying value of the investment in the Parent Company's financial statements higher than the carrying value in the consolidated financial statements of the investee's net assets and goodwill or by distribution by the latter of a dividend that is higher than its total income. If impairment indicators are detected, the recoverable amount, represented by the higher of the fair value less costs to sell and the value in use, is calculated and if it proves lower than the carrying value, impairment is recognised. If, subsequently, the recoverable amount is higher than the new carrying amount and the reasons for the impairment no longer apply following an event subsequent to the recognition of the impairment, write-backs are recognised, through profit or loss, up to the amount of the adjustment previously recognised.
In particular, where impairment indicators were recorded with respect to investments in associates or companies subject to joint control, analyses were carried out based, as a priority, on market methodologies (direct or comparable transactions and market multiples) or alternatively on "fundamental" analyses mainly based on an estimate of the expected discounted cash flows or on the adjusted net asset value (ANAV).
The results of these assessments led to the need to recognise adjustments, mainly referring to the investment in Intrum Italy S.p.A. (54 million euro).

SECTION 8 – INSURANCE ASSETS – CAPTION 80

From 1 January 2023, insurance assets and liabilities have been recognised in the financial statements in accordance with IFRS 17. The figures as at 31 December 2024 are compared with the figures as at 31 December 2023.

This section includes the tables in line with the indications of IVASS, based on the updates to Regulation 7 of 13 July 2007, directly applicable also pursuant to Circular 262/2005, for the disclosure required by IFRS 17 for insurance contracts pertaining to consolidated insurance companies.

Specifically, details are provided of the asset caption 80 b) Insurance assets - reinsurance contracts held that are assets, 249 million euro as at 31 December 2024 (401 million euro as at 31 December 2023), and the liability caption 110 b) Insurance liabilities - reinsurance contracts held that are liabilities, 68 million euro as at 31 December 2024 (175 million euro as at 31 December 2023). The balance of reinsurance contracts held was a positive 181 million euro as at 31 December 2024 (226 million euro as at 31 December 2023).

Reconciliations are presented that show how the net carrying amounts of reinsurance contracts held changed during the period because of cash flows and income and expenses recognised in the statement(s) of financial performance. Specifically, the tables show:
- the changes in the carrying amount of the reinsurance contracts held broken down by basis of aggregation[171] and by measurement model (General Measurement Model - GMM and Premium Allocation Approach - PAA);
- the changes in the carrying amount of the reinsurance contracts held per measurement component (Present Value of Cash Flows, Adjustment for Non-Financial Risks and Contractual Service Margin), broken down by basis of aggregation;
- the changes in contractual service margin of the reinsurance contracts held allocated according to contracts outstanding at the time of transition to IFRS 17 broken down by basis of aggregation;
- measurement components of the reinsurance contracts held recognised during the year broken down by basis of aggregation;
- contractual service margin broken down by expected timing of recognition in the income statement.

For the methodological choices adopted by the Group, see Part A - Accounting Policies.

Below is a summary table of the changes reported in the section below, with the related reconciliation with the financial statement captions.

(millions of euro)

	31.12.2024	31.12.2023
80. INSURANCE ASSETS		
b) Reinsurance contracts held that are assets	**249**	**401**
of which 8.1 Changes in the carrying amount of the reinsurance contracts held – GMM – assets for remaining coverage and for incurred claims – Life Segment	*43*	*57*
of which 8.1 Changes in the carrying amount of the reinsurance contracts held – GMM – assets for remaining coverage and for incurred claims – Non-Life Segment	*12*	*6*
of which 8.2 Changes in the carrying amount of the reinsurance contracts held – PAA – assets for remaining coverage and for incurred claims – Non-Life Segment	*194*	*338*
110. INSURANCE LIABILITIES		
b) Reinsurance contracts held that are liabilities	**68**	**175**
of which 8.1 Changes in the carrying amount of the reinsurance contracts held – GMM – assets for remaining coverage and for incurred claims – Life Segment	*7*	*14*
of which 8.1 Changes in the carrying amount of the reinsurance contracts held – GMM – assets for remaining coverage and for incurred claims – Non-Life Segment	*3*	*3*
of which 8.2 Changes in the carrying amount of the reinsurance contracts held – PAA – assets for remaining coverage and for incurred claims – Non-Life Segment	*58*	*158*

[171] The bases of aggregation for the reinsurance contracts held consist of the Life Segment and the Non-Life Segment.

8.1 Changes in the carrying amount of the reinsurance contracts held – General Measurement Model (GMM) – assets for remaining coverage and for incurred claims – *Life Segment*

(millions of euro)

Captions/Breakdown of carrying amount	31.12.2024				31.12.2023			
	Asset for remaining coverage		Asset for incurred claims	Total	Asset for remaining coverage		Asset for incurred claims	Total
	Net of loss-recovery component	Loss-recovery component			Net of loss-recovery component	Loss-recovery component		
A. Opening carrying amount								
1. Reinsurance contracts held that are assets	45	-	12	57	47	-	13	60
2. Reinsurance contracts held that are liabilities	-14	-	-	-14	-14	-	-	-14
3. Net carrying amount as at 1 January	**31**	**-**	**12**	**43**	**33**	**-**	**13**	**46**
B. Economic effect of reinsurance contracts held								
1. Reinsurance expenses	-10	-	-	-10	-4	-	-	-4
2. Claims and other expenses recovered	-	-	4	4	-	-	4	4
3. Changes in the asset for incurred claims	-	-	-1	-1	-	-	-1	-1
4. Reinsurance contracts held which cover onerous contracts	-	-	-	-	-	-	-	-
4.1 Revenue from the recognition of onerous underlying insurance contracts	-	-	-	-	-	-	-	-
4.2 Reversals of the loss-recovery component other than changes in cash flows from reinsurance contracts held	-	-	-	-	-	-	-	-
4.3 Changes in cash flows from reinsurance contracts held arising from onerous underlying insurance contracts	-	-	-	-	-	-	-	-
5. Effects of the change in the risk of non-performance by reinsurers	-	-	-	-	-	-	-	-
6. Total	**-10**	**-**	**3**	**-7**	**-4**	**-**	**3**	**-1**
C. Insurance service result (Total B)	**-10**	**-**	**3**	**-7**	**-4**	**-**	**3**	**-1**
D. Net financial income/expenses								
1. From reinsurance contracts held	1	-	-	1	-	-	-	-
1.1. Recognised in profit or loss	-	-	-	-	-	-	-	-
1.2. Recognised in other comprehensive income	1	-	-	1	-	-	-	-
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-
3. Total	**1**	**-**	**-**	**1**	**-**	**-**	**-**	**-**
E. Investment components	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
F. Total amount recognised in profit or loss and in other comprehensive income (C+D+E)	**-9**	**-**	**3**	**-6**	**-4**	**-**	**3**	**-1**
G. Other changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
H. Cash movements								
1. Premiums paid net of amounts not related to claims recovered from reinsurers	3	-	-	3	2	-	-	2
2. Amount of claims recovered from reinsurers	-	-	-4	-4	-	-	-4	-4
3. Other movements	-	-	-	-	-	-	-	-
4. Total	**3**	**-**	**-4**	**-1**	**2**	**-**	**-4**	**-2**
I. Net carrying amount as at 31 December (A.3+F+G+H.4)	**25**	**-**	**11**	**36**	**31**	**-**	**12**	**43**
L. Closing carrying amount								
1. Reinsurance contracts held that are assets	32	-	11	43	45	-	12	57
2. Reinsurance contracts held that are liabilities	-7	-	-	-7	-14	-	-	-14
3. Net carrying amount as at 31 December	**25**	**-**	**11**	**36**	**31**	**-**	**12**	**43**

8.1 Changes in the carrying amount of the reinsurance contracts held – General Measurement Model (GMM) – assets for remaining coverage and for incurred claims – *Non-Life Segment*

(millions of euro)

Captions/Breakdown of carrying amount	31.12.2024				31.12.2023			
	Asset for remaining coverage		Asset for incurred claims	Total	Asset for remaining coverage		Asset for incurred claims	Total
	Net of loss-recovery component	Loss-recovery component			Net of loss-recovery component	Loss-recovery component		
A. Opening carrying amount								
1. Reinsurance contracts held that are assets	-	-	6	6	7	-	7	14
2. Reinsurance contracts held that are liabilities	-3	-	-	-3	-	-	-	-
3. Net carrying amount as at 1 January	**-3**	**-**	**6**	**3**	**7**	**-**	**7**	**14**
B. Economic effect of reinsurance contracts held								
1. Reinsurance expenses	-5	-	-	-5	1	-	-	1
2. Claims and other expenses recovered	-	-	4	4	-	-	1	1
3. Changes in the asset for incurred claims	-	-	-	-	-	-	-1	-1
4. Reinsurance contracts held which cover onerous contracts	-	-	-	-	-	-	-	-
4.1 Revenue from the recognition of onerous underlying insurance contracts	-	-	-	-	-	-	-	-
4.2 Reversals of the loss-recovery component other than changes in cash flows from reinsurance contracts held	-	-	-	-	-	-	-	-
4.3 Changes in cash flows from reinsurance contracts held arising from onerous underlying insurance contracts	-	-	-	-	-	-	-	-
5. Effects of the change in the risk of non-performance by reinsurers	-	-	-	-	-	-	-	-
6. Total	**-5**	**-**	**4**	**-1**	**1**	**-**	**-**	**1**
C. Insurance service result (Total B)	**-5**	**-**	**4**	**-1**	**1**	**-**	**-**	**1**
D. Net financial income/expenses								
1. From reinsurance contracts held	-	-	-	-	-	-	-	-
1.1. Recognised in profit or loss	-	-	-	-	-	-	-	-
1.2. Recognised in other comprehensive income	-	-	-	-	-	-	-	-
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-
3. Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
E. Investment components	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
F. Total amount recognised in profit or loss and in other comprehensive income (C+D+E)	**-5**	**-**	**4**	**-1**	**1**	**-**	**-**	**1**
G. Other changes	**-**	**-**	**-**	**-**	**-21**	**-**	**-**	**-21**
H. Cash movements								
1. Premiums paid net of amounts not related to claims recovered from reinsurers	11	-	-	11	10	-	-	10
2. Amount of claims recovered from reinsurers	-	-	-4	-4	-	-	-1	-1
3. Other movements	-	-	-	-	-	-	-	-
4. Total	**11**	**-**	**-4**	**7**	**10**	**-**	**-1**	**9**
I. Net carrying amount as at 31 December (A.3+F+G+H.4)	**3**	**-**	**6**	**9**	**-3**	**-**	**6**	**3**
L. Closing carrying amount								
1. Reinsurance contracts held that are assets	6	-	6	12	-	-	6	6
2. Reinsurance contracts held that are liabilities	-3	-	-	-3	-3	-	-	-3
3. Net carrying amount as at 31 December	**3**	**-**	**6**	**9**	**-3**	**-**	**6**	**3**

8.2 Changes in the carrying amount of the reinsurance contracts held – Premium Allocation Approach (PAA) – assets for remaining coverage and for incurred claims – *Non-Life Segment*

(millions of euro)

Captions/Breakdown of carrying amount	31.12.2024					31.12.2023				
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Net of loss-recovery component	Loss-recovery component	Present value of cash flows	Adjustment for non-financial risks		Net of loss-recovery component	Loss recovery component	Present value of cash flows	Adjustment for non-financial risks	
A. Opening carrying amount										
1. Reinsurance contracts held that are assets	197	-	136	5	338	25	-	32	2	59
2. Reinsurance contracts held that are liabilities	-158	-	-	-	-158	-	-	-	-	-
3. Net carrying amount as at 1 January	**39**	**-**	**136**	**5**	**180**	**25**	**-**	**32**	**2**	**59**
B. Economic effect of reinsurance contracts held										
1. Reinsurance expenses	-154	-	-	-	-154	-164	-	-	-	-164
2. Claims and other expenses recovered	-	-	160	-	160	-	-	105	-	105
3. Changes in the asset for incurred claims	-	-	-65	-3	-68	-	-	67	2	69
4. Reinsurance contracts held which cover onerous contracts	-	-	-	-	-	-	-	-	-	-
4.1 Revenue from the recognition of onerous underlying insurance contracts	-	-	-	-	-	-	-	-	-	-
4.2 Reversals of the loss-recovery component other than changes in cash flows from reinsurance contracts held	-	-	-	-	-	-	-	-	-	-
4.3 Changes in cash flows from reinsurance contracts held arising from onerous underlying insurance contracts	-	-	-	-	-	-	-	-	-	-
5. Effects of changes in the risk of non-performance by reinsurers	-	-	-	-	-	-	-	-	-	-
6. Total	**-154**	**-**	**95**	**-3**	**-62**	**-164**	**-**	**172**	**2**	**10**
C. Insurance service result (Total B)	**-154**	**-**	**95**	**-3**	**-62**	**-164**	**-**	**172**	**2**	**10**
D. Financial income/expenses										
1. From reinsurance contracts held	-2	-	-	-	-2	-	-	1	-	1
1.1. Recognised in profit or loss	1	-	-	-	1	-	-	1	-	1
1.2. Recognised in other comprehensive income	-3	-	-	-	-3	-	-	-	-	-
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-	-	-
3. Total	**-2**	**-**	**-**	**-**	**-2**	**-**	**-**	**1**	**-**	**1**
E. Investment components	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
F. Total amount recognised in profit or loss and in other comprehensive income (C+D+E)	**-156**	**-**	**95**	**-3**	**-64**	**-164**	**-**	**173**	**2**	**11**
G. Other changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**1**
H. Cash movements										
1. Premiums paid net of amounts not related to claims recovered from reinsurers	180	-	-	-	180	178	-	-	-	178
2. Amounts recovered from reinsurers	-	-	-160	-	-160	-	-	-69	-	-69
3. Other movements	-	-	-	-	-	-	-	-	-	-
4. Total	**180**	**-**	**-160**	**-**	**20**	**178**	**-**	**-69**	**-**	**109**
I. Net carrying amount as at 31 December (A.3+F+G+H.4)	**63**	**-**	**71**	**2**	**136**	**39**	**-**	**136**	**5**	**180**
L. Closing carrying amount										
1. Reinsurance contracts held that are assets	121	-	71	2	194	197	-	136	5	338
2. Reinsurance contracts held that are liabilities	-58	-	-	-	-58	-158	-	-	-	-158
3. Net carrying amount as at 31 December	**63**	**-**	**71**	**2**	**136**	**39**	**-**	**136**	**5**	**180**

In accordance with the requirements of paragraph 97 of IFRS 17, the ISP Group has used the Premium Allocation Approach (PAA) for types of insurance contracts that have a duration of 12 months or less and for which the measurement of the liability using the PAA generates results in line with those obtained from the application of the General Measurement Model (GMM). In addition, no adjustment to reflect the time value of money and financial risk has been considered in the measurement of the liability, because the financing component is considered to be not significant. For the recognition of the acquisition costs, it was decided not to use the option provided for annual contracts in paragraph 59(a) of IFRS 17. These costs have been recognised on an accrual basis in accordance with paragraph B.125 of the Standard.

8.3 Changes in the carrying amount of reinsurance contracts held broken down by measurement component – *Life Segment (1/2)*

(millions of euro)

Captions/Measurement components	31.12.2024				31.12.2023			
	Measurement components of the carrying amount of reinsurance contracts held				Measurement components of the carrying amount of reinsurance contracts held			
	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total
A. Opening carrying amount								
1. Reinsurance contracts held that are assets	45	4	8	57	33	3	24	60
2. Reinsurance contracts held that are liabilities	-14	-	-	-14	-14	-	-	-14
3. Net carrying amount as at 1 January	**31**	**4**	**8**	**43**	**19**	**3**	**24**	**46**
B. Changes that relate to current service								
1. Contractual service margin recognised in profit or loss	-	-	-4	-4	-	-	-	-
2. Change in risk adjustment for non-financial risk for risk expired	-	-1	-	-1	-	-1	-	-1
3. Experience adjustments	-1	-	-	-1	4	-	-	4
4. Total	**-1**	**-1**	**-4**	**-6**	**4**	**-1**	**-**	**3**
C. Changes that relate to future service								
1. Changes in estimates that adjust the contractual service margin	5	-2	-3	-	12	1	-16	-3
2. Effects of contracts initially recognised in the period	-6	-	6	-	-	-	-	-
3. Adjustment of the contractual service margin connected to recoveries related to the initial recognition of onerous underlying insurance contracts	-	-	-	-	-	-	-	-
4. Reversals of the loss-recovery component other than changes in cash flows from reinsurance contracts held	-	-	-	-	-	-	-	-
5. Changes in cash flows from reinsurance contracts held arising from onerous underlying insurance contracts	-	-	-	-	-	-	-	-
6. Total	**-1**	**-2**	**3**	**-**	**12**	**1**	**-16**	**-3**
D. Changes that relate to past service	**-1**	**-**	**-**	**-1**	**-1**	**-**	**-**	**-1**
1. adjustments to the asset for incurred claims	-1	-	-	-1	-1	-	-	-1
E. Effects of changes in the risk of non-performance by reinsurers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
F. Insurance service result (B+C+D+E)	**-3**	**-3**	**-1**	**-7**	**15**	**-**	**-16**	**-1**
G. Financial income/expenses								
1. From reinsurance contracts held	1	-	-	1	-	-	-	-
1.1 Recognised in profit or loss	-	-	-	-	-	-	-	-
1.2. Recognised in other comprehensive income	1	-	-	1	-	-	-	-
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-
3. Total	1	-	-	1	-	-	-	-
H. Total amount recognised in profit or loss and in other comprehensive income (F+ G)	**-2**	**-3**	**-1**	**-6**	**15**	**-**	**-16**	**-1**
I. Other changes	**-**	**-**	**-**	**-**	**-1**	**1**	**-**	**-**

8.3 Changes in the carrying amount of reinsurance contracts held broken down by measurement component – *Life Segment (2/2)*

(millions of euros)

Captions/Measurement components	31.12.2024				31.12.2023			
	Measurement components of the carrying amount of reinsurance contracts held				Measurement components of the carrying amount of reinsurance contracts held			
	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total
L. Cash movements								
1. Premiums paid net of amounts not related to claims recovered from reinsurers	3	-	-	3	2	-	-	2
2. Amounts recovered from reinsurers	-4	-	-	-4	-4	-	-	-4
3. Other movements	-	-	-	-	-	-	-	-
4. Total	**-1**	**-**	**-**	**-1**	**-2**	**-**	**-**	**-2**
M. Net carrying amount as at 31 December (A.3+H+I+L.4)	**28**	**1**	**7**	**36**	**31**	**4**	**8**	**43**
N. Closing carrying amount								
1. Reinsurance contracts held that are assets	35	1	7	43	45	4	8	57
2. Reinsurance contracts held that are liabilities	-7	-	-	-7	-14	-	-	-14
3. Net carrying amount as at 31 December	**28**	**1**	**7**	**36**	**31**	**4**	**8**	**43**

8.3 Changes in the carrying amount of reinsurance contracts held broken down by measurement component – *Non-Life Segment (1/2)*

(millions of euro)

Captions/Measurement components	31.12.2024				31.12.2023			
	Measurement components of the carrying amount of reinsurance contracts held				Measurement components of the carrying amount of reinsurance contracts held			
	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total
A. Opening carrying amount								
1. Reinsurance contracts held that are assets	-5	1	10	6	5	1	8	14
2. Reinsurance contracts held that are liabilities	-3	-	-	-3	-	-	-	-
3. Net carrying amount as at 1 January	**-8**	**1**	**10**	**3**	**5**	**1**	**8**	**14**
B. Changes that relate to current service								
1. Contractual service margin recognised in profit or loss	-	-	-2	-2	-	-	-3	-3
2. Change in risk adjustment for non-financial risk for risk expired	-	-	-	-	-	-	-	-
3. Experience adjustments	1	-	-	1	5	-	-	5
4. Total	**1**	**-**	**-2**	**-1**	**5**	**-**	**-3**	**2**
C. Changes that relate to future service								
1. Changes in estimates that adjust the contractual service margin	1	-	-1	-	-2	-	2	-
2. Effects of contracts initially recognised in the period	-1	-	1	-	-3	-	3	-
3. Adjustment of the contractual service margin connected to recoveries related to the initial recognition of onerous underlying insurance contracts	-	-	-	-	-	-	-	-
4. Reversals of the loss-recovery component other than changes in cash flows from reinsurance contracts held	-	-	-	-	-	-	-	-
5. Changes in cash flows from reinsurance contracts held arising from onerous underlying insurance contracts	-	-	-	-	-	-	-	-
6. Total	**-**	**-**	**-**	**-**	**-5**	**-**	**5**	**-**
D. Changes that relate to past service	**-**	**-**	**-**	**-**	**-1**	**-**	**-**	**-1**
1. adjustments to the asset for incurred claims	-	-	-	-	-1	-	-	-1
E. Effects of changes in the risk of non-performance by reinsurers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
F. Insurance service result (B+C+D+E)	**1**	**-**	**-2**	**-1**	**-1**	**-**	**2**	**1**
G. Financial income/expenses								
1. From reinsurance contracts held	-1	-	1	-	-	-	-	-
1.1 Recognised in profit or loss	-1	-	1	-	-	-	-	-
1.2. Recognised in other comprehensive income	-	-	-	-	-	-	-	-
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-
3. Total	-1	-	1	-	-	-	-	-
H. Total amount recognised in profit or loss and in other comprehensive income (F+ G)	**-**	**-**	**-1**	**-1**	**-1**	**-**	**2**	**1**
I. Other changes	**-**	**-**	**-**	**-**	**-21**	**-**	**-**	**-21**

8.3 Changes in the carrying amount of reinsurance contracts held broken down by measurement component – *Non-Life Segment (2/2)*

(millions of euros)

Captions/Measurement components	31.12.2024				31.12.2023			
	Measurement components of the carrying amount of reinsurance contracts held				Measurement components of the carrying amount of reinsurance contracts held			
	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total
L. Cash movements								
1. Premiums paid net of amounts not related to claims recovered from reinsurers	11	-	-	11	10	-	-	10
2. Amounts recovered from reinsurers	-4	-	-	-4	-1	-	-	-1
3. Other movements	-	-	-	-	-	-	-	-
4. Total	**7**	**-**	**-**	**7**	**9**	**-**	**-**	**9**
M. Net carrying amount as at 31 December (A.3+H+I+L.4)	**-1**	**1**	**9**	**9**	**-8**	**1**	**10**	**3**
N. Closing carrying amount								
1. Reinsurance contracts held that are assets	2	1	9	12	-5	1	10	6
2. Reinsurance contracts held that are liabilities	-3	-	-	-3	-3	-	-	-3
3. Net carrying amount as at 31 December	**-1**	**1**	**9**	**9**	**-8**	**1**	**10**	**3**

8.4 Changes in the contractual service margin of the reinsurance contracts held broken down by contracts outstanding at the time of transition to IFRS 17 – *Life Segment*

(millions of euro)

	31.12.2024					31.12.2023				
	New contracts and contracts measured using the full retrospective approach at the transition date	Contracts measured using the modified retrospective approach at the transition date	Contracts measured at fair value at the transition date	Contracts subject to carve-out	Total	New contracts and contracts measured using the full retrospective approach at the transition date	Contracts measured using the modified retrospective approach at the transition date	Contracts measured at fair value at the transition date	Contracts subject to carve-out	Total
Contractual service margin - Opening balance	**4**	**-**	**4**	**-**	**8**	**6**	**-**	**18**	**-**	**24**
Changes that relate to current service	**-3**	**-**	**-1**	**-**	**-4**	**-**	**-**	**-**	**-**	**-**
- Contractual service margin recognised in profit or loss to reflect services received	-3	-	-1	-	-4	-	-	-	-	-
Changes that relate to future service	**3**	**-**	**-**	**-**	**3**	**-2**	**-**	**-14**	**-**	**-16**
- Changes in estimates that adjust the contractual service margin	-3	-	-	-	-3	-2	-	-14	-	-16
- Effects of contracts initially recognised in the reference year	6	-	-	-	6	-	-	-	-	-
Net financial income/expenses										
1. From reinsurance contracts held	-	-	-	-	-	-	-	-	-	-
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-	-	-
3. Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other movements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes recognised in profit or loss and in other comprehensive income	**-**	**-**	**-1**	**-**	**-1**	**-2**	**-**	**-14**	**-**	**-16**
Contractual service margin – Closing balance	**4**	**-**	**3**	**-**	**7**	**4**	**-**	**4**	**-**	**8**

8.4 Changes in the contractual service margin of the reinsurance contracts held broken down by contracts outstanding at the time of transition to IFRS 17 – *Non-Life Segment*

(millions of euro)

	31.12.2024					31.12.2023				
	New contracts and contracts measured using the full retrospective approach at the transition date	Contracts measured using the modified retrospective approach at the transition date	Contracts measured at fair value at the transition date	Contracts subject to carve-out	Total	New contracts and contracts measured using the full retrospective approach at the transition date	Contracts measured using the modified retrospective approach at the transition date	Contracts measured at fair value at the transition date	Contracts subject to carve-out	Total
Contractual service margin - Opening balance	**8**	**-**	**2**	**-**	**10**	**5**	**-**	**3**	**-**	**8**
Changes that relate to current service	**-2**	**-**	**-**	**-**	**-2**	**-3**	**-**	**-**	**-**	**-3**
- Contractual service margin recognised in profit or loss to reflect services received	-2	-	-	-	-2	-3	-	-	-	-3
Changes that relate to future service	**-**	**-**	**-**	**-**	**-**	**6**	**-**	**-1**	**-**	**5**
- Changes in estimates that adjust the contractual service margin	-1	-	-	-	-1	3	-	-1	-	2
- Effects of contracts initially recognised in the reference year	1	-	-	-	1	3	-	-	-	3
Net financial income/expenses										
1. From reinsurance contracts held	1	-	-	-	1	-	-	-	-	-
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-	-	-
3. Total	**1**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**
Other movements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes recognised in profit or loss and in other comprehensive income	**-1**	**-**	**-**	**-**	**-1**	**3**	**-**	**-1**	**-**	**2**
Contractual service margin – Closing balance	**7**	**-**	**2**	**-**	**9**	**8**	**-**	**2**	**-**	**10**

8.5 Measurement components of reinsurance contracts held recognised during the year – *Life Segment*

(millions of euro)

	31.12.2024			31.12.2023		
	Originated contracts			Originated contracts		
	Contracts without a loss recovery component	Contracts with a loss recovery component	Total	Contracts without a loss recovery component	Contracts with a loss recovery component	Total
A. Estimated present value of future cash outflows of which: Cash flows associated with the acquisition of insurance contracts	1	-	1	-	-	-
of which: Cash flows associated with the acquisition of insurance contracts	-	-	-	-	-	-
B. Estimate of the present value of future cash inflows	7	-	7	-	-	-
C. Estimate of the net present value of future cash flows (A-B)	**-6**	**-**	**-6**	**-**	**-**	**-**
D. Estimate adjustment for non-financial risks	-	-	-	-	-	-
E. Derecognition of cash flows already booked	-	-	-	-	-	-
F. Contractual service margin	6	-	6	-	-	-
G. Increase in reinsurance cessions recorded during the year due to the recognition of new contracts (C+D+E+F)	**-**	**-**	**-**	**-**	**-**	**-**

8.5 Measurement components of reinsurance contracts held recognised during the year – *Non-Life Segment*

(millions of euro)

	31.12.2024			31.12.2023		
	Originated contracts			Originated contracts		
	Contracts without a loss recovery component	Contracts with a loss recovery component	Total	Contracts without a loss recovery component	Contracts with a loss recovery component	Total
A. Estimated present value of future cash outflows of which: Cash flows associated with the acquisition of insurance contracts	2	-	2	-7	-	-7
of which: Cash flows associated with the acquisition of insurance contracts	-	-	-	-	-	-
B. Estimate of the present value of future cash inflows	3	-	3	-4	-	-4
C. Estimate of the net present value of future cash flows (A-B)	**-1**	**-**	**-1**	**-3**	**-**	**-3**
D. Estimate adjustment for non-financial risks	-	-	-	-	-	-
E. Derecognition of cash flows already booked	-	-	-	-	-	-
F. Contractual service margin	1	-	1	3	-	3
G. Increase in reinsurance cessions recorded during the year due to the recognition of new contracts (C+D+E+F)	**-**	**-**	**-**	**-**	**-**	**-**

8.6 Reinsurance contracts held – Contractual Service Margin (CSM) broken down by expected timing of recognition in the income statement

(millions of euro)

Basis of aggregation/Expected times	Up to 1 year	From over 1 year up to 2 years	From over 2 years up to 3 years	From over 3 years up to 4 years	From over 4 years up to 5 years	From over 5 years up to 10 years	From over 10 years up to 20 years	Over 20 years	Total
Life business	1	1	1	-	1	2	1	-	**7**
Non-life Business	2	2	1	1	1	2	-	-	**9**

The table above, as required by IFRS 17, shows the breakdown of the CSM by time bands.

Other information

There is no other information to be noted in addition to the above.

SECTION 9 – PROPERTY AND EQUIPMENT – CAPTION 90

(millions of euro)

Assets/Amounts	31.12.2024	31.12.2023
1. Property and equipment used in operations measured at cost	2,132	2,317
Of which - Property and equipment used in operations - Rights of use acquired under leases	*1,229*	*1,372*
2. Investment property measured at cost	-	-
3. Property and equipment used in operations, revalued	5,837	6,335
Of which - Property and equipment used in operations, revalued - Rights of use acquired under leases	-	-
4. Investment property measured at fair value	770	887
Of which - Investment property - Rights of use acquired under leases	-	-
5. Inventories of property and equipment governed by IAS 2	285	286
Total Property and equipment caption 90	**9,024**	**9,825**

9.1 Property and equipment used in operations: breakdown of assets measured at cost

(millions of euro)

	31.12.2024	31.12.2023
1. Property and equipment owned	**903**	**945**
a) land	-	-
b) buildings	-	-
c) furniture	218	212
d) electronic equipment	639	682
e) other	46	51
2. Rights of use acquired through the lease	**1,229**	**1,372**
a) land	1	1
b) buildings	990	1,120
c) furniture	35	-
d) electronic equipment	85	23
e) other	118	228
Total	**2,132**	**2,317**
of which: resulting from the enforcement of guarantees	*1*	*1*

9.2 Investment property: breakdown of assets measured at cost

There was no investment property measured at cost in the Intesa Sanpaolo Group.

9.3 Property and equipment used in operations: breakdown of revalued assets

(millions of euro)

	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Property and equipment owned	**-**	**-**	**5,837**	**-**	**-**	**6,335**
a) land	-	-	2,326	-	-	2,634
b) buildings	-	-	3,213	-	-	3,399
c) valuable art assets	-	-	298	-	-	302
d) electronic equipment	-	-	-	-	-	-
e) other	-	-	-	-	-	-
2. Rights of use acquired through the lease	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
c) furniture	-	-	-	-	-	-
d) electronic equipment	-	-	-	-	-	-
e) other	-	-	-	-	-	-
TOTAL	**-**	**-**	**5,837**	**-**	**-**	**6,335**
of which: resulting from the enforcement of guarantees	-	-	3	-	-	1

9.4 Investment property: breakdown of assets measured at fair value

(millions of euro)

	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Property and equipment owned	**-**	**-**	**770**	**-**	**-**	**887**
a) land	-	-	237	-	-	309
b) buildings	-	-	533	-	-	578
2. Rights of use acquired through the lease	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
TOTAL	**-**	**-**	**770**	**-**	**-**	**887**
of which: resulting from the enforcement of guarantees	-	-	*64*	-	-	*100*

With regard to the provisions of IAS 40, paragraph 75, letters c), g) and h), there was no information worth mentioning.

9.5 Inventories of property and equipment governed by IAS 2: breakdown

(millions of euro)

	31.12.2024	Of which: Banking group	Of which: Insurance companies	Of which: Other companies	31.12.2023
1. Inventories of property and equipment resulting from the enforcement of guarantees	**168**	***168***	**-**	**-**	**161**
a) land	7	*7*	-	-	7
b) buildings	160	*160*	-	-	154
c) furniture	-	-	-	-	-
d) electronic equipment	-	-	-	-	-
e) other	1	*1*	-	-	-
2. Other inventories of property and equipment	**117**	***18***	**-**	***99***	**125**
Total	**285**	***186***	**-**	***99***	**286**
of which: measured at fair value less cost to sell	*3*	*3*	*-*	*-*	*4*

9.6 Property and equipment used in operations: annual changes

(millions of euro)

	Land	Buildings	Furniture	Electronic equipment	Valuable art assets	Other	Total
A. Gross initial carrying amount	**2,635**	**5,448**	**2,139**	**6,698**	**302**	**458**	**17,680**
A.1 Total net adjustments	-	-929	-1,927	-5,993	-	-179	-9,028
A.2 Net initial carrying amount	**2,635**	**4,519**	**212**	**705**	**302**	**279**	**8,652**
B. Increases	**37**	**557**	**94**	**249**	**-**	**49**	**986**
B.1 Purchases	8	97	43	205	-	26	379
of which business combinations	*-*	*14*	*2*	*2*	*-*	*1*	*19*
B.2 Capitalised improvement costs	-	64	-	1	-	-	65
B.3 Recoveries	-	-	-	-	-	-	-
B.4 Positive fair value differences recognised in:	21	28	-	-	-	-	49
a) shareholders' equity	*21*	*28*	*-*	*-*	*-*	*-*	*49*
b) income statement	*-*	*-*	*-*	*-*	*-*	*-*	*-*
B.5 Positive foreign exchange differences	-	-	-	-	-	-	-
B.6 Transfer from investment property	7	21	X	X	X	X	28
B.7 Other changes	1	347	51	43	-	23	465
C. Decreases	**-345**	**-873**	**-53**	**-230**	**-4**	**-164**	**-1,669**
C.1 Sales	-	-1	-	-	-	-4	-5
of which business combinations	*-*	*-*	*-*	*-*	*-*	*-*	*-*
C.2 Depreciation	-	-293	-46	-223	-	-67	-629
C.3 Impairment losses recognised in:	-	-3	-1	-	-	-11	-15
a) shareholders' equity	*-*	*-3*	*-*	*-*	*-*	*-*	*-3*
b) income statement	*-*	*-*	*-1*	*-*	*-*	*-11*	*-12*
C.4 Negative fair value differences recognised in:	-20	-6	-	-	-4	-	-30
a) shareholders' equity	*-14*	*-5*	*-*	*-*	*-3*	*-*	*-22*
b) income statement	*-6*	*-1*	*-*	*-*	*-1*	*-*	*-8*
C.5 Negative foreign exchange differences	-9	-37	-2	-3	-	-2	-53
C.6 Transfer to:	-316	-176	-	-	-	-	-492
a) investment	*-29*	*-60*	*X*	*X*	*X*	*X*	*-89*
b) non-current assets held for sale and discontinued operations	*-287*	*-116*	*-*	*-*	*-*	*-*	*-403*
C.7 Other changes	-	-357	-4	-4	-	-80	-445
D. Net final carrying amount	**2,327**	**4,203**	**253**	**724**	**298**	**164**	**7,969**
D.1 Total net adjustments	-	-1,046	-1,950	-6,113	-	-315	-9,424
D.2 Gross final carrying amount	**2,327**	**5,249**	**2,203**	**6,837**	**298**	**479**	**17,393**
E. Measurement at cost	**1,429**	**2,319**	**-**	**-**	**115**	**-**	**3,863**

The table above shows the values of owned assets, as well as the rights of use acquired under leases.

As explained in Part A – Fair value of real estate and valuable art assets, in accordance with the rules on valuation frequencies, the properties classified as owner-occupied assets and the valuable art assets were valued during the scenario analyses, through external appraisals, entrusted to qualified and independent experts.

Sub-captions B.4 and C.4 respectively report the positive and negative changes in fair value relating to owner-occupied real estate (land and buildings) and valuable art assets, for which the Bank applies the revaluation model.

Sub-captions B.7 and C.7 relating to Other increases and Other decreases, respectively, refer mainly to renegotiations and early terminations during the year of leases (IFRS 16) and, only regarding decreases, to amortisation and depreciation recorded during the year on assets deriving from the acquisition of business lines of the former Venetian banks, covered using the allowance for risks and charges specifically allocated at the time.

Sub-caption E. Measurement at cost only contains property and equipment measured according to the revaluation model.

9.6 Of which - Property and equipment used in operations - Rights of use acquired under leases: annual changes

(millions of euro)

	Land	Buildings	Furniture	Electronic equipment	Valuable art assets	Other	Total
A. Gross initial carrying amount	**1**	**1,962**	**-**	**42**	**-**	**265**	**2,270**
A.1 Total net adjustments	-	-842	-	-19	-	-37	-898
A.2 Net initial carrying amount	**1**	**1,120**	**-**	**23**	**-**	**228**	**1,372**
B. Increases	**-**	**416**	**48**	**93**	**-**	**29**	**586**
B.1 Purchases	-	78	-	50	-	23	151
of which business combinations	-	*13*	-	-	-	*1*	*14*
B.2 Capitalised improvement costs	-	-	-	-	-	-	-
B.3 Recoveries	-	-	-	-	-	-	-
B.4 Positive fair value differences recognised in:	-	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-	-
B.6 Transfer from investment property	-	1	X	X	X	X	1
B.7 Other changes	-	337	48	43	-	6	434
C. Decreases	**-**	**-546**	**-13**	**-31**	**-**	**-139**	**-729**
C.1 Sales	-	-1	-	-	-	-	-1
of which business combinations	-	-	-	-	-	-	-
C.2 Depreciation	-	-188	-13	-31	-	-59	-291
C.3 Impairment losses recognised in:	-	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-	-
C.4 Negative fair value differences recognised in:	-	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-3	-	-	-	-2	-5
C.6 Transfer to:	-	-	-	-	-	-	-
a) investment	-	-	*X*	*X*	*X*	*X*	-
b) non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-
C.7 Other changes	-	-354	-	-	-	-78	-432
D. Net final carrying amount	**1**	**990**	**35**	**85**	**-**	**118**	**1,229**
D.1 Total net adjustments	-	-778	-	-35	-	-38	-851
D.2 Gross final carrying amount	**1**	**1,768**	**35**	**120**	**-**	**156**	**2,080**
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Sub-captions B.7 and C.7 relating to Other increases and Other decreases, respectively, refer mainly to renegotiations and early terminations during the year of leases (IFRS 16).

9.7 Investment property: annual changes

(millions of euro)

	TOTAL	
	Land	**Buildings**
A. Initial carrying amount	**309**	**578**
B. Increases	**39**	**90**
B.1 Purchases	6	12
of which business combinations	*-*	*6*
B.2 Capitalised improvement costs	-	11
B.3 Positive fair value differences	3	5
B.4 Recoveries	-	-
B.5 Positive foreign exchange differences	-	-
B.6 Transfer from investment property	29	60
B.7 Other changes	1	2
C. Decreases	**-111**	**-135**
C.1 Sales	-4	-6
of which business combinations	*-*	*-*
C.2 Depreciation	-	-
C.3 Negative fair value differences	-5	-18
C.4 Impairment losses	-	-
C.5 Negative foreign exchange differences	-	-
C.6 Transfer to	-96	-97
a) property used in operations	*-7*	*-21*
b) non-current assets held for sale and discontinued operations	*-89*	*-76*
C.7 Other changes	-6	-14
D. Final carrying amount	**237**	**533**
E. Fair value measurement	**-**	**-**

The table above shows the values of owned assets, as well as the rights of use acquired under leases.

Investment property, comprised of land and buildings, is measured at fair value, in compliance with IAS 40.
Sub-captions B.3 Positive fair value differences and C.3 Negative fair value differences reflect the recognition of the effects of the update of the appraisals for the investment properties. See Part A - Information on fair value - Fair value of real estate and valuable art assets for more information on the measurement criteria.

9.7 Of which - Investment property - Rights of use acquired under leases: annual changes

As at 31 December 2024, the amount for Investment property - Rights of use acquired under leases was immaterial.

9.8 Inventories of property and equipment governed by IAS 2: annual changes

(millions of euro)

Assets/Amounts	Inventories of property and equipment resulting from the enforcement of guarantees					Other inventories of property and equipment	TOTAL
	Land	Buildings	Furniture	Electronic equipment	Other		
A. Initial carrying amount	**7**	**154**	**-**	**-**	**-**	**125**	**286**
B. Increases	**-**	**19**	**-**	**-**	**8**	**2**	**29**
B.1 Purchases	-	3	-	-	7	-	10
-of which business combinations	-	-	-	-	-	-	-
B.2 Recoveries	-	-	-	-	-	-	-
B.3 Positive foreign exchange differences	-	1	-	-	-	-	1
B.4 Other changes	-	15	-	-	1	2	18
C. Decreases	**-**	**-13**	**-**	**-**	**-7**	**-10**	**-30**
C.1 Sales	-	-5	-	-	-7	-3	-15
-of which business combinations	-	-	-	-	-	-	-
C.2 Impairment losses	-	-5	-	-	-	-1	-6
C.3 Negative foreign exchange differences	-	-	-	-	-	-	-
C.4 Other changes	-	-3	-	-	-	-6	-9
D. Final carrying amount	**7**	**160**	**-**	**-**	**1**	**117**	**285**

9.8 Inventories of property and equipment governed by IAS 2: annual changes *(of which: Banking Group)*

(millions of euro)

Assets/Amounts	Inventories of property and equipment resulting from the enforcement of guarantees					Other inventories of property and equipment	TOTAL
	Land	Buildings	Furniture	Electronic equipment	Other		
A. Initial carrying amount	**7**	**154**	**-**	**-**	**-**	**26**	**187**
B. Increases	**-**	**19**	**-**	**-**	**8**	**2**	**29**
B.1 Purchases	-	3	-	-	7	-	10
-of which business combinations	-	-	-	-	-	-	-
B.2 Recoveries	-	-	-	-	-	-	-
B.3 Positive foreign exchange differences	-	1	-	-	-	-	1
B.4 Other changes	-	15	-	-	1	2	18
C. Decreases	**-**	**-13**	**-**	**-**	**-7**	**-10**	**-30**
C.1 Sales	-	-5	-	-	-7	-3	-15
-of which business combinations	-	-	-	-	-	-	-
C.2 Impairment losses	-	-5	-	-	-	-1	-6
C.3 Negative foreign exchange differences	-	-	-	-	-	-	-
C.4 Other changes	-	-3	-	-	-	-6	-9
D. Final carrying amount	**7**	**160**	**-**	**-**	**1**	**18**	**186**

9.8 Inventories of property and equipment governed by IAS 2: annual changes *(of which: insurance companies)*

There were no inventories of property and equipment governed by IAS 2 pertaining to insurance companies of the Intesa Sanpaolo Group.

9.8 Inventories of property and equipment governed by IAS 2: annual changes (of which: other companies)

(millions of euro)

Assets/Amounts	Inventories of property and equipment resulting from the enforcement of guarantees					Other inventories of property and equipment	TOTAL
	Land	Buildings	Furniture	Electronic equipment	Other		
A. Initial carrying amount	-	-	-	-	-	99	99
B. Increases	-	-	-	-	-	-	-
B.1 Purchases	-	-	-	-	-	-	-
-of which business combinations	-	-	-	-	-	-	-
B.2 Recoveries	-	-	-	-	-	-	-
B.3 Positive foreign exchange differences	-	-	-	-	-	-	-
B.4 Other changes	-	-	-	-	-	-	-
C. Decreases	-	-	-	-	-	-	-
C.1 Sales	-	-	-	-	-	-	-
-of which business combinations	-	-	-	-	-	-	-
C.2 Impairment losses	-	-	-	-	-	-	-
C.3 Negative foreign exchange differences	-	-	-	-	-	-	-
C.4 Other changes	-	-	-	-	-	-	-
D. Final carrying amount	-	-	-	-	-	99	99

9.9 Commitments to purchase property and equipment

Commitments to purchase property and equipment in existence as at 31 December 2024 amounted to approximately 2 million euro, mainly relating to efficiency improvement measures implemented on the systems installations in the Group's head office buildings.

SECTION 10 - INTANGIBLE ASSETS - CAPTION 100

10.1 Intangible assets: breakdown by type of asset

(millions of euro)

	31.12.2024		*Of which:*						31.12.2023	
			Banking group		*Insurance companies*		*Other companies*			
	Finite useful life	Indefinite useful life	*Finite useful life*	*Indefinite useful life*	*Finite useful life*	*Indefinite useful life*	*Finite useful life*	*Indefinite useful life*	Finite useful life	Indefinite useful life
A.1 Goodwill	**X**	**3,697**	***X***	***2,690***	***X***	***1,007***	***X***	**-**	**X**	**3,672**
A.1.1 Group	x	3,697	*x*	*2,690*	*x*	*1,007*	*x*	-	x	3,672
A.1.2 Minority interests	x	-	*x*	-	*x*	-	*x*	-	x	-
A.2 Other intangible assets	**4,281**	**1,882**	***4,102***	***1,882***	***170***	**-**	***9***	**-**	**3,970**	**1,882**
of which: software	3,680	-	*3,541*	-	*139*	-	-	-	3,307	-
A.2.1 Assets measured at cost	4,281	1,882	*4,102*	*1,882*	*170*	-	*9*	-	3,970	1,882
a) Internally generated intangible assets	2,399	-	*2,290*	-	*109*	-	-	-	2,308	-
b) Other assets	1,882	1,882	*1,812*	*1,882*	*61*	-	*9*	-	1,662	1,882
A.2.2 Assets measured at fair value	-	-	-	-	-	-	-	-	-	-
a) Internally generated intangible assets	-	-	-	-	-	-	-	-	-	-
b) Other assets	-	-	-	-	-	-	-	-	-	-
Total	**4,281**	**5,579**	***4,102***	***4,572***	***170***	***1,007***	***9***	**-**	**3,970**	**5,554**

As at 31 December 2024, the amount for software was 3,680 million euro, of which 2,399 million euro produced internally and 1,281 million euro purchased externally.

The allocation of goodwill between "Cash Generating Units" is reported in the following table.

(millions of euro)

CGUs/Goodwill	31.12.2024	31.12.2023
Banca dei Territori	-	-
IMI Corporate & Investment Banking	56	56
Insurance	1,007	1,007
Asset Management	1,061	1,060
Private Banking	1,573	1,549
International Banks	-	-
Bank of Alexandria (Egypt)	-	-
Pravex Bank (Ukraine)	-	-
GROUP TOTAL	**3,697**	**3,672**

For a breakdown of the CGUs, see the next chapter "Information on intangible assets and goodwill".

10.2 Intangible assets: annual changes

(millions of euro)

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	
A. Gross initial carrying amount	**20,870**	**9,014**	**-**	**11,585**	**2,386**	**43,855**
A.1 Total net adjustments	-17,198	-6,706	-	-9,923	-504	-34,331
A.2 Net initial carrying amount	**3,672**	**2,308**	**-**	**1,662**	**1,882**	**9,524**
B. Increases	**28**	**812**	**-**	**623**	**-**	**1,463**
B.1 Purchases	28	7	-	583	-	618
of which business combinations	*28*	-	-	*17*	-	*45*
B.2 Increases of internally generated intangible assets	X	760	-	5	-	765
B.3 Recoveries	X	-	-	-	-	-
B.4 Positive fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	45	-	35	-	80
C. Decreases	**-3**	**-721**	**-**	**-403**	**-**	**-1,127**
C.1 Sales	-	-	-	-4	-	-4
of which business combinations	-	-	-	-	-	-
C.2 Impairment losses	-	-721	-	-390	-	-1,111
- Amortisation	X	-706	-	-373	-	-1,079
- Write-downs recognised in	-	-15	-	-17	-	-32
shareholders' equity	*X*	-	-	-	-	-
income statement	-	*-15*	-	*-17*	-	*-32*
C.3 Negative fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-3	-	-	-7	-	-10
C.6 Other changes	-	-	-	-2	-	-2
D. Net final carrying amount	**3,697**	**2,399**	**-**	**1,882**	**1,882**	**9,860**
D.1 Total net adjustments	-17,198	-7,427	-	-10,313	-504	-35,442
E. Gross final carrying amount	**20,895**	**9,826**	**-**	**12,195**	**2,386**	**45,302**
F. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

Sub-caption B.1 includes the increase due to Goodwill arising from the acquisition of Alpian S.A. in 2024.

10.2 Intangible assets: annual changes (of which: Banking Group)

(millions of euro)

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	
A. Gross initial carrying amount	**19,109**	**8,863**	**-**	**9,900**	**2,386**	**40,258**
A.1 Total net adjustments	-16,444	-6,651	-	-8,329	-504	-31,928
A.2 Net initial carrying amount	**2,665**	**2,212**	**-**	**1,571**	**1,882**	**8,330**
B. Increases	**28**	**796**	**-**	**616**	**-**	**1,440**
B.1 Purchases	28	2	-	577	-	607
of which business combinations	*28*	-	-	*17*	-	*45*
B.2 Increases of internally generated intangible assets	X	760	-	5	-	765
B.3 Recoveries	X	-	-	-	-	-
B.4 Positive fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	34	-	34	-	68
C. Decreases	**-3**	**-718**	**-**	**-375**	**-**	**-1,096**
C.1 Sales	-	-	-	-4	-	-4
of which business combinations	-	-	-	-	-	-
C.2 Impairment losses	-	-718	-	-364	-	-1,082
- Amortisation	X	-703	-	-347	-	-1,050
- Write-downs recognised in	-	-15	-	-17	-	-32
shareholders' equity	*X*	-	-	-	-	-
income statement	-	*-15*	-	*-17*	-	*-32*
C.3 Negative fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-3	-	-	-7	-	-10
C.6 Other changes	-	-	-	-	-	-
D. Net final carrying amount	**2,690**	**2,290**	**-**	**1,812**	**1,882**	**8,674**
D.1 Total net adjustments	-16,444	-7,369	-	-8,693	-504	-33,010
E. Gross final carrying amount	**19,134**	**9,659**	**-**	**10,505**	**2,386**	**41,684**
F. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

10.2 Intangible assets: annual changes *(of which: Insurance companies)*

(millions of euro)

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	
A. Gross initial carrying amount	**1,743**	**151**	**-**	**1,573**	**-**	**3,467**
A.1 Total net adjustments	-736	-55	-	-1,497	-	-2,288
A.2 Net initial carrying amount	**1,007**	**96**	**-**	**76**	**-**	**1,179**
B. Increases	**-**	**16**	**-**	**7**	**-**	**23**
B.1 Purchases	-	5	-	6	-	11
of which business combinations	-	-	-	-	-	-
B.2 Increases of internally generated intangible assets	X	-	-	-	-	-
B.3 Recoveries	X	-	-	-	-	-
B.4 Positive fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	11	-	1	-	12
C. Decreases	**-**	**-3**	**-**	**-22**	**-**	**-25**
C.1 Sales	-	-	-	-	-	-
of which business combinations	-	-	-	-	-	-
C.2 Impairment losses	-	-3	-	-22	-	-25
- Amortisation	X	-3	-	-22	-	-25
- Write-downs recognised in	-	-	-	-	-	-
shareholders' equity	*X*	-	-	-	-	-
income statement	-	-	-	-	-	-
C.3 Negative fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Net final carrying amount	**1,007**	**109**	**-**	**61**	**-**	**1,177**
D.1 Total net adjustments	-736	-58	-	-1,519	-	-2,313
E. Gross final carrying amount	**1,743**	**167**	**-**	**1,580**	**-**	**3,490**
F. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

10.2 Intangible assets: annual changes (of which: Other companies)

(millions of euro)

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	
A. Gross initial carrying amount	**18**	**-**	**-**	**112**	**-**	**130**
A.1 Total net adjustments	-18	-	-	-97	-	-115
A.2 Net initial carrying amount	**-**	**-**	**-**	**15**	**-**	**15**
B. Increases	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Purchases	-	-	-	-	-	-
of which business combinations	-	-	-	-	-	-
B.2 Increases of internally generated intangible assets	X	-	-	-	-	-
B.3 Recoveries	X	-	-	-	-	-
B.4 Positive fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**-6**	**-**	**-6**
C.1 Sales	-	-	-	-	-	-
of which business combinations	-	-	-	-	-	-
C.2 Impairment losses	-	-	-	-4	-	-4
- Amortisation	X	-	-	-4	-	-4
- Write-downs recognised in	-	-	-	-	-	-
shareholders' equity	*X*	-	-	-	-	-
income statement	-	-	-	-	-	-
C.3 Negative fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-2	-	-2
D. Net final carrying amount	**-**	**-**	**-**	**9**	**-**	**9**
D.1 Total net adjustments	-18	-	-	-101	-	-119
E. Gross final carrying amount	**18**	**-**	**-**	**110**	**-**	**128**
F. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

10.3 Other information

As at 31 December 2024, there were commitments relating to investments in intangible assets, primarily software, of approximately 73 million euro.

Information on intangible assets and goodwill

The application of IFRS 3 to the accounting of acquisitions may lead to the recognition of new intangible assets and goodwill. In the case of the Intesa Sanpaolo Group, the merger between Banca Intesa and Sanpaolo IMI and the subsequent acquisitions led to the recognition of significant amounts for intangible assets and goodwill.

With regard to movements of intangible assets and goodwill, in 2024 the Intesa Sanpaolo Group finalised the purchase of First Bank S.A., a Romanian commercial bank focused on services to SME and retail customers and, through Fideuram – Intesa Sanpaolo Private Banking, of Alpian S.A., a Swiss digital bank operating in private banking and financial advisory services, in which the Group already held a stake of 41.6%.

The Purchase Price Allocation (PPA) processes for those business combinations, definitively finalised in the 2024 Financial Statements, resulted in the recognition of a negative goodwill of 10 million euro, attributed to the positive components of the income statement for the acquisition of First Bank and goodwill of 28 million euro, allocated to the Private Banking CGU, referring to the acquisition of Alpian. For more details on those two operations, refer to Part G – Business combinations of these Notes to the consolidated financial statements.

The table below summarises the values of the intangible assets and goodwill recorded in the consolidated financial statements with the related changes during the period, subdivided by Cash Generating Unit (CGU), which represent the groups of assets subject to impairment testing on intangible assets in order to determine the recoverable amount.

(millions of euro)

CGU	Financial Statements 2023	Alpian acquisition	Amortisation	Impairment losses	Other changes (1)	Financial Statements 2024
BANCA DEI TERRITORI DIVISION	**1,693**	**-**	**-15**	**-**	**-**	**1,678**
- Asset management intangibles - distribution	173	-	-14	-	-	159
- Brand name intangibles	1,507	-	-	-	-	1,507
- Intangible asset under administration	13	-	-1	-	-	12
DIVISIONE IMI CORPORATE & INVESTMENT BANKING	**56**	**-**	**-**	**-**	**-**	**56**
- Goodwill	56	-	-	-	-	56
ASSET MANAGEMENT DIVISION	**1,154**	**-**	**-6**	**-**	**1**	**1,149**
- Asset management intangibles - prod. and distribut.	94	-	-6	-	-	88
- Goodwill	1,060	-	-	-	1	1,061
PRIVATE BANKING DIVISION	**2,172**	**28**	**-20**	**-**	**-5**	**2,175**
- Asset management intangibles - prod. and distribut.	202	-	-16	-	-1	185
- Intangibile Core Deposits	27	-	-2	-	-	25
- Brand name intangibles	375	-	-	-	-	375
- Intangible asset under administration	19	-	-2	-	-	17
- Goodwill	1,549	28	-	-	-4	1,573
INSURANCE DIVISION	**1,048**	**-**	**-10**	**-**	**-**	**1,038**
- Insurance intangibles - production	41	-	-10	-	-	31
- Goodwill	1,007	-	-	-	-	1,007
DIVISIONE INTERNATIONAL BANKS	**71**	**-**	**-3**	**-**	**-**	68
- Intangible asset management - production	71	-	-3	-	-	68
BANK OF ALEXANDRIA (Egypt)	**-**	**-**	**-**	**-**	**-**	-
PRAVEX BANK (Ukraine)	**-**	**-**	**-**	**-**	**-**	-
CGU TOTAL	**6,194**	**28**	**-54**	**-**	**-4**	**6,164**
- Asset management intangibles	540	-	-39	-	-1	500
- Insurance intangibles	41	-	-10	-	-	31
- Intangibile Core Deposits	27	-	-2	-	-	25
- Intangible asset under administration	32	**-**	**-3**	**-**	-	29
- Brand name intangibles	1,882	-	-	-	-	1,882
- Goodwill	3,672	28	-	-	-3	3,697

(1) Foreign exchange differences on the goodwill attributable to Eurizon Capital SLJ and on the portion of amortisation of intangibles attributable to Reyl & Cie SA.

The intangible assets with finite useful lives recognised refer to customer relationships and relate to the valuation of insurance products (Value of Business Acquired) classified as investments, falling within the scope of application of IFRS 9, Assets Under Administration (AUA), Assets Under Management (AUM) and Core Deposits. For the intangible assets with a finite useful life, the amortisation for the year was recognised to the income statement (under “220. Net adjustments to/recoveries on intangible assets”) for a total of 54 million euro gross of the tax effect.

The brand name, an intangible asset related to marketing, was also measured. This asset is considered to have an indefinite life since it is expected to contribute for an indefinite period of time to the formation of income flows.

Based on IAS 36, both intangible assets with an indefinite useful life and goodwill are submitted to impairment testing on an annual basis to verify recoverability of their value. In addition, intangible assets with a finite useful life must be tested for impairment whenever there is evidence of impairment indicators. The recoverable amount consists of the higher of the fair value and the value in use, less costs to sell.
Lastly, it should be mentioned that IAS 36, for the purpose of calculating the value in use of intangibles subject to impairment testing, states that reference must be made to cash flows arising from intangible asset in its current condition (as at the impairment test date), with no distinction between cash flows arising from the asset initially recognised according to IFRS 3 and those relating to the asset outstanding at the impairment test date. This because it would be difficult, especially with regard to extraordinary transactions between businesses or changes in the asset following significant turnover in volumes, customers, contracts, etc., to separate cash flows relating to the original asset from others.
This concept can also be applied in impairment testing of goodwill to calculate the Value in use of the CGUs, for which the cash flows have to be considered with regard to all assets and liabilities of that CGU and not only the assets and liabilities for which goodwill was recognised on application of IFRS 3.
Pursuant to IAS 36, the recoverable amount consists of the higher of the fair value and the value in use, less costs to sell. As in previous financial statements, for impairment testing in the 2024 Financial Statements, to calculate the recoverable amount, the Value in use, which represents the present value of net future cash flows from the asset (or business) being valued, was used, because the fair value, represented by the stock market price of the Intesa Sanpaolo share, could theoretically in and of itself constitute sound evidence of the recoverability of the goodwill recognised, considering the Group's market capitalisation which, as at 31 December 2024, showed levels higher than its net book value, with P/BV and P/TBV multiples higher than 1. However, it is important to consider that the fair value, identified by the stock market price, is available only for the Intesa Sanpaolo Group as a whole, not by single CGU which, instead, is the level at which the test must be carried out pursuant to IAS 36. The stock market prices may also be impacted by factors extraneous to the performance of the business policies set by the Group, and are values that refer to the sale of minority shares which, thus, do not include a premium for control, over a short-term investment horizon, contrary to the logics underlying the impairment test. Vice versa, the value in use is based on a general approach, in which the value of an asset is the direct expression of the cash flows it is able to generate over the period of its use.
As a result, for the financial statements as at 31 December 2024, in line with the previous financial statements, the impairment test on goodwill was conducted by applying the DCF (Discounted Cash Flow) model, to which the Dividend Discounted Model (DDM) is added, as a check of the consistency of the results of using the DCF model. Both of these approaches were based on the individual estimates made internally for the 2025-2029 period, which for the year 2025, are based on the forecasts deriving from the budget figures, while the flows for the years 2026-2029 were estimated through inertial tracking of the flows for 2025, on the basis of internal forecasts relating to the macroeconomic scenario.
It is noted that the tests mentioned above did not concern the Banca dei Territori, International Banks, Bank of Alexandria or Pravex Bank CGUs in consideration of the absence, as of the date of the test, of goodwill allocated to those CGUs to be subject to impairment test.
These tests were also accompanied by an autonomous test, using an independent expert, of the fair value of the component of the brand name attributable to Banca dei Territori, the CGU to which the main portion of that intangible asset is allocated and which did not have any allocated goodwill as at 31 December 2024.
The results of the impairment test as at 31 December 2024 showed no need to recognise any goodwill impairment or adjustments to intangible assets with an indefinite life (brand name) with regard to any of the CGUs in the Intesa Sanpaolo Group.

Lastly, the methods, assumptions and results of the impairment test procedures for intangible assets and goodwill defined by management were approved by the Board of Directors prior to approval of the draft financial statements for 2024.

Impairment testing of intangibles

Insurance portfolio
With regard to the intangible assets related to insurance products falling within the scope of IFRS 9, on the other hand, these continue to be recognised and amortised according to the original amortisation schedule. Given that IAS 36 stipulates impairment testing must not be limited only to the cash flows deriving from the policies acquired, but should take account of all the cash flows linked to the assets of the specific CGU, and considering the immateriality of the contracts underlying the initial valuation of those intangible assets with respect to the total contracts in the Insurance CGU as a whole, it is confirmed that there were no signs of impairment of those intangible assets.
As at 31 December 2024, considering the share amortised during the year, amounting to 10 million euro, the total value of intangible assets related to insurance products falling within the scope of IFRS 9 amounted to 31 million euro and was fully allocated to the Insurance CGU.

Asset management and administration portfolio

The intangible asset recognised in Intesa Sanpaolo's financial statements is regarded as having a finite useful life. Accordingly, for the purposes of the 2024 Financial Statements, analyses were conducted on the main indicators of the value of this asset, which were also monitored throughout the year, mainly represented by the performance of assets. Those analyses regarded the component of the intangible assets linked to assets under administration (AUA) and under management (AUM), represented by the capacity of the relationships existing at the acquisition date to generate cash flows over the residual useful life of those relationships, recognised in the financial statements following the acquisitions that were carried out over time.

More specifically, this aspect concerns the asset management portfolios of the former Venetian banks, acquired in 2017, and of the Morval Group, acquired by Fideuram - Intesa Sanpaolo Private Banking in 2018. Subsequently, as part of the acquisition of the UBI Group, during 2020 intangible assets were measured linked to indirect customer deposits and, in particular, the intangible assets pertaining to assets under administration (AUA) and assets under management (AUM), whereas during 2021 the intangible assets relating to the assets under administration and assets under management of Reyl & Cie S.A., a Swiss private bank with an international presence, were recognised. Lastly, in 2022 new customer relationships related intangible assets were recognised in connection with the indirect customer deposits of Compagnie de Banque Privée Quilvest (CBPQ) and VUB Generali.

As stated above, IAS 36 provides that impairment testing must not be limited only to the cash flows deriving from the assets acquired, but should take account of all the cash flows linked to the assets of the specific CGU, also including the cash flows generated after initial measurement of the intangible assets. On this regard, it is noted that the volumes of assets underlying the measurement of the intangible assets recognised in the financial statements are negligible if compared with the total assets of the CGUs.

Accordingly, in the light of the above, it can be confirmed that there were no signs of impairment of the intangible assets recognised in the financial statements and pertaining to asset under management and asset under administration relationships.

As at 31 December 2024, taking account of the portion amortised in the meantime, the intangible asset linked to AUM totalled 500 million euro and was allocated to the Banca dei Territori CGU (159 million euro), to the Private Banking CGU (185 million euro), to the Asset Management CGU (88 million euro) and to the International Banks CGU (68 million euro). Likewise, the intangible asset linked to AUA, taking account of the component of amortisation recorded during the year, amounted to 29 million euro, of which 12 million euro was allocated to the Banca dei Territori CGU and 17 million euro to the Private Banking CGU.

The following table summarises the values of the intangible AuM and AuA, allocated to the Group's CGUs for the 'production' and 'distribution' components.

(millions of euro)

CGU	Financial statements 2023	Amortisation	Other changes (1)	Impairment losses	Financial statements 2024
BANCA DEI TERRITORI DIVISION					
Intangibile asset management - distribution	173	-14	-	-	159
Intangible asset under administration	13	-1	-	-	12
PRIVATE BANKING DIVISION					
Intangibile asset management - produc. and distribut.	202	-16	-1	-	185
Intangible asset under administration	19	-2	-	-	17
ASSET MANAGEMENT DIVISION					
Intangibile asset management - produc. and distribut.	94	-6	-	-	88
INTERNATIONAL BANKS DIVISION					
Intangibile asset management - distribution	71	-3	-	-	68
GROUP TOTAL	**572**	**-42**	**-1**	**-**	**529**

(1) Foreign exchange differences on intangible assets attributable to REYL & Cie S.A.

Core Deposits

"Core Deposits" are "customer-related intangibles", generally recorded in business combinations between banks. The intangible value of core deposits stems from the future benefits implicit in on demand deposits, deriving from the stable and lower funding cost compared to market parameters. Basically, the acquirer may use funding for its lending and investment activities which pays less than the interbank market interest rate. The intangible asset consists of the valuation of this future margin, known as the "deposit premium", which represents an asset the value of which is correlated with the performance of market rates and the assets raised.

This intangible asset was recognised in 2022 as part of the acquisition of Compagnie de Banque Privée Quilvest (CBPQ) by Fideuram Bank Luxembourg, for a total amount of 30 million euro.

No impairment indicators were identified for the core deposits, considering the current interest rates, compared to those at the date of initial recognition of the intangible asset. Specifically, despite the reduction in official rates by the ECB during 2024, the interest rate on main refinancing operations (MRO) remained at a level higher than the rate recorded at the time the bank was acquired, which were used to determine the intangible asset.

Brand name

IFRS 3 considers the “brand name” a potential, marketing related intangible asset, which may be recorded in the Purchase Price Allocation (PPA) process.
For this purpose, please note that the term “brand” is used in accounting standards with an extensive meaning and not as a synonym of “logo” or “name”. It is considered a general marketing term which defines a set of complementary intangible assets (in addition to the name and the logo, also the competencies, consumer trust, service quality, etc.) which concur to form brand equity.
With reference to acquisition of the Sanpaolo IMI Group, it was decided to limit the analysis to just two brands: the corporate brand Sanpaolo IMI, intended as an “umbrella” brand to which the brands of the other network banks were also related, and the brand of the subsidiary Fideuram – Intesa Sanpaolo Private Banking (former Banca Fideuram), as an autonomous brand widely recognised on the market for the placement of financial products through a network of financial advisors. Both are considered intangibles with indefinite useful life, since they are deemed to contribute indefinitely to the formation of income flows. Market methods and flow-based methods (and, thus, based on fundamental analyses) were used in the valuation of the two brands. Value was determined as the average of the values obtained using the various methods.
The amount recorded in the 2024 Financial Statements came to 1,882 million euro, of which 1,507 million euro was allocated to the Banca dei Territori CGU and 375 million euro to the Private Banking CGU.
In general, the brand name is considered an intangible asset that has no independent cash flows and, thus, to be subject to impairment testing as part of the verification of the retention of goodwill for the various CGUs. For the purposes of this impairment test, with regard to the brand name allocated to the Banca dei Territori CGU, it was considered that this CGU did not have any goodwill allocated and, in line with that carried out for the previous financial statements, it was decided to conduct a specific, autonomous valuation of the specific intangible based on the fair value resulting from the dedicated appraisal commissioned from a third party expert.
Lacking specific transactions on comparable banking brand names, the fair value of the brand name allocated to the Banca dei Territori CGU was estimated using the following methods:

- Royalty Relief;
- the implicit value in estimating brands with comparable PPAs;
- the implicit value in the public estimates of brands provided by independent third parties (Brand Finance);
- Hirose.

The brand valuation criteria used by the expert, with the exception of the criterion of comparable PPAs, while remaining in line with the method used for previous valuations, took account of the Group’s ESG positioning. The analyses conducted were based on the ESG score from the info provider Refinitiv.

Royalty Relief Criterion

The Royalty Relief criterion determines the value of the brand from the present value of income deriving from the brand, estimated as the product of a royalty rate reconstructed on the basis of implicit rates in comparable PPAs and the value of net turnover (operating income, for banks).

Criterion of the implicit value in estimating brands with comparable PPAs

The criterion of the implicit value in estimating brands with comparable PPAs determines the value of the brand based on the “Fair value of the brand/Operating income” multiples recorded on PPA and their fundamental drivers.
The multiple, calculated in relation to net operating income, is taken from the fair value of the brands recognised on PPA of commercial banks from the Markables database.

Criterion of the implicit value in the public estimates of brands provided by independent third parties (Brand Finance)

Brand Finance is a UK company specialising in valuing brands. Each year, Brand Finance publishes the updated estimated value of the brands of the top 500 global banks.
The valuation of brands carried out by Brand Finance is consistent with the relief from royalties criterion, widely used in valuation to estimate the value of brands. According to this criterion, the value of the brand corresponds to the current value of royalty flows saved. The royalty rates are determined based on the trademark license agreements of comparable companies and applied to the specific bank brand based on the strength of the brand estimated and discounted at an opportunity cost of capital in line with the assigned brand rating.

Hirose Criterion

This criterion is based on the comparison of the profitability of the branded company (in this case, the Banca dei Territori CGU) and unbranded competitor companies. The income-based method adopted is attributable to the profit-split criterion.

To check the values resulting from the four methods, the brand value was also estimated based on the Residual Income Model criterion, which expresses the value of a bank based on its equity and current value of residual income, calculated as the difference between the net income and the product of the opportunity cost of capital and shareholders’ equity.

Based on the analyses conducted, all the methods used returned a value of the Intesa Sanpaolo brand for the Banca dei Territori CGU higher than the book value of that intangible asset, demonstrating the value of the Group’s brand and the resulting competitive advantage it continues to provide the Group in relation to its competitors.

Instead, the brand name allocated to the Private Banking CGU was subject to impairment testing as part of the activities regarding the verification of the recoverable amount of the goodwill allocated to that CGU.

Impairment testing of CGUs and goodwill

Definition of Cash Generating Units (CGUs)

As goodwill is an intangible asset that does not generate autonomous cash flows without the contribution of other company assets, in conducting the impairment test, IAS 36 requires that those intangible assets be preliminarily attributed to specific Cash Generating Units (CGU), representing organisational units that are relatively autonomous in terms of operations, capable of generating cash flows that are largely independent from those generated by other areas of operation, but interdependent within the organisational unit generating them. Only once the CGUs and the goodwill allocated to them have been defined can the values in use to be compared to the carrying amounts be calculated.
According to the provisions of IAS 36, the CGUs must be identified in a way that reflects the company's operating and management situation. Specifically, it is necessary to correlate the level at which the goodwill is tested with the level of internal reporting at which management controls the increases and decreases in value. Definition of the level at which the CGUs will be anchored closely depends on the organisational models adopted and on the managerial responsibilities governing the operating guidelines and monitoring activity.
For the ISP Group, the identification of the CGUs is influenced by the centralised organisational model adopted, which reflects the methods used to formulate company policies, plan revenue flows and monitor operating performance. This organisational model is not based on the legal entities through which the Group conducts its business, but rather on operating divisions, which constitute the level of analysis and management of the Group's performance. Therefore, based on the considerations made, and with the only exception of the subsidiaries Pravex Bank and Bank of Alexandria, pursuant to IAS 36 and considering the significance of the impairment test on goodwill, the CGUs were identified as the operating segments, as defined by IFRS 8:

- Banca dei Territori;
- IMI Corporate & Investment Banking;
- Insurance;
- Asset Management;
- Private Banking;
- International Banks.

This was done based on several specific drivers, in line with the provisions of IAS 36:

- management decisions are highly centralised at the level of the heads of the operational segments;
- strategies, identification of new products or services and commercial penetration initiatives are outlined and directed centrally for each operating division;
- planning processes and reporting systems are managed at the operational segment level;
- as a result of this centralisation, income flows are highly dependent on the policies set up at segment level, based on balanced development of the entire division and not of the individual operating areas or legal entities considered individually;
- specialised transversal areas are defined to provide support and develop products benefiting many subsidiaries;
- the management of financial risks is also highly centralised in order to maintain, also as a result of regulatory provisions, a balance between the capital allocation policies and the financial risks in development of the various business lines;
- the divisions operate in homogeneous markets or sectors in terms of economic characteristics and development level.

In line with the choices made in previous years, considering the difficult geopolitical and financial scenario that impacted and could still impact the cash flows of the Division in the future, the subsidiaries Pravex Bank and Bank of Alexandria were separated out of the International Banks Division and considered autonomous CGUs. In any event, the goodwill relating to those two companies was eliminated in 2008 and 2011, respectively. Therefore, the identification of the two subsidiaries as autonomous CGUs has no impact on the results of the impairment test.
Likewise, the CGUs Banca dei Territori and International Banks had no goodwill allocated as at 31 December 2024.
In addition to having no goodwill allocated, and considering the Group's confirmed intention to reduce its corporate presence in Russia, also in line with the regulator's expectations, the contribution of the Russian investee Joint-Stock Company Banca Intesa (Banca Intesa Russia) to the Group's prospective profitability was sterilised, in line with the related equity contribution, which is periodically eliminated on consolidation through a specific provision.

Book value of the CGUs

The book value of the CGUs must be determined in a manner consistent with the criterion used to estimate their recoverable amount. For a banking business, the cash flows generated by a CGU cannot be identified without considering the cash flows deriving from financial assets/liabilities, as these represent the core business. In other words, the recoverable amount of the CGUs is influenced by the aforementioned cash flows and therefore the CGUs' book value must include financial assets/liabilities in accordance with the scope of the recoverable amount estimate process.
Consequently, these assets and liabilities must be properly allocated to the associated CGUs. On this basis (so-called "equity side"), the book value of the Intesa Sanpaolo Group's CGUs may be determined in terms of contribution to consolidated shareholders' equity including the minority interest.
Accordingly, the carrying amount of the CGUs composed of companies belonging to a single operating division was determined by summing up the individual contributions to the balance sheet.
However, where the Parent Company or other Group companies contribute to multiple CGUs from a management standpoint, and this division is not represented in accounting information, management values must be used. In this specific case, the management driver was identified as each division's "regulatory capital", which represents the capital absorption necessary to handle the types of risk envisaged by the regulatory supervision rules.
The table below provides the book values of the CGUs and the goodwill and brand name allocations to each. The values, determined for impairment testing purposes, include the portion of goodwill attributable to minority interests (included in the last column with minority interests).

(millions of euro)

CGU	Values as at 31.12.2024			
	Book value	*of which goodwill Group share*	*of which brand name*	*of which minority interests*
Banca dei Territori	17,334	*-*	*1,507*	*5*
IMI Corporate & Investment Banking	22,317	*56*	*-*	*6*
Insurance	7,536	*1,007*	*-*	*1*
Asset Management	2,688	*1,061*	*-*	*6*
Private Banking	7,045	*1,573*	*375*	*1*
International Banks	7,831	*-*	*-*	*-*
Bank of Alexandria (Egypt)	581	*-*	*-*	*126*
Pravex Bank (Ukraine)	-	*-*	*-*	*-*
TOTAL	**65,332**	***3,697***	***1,882***	***145***

Criteria for estimates of CGUs' value in use

The value in use of CGUs is determined by estimating the present value of future cash flows that may be expected to be generated by the CGUs. These cash flows are normally estimated by using the latest publicly available business plan or, in its absence, through the drawing up by management of an internal forecast plan.
The forecasting period for the analysis usually consists of a maximum of five years. The cash flow of the final year of the forecast is projected in perpetuity (through the use of perpetual return formulae, or, alternatively, temporary return formulae, if it is not realistic to expect the assets subject to measurement to generate positive cash flows over the long term), using an appropriate growth rate "g" for the purposes of the so-called "Terminal Value." The "g" rate is determined by assuming as growth factor the rate of increase in the gross domestic product of the countries in which the cash flows are generated.
Alternatively, the Terminal Value could be determined on the basis of a final sale or liquidation value.
For the determination of the value in use, the cash flows must be discounted at a rate that reflects the present valuations of the time value of money and the asset's specific risks. Specifically, the discount rates to be used must incorporate the present market values with reference to the risk-free component and the risk premium associated with the equity component observed over a sufficiently long time period to reflect different market conditions and economic cycles.
In addition, given the diverse risks of the respective operating areas, different Beta coefficients must be used for each CGU. All the resulting rates have been adjusted to take into account the "Country Risk".

Cash flow estimates

For determining the Value in Use of the CGUs, the first step in defining the forward-looking cash flows for the various business areas entails the forecasts regarding the macroeconomic scenario and sector. The reference economic is the one drawn up by the Intesa Sanpaolo Research Department, and is uncertain, influenced by significant political and macroeconomic factors. Trump's return to the presidency of the United States introduces new elements of instability, with possible protectionist policies and deregulation that will have global impacts, which are still difficult to quantify.
The assumption underlying the scenario drawn up by the Research Department is that the Trump administration will only partially implement its electoral agenda, whose consequences will, in any case, need time to develop: in the first half of 2025 the impacts will be transmitted to the rest of the world mainly through the channels of confidence (which could be negatively influenced by the risk of a trade war) and of the financial markets (marked by opposing forces, currently more positive than negative). Those effects could be partly offset by a more robust trend in US demand.
The scenario assumes global growth at the same levels of 2024 and inflation expected to decrease. The commodities markets remain exposed to geopolitical risks, while fiscal policies in advanced countries are demonstrating that they are insufficient to stabilise the level of public debt, which will keep growing in various countries, including Italy. It is assumed that the significant geopolitical factor (the conflicts in the Middle East and Ukraine) will not compromise the availability of fossil fuels and will not have a more negative impact - as compared to the current one - on the climate of confidence in Europe.
For the Eurozone, the forecasts of GDP growth were reduced over the entire horizon of the forecast. This revision not only reflects the negative consequences for investments of the political change in the United States, but also the worsening of the outlook for European manufacturing (structural decrease in energy-intensive segments, difficulties for auto manufacturers and increased exposure to Chinese competition). More specifically, in 2025 and in the next years, modest acceleration in economic growth on an average annual basis is expected. The strengthening of growth is linked to the recovery of private consumer spending, which should benefit from both the increase in real disposable income (already observed) and a decrease in the propensity to save (due to the drop in interest rates and the restoration of liquidity buffers following the inflationary crisis). GDP is expected to grow by 0.9% in 2025 and 1.2% in 2026. In the following years, accommodating financial conditions and the end of the phase of rebalancing in manufacturing should result in growth rates equal to or higher than those of 2026.
Average annual inflation fell to 2.4% in 2024, in line with forecasts. The decrease in inflation should continue in 2025, when the cooling off of prices will also reach the services sector. Inflation is expected to fall in line with the ECB target from mid-2025, save for adverse shocks in the energy sector.
In Italy, the average annual GDP growth is estimated at 0.5% in 2024, that is, two tenths less than the forecast one year ago. Nonetheless, the comparison has been changed due to the significant revision of national accounts carried out by ISTAT. Just as for the Eurozone, growth was seen exclusively in services. On the demand side, final domestic demand and net imports contributed in equal shares. Different from the rest of the Eurozone, fixed investments in construction once again provided a marginal positive contribution to the GDP growth, however, mainly due to carry over. Based on the official reporting, the

contribution of the National Recovery and Resilience Plan to the increase in demand was slight: according to that published by the Ministry of the Economy and Finance in its financial planning documents, it is unlikely that total expenditure will increase compared to 2023. Therefore, this widely missed the estimates proposed during the planning.
With inflation decreasing more rapidly than forecast, and several negative risks for real growth taking shape, during 2025 the decrease in ECB official rates is expected to be quicker and larger than previously expected.
The scenario incorporates a positive trend in the BTP-Bund spread for the two-year period 2024-25, linked to the decreasing trend in the deficit/GDP ratio. However, an expansion is expected over the medium/long-term due to the relatively unfavourable trend in public debt.

The banking scenario is showing initial signs of recovery in lending following a period of decline. During 2024, the criteria for granting loans and conditions improved, through the reduction in interest rates, in line with the continuing exit from monetary restriction. Despite the improvement in the credit offering and the reduction in interest rates, demand for loans by businesses continued to drop due to the greater use of self-financing options and the postponement of investments. Differently, loans to households showed constant improvement through the second half of 2024, with the downward trend associated with the tighter monetary policy stance of the two-year period 2022–2023 bottoming out and a progressive recovery in loan stock, albeit still at modest levels. The recovery was driven by a turnaround in demand for mortgage loans and continued growth in consumer credit. In relation to funding, bank deposits also started to grow again in 2024, though at a slower pace compared to the past.
The scenario forecasts that loans to businesses will stabilise in 2025, while the demand for mortgages from household should keep growing, and deposits should consolidate at modest rates of change.
The growth in mortgages, and, as a result, in total loans to households, is expected to continue also in the following years, at a moderate pace, slightly higher until 2026, and slightly slowing in the following year, due to the slight increase in official rates of the Eurosystem in 2027, incorporated into the baseline scenario, and to lesser growth in housing prices in the years up to 2029. From 2026, the possible dissipation of the most significant factors of uncertainty should result in the start of modest recovery in loans to businesses, whose trend is expected to continue at a slow pace, at an annual average of 1.5% over the time horizon of the forecast - 2026-29. Lastly, in asset management, the scenario forecasts a recovery in net inflows of investment funds and life insurance, also due to less competition with fixed-rate securities.
During 2024, bank deposits started growing once again, initially driven by those of non-financial companies. The process of reallocating savings to domestic government securities gradually decreased, and household deposits recorded a gradual recovery, with moderately positive annual changes in the second half, after 18 months of decreases. The sharp trend in bank bonds decelerated, which followed over a year of double digit growth. Nonetheless, the pace of bonds remained robust, contributing to supporting the increase in total customer deposits. Deposits are expected to normalise year-over-year in 2025, following the significant outflows in 2023 towards more remunerative bond instruments, and the recovery in 2024. Assuming that the reallocation of excess liquidity on current accounts has almost run its course, on the whole, deposits will undergo a consolidation phase, maintaining a modest growth rate of around 1%. In 2024 a turnaround was seen in the mark-down on on-demand deposits, which after the all-time high posted at the end of 2023 began falling, which is expected to continue at a faster pace and scope in 2025. Given the approach taken by official and monetary rates, the mark-down is expected to stabilise in 2026, to then moderately rise in 2027 and consolidate in the following years. By contrast, the mark-up on short-term lending rates showed little movement in 2024, after the drop witnessed in response to the tightening in monetary policy in 2022–2023. Only a slight increase was seen in the last of the year, as cuts in reference rates passed on quickly by one-year lending rates. The mark-up is expected to moderately recover in 2025, then substantially stabilise in 2026, to then reach a slightly lower level in the last three years of the forecast time horizon.

The table below illustrates the macroeconomic variables expected in the period 2025-2029, only for Italy, as no goodwill was recognised for the CGUs operating in foreign countries.

(values as a percentage)

Italy	2024	2025	2026	2027	2028	2029
REAL ECONOMY						
Real GDP Italy	0.5	1.0	1.0	0.6	0.6	0.6
Consumer prices Italy	1.0	1.7	1.8	1.8	1.8	1.9
ECB Depo Rate (period end)	3.00	2.00	2.00	3.00	2.75	2.75
3-month Euribor rate	3.58	2.14	2.02	2.49	2.77	2.80
10-year IRS	2.59	2.63	2.92	3.29	3.45	3.65
10-year BTP	3.66	3.72	4.17	4.75	4.97	5.22
Spread vs. Bund (basis points)	132	120	140	160	168	170
BANKING SECTOR						
Loans	-2.6	-0.4	1.5	1.9	1.7	1.7
Direct customer deposits	2.4	1.4	1.4	1.6	1.6	1.4
Average customer spread	3.48	2.97	2.82	2.86	2.90	2.89
Mutual funds	8.4	4.8	3.1	2.0	3.2	3.1
Portfolio management	2.8	4.0	2.6	1.5	2.6	2.5
Life technical reserves	2.2	2.3	3.0	3.6	4.2	4.2

Scenario produced in December 2024 by CFO-Research. Forecast data (estimates for 2024).

The various CGUs' expected cash flows were subject to impairment testing, taking account of the macroeconomic scenario described above, and were estimated by following a two-stage assessment process.
Specifically, with regard to the first forecast period, in line with the choices made for the previous Financial Statements, a timeframe of 5 years has been considered, i.e., the five-year period 2025-2029. For that period, with regard to 2025, the estimates are based on the budget forecasts, substantially in line with those approved by the Board of Directors' meeting of 4 February 2025. Conversely, the flows for the following years were estimated through inertial tracking of the flows for 2025, on the basis of internal forecasts relating to the macroeconomic scenario, without considering the effect of addition managerial initiatives.
The net income projected for the forecast years of the long-term plan has been adjusted, in accordance with IAS 36, to consider non-monetary components and the minority-interest share of net income and exclude the effects of any reorganisation and restructuring transactions or capital gains arising from future disposals of company assets. It also excludes the effects of any reorganisation and restructuring transactions and the capital gains on future sales of company assets. In addition, cash flows include those allocated to the various CGUs deriving from central corporate assets. In accordance with the equity-side approach mentioned above in relation to the determination of the carrying values of CGUs, the cash flows used for impairment testing include the flows correlated with financial assets and liabilities, given that these represent the company's core business.
Among various financial valuation techniques, such as that used for determining the value in use, the value of a company at the end of the flow forecast period, the so-called terminal value, is normally determined by infinite compounding, at an appropriate "g" rate, of the cash flow achievable "at full capacity". This rate, even if subject to time variations, may be assumed to be constant or decreasing (or increasing in rarer circumstances).
As an alternative to the terminal value estimation methodology, doctrine also envisages (i) the exit multiple approach and (ii) the approach based on an estimation of the liquidation value of the company. Specifically, with regard to approach (i) it should be mentioned that an exit multiple estimate has complex (and potentially subjective) elements, while approach (ii) is valid only for companies due to be wound up on termination of the forecasting period, and therefore not applicable with a view to a business as a going concern.
For the purposes of the Terminal Value, i.e. the second stage of valuation, the cash flow forecast for 2029, the last year of the analytical projections, was used as the cash flow achievable at full capacity.
In line with the impairment tests of the previous years, the "g" rate was determined as the average growth rate of Italy's nominal GDP, observed and forecast in the 2008-2029 period (it should be noted that, in consideration of the impairment made in the previous financial statements, no goodwill is allocated to the Banca dei Territori, International Banks, Bank of Alexandria and Pravex Bank CGUs; consequently, it is not necessary to calculate the "g" rate for the purpose of the goodwill test for the foreign countries where the Group operates). Nominal GDP is the sum of the real GDP growth rate and the inflation rate. Expected real GDP and inflation figures used to calculate the "g" rate were drawn from the forecasts prepared by the Intesa Sanpaolo Research Department described above. Each component has been calculated as the average for the period 2008-2029. The choice of the observation period for the growth rates, considering the current particular macroeconomic situation, is attributable to the trends in the real GDP of the last few years, which were often negative and mainly influenced by the various economic and financial crises that hit the global economies in the last two decades. As a result, the period 2008-2029 was deemed sufficiently wide to include, and thus mediate, both periods of harsh crisis, and a future period of return to a scenario of moderate economic growth, and thus, capable of expressing a long-term growth rate.
Furthermore, with a prudential approach, it was checked that the "g" rate was not higher than Italy's GDP growth rate in 2029 or, for each CGU, the growth rate of the last year of analytical forecasting.

Cash flow discounting rates

For the determination of the value in use, the cash flows must be discounted at a rate that reflects the present market valuations, the time value of money and the asset's specific risks.

In practice, the first characteristic (current market conditions) translates into the calculation of all parameters based on the latest available information as at the reference date of the estimate, so as to best take into account the current market assessments. The second characteristic (consistency between risks/flows and rates) must follow the specificity of flows used for impairment testing of the CGUs. This rate (in its various components) must therefore be decided by observing the specific nature of flows used to assess each CGU, in order to maintain coherence and consistency with the flows. Specifically, consistency becomes important with regard to inflation, country risk and other risk factors that, according to IAS 36, may be expressed in the flows or rate. It is important to point out that a characteristic common to all CGUs recording goodwill (and, in general, intangibles with an indefinite life) is the long-term perspective of flows used to estimate the CGU's value in use. In fact, by its very nature, goodwill has an indefinite useful life, and therefore future cash flows are normally infinitely projectable.

This long-term perspective should be reflected in all discounting rate benchmarks by means of the appropriate selection of each, in such a way that they express normalised conditions in the long term.

The discounting rate should normally include the cost of the various sources of funding of the asset to be assessed, in other words the equity cost and debt cost (i.e. WACC, weighted average capital cost).

However, in the case of a banking entity, it is estimated according to an equity-side approach, that is to say by considering only the cost of equity capital (Ke), in a manner consistent with the methods for determining cash flows, which, as stated above, include those deriving from financial assets and liabilities.

The cost of capital is determined using the Capital Asset Pricing Model (CAPM), as the sum of risk-free rate and a risk premium, in turn dependent on the specific risks implicit in the business activities.

The cost of capital is determined net of taxes, in order to ensure consistency with the discounted cash flows.

As the various CGUs of the Intesa Sanpaolo Group operate in different business segments and with different risk factors, the specific costs of capital of each CGU were identified. It should be noted that, since cash flows were determined in nominal terms, discounting rates were also determined in nominal terms, meaning that they incorporate inflation expectations.

Entering into the details of the various components that contribute to the determination of discounting rates, it may be remarked that:

- with regard to the choice of cash flow discounting rates, and in particular of the risk-free rate and Country Risk Premium (CRP), in view of the structure of interest rates in the current macroeconomic scenario, it was prudentially decided, in line with the previous financial statements, to confirm the approach that involves the use of differentiated discount rates for the discounting of cash flows expected over the explicit forecast horizon and for the terminal value cash flow:
  - concerning the risk-free component included in the cash flow discounting rate of the explicit forecast horizon (2025-2029), a decision was made to use the average monthly return (December 2024) of the 10-year German Government bonds (Bund);
  - concerning the risk-free component included in the cash flow discounting rate of the terminal value (cash flow projectable beyond the explicit forecast period), a decision was made to use the average annual return of 10-year German government bonds (Bund) forecast for 2029, which is the last year of flow forecast period, based on estimates from the Intesa Sanpaolo Research Department.

  In line with the above, also for the Country Risk Premium (CRP) a methodology was considered that envisages the use of differentiated values. In addition, it should be noted that there is no goodwill allocated to CGUs other than those (mainly) operating in Italy - the "country risk" essentially coincides with the "Italy risk". Therefore, in the methodological choices for the impairment test of goodwill for the purpose of the 2024 Financial Statements, the CRP was calculated as follows:
  - concerning the CRP included in the cash flow discounting rate of the explicit forecast horizon, the average BTP-Bund spread of December 2024 was considered;
  - concerning the CRP included in the cash flow discounting rate of the terminal value, the average annual BTP-Bund spread estimated for 2029 was considered, based on the medium-term forecast scenario mentioned previously;

  The dual discount rate approach is also consistent with the current market situation, which still features current rates that are lower than the prospective rates incorporated in the above-mentioned macroeconomic scenario. Specifically, Intesa Sanpaolo's forecasts on the future yields of Bunds and BTPs take into account the gradual reduction by the ECB of the stocks of government securities of EU countries in its portfolio, purchased as part of the Quantitative Easing programme initiated in 2015. In this regard, the ECB's new policy is expected to shift the rate curve to steeper inclines, more in line with the trends observed historically. The approach used is therefore based on principles of prudence, also considering the volatility of forecasts relating to the medium/long-term rate scenario;
- the equity risk premium – represented by the difference between stock market yield and the Return on Investment on risk-free securities determined in reference to a sufficiently wide time horizon – was calculated on the basis of historical data, given its higher degree of reliability and visibility and the complexity of formulating reliable forecasts of results in order to estimate the equity risk premium implicit in stock market quotations. Specifically, the geometric mean for the equity risk premium was used, recorded on the US market for the period 1928-2024, adjusted for the differential between the US inflation rate and the German inflation rate (the market used as the basis for risk-free calculation);
- the Beta coefficient, which measures the specific degree of risk of an individual company or business sector, was calculated by identifying a sample of companies, comparable in business terms, for each CGU, and with reference to this sample the average or median Beta figure used was that recorded on a monthly basis over a five-year period;

Summary of growth rates and discounting rates used

The following table presents a summary, for each CGU subject to impairment test, of the parameters relevant to determining value in use: weighted average 2025-2029 growth rates for the cash flows of the various CGUs, including the allocation of cash flows related to the central corporate assets, the "g" growth rates for terminal value purposes, and the various discounting rates and inflation rates.

RATES/PARAMETERS	Nominal growth rates for impairment test (2025-2029)	NOMINAL DISCOUNTING RATES				LONG-TERM "G" GROWTH RATES		INFLATION RATES	
CGU		2024 flows	2024 Terminal Value	2023 flows	2023 Terminal Value	2024	2023	2024	2023
CGU subject to impairment test									
IMI Corporate & Investment Banking	3.32%	10.17%	12.02%	10.44%	11.89%	1.97%	2.00%	1.88%	1.92%
Insurance	1.97%	9.76%	11.61%	10.12%	11.57%	1.97%	2.00%	1.88%	1.92%
Asset Management	2.06%	9.93%	11.79%	10.12%	11.58%	1.97%	2.00%	1.88%	1.92%
Private Banking	4.29%	9.30%	11.16%	9.80%	11.26%	1.97%	2.00%	1.88%	1.92%

Impairment testing results

The outcomes of the impairment test showed how the values in use of each of the CGUs to which goodwill was allocated as at 31 December 2024 were higher than the respective carrying amounts. Thus, it was not necessary to proceed to any impairment of the goodwill or brand names allocated to the CGUs.
In addition, it is specified that, for the sake of completeness of the analysis, the Group's total value in use was confirmed to be greater than the sum of the carrying amounts of the individual CGUs.

Verification of the results of impairment testing using an alternative calculation method

As the value of a company or a business line may also be determined by discounting the distributable cash flows, understood as the future cash flows estimated to be generated by the business area (the single CGUs) net of the share of income that must be retained in equity to meet the supervisory requirements, the recoverability of the book value of the goodwill allocated to the CGUs was verified also by discounting the aforementioned cash flows according to the excess capital version of the Dividend Discounted Model (DDM).
With reference to the supervisory requirements, a Common Equity Tier 1 ratio of 10.50% was used, as resulting from the Group Risk Appetite Framework. For the Insurance CGU, a Solvency Ratio of 170% was taken into account, as per the aforementioned RAF.
Thus, the distributable cash flows were obtained by integrating the expected cash flows determined as illustrated above, factoring in an increase in capital surplus in relation to the above-mentioned minimum limits of capital, or a decrease in the shares of income needed to cover the requirements deriving from the estimated growth trend in risk-weighted assets. These flows, estimated for each CGU, were discounted by applying the same discounting rates and growth rates "g" used in applying the Discounted Cash Flow (DCF) method.
The results of this method confirmed the results based on the calculation made using the DCF method.

Reconciliation of the results of the impairment test with the market valuation

The Intesa Sanpaolo share price rose significantly in 2024 (around +46%), slightly underperforming the Italian sector index (FTSE IT All-Shr Banks, around +53%) and outperforming the main benchmark index of Borsa Italiana (FTSE MIB Index, around +13%). The Intesa Sanpaolo share also outperformed the Stoxx 600 banks index, which rose by around 26% year-on-year.
Specifically, during the year, the share price grew steadily and robustly, showing a pace of growth, especially in the last quarter of the year, that led the stock market price to a value of 3.86 euro at the end of December 2024, compared to 2.64 euro at the end of 2023. In January 2025 the Intesa Sanpaolo stock appreciated further, with prices at the end of January of approximately 4.1 euro per share and a market capitalisation of approximately 75 billion euro (with a P/BV multiple of approximately 1.3x).
Valuations and reports by financial analysts produced during 2024 saw a significant upward revision of 12-month target prices, with the trend broadly in line with the rise in Intesa Sanpaolo's share price, recording an average value in the last part of the year and January 2025 of around 4.6 euro per share.
Analysts underline, among Intesa Sanpaolo's strengths, the solidity of the brand and highly qualified management esteemed by the market. Intesa Sanpaolo also has the ability to generate profitability among the highest in the sector, also benefiting from its diversified business model, with significant presence in the wealth management sector, and a strong equity position. It has also conducted a highly successful de-risking strategy in the last few years, which makes it possible to more calmly face possible deterioration of the macroeconomic scenario.

In any event, it bears observing that valuations expressed by financial analysts have different characteristics from the "fundamental" assessment represented by value in use. The following may be observed regarding those valuations:

- he projected income flows forecast by analysts extend to 2027 and are, at Group level, substantially in line with the estimates produced internally by the Group, while the forecasts used for the impairment test cover a five-year period extending to 2029;
- the cost of the capital used (in not particularly frequent cases where this parameter is explicitly stated) is often determined in overall terms at Group level; the cost of capital of Intesa Sanpaolo, used to discount the terminal value cash flows, is generally lower than the average value shown in the reports by the analysts. The latter tend to use discount rates implicit in stock market values which, being lower than the Value in Use, return higher cost of capital values;
- similarly to the observations made for the impairment test of the 2023 Financial Statements, from the methodological standpoint, multiples (in terms of P/E and P/PTBV) applied to current market prices or expected profitability for the coming years 2025 or 2026 were often used. These are thus methods that provide a fair value, rather than a long-term value in use.

It bears observing that the valuations expressed by the analysts were intended for financial investors and thus aimed to determine prices and values in the short term. These valuations represent the value potentially obtainable from sale on the market of limited amounts of securities, i.e. the disposal of a minority interest, and are therefore closely pegged to prices and to current market conditions.
The difference in the values from the analysts' estimates compared to the value of the Intesa Sanpaolo Group for the purposes of impairment testing, which reflect on a methodological difference between the fair value and the value in use, may be explained by the following factors:

- different unit of valuation: as stated, the fair value calculated by the analysts represents the price of a single share, different from the Value in Use, which measures the Bank's entire capital. However, there is a control premium between the two values, which is lacking in the former case, and which is generally valued within a range of 15% to 25%;
- different time horizon of reference considered by the market: the period covered by the estimates of the cash flows, as mentioned, has a considerable impact on the valuation of the Group; given the time horizon considered by analysts, which in general covers a period of 3 years, the average cost of capital of analysts, higher on average than the cost of capital calculated internally, and deducting the control premium, the Group's total recoverable amount would be, in terms of value per share, in line with that given by analysts as the target price;
- different value of the cost of capital: the analysts' estimates, deriving from stock market prices, factor in elements external to the Group's ability to generate profits for the purpose of remunerating its shareholders.

Finally, it is believed that impairment tests must be performed with the awareness of the fact that the current economic situation contains elements of uncertainty which could impact expected short- and medium-term cash flows from operating activities, without however affecting the Intesa Sanpaolo Group's primary sources of income and competitive edges, as has also been demonstrated by the results of the past few years in which forecast targets have consistently been achieved, and the income dynamics for 2024.
Accordingly, in developing the valuation model, the following precautions were adopted:

- the forecast flows include the financial effects of the services rendered by the Corporate Centre. Moreover, the final figures of the last few years were substantially in line with or significantly higher than the forecast figures;
- the cost of capital was determined analytically, based on market parameters for each CGU, depending on the different risk of the respective businesses, also considering analytically the various risk factors.
- the "g" growth rate, for the purpose of terminal value for Italy, which represents the area where goodwill is still recognised, was near zero in real terms.

Lastly, the parameters and information used to test the recoverability of intangible assets with indefinite useful life are significantly influenced by the macroeconomic environment and financial market trends, which might undergo changes that cannot be predicted at the present time. If the macroeconomic scenario were to deteriorate in the future with respect to the assumptions, this could lead to impacts on the main assumptions adopted for the determination of the cash flows of the various CGU, which could obviously yield results in the financial statements of the coming years different from those outlined in the Financial Statements as at 31 December 2024. In this regard, it is important to emphasise that the assumptions and hypotheses adopted for the purposes of this impairment test were formulated in a context still characterised by uncertainty, also in view of the current global geopolitical context, which could affect consumers and businesses to a greater extent than currently incorporated in the estimates, slowing down the recovery of economic activity. Nonetheless, it must be noted that the business units that still have significant amounts of goodwill (Insurance, Asset Management and Private Banking) have always had, and are expected also in the future to have profitability that largely justifies the values of goodwill recognised.

Sensitivity analyses
Since the value in use is determined by using estimates and assumptions that may contain some level of uncertainty, sensitivity analyses to verify the sensitivity of the results obtained to changes in the parameters and in the underlying hypotheses, referring to the DCF method, were carried out, as required by the IAS/IFRS.
For CGUs that present residual values of goodwill, the impact on the value in use of an increase of up to 50 basis points in discount rates or a decrease of up to 50 basis points in the growth rate for terminal value purposes was verified. No impairment would emerge in any of the CGUs tested, even in the event of an increase in discounting rates of 50 basis points or a decrease in the "g" rate of 50 basis points.

The table below illustrates the sensitivity (in percentage terms) of the Value in Use of the CGUs that present goodwill to changes in the "g" rate or discount rate of -/+10 basis points, as well as a reduction in the cash flows used for terminal value purposes of 10%.

Sensitivity	CHANGE IN VALUE IN USE		
CGU	Sensitivity to growth rate "g" - 10 bps	Sensitivity to discount rate + 10 bps	Sensitivity to Terminal value cash flows - 10%
IMI Corporate & Investment Banking	-0.64%	-0.90%	-8.80%
Insurance	-0.68%	-0.94%	-6.05%
Asset Management	-0.67%	-0.94%	-6.09%
Private Banking	-0.75%	-1.02%	-6.39%

Based on the table above, changes in the Ke (increasing) or the "g" (decreasing) values within 10 basis points would lead to a general decrease in the values in use of around 1%. Regarding the cash flow considered for the purpose of the terminal value, a 10% decrease of the same would lead to reductions in the values in use ranging from 6-8%. In any event, no issues of impairment would arise for any CGU at that amount of sensitivity.

Still considering stress testing, analyses were performed with the aim of determining the limits for the main inputs, beyond which impairment testing of the CGUs would require the recognition of impairment. The following table presents the "g" growth rates and discounting rates for each CGU that would result in a Value in Use in line with its carrying amounts, assuming equal cash flows to be discounted.

Sensitivity CGU	"g" growth rate	Difference compared to the "g" rate used	TV discounting rate	Difference compared to the Ke discounting rate used
IMI Corporate & Investment Banking	0.62%	-135 bps	13.06%	104 bps
Insurance	-4.99%	-696 bps	16.61%	500 bps
Asset Management	-34.63%	-3660 bps	34.00%	2221 bps
Private Banking	n.s.	n.s.	n.s.	n.s.

(1) For the Private Banking CGU, the discounted cash flows over the explicit forecast horizon are already substantially higher than the carrying amount. As a result, the sensitivity analysis on the parameters that change the discounted value of the terminal value, with the same cash flows, is not applicable in this case, because there would never be a reduction in the terminal value sufficient to bring the CGU's Value in Use back to values close to the carrying amount.

As shown by the data contained in the table, the Values in Use of the CGUs would reduce until the book values, with consequent impairment problems, only in correspondence with the significant worsening of the discounting rates (Ke) and the "g" growth rates.

Finally, within the framework of analysis regarding possible changes in the cash flows of the CGUs on the basis of alternative scenarios to those used for the purposes of this impairment test, account was taken of the impact on forward-looking cash flows of the application of an alternative macroeconomic scenario, consistent with the "adverse" scenario incorporated into the Expected Credit Loss models used to measure loans pursuant to IFRS 9. In that adverse scenario, economic growth is penalised by the start of trade wars by the United States and by supply-side shocks due to the escalation of the conflict in the Middle East. A more aggressive implementation of Trump's agenda is also forecast, with an increase in trade barriers, a decrease in confidence in Europe and Asia and restrictions on immigration with impacts on the workforce and a higher public deficit. The scenario also forecasts negative effects on the stock and real estate markets, while in Europe, France is expected to be downgraded by one notch by all ratings agencies by the end of the forecast time horizon. The above scenario translates into a reduction in cash flows at Group level of 7% on average over the forecast horizon, with impacts substantially distributed across all CGUs. In any event, the reduction in cash flows over the forecast horizon of 2025-2029 based on that scenario would not result in any impairment of the Group's CGUs.

SECTION 11 – TAX ASSETS AND LIABILITIES – CAPTION 110 OF ASSETS AND CAPTION 60 OF LIABILITIES

11.1 Deferred tax assets: breakdown

Deferred tax assets, recognised with regard to deductible temporary differences, totalled 11,266 million euro, of which 9,936 million euro refers to taxes recorded through profit or loss and 1,330 million euro to taxes with a balancing entry under shareholders' equity. The first of these amounts refers to losses brought forward, to the portion of tax benefits not offset in relation to adjustments to loans and provisions for risks and charges deductible in future years, and to the benefit from realignment of the taxable value of goodwill, trademarks and other intangible assets pursuant to Article 15, par. 10, 10-bis and 10-ter of Decree Law 185/2008. Deferred tax assets recorded as a balancing entry under shareholders' equity almost exclusively refer to tax on negative valuation reserves for financial assets measured at fair value through other comprehensive income, to the cash flow hedges and to recognition of actuarial losses on personnel funds.

11.2 Deferred tax liabilities: breakdown

Deferred tax liabilities amounted to 1,714 million euro and the balancing entry is in the income statement (1,375 million euro) as well as in shareholders' equity (339 million euro).

11.3 Changes in deferred tax assets (through profit or loss)

(millions of euro)

	31.12.2024	Of which:			31.12.2023
		Banking group	*Insurance companies*	*Other companies*	
1. Initial amount	**11,434**	***10,934***	***484***	***16***	**12,880**
2. Increases	**1,408**	***1,056***	***346***	***6***	**1,407**
2.1 Deferred tax assets recognised in the period	1,204	*866*	*332*	*6*	1,173
a) related to previous years	*343*	*343*	-	-	*375*
b) due to changes in accounting criteria	-	-	-	-	-
c) value recoveries	-	-	-	-	-
d) other	*861*	*523*	*332*	*6*	*798*
2.2 New taxes or tax rate increases	-	-	-	-	4
2.3 Other increases	204	*190*	*14*	-	230
2.4 Business combinations	-	-	-	-	-
3. Decreases	**-2,906**	***-2,790***	***-116***	-	**-2,853**
3.1 Deferred tax assets eliminated in the period	-2,237	*-2,130*	*-107*	-	-2,249
a) reversals	*-2,106*	*-2,106*	-	-	*-2,077*
b) write-offs	*-14*	*-14*	-	-	-
c) due to changes in accounting criteria	-	-	-	-	-
d) other	*-117*	*-10*	*-107*	-	*-172*
3.2 Tax rate reductions	-	-	-	-	-
3.3 Other decreases	-669	*-660*	*-9*	-	-604
a) changes into tax credits pursuant to Law no. 214/2011	*-470*	*-470*	-	-	*-391*
b) other	*-199*	*-190*	*-9*	-	*-213*
3.4 Business combinations	-	-	-	-	-
4. Final amount	**9,936**	***9,200***	***714***	***22***	**11,434**

Among Increases, sub-caption a) related to previous years is made up of 206 million euro for the recognition of the deferred tax assets on a portion of the tax losses carried forward pertaining to the incorporated companies UBI Banca and Provis. In addition to the above-mentioned deferred tax assets posted in the fourth quarter, 130 million euro was posted in the income statement as at 30 June, against the payment (non-tax deductible) of the same amount to the National Resolution Fund, posted under Other income/expenses.

Again, among Increases, sub-caption d) other refers mainly to the recognition of convertible deferred tax assets on the portion of the tax loss that is attributable to the reversal of accumulated adjustments to loans and goodwill and the deductible temporary differences arising during the year, connected to provisions for risks and charges, in addition to 293 million euro referring to the recognition of deferred tax assets on the intangibles of ISP Life (incorporated into Intesa Sanpaolo Vita on 1 December 2023, with the latter renamed to Intesa Sanpaolo Assicurazioni S.p.A. on 1 December 2024).

Other increases mainly consist of the write-off of netting against deferred tax liabilities, applied as at 31 December 2023.

Among Decreases, sub-caption 3.1 a) reversals mainly refer to the elimination of deferred tax assets pursuant to Law no. 214/2011 and deferred tax assets previously recorded in relation to provisions for risks and charges, as a result of their use during the year.
Among Other decreases, sub-caption a) changes into tax credits pursuant to Law no. 214/2011 refers to the information set out in Part C, table 21.1.
Again, among Other decreases, sub-caption b) other refers to the netting against deferred tax liabilities applied during the year.

11.4 Changes in deferred tax assets pursuant to Law 214/2011

(millions of euro)

	31.12.2024	31.12.2023
1. Initial amount	**6,092**	**7,495**
2. Increases	**105**	**506**
3. Decreases	**-1,992**	**-1,909**
3.1 Reversals	-1,500	-1,488
3.2 Changes into tax credits	-470	-391
a) from losses for the year	*-*	*-*
b) from fiscal losses	*-470*	*-391*
3.3 Other decreases	-22	-30
4. Final amount	**4,205**	**6,092**

11.5 Changes in deferred tax liabilities (through profit or loss)

(millions of euro)

	31.12.2024	Of which:			31.12.2023
		Banking group	*Insurance companies*	*Other companies*	
1. Initial amount	**1,201**	***478***	***719***	***4***	**1,470**
2. Increases	**514**	***267***	***247***	***-***	**244**
2.1 Deferred tax liabilities recognised in the period	337	*106*	*231*	*-*	139
a) related to previous years	*-*	*-*	*-*	*-*	*-*
b) due to changes in accounting criteria	*-*	*-*	*-*	*-*	*-*
c) other	*337*	*106*	*231*	*-*	*139*
2.2 New taxes or tax rate increases	-	*-*	*-*	*-*	-
2.3 Other increases	177	*161*	*16*	*-*	105
2.4 Business combinations	-	*-*	*-*	*-*	-
3. Decreases	**-340**	***-318***	***-22***	***-***	**-513**
3.1 Deferred tax liabilities eliminated in the period	-22	*-19*	*-3*	*-*	-303
a) reversals	*-15*	*-14*	*-1*	*-*	*-55*
b) due to changes in accounting criteria	*-*	*-*	*-*	*-*	*-*
c) other	*-7*	*-5*	*-2*	*-*	*-248*
3.2 Tax rate reductions	-1	*-1*	*-*	*-*	-2
3.3 Other decreases	-317	*-298*	*-19*	*-*	-208
3.4 Business combinations	-	*-*	*-*	*-*	-
4. Final amount	**1,375**	***427***	***944***	***4***	**1,201**

Among Increases, sub-caption c) other mainly refers to temporary taxable differences which arose during the year in relation to the tax amortisation of the brand name.
Other increases mainly consist of the write-off of netting against deferred tax assets applied as at 31 December 2023.
Other decreases mainly relate to the netting against deferred tax assets applied during the year.

11.6 Changes in deferred tax assets (recorded in equity)

(millions of euro)

	31.12.2024	Of which: Banking group	Of which: Insurance companies	Of which: Other companies	31.12.2023
1. Initial amount	**1,167**	***1,146***	***21***	**-**	**1,730**
2. Increases	**492**	***454***	***38***	**-**	**315**
2.1 Deferred tax assets recognised in the period	393	*358*	*35*	-	217
a) related to previous years	-	-	-	-	*3*
b) due to changes in accounting criteria	-	-	-	-	-
c) other	*393*	*358*	*35*	-	*214*
2.2 New taxes or tax rate increases	-	-	-	-	-
2.3 Other increases	97	*94*	*3*	-	98
2.4 Business combinations	2	*2*	-	-	-
3. Decreases	**-329**	***-305***	***-24***	**-**	**-878**
3.1 Deferred tax assets eliminated in the period	-198	*-198*	-	-	-463
a) reversals	*-189*	*-189*	-	-	*-370*
b) write-offs	-	-	-	-	-
c) due to changes in accounting criteria	-	-	-	-	-
d) other	*-9*	*-9*	-	-	*-93*
3.2 Tax rate reductions	-	-	-	-	-
3.3 Other decreases	-131	*-107*	*-24*	-	-415
3.4 Business combinations	-	-	-	-	-
4. Final amount	**1,330**	***1,295***	***35***	**-**	**1,167**

Among Increases, sub-caption c) other mainly refers to deductible temporary differences arising during the year, connected with the results of financial assets measured at fair value through other comprehensive income and cash flow hedging derivatives.
Other increases mainly refer to the write-off of netting against deferred tax liabilities applied as at 31 December 2023.

Among Decreases, sub-caption a) reversals mainly refers to the elimination of deferred tax assets previously recorded in relation to the fair value measurement of cash flow hedging derivatives and financial assets measured at fair value through other comprehensive income following the adjustment of the valuation effects or the related realisation during the year.
Caption 3.3 Other decreases refers mainly to the netting against deferred tax liabilities applied during the year.

11.7 Changes in deferred tax liabilities (recorded in equity)

(millions of euro)

	31.12.2024	Of which: Banking group	Of which: Insurance companies	Of which: Other companies	31.12.2023
1. Initial amount	**287**	***245***	***42***	**-**	**248**
2. Increases	**380**	***329***	***51***	**-**	**337**
2.1 Deferred tax liabilities recognised in the period	210	*184*	*26*	-	176
a) related to previous years	*1*	*1*	*-*	-	*1*
b) due to changes in accounting criteria	*-*	*-*	*-*	-	*11*
c) other	*209*	*183*	*26*	-	*164*
2.2 New taxes or tax rate increases	-	*-*	*-*	-	1
2.3 Other increases	155	*130*	*25*	-	157
2.4 Business combinations	15	*15*	*-*	-	3
3. Decreases	**-328**	***-289***	***-39***	**-**	**-298**
3.1 Deferred tax liabilities eliminated in the period	-147	*-144*	*-3*	-	-127
a) reversals	*-137*	*-137*	*-*	-	*-123*
b) due to changes in accounting criteria	*-*	*-*	*-*	-	*-*
c) other	*-10*	*-7*	*-3*	-	*-4*
3.2 Tax rate reductions	-	*-*	*-*	-	-
3.3 Other decreases	-181	*-145*	*-36*	-	-171
3.4 Business combinations	-	*-*	*-*	-	-
4. Final amount	**339**	***285***	***54***	**-**	**287**

Among Increases, sub-caption c) other refers to taxable temporary differences which arose during the year in relation to the measurement of financial assets measured at fair value through other comprehensive income and the fair value measurement of property and equipment.
Other increases mainly consist of the write-off of netting against deferred tax assets applied as at 31 December 2023.

Among Decreases, sub-caption a) reversals refers to the discharge of deferred tax liabilities previously recorded in relation to the valuation of financial assets measured at fair value through other comprehensive income and cash flow hedging derivatives.
Caption 3.3 Other decreases mainly relates to the netting against deferred tax assets through profit or loss for the year.

As indicated in the accounting policies, with regard to current and deferred taxation, no provision is made in the financial statements for reserves subject to latent taxation only in the event of distribution, since the size of the available reserves which have already been taxed leads to the belief that the Bank will not undertake any transactions which may cause taxation of those untaxed reserves.

Probability test on deferred taxation

IAS 12 requires for deferred tax assets and liabilities to be recognised according to the following criteria:
- a deferred tax liability (or DTL) must be recognised, as a general rule, for all taxable temporary differences;
- a deferred tax asset (or DTA) must be recognised for all deductible temporary differences to the extent that it is probable that taxable income will be earned that can offset the deductible temporary differences. Deferred tax assets not recognised in the past - inasmuch as the conditions for their recognition were not met - are recognised during the year in which those conditions arise.

Deferred tax assets are then divided into “eligible” deferred tax assets and “ineligible” deferred tax assets.
For the former, as illustrated in greater detail hereinafter, the regulations set out a specific mechanism for conversion into tax credits which legitimises, in and of itself, their recognition in the financial statements.
Instead, the book value of “ineligible” deferred tax assets must be tested to determine whether it is likely that taxable income will be earned in the future that will ensure their recovery (probability test).
“Eligible” deferred tax assets amounted to 4,205 million euro, while “ineligible” deferred tax assets subjected to the probability test amounted to 7,061 million euro (joined by 1,714 million euro in deferred tax liabilities).
The probability test on the “ineligible” deferred tax assets carried in the 2024 Financial Statements separately regarded, due to the different conditions of use of the underlying temporary differences and similarly to the previous years, the following cases:
- IRES deferred tax assets recognised in relation to previous tax losses. In particular, these were deferred tax assets relating to the tax losses of Intesa Sanpaolo and the merged companies (mainly generated by the former Venetian banks and by the companies in the former UBI Group);
- other deferred tax assets triggered by deductible temporary differences for IRES tax purposes, arising at the Group companies included in the consolidated financial statements (“Other deferred tax assets - IRES”);
- deferred tax assets triggered by deductible temporary differences for IRAP tax purposes (“Deferred tax assets - IRAP”).

In the 2024 Financial Statements, deferred tax assets relating to tax losses carried forward of the parent company Intesa Sanpaolo were recognised for a total of 2,982[172] million euro, of which 2,258 million euro equal to the base IRES tax rate of 24% and 724 million euro to the additional IRES tax rate of 3.5%. Of those deferred tax assets, 336 million euro was recognised for the first time in 2024 for tax losses carried forward pertaining to the former UBI Banca (310 million euro, of which 152 million euro at 24% and 158 million euro at 3.5%; "New UBI DTAs") and of the former Intesa Sanpaolo Provis (26 million euro at 3.5%; "New Provis DTAs" and, with the "New UBI DTAs", the "New DTAs"; see below).
The probability test on the deferred tax assets relating to the tax losses was conducted considering the individual position of Intesa Sanpaolo.
The possibility of use on an exclusively individual basis by Intesa Sanpaolo derives: (i) for the losses of the former Venetian banks, from the regulations that set out the transfer (Art. 7, paragraph 3 of Decree Law no. 99/2017, converted with amendments by Law no. 121/2017, and Art. 15 of Decree Law no. 18/2016) at the time of the purchase of the business lines of Banca Popolare di Vicenza and Veneto Banca (in 2017) and the subsequent merger of their former subsidiaries Banca Nuova and Banca Apulia (effective on 1 January 2018 and 1 January 2019, respectively); (ii) for the losses of UBI Banca and the other companies of the former UBI Group incorporated into Intesa Sanpaolo, from the incorporation of those companies into Intesa Sanpaolo during 2021 and 2022; and (iii) for the losses of Intesa Sanpaolo Provis, from the incorporation of those companies into Intesa Sanpaolo during 2023.
For the purposes of the probability test, the income prospects of Intesa Sanpaolo were estimated, in line with the choices made for the 2023 Financial Statements, over a time frame of 5 financial years, i.e. the five-year period 2025-2029. For that period, the year 2025 represents the annual budget for the last year of the 2022-2025 Business Plan. The years from 2026 to 2029 represent an "inertial" overhang of the new scenario, starting with the 2025 Budget, without considering other managerial initiatives. For the years following 2029, it was prudentially assumed that the gross income would remain steady, equal to that estimated for 2029 (thus without considering the effect of the growth rate "g"). Based on the analyses conducted, total absorption of the deferred tax assets in question – and also of the "New DTAs" – could be achieved over a time horizon deemed compatible with the "probability" of recovery required by IAS 12.
In order to achieve a sufficient degree of confidence regarding the recognition of "New DTAs" relating to losses carried forward, the following was also assumed: (i) a baseline scenario with a sensitivity analysis based on a 10% reduction in the tax bases for 2030 and subsequent years, not covered by analytical forecasting and (ii) a scenario consistent with the "adverse" scenario incorporated into the Expected Credit Loss models used for the valuation of loans pursuant to IFRS 9, which essentially provides for the lowest GDP growth forecasts among those reported in the Consensus Economics survey for the main advanced countries (with similar effects on consumption and fixed investments), a general shock also for stock market indices and real estate prices, as well as the more aggressive assumptions on the implementation of Trump's agenda (sharp increase in trade barriers by the United States, decrease in the workforce due to stricter restrictions on immigration, and increase in the public debt in the United States by around one percentage point on the baseline scenario).
Based on the analyses conducted, also with respect to such downsize scenarios, total absorption of the deferred tax assets in question – and also of the "New DTAs" recognised in the 2024 Financial Statements – could be achieved over a time horizon deemed compatible with the "probability" of recovery required by IAS 12.
Specifically with regard to the "New UBI DTAs" recognised in 2024 (as for the general issue of the UBI DTAs, for more details, see the Consolidated Financial Statements as at 31 December 2023 - Notes to the Consolidated Financial Statements – Part B – Information on the Consolidated Balance Sheet – Assets – Section 11 Deferred tax assets and liabilities), the following events occurred during the year covered.
In the consolidated income statement as at 30 June 2024 the amount of 130 million euro paid to the National Resolution Fund (NRF) was recorded as Profit Sharing as part of the settlement agreement (the "Agreement") entered into by Intesa Sanpaolo S.p.A. (as the incorporating entity of UBI Banca) and the Bank of Italy (as the managing entity of the National Resolution Fund). The purpose of the Agreement is to settle the interpretation differences arising between the parties on the literal interpretation of the Share Purchase Agreement signed on 18 January 2017 between UBI Banca and the NRF, concerning the sale by the NRF to UBI Banca of the entire share capital of Nuova Banca delle Marche S.p.A., Nuova Banca dell'Etruria e del Lazio S.p.A. and Nuova Cassa di Risparmio di Chieti S.p.A. At the time of recognising that charge, the conditions were met to recognise, after verifying sufficient tax capacity, a corresponding share of the residual DTAs, equal to the related charge paid to the NRF, and thus, 130 million euro. Therefore, this had no effect on the net income.
In the financial statements as at 31 December 2024, the residual amount (180 million euro) of the remaining DTAs was recognised, based on a probability test conducted analytically, using accounting data and updated forecasts as of the reporting date. This means that, as at 31 December 2024, deferred tax assets were recognised in the financial statements of the merging company Intesa Sanpaolo corresponding to the entire amount of the tax losses carried forward pertaining to the merged company UBI Banca.
With regard to the New Provis DTAs, Intesa Sanpaolo's right to full use of the tax losses of the merged company was confirmed on 14 August 2024 by the Italian Revenue Agency in response to a specific ruling request filed by the Parent Company. On that basis, the conditions were met to recognise the New Provis DTAs in the financial statements as at 31 December 2024, subjecting them to the relevant probability test.
Note that, as at 31 December 2024 the previous years' tax losses of the Luxembourg subsidiary Intesa Sanpaolo Holding International (ISPHI) were fully reabsorbed and, as a result, the deferred tax assets recognised in the previous years' financial statements were fully absorbed (6 million euro remaining as at 31 December 2023).
In conducting the probability test for the Other deferred tax assets - IRES and the Deferred tax assets - IRAP carried in the Group's Financial Statements as at 31 December 2024, deferred tax assets arising from temporary deductible differences associated with impairment losses on loans (other than those deriving from the first-time adoption of the IFRS 9; see below),

[172] That amount is already net of the benefit deriving from the transformation into tax credits of a total of 220 million euro (of which 110 million euro referring to 2020 and 110 million euro referring to 2021) in deferred tax assets relating to tax losses, due to the sales, carried out by 31 December 2020 and 31 December 2021, respectively, of non-performing loans pursuant to Art. 55 of Decree Law no. 18/2020 ("Cura Italia" Decree), and Art 19 of Decree Law no. 73/2021 ("Sostegni bis" Decree).

as well as - if recognised within 2014 – from goodwill and other intangible assets with indefinite useful lives[173] ("eligible deferred tax assets" and "eligible temporary differences"), were considered separately from others. In this regard, it bears noting that, effective from the tax period ended 31 December 2011, deferred tax assets (for corporate income tax or IRES) recognised to account for tax losses due to the deferred deduction of "eligible" temporary differences are eligible for conversion into tax credits (article 2, paragraph 56-bis, of Decree Law 225 of 29 December 2010, introduced by article 9 of Decree Law 201 of 6 December 2011). Effective from the 2013 tax period, a similar conversion is allowed where the regional business tax (IRAP) return shows a negative net production value also in relation to IRAP deferred tax assets that pertain to "eligible" temporary differences that have contributed to determining the negative net production value (article 2, paragraph 56-bis.1, of Decree Law 225 of 29 December 2010, introduced by Law 147/2013). The above convertibility forms – which are in addition to that already envisaged for cases in which the separate financial statements show a loss for the year (article 2, paragraphs 55 and 56, of Decree Law 225/2010, as most recently amended by Law 147/2013) – provide an additional, supplementary recovery method suited to ensuring the recovery of "eligible" deferred tax assets in all situations, regardless of the company's future profitability. If in a given year there are surplus "eligible" temporary differences with respect to taxable income or net production value, the recovery of deferred tax assets takes the form not of a decrease in current taxes, but of the recognition of deferred tax assets on the tax loss or the negative net production value, convertible into tax credits pursuant to Art. 2, paragraphs 56-bis and 56-bis.1, of Decree Law 225/2010. The convertibility of deferred tax assets on tax losses and negative net production values that result from eligible temporary differences is therefore a suitable and sufficient condition for the recognition of "eligible" deferred tax assets, making it possible to exclude them from the area of application of the probability test.
A limit to the straight convertibility of "eligible" deferred tax assets was introduced by art. 11 of Decree Law 59 of 3 May 2016, amended by Decree Law 237 of 23 December 2016, which subordinated the transformation into tax credits of the eligible deferred tax assets which were not matched by an actual prepayment of taxes (so-called "type 2 DTA") to the payment of an annual fee, equal to 1.5% of their overall value, for the years 2016-2030. Instead, no fee is due for the transformation into tax credits of the "eligible" deferred tax assets which were matched by an actual prepayment of greater taxes ("type 1 DTA"). Considering that the "eligible" deferred tax assets recognised by the Companies that are part of the fiscal consolidation of Intesa Sanpaolo, as well as those included in the Parent Company's financial statements following the acquisition of the business lines of the former Venetian Banks and, most recently, those of the former UBI Group are all "type 1 DTA", the Group is not currently concretely required to pay this fee.
Article 1, paragraphs 1067 and 1068 of the 2019 Budget Act (Law 145 of 30 December 2018) envisage the deductibility (both for IRES and IRAP purposes) over ten tax periods, starting from the one under way as at 31 December 2018, of the adjustments to loans to customers recognised in the financial statements of banks and financial institutions on first-time adoption of IFRS 9[174]. According to that clarified in the Explanatory Report on the Measure, deferred tax assets recognised in financial statements in relation to the deferral of said deduction cannot be converted into tax credits based on the aforementioned provisions of Decree Law no. 225/2010. Therefore, those taxes must be subject to the probability test.
That being said, the following is noted with regard to the Other deferred tax assets – IRES.
In the consolidated financial statements as at 31 December 2024 (and in the separate and consolidated financial statements of Intesa Sanpaolo Assicurazioni), deferred tax assets amounting to 260.5 million euro were recognised for the first time, relating to the intangibles (Value in Force and Goodwill) deriving from the merger by incorporation of Intesa Sanpaolo Life ("ISP Life") into Intesa Sanpaolo Assicurazioni ("ISP Assicurazioni" or "Insurance Company"), finalised with legal, accounting and tax effects on 1 December 2023. Following the operation, the assets and liabilities of ISP Life were assigned to ISP Assicurazioni's newly-established branch of Dublin.
The Merger was recorded in the separate and consolidated financial statements of Intesa Sanpaolo Assicurazioni (and in the consolidated financial statements of Intesa Sanpaolo) by applying book value accounting, as transactions between entities under common control, recognising the assets and liabilities of ISP Life at the same book values at which they were recognised in the accounts of the merged entity.
In terms of taxation, applying the provisions of Article 166-*bis* of Italian Presidential Decree no. 917/1986 ("the Income Tax Code"), the merger resulted in the tax recognition of the market value ("Entry Values") of the assets and liabilities of the merged company, including intangibles (Value in Force or also "VIF" and "Goodwill") attributable to it.
The above Entry Values were the subject of an agreement with the Italian Revenue Agency ("Agreement") pursuant to the combined provisions of Article 166-*bis* of the Income Tax Code, and Article 31-*ter*, paragraph 1, letter a) of Italian Presidential Decree no. 600/1973. The Agreement was signed on 17 December 2024, as a result of in-depth discussions that began with the submission of a specific ruling request on 15 May 2023.

Considering that the Entry Values recognised as above for tax purposes are higher than the carrying amounts, the merger triggered deductible temporary differences specifically referring to the value attributed to the intangible asset of insurance contracts in force (VIF) and Goodwill (together with the Value in Force, "Life Intangibles"). This means that the (higher) tax value of the Life Intangibles compared to their carrying amounts (equal to zero, as the merger was recorded applying book value accounting), can be deducted over 18 tax periods, starting from the period in which the merger was finalised (2023), with a total tax benefit of 293.1 million euro. Instead, no IRAP tax benefits were obtained, given the results of the specific ruling request submitted by ISP Assicurazioni.
The New Life DTAs, recognised for the first time in the Financial Statements as at 31 December 2024, the year the Agreement was concluded, equal to 260.5 million euro, as stated, are posted against the amortisation charges of the Life Intangibles not yet deducted at 31 December 2024. They will be reabsorbed annually on a straight-line basis over the subsequent 16 tax periods, starting from 2025 (the tax benefit for the charges pertaining to 2023 and 2024, equal to 16.3 million euro per year, has already been absorbed).

[173] With art. 17 of Decree Law 83 of 27 June 2015, the convertibility into tax credits was excluded (for any reason provided for by Decree Law 225 of 29 December 2010) of the deferred tax assets relating "to the value of the goodwill and the other intangible assets entered for the first time starting from the financial statements relating to the year underway at the date the provision comes into force", i.e. starting from 2015.
[174] The ten-year instalment period, which should have originally concluded in 2027, was extended to 2029 by the measures set out in the 2020 Budget Act (Law no. 160 of 27 December 2019) and the 2025 Budget Act (Law no. 207 of 30 December 2024).

The probability test on other deferred tax assets - IRES was carried out as follows:

- identifying the “Other deferred tax assets - IRES”, i.e. those not relating to the tax losses of Intesa Sanpaolo, which were subject to a specific test to determine whether they could be recognised in the financial statements (see above);
- identifying “ineligible” deferred tax assets among other deferred tax assets, as they cannot be converted into tax credits (see above);
- analysing such “ineligible” deferred tax assets and deferred tax liabilities carried in the consolidated financial statements, distinguishing them by causal relationship and by foreseeable recovery timing;
- provisionally determining the amount of the Group's future taxable income in order to verify its ability to recover the “ineligible” “other deferred tax assets - IRES”. The estimate of future taxable income was made, for the years 2025-2029, using the same database used for the impairment test on intangibles in the 2024 Financial Statements (see above). For the subsequent years, an overhang of the forecasts was cautiously assumed, without considering a growth rate “g”.

The analysis conducted indicated an IRES taxable base that was sufficient and adequate to allow recovery of the deferred tax assets relating to IRES carried in the financial statements as at 31 December 2024.

Also for “deferred tax assets - IRAP”, the probability test was conducted analytically, referring only to the “ineligible” deferred tax assets (for those that can be converted into tax credits, as stated, the prospective certain use based on the cases of conversion into tax credits set out in paragraphs 56-bis and 56-bis.1 of Art. 2 of Decree Law 225/2010, effectively constitutes a sufficient prerequisite for recognition in the financial statements, implicitly passing the related probability test). The test was conducted by comparing the estimated forecast taxable income for IRAP purposes of Intesa Sanpaolo, estimated on the basis of the same forecast data assumed in carrying out the probability test on tax losses, with the cancelled ineligible temporary differences found as at 31 December 2024 and resulting in the residual IRAP taxable base for each year.

Considering that, for IRAP purposes, different from that set out for IRES tax losses, there is no carrying forward of tax losses or the possibility of offsetting them as part of tax consolidation, if in one or more years the residual taxable base is negative, for example, the deferred tax assets - IRAP that can be recognised in the financial statements should be limited to only the amounts of the temporary differences that can be recovered in each year considered.

The calculations performed resulted in a positive residual IRAP taxable base in each of the years included in the reference time horizon of the test.

In support of the positive results of the probability test on the DTAs recognised for each of the above categories, please note that:

- Intesa Sanpaolo’s results show a steady improvement. Net of dividends (which are in fact irrelevant for the purposes of determining taxable income), both the net interest and other banking income and gross income improved on the previous year, confirming Intesa Sanpaolo's solid track record in terms of profitability;
- the forecast data from 2025 onwards on which the estimate is based also prudently reflect, as already mentioned, unfavourable scenarios compared to the baseline scenario;
- all scenarios, including the adverse one described earlier, during the period covered by the Forecasts, show an improvement in Intesa Sanpaolo's taxable profit;
- for the purposes of additional prudence, when performing the probability test, the taxable profit for the years where no specific estimate of future profits is available, even when there is a trend of growth in profits, is assumed to be equal (i.e. not increasing with respect) to the taxable profit of the last year covered by the Forecasts;
- in any event, the future earnings estimates used for the probability test are updated at least annually to take account of intervening changes in the market scenarios;
- under the current Italian regulations, tax losses can be carried forward without time limits (Article 84, Income Tax Code);
- the negative taxable income does not derive from a natural “inability” to generate taxable income, but rather from some rules specific to the Italian tax system, which resulted in deferred tax assets whose reversals penalised and will continue to penalise (but only up to 2029) the taxable income (accrual of adjustments to loans not deducted until 2014; accrual of expected credit losses on loans to customers recognised as a result the IFRS 9 FTA; and repeated deferral of the start of the recovery period for goodwill realigned for payment);
- almost all the deferred tax assets on tax losses relate to the entities acquired by Intesa Sanpaolo and arose prior to the acquisition by Intesa Sanpaolo.

Therefore, the prospects for recovery resulting from the estimates are considered to meet the “probability of recovery” requirement of IAS 12.

11.8 Other information

There is no other information to be noted in addition to the above.

SECTION 12 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES - CAPTION 120 OF ASSETS AND 70 OF LIABILITIES

12.1 Non-current assets held for sale and discontinued operations: breakdown by type of asset

(millions of euro)

Captions	31.12.2024	31.12.2023
A. Non-current assets held for sale		
A.1 Financial assets	42	139
A.2 Investments in associates and companies subject to joint control	50	50
A.3 Property and equipment	575	75
of which: resulting from the enforcement of guarantees	*15*	*4*
A.4 Intangible assets	-	-
A.5 Other	-	-
Total A	**667**	**264**
of which measured at cost	***91***	***213***
of which Fair value level 1	***-***	***-***
of which Fair value level 2	***-***	***-***
of which Fair value level 3	***576***	***51***
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated at fair value	-	-
- Other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortised cost	-	-
B.4 Investments in associates and companies subject to joint control	-	-
B.5 Property and equipment	-	-
of which: resulting from the enforcement of guarantees	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total B	**-**	**-**
of which measured at cost	***-***	***-***
of which Fair value level 1	***-***	***-***
of which Fair value level 2	***-***	***-***
of which Fair value level 3	***-***	***-***
C. Liabilities associated with non current assets held for sale		
C.1 Debts	-	-
C.2 Securities	-	-
C.3 Other	-5	-2
Total C	**-5**	**-2**
of which measured at cost	***-5***	***-2***
of which Fair value level 1	***-***	***-***
of which Fair value level 2	***-***	***-***
of which Fair value level 3	***-***	***-***
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Allowances	-	-
D.5 Other	-	-
Total D	**-**	**-**
of which measured at cost	***-***	***-***
of which Fair value level 1	***-***	***-***
of which Fair value level 2	***-***	***-***
of which Fair value level 3	***-***	***-***

The table above contains assets and related liabilities which no longer refer to continuing operations as they are being disposed of.

Caption A.1 Financial assets, amounting to 42 million euro net, in addition to 3 million euro in caption C.3 Other liabilities, consists of non-performing loans (329.3 million euro gross, 41.7 million euro net) which will be disposed of as part of operations planned for 2025.
This amount compares with the 139 million euro recorded as at 31 December 2023, which mainly included: portfolios classified as UTP and, for a residual amount, performing loans that were sold in 2024.

A.2 Equity investments amount to 50 million euro as at 31 December 2024 and refer to the investment in Cronos Vita S.p.A.

Caption A.3 Property and equipment comprises an operation of contribution to the Coima Funds of real estate assets for a value of 506 million euro deriving from Intesa Sanpaolo S.p.A., an additional 10 million euro from Immit – Immobili Italiani S.r.l., and from single properties held for sale for 29 million euro.

12.2 Other information

There is no other information to be noted in addition to the above.

SECTION 13 – OTHER ASSETS – CAPTION 130

13.1 Other assets: breakdown

(millions of euro)

Captions		
Amounts to tax authorities		27,417
Amounts to be credited and items under processing		952
Cheques and other instruments held		405
Leasehold improvements		125
Transit items		18
Other		4,822
TOTAL	**31.12.2024**	**33,739**
TOTAL	**31.12.2023**	**31,232**

The sub-caption Amounts due from tax authorities includes 22.5 billion euro in tax credits acquired from customers, of which 11.3 billion euro under the Hold to Collect business model, 3.3 billion euro under the Hold to Collect and Sell business model and 7.9 billion euro under the Other/Trading business model.

The sub-caption “Other” includes the following main components: (i) prepayments and accrued income not reallocated of 396 million euro; (ii) costs incurred to obtain and execute contracts with customers for an amount of 680 million euro, mainly referring to costs for bonuses capitalised by Fideuram – Intesa Sanpaolo Private Banking (and, therefore, subject to amortisation for 85 million euro); and (iii) pursuant to paragraphs 116 and following of IFRS 15, operating loans and receivables, i.e. loans for operations connected with the provision of non-financial activities and services, amounting to 94 million euro.

LIABILITIES

SECTION 1 – FINANCIAL LIABILITIES MEASURED AT AMORTISED COST – CAPTION 10

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

(millions of euro)

Transaction type/Amount	31.12.2024				31.12.2023			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Due to central banks	**1,231**	**X**	**X**	**X**	**48,089**	**X**	**X**	**X**
2. Due to banks	**44,563**	**X**	**X**	**X**	**45,153**	**X**	**X**	**X**
2.1 Current accounts and on demand deposits	4,546	X	X	X	3,526	X	X	X
2.2 Time deposits	3,127	X	X	X	3,409	X	X	X
2.3 Loans	28,102	X	X	X	27,817	X	X	X
2.3.1 Repurchase agreements	*23,067*	*X*	*X*	*X*	*21,911*	*X*	*X*	*X*
2.3.2 Other	*5,035*	*X*	*X*	*X*	*5,906*	*X*	*X*	*X*
2.4 Debts for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	3	X	X	X	4	X	X	X
2.6 Other debts	8,785	X	X	X	10,397	X	X	X
Total	**45,794**	**-**	**33,581**	**12,139**	**93,242**	**-**	**78,724**	**14,351**

The illustration of the criteria used to determine the fair value is contained in Part A – Accounting policies.

The total amount of Financial liabilities measured at amortised cost – due to banks as at 31 December 2024 of 45,794 million euro (93,242 million euro as at 31 December 2023) consisted of 44,944 million euro attributable to the “Banking Group”, 710 million euro to the “Insurance Companies”, and 140 million euro to “Other Companies”; as at 31 December 2023 these amounts were 92,345 million euro, 741 million euro and 156 million euro respectively.
As at 31 December 2023, the caption “Amounts due to Central Banks” included the balance of TLTRO financing operations for a total of 45 billion euro.

Repurchase agreements related to assets sold not derecognised are detailed in Part E – Section E – Sales of the Notes to the financial statements.
The Group’s repurchase agreements shown in the table include long-term repurchase agreements with a total carrying amount of 200 million euro, attributable to Fideuram – Intesa Sanpaolo Private Banking for de-risking transactions completed in previous years with the twofold aim of both funding the bank’s operations (through repurchase transactions) and reducing the credit risks associated with the portfolio of securities issued (also through the acquisition of financial guarantees). The transactions have a non-replaceable underlying portfolio of Italian government bonds (with maturities from 2031 to 2033) hedged against interest rate risk through interest rate swap contracts and against credit risk through credit default swap contracts, already recorded in the financial statements at the time of execution of the repurchase transactions and recognised under financial assets measured at amortised cost. The nominal value and the maturity date of the repurchase agreements are the same as that of the securities.
For recognition purposes, an assessment was conducted aimed at understanding the purpose underlying the contractual agreements, taking into account the instructions provided by the Supervisory Authorities in Bank of Italy/Consob/IVASS Document No. 6 of 8 March 2013, “Accounting treatment of ‘long-term structured repurchase agreements’.”
The analysis focused on the structure, cash flows and risks associated with the transactions and was aimed at verifying whether the cases described above were similar to the long-term structured repurchase agreements described in the above Document, and, in order to be compliant with the principle of the prevalence of substance over form, whether the indicators referred in paragraph B.6 of the Guidance on Implementing IFRS 9, according to which the transaction may be considered substantially similar to a credit derivative contract, and, in particular, a credit default swap, were present.
The case described above consists of repurchase agreements that are not concurrent with the purchases of the securities, because they were already present in the portfolio. In addition, buying securities and entering into the related hedging derivatives occurred with market counterparties other than those with which the repurchase agreements were entered into.
The credit risk was also closed with financial guarantees.
Consequently, the analysis shows elements of differentiation from the long-term structured repurchase agreements described in the aforementioned Document, supporting the inapplicability of the guidelines provided in paragraph B.6 of the Guidance on Implementing IFRS 9, with the result that the transactions must be recognised in the financial statements with the individual contractual components shown separately.

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

(millions of euro)

Transaction type/Amount	31.12.2024				31.12.2023			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Current accounts and on demand deposits	**360,537**	**X**	**X**	**X**	**364,906**	**X**	**X**	**X**
2. Time deposits	**48,502**	**X**	**X**	**X**	**43,004**	**X**	**X**	**X**
3. Loans	**22,094**	**X**	**X**	**X**	**18,042**	**X**	**X**	**X**
3.1 Repurchase agreements	15,642	X	X	X	13,009	X	X	X
3.2 Other	6,452	X	X	X	5,033	X	X	X
4. Debts for commitments to repurchase own equity instruments	**183**	**X**	**X**	**X**	**199**	**X**	**X**	**X**
5. Lease liabilities	**1,094**	**X**	**X**	**X**	**1,213**	**X**	**X**	**X**
6. Other debts	**11,047**	**X**	**X**	**X**	**13,085**	**X**	**X**	**X**
Total	**443,457**	**-**	**414,134**	**29,102**	**440,449**	**-**	**413,014**	**27,304**

The total amount of the Financial liabilities measured at amortised cost – due to customers as at 31 December 2024 of 443,457 million euro (440,449 million euro as at 31 December 2023) consisted of 443,339 million euro attributable to the “Banking Group” and 118 million euro to the “Insurance Companies”. As at 31 December 2023 those amounts were 440,312 million euro and 137 million euro, respectively.
Repurchase agreements related to financial assets sold not derecognised are detailed in Part E – Section E Sales of the Notes to the financial statements.

1.3 Financial liabilities measured at amortised cost: breakdown of securities issued

(millions of euro)

Transaction type/Amount	31.12.2024				31.12.2023			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. bonds	92,793	58,993	35,831	-	91,805	60,128	32,185	-
1.1 structured	*852*	*182*	*697*	-	*1,199*	*109*	*1,111*	-
1.2 other	*91,941*	*58,811*	*35,134*	-	*90,606*	*60,019*	*31,074*	-
2. other	17,576	-	16,406	1,170	16,623	-	15,040	1,583
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	*17,576*	-	*16,406*	*1,170*	*16,623*	-	*15,040*	*1,583*
Total	**110,369**	**58,993**	**52,237**	**1,170**	**108,428**	**60,128**	**47,225**	**1,583**

The total amount of the Financial liabilities measured at amortised cost – securities issued as at 31 December 2024 of 110,369 million euro (108,428 million euro as at 31 December 2023) consisted of 109,764 million euro attributable to the “Banking Group”, 587 million euro to the “Insurance Companies”, and 18 million euro to “Other Companies”. As at 31 December 2023 these amounts were 107,092 million euro, 1,327 million euro and 9 million euro, respectively.

1.4 Details of subordinated debts/securities

As at 31 December 2024 subordinated debts amounted to 608 million euro, entirely attributable to the Insurance Companies, and in particular to Intesa Sanpaolo Assicurazioni.
As at the reporting date, subordinated securities issued amounted to 12,378 million euro, of which 11,791 million euro attributable to the Parent Company and 587 million euro to the Insurance Companies.

1.5 Details of structured debts

As at 31 December 2024 there were no structured debts.

1.6 Lease payables

As at 31 December 2024 lease payables amounted to 1,097 million euro, of which 221 million euro maturing within one year, 560 million euro maturing within 1 to 5 years and 316 million euro maturing in over 5 years.
Lease payables comprise 1,094 million euro referring to customer counterparties and 3 million euro to bank counterparties.
These derive from the application of the financial reporting standard IFRS 16 relating to Leases, with effect from 1 January 2019.

SECTION 2 – FINANCIAL LIABILITIES HELD FOR TRADING – CAPTION 20

2.1 Financial liabilities held for trading: breakdown

(millions of euro)

Transaction type/Amount	31.12.2024					31.12.2023				
	Nominal or notional amount	Fair value			Fair value (*)	Nominal or notional amount	Fair value			Fair value (*)
		Level 1	Level 2	Level 3			Level1	Level 2	Level 3	
A. Cash liabilities										
1. Due to banks	**4,276**	**4,321**	**15**	**-**	**4,336**	**5,367**	**4,569**	**671**	**-**	**5,239**
2. Due to customers	**2,953**	**2,254**	**673**	**-**	**2,928**	**3,513**	**3,141**	**333**	**-**	**3,474**
3. Debt securities	**1,431**	**-**	**1,392**	**-**	**X**	**2,362**	**-**	**2,262**	**-**	**X**
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Structured	*-*	*-*	*-*	*-*	*X*	*-*	*-*	*-*	*-*	*X*
3.1.2 Other bonds	*-*	*-*	*-*	*-*	*X*	*-*	*-*	*-*	*-*	*X*
3.2 Other	1,431	-	1,392	-	X	2,362	-	2,262	-	X
3.2.1 Structured	*1,431*	*-*	*1,392*	*-*	*X*	*2,362*	*-*	*2,262*	*-*	*X*
3.2.2 Other	*-*	*-*	*-*	*-*	*X*	*-*	*-*	*-*	*-*	*X*
Total A	**8,660**	**6,575**	**2,080**	**-**	**7,264**	**11,242**	**7,710**	**3,266**	**-**	**8,713**
B. Derivatives										
1. Financial derivatives	**X**	**315**	**30,849**	**10**	**X**	**X**	**119**	**31,208**	**50**	**X**
1.1 Trading	X	315	30,837	10	X	X	119	31,191	50	X
1.2 Fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	12	-	X	X	-	17	-	X
2. Credit derivatives	**X**	**-**	**3,053**	**-**	**X**	**X**	**-**	**1,140**	**-**	**X**
2.1 Trading	X	-	3,053	-	X	X	-	1,140	-	X
2.2 Fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**315**	**33,902**	**10**	**X**	**X**	**119**	**32,348**	**50**	**X**
Total (A+B)	**8,660**	**6,890**	**35,982**	**10**	**X**	**11,242**	**7,829**	**35,614**	**50**	**X**

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

The total amount of Financial liabilities held for trading as at 31 December 2024 of 42,882 million euro (43,493 million euro as at 31 December 2023) consisted of 42,866 million euro attributable to the “Banking Group” and 16 million euro to the “Insurance Companies”. As at 31 December 2023 those amounts consisted of 43,486 million euro attributable to the “Banking Group” and 7 million euro to the “Insurance Companies”.
Amounts due to banks and customers consist entirely of short selling of securities.
The aggregate 3.2.1 Other structured securities consists entirely of securitised derivatives (certificates) which provide for partial or full redemption of the premiums paid on maturity, pursuant to Bank of Italy Communication of 21 October 2014, issued by the Group throughout 2019.
Derivative instruments include 7,650 million euro in certificates with characteristics similar to financial derivative instruments due to the prevalence of market risks in relation to the return of the premiums paid.
The changes in fair value recorded during the year due to the change in its own credit rating were positive by 5 million euro and related to Derivatives and Debt securities – Other.
The values of Derivative Instruments as at 31 December 2024 include the results of the offsetting of accounts between positive and negative gross balances of hedging derivatives undertaken with the legal clearing agent LCH Ltd. as they meet the requirements set out in IAS 32, paragraph 42.

2.2 Breakdown of “Financial liabilities held for trading”: subordinated liabilities

The aggregate Financial liabilities held for trading includes subordinated liabilities represented by Due to banks for 383 million euro and Due to customers for 46 million euro.

2.3 Breakdown of “Financial liabilities held for trading”: structured debts

As at 31 December 2024, structured debts classified under Financial liabilities held for trading amounted to 1 million euro due to customers and 9 million euro due to banks, attributable to 4 million euro of short selling of fixed-rate bonds indexed to inflation, as an additional component, and 6 million euro of short-selling of convertible bonds.

SECTION 3 – FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE – CAPTION 30

3.1 Financial liabilities designated at fair value: breakdown

(millions of euro)

Transaction type/Amount	31.12.2024					31.12.2023				
	Nominal value	Fair value			Fair value (*)	Nominal value	Fair value			Fair value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
1. Due to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- commitments to disburse funds	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
- financial guarantees given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
2. Due to customers	**50,652**	**-**	**50,651**	**-**	**50,651**	**51,443**	**-**	**51,442**	**-**	**51,442**
2.1 Structured	6	-	5	-	X	5	-	4	-	X
2.2 Other	50,646	-	50,646	-	X	51,438	-	51,438	-	X
of which:										
- commitments to disburse funds	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
- financial guarantees given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
3. Debt securities	**23,404**	**1,488**	**21,868**	**76**	**23,159**	**21,725**	**91**	**21,218**	**31**	**21,165**
3.1 Structured	23,404	1,488	21,868	76	X	21,725	91	21,218	31	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	**74,056**	**1,488**	**72,519**	**76**	**73,810**	**73,168**	**91**	**72,660**	**31**	**72,607**

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

The total amount of the Financial liabilities designated at fair value as at 31 December 2024 of 74,083 million euro (72,782 million euro as at 31 December 2023) consisted of 23,437 million euro attributable to the "Banking Group" and 50,646 million euro to the "Insurance Companies". As at 31 December 2023 those amounts were 21,344 million euro and 51,438 million euro, respectively.

The Group has classified the LECOIP 3.0 for the employment agreements, terminated early, of employees of Group companies and life policies connected to social initiatives, managed by the Bank based on fair value, under Amounts due to customers.

Sub-caption 3.1 Debt securities – Structured comprised certificates which provide for partial or full redemption of the premiums paid on maturity, pursuant to Bank of Italy Communication of 21 October 2014 (certificates with guaranteed or protected capital). As they were issued after 1 January 2020, these are classified under Financial liabilities designated at fair value (Fair Value Option), as a result of the Bank's implementation of a business model based on a banking book approach, with the goal of generating stable inflows.
Certificates representing Financial liabilities designated at fair value record the related changes in fair value attributable to changes in own credit risk in the Statement of comprehensive income (shareholders' equity). Changes in the Bank's own credit rating during the year were negative by 98 million euro.

3.1 Financial liabilities designated at fair value: breakdown *(of which: Banking Group)*

(millions of euro)

Transaction type/Amount	31.12.2024					31.12.2023				
	Nominal value	Fair value			Fair value (*)	Nominal value	Fair value			Fair value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
1. Due to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- commitments to disburse funds	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
- financial guarantees given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
2. Due to customers	**6**	**-**	**5**	**-**	**5**	**5**	**-**	**4**	**-**	**4**
2.1 Structured	6	-	5	-	X	5	-	4	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- commitments to disburse funds	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
- financial guarantees given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
3. Debt securities	**23,404**	**1,488**	**21,868**	**76**	**23,159**	**21,725**	**91**	**21,218**	**31**	**21,165**
3.1 Structured	23,404	1,488	21,868	76	X	21,725	91	21,218	31	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	**23,410**	**1,488**	**21,873**	**76**	**23,164**	**21,730**	**91**	**21,222**	**31**	**21,169**

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

3.1 Financial liabilities designated at fair value: breakdown *(of which: Insurance Companies)*

(millions of euro)

Transaction type/Amount	31.12.2024					31.12.2023				
	Nominal value	Fair value			Fair value (*)	Nominal value	Fair value			Fair value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
1. Due to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- commitments to disburse funds	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
- financial guarantees given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
2. Due to customers	**50,646**	**-**	**50,646**	**-**	**50,646**	**51,438**	**-**	**51,438**	**-**	**51,438**
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	50,646	-	50,646	-	X	51,438	-	51,438	-	X
of which:										
- commitments to disburse funds	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
- financial guarantees given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
3. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	**50,646**	**-**	**50,646**	**-**	**50,646**	**51,438**	**-**	**51,438**	**-**	**51,438**

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

3.2 Breakdown of “Financial liabilities designated at fair value”: subordinated liabilities

As at 31 December 2024, the Group did not have any subordinated liabilities classified under Financial liabilities designated at fair value.

SECTION 4 – HEDGING DERIVATIVES – CAPTION 40

4.1 Hedging derivatives: breakdown by type of hedge and level

(millions of euro)

	31.12.2024			Notional value	31.12.2023			Notional value
	Fair value				Fair value			
	Level 1	Level 2	Level 3	31.12.2024	Level 1	Level 2	Level 3	31.12.2023
A. Financial derivatives	**-**	**4,410**	**-**	**210,950**	**-**	**5,188**	**-**	**226,301**
1) Fair value	-	4,315	-	204,427	-	4,978	-	214,267
2) Cash flows	-	95	-	6,523	-	210	-	12,034
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**4,410**	**-**	**210,950**	**-**	**5,188**	**-**	**226,301**

The total amount of the hedging derivatives as at 31 December 2024 of 4,410 million euro (5,188 million euro as at 31 December 2023) consisted of 4,363 million euro for the "Banking Group" and 47 million euro for the "Insurance Companies". As at 31 December 2023, those amounts were 5,105 million euro and 83 million euro respectively.

As the gross negative fair value of Hedging derivatives implemented with the legal clearing agent LCH Ltd. meets the requirements set out for offsetting between gross positive and negative balances pursuant to IAS 32, paragraph 42, it was subject to offsetting, with recognition of the net fair value under Financial liabilities held for trading.

4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

(millions of euro)

Transactions/Type of hedge	FAIR VALUE							CASH FLOW		FOREIGN INVESTM.
	Specific						Generic	Specific	Generic	
	debt securities and interest rates	equities and stock indices	foreign exchange rates and gold	credit risk	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	597	-	20	-	X	X	X	47	X	X
2. Financial assets measured at amortised cost	1,242	X	195	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	976	X	3	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**1,839**	**-**	**215**	**-**	**-**	**-**	**976**	**47**	**3**	**-**
1. Financial liabilities	238	X	292	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	755	X	45	X
Total liabilities	**238**	**-**	**292**	**-**	**-**	**-**	**755**	**-**	**45**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	-	X	-	-

The table indicates negative fair values of hedging derivatives, broken down in relation to asset or liability hedged and type of hedge.
Considering the values gross of netting in the financial statements, these continue to refer mainly to macro fair value hedges of core deposits as well as micro-hedges of liabilities issued and debt securities under assets. Cash flow hedges refer to funding through floating-rate securities issued, and in particular macro hedges, to the extent used to fund fixed-rate investments.

SECTION 5 – FAIR VALUE CHANGE OF FINANCIAL LIABILITIES IN HEDGED PORTFOLIOS – CAPTION 50

5.1 Fair value change of hedged liabilities

(millions of euro)

Fair value change of hedged liabilities/Group members	31.12.2024	31.12.2023
1. Positive fair value change of financial liabilities	1,625	13
2. Negative fair value change of financial liabilities	-3,444	-3,980
Total	**-1,819**	**-3,967**

The balance of the changes in value of liabilities subject to macrohedging against interest rate risk is recorded in this caption. For the application, the option envisaged by IFRS 9 to continue to apply the provisions permitted by the IAS 39 carve out was applied.
The lower negative balance compared to 31 December 2023 of the fair value change of financial liabilities in hedged portfolios from interest rate risk was due to the reduction in interest rates in 2024.

SECTION 6 – TAX LIABILITIES – CAPTION 60

For information on this section, see Section 11 of Assets.

SECTION 7 – LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS – CAPTION 70

For information on this section, see Section 12 of Assets.

SECTION 8 – OTHER LIABILITIES – CAPTION 80

8.1 Other liabilities: breakdown

(millions of euro)

Captions		
Amounts to be credited and items under processing		2,944
Due to tax authorities		2,669
Due to suppliers		1,752
Amounts due to third parties		288
Personnel charges		251
Due to social security entities		241
Other		6,869
TOTAL	**31.12.2024**	**15,014**
TOTAL	**31.12.2023**	**12,741**

The sub-caption “Other” includes the following main components: (i) unallocated accrued expenses and deferred income of 537 million euro; and (ii) payables to private bankers of 801 million euro.
That sub-caption also includes, as required by paragraph 116 a) of IFRS 15, liabilities arising from contracts with customers of 129 million euro.

SECTION 9 – EMPLOYEE TERMINATION INDEMNITIES – CAPTION 90

9.1 Employee termination indemnities: annual changes

(millions of euro)

	31.12.2024	31.12.2023
A. Initial amount	**767**	**852**
B. Increases	**70**	**70**
B.1 Provisions in the year	27	31
B.2 Other	43	39
- of which business combinations	-	-
C. Decreases	**-131**	**-155**
C.1 Benefits paid	-85	-100
C.2 Other	-46	-55
- of which business combinations	-	-
D. Final amount	**706**	**767**
Total	**706**	**767**

C.1. refers to benefits paid as at 31 December 2024.
For greater detail on actuarial calculations, see Section 10.5 – Post employment defined benefit plans.

9.2 Other information

The present value of employee termination indemnities qualifying as unfunded defined benefit plans totalled 706 million euro at the end of December 2024, while at the end of 2023 it amounted to 767 million euro.

SECTION 10 – ALLOWANCES FOR RISKS AND CHARGES – CAPTION 100

10.1 Allowances for risks and charges: breakdown

(millions of euro)

Captions/Components	31.12.2024	31.12.2023
1. Allowances for credit risk associated with commitments and financial guarantees given	**601**	**524**
2. Allowances on other commitments and other guarantees given	**-**	**-**
3. Post-employment benefits	**98**	**98**
4. Other allowances for risks and charges	**4,186**	**3,901**
4.1 legal disputes	795	882
4.2 personnel charges	2,146	2,042
4.3 other	1,245	977
Total	**4,885**	**4,523**

There are no amounts attributable to the caption “2 – Allowances on other commitments and other guarantees given”.
The contents of caption “4. Other allowances for risks and charges” are illustrated in point 10.6 below.

10.2 Allowances for risks and charges: annual changes

(millions of euro)

Captions	Allowances on other commitments and other guarantees given	Post-employment benefits	Other allowances for risks and charges	Total
A. Initial amount	**-**	**98**	**3,901**	**3,999**
B. Increases	**-**	**31**	**2,221**	**2,252**
B.1 Provisions in the year	-	10	2,114	2,124
B.2 Time value changes	-	2	45	47
B.3 Changes due to discount rate variations	-	-	14	14
B.4 Other	-	19	48	67
- of which business combinations	-	-	*16*	*16*
C. Decreases	**-**	**-31**	**-1,936**	**-1,967**
C.1 Uses in the year	-	-11	-1,825	-1,836
C.2 Changes due to discount rate variations	-	-	-	-
C.3 Other	-	-20	-111	-131
- of which business combinations	-	-	-	-
D. Final amount	**-**	**98**	**4,186**	**4,284**

As specified in the comment to the previous table, there are no amounts attributable to the caption “Allowances on other commitments and other guarantees given”.
“Other allowances for risks and charges” include net provisions of 587 million euro to caption 200, letter b) of the income statement and net provisions to other income statement captions, for the residual amount. These include allowances regarding staff leaving incentives, including those relating to the agreement signed with the trade unions on 23 October 2024. Uses refer almost entirely to payments.

10.3 Allowances for credit risk associated with commitments and financial guarantees given

(millions of euro)

	Allowances for credit risk associated with commitments and financial guarantees given				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total
1. Commitments to disburse funds	58	54	49	-	161
2. Financial guarantees given	124	38	278	-	440
Total	**182**	**92**	**327**	**-**	**601**

10.4 Allowances on other commitments and other guarantees given

As at 31 December 2024, there were no allowances on other commitments and guarantees given.

10.5 Post-employment defined benefit plans

1. Illustration of the characteristics of the funds and related risks

As already illustrated in Part A – Accounting policies, for defined benefit plans, the liability of the Bank, according to IAS 19 “Employee Benefits”, is determined via the “projected unit credit method” by an independent actuary. The liability is recognised net of any plan assets of each Pension Fund and the actuarial gains and losses calculated in the valuation process for the plans are recognised in the statement of comprehensive income and, therefore, in shareholders’ equity.

The defined benefit supplementary pension plans, in which the Intesa Sanpaolo Group companies are co-obliged, can be distinguished in:
– internal funds;
– external funds.

Internal funds include:
– Three defined benefit plans in force for the London branch, relating to the former Cariplo, Banca Commerciale Italiana and Banco Ambrosiano Veneto branches. The private pension funds have been set up by the UK employers to integrate the levels of the local state pension, which has always been very low. The London branches of Cariplo, Banca Commerciale Italiana and Banco Ambrosiano Veneto set up defined benefit plans for their employees at the time of their opening, under the form of Trusts incorporated under English law and managed by Boards of Trustees, appointed partly by the employers and partly by beneficiaries. Such funds are operational for employees hired until the end of 1999 for Banco Ambrosiano Veneto and Cariplo and until the end of 2000 for Banca Commerciale Italiana. In general, all funds guarantee a pension payable when the beneficiary turns 65 and the benefit is determined, with different rules for the various funds, on the basis of the annual gross wage received in the last year of service;
– post-retirement medical plan and other benefits for employees of Bank of Alexandria (Egypt): defined benefit plans providing health coverage and other benefits to employees, even after retirement. The bank is responsible for the costs and risks related to the disbursement of said benefits;
– defined benefit plans in effect within Banca Intesa Beograd: these are long-term benefits established by the Collective Contract (which refers to provisions of law in the Republic of Serbia) for employees in service to be paid upon termination of employment.

External funds include:
– the Intesa Sanpaolo Group Defined-Benefit Fund “Fondo Pensione a Prestazione definita del Gruppo Intesa Sanpaolo”, the name given to the former Supplementary Pension Fund for the Employees of Banco di Napoli “Fondo Pensione Complementare per il Personale del Banco di Napoli – Sezione A”, identified as a collector of other “defined benefit” forms under the reorganisation and rationalisation of the existing pension schemes within the Intesa Sanpaolo Group, with protection of the rights of the (active and retired) subscribers. To this end, the “Fund” – in the virtually separated sections – has been assigned the asset captions contained in the financial statements of the pre-existing pension schemes, in order to ensure full coverage of the supplementary benefits. For that reason, with regard to this Pension Fund, liabilities to be recorded in the financial statements (net of the plan assets) are calculated section by section, considering the specific characteristics of each base. The Fund, which is a legal entity with independently managed assets, includes the following: employees enrolled in the plan and other beneficiaries from former Banco di Napoli; retired employees receiving Supplementary Pension Cheques, formerly the Sanpaolo IMI internal fund; retired employees from the former Banca Nazionale delle Comunicazioni; current and retired employees of Cassa di Risparmio in Bologna, formerly enrolled in the Complementary pension fund for the employees of said bank, transferred to the Fund in question in 2004; retired employees of the Complementary pension fund of the former Fin.Opi, transferred to the Fund in question on 1 June 2005; current and retired employees of the former Banca Popolare dell’Adriatico, formerly enrolled in the Pension fund for the employees of Banca Popolare dell’Adriatico, transferred to the Fund in question on 30 June 2006; retired employees of Cassa di Risparmio di Udine e Pordenone, formerly enrolled in the Complementary pension fund for the employees of said bank, transferred to the Fund in question in 2006; retired employees of Cassa di Risparmio di Forlì, formerly enrolled in the Complementary pension fund for the employees of said bank, transferred to the Fund in question on 1 January 2007; retired employees of the former Carive internal Fund, transferred to the Fund in question on 1 January 2008; retired employees of the former CR Firenze FIP internal fund, transferred to the Fund in question on 1 January 2010; retired employees of Cassa di Risparmio di Pistoia e Pescia internal fund, transferred to the Fund in question on 1 September 2012; retired tax-collection personnel of the Supplementary pension fund for tax-collection personnel formerly employed by Cariplo, transferred to the Fund in question on 1 January 2015; retired employees formerly enrolled in the Complementary pension fund for employees of Mediocredito Lombardo S.p.A., transferred to the Fund in question on 1 January 2015; retired employees formerly enrolled in the Pension Fund for key Managers, former Key Managers and entitled parties of former Comit, transferred to the Fund in question on 1 January 2015; retired employees formerly enrolled in the “Casse del Centro” Pension Funds, in particular those enrolled in the Supplementary INPS benefits fund for the compulsory insurance for invalidity, old-age and survivors for personnel of Cassa di Risparmio di Città di Castello, Supplementary INPS benefits fund for the compulsory insurance for invalidity, old-age and survivors for personnel of Cassa di Risparmio di Foligno, Company complementary pension AGO fund for employees of Cassa di Risparmio di Spoleto, Supplementary/complementary pension fund for the mandatory pension for employees of Cassa di Risparmio di Rieti, Pension fund for the Employees of Cassa di Risparmio della Provincia di Viterbo and Company supplementary pension fund for employees of Cassa di Risparmio di Ascoli Piceno, transferred to the Fund in question on 1 January 2015; retired employees formerly enrolled in the Company complementary pension fund of INPS benefits for employees of Cassa di Risparmio di Civitavecchia, transferred to the Fund in question on 1 January 2015; retired employees formerly enrolled in the Supplementary fund of SIL – Società Italiana Leasing S.p.A., transferred to the Fund in question on 1 January 2015; retired employees formerly enrolled in the Complementary Pension Fund for the personnel of Banca Monte Parma, transferred to the Fund in question on 1 January 2016; employees and retired employees formerly enrolled in the Pension Fund for the personnel of the former Crediop hired before 30 September

1989, transferred to the Fund in question on 1 January 2016; retired employees formerly enrolled in the Supplementary Pension Fund for the personnel of Cassa di Risparmio di Mirandola, transferred to the Fund in question on 1 April 2016; retired employees formerly enrolled in the Pension Fund for the Personnel of the former Cassa di Risparmio di Prato transferred to the Fund in question on 1 May 2018; retired employees formerly enrolled in the Defined Benefit Plan of the former Cassa di Risparmio di Fabriano e Cupramontana transferred to the Fund in question on 1 May 2018; current and retired employees of the Supplementary pension fund for the personnel of Istituto Bancario Sanpaolo di Torino, transferred to the Fund in question on 1 January 2019; retired employees of the Supplementary pension fund for the personnel of Cassa di Risparmio di Padova e Rovigo, transferred to the Fund in question on 1 July 2019; employees and retired employees formerly enrolled in the former UBI Banca internal Funds – which include the Funds relating to the former Centrobanca (former Supplementary Pension Fund for employees of Centrobanca – former Banca Centrale di Credito Popolare S.p.A.), former Banca Regionale Europea (former Fund for the personnel of Banca Regionale Europea from the former Banca del Monte di Lombardia and the former Cassa di Risparmio di Cuneo), former Carime (former Fund of the former Cassa di Risparmio di Calabria e Lucania, Fund of the former Cassa di Risparmio di Puglia, Fund of the former Cassa di Risparmio Salernitana) and former Banca Adriatica (former Retirement Fund for the personnel of the loans business line of the former Cassa di Risparmio di Macerata S.p.A., Retirement Fund for the personnel of the former Banca Ca.Ri.Ma. transferred to Se.Ri.Ma. – now Equitalia Servizi di Riscossione S.p.A., Retirement Fund for the personnel of the former Mediocredito Fondiario Centro Italia S.p.A., Retirement Fund for personnel in the tax-collection segment of the former Cassa di Risparmio di Pesaro, Retirement Fund for the personnel of the former Cassa di Risparmio di Jesi, Retirement Fund for personnel in the tax-collection segment of the former Cassa di Risparmio di Pesaro S.p.A. transferred to the former SE.RI.T. S.p.A.) – transferred to the Fund in question on 1 July 2022; retired employees formerly enrolled in the Pension Fund of the former UBI Banca Group of the former Banca Popolare di Bergamo and its subsidiaries, transferred to the Fund in question on 1 September 2022; retired employees formerly enrolled in the Pension Fund for the Personnel of the former Banca Popolare di Ancona and its subsidiaries, transferred to the fund in question on 1 September 2022; and employees and retired employees formerly enrolled in the former Pension Fund of the Cassa di Risparmio di Firenze, transferred to the Fund in question on 1 January 2023.
It should be clarified that the Articles of Association of the Group Defined-Benefit Fund of the Intesa Sanpaolo Group provide for the immediate settlement by the co-obligated Banks, if sections of the Fund present a technical imbalance determined according to the statutory methodology (without prejudice to provisions to the contrary in trade union agreements). Any outlays to settle the technical imbalance to be made in the next year will be determined at the time the financial statements of the Fund are approved, which is scheduled for June 2025;

- Pension fund for the employees of Cariplo, a fund with legal status and full economic independence, whose aim is to guarantee supplementary pension treatment in addition to AGO cheques to former Cariplo employees already retired on 30 June 1998;
- a defined benefit plan at the New York branch: the fund was established in 1977 by the branch of Banca Commerciale Italiana and guarantees a pension treatment to all the employees resident in the United States who have been in service at the Bank for at least 5 years. The benefit is considered to be accrued even if the employment relationship ceases in advance. The benefit is calculated based on the highest average wage considering three consecutive years out of the last 10 years of service, or, if the employment relationship ceases before, based on the average wage in the last three years of service. The fund is fully managed by Prudential;
- an employee pension plan of REYL & Cie S.A.: the plan provides supplementary benefits when the pension is due or in the event of an unfavourable event (disability and death) under the local social security provisions (LPP); the obligations are covered by dedicated assets, managed through a contractual relationship between the company and La Collective de Prévoyance - Copré, Geneva;
- an employee pension plan of Alpian S.A.: the plan provides supplementary benefits when the pension is due or in the event of an unfavourable event (disability and death) under the local social security provisions (LPP); the obligations are covered by dedicated assets, managed through a contractual relationship between the company and La Collective de Prévoyance - Copré, Geneva.

On 5 December 2017, Intesa Sanpaolo S.p.A., also in its capacity as Parent Company, signed an agreement with the Trade Unions, as Fund Founders, for the integration of the Supplementary Pension Fund for the Personnel of Istituto Bancario San Paolo di Torino into the former Supplementary Pension Fund for the Personnel of Banco di Napoli (now, as previously indicated, the “Fondo pensione a prestazione definita del Gruppo Intesa Sanpaolo”). This agreement also provided for the formulation of an individual capitalisation offer for the supplementary benefits to be made to the participants, which was carried out in the second half of 2018. The subscriptions received over time led to a decrease in the obligation, which, in the current year, amounted to around 2 million euro, partly covered by the Fund’s assets and partly through the use of Funds set up specifically for this purpose by the Bank, under the guarantee given.

With regard to the investment and integrated risk management policies, the Funds verify the level of coverage and the possible outcomes under various scenarios. For this purpose, various investment configurations and portfolio mixes and allocations are defined, in order to satisfy the pension and profitability objectives as adequately as possible.

2. Changes in the year of net liabilities (assets) with defined benefits and redemption rights

(millions of euro)

Pension plan liabilities defined benefit obligations	31.12.2024			31.12.2023		
	Employee termination indemnities	Internal plans	External plans	Employee termination indemnities	Internal plans	External plans
Initial amount	**767**	**154**	**1,089**	**853**	**176**	**1,152**
Current service costs	4	2	9	4	2	7
Recognised past service costs	-	-	-1	-	-	-
Interest expense	23	14	32	27	12	35
Actuarial losses due to changes in financial assumptions	10	-	28	-	3	8
Actuarial losses due to changes in demographic assumptions	1	1	1	-	-	21
Actuarial losses based on past experience	-	15	11	2	2	2
Positive exchange differences	-	5	1	-	2	9
Increases - business combinations	-	-	-	-	-	-
Participants' contributions	X	-	14	X	-	13
Actuarial profits due to changes in financial assumptions	-	-7	-2	-19	-16	-31
Actuarial profits due to changes in demographic assumptions	-	-1	-21	-1	-	-
Actuarial profits based on past experience	-6	-6	-21	-8	-3	-1
Negative exchange differences	-	-20	-3	-	-16	-1
Benefits paid	-85	-9	-116	-100	-8	-115
Decreases - business combinations	-	-	-	-	-	-
Curtailments of the fund	X	-	-	X	-	-
Settlements of the fund	X	-	-	X	-	-
Other increases	32	-	10	36	-	-
Other decreases	-40	-	-	-27	-	-10
Final amount	**706**	**148**	**1,031**	**767**	**154**	**1,089**

Pension plan liabilities defined benefit obligations	31.12.2024			31.12.2023		
	Employee termination indemnities	Internal plans	External plans	Employee termination indemnities	Internal plans	External plans
Unfunded plans	706	33	-	767	60	-
Partly funded plans	-	-	-	-	-	-
Wholly funded plans	-	115	1,031	-	94	1,089

The actuarial gains recognised due to changes in demographic assumptions mainly depend on the updating of mortality rates of the general population of Italy. Actuarial losses recognised due to changes in financial assumptions are mainly due to the decrease in the discount rate.

3. Information on the fair value of plan assets

The following tables show the changes in plan assets for certain defined benefit plans and their composition.

(millions of euro)

Plan assets	31.12.2024		31.12.2023	
	Internal plans	External plans	Internal plans	External plans
Initial amount	**124**	**1,075**	**137**	**1,066**
Return on assets net of interest	-3	50	-21	35
Interest income	5	29	4	31
Positive exchange differences	6	1	3	8
Increases - business combinations	-	-	-	-
Employer contributions	2	10	3	42
Participants' contributions	-	14	-	13
Negative exchange differences	-	-2	-	-
Decreases - business combinations	-	-	-	-
Benefits paid	-3	-116	-3	-115
Curtailments of the fund	-	-	-	-
Settlements of the fund	-	-	-	-
Other changes	1	13	1	-5
Final amount	**132**	**1,074**	**124**	**1,075**

(millions of euro)

Plan assets: additional information	31.12.2024				31.12.2023			
	Internal plans	%	External plans	%	Internal plans	%	External plans	%
Equities	**-**	**-**	**291**	**27.1**	**-**	**-**	**311**	**28.9**
- of which level-1 fair value	-		261		-		282	
Mutual funds	**-**	**-**	**72**	**6.7**	**-**	**-**	**65**	**6.0**
- of which level-1 fair value	-		30		-	-	17	
Debt securities	**132**	**100.0**	**349**	**32.5**	**121**	**97.6**	**271**	**25.2**
- of which level-1 fair value	132		349		121		271	
Real estate assets and investments in real estate companies	**-**	**-**	**243**	**22.6**	**-**	**-**	**300**	**27.9**
- of which level-1 fair value	-		-		-		-	
Insurance business	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- of which level-1 fair value	-		-		-		-	
Other assets	**-**	**-**	**119**	**11.1**	**3**	**2.4**	**128**	**12.0**
- of which level-1 fair value	-		-		-		-	
TOTAL ASSETS	**132**	**100.0**	**1,074**	**100.0**	**124**	**100.0**	**1,075**	**100.0**

(millions of euro)

Plan assets: additional information	31.12.2024				31.12.2023			
	Internal plans	%	External plans	%	Internal plans	%	External plans	%
Equities	**-**	**-**	**291**	**27.1**	**-**	**-**	**311**	**28.9**
- of which financial companies	-		77		-		65	
- of which non financial companies	-		214		-		246	
Mutual funds	**-**	**-**	**72**	**6.7**	**-**	**-**	**65**	**6.0**
Debt securities	**132**	**100.0**	**348**	**32.4**	**121**	**97.6**	**271**	**25.2**
Government bonds	100		218		81		168	
- of which investment grade	*100*		*217*		*81*		*168*	
- of which speculative grade	-		*1*		-		-	
Financial companies	32		79		40		51	
- of which investment grade	*32*		*75*		*40*		*50*	
- of which speculative grade	-		*4*		-		*1*	
Non Financial companies	-		51		-		52	
- of which investment grade	-		*47*		-		*44*	
- of which speculative grade	-		*4*		-		*8*	
Real estate assets and investments in real estate companies	**-**	**-**	**243**	**22.6**	**-**	**-**	**300**	**27.9**
Insurance business	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets	**-**	**-**	**120**	**11.2**	**3**	**2.4**	**128**	**12.0**
TOTAL ASSETS	**132**	**100.0**	**1,074**	**100.0**	**124**	**100.0**	**1,075**	**100.0**

The difference between net defined benefit liabilities (see the previous disclosure, Table 10.5, point 2) and the plan assets (see the previous disclosure, Table 10.5, point 3) is recognised, based on the criteria illustrated in paragraph 10.5, point 1) above, under the company post-employment plans and, in some cases, under other allowances for risks and charges.
The plans in place at the London branch are subject to the effect of the limitation of the asset ceiling determined pursuant to IFRIC 14, equal to 16 million euro as at 31 December 2024 (30 million euro as at 31 December 2023).

4. Description of the main actuarial assumptions

The table below indicates the actuarial assumptions and interest rates used by the various funds.

Actuarial assumptions	31.12.2024				31.12.2023			
	Discount rate	Expected rate of return	Expected rate of wage rises (a)	Annual inflation rate	Discount rate	Expected rate of return	Expected rate of wage rises (a)	Annual inflation rate
EMPLOYEE TERMINATION INDEMNITIES	from 2.58% to 3.73%	X	from 2.53% to 2.63%	1.9%	from 3.1% to 3.9%	X	from 2.6% to 2.8%	2.1%
INTERNAL PLANS								
- of which Egypt	24.0%	-	7.8%	7.8%	25.3%	-	14.4%	14.4%
- of which England	5.3%	-	2.9%	2.9%	5.3%	-	2.9%	2.9%
- of which Serbia	6.2%	-	7.6%	-	6.3%	-	7.0%	-
EXTERNAL PLANS								
- of which Italy	from 2.9% to 3.1%	4.6%	2.7%	2.0%	from 3.1% to 3.4%	5.1%	3.2%	from 2.1% to 2.7%
- of which USA	5.0%	5.0%	-	-	5.0%	5.0%	-	-
- of which Switzerland	0.8%	1.0%	-	1.0%	1.5%	1.0%	-	1.3%

(a) Net of career developments.

The Intesa Sanpaolo Group primarily uses the Eur Composite AA rate as its discounting rate, weighted by the ratio of payments and advances referring to each maturity, on the one hand, and the total amount of payments and advances to be made for the final fulfilment of the entire obligation, on the other. In the case of defined-benefit plans in particular, the rate used is the average rate that reflects the market parameters covered by the plan. The Eur Composite AA curve is obtained daily from the Bloomberg's information provider and refers to a basket of securities issued by investment-grade corporate issuers included in the AA rating class, residing in the Eurozone and belonging to various sectors.

Likewise, the Intesa Sanpaolo Group mainly uses the European Zero-Coupon Inflation-Indexed Swap rate curve, weighted on the basis of the ratio of the amount paid for each maturity and the total amount to be paid until the obligation is finally discharged in full, as the inflation rate.

5. Information on amount, timing and uncertainty of cash flows

(millions of euro)

Sensitivity analysis	31.12.2024					
	EMPLOYEE TERMINATION INDEMNITIES		INTERNAL PLANS		EXTERNAL PLANS	
	+100 bps	-100 bps	+100 bps	-100 bps	+100 bps	-100 bps
Discount rate	662	753	133	168	945	1,134
Rate of wage rises	705	705	159	140	1,040	1,023
Inflation rate	735	677	154	143	1,080	985

The sensitivity analysis is not conducted on the expected rate of return as it has no effect on the calculation of the liabilities.

The sensitivity analysis was carried out on the net defined benefit liabilities (pursuant to the previous disclosure, 10.5, point 2). The absolute values of the data presented indicate the possible amount of net defined benefit liabilities in the event of a change in rate of +/- 100bps.

The average duration of the defined benefit obligation is 10.33 years for pension funds and 6.86 years for employee termination indemnities.

6. Multi-employer plans

The Group has the following defined benefit plans regarding more than one employer:

– Pension Fund for the employees of the former Crediop hired before 30 September 1989, which on 1 January 2016 was transferred to the Supplementary Pension Fund for the Employees of Banco di Napoli (now the Intesa Sanpaolo Group Defined-Benefit Fund "Fondo Pensione a Prestazione Definita del Gruppo Intesa Sanpaolo"). The commitments of Crediop S.p.A. (now Dexia-Crediop) and the former Sanpaolo IMI (now Intesa Sanpaolo S.p.A.) with regard to the Fund are governed by the agreement entered into between the parties on 28 May 1999. Its transfer into the Intesa Sanpaolo Group Defined-Benefit Fund "Fondo Pensione a Prestazione Definita del Gruppo Intesa Sanpaolo" did not modify the guarantees and commitments undertaken by the parties in the past;
– Retirement Fund for former employees of Banca Ca.Ri.Ma., transferred to Se.Ri.Ma. (now Equitalia Servizi di Riscossione S.p.A.), whose tax collection services were transferred on 1 January 1990 to the former Equitalia Marche S.p.A. (currently Agenzia delle Entrate - Riscossione) which was transferred to the Intesa Sanpaolo Group Defined-Benefit Fund on 1 July 2022. The trade union agreement and agreements between subscribers of the operation sanctioned that the then-parent company Ca.Ri.Ma. (then former Banca Marche S.p.A., then former Nuova Banca Marche S.p.A. and subsequently former Banca Adriatica S.p.A., then merged into former UBI Banca, in turn merged into Intesa Sanpaolo S.p.A.) would continue to allocate in its financial statements the mathematical reserves pertaining to personnel hired before the operation was finalised;
– Pension Fund for the Personnel of the former Banca Popolare di Ancona and its subsidiaries, transferred on 1 September 2022 to the Intesa Sanpaolo Group Defined-Benefit Fund, which provides a guarantee of settlement of the respective shares of the subscribers by Intesa Sanpaolo S.p.A. (former UBI Banca) and Credito Valtellinese.

7. Defined benefit plans that share risks among entities under joint control

The Intesa Sanpaolo Group Defined-Benefit Fund is a defined-benefit plan that shares the risks amongst the various Group companies. These companies issue a joint guarantee for their registered employees and pensioners with respect to the subject pension entities.
The liabilities of each jointly responsible company are determined by an Independent Actuary through the "projected unit credit method" and are recorded in the financial statements net of the plan assets. Similarly, the current service cost, which represents the average present value at the measurement date of the benefits accrued by workers in service during the year, is calculated for each company by said Actuary.

10.6 Allowances for risks and charges – Other allowances

(millions of euro)

Captions/Components	31.12.2024		Of which:		31.12.2023
		Banking group	*Insurance companies*	*Other companies*	
Other allowances					
1. legal and tax disputes	795	*780*	*5*	*10*	882
2. personnel charges	2,146	*2,108*	*38*	*-*	2,042
incentive-driven exit plans	*1,055*	*1,049*	*6*	*-*	*945*
employee seniority bonuses	*63*	*54*	*9*	*-*	*162*
other personnel expenses	*1,028*	*1,005*	*23*	*-*	*935*
3. other risks and charges	1,245	*1,168*	*4*	*73*	977
other indemnities due to agents of the distribution network	*451*	*451*	*-*	*-*	*360*
other	*794*	*717*	*4*	*73*	*617*
Total	**4,186**	***4,056***	***47***	***83***	**3,901**

Other allowances refers to:

– Legal and tax disputes: the allowance was set up mainly to cover expected outlay for litigation, revocatory action and tax disputes;
– Personnel charges: the allowance includes charges for incentive-driven exit plans, employee seniority bonuses (calculated on the basis of actuarial assumptions) and provisions for bonuses and other outlays relating to employees; charges for exit incentives during 2024 included those relating to the agreement signed with the trade unions on 23 October 2024;
– Other risks and charges: these mainly refer to provisions to cover private bankers' indemnities, charges connected with the sale of portfolios of NPLs and other charges relating to various obligations, as well as the provisions for risks for the allowances made on consolidating the investee Banca Intesa Russia, aimed at eliminating its equity contribution to the Group's consolidated financial statements.

SECTION 11 – INSURANCE LIABILITIES – CAPTION 110

From 1 January 2023, insurance assets and liabilities have been recognised in the financial statements in accordance with IFRS 17. The figures as at 31 December 2024 are compared with the figures as at 31 December 2023.

This section includes the tables in line with the indications of IVASS, based on the updates to Regulation 7 of 13 July 2007, directly applicable also pursuant to Circular 262/2005, for the disclosure required by IFRS 17 for insurance contracts pertaining to consolidated insurance companies.

Specifically, details are provided of the asset caption 80 a) Insurance assets - insurance contracts issued that are assets, 444 million euro as at 31 December 2024 (412 million euro as at 31 December 2023), and the liability caption 110 a) Insurance liabilities - insurance contracts issued that are liabilities, 126,013 million euro as at 31 December 2024 (119,674 million euro as at 31 December 2023). The balance of insurance contracts issued is negative at 125,569 million euro as at 31 December 2024 (119,262 million euro as at 31 December 2023).

Reconciliations are presented that show how the net carrying amounts of insurance contracts issued changed during the period because of cash flows and income and expenses recognised in the statement(s) of financial performance. Specifically, the tables show:

- the changes in the carrying amount of insurance contracts issued, broken down by basis of aggregation[175] and by measurement model (General Measurement Model – GMM or Variable Fee Approach – VFA and Premium Allocation Approach – PAA);
- the changes in the carrying amount of the insurance contracts issued per measurement component (Present Value of Cash Flows, Adjustment for Non-Financial Risks and Contractual Service Margin), broken down by basis of aggregation;
- the changes in insurance revenues and contractual service margin of insurance contracts issued allocated according to contracts outstanding at the time of transition to IFRS 17, broken down by basis of aggregation;
- measurement components of insurance contracts issued recognised during the year, broken down by basis of aggregation;
- contractual service margin broken down by expected timing of recognition in the income statement;
- development of claims gross and net of reinsurance (Non-Life Segment only).

For the methodological choices adopted by the Group, see Part A - Accounting Policies.

Below is a summary table of the changes reported in the section below, with the related reconciliation with the financial statement captions.

(millions of euro)

	31.12.2024	31.12.2023
80. INSURANCE ASSETS		
a) Insurance contracts issued that are assets	**444**	**412**
of which 11.1 Change in the book value of insurance contracts issued – GMM or VFA – liabilities for remaining coverage and incurred claims – Insurance contracts issued with direct participation features – Life Segment	*12*	*37*
of which 11.1 Change in the book value of insurance contracts issued – GMM or VFA – liabilities for remaining coverage and incurred claims – Insurance contracts issued without direct participation features – Life Segment	*1*	*1*
of which 11.1 Change in the book value of insurance contracts issued – GMM or VFA – liabilities for remaining coverage and incurred claims – Insurance contracts issued without direct participation features – Non-Life Segment – Non-Motor	*125*	*128*
of which 11.2 Change in the book value of insurance contracts issued – PAA – liabilities for remaining coverage and incurred claims – Non-Life Segment – Motor	*101*	*90*
of which 11.2 Change in the book value of insurance contracts issued – PAA – liabilities for remaining coverage and incurred claims – Non-Life Segment – Non-Motor	*205*	*156*
110. INSURANCE LIABILITIES		
a) Insurance contracts issued that are liabilities	**126,013**	**119,674**
of which 11.1 Change in the book value of insurance contracts issued – GMM or VFA – liabilities for remaining coverage and incurred claims – Insurance contracts issued with direct participation features – Life Segment	*123,671*	*117,249*
of which 11.1 Change in the book value of insurance contracts issued – GMM or VFA – liabilities for remaining coverage and incurred claims – Insurance contracts issued without direct participation features – Life Segment	*711*	*758*
of which 11.1 Change in the book value of insurance contracts issued – GMM or VFA – liabilities for remaining coverage and incurred claims – Insurance contracts issued without direct participation features – Non-Life Segment – Non-Motor	*590*	*594*
of which 11.2 Change in the book value of insurance contracts issued – PAA – liabilities for remaining coverage and incurred claims – Non-Life Segment – Motor	*183*	*171*
of which 11.2 Change in the book value of insurance contracts issued – PAA – liabilities for remaining coverage and incurred claims – Non-Life Segment – Non-Motor	*858*	*902*

[175] The bases of aggregation for insurance contracts issued consist of (i) Insurance contracts issued with direct participation features - Life Segment; ii) Insurance contracts issued without direct participation features - Life Segment; iii) Investment contracts issued with discretionary participation features - Life Segment; iv) Insurance contracts issued without direct participation features - Non-Life Segment – Motor; and v) Insurance contracts issued without direct participation features - Non-Life Segment – Non-Motor. For the tables in which the opening of the life segment is required for the bases of aggregation i) and iii), the ISP Group has decided, in line with the provisions of ISVAP Regulation no. 7 of 13 July 2007, to also include the “Investment contracts issued with discretionary participation features” in the “Insurance contracts issued with direct participation features - Life segment” basis of aggregation.

11.1 Changes in the carrying amount of insurance contracts issued – General Measurement Model (GMM) or Variable Fee Approach (VFA) – liabilities for remaining coverage and incurred claims

Insurance contracts issued with direct participation features - Life Segment

(millions of euro)

Captions/Liabilities	31.12.2024				31.12.2023			
	Liability for remaining coverage		Liability for incurred claims	Total	Liability for remaining coverage		Liability for incurred claims	Total
	Net of loss	Loss			Net of loss	Loss		
A. Opening carrying amount								
1. Insurance contracts issued that are liabilities	116,500	135	614	117,249	114,330	57	641	115,028
2. Insurance contracts issued that are assets	-37	-	-	-37	-1	-	-	-1
3. Net carrying amount as at 1 January	**116,463**	**135**	**614**	**117,212**	**114,329**	**57**	**641**	**115,027**
B. Insurance revenue	**-1,595**	**-**	**-**	**-1,595**	**-1,635**	**-**	**-**	**-1,635**
C. Insurance service expenses								
1. Incurred claims and other directly attributable expenses	-	-	269	269	-	-	39	39
2. Changes in the liability for incurred claims	-	-	184	184	-	-	-108	-108
3. Losses and related recoveries on onerous contracts	17	-16	-	1	-	85	-	85
4. Amortisation of contract acquisition costs	45	-	-	45	41	-	-	41
5. Total	**62**	**-16**	**453**	**499**	**41**	**85**	**-69**	**57**
D. Insurance service result (B+C)	**-1,533**	**-16**	**453**	**-1,096**	**-1,594**	**85**	**-69**	**-1,578**
E. Net financial expenses/income								
1. Related to insurance contracts issued	7,335	-	-	7,335	9,609	-	-	9,609
1.1 Recognised in profit or loss	5,790	-	-	5,790	5,306	-	-	5,306
1.2 Recognised in other comprehensive income	1,545	-	-	1,545	4,303	-	-	4,303
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-
3. Total	**7,335**	**-**	**-**	**7,335**	**9,609**	**-**	**-**	**9,609**
F. Investment components	**-15,140**	**-**	**15,140**	**-**	**-19,108**	**-**	**19,108**	**-**
G. Total amount recognised in profit or loss and in other comprehensive income (D+E+F)	**-9,338**	**-16**	**15,593**	**6,239**	**-11,093**	**85**	**19,039**	**8,031**
H. Other changes	**-**	**-**	**-**	**-**	**-**	**-7**	**12**	**5**
I. Cash movements								
1. Premiums received	15,665	-	-	15,665	13,227	-	-	13,227
2. Payments related to contract acquisition costs	-	-	-	-	-	-	-	-
3. Claims paid and other cash outflows	-	-	-15,457	-15,457	-	-	-19,078	-19,078
4. Other movements	-	-	-	-	-	-	-	-
5. Total	**15,665**	**-**	**-15,457**	**208**	**13,227**	**-**	**-19,078**	**-5,851**
L. Net carrying amount as at 31 December (A.3+G+H+I.5)	**122,790**	**119**	**750**	**123,659**	**116,463**	**135**	**614**	**117,212**
M. Closing carrying amount								
1. Insurance contracts issued that are liabilities	122,802	119	750	123,671	116,500	135	614	117,249
2. Insurance contracts issued that are assets	-12	-	-	-12	-37	-	-	-37
3. Net carrying amount as at 31 December	**122,790**	**119**	**750**	**123,659**	**116,463**	**135**	**614**	**117,212**

To improve the disclosure provided in the table, in the “loss” column, only the component of loss was presented, not the entire liability for the remaining coverage it refers to. The comparative figures as at 31 December 2023 were changed as a result.

The increase in insurance liabilities on 31 December 2023 is mainly attributable to:
– a decrease in the capital gains on FVOCI securities (caption E.1.2) to be recognised to customers, mainly as a result of the reduction of the interest rate curve (the portfolio is primarily fixed-rate);
– positive net inflows for 208 million euro.

Insurance contracts issued without direct participation features - Life Segment

(millions of euro)

Captions/Liabilities	31.12.2024				31.12.2023			
	Liability for remaining coverage		Liability for incurred claims	Total	Liability for remaining coverage		Liability for incurred claims	Total
	Net of loss	Loss			Net of loss	Loss		
A. Opening carrying amount								
1. Insurance contracts issued that are liabilities	676	48	34	758	871	5	75	951
2. Insurance contracts issued that are assets	-1	-	-	-1	-17	-	-	-17
3. Net carrying amount as at 1 January	**675**	**48**	**34**	**757**	**854**	**5**	**75**	**934**
B. Insurance revenue	**-131**	**-**	**-**	**-131**	**-143**	**-**	**-**	**-143**
C. Insurance service expenses								
1. Incurred claims and other directly attributable expenses	-	-	76	76	-	-	125	125
2. Changes in the liability for incurred claims	-	-	-8	-8	-	-	-14	-14
3. Losses and related recoveries on onerous contracts	5	-34	-	-29	-	43	-	43
4. Amortisation of contract acquisition costs	3	-	-	3	4	-	-	4
5. Total	**8**	**-34**	**68**	**42**	**4**	**43**	**111**	**158**
D. Insurance service result (B+C)	**-123**	**-34**	**68**	**-89**	**-139**	**43**	**111**	**15**
E. Net financial expenses/income								
1. Related to insurance contracts issued	27	-	-	27	32	-	-	32
1.1 Recognised in profit or loss	4	-	-	4	2	-	-	2
1.2 Recognised in other comprehensive income	23	-	-	23	30	-	-	30
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-
3. Total	**27**	**-**	**-**	**27**	**32**	**-**	**-**	**32**
F. Investment components	**-20**	**-**	**20**	**-**	**-**	**-**	**-**	**-**
G. Total amount recognised in profit or loss and in other comprehensive income (D+E+F)	**-116**	**-34**	**88**	**-62**	**-107**	**43**	**111**	**47**
H. Other changes	**-**	**-**	**-**	**-**	**-351**	**-**	**2**	**-349**
I. Cash movements								
1. Premiums received	67	-	-	67	279	-	-	279
2. Payments related to contract acquisition costs	-	-	-	-	-	-	-	-
3. Claims paid and other cash outflows	-	-	-52	-52	-	-	-154	-154
4. Other movements	-	-	-	-	-	-	-	-
5. Total	**67**	**-**	**-52**	**15**	**279**	**-**	**-154**	**125**
L. Net carrying amount as at 31 December (A.3+G+H+I.5)	**626**	**14**	**70**	**710**	**675**	**48**	**34**	**757**
M. Closing carrying amount								
1. Insurance contracts issued that are liabilities	627	14	70	711	676	48	34	758
2. Insurance contracts issued that are assets	-1	-	-	-1	-1	-	-	-1
3. Net carrying amount as at 31 December	**626**	**14**	**70**	**710**	**675**	**48**	**34**	**757**

To improve the disclosure provided in the table, in the “loss” column, only the component of loss was presented, not the entire liability for the remaining coverage it refers to. The comparative figures as at 31 December 2023 were changed as a result.

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

(millions of euro)

Captions/Liabilities	31.12.2024				31.12.2023			
	Liability for remaining coverage		Liability for incurred claims	Total	Liability for remaining coverage		Liability for incurred claims	Total
	Net of loss	Loss			Net of loss	Loss		
A. Opening carrying amount								
1. Insurance contracts issued that are liabilities	550	4	40	594	568	5	59	632
2. Insurance contracts issued that are assets	-128	-	-	-128	-	-	-	-
3. Net carrying amount as at 1 January	**422**	**4**	**40**	**466**	**568**	**5**	**59**	**632**
B. Insurance revenue	**-132**	**-**	**-**	**-132**	**-154**	**-**	**-**	**-154**
C. Insurance service expenses								
1. Incurred claims and other directly attributable expenses	-	-	58	58	-	-	34	34
2. Changes in the liability for incurred claims	-	-	9	9	-	-	-11	-11
3. Losses and related recoveries on onerous contracts	1	-	-	1	-	-1	-	-1
4. Amortisation of contract acquisition costs	1	-	-	1	2	-	-	2
5. Total	**2**	**-**	**67**	**69**	**2**	**-1**	**23**	**24**
D. Insurance service result (B+C)	**-130**	**-**	**67**	**-63**	**-152**	**-1**	**23**	**-130**
E. Net financial expenses/income								
1. Related to insurance contracts issued	8	-	-	8	28	-	1	29
1.1 Recognised in profit or loss	2	-	-	2	8	-	-	8
1.2 Recognised in other comprehensive income	6	-	-	6	20	-	1	21
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-
3. Total	**8**	**-**	**-**	**8**	**28**	**-**	**1**	**29**
F. Investment components	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
G. Total amount recognised in profit or loss and in other comprehensive income (D+E+F)	**-122**	**-**	**67**	**-55**	**-124**	**-1**	**24**	**-101**
H. Other changes	**-**	**-**	**-**	**-**	**-43**	**-**	**-**	**-43**
I. Cash movements								
1. Premiums received	87	-	-	87	21	-	-	21
2. Payments related to contract acquisition costs	-	-	-	-	-	-	-	-
3. Claims paid and other cash outflows	-	-	-33	-33	-	-	-43	-43
4. Other movements	-	-	-	-	-	-	-	-
5. Total	**87**	**-**	**-33**	**54**	**21**	**-**	**-43**	**-22**
L. Net carrying amount as at 31 December (A.3+G+H+I.5)	**387**	**4**	**74**	**465**	**422**	**4**	**40**	**466**
M. Closing carrying amount								
1. Insurance contracts issued that are liabilities	512	4	74	590	550	4	40	594
2. Insurance contracts issued that are assets	-125	-	-	-125	-128	-	-	-128
3. Net carrying amount as at 31 December	**387**	**4**	**74**	**465**	**422**	**4**	**40**	**466**

To improve the disclosure provided in the table, in the "loss" column, only the component of loss was presented, not the entire liability for the remaining coverage it refers to. The comparative figures as at 31 December 2023 were changed as a result.

11.2 Changes in the carrying amount of insurance contracts issued – Premium Allocation Approach (PAA) – liabilities for remaining coverage and incurred claims – *Non-Life Segment* – *Motor*

(millions of euro)

Captions/Liabilities	31.12.2024					31.12.2023				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Net of loss	Loss	Present value of cash flows	Adjustment for non-financial risks		Net of loss	Loss	Present value of cash flows	Adjustment for non-financial risks	
A. Opening carrying amount										
1. Insurance contracts issued that are liabilities	38	-	130	3	171	37	-	141	4	182
2. Insurance contracts issued that are assets	-90	-	-	-	-90	-	-	-	-	-
3. Net carrying amount as at 1 January	**-52**	**-**	**130**	**3**	**81**	**37**	**-**	**141**	**4**	**182**
B. Insurance revenue	**-103**	**-**	**-**	**-**	**-103**	**-92**	**-**	**-**	**-**	**-92**
C. Insurance service expenses										
1. Incurred claims and other directly attributable expenses	-	-	96	-	96	-	-	81	-	81
2. Changes in the liability for incurred claims	-	-	1	-1	-	-	-	-23	-1	-24
3. Losses and related recoveries on onerous contracts	-	-	-	-	-	-	-	-	-	-
4. Amortisation of contract acquisition costs	-	-	-	-	-	-	-	-	-	-
5. Total	**-**	**-**	**97**	**-1**	**96**	**-**	**-**	**58**	**-1**	**57**
D. Insurance service result (B+C)	**-103**	**-**	**97**	**-1**	**-7**	**-92**	**-**	**58**	**-1**	**-35**
E. Financial expenses/income										
1. Related to insurance contracts issued	6	-	-2	-	4	-	-	3	-	3
1.1 Recognised in profit or loss	1	-	-	-	1	-	-	1	-	1
1.2 Recognised in other comprehensive income	5	-	-2	-	3	-	-	2	-	2
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-	-	-
3. Total	**6**	**-**	**-2**	**-**	**4**	**-**	**-**	**3**	**-**	**3**
F. Investment components	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
G. Total amount of changes recognised in profit or loss and in other comprehensive income (D+E+F)	**-97**	**-**	**95**	**-1**	**-3**	**-92**	**-**	**61**	**-1**	**-32**
H. Other changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
I. Cash movements										
1. Premiums received	94	-	-	-	94	3	-	-	-	3
2. Payments related to contract acquisition costs	-	-	-	-	-	-	-	-	-	-
3. Claims paid and other cash outflows	-	-	-90	-	-90	-	-	-72	-	-72
4. Other movements	-	-	-	-	-	-	-	-	-	-
5. Total	**94**	**-**	**-90**	**-**	**4**	**3**	**-**	**-72**	**-**	**-69**
L. Net carrying amount as at 31 December (A.3+G+H+I.5)	**-55**	**-**	**135**	**2**	**82**	**-52**	**-**	**130**	**3**	**81**
M. Closing carrying amount										
1. Insurance contracts issued that are liabilities	46	-	135	2	183	38	-	130	3	171
2. Insurance contracts issued that are assets	-101	-	-	-	-101	-90	-	-	-	-90
3. Net carrying amount as at 31 December	**-55**	**-**	**135**	**2**	**82**	**-52**	**-**	**130**	**3**	**81**

11.2 Changes in the carrying amount of insurance contracts issued – Premium Allocation Approach (PAA) – liabilities for remaining coverage and incurred claims – *Non-Life Segment – Non-motor*

(millions of euro)

Captions/Liabilities	31.12.2024					31.12.2023				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Net of loss	Loss	Present value of cash flows	Adjustment for non-financial risks		Net of loss	Loss	Present value of cash flows	Adjustment for non-financial risks	
A. Opening carrying amount										
1. Insurance contracts issued that are liabilities	355	1	529	17	902	285	76	392	15	768
2. Insurance contracts issued that are assets	-156	-	-	-	-156	-	-	-	-	-
3. Net carrying amount as at 1 January	**199**	**1**	**529**	**17**	**746**	**285**	**76**	**392**	**15**	**768**
B. Insurance revenue	**-1,208**	**-**	**-**	**-**	**-1,208**	**-1,094**	**-**	**-**	**-**	**-1,094**
C. Insurance service expenses										
1. Incurred claims and other directly attributable expenses	-	-	814	-	814	-	-	714	-	714
2. Changes in the liability for incurred claims	-	-	-69	-5	-74	-	-	116	2	118
3. Losses and related recoveries on onerous contracts	1	-1	-	-	-	-	-75	-	-	-75
4. Amortisation of contract acquisition costs	-	-	-	-	-	37	-	-	-	37
5. Total	**1**	**-1**	**745**	**-5**	**740**	**37**	**-75**	**830**	**2**	**794**
D. Insurance service result (B+C)	**-1,207**	**-1**	**745**	**-5**	**-468**	**-1,057**	**-75**	**830**	**2**	**-300**
E. Financial expenses/income										
1. Related to insurance contracts issued	8	-	1	-	9	-	-	2	-	2
1.1 Recognised in profit or loss	8	-	-	-	8	-	-	2	-	2
1.2 Recognised in other comprehensive income	-	-	1	-	1	-	-	-	-	-
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-	-	-
3. Total	**8**	**-**	**1**	**-**	**9**	**-**	**-**	**2**	**-**	**2**
F. Investment components	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
G. Total amount of changes recognised in profit or loss and in other comprehensive income (D+E+F)	**-1,199**	**-1**	**746**	**-5**	**-459**	**-1,057**	**-75**	**832**	**2**	**-298**
H. Other changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
I. Cash movements										
1. Premiums received	1,189	-	-	-	1,189	971	-	-	-	971
2. Payments related to contract acquisition costs	-	-	-	-	-	-	-	-	-	-
3. Claims paid and other cash outflows	-	-	-823	-	-823	-	-	-695	-	-695
4. Other movements	-	-	-	-	-	-	-	-	-	-
5. Total	**1,189**	**-**	**-823**	**-**	**366**	**971**	**-**	**-695**	**-**	**276**
L. Net carrying amount as at 31 December (A.3+G+H+I.5)	**189**	**-**	**452**	**12**	**653**	**199**	**1**	**529**	**17**	**746**
M. Closing carrying amount										
1. Insurance contracts issued that are liabilities	394	-	452	12	858	355	1	529	17	902
2. Insurance contracts issued that are assets	-205	-	-	-	-205	-156	-	-	-	-156
3. Net carrying amount as at 31 December	**189**	**-**	**452**	**12**	**653**	**199**	**1**	**529**	**17**	**746**

In accordance with the requirements of paragraph 97 of IFRS 17, the ISP Group has used the Premium Allocation Approach (PAA) for types of insurance contracts that have a duration of 12 months or less and for which the measurement of the liability using the PAA generates results in line with those obtained from the application of the General Measurement Model (GMM). In addition, no adjustment to reflect the time value of money and financial risk has been considered in the measurement of the liability, because the financing component is considered to be not significant. For the recognition of the acquisition costs, it was decided not to use the option provided for annual contracts in paragraph 59(a) of IFRS 17. These costs have been recognised on an accrual basis in accordance with paragraph B.125 of the Standard.

11.3 Changes in the carrying amount of insurance contracts issued broken down by measurement component

Insurance contracts issued with direct participation features - Life Segment

(millions of euro)

Captions/Measurement components	Elements underlying the measurement of the book value of insurance contracts issued							
	31.12.2024				31.12.2023			
	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total
A. Opening carrying amount								
1. Insurance contracts issued that are liabilities	108,650	368	8,231	117,249	106,416	246	8,366	115,028
2. Insurance contracts issued that are assets	-37	-	-	-37	-1	-	-	-1
3. Net carrying amount as at 1 January	**108,613**	**368**	**8,231**	**117,212**	**106,415**	**246**	**8,366**	**115,027**
B. Changes that relate to current service								
1. Contractual service margin recognised in profit or loss	-	-	-1,035	-1,035	-	-	-1,105	-1,105
2. Change in risk adjustment for non-financial risk for risk expired	-	-51	-	-51	-	-27	-	-27
3. Experience adjustments	-195	-	-	-195	3,236	-	-	3,236
4. Total	**-195**	**-51**	**-1,035**	**-1,281**	**3,236**	**-27**	**-1,105**	**2,104**
C. Changes that relate to future service								
1. Changes in the contractual service margin	-283	60	223	-	-2,243	87	-1,503	-3,659
2. Losses on groups of onerous contracts and related recoveries	1	-	-	1	-906	3	1,000	97
3. Effects of contracts initially recognised in the reference year	-1,974	38	1,936	-	-1,224	26	1,186	-12
4. Total	**-2,256**	**98**	**2,159**	**1**	**-4,373**	**116**	**683**	**-3,574**
D. Changes that relate to past service								
1. Adjustments to the liability for incurred claims	184	-	-	184	-108	-	-	-108
E. Insurance service result (B+C+D.1)	**-2,267**	**47**	**1,124**	**-1,096**	**-1,245**	**89**	**-422**	**-1,578**
F. Financial expenses/income								
1. Related to insurance contracts issued	8,518	31	-1,214	7,335	9,298	24	287	9,609
1.1 Recognised in profit or loss	6,988	16	-1,214	5,790	5,007	12	287	5,306
1.2 Recognised in other comprehensive income	1,530	15	-	1,545	4,291	12	-	4,303
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-
3. Total	**8,518**	**31**	**-1,214**	**7,335**	**9,298**	**24**	**287**	**9,609**
G. Total amount of changes recognised in profit or loss and in other comprehensive income (E+F)	**6,251**	**78**	**-90**	**6,239**	**8,053**	**113**	**-135**	**8,031**
H. Other changes	**-**	**-**	**-**	**-**	**-4**	**9**	**-**	**5**
I. Cash movements								
1. Premiums received	15,665	-	-	15,665	13,227	-	-	13,227
2. Payments related to contract acquisition costs	-	-	-	-	-	-	-	-
3. Claims paid and other cash outflows	-15,457	-	-	-15,457	-19,078	-	-	-19,078
4. Other movements	-	-	-	-	-	-	-	-
5. Total	**208**	**-**	**-**	**208**	**-5,851**	**-**	**-**	**-5,851**
L. Net carrying amount as at 31 December (A.3+G+H+I.5)	**115,072**	**446**	**8,141**	**123,659**	**108,613**	**368**	**8,231**	**117,212**
M. Closing carrying amount								
1. Insurance contracts issued that are liabilities	115,084	446	8,141	123,671	108,650	368	8,231	117,249
2. Insurance contracts issued that are assets	-12	-	-	-12	-37	-	-	-37
3. Net carrying amount as at 31 December	**115,072**	**446**	**8,141**	**123,659**	**108,613**	**368**	**8,231**	**117,212**

During the year, the Present value of cash flows increased compared to 2023, mainly due to the improvement in net inflows (specifically, net inflows were a positive 208 million euro, as shown in caption "I. Changes in cash flow").

Insurance contracts issued without direct participation features - Life Segment

(millions of euro)

Captions/Measurement components	Elements underlying the measurement of the book value of insurance contracts issued							
	31.12.2024				31.12.2023			
	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total
A. Opening carrying amount								
1. Insurance contracts issued that are liabilities	486	19	253	758	553	12	386	951
2. Insurance contracts issued that are assets	-1	-	-	-1	-17	-	-	-17
3. Net carrying amount as at 1 January	**485**	**19**	**253**	**757**	**536**	**12**	**386**	**934**
B. Changes that relate to current service								
1. Contractual service margin recognised in profit or loss	-	-	-48	-48	-	-	-47	-47
2. Change in risk adjustment for non-financial risk for risk expired	-	-3	-	-3	-	-2	-	-2
3. Experience adjustments	-1	-	-	-1	40	-	-	40
4. Total	**-1**	**-3**	**-48**	**-52**	**40**	**-2**	**-47**	**-9**
C. Changes that relate to future service								
1. Changes in the contractual service margin	-82	-	82	-	65	3	-73	-5
2. Losses on groups of onerous contracts and related recoveries	-29	-	-	-29	70	4	-31	43
3. Effects of contracts initially recognised in the reference year	-50	-	50	-	-16	-	16	-
4. Total	**-161**	**-**	**132**	**-29**	**119**	**7**	**-88**	**38**
D. Changes that relate to past service								
1. Adjustments to the liability for incurred claims	-8	-	-	-8	-14	-	-	-14
E. Insurance service result (B+C+D.1)	**-170**	**-3**	**84**	**-89**	**145**	**5**	**-135**	**15**
F. Financial expenses/income								
1. Related to insurance contracts issued	24	1	2	27	28	2	2	32
1.1 Recognised in profit or loss	2	-	2	4	-	-	2	2
1.2 Recognised in other comprehensive income	22	1	-	23	28	2	-	30
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-
3. Total	**24**	**1**	**2**	**27**	**28**	**2**	**2**	**32**
G. Total amount of changes recognised in profit or loss and in other comprehensive income (E+F)	**-146**	**-2**	**86**	**-62**	**173**	**7**	**-133**	**47**
H. Other changes	**-**	**-**	**-**	**-**	**-349**	**-**	**-**	**-349**
I. Cash movements								
1. Premiums received	67	-	-	67	279	-	-	279
2. Payments related to contract acquisition costs	-	-	-	-	-	-	-	-
3. Claims paid and other cash outflows	-52	-	-	-52	-154	-	-	-154
4. Other movements	-	-	-	-	-	-	-	-
5. Total	**15**	**-**	**-**	**15**	**125**	**-**	**-**	**125**
L. Net carrying amount as at 31 December (A.3+G+H+I.5)	**354**	**17**	**339**	**710**	**485**	**19**	**253**	**757**
M. Closing carrying amount								
1. Insurance contracts issued that are liabilities	355	17	339	711	486	19	253	758
2. Insurance contracts issued that are assets	-1	-	-	-1	-1	-	-	-1
3. Net carrying amount as at 31 December	**354**	**17**	**339**	**710**	**485**	**19**	**253**	**757**

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

(millions of euro)

Captions/Measurement components	Elements underlying the measurement of the book value of insurance contracts issued							
	31.12.2024				31.12.2023			
	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total
A. Opening carrying amount								
1. Insurance contracts issued that are liabilities	241	17	336	594	269	17	346	632
2. Insurance contracts issued that are assets	-128	-	-	-128	-	-	-	-
3. Net carrying amount as at 1 January	**113**	**17**	**336**	**466**	**269**	**17**	**346**	**632**
B. Changes that relate to current service								
1. Contractual service margin recognised in profit or loss	-	-	-67	-67	-	-	-74	-74
2. Change in risk adjustment for non-financial risk for risk expired	-	-4	-	-4	-	-3	-	-3
3. Experience adjustments	-2	-	-	-2	-29	-	-	-29
4. Total	**-2**	**-4**	**-67**	**-73**	**-29**	**-3**	**-74**	**-106**
C. Changes that relate to future service								
1. Changes in the contractual service margin	18	5	-23	-	-38	1	25	-12
2. Losses on groups of onerous contracts and related recoveries	1	-	-	1	-1	-	-	-1
3. Effects of contracts initially recognised in the reference year	-72	2	70	-	-38	2	36	-
4. Total	**-53**	**7**	**47**	**1**	**-77**	**3**	**61**	**-13**
D. Changes that relate to past service								
1. Adjustments to the liability for incurred claims	10	-1	-	9	-9	-2	-	-11
E. Insurance service result (B+C+D.1)	**-45**	**2**	**-20**	**-63**	**-115**	**-2**	**-13**	**-130**
F. Financial expenses/income								
1. Related to insurance contracts issued	3	-	5	8	25	2	2	29
1.1 Recognised in profit or loss	-3	-	5	2	5	1	2	8
1.2 Recognised in other comprehensive income	6	-	-	6	20	1	-	21
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-
3. Total	**3**	**-**	**5**	**8**	**25**	**2**	**2**	**29**
G. Total amount of changes recognised in profit or loss and in other comprehensive income (E+F)	**-42**	**2**	**-15**	**-55**	**-90**	**-**	**-11**	**-101**
H. Other changes	**-**	**-**	**-**	**-**	**-44**	**-**	**1**	**-43**
I. Cash movements								
1. Premiums received	87	-	-	87	21	-	-	21
2. Payments related to contract acquisition costs	-	-	-	-	-	-	-	-
3. Claims paid and other cash outflows	-33	-	-	-33	-43	-	-	-43
4. Other movements	-	-	-	-	-	-	-	-
5. Total	**54**	**-**	**-**	**54**	**-22**	**-**	**-**	**-22**
L. Net carrying amount as at 31 December (A.3+G+H+I.5)	**125**	**19**	**321**	**465**	**113**	**17**	**336**	**466**
M. Closing carrying amount								
1. Insurance contracts issued that are liabilities	250	19	321	590	241	17	336	594
2. Insurance contracts issued that are assets	-125	-	-	-125	-128	-	-	-128
3. Net carrying amount as at 31 December	**125**	**19**	**321**	**465**	**113**	**17**	**336**	**466**

11.4 Changes in insurance revenues and contractual service margin of insurance contracts issued allocated according to contracts outstanding at the time of transition to IFRS 17

Insurance contracts issued with direct participation features - Life Segment

(millions of euro)

	31.12.2024					31.12.2023				
	New contracts and contracts measured using the full retrospective approach at the transition date	Contracts measured using the modified retrospective approach at the transition date	Contracts measured at fair value at the transition date	Carve-out contracts	Total	New contracts and contracts measured using the full retrospective approach at the transition date	Contracts measured using the modified retrospective approach at the transition date	Contracts measured at fair value at the transition date	Carve-out contracts	Total
Insurance revenue	**219**	**-**	**82**	**1,294**	**1,595**	**650**	**171**	**803**	**11**	**1,635**
Contractual service margin - Opening balance	**1,150**	**571**	**3,669**	**2,841**	**8,231**	**861**	**606**	**3,912**	**2,987**	**8,366**
Changes that relate to current service	**-218**	**-**	**-46**	**-771**	**-1,035**	**-171**	**-80**	**-518**	**-336**	**-1,105**
- Contractual service margin recognised in profit or loss to reflect services provided	-218	-	-46	-771	-1,035	-171	-80	-518	-336	-1,105
Changes that relate to future service	**1,284**	**-**	**178**	**697**	**2,159**	**344**	**35**	**175**	**129**	**683**
- Changes in estimates that adjust the contractual service margin	1,183	-1	262	-1,221	223	44	-40	-322	-185	-503
- Effects of contracts initially recognised in the reference year	101	1	-84	1,918	1,936	300	75	497	314	1,186
Financial income/expenses										
1. Related to insurance contracts issued	-55	-	-39	-1,120	-1,214	116	10	100	61	287
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-	-	-
3. Total	-55	-	-39	-1,120	-1,214	116	10	100	61	287
Other movements	-	-	-	-	-	-	-	-	-	-
Total changes recognised in profit or loss and in other comprehensive income	**1,011**	**-**	**93**	**-1,194**	**-90**	**289**	**-35**	**-243**	**-146**	**-135**
Contractual service margin – Closing balance	**2,161**	**571**	**3,762**	**1,647**	**8,141**	**1,150**	**571**	**3,669**	**2,841**	**8,231**

Insurance contracts issued without direct participation features – Life Segment

(millions of euro)

	31.12.2024					31.12.2023				
	New contracts and contracts measured using the full retrospective approach at the transition date	Contracts measured using the modified retrospective approach at the transition date	Contracts measured at fair value at the transition date	Carve-out contracts	Total	New contracts and contracts measured using the full retrospective approach at the transition date	Contracts measured using the modified retrospective approach at the transition date	Contracts measured at fair value at the transition date	Carve-out contracts	Total
Insurance revenue	**83**	**-**	**48**	**-**	**131**	**98**	**-**	**45**	**-**	**143**
Contractual service margin - Opening balance	**263**	**-**	**-10**	**-**	**253**	**358**	**-**	**28**	**-**	**386**
Changes that relate to current service	**-47**	**-**	**-1**	**-**	**-48**	**-47**	**-**	**-**	**-**	**-47**
- Contractual service margin recognised in profit or loss to reflect services provided	-47	-	-1	-	-48	-47	-	-	-	-47
Changes that relate to future service	**129**	**-**	**3**	**-**	**132**	**-50**	**-**	**-38**	**-**	**-88**
- Changes in estimates that adjust the contractual service margin	85	-	-3	-	82	-65	-	-39	-	-104
- Effects of contracts initially recognised in the reference year	44	-	6	-	50	15	-	1	-	16
Financial income/expenses										
1. Related to insurance contracts issued	2	-	-	-	2	2	-	-	-	2
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-	-	-
3. Total	2	-	-	-	2	2	-	-	-	2
Other movements	-	-	-	-	-	-	-	-	-	-
Total changes recognised in profit or loss and in other comprehensive income	**84**	**-**	**2**	**-**	**86**	**-95**	**-**	**-38**	**-**	**-133**
Contractual service margin – Closing balance	**347**	**-**	**-8**	**-**	**339**	**263**	**-**	**-10**	**-**	**253**

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

(millions of euro)

	31.12.2024					31.12.2023				
	New contracts and contracts measured using the full retrospective approach at the transition date	Contracts measured using the modified retrospective approach at the transition date	Contracts measured at fair value at the transition date	Carve-out contracts	Total	New contracts and contracts measured using the full retrospective approach at the transition date	Contracts measured using the modified retrospective approach at the transition date	Contracts measured at fair value at the transition date	Carve-out contracts	Total
Insurance revenue	**87**	**16**	**29**	**-**	**132**	**81**	**5**	**68**	**-**	**154**
Contractual service margin - Opening balance	**224**	**81**	**31**	**-**	**336**	**230**	**81**	**35**	**-**	**346**
Changes that relate to current service	**-45**	**-13**	**-9**	**-**	**-67**	**-54**	**-8**	**-12**	**-**	**-74**
- Contractual service margin recognised in profit or loss to reflect services provided	-45	-13	-9	-	-67	-54	-8	-12	-	-74
Changes that relate to future service	**49**	**-**	**-2**	**-**	**47**	**46**	**8**	**8**	**-**	**62**
- Changes in estimates that adjust the contractual service margin	-24	-	1	-	-23	10	8	8	-	26
- Effects of contracts initially recognised in the reference year	73	-	-3	-	70	36	-	-	-	36
Financial income/expenses										
1. Related to insurance contracts issued	5	-	-	-	5	2	-	-	-	2
2. Effects of exchange rate changes	-	-	-	-	-	-	-	-	-	-
3. Total	5	-	-	-	5	2	-	-	-	2
Other movements	-	-	-	-	-	-	-	-	-	-
Total changes recognised in profit or loss and in other comprehensive income	**9**	**-13**	**-11**	**-**	**-15**	**-6**	**-**	**-4**	**-**	**-10**
Contractual service margin – Closing balance	**233**	**68**	**20**	**-**	**321**	**224**	**81**	**31**	**-**	**336**

In accordance with the requirements of paragraph 116 of IFRS 17, a reconciliation from the opening to the closing balance of the cumulative amounts included in other comprehensive income for financial assets measured at fair value through other comprehensive income related to the groups of insurance contracts is provided below.

Valuation reserve of financial assets measured at fair value through other comprehensive income related to Variable Fee Approach (VFA) insurance contracts that were measured at transition using the modified retrospective approach and the fair value approach

(millions of euro)

	31.12.2024			31.12.2023		
	Contracts measured at fair value at the transition date	Contracts measured using the modified retrospective approach at the transition date	Total	Contracts measured at fair value at the transition date	Contracts measured using the modified retrospective approach at the transition date	Total
OCI reserve for VFA products - Beginning of year amounts (before tax)	**-3,279**	**-228**	**-3,507**	**-6,672**	**-549**	**-7,221**
Gains/losses recognised in OCI during the year	896	50	946	2,878	266	3,144
Reclassification to the income statement	151	-9	142	515	55	570
OCI reserve for VFA products - End of year amounts (before tax)	**-2,232**	**-187**	**-2,419**	**-3,279**	**-228**	**-3,507**

11.5 Measurement components of insurance contracts issued recognised during the year

Insurance contracts issued with direct participation features - Life Segment

(millions of euro)

Captions/Groups of contracts	Contracts originated 31.12.2024			Contracts originated 31.12.2023		
	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total
A. Estimate of the present value of future cash outflows						
1. Contract acquisition costs	50	343	393	4	367	371
2. Amount of claims and other directly attributable expenses	1,901	11,961	13,862	267	10,218	10,485
3. Total	1,951	12,304	14,255	271	10,585	10,856
B. Estimate of the present value of future cash inflows	1,845	14,384	16,229	284	11,796	12,080
C. Estimate of the net present value of future cash flows (A-B)	**106**	**-2,080**	**-1,974**	**-13**	**-1,211**	**-1,224**
D. Estimate of the adjustment for non-financial risks	5	33	38	1	25	26
E. Derecognition of assets/liabilities already recognised for cash flows related to insurance contracts issued	-	-	-	-	-	-
F. Contractual service margin	-	1,936	1,936	-	1,186	1,186
G. Increase included in the liability for insurance contracts issued in the year (C+D+E+F)	**111**	**-111**	**-**	**-12**	**-**	**-12**

Insurance contracts issued without direct participation features - Life Segment

(millions of euro)

Captions/Groups of contracts	Contracts originated 31.12.2024			Contracts originated 31.12.2023		
	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total
A. Estimate of the present value of future cash outflows						
1. Contract acquisition costs	-	7	7	-	5	5
2. Amount of claims and other directly attributable expenses	-	11	11	-	10	10
3. Total	-	18	18	-	15	15
B. Estimate of the present value of future cash inflows	-	68	68	-	31	31
C. Estimate of the net present value of future cash flows (A-B)	**-**	**-50**	**-50**	**-**	**-16**	**-16**
D. Estimate of the adjustment for non-financial risks	-	-	-	-	-	-
E. Derecognition of assets/liabilities already recognised for cash flows related to insurance contracts issued	-	-	-	-	-	-
F. Contractual service margin	-	50	50	-	16	16
G. Increase included in the liability for insurance contracts issued in the year (C+D+E+F)	**-**	**-**	**-**	**-**	**-**	**-**

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

(millions of euro)

Captions/Groups of contracts	Contracts originated 31.12.2024			Contracts originated 31.12.2023		
	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total
A. Estimate of the present value of future cash outflows						
1. Contract acquisition costs	-	27	27	-	36	36
2. Amount of claims and other directly attributable expenses	-	16	16	-	15	15
3. Total	-	43	43	-	51	51
B. Estimate of the present value of future cash inflows	-	115	115	-	89	89
C. Estimate of the net present value of future cash flows (A-B)	**-**	**-72**	**-72**	**-**	**-38**	**-38**
D. Estimate of the adjustment for non-financial risks	-	2	2	-	2	2
E. Derecognition of assets/liabilities already recognised for cash flows related to insurance contracts issued	-	-	-	-	-	-
F. Contractual service margin	-	70	70	-	36	36
G. Increase included in the liability for insurance contracts issued in the year (C+D+E+F)	**-**	**-**	**-**	**-**	**-**	**-**

11.6 Insurance contracts issued – Contractual service margin broken down by expected timing of recognition in the income statement

(millions of euro)

Basis of aggregation/Expected times	Up to 1 year	From over 1 year up to 2 years	From over 2 years up to 3 years	From over 3 years up to 4 years	From over 4 years up to 5 years	From over 5 years up to 10 years	From over 10 years up to 20 years	Over 20 years	Total
Life business	950	861	767	679	593	2,102	1,817	711	**8,480**
Non-life Business	51	43	37	31	25	72	50	12	**321**

The table above, as required by IFRS 17, shows the breakdown of the CSM by time bands.

11.7 Insurance contracts issued – Development of claims gross of reinsurance (Non-Life Segment)

(millions of euro)

Claims/Time bands	Year 31.12.2015	Year 31.12.2016	Year 31.12.2017	Year 31.12.2018	Year 31.12.2019	Year 31.12.2020	Year 31.12.2021	Year 31.12.2022	Year 31.12.2023	Year 31.12.2024	Total
A. Cumulative claims paid and other directly attributable expenses paid											
1. At the end of the year of occurrence	284	269	277	353	475	329	558	410	360	274	X
2. One year later	108	157	201	201	174	204	310	254	356	X	X
3. Two years later	30	29	34	33	35	35	51	42	X	X	X
4. Three years later	7	10	9	9	11	13	15	X	X	X	X
5. Four years later	4	3	4	6	4	7	X	X	X	X	X
6. Five years later	4	2	2	4	4	X	X	X	X	X	X
7. Six years later	1	1	4	3	X	X	X	X	X	X	X
8. Seven years later	1	3	1	X	X	X	X	X	X	X	X
9. Eight years later	-1	1	X	X	X	X	X	X	X	X	X
10. Nine years later	-	X	X	X	X	X	X	X	X	X	X
Total cumulative claims paid and other directly attributable expenses paid (Total A)	**438**	**475**	**532**	**609**	**703**	**588**	**934**	**706**	**716**	**274**	**5,977**
B. Estimate of the ultimate cumulative claims cost (amount gross of reinsurance contracts held, undiscounted)											
1. At the end of the year of occurrence	284	269	277	353	475	329	558	410	360	695	X
2. One year later	108	157	201	201	174	204	310	254	480	X	X
3. Two years later	30	29	34	33	35	35	51	82	X	X	X
4. Three years later	7	10	9	9	11	13	43	X	X	X	X
5. Four years later	4	3	4	6	4	22	X	X	X	X	X
6. Five years later	4	2	2	4	19	X	X	X	X	X	X
7. Six years later	1	1	4	14	X	X	X	X	X	X	X
8. Seven years later	1	3	7	X	X	X	X	X	X	X	X
9. Eight years later	-1	5	X	X	X	X	X	X	X	X	X
10. Nine years later	3	X	X	X	X	X	X	X	X	X	X
Estimate of the undiscounted gross ultimate cumulative claims cost at the reporting date (Total B)	**441**	**479**	**538**	**620**	**718**	**603**	**962**	**746**	**840**	**695**	**6,644**
C. Gross undiscounted liability for incurred claims - year of occurrence T to T-9 (Total B - Total A)	**3**	**4**	**6**	**11**	**15**	**15**	**28**	**40**	**124**	**421**	**667**
D. Gross undiscounted liability for incurred claims - years prior to T-9	X	X	X	X	X	X	X	X	X	X	**16**
E. Effect of discounting	X	X	X	X	X	X	X	X	X	X	**-23**
F. Effect of the adjustment for non-financial risks	X	X	X	X	X	X	X	X	X	X	**15**
G. Gross liability for incurred claims for insurance contracts issued	X	X	X	X	X	X	X	X	X	X	**675**

11.8 Insurance contracts issued – Development of claims net of reinsurance (Non-Life Segment)

(millions of euro)

Claims/Time bands	Year 31.12.2015	Year 31.12.2016	Year 31.12.2017	Year 31.12.2018	Year 31.12.2019	Year 31.12.2020	Year 31.12.2021	Year 31.12.2022	Year 31.12.2023	Year 31.12.2024	Total
A. Cumulative claims paid and other directly attributable expenses paid net of reinsurance											
1. At the end of the year of occurrence	208	176	177	234	361	268	441	385	325	251	X
2. One year later	100	149	189	197	163	146	213	227	245	X	X
3. Two years later	29	26	33	32	34	34	47	38	X	X	X
4. Three years later	6	10	9	9	10	12	14	X	X	X	X
5. Four years later	4	3	4	6	4	6	X	X	X	X	X
6. Five years later	2	2	2	3	4	X	X	X	X	X	X
7. Six years later	1	1	3	3	X	X	X	X	X	X	X
8. Seven years later	1	2	1	X	X	X	X	X	X	X	X
9. Eight years later	1	1	X	X	X	X	X	X	X	X	X
10. Nine years later	-	X	X	X	X	X	X	X	X	X	X
Total cumulative claims paid and other directly attributable expenses paid net of reinsurance (Total A)	**352**	**370**	**418**	**484**	**576**	**466**	**715**	**650**	**570**	**251**	**4,852**
B. Estimate of the ultimate cumulative claims cost (amount net of reinsurance contracts held, undiscounted)											
1. At the end of the year of occurrence	208	176	177	234	361	268	441	385	325	253	X
2. One year later	100	149	189	197	163	146	213	227	248	X	X
3. Two years later	29	26	33	32	34	34	47	43	X	X	X
4. Three years later	6	10	9	9	10	12	23	X	X	X	X
5. Four years later	4	3	4	6	4	20	X	X	X	X	X
6. Five years later	2	2	2	3	18	X	X	X	X	X	X
7. Six years later	1	1	3	26	X	X	X	X	X	X	X
8. Seven years later	1	2	34	X	X	X	X	X	X	X	X
9. Eight years later	1	108	X	X	X	X	X	X	X	X	X
10. Nine years later	379	X	X	X	X	X	X	X	X	X	X
Estimate of the undiscounted gross ultimate cumulative claims cost at the reporting date (Total B)	**731**	**477**	**451**	**507**	**590**	**480**	**724**	**655**	**573**	**253**	**5,441**
C. Net undiscounted liability for incurred claims - year of occurrence T to T-9 (Total B - Total A)	**379**	**107**	**33**	**23**	**14**	**14**	**9**	**5**	**3**	**2**	**589**
D. Gross undiscounted liability for incurred claims - years prior to T-9	X	X	X	X	X	X	X	X	X	X	**15**
E. Effect of discounting	X	X	X	X	X	X	X	X	X	X	**-21**
F. Effect of the adjustment for non-financial risks	X	X	X	X	X	X	X	X	X	X	**13**
G. Net liability for incurred claims for insurance contracts issued	X	X	X	X	X	X	X	X	X	X	**596**

Other information

There is no other information to be noted in addition to the above.

SECTION 12 – REDEEMABLE SHARES – CAPTION 130

These are not present for the Group.

SECTION 13 – GROUP SHAREHOLDERS' EQUITY – CAPTIONS 120, 130, 140, 150, 160, 170 AND 180

13.1 Share capital and Treasury shares: breakdown

For information on this section, see point 13.3 below.

13.2 Share capital – Parent Company's number of shares: annual changes

Captions/Type	Ordinary
A. Initial number of shares	**18,282,798,989**
-fully paid-in	*18,282,798,989*
- not fully paid-in	-
A.1 Treasury shares (-)	-25,946,143
A.2 Shares outstanding: initial number	**18,256,852,846**
B. Increases	**18,289,439**
B.1 New issues	-
- for consideration:	-
- business combinations	-
- conversion of bonds	-
- exercise of warrants	-
- other	-
- for free:	-
- in favour of employees	-
- in favour of directors	-
- other	-
B.2 Sale of treasury shares	18,289,439
B.3 Other	-
C. Decreases	**-497,100,842**
C.1 Annulment	-479,128,488
C.2 Purchase of treasury shares	-17,972,354
C.3 Disposal of companies	-
C.4 Other	-
D. Shares outstanding: final number	**17,778,041,443**
D.1 Treasury shares (+)	25,629,058
D.2 Final number of shares	17,803,670,501
-fully paid-in	*17,803,670,501*
- not fully paid-in	-

In 2024 capital was affected by the annulment of 479,128,488 ordinary shares following the purchase of own shares in the period from 3 June to 18 October 2024 in execution of the buyback plan announced to the market on 27 May 2024. During that period, a total of 479,128,488 shares with no par value were purchased, equal to around 2.62% of the pre-annulment share capital, at an average purchase price per share of 3.5481 euro, for a total value of 1,699,999,992.53 euro. The shares were annulled on 23 October. As a result of the annulments, the share capital changed its composition, due to the reduction in the number of shares constituting it, while its amount remained unchanged at 10,368,870,930.08 euro.

The caption "Purchase of own shares" includes purchases to service the free incentive plan for personnel. The programme was launched on 9 September 2024 and ended on 11 September 2024, resulting in the purchase of 21,000,000 ordinary shares of the Bank at an average purchase price per share of 3.7154 euro for a total amount of 78,023,430.57 euro. The Parent Company alone purchased 10,301,330 shares at an average purchase price per share of 3.7146 euro, for a total amount of 38,265,555.39 euro. The purchase transactions were executed in compliance with the provisions included in Articles 2357 and following and 2359-bis and following of the Italian Civil Code and within the limits determined in the resolutions passed by the Shareholders' Meeting of Intesa Sanpaolo of 24 April 2024.

13.3 Share capital: other information

The share capital of Intesa Sanpaolo as at 31 December 2024 amounted to 10,369 million euro, divided into 17,803,670,501 ordinary shares, with no par value. Each ordinary share gives the right to one vote in the Shareholders' Meeting. The share capital is fully paid-in. As at 31 December 2024, the Group holds treasury shares of Intesa Sanpaolo of 179 million euro, of which approximately 80 million euro attributable to the Parent Company and the remaining 99 million euro to the other Group companies.

13.4 Reserves from retained earnings: other information

Group reserves amounted to 12,343 million euro and included the legal reserve, extraordinary reserve, concentration reserves (Law 218 of 30 July 1990, art. 7, par. 3 and Law 218 of 30 July 1990, art. 7) and other reserves, as well as the consolidation reserve.
The legal reserve, set up as provided for by law, must be at least one fifth of share capital; in the past it was set up by allocating each year at least one twentieth of net income for the year. Should the reserve decrease, it must be reintegrated by allocating at least one twentieth of net income for the year.
Concentration reserves under Law 218 of 30 July 1990 were set up at the time of reorganisations or concentrations carried out pursuant to the aforementioned law.
Other reserves included reserves pertaining to international branches and other reserves set up in the past following specific legal provisions.
Consolidation reserves were generated following the elimination of the book value of equity investments against the corresponding portion of the shareholders' equity of each investment.
The valuation reserves amounted to a negative figure of 2,332 million euro and included valuation reserves for assets measured at fair value through other comprehensive income of -2,242 million euro, valuation reserves pertaining to insurance companies of -297 million euro, reserves for cash flow hedges of -119 million euro, exchange rate valuation reserves (relating to fully consolidated equity investments) of -1,490 million euro, reserves relating to the hedging of foreign investments of -10 million euro, reserves for revaluations of property and equipment and legally-required revaluation reserves of 2,159 million euro, valuation reserves relating to financial liabilities designated at fair value through profit or loss (changes in the Group's own credit rating) of -190 million euro, as well as the negative reserve on actuarial profits (losses) from defined benefit pension plans of -178 million euro, in addition to approximately 35 million euro of valuation reserves connected to minority equity investments.

13.5 Equity instruments: breakdowns and annual changes

Issuer	Interest rate	Step-up	Issue date	Expiry date	Early redemption as of	Currency	Original amount in currency	Book value (millions of euro)
Intesa Sanpaolo	7.70% fixed rate	no	17-Sep-2015	perpetual	17-Sep-2025	USD	1,000,000,000	878
Intesa Sanpaolo	7.75% fixed rate	no	11-Jan-2017	perpetual	11-Jan-2027	Eur	1,250,000,000	1,251
Intesa Sanpaolo	5.875% fixed rate payable semi-annually	no	20-Jan-2020	perpetual	20-Jan-2025	Eur	400,000,000	400
Intesa Sanpaolo	3.75% fixed rate	no	27-Feb-2020	perpetual	27-Feb-2025	Eur	750,000,000	713
Intesa Sanpaolo	4.125% fixed rate	no	27-Feb-2020	perpetual	27-Feb-2030	Eur	750,000,000	733
Intesa Sanpaolo	5.875% fixed rate payable semi-annually	no	01-Sep-2020	perpetual	01-Sep-2031	Eur	750,000,000	743
Intesa Sanpaolo	5.5% fixed rate payable semi-annually	no	01-Sep-2020	perpetual	01-Mar-2028	Eur	750,000,000	744
Intesa Sanpaolo	6.375% fixed rate payable semi-annually	no	30-Mar-2022	perpetual	30-Sep-2028	Eur	1,000,000,000	982
Intesa Sanpaolo	9,125% fixed rate	no	07-Sep-2023	perpetual	07-Mar-2029	Eur	1,250,000,000	1,249
Intesa Sanpaolo	7% fixed rate payable semi-annually	no	20-May-2024	perpetual	20-May-2032	Eur	1,250,000,000	995
REYL & Cie SA	4.75%	no	30-Nov-2018	perpetual	30-Nov-2023	CHF	12,000,000	6
REYL & Cie SA	4.75%	no	30-Nov-2019	perpetual	30-Nov-2024	CHF	15,000,000	12
Total								**8,706**

13.6 Other information

Pursuant to Art. 2433-bis, paragraph 4, of the Italian Civil Code, Intesa Sanpaolo distributed an interim dividend for 2024 to each of the 17,803,670,501 ordinary shares comprising the share capital. The total amount disbursed was 3,022,396,312.63 euro[176], corresponding to a unit dividend of 17 euro cents per ordinary share. The dividend was paid out on 20 November 2024 (with coupon presentation on 18 November and record date on 19 November).

SECTION 14 - MINORITY INTERESTS – CAPTION 190

For details regarding the breakdown of minority interests, see section F, “Part B.1. Consolidated shareholders’ equity: breakdown by type of company”.

14.1 Breakdown of caption 190 Minority interests

(millions of euro)

Companies		31.12.2024	31.12.2023
Investments in consolidated companies with significant minority interests		**141**	**158**
1	Bank of Alexandria	114	126
2	Alpian S.A.	20	-
3	Eurizon SLJ Capital Limited	3	3
4	Eurizon Capital Real Asset S.p.A.	3	3
5	Risanamento S.p.A.	1	26
Other investments		**4**	**6**
TOTAL		**145**	**164**

14.2 Equity instruments: breakdown and annual changes

There were no equity instruments pertaining to minority interests.

[176] It does not include the interim dividend on the 24,868,662 own shares held at the record date, equal to 4,227,672.54 euro.

OTHER INFORMATION

1. Commitments and financial guarantees given

(millions of euro)

	Commitments and financial guarantees given - nominal amount				31.12.2024	31.12.2023
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
1. Commitments to disburse funds	**225,772**	**15,597**	**837**	**1**	**242,207**	**238,482**
a) Central Banks	1,255	24	-	-	1,279	1,190
b) Public Administration	11,630	699	5	-	12,334	11,873
c) Banks	28,960	401	12	-	29,373	31,839
d) Other financial companies	20,634	4,607	14	-	25,255	22,138
e) Non-financial companies	149,804	9,153	773	1	159,731	156,618
f) Households	13,489	713	33	-	14,235	14,824
2. Financial guarantees given	**45,352**	**3,194**	**1,156**	**-**	**49,702**	**48,049**
a) Central Banks	-	-	-	-	-	-
b) Public Administration	504	12	-	-	516	482
c) Banks	4,355	52	1	-	4,408	3,987
d) Other financial companies	559	489	2	-	1,050	1,009
e) Non-financial companies	39,353	2,608	1,148	-	43,109	42,051
f) Households	581	33	5	-	619	520

In this table - in accordance with the instructions of Circular 262 - the Commitments to disburse funds include the commitments that can give rise to credit risk subject to the rules for determining the expected loss in accordance with IFRS 9, including revocable margins available on credit lines granted to customers and banks (for a total amount of 147,100 million euro in 2024).

2. Other commitments and other guarantees given

As at 31 December 2024 there were no exposures of this type.

3. Assets pledged as collateral of liabilities and commitments

(millions of euro)

Portfolios	31.12.2024	31.12.2023
1. Financial assets measured at fair value through profit or loss	1,893	1,734
2. Financial assets measured at fair value through other comprehensive income	17,891	18,353
3. Financial assets measured at amortised cost	193,703	205,993
4. Property and equipment	-	-
of which: property and equipment that constitute inventories	-	-

Intragroup deposits of 93 million euro, established to serve securities lending with subjects outside the Group, were netted.

4. Breakdown of investments related to unit-linked and index-linked policies

(millions of euro)

	Disbursements connected with investment funds and market indices	Disbursements in connection with pension funds management	31.12.2024
Assets in the balance sheet	-77,975	-8,768	-86,743
Intra-group assets	-208	-20	-228
Total Assets	**-78,183**	**-8,788**	**-86,971**
Financial liabilities in the balance sheet	51,484	-	51,484
Technical reserves in the balance sheet	10,717	9,064	19,781
Intra-group liabilities	-	15	15
Total Liabilities	**62,201**	**9,079**	**71,280**

5. Management and dealing on behalf of third parties

(millions of euro)

Type of service	31.12.2024
1. Trading on behalf of customers	
a) Purchases	397,997
1. settled	*397,997*
2. to be settled	-
b) Sales	393,382
1. settled	*393,382*
2. to be settled	-
2. Portfolio management	
a) individual	90,704
b) collective	184,464
3. Custody and administration of securities	
a) third party securities held in deposit: related to depositary bank activities (excluding portfolio management)	6,391
1. securities issued by companies included in the consolidation area	-
2. other securities	*6,391*
b) third-party securities held in deposit (excluding portfolio management): other	650,736
1. securities issued by companies included in the consolidation area	*49,430*
2. other securities	*601,306*
c) third party securities deposited with third parties	639,021
d) portfolio securities deposited with third parties	82,729
4. Other	**756,639**

Note regarding contractual clauses of financial payables

In relation to point 3: "IFRS 7 – Contractual clauses of financial payables", of Bank of Italy/Consob/Isvap document no. 4 of March 2010, the following is specified:

– there were no cases of non-compliance by Intesa Sanpaolo Group companies with the relative contractual clauses set forth in bond issues, medium-/long-term loans received from financial entities and other debt contracts, which involved or which could involve the application of acceleration clauses;
– bond issues, medium-/long-term loans received from Supranational Organisations and other debt contracts of Intesa Sanpaolo Group companies may contain standard negative pledges and covenants based on current practice.

Due to the nature of commitments undertaken, in line with market practices, and the remote probability of default, these clauses may be considered as immaterial.

6. Financial assets subject to offsetting in the financial statements or subject to master netting arrangements or similar agreements

(millions of euro)

Types	Gross amount of financial assets (a)	Amount of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c = a-b)	Related amounts not subject to offsetting in the balance sheet		Net amount 31.12.2024 (f=c-d-e)	Net amount 31.12.2023
				Financial instruments (d)	Cash collateral (e)		
1. Derivatives	81,938	56,469	25,469	15,290	9,503	676	971
2. Repurchase agreements	30,901	-	30,901	30,700	80	121	134
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
TOTAL 31.12.2024	**112,839**	**56,469**	**56,370**	**45,990**	**9,583**	**797**	**X**
TOTAL 31.12.2023	**115,963**	**63,337**	**52,626**	**41,931**	**9,590**	**X**	**1,105**

7. Financial liabilities subject to offsetting in the financial statements or subject to master netting arrangements or similar agreements

(millions of euro)

Types	Gross amount of financial liabilities (a)	Amount of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c=a-b)	Related amounts not subject to offsetting in the balance sheet		Net amount 31.12.2024 (f=c-d-e)	Net amount 31.12.2023
				Financial instruments (d)	Cash deposits pledged as collateral (e)		
1. Derivatives	81,980	56,469	25,511	16,266	8,589	656	1,015
2. Repurchase agreements	38,733	-	38,733	38,292	-	441	170
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
TOTAL 31.12.2024	**120,713**	**56,469**	**64,244**	**54,558**	**8,589**	**1,097**	**X**
TOTAL 31.12.2023	**126,471**	**63,337**	**63,134**	**53,634**	**8,315**	**X**	**1,185**

IFRS 7, amended in 2013, requires specific disclosure for financial instruments that have been offset in the Balance Sheet pursuant to IAS 32 or that may be potentially offset, upon occurrence of specific conditions, but are recognised in the Balance Sheet without any netting since they are regulated by "master netting arrangements or similar agreements" that do not respect all of the criteria set forth by IAS 32, paragraph 42.
In this respect, the Intesa Sanpaolo Group has netting arrangements in force that meet the requirements envisaged by IAS 32, paragraph 42, for netting in the financial statements.
In terms of instruments that may be potentially offset upon occurrence of such events and to be presented in Tables 6 and 7, it is noted that the Intesa Sanpaolo Group uses bilateral netting arrangements that allow, in the event of counterparty default, the netting of claims and obligations in relation to financial and credit derivatives, as well as securities financing transactions (SFTs). In particular, there are ISDA agreements (for transactions in derivatives), GMRAs (for repurchase agreements) and GMSLAs (for securities lending).
With regard to securities lending transactions, only those transactions that require the payment of a cash guarantee fully available to the lender must also be reported in tables 6 and 7, as this is the only type of transaction recognised in the Balance Sheet. The Intesa Sanpaolo Group did not have any such transactions as at 31 December 2021.
For the purposes of preparing the tables and in compliance with the provisions of IFRS 7 and the new provisions that govern the financial statements of banks, the following are noted:
- the effects of the potential offsetting of the balance sheet values of financial assets and liabilities are indicated under column (d) "Financial instruments", together with the fair value of financial collateral consisting of securities;
- the effects of the potential offsetting of the exposure with the relative cash collateral are included under column (e) "Cash deposits received/pledged as collateral";
- repurchase agreement transactions are recognised in the tables based on the amortised cost measurement criterion, while the relative collateral is measured at fair value;
- derivatives transactions are recognised at fair value.

These effects are calculated for each individual counterparty included in a master netting arrangement, to the extent of the exposure indicated in column (c).

Based on the preparation methods indicated above, the netting arrangements between financial instruments and the relative collateral permit a significant reduction in credit/debt exposure to the counterparty, as indicated under column (f) “Net amount”.

8. Securities lending transactions

The securities lending accessory banking service, offered mainly by the Parent Company and by Intesa Sanpaolo Private Banking (ISPB) to their customers (natural persons, legal entities and commercial entities), is worth mentioning. The contract involves transfer of the ownership of a certain quantity of securities of a specific type, with the obligation for ISPPB to return them, paying a consideration amount as remuneration for their availability. The transaction involves government bonds that ISPPB in turn transfers to the Parent Company Intesa Sanpaolo for non-speculative purposes.
As at 31 December 2024, the collateral of transactions mainly referring to ISPPB amounted to 93 million euro.

9. Disclosure on joint-control assets

With regard to the disclosure required in this paragraph, the Intesa Sanpaolo Group holds a stake in Mooney Group S.p.A. as a material jointly controlled entity. For details concerning this entity, please refer to section 7 of Assets.

Part C – Information on the consolidated income statement

SECTION 1 – INTEREST – CAPTIONS 10 AND 20

1.1. Interest and similar income: breakdown

(millions of euro)

Captions/Types	Debt securities	Loans	Other transactions	2024	2023
1. Financial assets measured at fair value through profit or loss	**163**	**52**	**-**	**215**	**243**
1.1 Financial assets held for trading	125	5	-	130	167
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	38	47	-	85	76
2. Financial assets measured at fair value through other comprehensive income	**4,815**	**85**	**X**	**4,900**	**4,099**
3. Financial assets measured at amortised cost	**2,095**	**22,443**	**X**	**24,538**	**24,383**
3.1 Due from banks	82	4,159	X	4,241	5,323
3.2 Loans to customers	2,013	18,284	X	20,297	19,060
4. Hedging derivatives	**X**	**X**	**3,661**	**3,661**	**3,027**
5. Other assets	**X**	**X**	**1,287**	**1,287**	**772**
6. Financial liabilities	**X**	**X**	**X**	**1**	**1**
Total	**7,073**	**22,580**	**4,948**	**34,602**	**32,525**
of which: interest income on impaired financial assets	*1*	*545*	*-*	*546*	*502*
of which: interest income on financial lease	*X*	*427*	*X*	*427*	*437*

Interest and similar income also includes interest income on debt securities relating to repurchase agreements.
Interest on impaired financial assets also includes interest due to the passing of time, equal to 168 million euro relating to customers (time value) which came to 172 million euro in 2023.
The caption “Hedging derivatives” includes the differentials on hedging transactions, which adjust interest income recognised on hedged financial instruments.
“Financial liabilities” include residual interest on funding transactions with negative rates.
Finally, the caption “Financial assets measured at amortised cost”, sub-caption “Due from banks”, includes interest on “on demand” loans due from banks and central banks classified in the balance sheet to the caption “Cash and cash equivalents”.

The total amount of the Interest and similar income as at 31 December 2024 of 34,602 million euro (32,525 million euro as at 31 December 2023) consisted of 31,700 million euro for the “Banking Group”, 2,469 million euro for the “Insurance Companies”, and 433 million euro for the “Other companies”; as at 31 December 2023, these amounts were 29,652 million euro, 2,457 million euro and 416 million euro respectively. The details for the “Banking Group” and “Insurance Companies” are provided below.

1.1. Interest and similar income: breakdown (of which: Banking Group)

(millions of euro)

Captions/Types	Debt securities	Loans	Other transactions	2024	2023
1. Financial assets measured at fair value through profit or loss	**163**	**52**	**-**	**215**	**243**
1.1 Financial assets held for trading	125	5	-	130	167
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	38	47	-	85	76
2. Financial assets measured at fair value through other comprehensive income	**2,353**	**85**	**X**	**2,438**	**1,650**
3. Financial assets measured at amortised cost	**1,705**	**22,414**	**X**	**24,119**	**23,986**
3.1 Due from banks	82	4,150	X	4,232	5,316
3.2 Loans to customers	1,623	18,264	X	19,887	18,670
4. Hedging derivatives	**X**	**X**	**3,644**	**3,644**	**3,006**
5. Other assets	**X**	**X**	**1,283**	**1,283**	**766**
6. Financial liabilities	**X**	**X**	**X**	**1**	**1**
Total	**4,221**	**22,551**	**4,927**	**31,700**	**29,652**
of which: interest income on impaired financial assets	*1*	*545*	*-*	*546*	*502*
of which: interest income on financial lease	*X*	*427*	*X*	*427*	*437*

1.1. Interest and similar income: breakdown (of which: Insurance companies)

(millions of euro)

Captions/Types	Debt securities	Loans	Other transactions	2024	2023
1. Financial assets measured at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	**2,462**	**-**	**X**	**2,462**	**2,449**
3. Financial assets measured at amortised cost	**-**	**7**	**X**	**7**	**6**
3.1 Due from banks	-	7	X	7	6
3.2 Loans to customers	-	-	X	-	-
4. Hedging derivatives	**X**	**X**	**-**	**-**	**-**
5. Other assets	**X**	**X**	**-**	**-**	**2**
6. Financial liabilities	**X**	**X**	**X**	**-**	**-**
Total	**2,462**	**7**	**-**	**2,469**	**2,457**
of which: interest income on impaired financial assets	*-*	*-*	*-*	*-*	*-*
of which: interest income on financial lease	*X*	*-*	*X*	*-*	*-*

1.2. Interest and similar income: other information

1.2.1 Interest income on foreign currency financial assets

The balance as at 31 December 2024 includes 5,869 million euro relating to financial assets in foreign currency.

1.3 Interest and similar expense: breakdown

(millions of euro)

Captions/Types	Debts	Securities	Other transactions	2024	2023
1. Financial liabilities measured at amortised cost	**7,666**	**4,530**	**X**	**12,196**	**11,367**
1.1 Due to Central Banks	654	X	X	654	2,052
1.2 Due to banks	2,757	X	X	2,757	2,558
1.3 Due to customers	4,255	X	X	4,255	3,511
1.4 Securities issued	X	4,530	X	4,530	3,246
2. Financial liabilities held for trading	**1**	**-**	**-**	**1**	**1**
3. Financial liabilities designated at fair value	**1**	**-**	**-**	**1**	**9**
4. Other liabilities and allowances	**X**	**X**	**201**	**201**	**144**
5. Hedging derivatives	**X**	**X**	**3,845**	**3,845**	**3,742**
6. Financial assets	**X**	**X**	**X**	**268**	**326**
Total	**7,668**	**4,530**	**4,046**	**16,512**	**15,589**
of which: interest expense on lease liabilities	*25*	*X*	*X*	*25*	*24*

As at 31 December 2024, the caption "Amounts due to central banks" included interest expense of 526 million euro on TLTRO refinancing operations, compared to 1,958 million euro in 2023, also as a result of the progressive repayment of all the existing operations in the first three quarters of 2024.

"Due to banks" and "Due to customers" also include interest expense on repurchase agreements, even if the transaction referred to securities recorded under assets.
Lastly, the caption "Hedging derivatives" includes the differentials on hedging transactions, which adjust interest expense recognised on hedged financial instruments.
"Financial assets" include residual interest on lending transactions with negative rates.

The total amount of the Interest expense as at 31 December 2024 of 16,512 million euro (15,589 million euro as at 31 December 2023) consisted of 16,157 million euro for the "Banking Group", 330 million euro for the "Insurance Companies", and 25 million euro for the "Other companies"; as at 31 December 2023, these amounts were 15,174 million euro, 392 million euro and 23 million euro respectively.

1.4. Interest and similar expense: other information

1.4.1 Interest expense on foreign currency financial liabilities
Interest and similar expense in 2024 includes 3,595 million euro relative to financial liabilities in foreign currency.

1.5. Differentials on hedging transactions

(millions of euro)

Captions	2024	2023
A. Positive differentials on hedging transactions	9,160	8,852
B. Negative differentials on hedging transactions	-9,344	-9,567
C. Balance (A-B)	**-184**	**-715**

These amounts essentially refer to the "Banking Group".

SECTION 2 – NET FEE AND COMMISSION INCOME - CAPTIONS 40 AND 50

2.1 Fee and commission income: breakdown

(millions of euro)

Type of service/Amounts	2024	2023
a) Financial instruments	**1,936**	**1,556**
1. Placement of securities	706	449
1.1 Through underwriting and/or on a firm commitment basis	3	28
1.2 Without firm commitment	703	421
2. Reception and transmission of orders and execution of orders on behalf of customers	295	255
2.1 Reception and transmission of orders for one or more financial instruments	149	124
2.2 Execution of orders on behalf of customers	146	131
3. Other fee and commission income related to activities connected to financial instruments	935	852
of which: dealing on own account	*2*	*2*
of which: individual portfolio management	*933*	*850*
b) Corporate Finance	**4**	**6**
1. M&A advisory	4	6
2. Treasury services	-	-
3. Other fee and commission income related to corporate finance services	-	-
c) Investment advice	**368**	**285**
d) Clearing and settlement	**-**	**-**
e) Collective portfolio management	**2,193**	**2,049**
f) Custody and administration	**110**	**107**
1. Depositary bank	6	4
2. Other fee and commission income related to custody and administration services	104	103
g) Central administrative services for collective portfolio management	**-**	**-**
h) Fiduciary services	**10**	**9**
i) Payment services	**3,176**	**3,103**
1. Current accounts	1,319	1,359
2. Credit cards	685	632
3. Debit cards and other payment cards	316	305
4. Credit transfers and other payment orders	435	408
5. Other fee and commission income related to payment services	421	399
j) Distribution of third-party services	**770**	**641**
1. Collective portfolio management	578	492
2. Insurance products	79	51
3. Other products	113	98
of which: individual portfolio management	*46*	*36*
k) Structured finance	**28**	**24**
l) Servicing related to securitisations	**5**	**6**
m) Commitments to disburse funds	**22**	**18**
n) Financial guarantees given	**509**	**483**
of which: credit derivatives	*1*	*1*
o) Financing transactions	**914**	**779**
of which: for factoring transactions	*78*	*78*
p) Currency dealing	**17**	**14**
q) Commodities	**-**	**-**
r) Other fee and commission income	**1,330**	**1,448**
of which: for management of multilateral trading facilities	-	-
of which: for management of organised trading facilities	-	-
Total	**11,392**	**10,528**

The sub-caption "Other fee and commission income" includes fee and commission income collected from insurance companies of 989 million euro.
The total amount of the Fee and commission income as at 31 December 2024 of 11,392 million euro (10,528 million euro as at 31 December 2023) consisted of 10,397 million euro for the "Banking Group", 989 million euro for the "Insurance Companies", and 6 million euro for the "Other companies"; as at 31 December 2023 these amounts were 9,400 million euro, 1,122 million euro and 6 million euro respectively.

As required by IFRS 15, paragraph 116 b), it is noted that fee and commission income includes the revenues recognised during the year included in the opening balance of liabilities deriving from contracts with customers. In line with paragraph 116 c) of IFRS 15, revenues deriving from performance obligations satisfied in the previous years are included, amounting to 2 million euro.

2.2 Fee and commission expense: breakdown

(millions of euro)

	2024	2023
a) Financial instruments	**266**	**250**
of which: trading in financial instruments	*49*	*38*
of which: placement of financial instruments	*209*	*202*
of which: individual portfolio management	*8*	*10*
- Own portfolio	*8*	*10*
- Third-party portfolio	*-*	*-*
b) Clearing and settlement	**35**	**35**
c) Collective portfolio management	**55**	**50**
- Own portfolio	12	10
- Third-party portfolio	43	40
d) Custody and administration	**96**	**82**
e) Collection and payment services	**676**	**633**
of which: credit cards, debit cards and other payment cards	*530*	*494*
f) Servicing related to securitisations	**-**	**-**
g) Commitments to receive funds	**-**	**-**
h) Financial guarantees received	**343**	**351**
of which: credit derivatives	*20*	*21*
i) "Out-of-branch" offer of financial instruments, products and services	**1,007**	**941**
j) Currency dealing	**6**	**6**
k) Other fee and commission expense	**297**	**379**
Total	**2,781**	**2,727**

The sub-caption "Other fee and commission expense" includes 34 million euro on the placement of investment insurance products, 155 million euro on banking services to Italian branches, 61 million euro on banking services to international branches and 47 million euro on other minor services.

The total amount of the Fee and commission expense as at 31 December 2024 of 2,781 million euro (2,727 million euro as at 31 December 2023) consisted of 2,728 million euro for the "Banking Group", 50 million euro for "Insurance Companies", and 3 million euro for "Other companies"; as at 31 December 2023 these amounts were 2,573 million euro, 145 million euro and 9 million euro respectively.

As required by IFRS 15, paragraph 116 b), it is noted that fee and commission income includes the revenues recognised during the year included in the opening balance of liabilities deriving from contracts with customers.
In line with paragraph 116 c) of IFRS 15, revenues deriving from performance obligations satisfied in the previous years are included, amounting to 8 million euro.

SECTION 3 – DIVIDEND AND SIMILAR INCOME - CAPTION 70

3.1 Dividend and similar income: breakdown

(millions of euro)

Captions/Income	2024		2023	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	70	3	32	-
B. Other financial assets mandatorily measured at fair value	526	141	457	100
C. Financial assets measured at fair value through other comprehensive income	57	3	62	-
D. Investments in associates and companies subject to joint control	-	-	9	-
Total	**653**	**147**	**560**	**100**

The total amount of Dividends and similar income as at 31 December 2024 of 800 million euro (660 million euro as at 31 December 2023) consisted of 281 million euro for the "Banking Group" and 519 million euro for the "Insurance Companies"; as at 31 December 2023, these amounts were 207 million euro and 453 million euro respectively.
The "similar income" of 147 million euro related to income on units of UCIs.

SECTION 4 – PROFITS (LOSSES) ON TRADING - CAPTION 80

4.1 Profits (Losses) on trading: breakdown

(millions of euro)

Transactions/Income components	Revaluations	Profits on trading	Write-downs	Losses on trading	Net result
1. Financial assets held for trading	**442**	**621**	**-299**	**-564**	**200**
1.1 Debt securities	70	328	-43	-374	-19
1.2 Equities	229	241	-229	-186	55
1.3 Quotas of UCI	43	48	-1	-3	87
1.4 Loans	-	2	-2	-	-
1.5 Other	100	2	-24	-1	77
2. Financial liabilities held for trading	**68**	**8**	**-114**	**-39**	**-77**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	53	-	-45	-	8
2.3 Other	15	8	-69	-39	-85
3. Financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**652**
4. Derivatives	**27,722**	**59,716**	**-30,900**	**-56,579**	**-282**
4.1 Financial derivatives:	25,049	57,348	-28,275	-54,447	-566
- on debt securities and interest rates	*24,187*	*47,278*	*-24,510*	*-47,224*	*-269*
- on equities and stock indexes	*425*	*8,958*	*-3,428*	*-6,032*	*-77*
- on currencies and gold	*X*	*X*	*X*	*X*	*-241*
- other	*437*	*1,112*	*-337*	*-1,191*	*21*
4.2 Credit derivatives	2,673	2,368	-2,625	-2,132	284
of which: natural hedging associated with the fair value option	*X*	*X*	*X*	*X*	*-*
Total	**28,232**	**60,345**	**-31,313**	**-57,182**	**493**

Profits and losses on Financial assets held for trading are shown for each single purchase or sale, in line with the method of accounting recognition used by the Bank, and include the results of both long and short positions.
"Net result" includes profits, losses, revaluations and write-downs on currency transactions and currency and gold derivatives.

The net result of the exchange differences on Financial assets and liabilities, reported in sub-caption 3, is connected to the result of sub-caption 4.1 relating to Derivatives - Financial derivatives on currencies and gold, which includes the results of the related operational hedges taken out by the Bank on foreign exchange risk using financial trading derivatives. Similarly, the result in Financial derivatives on debt securities and interest rates should be viewed in conjunction with the results of the Financial assets held for trading in Debt securities and Financial liabilities held for trading in Payables (short selling of securities) respectively, as these transactions are operationally linked to each other.
Regarding structured credit products and their impact on the income statement, for detailed information please refer to Part E of these Notes to the consolidated financial statements - Information on risks and relative hedging policies.

Below is the breakdown by "Banking Group" and "Insurance Companies", which together account for all of this caption.

4.1 Profits (Losses) on trading: breakdown (of which: Banking Group)

(millions of euro)

Transactions/Income components	Revaluations	Profits on trading	Write-downs	Losses on trading	Net result
1. Financial assets held for trading	**442**	**621**	**-299**	**-564**	**200**
1.1 Debt securities	70	328	-43	-374	-19
1.2 Equities	229	241	-229	-186	55
1.3 Quotas of UCI	43	48	-1	-3	87
1.4 Loans	-	2	-2	-	-
1.5 Other	100	2	-24	-1	77
2. Financial liabilities held for trading	**68**	**8**	**-114**	**-39**	**-77**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	53	-	-45	-	8
2.3 Other	15	8	-69	-39	-85
3. Financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**647**
4. Derivatives	**27,712**	**59,688**	**-30,878**	**-56,538**	**-258**
4.1 Financial derivatives:	25,045	57,320	-28,253	-54,420	-550
- on debt securities and interest rates	*24,187*	*47,263*	*-24,510*	*-47,223*	*-283*
- on equities and stock indexes	*421*	*8,945*	*-3,406*	*-6,006*	*-46*
- on currencies and gold	*X*	*X*	*X*	*X*	*-242*
- other	*437*	*1,112*	*-337*	*-1,191*	*21*
4.2 Credit derivatives	2,667	2,368	-2,625	-2,118	292
of which: natural hedging associated with the fair value option	*X*	*X*	*X*	*X*	*-*
Total	**28,222**	**60,317**	**-31,291**	**-57,141**	**512**

4.1 Profits (Losses) on trading: breakdown (of which: Insurance companies)

(millions of euro)

Transactions/Income components	Revaluations	Profits on trading	Write-downs	Losses on trading	Net result
1. Financial assets held for trading	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Equities	-	-	-	-	-
1.3 Quotas of UCI	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**5**
4. Derivatives	**10**	**28**	**-22**	**-41**	**-24**
4.1 Financial derivatives:	4	28	-22	-27	-16
- on debt securities and interest rates	*-*	*15*	*-*	*-1*	*14*
- on equities and stock indexes	*4*	*13*	*-22*	*-26*	*-31*
- on currencies and gold	*X*	*X*	*X*	*X*	*1*
- other	*-*	*-*	*-*	*-*	*-*
4.2 Credit derivatives	6	-	-	-14	-8
of which: natural hedging associated with the fair value option	*X*	*X*	*X*	*X*	*-*
Total	**10**	**28**	**-22**	**-41**	**-19**

SECTION 5 – FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING - CAPTION 90

5.1 Fair value adjustments in hedge accounting: breakdown

(millions of euro)

Income component/Amount	2024	2023
A. Income from:		
A.1 fair value hedge derivatives	4,305	7,172
A.2 financial assets hedged (fair value)	2,968	7,297
A.3 financial liabilities hedged (fair value)	215	19
A.4 cash flow hedge: derivatives	-	-
A.5 currency assets and liabilities	14	8
Total income from hedging (A)	**7,502**	**14,496**
B. Expenses for		
B.1 fair value hedge derivatives	-4,022	-8,001
B.2 financial assets hedged (fair value)	-837	-115
B.3 financial liabilities hedged (fair value)	-2,621	-6,431
B.4 cash flow hedge: derivatives	-1	-
B.5 currency assets and liabilities	-14	-8
Total expense from hedging (B)	**-7,495**	**-14,555**
C. Fair value adjustments in hedge accounting (A - B)	**7**	**-59**
of which: fair value adjustments in hedge accounting on net positions	*-*	*-*

This caption mainly relates to the “Banking Group”.
The Group has exercised the option, provided for on the introduction of IFRS 9, of continuing to fully apply the provisions of IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for each type of hedge (both for micro hedges and macro hedges). For this reason, table “5.1 Fair value adjustments in hedge accounting: breakdown”, contains no amounts in the row “of which: profits (losses) on hedges of net positions” envisaged for parties that apply IFRS 9 also to hedges.

SECTION 6 – PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE - CAPTION 100

6.1 Profits (Losses) on disposal or repurchase: breakdown

(millions of euro)

Captions/Income components	2024			2023		
	Profits	Losses	Net result	Profits	Losses	Net result
A. Financial assets						
1. Financial assets measured at amortised cost	223	-173	50	204	-262	-58
1.1 Due from banks	*7*	*-22*	*-15*	*5*	*-5*	*-*
1.2 Loans to customers	*216*	*-151*	*65*	*199*	*-257*	*-58*
2. Financial assets measured at fair value through other comprehensive income	368	-358	10	429	-874	-445
2.1 Debt securities	*368*	*-356*	*12*	*429*	*-838*	*-409*
2.2 Loans	*-*	*-2*	*-2*	*-*	*-36*	*-36*
Total assets (A)	**591**	**-531**	**60**	**633**	**-1,136**	**-503**
B. Financial liabilities valued at amortized cost						
1. Due to banks	26	-25	1	1	-1	-
2. Due to customers	-	-7	-7	-	-	-
3. Securities issued	87	-84	3	50	-14	36
Total liabilities (B)	**113**	**-116**	**-3**	**51**	**-15**	**36**

Below is the breakdown by “Banking Group” and “Insurance Companies”, which together account for all of this caption.

6.1 Profits (Losses) on disposal or repurchase: breakdown (of which: Banking Group)

(millions of euro)

Captions/Income components	2024			2023		
	Profits	Losses	Net result	Profits	Losses	Net result
A. Financial assets						
1. Financial assets measured at amortised cost	223	-173	50	204	-262	-58
1.1 Due from banks	*7*	*-22*	*-15*	*5*	*-5*	*-*
1.2 Loans to customers	*216*	*-151*	*65*	*199*	*-257*	*-58*
2. Financial assets measured at fair value through other comprehensive income	326	-88	238	379	-200	179
2.1 Debt securities	*326*	*-86*	*240*	*379*	*-164*	*215*
2.2 Loans	*-*	*-2*	*-2*	*-*	*-36*	*-36*
Total assets (A)	**549**	**-261**	**288**	**583**	**-462**	**121**
B. Financial liabilities valued at amortized cost						
1. Due to banks	26	-25	1	1	-1	-
2. Due to customers	-	-7	-7	-	-	-
3. Securities issued	87	-84	3	50	-14	36
Total liabilities (B)	**113**	**-116**	**-3**	**51**	**-15**	**36**

The Net result on Financial assets measured at amortised cost in sub-caption 1.2 Loans to customers, primarily attributable to the Parent Company, mainly relates to the sale on the market of government debt securities. The sub-caption Losses, also mainly attributable to the Parent Company, relate almost entirely to loans.
The Net result on Financial assets measured at fair value through other comprehensive income in sub-caption 2.1 Debt securities, also primarily attributable to the Parent Company, relates to profits and losses mainly deriving from the sale of government debt securities.
Profits and losses on Financial assets measured at fair value through other comprehensive income, represented by debt securities, are shown for each single purchase or sale.

6.1 Profits (Losses) on disposal or repurchase: breakdown (of which: Insurance companies)

(millions of euro)

Captions/Income components	2024			2023		
	Profits	Losses	Net result	Profits	Losses	Net result
A. Financial assets						
1. Financial assets measured at amortised cost	-	-	-	-	-	-
1.1 Due from banks	-	-	-	-	-	-
1.2 Loans to customers	-	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	42	-270	-228	50	-674	-624
2.1 Debt securities	*42*	*-270*	*-228*	*50*	*-674*	*-624*
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**42**	**-270**	**-228**	**50**	**-674**	**-624**
B. Financial liabilities valued at amortized cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	-	-	-	-	-	-
Total liabilities (B)	**-**	**-**	**-**	**-**	**-**	**-**

SECTION 7 – PROFITS (LOSSES) ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CAPTION 110

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

(millions of euro)

Transactions/Income components	Revaluations	Gains on disposal	Write-downs	Losses on trading	Net result
1. Financial assets	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Loans	-	-	-	-	-
2. Financial liabilities	**160**	**2**	**-4,767**	**-718**	**-5,323**
2.1 Securities issued	160	2	-427	-718	-983
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-4,340	-	-4,340
3. Foreign currency financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**-19**
Total	**160**	**2**	**-4,767**	**-718**	**-5,342**

Below is the breakdown by "Banking Group" and "Insurance Companies", which together account for all of this caption.

7.1 Net change in the value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value (of which: Banking Group)

(millions of euro)

Transactions/Income components	Revaluations	Gains on disposal	Write-downs	Losses on trading	Net result
1. Financial assets	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Loans	-	-	-	-	-
2. Financial liabilities	**160**	**2**	**-427**	**-718**	**-983**
2.1 Securities issued	160	2	-427	-718	-983
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Foreign currency financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**-19**
Total	**160**	**2**	**-427**	**-718**	**-1,002**

Sub-caption 2.1 Financial liabilities - Securities issued, reports the net result of the certificates which provide for partial or full redemption of the premiums paid on maturity, pursuant to Bank of Italy Communication of 21 October 2014 (certificates with guaranteed or protected capital), issued after 1 January 2020.
The revaluations and write-downs shown in the table refer to the fair value measurement of these financial instruments, calculated excluding the changes in value due to the change in own credit rating recognised in the Statement of comprehensive income (Shareholders' equity).
The Realised gains and losses relate to disbursement made to the holders of certificates where contractually provided for, as well as repurchases of certificates made by the issuer as market maker.
For information on the methods used to measure counterparty risk, reference should be made to Section A.4 – Information on fair value of the Notes to the consolidated financial statements.

7.1 Net change in the value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value (of which: Insurance companies)

(millions of euro)

Transactions/Income components	Revaluations	Gains on disposal	Write-downs	Losses on trading	Net result
1. Financial assets	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Loans	-	-	-	-	-
2. Financial liabilities	**-**	**-**	**-4,340**	**-**	**-4,340**
2.1 Securities issued	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-4,340	-	-4,340
3. Foreign currency financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**-**
Total	**-**	**-**	**-4,340**	**-**	**-4,340**

The table above reports the income statement effects of unit-linked insurance or investment contracts, falling within the scope of IFRS 17, issued by the insurance companies.

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

(millions of euro)

Transactions/Income components	Revaluations	Gains on disposal	Write-downs	Losses on trading	Net result
1. Financial assets	**7,472**	**3,042**	**-939**	**-2,065**	**7,510**
1.1 Debt securities	302	269	-79	-28	464
1.2 Equities	881	402	-298	-105	880
1.3 Quotas of UCI	6,181	1,755	-458	-188	7,290
1.4 Loans	108	616	-104	-1,744	-1,124
2. Financial assets: foreign exchange differences	**X**	**X**	**X**	**X**	**467**
Total	**7,472**	**3,042**	**-939**	**-2,065**	**7,977**

Below is the breakdown by "Banking Group" and "Insurance Companies", which together account for all of this caption.

7.2 Net change in the value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value *(of which: Banking Group)*

(millions of euro)

Transactions/Income components	Revaluations	Gains on disposal	Write-downs	Losses on trading	Net result
1. Financial assets	**370**	**77**	**-230**	**-20**	**197**
1.1 Debt securities	80	5	-51	-2	32
1.2 Equities	75	13	-	-10	78
1.3 Quotas of UCI	124	4	-141	-1	-14
1.4 Loans	91	55	-38	-7	101
2. Financial assets: foreign exchange differences	**X**	**X**	**X**	**X**	**48**
Total	**370**	**77**	**-230**	**-20**	**245**

7.2 Net change in the value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value *(of which: Insurance companies)*

(millions of euro)

Transactions/Income components	Revaluations	Gains on disposal	Write-downs	Losses on trading	Net result
1. Financial assets	**7,102**	**2,965**	**-709**	**-2,045**	**7,313**
1.1 Debt securities	222	264	-28	-26	432
1.2 Equities	806	389	-298	-95	802
1.3 Quotas of UCI	6,057	1,751	-317	-187	7,304
1.4 Loans	17	561	-66	-1,737	-1,225
2. Financial assets: foreign exchange differences	**X**	**X**	**X**	**X**	**419**
Total	**7,102**	**2,965**	**-709**	**-2,045**	**7,732**

SECTION 8 – NET LOSSES/RECOVERIES FOR CREDIT RISK – CAPTION 130

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

(millions of euro)

Transactions/Income components	IMPAIRMENT LOSSES						RECOVERIES				2024	2023
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			Write-off	Other	Write-off	Other						
A. Credit to banks	**-12**	**-6**	**-**	**-2**	**-**	**-**	**15**	**7**	**4**	**-**	**6**	**13**
- Loans	-8	-6	-	-2	-	-	11	6	4	-	5	12
- Debt securities	-4	-	-	-	-	-	4	1	-	-	1	1
B. Credit to clients	**-430**	**-990**	**-67**	**-2,332**	**-5**	**-10**	**642**	**1,026**	**990**	**39**	**-1,137**	**-1,372**
- Loans	-422	-962	-67	-2,316	-5	-10	615	1,014	986	39	-1,128	-1,309
- Debt securities	-8	-28	-	-16	-	-	27	12	4	-	-9	-63
Total	**-442**	**-996**	**-67**	**-2,334**	**-5**	**-10**	**657**	**1,033**	**994**	**39**	**-1,131**	**-1,359**

This caption refers entirely to the “Banking Group”.

8.2 Net adjustments for credit risk associated with financial assets measured at fair value through other comprehensive income: breakdown

(millions of euro)

Transactions/Income components	IMPAIRMENT LOSSES						RECOVERIES				2024	2023
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			Write-off	Other	Write-off	Other						
A. Debt securities	**-33**	**-47**	**-**	**-**	**-**	**-**	**45**	**27**	**-**	**-**	**-8**	**-71**
B. Loans	**-8**	**-4**	**-**	**-4**	**-**	**-**	**6**	**10**	**-**	**-**	**-**	**14**
- to customers	-8	-4	-	-4	-	-	6	10	-	-	-	14
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-41**	**-51**	**-**	**-4**	**-**	**-**	**51**	**37**	**-**	**-**	**-8**	**-57**

Below is the breakdown by “Banking Group” and “Insurance Companies”, which together account for all of this caption.

8.2 Net adjustments for credit risk associated with financial assets measured at fair value through other comprehensive income: breakdown (of which: Banking Group)

(millions of euro)

Transactions/Income components	IMPAIRMENT LOSSES						RECOVERIES				2024	2023
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			Write-off	Other	Write-off	Other						
A. Debt securities	**-11**	**-43**	**-**	**-**	**-**	**-**	**12**	**4**	**-**	**-**	**-38**	**-42**
B. Loans	**-8**	**-4**	**-**	**-4**	**-**	**-**	**6**	**10**	**-**	**-**	**-**	**14**
- to customers	-8	-4	-	-4	-	-	6	10	-	-	-	14
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-19**	**-47**	**-**	**-4**	**-**	**-**	**18**	**14**	**-**	**-**	**-38**	**-28**

8.2 Net adjustments for credit risk associated with financial assets measured at fair value through other comprehensive income: breakdown (of which: Insurance companies)

(millions of euro)

Transactions/Income components	IMPAIRMENT LOSSES						RECOVERIES				2024	2023
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			Write-off	Other	Write-off	Other						
A. Debt securities	-22	-4	-	-	-	-	33	23	-	-	30	-29
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	-22	-4	-	-	-	-	33	23	-	-	30	-29

SECTION 9 – PROFITS/LOSSES FROM CHANGES IN CONTRACTS WITHOUT DERECOGNITION – CAPTION 140

9.1 Profits (Losses) from changes in contracts: breakdown

Within the profits (losses) from changes in contracts without derecognition, losses of 28 million euro were recognised, entirely attributable to the "Banking Group". In 2023, the losses amounted to 29 million euro.

SECTION 10 – INSURANCE SERVICE RESULT - CAPTION 160

Section 10 includes the tables in line with the indications of IVASS, based on the updates to Regulation 7 of 13 July 2007, directly applicable also pursuant to Circular 262/2005, for the disclosure required by IFRS 17 for insurance contracts pertaining to consolidated insurance companies.
In particular, the tables report the insurance income and expenses attributable to the insurance companies broken down by basis of aggregation.

10.1 Insurance income and expenses from insurance contracts issued - Breakdown

(millions of euro)

Captions/Aggregation bases	31.12.2024					
	Basis A1	Basis A2	Basis A3	Basis A4	Basis A5	Total
A. Insurance revenue from insurance contracts issued measured under the GMM and the VFA						
A.1 Amounts related to changes in the liabilities for remaining coverage	**1,551**	**127**	**-**	**131**	**-**	**1,809**
1. Incurred claims and other expected insurance service expenses	449	66	-	63	-	578
2. Changes in the adjustment for non-financial risks	51	3	-	4	-	58
3. Contractual service margin recognised in profit or loss for services provided	1,035	48	-	67	-	1,150
4. Other amounts	16	10	-	-3	-	23
A.2 Insurance contract acquisition costs recovered	**44**	**4**	**-**	**1**	**-**	**49**
A.3 Total insurance revenue from insurance contracts issued measured under the GMM or the VFA (A.1+A.2)	**1,595**	**131**	**-**	**132**	**-**	**1,858**
A.4 Total insurance revenue from insurance contracts issued measured under the PAA						**1,311**
- Life Segment	X	X	X	X	X	-
- Non-Life Segment - Motor	X	X	X	X	X	103
- Non-Life Segment - Non-Motor	X	X	X	X	X	1,208
A.5 Total insurance revenue from insurance contracts issued (A.3+A.4)	**1,595**	**131**	**-**	**132**	**-**	**3,169**
B. Insurance service expenses from insurance contracts issued – GMM or VFA						
1. Incurred claims and other directly attributable expenses	-211	-75	-	-59	-	-345
2. Changes in the liability for incurred claims	-184	8	-	-9	-	-185
3. Losses on onerous contracts and recovery of those losses	-1	29	-	-1	-	27
4. Amortisation of insurance contract acquisition costs	-45	-3	-	-1	-	-49
5. Other amounts	-58	-1	-	1	-	-58
B.6 Total insurance service expenses from insurance contracts issued – GMM or VFA	**-499**	**-42**	**-**	**-69**	**-**	**-610**
B.7 Total insurance service expenses from insurance contracts issued measured under the PAA						**-836**
- Life Segment	X	X	X	X	X	-
- Non-Life Segment - Motor	X	X	X	X	X	-96
- Non-Life Segment - Non-Motor	X	X	X	X	X	-740
B.8 Total costs for insurance services deriving from contracts of insurance issued (B.6 + B.7)	**-499**	**-42**	**-**	**-69**	**-**	**-1,446**
C. Total net expenses/revenue from insurance contracts issued (A.5+B.8)	**1,096**	**89**	**-**	**63**	**-**	**1,723**

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

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

(millions of euros)

Captions/Aggregation bases	31.12.2023					
	Basis A1	Basis A2	Basis A3	Basis A4	Basis A5	Total
A. Insurance revenue from insurance contracts issued measured under the GMM and the VFA						
A.1 Amounts related to changes in the liabilities for remaining coverage	**1,594**	**139**	**-**	**152**	**-**	**1,885**
1. Incurred claims and other expected insurance service expenses	453	82	-	50	-	585
2. Changes in the adjustment for non-financial risks	27	2	-	3	-	32
3. Contractual service margin recognised in profit or loss for services provided	1,105	47	-	74	-	1,226
4. Other amounts	9	8	-	25	-	42
A.2 Insurance contract acquisition costs recovered	**41**	**4**	**-**	**2**	**-**	**47**
A.3 Total insurance revenue from insurance contracts issued measured under the GMM or the VFA (A.1+A.2)	**1,635**	**143**	**-**	**154**	**-**	**1,932**
A.4 Total insurance revenue from insurance contracts issued measured under the PAA						**1,186**
- Life Segment	X	X	X	X	X	-
- Non-Life Segment - Motor	X	X	X	X	X	92
- Non-Life Segment - Non-Motor	X	X	X	X	X	1,094
A.5 Total insurance revenue from insurance contracts issued (A.3+A.4)	**1,635**	**143**	**-**	**154**	**-**	**3,118**
B. Insurance service expenses from insurance contracts issued – GMM or VFA						
1. Incurred claims and other directly attributable expenses	-353	-126	-	-14	-	-493
2. Changes in the liability for incurred claims	108	14	-	11	-	133
3. Losses on onerous contracts and recovery of those losses	-85	-43	-	1	-	-127
4. Amortisation of insurance contract acquisition costs	-41	-4	-	-2	-	-47
5. Other amounts	314	1	-	-20	-	295
B.6 Total insurance service expenses from insurance contracts issued – GMM or VFA	**-57**	**-158**	**-**	**-24**	**-**	**-239**
B.7 Total insurance service expenses from insurance contracts issued measured under the PAA						**-851**
- Life Segment	X	X	X	X	X	-
- Non-Life Segment - Motor	X	X	X	X	X	-57
- Non-Life Segment - Non-Motor	X	X	X	X	X	-794
B.8 Total costs for insurance services deriving from contracts of insurance issued (B.6 + B.7)	**-57**	**-158**	**-**	**-24**	**-**	**-1,090**
C. Total net expenses/revenue from insurance contracts issued (A.5+B.8)	**1,578**	**-15**	**-**	**130**	**-**	**2,028**

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

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

10.2 Insurance expenses and income from reinsurance contracts held - Breakdown

(millions of euro)

Captions/Aggregation bases	31.12.2024			31.12.2023		
	Life Business	Non-life Business	Total	Life Business	Non-life Business	Total
A. Allocation of premiums paid related to reinsurance contracts held measured under the GMM						
A.1 Amounts related to changes in the asset for remaining coverage						
1. Expected claims and other expected expenses to be recovered	-8	-2	-10	-5	-3	-8
2. Changes in the adjustment for non-financial risks	-1	-	-1	-1	-	-1
3. Contractual service margin recognised in profit or loss for services received	-4	-2	-6	-	-3	-3
4. Other amounts	3	-1	2	2	7	9
5. Total	**-10**	**-5**	**-15**	**-4**	**1**	**-3**
A.2 Other expenses directly attributable to reinsurance contracts held	-	-	-	-	-	-
B. Allocation of premiums paid related to reinsurance contracts held measured under the PAA	-	-154	-154	-	-164	-164
C. Total expenses from reinsurance contracts held (A.1+A.2+B)	**-10**	**-159**	**-169**	**-4**	**-163**	**-167**
D. Effects of changes in the risk of non-performance by reinsurers	-	-	-	-	-	-
E. Amount of claims and other expenses recovered	4	164	168	5	107	112
F. Changes in the asset for incurred claims	-1	-68	-69	-1	68	67
G. Other recoveries	-	-	-	-1	-1	-2
H. Total net expenses/revenue from reinsurance contracts held (C+D+E+F+G)	**-7**	**-63**	**-70**	**-1**	**11**	**10**

GMM – General Measurement Model
PAA – Premium Allocation Approach

10.3 Breakdown of expenses for insurance services and other services

(millions of euro)

Costs/Aggregation bases	31.12.2024						
	Base A1 - with DPF	Base A2 - without DPF	Base A1 + Base A2	Base A3	Base A4	Base A3 + Base A4	Other
Insurance contract acquisition costs	-44	-4	-48	-	-1	-1	X
Other directly attributable expenses	-414	-56	-470	-14	-295	-309	X
Investment management expenses	X	X	-	X	X	-	-22
Other costs	X	X	-	X	X	-	-87
Total	**X**	**X**	**-518**	**X**	**X**	**-310**	**-109**

(millions of euro)

Costs/Aggregation bases	31.12.2023						
	Base A1 - with DPF	Base A2 - without DPF	Base A1 + Base A2	Base A3	Base A4	Base A3 + Base A4	Other
Insurance contract acquisition costs	-68	-5	-73	-7	-197	-204	X
Other directly attributable expenses	-305	-123	-428	-11	-371	-382	X
Investment management expenses	X	X	-	X	X	-	-34
Other costs	X	X	-	X	X	-	-2
Total	**X**	**X**	**-501**	**X**	**X**	**-586**	**-36**

Basis A1 - with DPF (Direct Participation Features) = Insurance contracts issued with direct participation features - Life Segment
Basis A2 - without DPF (Direct Participation Features) = Insurance contracts issued without direct participation features - Life Segment
Basis A1 + Basis A2 = Life Segment
Basis A3 = Insurance contracts issued without direct participation features - Non-Life Segment - Motor
Basis A4 = Insurance contracts issued without direct participation features – Non-Life Segment – Non-Motor
Basis A3 + Basis A4 = Non-Life Segment

Other information

There is no other information to be noted in addition to the above.

SECTION 11 – BALANCE OF FINANCE INCOME/EXPENSES RELATING TO INSURANCE BUSINESS – CAPTION 170

Section 11 includes the tables in line with the indications of IVASS, based on the updates to Regulation 7 of 13 July 2007, directly applicable also pursuant to Circular 262/2005, for the disclosure required by IFRS 17 for insurance contracts pertaining to consolidated insurance companies.
In particular, the tables report the finance income and expenses attributable to insurance companies broken down by basis of aggregation.

11.1 Net finance income and expenses from insurance contracts issued

(millions of euro)

Captions/Aggregation bases	31.12.2024				31.12.2023			
	Basis A1	Basis A2	Basis A3	Total	Basis A1	Basis A2	Basis A3	Total
1. Interest accreted	-	-1	-4	-5	-	-2	-3	-5
2. Effects of changes in interest rates and other financial assumptions	-	-2	-6	-8	-	-	-8	-8
3. Changes in fair value of underlying assets of contracts measured under the VFA	-5,790	-1	-1	-5,792	-5,306	-	-	-5,306
4. Effects of exchange rate changes	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
6. Total financial net income/expenses from insurance contracts issued recognised in profit or loss	**-5,790**	**-4**	**-11**	**-5,805**	**-5,306**	**-2**	**-11**	**-5,319**

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

VFA – Variable Fee Approach

The aggregate includes the effect of mirroring, a mechanism introduced by IFRS 17, through which the financial result is allocated to the policyholders. As at 31 December 2024, this aggregate showed financial expenses of 5,805 million euro (5,319 million euro as at 31 December 2023).

11.2 Net finance income and expenses from reinsurance contracts held

(millions of euro)

Captions/Aggregation bases	31.12.2024			31.12.2023		
	Life Business	Non-Life Business	Total	Life Business	Non-Life Business	Total
1. Interest accreted	-	1	1	-	1	1
2. Effects of changes in interest rates and other financial assumptions	-	-	-	-	-	-
3. Effects of exchange rate changes	-	-	-	-	-	-
4. Other	-	-	-	-	-	-
5. Total net financial income/expenses from reinsurance contracts held	**-**	**1**	**1**	**-**	**1**	**1**

11.3 Insurance business - Net investment result broken down by life segment and non-life segment

(millions of euro)

Captions/Operating segments	Life Segment 31.12.2024	*of which: DPF*	Non-life Segment 31.12.2024	Total 31.12.2024	Life Segment 31.12.2023	*of which: DPF*	Non-life Segment 31.12.2023	Total 31.12.2023
A. NET GAINS/LOSSES ON INVESTMENTS	**12,629**	***5,438***	**61**	**12,690**	**13,208**	***6,894***	**96**	**13,304**
A.1 Interest income on financial assets measured at amortised cost and at fair value through other comprehensive income	2,410	*1,162*	59	2,469	2,416	*1,329*	41	2,457
A.2 Net gains/losses on assets measured at fair value through profit or loss	7,713	*3,169*	-	7,713	5,926	*2,858*	2	5,928
A.3 Net losses/recoveries for credit risk	30	*15*	-	30	-29	*-15*	-	-29
A.4 Other net income/expenses	925	*341*	-25	900	445	*276*	-31	414
A.5 Net gains/losses on financial assets measured at fair value through other comprehensive income	1,551	*751*	27	1,578	4,450	*2,446*	84	4,534
B. NET CHANGE IN INVESTMENT CONTRACTS ISSUED UNDER IFRS 9	**-4,340**	***-***	**-**	**-4,340**	**-2,820**	***-450***	**-**	**-2,820**
C. TOTAL NET GAINS/LOSSES ON INVESTMENTS	**8,289**	***5,438***	**61**	**8,350**	**10,388**	***6,444***	**96**	**10,484**
of which: recognised in profit or loss	6,738	*4,687*	34	6,772	5,938	*3,998*	12	5,950
of which: recognised in other comprehensive income	1,551	*751*	27	1,578	4,450	*2,446*	84	4,534

Of which: DPF (Direct Participation Features) = Insurance contracts issued with direct participation features
Investment contracts issued IFRS 9 = Investment contracts issued without discretionary participation features

The net financial result of the insurance segment was a positive amount of 8,350 million euro as at 31 December 2024, compared to amount of 10,484 million euro as at 31 December 2023. The performance was mainly attributable to the investment components, primarily at fixed-rate, which were affected by the market environment characterised by the decrease of interest rates in 2024.

11.4 Insurance business - Summary of profit and loss results broken down by life segment and non-life segment

(millions of euro)

Summary of results/Operating segments	31.12.2024			31.12.2023		
	Life Segment	Non-life Segment	Total	Life Segment	Non-life Segment	Total
A. Financial results						
A.1 Amounts recognised in profit or loss						
1. Total net gains/losses on investments	6,738	34	6,772	5,938	12	5,950
2. Net financial income/expenses from insurance contracts	-5,794	-10	-5,804	-5,308	-10	-5,318
3. Total	**944**	**24**	**968**	**630**	**2**	**632**
A.2 Amounts recognised in other comprehensive income						
1. Total net gains/losses on investments	1,551	27	1,578	4,450	84	4,534
2. Net financial income/expenses from insurance contracts	-1,567	-13	-1,580	-4,333	-23	-4,356
3. Total	**-16**	**14**	**-2**	**117**	**61**	**178**
B. Net insurance result and financial income/expenses						
1. Net insurance service result	1,179	474	1,653	1,562	476	2,038
2. Total net gains/losses on investments	8,289	61	8,350	10,388	96	10,484
3. Net financial income/expenses from insurance contracts	-7,361	-23	-7,384	-9,641	-33	-9,674
4. Total	**2,107**	**512**	**2,619**	**2,309**	**539**	**2,848**

Other information

There is no other information to be noted in addition to the above.

SECTION 12 - ADMINISTRATIVE EXPENSES - CAPTION 190

12.1 Personnel expenses: breakdown

(millions of euro)

Type of expense	2024	2023
1) Employees	**7,387**	**6,744**
a) wages and salaries	4,794	4,692
b) social security charges	1,208	1,192
c) termination indemnities	36	47
d) supplementary benefits	8	10
e) provisions for termination indemnities	27	31
f) provisions for post-employment benefits	12	14
- defined contribution plans	*-*	*-*
- defined benefit plans	*12*	*14*
g) payments to external pension funds	397	361
- defined contribution plans	*394*	*358*
- defined benefit plans	*3*	*3*
h) costs from share based payments	148	158
i) other benefits in favour of employees	757	239
2) Other non-retired personnel	**19**	**20**
3) Directors and statutory auditors	**16**	**17**
4) Early retirement costs	**-**	**-**
Total	**7,422**	**6,781**

This caption does not include the expenses for the personnel of the insurance sector and the personnel of the distribution networks dedicated to the distribution of insurance products, which in application of IFRS 17, are allocated to caption “160. Insurance service result”.

It should be specified that sub-caption 3) “Directors and statutory auditors” includes remuneration to members of the Board of Directors of the Parent Company and members of the Board of Directors and the Board of Statutory Auditors of the various Group companies.

12.2 Average number of employees by categories

	2024	2023
Personnel employed	**88,215**	**88,500**
a) managers	1,829	1,792
b) total officers	34,169	34,315
c) other employees	52,217	52,393
Other personnel	**120**	**99**
TOTAL	**88,335**	**88,599**

In 2024, the average number of employees (with part-time employees calculated, per standard practice, at 0.5) was slightly down on 2023 mainly due to the application of the provisions agreements over the two years.

12.3 Post-employment defined benefit plans: costs and revenues

(millions of euro)

	2024			2023		
	Employee Termination Indemnities	Internal plans	External plans	Employee Termination Indemnities	Internal plans	External plans
Current service cost	-4	-2	-9	-4	-2	-7
Interest expense	-23	-14	-32	-27	-12	-35
Interest income	-	5	29	-	4	31
Reimbursement from third parties	-	-	-	-	-	-
Past service cost	-	-	1	-	-	-
Curtailment of the fund	X	-	-	X	-	-
Settlement of the fund	X	-	-	X	-	-

This table illustrates the economic components referred to “Employee termination indemnities” – caption 90 of Balance sheet liabilities and “Allowances for risks and charges - post employment benefits” – caption 100b of Balance sheet liabilities.

12.4 Other benefits in favour of employees

This caption had a balance of 757 million euro in 2024 and mainly related to charges for exit incentives for personnel including those relating to the agreement signed with the trade unions on 23 October 2024. The caption also includes healthcare contributions, the canteen contributions including meal vouchers, as well as the adjustment of seniority bonuses.

12.5 Other administrative expenses: breakdown

(millions of euro)

Type of expense/Amount	2024	2023
Expenses for maintenance of information technology and electronic equipment	748	768
Telephonic, teletransmission and transmission expenses	60	63
Information technology expenses	**808**	**831**
Rentals and service charges - real estate	37	45
Security services	43	42
Cleaning of premises	46	47
Expenses for maintenance of real estate assets furniture and equipment	73	68
Energy costs	128	177
Property costs	7	8
Management of real estate assets expenses	**334**	**387**
Printing, stationery and consumables expenses	25	24
Transport and related services expenses (including counting of valuables)	90	78
Information expenses	261	247
Postal and telegraphic expenses	49	50
General structure costs	**425**	**399**
Expenses for consultancy fees	158	135
Legal and judiciary expenses	103	114
Insurance premiums - banks and customers	56	54
Professional and legal expenses	**317**	**303**
Advertising and promotional expenses	**207**	**190**
Services rendered by third parties	**403**	**336**
Indirect personnel costs	**174**	**170**
Other costs	**198**	**230**
Contributions to resolution funds and guarantee schemes	**435**	**696**
Taxes and duties	**1,312**	**1,217**
Recovery of taxes and duties	**-7**	**-7**
Recovery of other expenses	**-31**	**-28**
Total	**4,575**	**4,724**

This caption does not include the other administrative expenses of the insurance sector and of the distribution networks attributable to the management and distribution of insurance products, which in application of IFRS 17, are allocated to caption “160. Insurance service result”.

The amount of the sub-caption Rentals and service charges - real estate relates to contracts with a total lease term of 12 months or less and to contracts with a value of the underlying asset, when new, of 5,000 euro or less ("low value"). In such cases, as allowed by IFRS 16, the lease payments for these lease contracts are recognised as an expense on a straight-line basis for the contract term.

The sub-caption "Contributions to resolution funds and guarantee schemes" includes 83 million euro of contributions to the formation of the Insurance Guarantee Fund for life insurance policies in line with Law no. 213 of 30 December 2023, accounted for according to IFRIC 21 "Levies" as per the guidance provided by IVASS in the letter to the market dated 18 December 2024. As at 31 December 2023 the amount included 323 million euro in charges related to the European Resolution Fund. This fund for the banking union EU countries is currently in funded status.

SECTION 13 - NET PROVISIONS FOR RISKS AND CHARGES - CAPTION 200

13.1 Net provisions for credit risk associated with loan commitments and financial guarantees given: breakdown

(millions of euro)

	Provision	Reallocations	Net provision
Stage1	-122	90	-32
Stage2	-84	85	1
Stage3	-123	74	-49
Total	**-329**	**249**	**-80**

This caption refers entirely to the "Banking Group".

13.2 Net provisions associated with other commitments and other guarantees given: breakdown

With regard to net provisions associated with other commitments and other guarantees given, there were no amounts as at 31 December 2024.

13.3 Net provisions for other risks and charges: breakdown

(millions of euro)

	Provisions	Reallocations	Net provision
Net provisions for legal and tax disputes	-168	76	-92
Net provisions for other personnel charges	-	-	-
Net provisions for risks and charges	-540	45	-495
Total	**-708**	**121**	**-587**

"Net provisions for risks and charges", which amounted to a negative 587 million euro, recorded the provisions attributable to the year relating to legal and tax disputes and other risks and charges, net of reallocations. This caption consists of 544 million euro for the "Banking Group" and 43 million euro for the "Other Companies".

The sub-caption "Net provisions for legal disputes" includes provisions for legal disputes, including bankruptcy claw-back actions and other disputes, net of releases for the year.

The caption "Other net provisions for risks and charges" includes 263 million euro for the provision made upon consolidation of the investee Banca Intesa Russia, aimed at eliminating its equity contribution to the Group's consolidated financial statements.

SECTION 14 – NET ADJUSTMENTS TO/RECOVERIES ON PROPERTY AND EQUIPMENT - CAPTION 210

14.1 Net adjustments to property and equipment: breakdown

(millions of euro)

Assets/Income components	Depreciation	Impairment losses	Recoveries	Net result
A. Property and equipment				
A.1 Used in operations	-629	-12	-	-641
- Owned	*-338*	*-12*	*-*	*-350*
- Licenses acquired through lease	*-291*	*-*	*-*	*-291*
A.2 Investment property	-	-	-	-
- Owned	*-*	*-*	*-*	*-*
- Licenses acquired through lease	*-*	*-*	*-*	*-*
A.3 Inventories	X	-6	-	-6
B. Non-current assets held for sale	X	-	-	-
Total	**-629**	**-18**	**-**	**-647**

The total amount of the Net adjustments to intangible assets as at 31 December 2024 of 647 million euro consisted of 562 million euro for the "Banking Group", 1 million euro for the "Insurance Companies", 84 million euro for the "Other Companies".

With regard to the revision of the useful life of property and equipment, see the description provided in Part A – "Accounting policies" of the Notes to the consolidated financial statements in paragraph "17. Other information - Use of estimates and assumptions in preparing financial reports".

SECTION 15 – NET ADJUSTMENTS TO/RECOVERIES ON INTANGIBLE ASSETS - CAPTION 220

15.1 Net adjustments to intangible assets: breakdown

(millions of euro)

Assets/Income components	Amortisation	Impairment losses	Recoveries	Net result
A. Intangible assets				
of which: software	*-1,021*	*-32*	*-*	*-1,053*
A.1 Owned	-1,079	-32	-	-1,111
- Internally generated	-706	-15	-	-721
- Others	-373	-17	-	-390
A.2 Rights of use acquired through the lease	-	-	-	-
B. Non-current assets held for sale	**X**	**-**	**-**	**-**
Total	**-1,079**	**-32**	**-**	**-1,111**

The total amount of the Net adjustments to intangible assets as at 31 December 2024 of 1,111 million euro consisted of 1,082 million euro for the "Banking Group", 25 million euro for the "Insurance Companies", 4 million euro for the "Other Companies".

With regard to the revision of the useful life of intangible assets, see the description provided in Part A – "Accounting policies" of the Notes to the consolidated financial statements in paragraph "17. Other information - Use of estimates and assumptions in preparing financial reports".

With regard to the method of the impairment testing for intangible assets and related impairment recognised to the income statement, see Part B – Section 10 – Intangible Assets in these Notes to the consolidated financial statements.

SECTION 16 – OTHER OPERATING EXPENSES (INCOME) - CAPTION 230

16.1 Other operating expenses: breakdown

(millions of euro)

Type of expense/Amount		
Amortisation of leasehold improvements		38
Other expenses for consumer credit and leasing transactions		16
Other expenses		564
Total	**2024**	**618**
Total	**2023**	**509**

The sub-caption "Other expenses" includes the losses arising from the trading of precious metals and gold and the results of their valuation of around 53 million euro, in addition to the amount paid to the National Resolution Fund recorded as Profit Sharing under the settlement agreement entered into by Intesa Sanpaolo S.p.A. (as the incorporating entity of UBI Banca S.p.A.) and the Bank of Italy of 130 million euro.

16.2 Other operating income: breakdown

(millions of euro)

Type of expense/Amount		
Recovery of other expenses		1,114
Income related to consumer credit and leasing		39
Rentals and recovery of expenses on real estate		22
Recovery of services rendered to third parties		12
Negative Goodwill		10
Other income		582
Total	**2024**	**1,779**
Total	**2023**	**1,419**

The caption "Negative Goodwill" relates to the acquisition of First Bank. For more details on the accounting recognition of the acquisition, see the description provided in part G of these Notes to the consolidated financial statements and Report on operations accompanying these financial statements.
The sub-caption "Other income" includes the gains from the trading of precious metals and gold and the results of their valuation of approximately 73 million euro, as well as income relating to commercial agreements signed by the Parent Company.

As required by paragraph 116 c) of IFRS 15, it is specified that revenues deriving from performance obligations satisfied in the previous years are included, amounting to 19 million euro.

SECTION 17 – PROFITS (LOSSES) ON INVESTMENTS IN ASSOCIATES AND COMPANIES SUBJECT TO JOINT CONTROL - CAPTION 250

17.1 Profits (Losses) on investments in associates and companies subject to joint control: breakdown

(millions of euro)

Income components/Sectors	2024	2023
1) Companies subject to joint control		
A. Revenues	31	2
1. Revaluations	*1*	*2*
2. Profits on disposal	*30*	*-*
3. Recoveries	*-*	*-*
4. Other	*-*	*-*
B. Charges	-32	-35
1. Write-downs	*-32*	*-35*
2. Impairment losses	*-*	*-*
3. Losses on disposal	*-*	*-*
4. Other	*-*	*-*
Net result	**-1**	**-33**
2) Investments in associates		
A. Revenues	156	344
1. Revaluations	*135*	*127*
2. Profits on disposal	*21*	*217*
3. Recoveries	*-*	*-*
4. Other	*-*	*-*
B. Charges	-187	-148
1. Write-downs	*-132*	*-57*
2. Impairment losses	*-55*	*-91*
3. Losses on disposal	*-*	*-*
4. Other	*-*	*-*
Net result	**-31**	**196**
Total	**-32**	**163**

The total amount of the Profits (Losses) on investments in associates and companies subject to joint control as at 31 December 2024 of -32 million euro (163 million euro as at 31 December 2023) consisted of 49 million euro for the “Banking Group” and -81 million euro for the “Other Companies”; as at 31 December 2023 these amounted to 217 million euro and -54 million euro respectively).

For companies subject to joint control and significant influence, revenues from recognition at equity of the equity stakes is included under Revaluations, while the charges from the recognition at equity of the equity stakes is recorded under Write-downs.

SECTION 18 - VALUATION DIFFERENCES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED AT FAIR VALUE – CAPTION 260

18.1 Valuation differences on property, equipment and intangible assets measured at fair value or estimated realisable value: breakdown

(millions of euro)

Assets/Income component	Revaluations	Write-downs	Foreign exchange differences		Net result
			Positive	Negative	
A. Property and equipment	**8**	**-31**	**-**	**-**	**-23**
A.1 Used in operations:	-	-8	-	-	-8
- Owned	*-*	*-8*	-	-	*-8*
- Licenses acquired through lease	-	-	-	-	-
A.2 Investment:	8	-23	-	-	-15
- Owned	*8*	*-23*	-	-	*-15*
- Licenses acquired through lease	-	-	-	-	-
A.3 Inventories	-	-	-	-	-
B. Intangible assets	**-**	**-**	**-**	**-**	**-**
B.1 Owned:	-	-	-	-	-
B.1.1 Internally generated	-	-	-	-	-
B.1.2 Other	-	-	-	-	-
B.2 Licenses acquired through lease	-	-	-	-	-
Total	**8**	**-31**	**-**	**-**	**-23**

The total amount of the Valuation differences on property, equipment and intangible assets measured at fair value or estimated realisable value as at 31 December 2024 was -23 million euro entirely attributable to the “Banking Group”.

SECTION 19 – GOODWILL IMPAIRMENT - CAPTION 270

19.1 Goodwill impairment: breakdown

The results of impairment testing on goodwill recorded in the financial statements did not lead to adjustments in 2024. See Part A – Accounting policies for details on the means of determination of goodwill impairment.

For a description of the impairment testing methods for goodwill, reference should be made to Part B – Section 10 – Intangible Assets in these Notes to the consolidated financial statements.

SECTION 20 – PROFITS (LOSSES) ON DISPOSAL OF INVESTMENTS - CAPTION 280

20.1 Profits (Losses) on disposal of investments: breakdown

(millions of euro)

Income component/Amount	2024	2023
A. Real estate assets	**-2**	**51**
- profits on disposal	2	65
- losses on disposal	-4	-14
B. Other assets (a)	**1**	**117**
- profits on disposal	5	123
- losses on disposal	-4	-6
Net result	**-1**	**168**

(a) Included profits and losses on disposal of subsidiaries.

The total amount of Profits (Losses) on disposal of investments as at 31 December 2024 of -1 million euro is entirely attributable to the “Banking Group”. The amount of 168 million euro as at 31 December 2023 consisted of 128 million euro for the “Banking Group” and 40 million euro for the “Other Companies”. In 2023, the profits on disposal in sub-caption A. Real estate assets were mainly attributable to other companies (Risanamento S.p.A.).In 2023, the profits on disposal in sub-caption B. Other assets were mainly attributable to capital gains of 116 million euro recognised in relation to the sale of the PBZ Card acquiring business to Nexi in the first quarter.

SECTION 21 - TAXES ON INCOME FROM CONTINUING OPERATIONS - CAPTION 300

21.1 Taxes on income from continuing operations: breakdown

(millions of euro)

Income component/Amount	2024	2023
1. Current taxes (-)	-2,154	-2,173
2. Changes in current taxes of previous years (+/-)	98	84
3. Reduction in current taxes of the year (+)	4	1
3. bis Reduction in current taxes of the year for tax credits pursuant to Law no. 214/2011 (+)	470	391
4. Changes in deferred tax assets (+/-)	-1,503	-1,463
5. Changes in deferred tax liabilities (+/-)	-314	166
6. Taxes on income for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**-3,399**	**-2,994**

The current taxes for the year include 17 million euro pertaining to the Top-up Tax payable by the Group's companies in accordance with the Global Minimum Tax rules.
The reduction in current taxes for the year, measured at 470 million euro, as required by the “Roneata” Letter from the Bank of Italy of 7 August 2012, shows the transformation into tax credits of the deferred tax assets pursuant to Law 214/2011 due to the tax loss of Intesa Sanpaolo S.p.A. in relation to 2024. This effect is entirely offset by the corresponding decrease in the caption Changes in deferred tax assets with the ensuing nil impact on the income statement.
The sub-caption relating to the change in deferred tax assets includes an increase of 499 million euro, which took place in the fourth quarter, relating to losses carried forward pertaining to the merged UBI Banca and Provis, and intangibles of ISP Life (merged on 1 December 2023 into Intesa Sanpaolo Vita and renamed Intesa Sanpaolo Assicurazioni S.p.A. from 1 December 2024). In addition to the above-mentioned deferred tax assets posted in the fourth quarter, 130 million euro was posted in the income statement as at 30 June connected to the payment (non-tax deductible) of the same amount to the National Resolution Fund, posted under Other income/expenses.

21.2 Reconciliation of theoretical tax charge to total income tax expense for the period

(millions of euro)

	2024	2023
Income (Loss) before tax from continuing operations	12,058	10,746
Income (Loss) before tax from discontinued operations	-	-
Theoretical taxable income	**12,058**	**10,746**

	Taxes (a)	Impact % on theoretical taxable income
Income taxes - theoretical tax charge (b)	**3,986**	**33.1**
Increase of taxes	**456**	**3.7**
Non-deductible cost	295	2.4
Other	161	1.3
Decrease of taxes	**-1,043**	**-8.6**
Effects of the participation exemption	-32	-0.3
Effects of international companies lower rates	-801	-6.6
Other	-210	-1.7
Total changes in taxes	**-587**	**-4.9**
Total income tax expense for the period	**3,399**	**28.2**
of which: - total income tax expense from continuing operations	**3,399**	**28.2**
- total income tax expense from discontinued operations	**-**	**-**

(a) Tax expenses are indicated with a positive sign and tax income with a negative sign.
(b) Includes IRES ordinary tax 24%, IRES additional rate 3.5% and IRAP weighted average rate 5.56%.

SECTION 22 – INCOME (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS CAPTION 320

22.1 Income (Loss) after tax from discontinued operations: breakdown
There was no Income (loss) after tax from discontinued operations in 2024 or 2023.

22.2 Breakdown of taxes on income from discontinued operations
There were no taxes on income from discontinued operations in 2024 or 2023.

SECTION 23 – MINORITY INTERESTS - CAPTION 340

23.1 Breakdown of caption 340 Minority interests

(millions of euro)

		31.12.2024	31.12.2023
Investments in consolidated companies with significant minority interests			
1	Bank of Alexandria S.A.E.	-31	-24
2	Vub Generali Dochodkova Spravcovska Spolocnost, A.S.	-2	-
3	Alpian S.A.	6	-
4	Reyl & CIE S.A.	10	-
5	Risanamento S.p.A.	25	-
6	Intesa Sanpaolo RBM Salute S.p.A.	-	-2
7	InSalute Servizi S.p.A.	-	-1
Other investments		-1	-1
TOTAL		**7**	**-28**

With regard to Intesa Sanpaolo RBM Salute S.p.A., on 19 November 2024 the merger deed was signed for its merger by incorporation into Intesa Sanpaolo Assicura S.p.A. (which was renamed “Intesa Sanpaolo Protezione S.p.A.”).

SECTION 24 – OTHER INFORMATION
There is no information further to that already provided in the previous sections.

SECTION 25 – EARNINGS PER SHARE

Earnings per share

	Ordinary shares	
	31.12.2024	31.12.2023
Weighted average number of outstanding shares (*)	18,017,340,115	18,370,426,095
Income attributable (millions of euro)	8,666	7,724
Basic EPS (euro)	0.48	0.42
Diluted EPS (euro)	0.48	0.42

(*) The weighted average number of outstanding shares is calculated excluding repurchased treasury shares.

25.1 Average number of ordinary shares (fully diluted)
The diluted earnings per share is equal to the basic earnings per share because no potential ordinary shares with dilutive effect were identified.

25.2 Other information
There is no other information to be provided.

Part D – Consolidated comprehensive income

(millions of euro)

Statement of comprehensive income		2024	2023
10.	**Net income (loss)**	**8,659**	**7,752**
	Other comprehensive income that may not be reclassified to the income statement	**133**	**-133**
20.	Equity instruments measured at fair value through other comprehensive income	238	-253
	a) fair value changes	*172*	*-248*
	b) transfer to other components of shareholders' equity	*66*	*-5*
30.	Financial liabilities designated at fair value through profit or loss (change in own credit rating)	-97	-119
	a) fair value changes	*-97*	*-119*
	b) transfer to other components of shareholders' equity	-	-
40.	Hedging of equity instruments measured at fair value through other comprehensive income	-	-
	a) fair value changes (hedged instrument)	-	-
	b) fair value changes (hedging instrument)	-	-
50.	Property and equipment	-19	161
60.	Intangible assets	-	-
70.	Defined benefit plans	14	76
80	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves connected with investments carried at equity	-	-
100.	Financial revenue and expenses related to insurance contracts issued	-	-
110.	Income taxes associated with other comprehensive income that may not be reclassified to the income statement	-3	2
	Other comprehensive income that may be reclassified to the income statement:	**-492**	**500**
120.	Hedges of foreign investments:	14	-14
	a) fair value changes	-	-
	b) reclassification to the income statement	-	-
	c) other changes	*14*	*-14*
130.	Foreign exchange differences:	-281	-27
	a) value change	-	-
	b) reclassification to the income statement	-	-
	c) other changes	*-281*	*-27*
140.	Cash flow hedges:	334	303
	a) fair value changes	*473*	*287*
	b) reclassification to the income statement	*-139*	*16*
	c) other changes	-	-
	of which: gains (losses) on net positions	-	-
150.	Hedging instruments (not designated elements)	-	-
	a) value change	-	-
	b) reclassification to the income statement	-	-
	c) other changes	-	-
160.	Financial assets (other than equities) measured at fair value through other comprehensive income	856	4,870
	a) fair value changes	*877*	*4,394*
	b) reclassification to the income statement	*-33*	*466*
	- adjustments for credit risk	*-38*	*4*
	- gains/losses on disposals	*5*	*462*
	c) other changes	*12*	*10*
170.	Non-current assets held for sale and discontinued operations	-	-
	a) fair value changes	-	-
	b) reclassification to the income statement	-	-
	c) other changes	-	-
180.	Share of valuation reserves connected with investments carried at equity:	33	-38
	a) fair value changes	*8*	*2*
	b) reclassification to the income statement	-	-
	- impairment losses	-	-
	- gains/losses on disposals	-	-
	c) other changes	*25*	*-40*
190.	Financial revenue and expenses related to insurance contracts issued	-1,580	-4,367
	a) fair value changes	-	-
	b) reclassification to the income statement	-	-
	c) other changes	*-1,580*	*-4,367*
200.	Financial revenue and expenses related to reinsurance contracts held	-	11
	a) fair value changes	-	-
	b) reclassification to the income statement	-	-
	c) other changes	-	*11*
210.	Income taxes associated with other comprehensive income that may be reclassified to the income statement	132	-238
220.	**Total other comprehensive income**	**-359**	**367**
230.	**Comprehensive income (Captions 10+220)**	**8,300**	**8,119**
240.	**Total consolidated comprehensive income pertaining to minority interests**	**-42**	**4**
250.	**Total consolidated comprehensive income pertaining to the Parent Company**	**8,342**	**8,115**

Part E – Information on risks and relative hedging policies

INTRODUCTION

In this Part E, the qualitative and quantitative disclosure is presented according to the order established by Bank of Italy Circular 262, which specifically regulates not only the format of the tables but also the sequence of the various topics, except for the section relating to market risks in relation to the application of internal models.
As an accompaniment to the disclosure on the control actions and main accounting issues related to the Russia-Ukraine risk contained in the introductory chapter of the Report on Operations, this Part E, within the comments on credit risk, provides a detailed description of the exposures to Russia and Ukraine, together with an examination of the related valuation aspects, with particular regard to the choices made for the calculation of ECLs on cross-border exposures.
The paragraph “Basic principles” below provides information on the limited impacts, where present, connected to the ongoing conflict with respect to the other main types of risk.

Basic principles

The Intesa Sanpaolo Group attaches great importance to risk management and control, as condition to ensure a reliable and sustainable value creation in a context of controlled risk.
The risk management strategy aims to achieve a complete and consistent overview of risks, considering both the macroeconomic and geopolitical scenario and the Group’s risk profile, stimulating the growth of the risk culture and enhancing a transparent and accurate representation of the riskiness of the Group’s portfolios.
The Risk-taking strategies are summarised in the Group’s Risk Appetite Framework (RAF), approved by the Board of Directors. The RAF is established to ensure that risk-taking activities remain in line with shareholders’ expectations, taking into account the Group’s risk position and the economic situation. The framework defines both the general risk appetite principles and the control of the overall risk profile and the main specific risks.
The general principles that govern the Intesa Sanpaolo Group’s risk-taking strategy may be summarised as follows:

- the Group is a Banking Financial Conglomerate focused on a commercial business model where domestic retail activities remain the Group’s structural strength, and include not only banking products and investment services, but also insurance and wealth management solutions tailored to the Group’s customers;
- the Group’s goal is not to eliminate risks, but to understand and manage them in such a way as to guarantee adequate returns on the risks taken and guarantee soundness and business continuity over the long term;
- the Group has a low risk profile in which capital adequacy, profits stability, a sound liquidity position and a strong reputation are the key strengths for maintaining its current and prospective profitability;
- the Group aims for a capitalisation level in line with its main European peers;
- the Group intends to maintain strict control over the risks arising from its activities;
- the Group devotes particular effort to the continuous strengthening of its risk culture as a fundamental instrument to promote sound risk-taking and ensure that risk-taking activities exceeding its risk appetite are recognised, assessed, escalated and addressed in a timely manner;
- to guarantee the sustainability of its operating model over the long-term, the Group attributes particular emphasis to monitoring and controlling non-financial risks, model risk, reputational risks and Environmental, Social and Governance (ESG) and climate change risks. With specific regard to the latter, Intesa Sanpaolo recognises the strategic importance of ESG factors and the urgency of limiting climate change, and is committed to including the impact of these aspects in strategic decision-making processes and to fully integrate them into its risk management framework with the goal of maintaining a low risk profile. This includes controlling how ESG risks and those connected with climate change impact existing risks (credit, operational, reputational, market and liquidity risk) and implementing high ethical and environmental standards in internal processes, products and services offered to customers and in the selection of counterparties and suppliers.

The general principles are applicable at Group level as well as at the individual entity level (business unit/legal entity). In case of an external growth, these general principles will be applied taking into consideration the specific characteristics of the business in which the target is involved and its competitive environment.
The Risk Appetite Framework thus represents the overall framework within which the management of corporate risks is developed, with the establishment of general risk appetite principles and the resulting structuring of the control of:

- the overall risk profile; and
- the Group’s main specific risks.

The control of the overall risk profile derives from the definition of general principles and is structured in the form of a framework of limits aimed at ensuring that the Group, even under severe stress conditions, complies with minimum requirements of capital adequacy, liquidity, resolvability capacity and profitability, and also contains the non-financial risks, model risk, as well as reputational risks, ESG and climate change risks within appropriate limits.

In detail, the control of the overall risk profile is aimed at maintaining adequate levels of:
- capitalisation, also in conditions of severe macroeconomic stress, in relation to both Pillar 1 and Pillar 2, by monitoring the Common Equity Ratio, the Total Capital Ratio, the Leverage Ratio, the Risk Bearing Capacity, the Solvency Ratio and the Accumulated Other Comprehensive Income (AOCI) reserve;
- liquidity, sufficient to face periods of tension, including extended ones, on the various funding markets, with regard to both the short-term and the structural situation, by monitoring the internal limits of the Liquidity Coverage Ratio, Net Stable Funding Ratio, Loan/Deposit Ratio, Asset Encumbrance ratio and Survival Period in an adverse scenario;
- stability of profits, by monitoring the net profit adjusted and the adjusted operational cost on income, which represent the main potential causes for their instability;
- resolvability capacity (Total and Subordination MREL Ratios) in order to be able to absorb any losses and restore the Group's capital position, continuing to perform its critical economic functions during and after a crisis;
- non-financial risks, in order to minimise the potential impact of negative events that jeopardise the Group's economic stability;
- model risk, with the aim of limiting the financial and reputational impacts of its portfolio of models;
- reputational, ESG and climate change risks, through active management of one's image, aiming to prevent and contain any negative effects on one's reputation and integrating aspects connected to ESG factors, including climate change, into the risk management framework.

In compliance with the applicable regulations and in particular the EBA Guidelines (EBA/GL/2021/11) concerning the "Recovery plan indicators", the Group includes asset quality, market-based and macroeconomic indicators, to ensure consistency with its Recovery Plan.

The control of the main specific risks is implemented by establishing specific limits and mitigation actions to be taken in order to limit the impact of particularly severe future scenarios on the Group. These limits and actions regard the typical risks of the Group's activities, such as credit risk, market risk and interest rate risk, as well as the most significant risk concentrations such as, for example, on single counterparties, sovereign risk and public sector risk, as well as other types of operations deemed worthy of specific attention by the Corporate Bodies (e.g. transactions exposed to valuation risk, exposure to associated entities[177]).
Within the monitoring of the specific risks, the Credit Risk Appetite (CRA) Framework, a specific Risk Appetite Framework (RAF) for credit risk, identifies areas of growth for loans and areas to be monitored, using an approach based on ratings and other predictive statistical indicators, to guide lending growth by optimising the management of risk.

The limits set in the RAF are divided into two categories, Hard Limits and Soft Limits, which differ in the escalation process triggered by their breach. In particular, with regard to the Group limits, whose governance is established in detail in the Guidelines on the Group Risk Appetite Framework, the responsibility for approving the remediation plan is assigned:
- to the Board of Directors for Hard Limits, typically set for the main metrics used to control overall risk profile (e.g. Common Equity Tier 1 ratio, Liquidity Coverage ratio, etc.);
- to the Managing Director and CEO for Soft Limits, set on the metrics used to control the main specific risks (e.g. single name concentration, concentration towards the Italian public sector, etc.).

In addition to the limits themselves, Early Warning thresholds may be defined, the exceeding of which is promptly discussed in the competent managerial committee[178].

Defining the Risk Appetite Framework is an articulated process headed by the Chief Risk Officer, which involves close interaction with the Chief Financial Officer and the Heads of the various Divisions, is developed in line with the Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP), Recovery Plan, Capital Plan and Liquidity Plan processes, and represents the risk framework in which the Budget and Business Plan are developed. This ensures consistency between the strategy and the risk-taking policy and the Plan and Budget process.
Within the annual RAF update process, it is possible to identify the following phases:
- definition of the scope of RAF risks: risks are identified continuously within the Group to maintain ongoing alignment with the changing internal and external context and to guarantee the adequacy of the controls and limits implemented to safeguard the Group Long term viability. The activity is formalised within the Group's Risk Identification process. The scope of RAF risks is thus defined starting with that process, paying particular attention to the evolution of the risks for which specific limits and/or risk strategy actions are deemed necessary;
- formulation of the limits proposal: in general, the RAF limits are defined according to a prudential approach. However, the criteria adopted to determine the risk limits differ depending on whether related to control of the overall Group risk or to control of the main specific Group risks;
- reconciliation between the RAF, Business Plan/Budget, Recovery Plan and Divisions operations: consistency between the RAF and the Business Plan/Budget and other processes is sought in all phases of the related preparation procedures

[177] With regard to "Associated Entities", see the "Group Procedures regulating the conduct of transactions with Related Parties of Intesa Sanpaolo S.p.A. and Associated Entities of the Group", which set out the rules on relationships with parties with special elements of "proximity" to the decision-making centres of the Bank and the Banking Group, classified as Associated Entities, in compliance with the provisions issued on this matter by the Bank of Italy and in line with the CONSOB requirements. In that context, within the Risk Appetite Framework, at least once a year specific plafonds of Group exposure are proposed to the Board of Directors by involving the Parent Company structures concerned. Those plafonds, defined in line with the applicable limits, are broken down into sub-limits of exposure, divided among the Parent Company structures concerned and each Group company, considering the credit, equity and financial components of the market.

[178] The competent Managerial Committee varies according to the RAF metrics considered:
- for model risk metrics, the responsibility lies with the Credit Risk and Pillar 2 Internal Models Committee;
- for non-financial risks and reputational risk metrics, the responsibility lies with the Group Control Coordination and Non-Financial Risks Committee;
- for the metrics related to liquidity, market, interest rate for banking book, equity participation, structural foreign exchange and insurance risks metrics, the responsibility lies with the Group Financial Risks Committee;
- for the metrics of capital adequacy, resolvability capacity, stability of profits, ESG & climate change, asset quality, credit risk, country risk, wealth management metrics and for all those metrics not explicitly indicated in the points above, the responsibility lies with the Steering Committee.

through a process of mutual consultation and dialogue that lasts for several months, involving not only the structures of the Chief Risk Officer Governance Area, the Chief Financial Officer Governance Area, and the Chief Sustainability Officer Governance Area, for its area of responsibility, but also the Business Divisions/Structures;
– approval of the RAF: in line with the provisions of the applicable regulations, the Board of Directors defines and approves the risk objectives, the tolerance threshold (where identified) and the risk governance policies.

The RAF is updated annually in preparation for the Annual Budget and/or the Business Plan. During the year, when significant events occur, such as exceptional changes in the market context in which the Group operates, significant changes in the configuration of the Group and/or its strategy or based on direct instructions from the Board of Directors, also through the Risks and Sustainability Committee, the Chief Risk Officer Governance Area assesses whether the RAF is still adequate and, if necessary, proposes partial or full revisions to the framework.
The definition of the RAF and the consequent operational limits for the main specific risks, the use of risk measurement instruments in credit management and operational risk control processes, the use of capital-at-risk measures for corporate performance reporting and assessment of the internal capital adequacy of the Group represent fundamental milestones in the operational application of the risk strategy defined by the Board of Directors along the Group's entire decision-making chain, down to the single operational units and to the single desks.
The Group sets out these general principles in policies, limits and criteria applied to the various risk categories and business areas, in a comprehensive framework of limits and procedures for governance and control.

As part of correct risk assessment and the development of an adequate system of monitoring and control to mitigate them, the Chief Risk Officer, with the support of the Chief Compliance Officer and the Chief Governance, Operating & Transformation Officer, where envisaged, conducts a preventive risk assessment of Most Significant Transactions (MSTs) – understood as transactions of particular importance of the proprietary type or with individual customers or counterparties or that could potentially have a significant impact on the overall risk profile and/or on specific risks of the Group, as defined in the RAF – in order to ensure the assumption of a risk level acceptable for the Group and in line with the RAF. The MST governance model also requires the Chief Risk Officer to report every six months to the Corporate Bodies on the activities performed.

The assessment of the Group's capital adequacy and liquidity profiles is conducted annually with the ICAAP and the ILAAP, which represent self-assessment processes according to the Group's internal rules, the results of which are then also discussed and analysed by the Supervisor.
With regard to the ICAAP, in accordance with the ECB requirements, the capital adequacy self-assessment process incorporates two complementary perspectives, both of which are analysed from an actual perspective and, on a prospective basis, in a baseline scenario and a stress scenario:
– regulatory perspective, in which the regulatory metrics for the Pillar 1 risks over the medium term (several years) are represented for both these scenarios;
– financial and operating perspective, in which the management measures and metrics covering all the risks, including the Pillar 2 risks, are presented, with a time horizon of several years in the baseline scenario, and a time horizon of at least two years in the stress scenario.

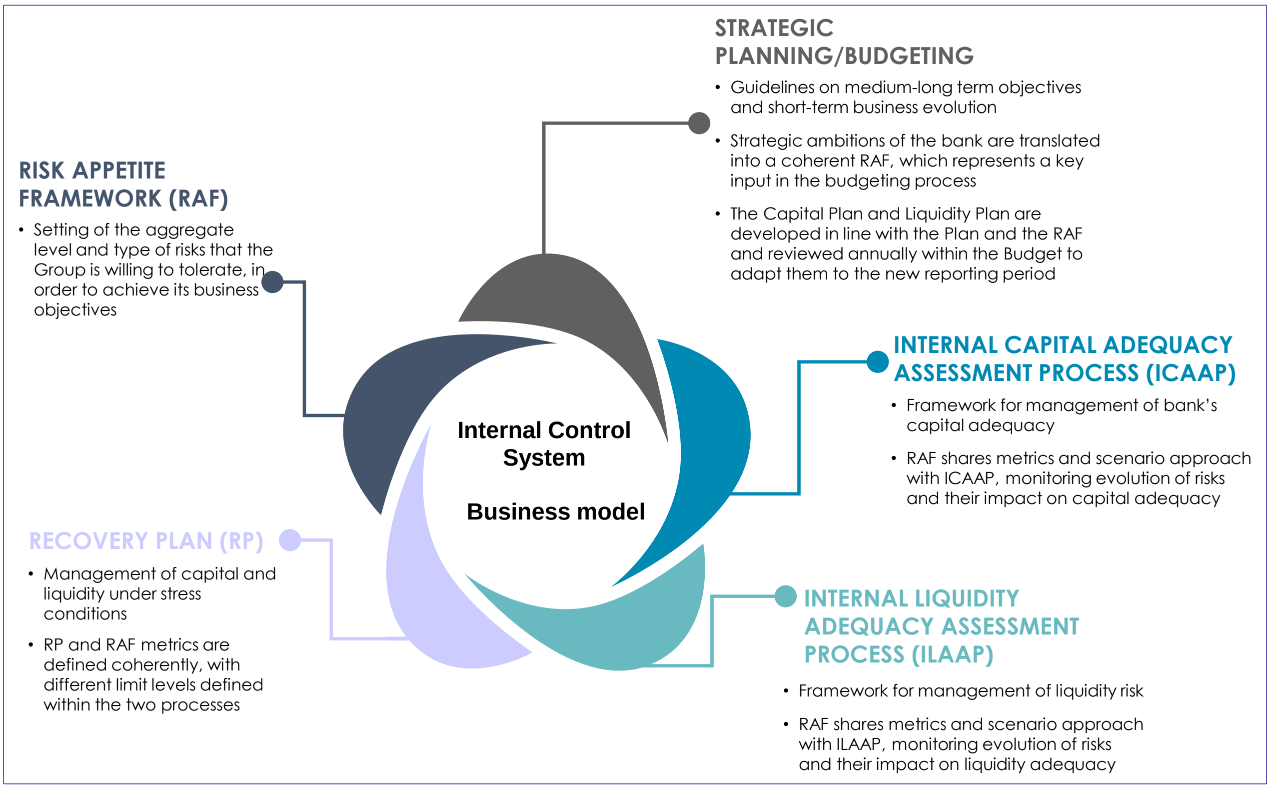
The scope of analysis also includes the insurance segment to better capture the specific characteristics of the Group's business model (financial conglomerate).
The quantitative reconciliation between regulatory requirements and management estimates of capital adequacy is set out in a specific document attached to the ICAAP, which reports the differences in scope and definition of risks considered in both areas, as well as the differences, where appreciable, between what is considered in the two perspectives in terms of the main parameters (e.g. confidence interval and holding period) and assumptions (such as those relating to the diversification of effects).
The ILAAP is the internal process of self-assessment of the adequacy of the Group's short-term and structural liquidity position. Like the ICAAP, it is based on two complementary pillars – the economic perspective and the regulatory perspective – aimed at supporting a clear assessment of the liquidity risks and their effective governance, based on a management strategy, all aspects of which have been carefully considered, with the establishment of an appropriate system of risk-taking limits.

The Group is required to provide a Recovery Plan according to indications received by Supervisory Authorities. The Recovery Plan is governed by the European Bank Recovery and Resolution Directive – BRRD - 2014/59/EU, transposed into Italian law by Legislative Decrees no. 180 and no. 181 of 16 November 2015 and the Bank Recovery and Resolution Directive – BRRD II - Directive 2019/879/EU, transposed into Italian law by Legislative Decree no. 193 of 8 November 2021, in force from 1 December 2021, and establishes the methods and measures to be used when an institution comes under severe stress and in an early intervention phase, in order to restore financial strength and long-term viability.
Within the annual preparation process for the Group Recovery Plan, the Chief Risk Officer Governance Area identifies the stress scenarios suitable for highlighting the main vulnerabilities of the Group and its business model (e.g. significant exposure to the domestic market), as well as measuring their potential impacts on the Group's risk profile.
For 2024, in accordance with the applicable regulations, the Intesa Sanpaolo Group has developed four stress scenarios, one of which is purely idiosyncratic, with very rapid evolution, while the other three are "combined", as they are based on a macroeconomic scenario that is made more severe by the addition of specific events. In particular, one of the combined scenarios was developed assuming a global crisis generated by the escalation of geopolitical tensions in the Middle East.
Following the publication of the European Banking Authority's Final Report on Recommendation on the coverage of entities in a group recovery plan (EBA/Rec/2017/02), dated 1 November 2017, Intesa Sanpaolo has adopted specific criteria for the classification of Group companies among:
– Group-relevant;
– Locally relevant;
– Not relevant.

The application of these criteria to the Group scope has led to the Parent Company, as well as Fideuram ISPB Group, VUB Group, Banka Intesa Sanpaolo d.d., Intesa Sanpaolo Bank Ireland, Intesa Sanpaolo Bank Luxembourg, CIB Group, PBZ

Group, Banca Intesa Beograd and Intesa Sanpaolo Romania, being classified among the Group-relevant entities. The remaining companies are included in the category of not relevant entities. The above breakdown is consistent with the scope covered by the 2023 Recovery Plan.

The Intesa Sanpaolo Group ensures full consistency of the business model and internal control system with the Business Plan and the Budget, the RAF, the Recovery Plan, the ICAAP and the ILAAP, as illustrated in the diagram below.



Stress Tests

Stress tests are a fundamental risk management tool that enable institutions to adopt a forward-looking perspective in their risk management, strategic and capital planning activities.
The Group regularly carries out stress tests within the main company processes (RAF, ICAAP/ILAAP, Recovery Plan, Budget/Capital Plan,...) aimed at assessing capital and liquidity adequacy.
In line with the applicable regulations, the Group has a structured stress testing framework that governs the stress testing activities with reference to both the organisational and governance aspects, as well as the methodological and data infrastructure related aspects. It is an integral part of the Group's risk management systems, providing fundamental support to the company processes and decisions, the strategic ones in particular, which are linked to the management of capital and liquidity. It also enables a forward-looking assessment of the potential material risks and of the main vulnerabilities which the Group is exposed, also in stress scenarios, using both scenario analyses and sensitivity analyses, depending on the objective of the exercise.

The stress testing framework establishes the:
- roles and responsibilities of the structures involved and of the Corporate Bodies;
- stress testing activities (types of exercises, scope, frequency, objectives and applications);
- macro-process adopted;
- methodological approach;
- data infrastructure;
- Group steering and coordination.

With regard to the *macro-process*, the stress test exercises consist of three fundamental phases:
- selection and approval of scenarios;
- execution of stress tests activities;
- approval of the outcome.

With regard to the *types of exercises*, the Group conducts the following stress exercises:
- **multi-risk exercises**: based on scenario analysis, it allows the assessment, according to a forward-looking approach, of the simultaneous impact on the Group of multiple risk factors, also taking into account the inter-relations and possibly the ability of Top Management to react. This type of exercise, which requires the full revaluation of each impact, is also used as part of the processes of RAF, ICAAP/ILAAP and Recovery Plan;

- **regulatory multi-risk exercises**: requested and coordinated by the Supervisor/Regulator which defines the general assumptions and scenarios, requires the full revaluation of the impacts;
- **situational exercises**: requested by the Top Management or by the Supervisor/Regulator in order to assess, in a forward-looking approach, the impact of particular events (relating to the geopolitical, financial, economic, competitive environment, etc.). Their scope may vary from case to case;
- **single or specific risk exercises**: aimed at assessing the impact of scenarios (or single or more specific risk factors) on specific risk areas;
- **single or specific risk regulatory exercises**: ordered and coordinated by the Supervisor/Regulator which defines its general assumptions and scenarios, to assess the impact on specific risk areas.

The results of the stress exercises, carried out through scenario and/or sensitivity analyses, represent a support for the Group in the:

- overall current and forward-looking assessment of capital and liquidity adequacy within the main strategic processes (ICAAP, ILAAP, Recovery Plan and Budget/Capital Plan);
- assessment of the potential vulnerabilities to which the Group is exposed and possible mitigation actions;
- setting of the limits envisaged in the RAF.

With regard the regulatory stress tests, Intesa Sanpaolo Group carried out the following exercises during 2024:

- 2024 ECB Cyber Resilience Stress Test: exercise conducted by the ECB aimed at assessing the ability of the banks to respond and recover in the event of a cybersecurity incident that disrupts current operations, under a severe but plausible scenario common to all banks. The exercise, which involved 109 banks and included the Intesa Sanpaolo Group, limited to the Parent Company and the subsidiary PBZ Banka, showed that the participating banks were generally well capable of managing the attack thanks to operational resilience built up over the years, although some areas for improvement were identified;
- 2024 EBA One-off Fit-for-55 climate risk scenario analysis: exercise promoted by the EBA, aimed at collecting climate risk data to assess the resilience of the financial sector in the context of the Fit-for 55 scenario and to gather information on the capacity of the financial system to support the green transition even under conditions of stress. The data collected from the banks were used to feed a top-down model developed by the ECB. The results of the exercise, published on an aggregate basis, showed that the estimated losses in the adverse Run-on-Brown scenario had a limited impact on the EU financial system, while the higher estimated losses in the same scenario, when integrated with other macroeconomic and financial risk factors, should be mitigated by other income components of the banks, which are not included in the exercise;
- 2024 EIOPA stress test: the Intesa Sanpaolo Vita Insurance Group (now Intesa Sanpaolo Assicurazioni Group) participated in the exercise conducted by EIOPA, in collaboration with the European Systemic Risk Board (ESRB). The aim of the stress exercise, which involved 48 insurance companies at European level, was to test the resilience of the European insurance industry in a scenario of uncertainty resulting from the economic consequences of an intensification or prolongation of geopolitical tensions, both in terms of capital adequacy and liquidity. The results of the exercise, published at aggregate level, demonstrated the resilience of the European insurance sector, also under adverse economic conditions, in terms of both capital adequacy and liquidity.

In 2025, the Intesa Sanpaolo Group will take part in the 2025 EU-Wide Stress Test, conducted by the European Banking Authority (EBA), in collaboration with the Single Supervisory Mechanism (SSM), the Bank of Italy, the European Central Bank (ECB) and the European Systemic Risk Board (ESRB). The results of the exercise will be published by the EBA in early August. As with previous exercises, no minimum capital threshold has been set, and the results will be used as inputs in the Supervisory Review and Evaluation Process (SREP).

Risk Culture

Risk Culture is the subject of increasing attention, as an essential tool to promote solidity as a crucial value, in a rapidly changing environment. This is two-sided, as it is an expression of the principles guiding the Group (top-down) on one side, and the values and attitudes of its people on the other (bottom-up). Particular attention is paid to the promotion of the guiding principles, also by systematically and carefully updating the reference documents on risk (e.g. Tableau de Bord of Group Risks, ICAAP, RAF) and the information set for the exercise of operational activities. In addition, several initiatives were carried out during 2024 to strengthen risk awareness and responsibility, including:

- workshops/webinars dedicated to the Control Functions for dissemination and training purposes, held by internal and external speakers, on innovative topics with a high potential impact on the Group's risk profile (e.g. metaverse, generative artificial intelligence, reputation, Basel IV, cybersecurity, geopolitics, and risk digital strategy, as well as the megatrends of the Group's operating environment);
- in line with previous years, the Risk Culture Ambassador initiative entailed the temporary secondment of resources from the Chief Risk Officer Area, receiving the same number of resources from the recipient structures of the Head Office Departments and Divisions.

Risk governance organisation

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. In addition, as an Officer performing management functions, he/she is designated as the Anti-Money Laundering Officer.

The Corporate Bodies also benefit from the action of some Managerial Committees on risk management. These Committees operate in compliance with the primary responsibilities of the Corporate Bodies regarding internal control system and the prerogatives of Corporate control functions, and specifically the risk control function. In particular:

- the Steering Committee, chaired by the Managing Director and CEO, is a Group body with a decision-making, consulting and reporting role, which, within the Group Risk Analysis Session, seeks to ensure the control and management of risks and safeguard business value at Group level, including the internal control system, in implementation of the strategic guidelines and management policies established by the Board of Directors. Its various tasks include examining the RAF proposal for the Group, preparatory and instrumental to its approval by the Board of Directors, the analysis of the ICAAP and ILAAP Group packages and of the Tableau de Bord of Group Risks;
- the Group Financial Risks Committee is a technical body with decision-making, reporting and consulting powers, focused both on the risks relating to the banking business (including market risk, banking book financial risks, liquidity risk, financial risks for customer investments, supervision and monitoring of business models, and Active Value Management) and those in the life and non-life insurance business (result exposure to the trend in market variables and technical variables). The functions of said Committee are set out in three sessions:
  - the Risk Analysis and Valuation Session, chaired by the Chief Risk Officer, responsible for evaluating, inter alia, in advance of approval by the Board of Directors, the guidelines on undertaking and measuring financial risks and the liquidity risk of the Group, with a view to consistency with the RAF, proposals for operational limits for financial operations referring to interest rate risk of the banking, the trading book and valuation risk defining, within the scope of the powers received, the distribution thereof amongst the Group's major units. It also periodically analyses the overall financial risk profile and exposure to liquidity risk and interest rate risk of the Group and the single Group banks and companies, verifying any breaches of the limits and monitoring the approved come-back procedures;
  - the Management Guidelines and Operating Choices Session (ALCO), chaired by the Chief Financial Officer, provides the Group companies operational guidelines in implementation of the strategic guidelines and risk management policies laid down by the Board of Directors, in respect of management of the banking book, liquidity, interest rate and exchange risk;
  - the ALCO session – Extended, chaired by the Chief Risk Officer, which analyses the performance of loans and deposits, in current and prospective terms, together with the expected trend in Risk-Weighted Assets (RWA) and financial assets (debt securities and loans) measured at Fair Value through Other Comprehensive Income (FVOCI reserves), in order to monitor and assess their impact on the Group's liquidity and capital profiles.
- the Credit Risk and Pillar 2 Internal Models Committee is a technical body with a decision-making, reporting and advisory role responsible for:
  - the internal models for the measurement and management of credit risk;
  - the internal models for Pillar 2 risks[179].
- the Group Control Coordination and Non-Financial Risks Committee is divided into specific and distinct sessions:
  - the Integrated Internal Control System session, with a reporting and advisory role, whose objective is to reinforce coordination and the interdepartmental cooperation mechanisms within the Group internal control system, thus promoting the integration of the risk management process, in relation to non-financial and reputational risks, to facilitate their effective management;
  - the Operational and Reputational Risk session, with a decision-making, reporting and advisory role, which has the

[179] The scope does not include the Pillar 2 models for the measurement and quantification of financial risks in the banking book, which already come under the scope of the Group Financial Risks Committee and the Pillar 2 models for the measurement and quantification of operational and reputational risks, which, instead, come under the scope of the Group Control Coordination and Non-Financial Risks Committee. However, it does include the models used for stress testing and forward-looking income statement valuations.

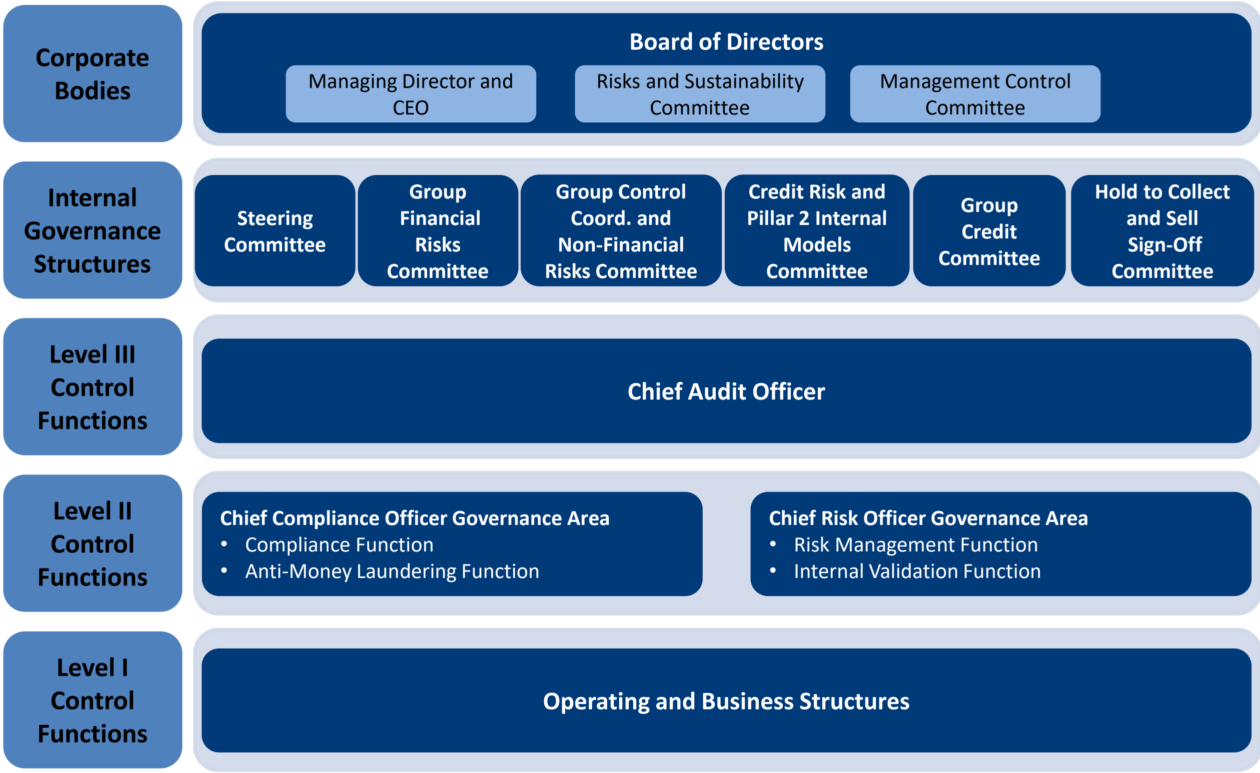
task of supervising the implementation of operational and reputational risk management guidelines and policies in accordance with indications formulated by the Board of Directors and periodically reviewing the overall non-financial risk profile, monitoring the implementation of the mitigation actions identified in accordance with indications formulated by the Corporate Bodies and/or the Steering Committee;
    - the Compliance Risk Session, for reporting and consulting purposes, which is tasked with examining the results of the periodic compliance risk assessments.

  The sessions of the Committee are attended by, among others, the Heads of Corporate control functions, as well as the Manager responsible for preparing the Company's financial reports as a permanent member. This contributes to fulfilling the assigned legal obligations and the responsibilities established in the Company Regulations on the supervision of the financial reporting process. It also enables the promotion of the inter-functional coordination and integration of control activities, within its area of responsibility;
- the Group Credit Committee is a technical Body with a decision-making and advisory role tasked with ensuring the coordinated management of issues relating to credit risk, and is organised in separate sessions. Among other duties, the Committee resolves on the granting, renewal and confirmation of loans within the scope of the powers assigned to it;
- lastly, the Hold To Collect and Sell (HTCS) Sign-Off Committee is tasked with proposing the assumption of market risks put forward by the business structures of the Parent Company or the subsidiaries, on the HTCS shares required for Originate to Share ("OtS") transactions. These transactions consist of loans originated with the intention of being distributed to third-party operators on the primary or post-primary/secondary market and which upon origination have a holding period that varies according to the counterparty's rating class and product type.

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 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, as well as 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, and coordinates and verifies their implementation by the responsible units of the Group, also within the various corporate areas, guaranteeing the measurement and control of the Group's exposure to various types of risk, implementing the II level controls on credit and other risks, in addition to ensuring the validation of risk measurement and management internal systems.
To that end, the Chief Risk Officer Governance Area is broken down into the following Organisational Units:
- Credit, Enterprise & Operational Risk Management Coordination Area:
    - Credit Risk Management;
    - Enterprise Risk Management;
    - Operational, IT & Cyber Risk Management;
- Business Units, Market & Financial Risk Management Coordination Area:
    - Market & Financial Risk Management;
    - IMI CIB Risk Management;
    - BdT Risk Management;
    - ISB & Other Subsidiaries Risk Management.
- Internal Validation & Controls Coordination Area:
    - Internal Validation & Model Risk Management;
    - Second Level Controls & Data Governance Validation.

The Chief Risk Officer Governance Area is responsible for operational implementation of the strategic and management guidelines along the Bank's entire decision-making chain, down to individual operational units. The risk control functions of subsidiaries with a decentralised management model and any representatives of the Parent Company's risk control function at subsidiaries with a centralised management model report to it.

The Chief Compliance Officer Governance Area, which reports directly to the Managing Director and CEO, in a position that is independent from operating departments and separate from internal auditing, ensures the monitoring of the Group regulatory compliance risk, including conduct risk. Within the Risk Appetite Framework, the Chief Compliance Officer Governance Area (i) proposes the statements and limits set for compliance risk and (ii) collaborates with the Chief Risk Officer Governance Area in the monitoring and control of non-financial risks for compliance purposes and, if the set limits are exceeded, in the identification/analysis of events attributable to non-compliance with regulations and in the identification of appropriate corrective measures.
The Chief Compliance Officer Governance Area is broken down into the following Organisational Units:
- Regulatory Compliance Retail and Private Banking Head Office Department;
- Regulatory Compliance Corporate and Investment Banking Head Office Department;
- Compliance Governance, Privacy and Controls Head Office Department, which includes the Data Protection Officer function that performs the tasks assigned by data protection legislation;
- Anti Financial Crime Head Office Department, which is tasked, *inter alia,* with the duties and responsibilities of the anti-money laundering function;
- Compliance Digital Transformation.



The Parent Company performs a guidance and coordination role with respect to the Group companies[180], 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 Corporate 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 based on the specific characteristics of the subsidiaries and the local regulatory constraints: (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.

[180] 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.

The internal control system

To ensure a sound and prudent management, Intesa Sanpaolo combines business profitability with an attentive risk-acceptance activity and an operating conduct based on fairness.
Therefore, the Bank, in line with legal and supervisory regulations in force and consistently with the Corporate Governance Code for Listed Companies, has adopted an internal control system capable of identifying, measuring and continuously monitoring the risks typical of its business activities.
Intesa Sanpaolo's internal control system is built around a set of rules, functions, structures, resources, processes and procedures aimed at ensuring, in compliance with sound and prudent management, the achievement of the following objectives:

– verification of the implementation of Company strategies and policies;
– containment of risk within the limits set out in the reference framework for determining the Bank's risk appetite (Risk Appetite Framework – RAF);
– safeguard of asset value and protection from losses;
– effectiveness and efficiency of the Company processes;
– reliability and security of Company information and IT procedures;
– prevention of the risk that the Bank may be involved, including involuntarily involved, in illegal activities (with special regard to those relating to money-laundering, usury and financing of terrorism);
– compliance of business operations with the law and supervisory regulations, as well as internal policies, procedures and regulations.

The internal control system plays a crucial role and involves the entire company organisation (bodies, structures, hierarchical levels, all personnel). In compliance with the provisions of Bank of Italy Circular 285/2013 (First Part, Title IV, Chapter 3) the "Integrated Internal Control System Regulation" was finalised. This aims to define the guidelines of Intesa Sanpaolo's internal control system, in its capacity as Bank and Parent Company of the Banking Group, through the adaptation of the reference principles and the definition of the responsibilities of the Bodies and of the functions with control duties, which contribute, in various ways, to the proper operation of the internal control system, as well as the identification of coordination arrangements and information flows supporting system integration.
The internal control system is made up of a documentation infrastructure (regulatory framework) that provides organised and systematic access to the guidelines, procedures, organisational structures, and risks and controls present in the Company, which incorporate all the company policies and the instructions of the Supervisory Authorities, as well as the provisions of law, including the principles laid down in Legislative Decree 231/2001.
The regulatory framework consists of "Governance Documents", adopted from time to time, that oversee the operation of the Bank (Articles of Association, Code of Ethics, Group Internal Code of Conduct, Group Regulations, Group Committees Regulation, Regulation on Related Party Transactions, Integrated Internal Control System Regulation, Authorities and powers, Guidelines, Function charts of the Organisational Structures, etc.) and more strictly operational regulations that govern business processes, individual operations and the associated controls (Rules, Process Guidelines, Control Sheets, etc.).
More specifically, the corporate rules set out organisational solutions that:

– ensure sufficient separation between the operational and control functions and prevent situations of conflict of interest in the assignment of responsibilities;
– are capable of adequately identifying, measuring and monitoring the main risks assumed in the various operational segments;
– enable the recording of every operational event and, in particular, of each transaction, with an adequate level of detail, ensuring their correct allocation over time;
– guarantee reliable information systems and suitable reporting procedures for the various managerial levels assigned the control functions;
– ensure the prompt notification to the appropriate levels within the business and the swift handling of any anomalies found by the business units, the internal audit department and the other control functions;
– ensure adequate levels of business continuity.

The Company's organisational solutions also include controls at each operational level that enable the uniform and formalised identification of responsibilities, particularly in relation to the tasks of controlling and correcting the irregularities found.
In terms of Corporate Governance, Intesa Sanpaolo adopted the one-tier corporate governance system, pursuant to Articles 2409-sexiesdecies and following of the Italian Civil Code. It therefore conducts its operations through a Board of Directors, certain members of which are also members of the Management Control Committee.
Based on this system:

– the Board of Directors is the body responsible for strategic supervision and performs all the tasks assigned to it by the Articles of Association, the applicable regulations and the Bank's governance documents;
– the Managing Director and CEO performs the tasks assigned by the supervisory regulations to the body responsible for management, as set out in the Bank's governance documents, approved by the Board of Directors, except for the responsibilities assigned to the Board;
– the Management Control Committee performs the control function.

The Board of Directors elects a Managing Director from its members, other than the Chair of the Board, the members of the Management Control Committee or the minimum number of Independent Directors.
The Intesa Sanpaolo Group adopts an internal control system based on three levels, in line with the legal and regulatory provisions in force.
The model has the following types of control:

– Level I: line controls which are aimed at ensuring proper performance of operations (for example, hierarchical, systematic and sample-based controls) and which, to the extent possible, are incorporated in the IT procedures. They are carried out by the same operating and business structures, including through units dedicated exclusively to control duties reporting to the heads of the same structures or performed as part of the back office.
– Level II: risk and compliance controls for the purpose of ensuring, inter alia:
    - correct implementation of the risk management process;
    - compliance with the operational limits assigned to the various functions;

- regulatory compliance of company operations, also in relation to self-regulatory provisions.

  The functions assigned to such controls are separate from the ones in charge of production and contribute to the definition of the risk governance policies and the risk management process. In the Intesa Sanpaolo Group, Level II includes the following Parent Company structures and the equivalent local units of the Group companies, where established:
  - Chief Compliance Officer Governance Area, which has the tasks and responsibilities of the "compliance function", as defined in the applicable regulations, and which includes the "anti-money laundering function", within the Anti Financial Crime Head Office Department, which has the tasks and responsibilities laid down in the regulations on anti-money laundering, counter-terrorism, monitoring of financial sanctions, anti-corruption and the "data protection officer function", within the Compliance Governance, Privacy and Controls Head Office Department, which performs the tasks assigned by data protection legislation;
  - Chief Risk Officer Governance Area, which is assigned the role of the risk management function, as defined by the applicable regulations. The Chief Risk Officer Governance Area also includes the Internal Validation & Controls Coordination Area, which is tasked, among other things, with the duties and responsibilities of the "validation function", as defined by the applicable regulations, as well as Level II controls on credit and data governance;
- Level III: internal audit controls to identify breaches of procedures and regulations, as well as to periodically assess the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the internal control system and the IT system at Group level, at scheduled deadlines in relation to the nature and intensity of the risks.

In the Intesa Sanpaolo Group, internal auditing is carried out by the Parent Company's Chief Audit Officer and by the equivalent local units of Group companies, where established.

The Manager responsible for preparing the Company's financial reports also contributes to the internal control system, who, pursuant to Article 154 bis of the Consolidated Law on Finance, exercises oversight at Group level of the internal control system for the purpose of accounting and financial and sustainability reporting.
The internal control system is periodically reviewed and adapted in relation to business development and the reference context.
Intesa Sanpaolo has an internal control structure consistent with the indications provided by the Supervisory Authorities.

Compliance

The governance of compliance risk is of strategic importance to the Intesa Sanpaolo Group as it considers compliance with the regulations and fairness in business to be fundamental to the conduct of banking operations, which by nature are founded on trust.
The responsibilities and duties of the compliance function are assigned to the Chief Compliance Officer, who is independent and autonomous in relation to the operating structures, reports directly to the Corporate Bodies and has access to all activities within the Bank, as well as any significant information for the performance of its duties.
The Group's Compliance Model is set out in the Guidelines approved by Intesa Sanpaolo's Corporate Bodies, which indicate the responsibilities of the various company structures and macro processes to mitigate compliance risk:
- identifying and assessing compliance risk;
- proposing the organisational measures functional for mitigation of this risk;
- conducting pre-assessments of the compliance of innovative projects, operations and new products and services;
- providing advice and assistance to the governing bodies and the business units in all areas with significant compliance risk;
- monitoring of ongoing compliance, both through control of compliance with regulations by company structures, and through the use of information provided by the other control functions;
- disseminating a corporate culture founded on the principles of honesty, fairness and respect for the spirit and the letter of the rules, as well as the enhancement of technical-professional skills, including in the area of IT developments;
- managing relations with the Authorities with regard to compliance issues and non-compliance events.

The compliance function also includes the data protection officer function, which performs the tasks assigned by data protection legislation in accordance with the governance model described in the Guidelines on the protection of personal data of natural persons.

The regulatory scope, including Environmental, Social and Governance (ESG) factors, and the procedures for monitoring regulatory areas that present significant risks of non-compliance for the Group are defined in the aforementioned guidelines. The Chief Compliance Officer submits periodic reports to the Corporate Bodies on the adequacy of compliance control, with regard to all regulatory aspects applicable to the Group which show compliance risks. On an annual basis, these reports include an identification and assessment of the primary compliance risks to which the Group is exposed and a schedule of the associated management measures, and on a half-yearly basis they include a description of the activities performed, critical issues noted, and remedies identified. A specific notice is also given when events of particular significance occur.

As regards to the method of direction, coordination and control of the Group, the Group Compliance Guidelines envisage the adoption of two models. These models are organised in such a way as to account for the Group's structure in operational and territorial terms.
In particular:
- for the specifically identified Italian Banks and Companies, whose operations have a high level of integration with the Parent Company, compliance monitoring is centralised at the Parent Company;
- for the other Companies, that have a legal obligation or have been specifically identified based on the business conducted, as well as the Foreign Branches, an internal compliance function is established and a local Compliance Officer is appointed, which are assigned compliance responsibilities. The Compliance Officers of the subsidiaries functionally report to the Chief Compliance Officer Governance Area structures, while those of the Foreign Branches,

except where not permitted by local regulations, hierarchically report to the Chief Compliance Officer Governance Area structures. Functional reporting is also in place for the local Data Protection Officers of Group Companies established in the European Union.

Anti-Money Laundering

The duties and responsibilities of the anti-money laundering function are assigned, as required by the regulations, to the Anti Financial Crime Head Office Department, which reports to the Chief Compliance Officer, and is therefore independent and autonomous in relation to the operating structures, reporting directly to the Corporate Bodies, and has access to all activities within the Bank, as well as to any significant information for the performance of its duties.
Specifically, as envisaged in the Guidelines for combating money laundering and the financing of terrorism and for managing embargoes and the Group Anti-Corruption Guidelines, the Anti Financial Crime Head Office Department ensures monitoring of compliance risk in the area of money laundering, terrorist financing, breach of embargoes, weapons and corruption (Financial Crime), by:

- laying down the general principles to be adopted within the Group for the management of compliance risk;
- identifying and assessing compliance risk;
- conducting ongoing monitoring, with the support of the competent functions, of developments in the national and international context of reference, verifying the adequacy of company processes and procedures with respect to applicable regulations and proposing appropriate organisational and procedural changes;
- providing advice to the corporate functions, as well as establishing adequate training plans;
- preparing appropriate periodic reporting for Corporate Bodies and top management;
- discharging the required specific obligations including, in particular, enhanced customer due diligence, controls of proper management of the data storage Archive and the assessment and monthly submission to the Financial Intelligence Unit of data relating to aggregated anti-money laundering reports, and the assessment of reporting of suspicious transactions received from operating structures for the submission to the Financial Intelligence Unit of reports deemed accurate.

The Anti Financial Crime Head Office Department also performs its role of direction, coordination and control of the Group according to a model similar to the one described for the compliance function.

The Risk Management and Internal Validation Function

The Chief Risk Officer Governance Area is responsible for operational implementation of the strategic and management guidelines for risk along the Bank's entire decision-making chain, down to individual operational units. The tasks and functions are discussed in detail in the subsequent chapters of this Part.
Through the Internal Validation & Controls Coordination Area, the Chief Risk Officer Governance Area carries out the Level II controls on credit and data governance.
The purpose of the credit controls is to verify the proper classification and provisioning and the adequacy of the management and recovery process for individual exposures (so-called single names).
In general, the control activities development includes the credit processes assessment also to verify that suitable Level I controls are in place, including proper execution and traceability. The potential areas of investigation to be examined through Single Name controls also consider the results of the monitoring carried out by the Level I Control Functions on different credit clusters.
As part of the overall risk management process, the Coordination Area carries out the Level II controls connected with data quality, in line with the internal and external regulations on the matter, with specific focus on the input data used in internal models. In accordance with regulatory developments, the Internal Validation & Controls Coordination Area is also responsible for the development, maintenance and oversight of the framework for the model risk governance, aimed at ensuring the identification, assessment, monitoring and mitigation of the risk for all Internal Systems, including the Pillar 1 and 2 risk measurement systems and the systems that are used for accounting purposes. To that end, the Coordination Area mainly carries out the following activities, in coordination with the Functions concerned: a) defining and developing the model risk governance and methodological framework to identify models, assign the related priorities and assess and mitigate model risk, including the methodology for quantifying the economic capital in relation to model risk; b) defining, managing and upgrading the Group Model Management platform (Group Model Inventory) with the goal of guaranteeing a complete, updated inventory of the models and tracking of the processes connected to the various phases of their life cycles; c) ensuring the periodic identification and assessment of model risk and contributing the calculation of the economic capital in relation to model risk; d) overseeing the process for assigning priorities to models (tiers) in order to efficiently steer their governance, with specific reference to the levels of detail, analysis and frequency of validation and development activities; e) for the model risk component, contributing to the annual proposal to update the Group RAF and periodically monitoring the model risk appetite indicators; and f) providing periodic disclosure on the Model Risk Management Framework and on the results of the model risk assessments to the Head of the Chief Risk Officer Area, the competent managerial committees and the Corporate Bodies.
Moreover, the Internal Validation & Controls Coordination Area is assigned the validation function, aimed at ensuring the validation at Group level of the internal risk measurement systems, used both for the determination of capital requirements and for non-regulatory purposes, in order to assess their compliance with regulatory provisions, operational needs and reference market demands[181].
The internal systems adopted by the Group are validated on first adoption (based on the plans of gradual extension made by the Group) or when changes are made to them, in compliance with the development and validation process approved by the Corporate Bodies. The validation function also ensures the periodic review of internal systems in terms of models, processes, data used and implementations in IT, assessing their adequacy, predictive ability and performance, as well as their compliance over time with regulatory provisions, company needs and changes in the reference market.

[181] Regulation (EU) 575/2013 (CRR), EBA Guidelines, EU Directive 2013/36 (CRD IV), Bank of Italy Circular 285/2013.

Upon First Adoption, two approaches were developed for the validation of the Pillar 1 internal credit risk models: the Stage Gate Approach and the Waterfall Approach, with the latter corresponding to the validation traditionally carried out at the end of the development of the model. The Stage Gate approach essentially involves a series of intermediate steps in which the Development function releases documentation to the Validation function (Internal Validation & Model Risk Management) at set times, following which the Validation function produces intermediate reports, which include assessments relating both to regulatory compliance and to the validation controls established (in internal regulations). The Stage Gate approach has been introduced so that the Validation observations can already be factored into the new model, making it more robust.
In addition to overseeing the regulatory aspects of the Pillar 1 credit risk models, in particular by providing regulatory assurance during model changes, the tasks of the Regulatory Requirements on Internal Risk Systems function include advisory assessments on broader regulatory issues and interpretations, in response to requests originating from the Chief Risk Officer Area. In 2024, the scope was also extended to include the ESG regulations. A Generative AI tool has also been developed to assist with the regulatory assurance activities.
The validations activities are conducted in line with the planning of the function's activities, defined consistently with the internal and external reference regulations and that presented to the competent Corporate Bodies. The relevant criteria that define the type of validation to implement (Standard or Full) and its frequency also include the tier of the model and its use, as attributed in the Model Risk Management Framework.
For Pillar 1 risks, the validation frequency is set, in any event, in line with the external reference regulations.
In order to ensure the periodic reporting on the results of the validation process continuously carried out to the Corporate Bodies and, regarding the internal Pillar 1 risk measurement systems, to the Supervisory Authorities, the Internal Validation Function prepares the Annual Validation Reports regarding the internal Pillar 1 systems and the internal systems used for management purposes. These reports summarise the results of the analyses conducted during the reporting year on the internal systems used at the Parent Company and the Group companies and the opinion formulated. In addition, the validation function prepares an update on the internal models in terms of performance and resolution of the issues raised by the function, which is submitted to the relevant corporate bodies on a half-yearly basis. In carrying out the validation process at Group level, the function interacts with the Supervisory Authorities, with the relevant Corporate Bodies and the functions responsible for the Level III controls required by the regulations. It adopts a decentralised approach for companies with local validation functions (the main Italian and international companies), coordinating and supervising the activities of those companies, and adopting a centralised approach for the others. The adopted methodologies were developed in implementation of the principles that inspire the Supervisory regulations for banks, EU directives and regulations, general guidelines of international committees and best practices in the area and take the form of documentary, quantitative and operating practice analyses.

Internal Auditing

Internal auditing activities are assigned to the Chief Audit Officer, who reports directly to the Board of Directors (and therefore it reports to the Chair), functionally reporting to the Management Control Committee, without prejudice to the appropriate links with the Managing Director and CEO. The Chief Audit Officer has not any direct responsibility on the business.
This function has a structure and a control model which is organised according to the evolution of the organisational structure of Intesa Sanpaolo and of the Group.
The Chief Audit Officer - to whom the Internal Audit Structures of the Italian and international companies of the Group functionally report - enjoys the necessary autonomy and independence from the operating structures; the Function has access to all the activities conducted at both the head office departments and the local structures. The Bank's audit function cannot be entrusted to external parties; where third parties are entrusted with relevant services for the operation of the internal control system (e.g. data processing), the Internal Audit Function must have access also to the activities of said parties.
The structure performs a level-III assessment of the completeness, adequacy, functionality and reliability of the components of the internal control system, the risk management process and the corporate processes, also with regard to their ability to identify and prevent errors and irregularities. This includes the verification of the corporate functions for risk control and regulatory compliance, also by participating in projects, in order to create added value and improve the effectiveness of the control processes and the governance of the organisation.
The Internal Audit Function is also responsible for assessing the effectiveness of the RAF definition process, the internal consistency of the overall framework and the compliance of business operations with the RAF. Within the RAF, the Chief Audit Officer prepares his/her contribution to the Integrated Risk Assessment conducted by the corporate control functions and the Manager responsible for preparing the Company's financial reports.
The structure has personnel with the appropriate professional skills and expertise and operates in accordance with best practices and the international standards for the professional practice of internal auditing established by the Institute of Internal Auditors (IIA). The internal auditors conduct their activity in line with the principles laid down in the Internal Auditor's Code of Ethics, which is modelled on that proposed by the Institute of Internal Auditors. As required by the international standards, this Function undergoes an external Quality Assurance Review at least every five years. The latest review was launched at the end of 2021, three years after the previous review, in accordance with the frequency agreed with the Management Control Committee, and ended in the first quarter of 2022, confirming the highest assessment on the scale ("Generally Compliant"). At the end of 2024, a new audit was started; it will be completed in the first quarter of 2025.
The Internal Audit Function uses structured risk assessment methods to identify the most sensitive areas and the main new risk factors. Based on the findings of the risk assessment and the resulting priorities, as well as on any specific requests for further investigation made by the Top Management or the Corporate Bodies, it prepares and submits an Annual Action Plan for prior examination by the Management Control Committee and subsequent approval by the Board of Directors, on the basis of which it conducts its activities during the year. The Function also prepares a Multi-Year Plan.
The Plan may be revised during the year as a result of extraordinary events, also deriving from potential risk evolution, and of new requests from the Corporate Bodies.
The Chief Audit Officer ensures the proper performance of the internal whistleblowing management process.

The Chief Audit Officer supports corporate governance and ensures that Top Management, the Corporate Bodies and the competent Authorities (European Central Bank, Bank of Italy, Consob, etc.) promptly and systematically receive information on the status of the control system, the outcome of activities performed and the progress of any corrective measures. The Chief Audit Officer also contributes to the spreading of a culture of risk-awareness within the Bank and the Group.

During the year, auditing was performed directly for the Parent Company as well as for other subsidiaries under an outsourcing contract. For the other Group companies having their own internal audit departments, steering and practical coordination of the local departments was performed to guarantee control consistency and adequate attention to the different types of risks, also verifying the effectiveness and efficiency levels under both structural and operational profiles. Direct auditing and review activities, in the capacity of Parent Company, were also performed for those companies, as mentioned above.

Any weaknesses are systematically reported to the Corporate Functions concerned for prompt remedial action, with appropriate follow-up to monitor the effectiveness of said action.

Summary internal control system assessments from the audit activities have been periodically submitted to the Management Control Committee and the Board of Directors.

The results of audit activities with an adverse outcome or highlighting significant shortcomings were sent to the Board of Directors, the Managing Director and CEO and the Management Control Committee, as well as the Boards of Directors and Boards of Statutory Auditors of the subsidiaries concerned.

The main weaknesses identified and their evolution have been included in the Audit Tableau de Bord, with evidence of the ongoing mitigation actions, the parties responsible for implementing them and the relevant deadlines, to ensure systematic follow-up.

The Chief Audit Officer coordinates the “Integrated Internal Control System” session of the Group Control Coordination and Non-Financial Risks Committee; he/she supports the “231 Model” Surveillance Body in ensuring constant and independent verification of the regular performance of operations and processes, to prevent or detect anomalous and risky conduct or events, and in monitoring the compliance and effectiveness of the rules in the 231 Model; lastly, he/she participates in the Plenary, Business Plan and Sustainability (ESG), Group Risk Analysis and Supervisory Remediation Plans sessions of the Steering Committee and, upon specific request, also in the Investments session.

The Internal Audit Function ensured constant self-assessment of its efficacy and efficiency in line with the internal “quality assurance and improvement” plan drafted in accordance with the recommendations of the international standards for the professional practice of internal auditing. In this context, in 2024, the strategic audit innovation programme, named Strategic Audit Innovation Line-up (SAIL), continued for the period 2022-2025 in line with the new Business Plan.

Manager responsible for preparing the Company’s financial reports

The supervision of the reliability of the Company financial reports, the financial reporting process, and compliance of the Consolidated Sustainability Statement with the reporting standards established by the CSRD, is carried out by the Manager responsible for preparing the Company’s financial reports, in compliance with the provisions of Article 154-bis of the Consolidated Law on Finance and the related implementing provisions.

This control is also ensured over the subsidiaries governed by the laws of non-EU countries, in accordance with the supervisory rules on management and accounting systems set by Article 15 of Consob Market Regulation 20249/2017 (as subsequently amended and supplemented).

In order to comply with the aforesaid provisions, the Manager responsible for preparing the Company’s financial reports:

- performs a steering and coordination role in Group companies with regard to administrative matters and in the monitoring of the internal control system functional to financial reporting;
- supervises the implementation of legal requirements according to a shared approach at Group level, set out in specific internal regulations.

With specific regard to the financial reporting, the Manager responsible for preparing the Company’s financial reports:

- issues the instructions for the correct and uniform application of the accounting standards and measurement criteria, formalised as part of the Group Accounting Policies, which are subject to regular periodic updates;
- prepares appropriate administrative and accounting procedures for the preparation of the separate and the consolidated financial statements, and updates them to ensure compliance with the corporate disclosure requirements in force;
- verifies the adequacy of the administrative and accounting procedures and the effectiveness of the control system on the financial reporting process;
- oversees the correspondence between the corporate reporting to the market with the accounting records; to this end, it has the right to promptly obtain any information deemed necessary for the performance of his/her duties and coordinates the exchange of information with the independent auditors;
- maintains a system of contact and information flows with the function of the Parent Company and of the Group companies, in order to ensure the adequacy of balance sheet, income statement and financial positions and the descriptions of the main types of risks and uncertainties to which the Group may be exposed, monitoring the reliability of the acquisition of relevant data and information;
- takes part in the Group Financial Risks Committee and the Credit Risk and Pillar 2 Internal Models Committee, in which decisions regarding regulations and the adoption of models that impact financial reporting are adopted with his/her necessary approval;
- oversees the internal control system on the financial reporting process:
  - providing a prior opinion of suitability regarding the changes to the existing organisational structure (new internal regulations) that have an impact on the adequacy of the procedures for financial reporting;
  - preparing audit plans aimed at ensuring the adequacy and effective application of administrative and accounting procedures over the period, also by subsidiaries subject to the laws of non-European Union countries in accordance with Art. 15 of the CONSOB Market Regulation;
  - monitoring the projects whose implementation impacts the production and control procedures for financial reporting;

- acquires, in relation to the impact on the financial reporting process and the reliability of the corporate information, the results of the activities carried out by the Corporate control functions and, in particular, by the Chief Audit Officer, who is responsible for the overall assurance for the internal control system in accordance with the "Integrated Internal Control System Regulation";
- acquires any recommendations formulated by the independent auditors at the end of the process of auditing the separate financial statements of the Parent Company and the consolidated financial statements, as well as the related feedback in terms of measures to improve the procedures that have an impact on accounting data, monitoring their implementation and effectiveness;
- periodically reports on the scope and results of the assurance activities performed, to the Management Control Committee and the Board of Directors.

With regard to sustainability reporting, the Manager responsible for preparing the Company's financial reports:

- issues the instructions for the correct and uniform application of the sustainable reporting standards, formalised in the Methodological rules for the preparation of the Consolidated Sustainability Statement, which are regularly updated;
- performs the verification and monitoring, through the structures reporting to him/her, designed to ensure that the Consolidated Sustainability Statement included in the Report on operations has been prepared in compliance with the reporting standards adopted in accordance with the CSRD.

The Manager responsible for preparing the Company's financial reports contributes to supervising the independence of the independent auditors, in accordance with the procedures governed by specific Company Regulations, in line with the provisions of law (Legislative Decree 39/2010 amended by Legislative Decree 135/2016, which transposed Directive 2014/56/EU into the Italian legislation, and EU Regulation 537/2014). The above-mentioned Company Regulations assign to the Manager responsible for preparing the Company's financial reports the role of supervising, overseeing and monitoring the accounting audit engagements and other services entrusted by the Parent Company departments and the Group companies to independent auditors, their networks and their affiliates, in addition to the task of regularly informing the Management Control Committee in this regard.
The Manager responsible for preparing the Company's financial reports also ensures periodic reporting to the Board of Directors regarding the legal and regulatory obligations assigned to the Board for the monitoring of the adequacy of powers and means granted to the Manager responsible for preparing the Company's financial reports and of the effective observance of administrative and accounting procedures. This reporting is discussed beforehand with the Management Control Committee and the other Board Committees, for the aspects under their responsibility.

Attestations as required by Art. 154-bis of the Consolidated Law on Finance

In relation to the supervisory and monitoring functions assigned, with regard to financial reporting, the Manager responsible for preparing the Company's financial reports:

- signs, jointly with the Managing Director and CEO, the attestations of the separate and consolidated financial statements required by the Article 154-bis, paragraph 5, of the Consolidated Law on Finance on the adequacy and actual application of administrative and accounting procedures, the compliance with the international accounting standards, the agreement of the financial statements with the supporting documentation, accounting books and records and their suitability to give a true and fair view of the financial and economic position of the Group, as well as a reliable analysis of the performance, operating result and the main risks to which the Group is exposed;
- certifies the correspondence of the documents and announcements disclosed to the market with the records, books and accounting entries, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Finance.

The monitoring of the accounting and financial reporting process is based on the review of:

- completeness and consistency of the information provided to the market through a structured reporting system originated from the functions of the Parent Company and the Companies concerning the events deemed significant for accounting/financial disclosure purposes, especially with regard to the main risks and uncertainties to which they are exposed;
- suitability and effective implementation of organisational and IT processes and procedures used for the preparation of accounting documents and other communication of a financial nature deemed relevant pursuant to Art. 154-bis of the Consolidated Law on Finance.

Special attention is paid to monitoring the adequacy of the auditing approach and the proper conduct of the activities required for the financial reporting process; the focus of the controls is represented by the work stages which, within the various business processes, entail the recording, processing, evaluation and presentation of data and information used as input for financial reporting, and the related internal control system.
The IT processes and developments implemented on the reporting systems play a particularly important role in the oversight of the IT architectures and applications used to manage this information.
The organisational model for the supervision of the adequacy of the administration, accounting and financial reporting procedures and the related internal control system is governed by the "Administrative and Financial Governance Guidelines" and the related implementing rules. In particular, the model prescribes assessment methodologies differentiated according to, on one hand, the risk of the processes deemed significant for accounting and financial reporting purposes and, on the other, the need to realise synergies with the control activities carried out by the Internal Audit Department and the other Corporate Control Functions.
To this end, the procedures may be verified by means of in-depth analyses, conducted according to specific methodologies used to verify the correctness of the accounting and financial information, carried out by the structures that support the Manager responsible for preparing the Company's financial reports (analytical approach) and, if present, of the information collected by the Corporate control functions or by external entities such as Independent Auditors, Supervisory Authorities, etc. (synthetic approach).
For the assessment of the adequacy of the relevant processes for the financial reporting, the Manager responsible for preparing the Company's financial reports uses the results of the controls carried out by the structures reporting directly to

him, by the Internal Audit Department and the other Corporate control functions. To this end, in the Group Control Coordination and Non-Financial Risks Committee belonging to the Integrated Internal Control System, the Corporate Control Functions and the Manager responsible for preparing the Company's financial reports share their annual verification plans and their findings. Any critical issues arising from inspections conducted by external entities (Independent Auditors, Supervisory Authorities) relating to financial reporting risk are also gathered and assessed.
To conclude the preparation of the Company's financial reports according to the rules and criteria set out in Part A of the Notes to the financial statements, and the supervisory activities conducted on the financial reporting processes, according to the guidelines described herein, the Managing Director and CEO and the Manager responsible for preparing the Company's financial reports sign the attestations required by Art. 154 bis, paragraph 5, of the Consolidated Law on Finance.
These attestations are included in the reporting packages for the separate financial statements of the Parent Company and the consolidated financial statements, and are provided to the public according to the model established by the Consob Regulation.
With regard to the sustainability reporting, the Manager responsible for preparing the Company's financial reports signs, together with the Managing Director and CEO, the attestation pursuant to Article 154-bis, paragraph 5-ter, of the Consolidated Law on Finance that the Consolidated Sustainability Statement, included in the Report on operations, has been prepared:
- in compliance with the reporting standards applied in accordance with Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree No. 125 of 6 September 2024;
- using the specifications adopted in accordance with Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Report pursuant to article 15 of Consob Market Regulation 20249/2017, as subsequently amended and supplemented

With regard to the protection of savings and the regulation of financial markets, the Italian Securities and Exchange Commission (Consob) has set certain conditions for the listing of companies controlling companies incorporated and subject to the laws of non-EU member states (Article 15 of the Market Regulation). As a result, Intesa Sanpaolo has set up an action plan to ensure the existence of the conditions required for subsidiaries that are of material significance, identified in compliance with the criteria established in the rules of the cited Article 15:
- ensuring the public disclosure of the accounting positions of subsidiaries prepared for the purposes of drafting the consolidated financial statements;
- obtaining details from its subsidiaries of their articles of association, membership and powers of the corporate bodies;
- determining that the subsidiaries: i) provide the independent auditor of the parent company with the information necessary to perform annual and interim audits of the parent company; and ii) enjoy access to an administrative and accounting system appropriate for regular reporting to the management and independent auditor of the parent company of the income statement, balance sheet and cash flow data necessary for the preparation of the consolidated financial statements.

On conclusion of the activities performed and the verifications conducted, compliance is confirmed with the conditions required by Article 15 of Consob Market Regulation 20249/2017 (as subsequently amended and supplemented).
The Management Control Committee and Board of Directors have been informed of compliance with those regulatory provisions governing companies incorporated in and subject to the laws of non-EU Member States, in the aforementioned "Report on the internal control system for the financial reporting process" drafted in order to illustrate the overall governance and control activities performed in accordance with the various provisions of laws and Group regulations governing the supervision of financial reporting, organically coordinated by the Manager responsible for preparing the Company's financial reports.

The scope of risks

The risks identified, covered and incorporated within the Economic Capital are as follows:

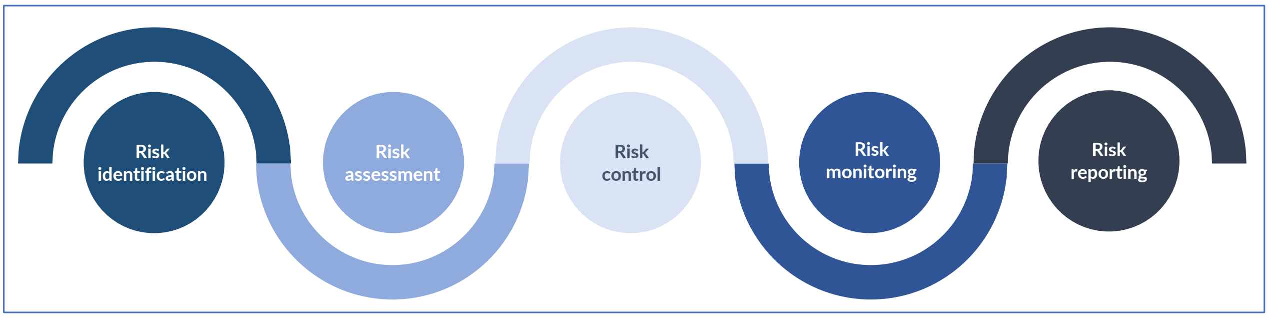
- credit and counterparty risk. This category also includes concentration risk, country risk and residual risks, both from securitisations and from uncertainty about credit recovery rates;
- market risk (trading book), including position, settlement and concentration risk on the trading book;
- financial risk of the banking book, mostly represented by interest rate and foreign exchange rate risk;
- operational risks;
- insurance risk;
- strategic risk;
- risk on real estate assets owned for whichever purpose;
- risk on equity investments not subject to line-by-line consolidation;
- risks relating to defined-benefit pension funds;
- model risk.

The hedging of risks, both those included and not included in the quantification of the Economic Capital, is based – according to the nature, frequency and potential impact of the risks – on a constant combination of mitigation/hedging actions, control procedures/processes and capital protection measures, including stress tests.

The Intesa Sanpaolo Group pays special attention to:

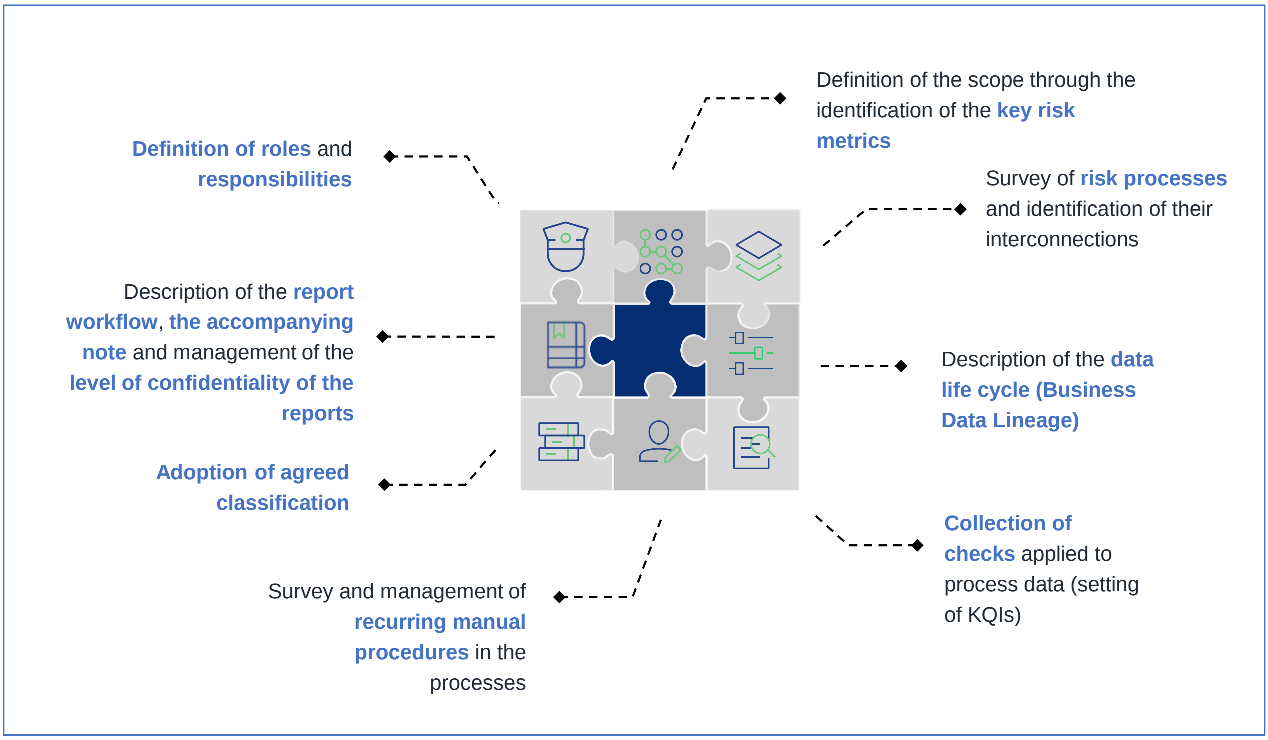
- managing the short-term and structural liquidity position by following specific policies and procedures to ensure full compliance with the limits set at the Group level and operating sub-areas in accordance with international regulations and the risk appetite approved at the Group level;
- managing reputational risk, which it pursues not only through organisational units with specific duties of promotion and protection of the company image, but also through dedicated processes for the identification and assessment of reputational risk and the creation of specific reporting flows. In addition, starting in 2018, a specific add-on for economic capital has been introduced for operational risk, determined on the basis of operational losses, to strengthen the protection against possible reputational repercussions;
- managing environmental, social and governance (ESG) risks of the economic activities the Group is involved in, as well as those associated with the activities of its corporate customers. The integration of climate change risk into the overall risk management framework is particular important for ESG risks, in line with the regulatory guidance and international best practices;
- the geopolitical context, the issues arising from it, and their evolution, in order to identify the main phenomena that could have an impact on an international scale and could significantly alter the Group’s risk profile and influence its operations. To this end, it has formalized a process for assessing the risks connected to the geopolitical context, which includes dedicated periodic reporting to the Corporate Bodies.

Over the years, the Group has developed and implemented the necessary structural and operational improvements for integrated risk reporting that is as complete, accurate and regular as possible, in order to support senior management.



The risk monitoring processes have undergone a progressive strengthening of the Data & Reporting Governance controls, also in compliance with the applicable regulations (“Principles for effective risk data aggregation and risk reporting - BCBS239”). The importance of **widespread** and **robust application** of **Data Governance** throughout the data lifecycle was reiterated with the issuance in May 2024 of the update of the “**Guide on effective Risk Data Aggregation and Risk Reporting**”. The target framework, designed and regulated by the Data & Artificial Intelligence structure, ensures the adoption of agreed classifications and uniform practices for describing the life cycle of the data, as well as the adoption of the Data Quality standards for the various Risk Areas designed to increase the accuracy of the Group’s data. Attention is also given to the data aggregation and reporting processes to ensure that they are able to meet the regulatory requirements or ad hoc requests, also in the stress/crisis situations. This is done in accordance with the expectations expressed by the Supervisory Authorities.

More generally, the strengthening of Data & Reporting Governance has involved the aspects detailed in the diagram below.



The Group has also strengthened its focus on data quality control, with the establishment of a unit responsible for second level data governance controls within the Chief Risk Officer Area.

Assessments of each single type of risk for the Group are integrated in a summary figure – the Economic Capital – defined as the maximum "unexpected" loss the Group may incur over a year, at a given confidence level. This is a key measure for determining the Group's financial structure and its risk tolerance, and guiding operations, ensuring the balance between risks assumed and shareholder return. It is estimated on the basis of the current situation and also at a forecast level, in line with the approved Risk Appetite Framework, 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.

In addition to managing the risks described above, Intesa Sanpaolo pays close attention to the identification and monitoring of specific areas of emerging risk, which, in the medium term, could compromise the achievement of the Group's strategic objectives or significantly influence its financial position and results.

For the purposes described above, the Intesa Sanpaolo Group uses a wide-ranging set of tools and techniques for risk assessment and management, detailed in this Part E of the Notes to the consolidated financial statements, with regard to the types of risk indicated below and in accordance with the procedures established for the qualitative disclosure in Bank of Italy Circular 262. The table below shows the mapping of the risk disclosure using these methods with reference to the Financial Statements, together with the corresponding sections of the Pillar 3 disclosure, where relevant.

	FINANCIAL STATEMENTS		PILLAR 3
	Section/Chapter	**Paragraph**	**Section**
RISKS OF THE BANKING GROUP	PART E - SECTION 2		
- Credit risk	Chapter 1.1		Sections 6-7-8-9-10
- *- Securitisations*	Chapter 1.1	*Paragraph C*	Section 12
- Market risk	Chapter 1.2		Section 13
- *- Regulatory trading book*		*Paragraph 1.2.1*	
- *- Banking book*		*Paragraph 1.2.2*	
- Counterparty risk	Chapter 1.3		Section 11
- *Financial derivatives*		*Paragraph 1.3.1*	
- *Credit derivatives*		*Paragraph 1.3.1*	
- *Accounting hedges*		*Paragraph 1.3.2*	
- Liquidity risk	Chapter 1.4		Section 5
- Operational risks	Chapter 1.5		Section 14
RISKS OF INSURANCE COMPANIES	PART E - SECTION 3		
- Insurance Risks	Chapter 3.1		
- Financial Risks	Chapter 3.2		
RISKS OF OTHER COMPANIES	PART E - SECTION 4		

In addition to credit, market trading book, banking book financial, liquidity, operational and insurance risks, discussed in detail in the following paragraphs, the Group has identified and monitors the following other risks.

Strategic risk

The Intesa Sanpaolo Group defines current or prospective strategic risk as risk associated with a potential decline in profits or capital due to changes in the operating context, misguided Company decisions, inadequate implementation of decisions, or an inability to react sufficiently to changes in the competitive scenario.
The Group's response to strategic risk is represented first and foremost by policies and procedures that call for the most important decisions to be deferred to the Board of Directors, supported by a current and forward-looking assessment of risks and capital adequacy. The high degree to which strategic decisions are made at the central level, with the involvement of the top corporate governance bodies and the support of various corporate functions ensures that the component linked to any impacts of incorrect company decisions and low reactivity to changes in the competitive scenario are mitigated.
As regards the component more directly related to business risk, i.e. associated with the risk of a potential decline in profits as a result of the inadequate implementation of decisions, changes in the operating context and unexpected changes in the cost of refinancing, is handled not only by using systems for regulating Company management, but also via specific internal capital, determined according to an approach that simulates the volatility of margins, fees and commissions, operating costs and refinancing costs, anchored to the business mix of the Group and its Business Units.
Strategic risk is also assessed as part of stress tests based on a multiple-factor model that describes the relations between changes in the economic scenario and the business mix resulting from planning hypotheses, with analyses to assess the impacts on both interest income and margins from the performance of net fees and commissions.

Reputational risk

The Intesa Sanpaolo Group attaches great importance to reputational risk, namely the current and prospective risk of a decrease in profits or capital due to a negative perception of the Bank's image by customers, counterparties, shareholders, investors and Supervisory Authorities.
The Intesa Sanpaolo Group actively manages its image in the eyes of all stakeholders, by engaging all its Organisational Units and seeking robust, sustainable growth capable of creating value for all stakeholders. In addition, the Group seeks to minimise possible negative effects on its reputation through rigorous and comprehensive governance, proactive risk management and guidance and control of its activities.
The overall management of reputational risk is pursued primarily through:

- compliance with standards of ethics and conduct and self-governance policies. The Code of Ethics adopted by the Group contains the core values that Intesa Sanpaolo intends to commit itself to and sets out the voluntary principles of conduct for dealings with all stakeholders (customers, employees, suppliers, shareholders, the environment and, more generally, the community) with even broader objectives than those required by current legislation;
- the systematic, independent contribution by the company structures tasked with safeguarding the company reputation, which maintain relations with stakeholders, within their respective areas of responsibility;
- an integrated monitoring system for primary risks, to limit exposure to those risks, and to comply with the related limits contained in the Risk Appetite Framework;
- the Reputational Risk Management processes governed by the Chief Risk Officer Governance Area, which operate transversally across the corporate functions and in synergy with decision-making processes.

Those processes, which involve control, specialist and business functions, for various purposes, specifically include:

- the Assessment of the initiatives of the Business Plan potentially exposed to reputational risk, to detect and verify the risk control already in place or, alternatively, the specific reputational risk control to be set up. The results of the assessments are submitted to the Group Control Coordination and Non-Financial Risks Committee, also in relation to possible mitigation actions to be implemented over time;
- the Reputational Risk Assessment, aimed at identifying the most significant reputational risk scenarios the Intesa Sanpaolo Group is exposed to, in order to determine their probability of occurrence and the Group's exposure to reputational risk. The analysis is carried out annually and gathers the opinion of top management regarding the potential impact of these scenarios on the Group's image, in order to identify appropriate communication strategies and specific mitigation actions, where necessary. To this end, contributions from external observers are also considered, in addition to the business information originating from the top managers and the Group Business Plan. For example, starting from 2022, an analysis has been carried out on the population with knowledge of finance and economics and on opinion leaders (e.g. economic/financial analysts and experts, academics, institutions);
- ESG & Reputational Risk Clearing, which is tasked with the ex-ante identification and assessment of the potential reputational risks associated with the most significant business operations and the selection of the Group's suppliers/partners;
- Reputational Risk Monitoring, aimed at analysing and verifying the evolution of the exposure to reputational risk on an ongoing basis, using specific national and international monitoring (e.g. Web & press monitoring), algorithms aimed at tracking the developments in the company's exposure to reputational risk, and the information provided by the reputational positioning analyses carried out periodically.

The reputational risk governance model also includes an integrated compliance risk management system, as it considers compliance with the regulations and fairness in business to be fundamental to the conduct of banking operations, which by nature are founded on trust.

In performing the Investment Service for customers, the Groups is exposed to a series of potential risks linked to the activity, such as reputational, legal, strategic and operational risks.
To minimise the above risk dimensions, also in compliance with the applicable regulations, the Group has long had appropriate processes in place to capture their key aspects. These include the following processes in particular:

- Product Governance Risk Clearing, which is assigned the objective of pre-emptive assessment, together with the other competent control functions and the business owner, of the suitability of the products being sold/distributed to customers, analysing all potential risk factors;
- Risk Profile Annual Review of the adequacy of the portfolio risk "limit" associated with each customer segment identified;
- Investment Adequacy Framework, covering the subscription of financial investments and the execution of transactions in unlisted derivatives.

The sale of financial products is therefore governed by specific preventive risk assessment from the standpoint of both the Bank (along with risks, such as credit, financial and operational risks, that directly affect the owner) and the customer (portfolio risk, complexity and frequency of transactions, concentration on issuers or on foreign currency, consistency with objectives and risk tolerance profiles, and knowledge and awareness of the products and services offered), in order to correctly identify and mitigate any potential source of risk inherent to the activity.

ESG (Environmental, Social and Governance) risks and climate change risk

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

Climate change risks can be divided into physical and transitional risks.

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

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

The likelihood and magnitude of the impact of climate-related risk factors may be influenced by a number of additional variables such as the industry sector concerned, business model, and geographical location of the company or asset. The interactions and interdependencies between transmission channels and climate-related risk factors may result in an amplification of the related impacts. The above also applies in relation to the broader category and the transmission channels of environmental risks, where the main sources of risk for Intesa Sanpaolo's counterparties and, consequently, for the Group arise from:
- impacts on nature: changes in the state (quality and quantity) of natural capital caused by an organisation's activities that may result in changes in nature's ability to provide social and economic functions. Impacts can be positive or negative;
- dependence on nature: ecosystem services that an organisation relies on for the functioning of its business processes (e.g. the ability of ecosystems to regulate water flow).

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

Climate/ESG Materiality Assessment

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

The materiality analysis described above contributes to determining the financial materiality for the Environmental component, which, together with the impact materiality, forms the basis for the Consolidated Sustainability Statement included in the Report on operations.

Risk Appetite Framework (RAF)

The RAF integrates and translates what has been defined in terms of strategic guidelines, Climate/ESG Materiality Assessment, and ESG Sectoral Color Coding into specific controls, identifying, on an annual basis, limits, key risk indicators (KRIs) and specific actions aimed at containing the ESG risks, with particular regard to the sectors most exposed to those risks. This also includes specific actions related, for example, to the Group's strategic choices, such as subscribing to the Net-Zero targets. Specifically, intermediate sector targets for 2030 have been set within the Business Plan for the most emission-intensive sectors, subject to a transition plan for mitigating the potential future risk, in accordance with the recommendations of the Net-Zero Banking Alliance (NZBA). In addition to the Oil & Gas, Power Generation, Automotive and Coal Mining sectors, already covered by targets, the Iron & Steel, Commercial Real Estate, Agriculture - Primary Farming, Aluminium, Cement, and Residential Real Estate sectors have been added in line with the commitments made in joining the NZBA and with the validation by the Science Based Target initiative (SBTi), requested in 2024 and obtained in January 2025.

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

– specific limits in relation to the exposure to the Coal Mining and Oil & Gas sectors; for Coal Mining in particular, the limit is reviewed annually in line with the target of phasing out lending by 2025;
– specific early warning thresholds/KRIs relating to the emission intensity (CO_2eq) in terms of financed production of the counterparties belonging to the Oil & Gas, Power Generation, Automotive and Iron & Steel sectors, with the aim of meeting the commitments made within the Net-Zero Banking Alliance and the Science Based Target initiative;
– specific warning thresholds for new disbursements in the Residential Real Estate (RRE) portfolio to improve the quality of the residential properties taken as collateral and consequently reduce the transition and physical risk associated with mortgages. In particular, on the lower energy performance classes (EPC certifications) and in areas with very high physical risk;
– an early warning threshold in relation to the Group's exposure has also been introduced for sectors characterised by significant issues, especially with regard to the social dimension, in line with the ESG sectoral strategy of associated credit disincentives;
– a warning threshold in relation to the exposure to debt securities of government issuers in the Group's banking book that, based on certain internal ESG-related criteria, are defined as "high risk";
– monitoring of counterparty risk specifically for lines with "replacement risk" to the coal mining and oil & gas sectors characterised by significant problem issues, especially with regard to the social dimension.

The RAF also identifies the main limitations and exclusions to lending to sectors/counterparties most exposed to ESG risks, which are then integrated into the self-regulatory policy and/or company processes. Specifically, Intesa Sanpaolo has issued the "Rules for lending operations in the coal sector", the "Rules on Oil & Gas sector" and the "Guidelines governing transactions with subjects active in the armaments sector", aimed at establishing general and specific criteria for limiting and excluding lending operations to counterparties in those sectors. Additionally, through the "Rules on Biodiversity and Nature", the Group governs its operations with regard to risks linked to biodiversity and ecosystems, setting specific limitation and exclusion criteria, refining risk assessment procedures, and encouraging sustainable financing aimed at maintaining or improving biodiversity and ecosystem services.

The policies and actions described above are covered in detail in the Environmental section of the Consolidated Sustainability Statement included in the Report on operations.

Climate Scenario Analysis

Scenario analysis is a key element in integrating the risks and opportunities associated with climate change into the business strategies, also considering the medium- to long-term implications. The Climate Scenario Analysis is used, within the more general framework of the materiality assessment, to explore potential portfolio vulnerabilities, particularly in the credit portfolio, as part of the regulatory stress testing exercises or the Internal Capital Assessment Adequacy Process (ICAAP) and the Internal Liquidity Assessment Adequacy Process (ILAAP).
In conducting the ICAAP process, Intesa Sanpaolo adopts an approach that incorporates specific solutions designed to verify the impact of transition and physical risk on the Non Financial Corporate (NFC) portfolio and the real estate-backed portfolio. With regard to transition risk, the impact is assessed by means of shocks applied to the balance sheets of the individual counterparties and to the energy efficiency level of the residential and commercial immovable property provided as collateral. The estimate of the impact of physical risk, on the other hand, is determined based on the geolocation of collateral real estate or NFC customer production sites, according to the different types of weather events. Within the ILAAP, particular attention is paid to analysing the impact of climate and environmental risk factors that could compromise the liquidity positions from a forward-looking perspective over medium-term horizons (1-4 years).

Where required, the Group takes part in the stress tests conducted by the European Banking Authority (EBA).

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

Monitoring of ESG/climate risks in the different risk categories

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

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

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

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

As part of the **counterparty risk** management, a monthly analysis is performed to assess the concentration of the exposure in the OTC derivatives and SFTs portfolio, measured with Potential Future Exposure and Current Exposure metrics, using the internally available ESG indicators (such as ESG Sectoral Assessment and ESG Sectoral Color Coding).

With regard to **liquidity risk**, significant climate and environmental risks may lead to an increase in net cash outflows or erode available liquidity reserves. Even though, according to the general consensus in the banking industry, the link between C&E risks and liquidity is mainly indirect and potentially more long term in nature, it is considered important not to underestimate these risks and their potential transmission, and to duly incorporate an assessment of their potential effects on the Group's current and future liquidity position.
To this end, after the prior identification of climate and environmental risk factors that could adversely affect the Group's liquidity positions, specific analyses and monitoring of exposures are carried out to assess the materiality of the risk factors identified, maintaining a close connection with the qualitative assessments adopted:
- by the Bank at sector and sub-sector level (e.g. ESG Sectoral Assessment) for credit risk purposes;
- for the valuation of securities for market risk purposes.

In the assessment of the various scenarios, including stress scenarios, on the timing of inflows and outflows and the quantitative and qualitative adequacy of liquidity buffers, particular attention is also devoted to analysing the impact of climate and environmental risk factors that could compromise the liquidity positions on a forward-looking basis. These analyses are incorporated into the annual report on the Internal Liquidity Adequacy Assessment Process (ILAAP), in line with the analysis horizon for the exercise (1-4 years), and have identified relatively low absorptions of the Group's liquidity reserves.

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

Since 2023, a specific scenario has been used to assess the impacts on the Bank of an extreme weather event affecting a key supplier and compromising its ability to provide the service it was engaged for.

In relation to climate/environmental litigation risk, Intesa Sanpaolo has set up monitoring of market disputes (domestic and international), refined its litigation monitoring process, and established a special training initiative for the staff involved.
The operational losses identified in relation to climate and environmental risks, together with the results (in terms of expected loss and VaR) of the Self-Diagnosis of the assessment of the possible impacts of those risks, contribute to the calculation of the capital requirement at individual and consolidated Group level, using an advanced approach, and are included in the operational risk reporting periodically submitted to the Group Control Coordination and Non-Financial Risks Committee.

In managing **reputational risk**, the Group makes prior assessments of the potential ESG and reputational risks associated with the Group's business operations and supplier/partner selection through the ESG & Reputational Risk Clearing process.
With regard to the corporate credit granting process in particular, it is aimed at making a prior assessment of the potential ESG and reputational risks associated with credit transactions involving counterparties operating in sectors sensitive to ESG and/or reputational risks. As already mentioned in the paragraph on Reputational Risk above, the ESG & Reputational risk clearing process is applied on a proportional basis and in a differentiated manner according to the complexity of the counterparties/transactions and has escalation mechanisms differentiated according to the ESG/reputational risk class

assigned to the transaction/counterparty. The Group also monitors its web and press reputation by integrating specific assessments of events related to environmental risks/climate change (e.g. events resulting from protests or adverse campaigns arising from the Bank's lending activities). Lastly, specific scenarios relating to ESG and climate issues are included in the annual reputational risk assessment by the top management.

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

With regard to **direct environmental risks**, in view of the increasing strategic significance of the issue of CO_2 emissions, in 2022 Intesa Sanpaolo drew up a new plan, called the Own Emissions Plan, which sets a 2030 Carbon Neutrality target for own emissions through energy efficiency measures and greater use of energy from renewable sources and the purchase of carbon credits for the residual emissions. Intesa Sanpaolo is also committed to analysing and containing possible risks on its properties, as well as taking swift action to deal with any environmental emergencies that may arise. To this end, in line with the provisions of the Business Plan, since 2023 a specific tool has been available that identifies the degree of exposure of Intesa Sanpaolo's real estate assets to the main geographical and climate change risks. This platform geolocalises each individual asset and calculates the exposure index for each risk, based on data from the main national and international certified sources, such as SwissRE, Copernicus, IGNV, ISPRA, and the Department of Civil Protection, etc. With regard to hydrogeological risk (floods and landslides), which also relates to climate change and the potential occurrence of crisis scenarios in Italy which could have repercussions on Intesa Sanpaolo's properties, a series of corporate structures will be set up. Specifically, the platform supports the management of emergency events, generating alerts based on weather reports and other sources, and providing detailed information on events, including affected assets and related communications. In the event of a weather alert, the CEM (Critical Events Management) is activated to monitor the situation and coordinate the necessary actions, in continuous liaison with the head office and local structures. In serious emergency situations, the Emergency Management Operational Centre of the Business Continuity Management Department is also engaged.
The platform was further developed in 2024 and now considers a variety of physical and geographical risks, such as earthquakes, floods, landslides, droughts, and wildfires. The platform also assesses risks such as lightning, storm surges, tsunamis and other coastal phenomena, using digital terrain models and data from selected sources. The platform also enables the identification of the Group's buildings located in areas included in the World Database on Protected Areas (WDPA), the most comprehensive global database on terrestrial and marine protected areas, including Natura 2000 sites.
Additional implementations are underway to provide an overall index of exposure to geographical and climate risks for each real estate asset.

The potential impacts, the related time horizon (short, medium and long-term) and the actions identified for each observed potential risk, which are updated annually, for both indirect and direct risks, are set out in the tables below.

INDIRECT RISKS – Potential impacts

	Potential risks	Risk type	ST(0-3y)	MT(4-7y)	LT(7-30y)	BdT	C&IB	PB	IBD	AM	INS	CC	Potential Impacts
Transition Risks	**Climate change risk:** *misalignment of economic actors with actions aimed at reducing their CO2 emissions* *via:* • *Policy and Legal Risks* • *Technology Risks* • *Consumer preferences* • *Reputational risks*	**Credit Risk**	◷	◷	◷	○	○	○	○				**Non-financial corporation counterparties:** Introduction of climate policies and technological shifts can weaken companies' competitiveness, affecting their financial statements through reduction of earnings, alteration of business costs, need for investment, impacting their creditworthiness and solvency. **Households and retail customers:** Non-compliance with regulations or shifts in preferences towards low-energy housing may affect collateral value or generate stranded assets. Additionally, higher energy prices or policies promoting green mobility could impact families' costs and spending power and, in turn, their creditworthiness and solvency.
		Market risk	◷	◷	◷		○	○	○	○	○	○	**Non-financial corporation issuers:** Introduction of climate policies and technological shifts can weaken companies' competitiveness, affecting their financial statements through reduction of earnings, alteration of business costs, need for investment, impacting their creditworthiness, solvency and the value of their financial instruments traded on financial markets. **Sovereign issuers:** Impact on real economy and financial system, coupled with social adjustments to support transition, may lead to higher costs for high-emitting nations, which, in turn could impact their creditworthiness, solvency and the value of the financial instruments traded on the financial markets. **Asset Management / Insurance:** Consequences of climate change on companies in the portfolio with consequent possible reduction in the value of assets under management or investments.
		Operational risk	◷			○	○	○	○	○	○		**Conduct:** Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product or commitments (e.g. greenwashing). **Litigation:** Litigation and liability costs associated with climate-sensitive investments and businesses.
		Liquidity risk	◷	◷		○	○	○	○			○	**Credit exposures:** Impact of transition risks on customer exposures could affect the liquidity position of the Group (e.g. undrawn committed lines/default of counterparties). **Funding:** Transition risk factors may affect customers and therefore their ability to fund the Group. **Market exposures:** Transition impacts on issuers and their financial instruments might reduce the ability for the Bank to trade or liquidate assets computed in the liquidity reserves.
		Reputational risk	◷	◷	◷	○	○	○	○	○	○		Deterioration of the Group's image due to unmet expectations in climate and environmental risk management or business adaptation • Negative perception from stakeholders and in particular from ESG investors due to nil or inadequate management of such risks • Possible exclusion from sustainability (ESG) indices or a worse ESG position or lower ESG rating

Timeframe: The timeframe indicated below considers the analyses carried out by the Banking Group in various climate-related risks assessment exercises. The analyses are not exhaustive regarding the potential impacts that the Bank could face in the short, medium, and long term, and are not indicative of the materiality of the impacts assessed as detailed in the Risk Management chapter.
Business Areas: BdT = Banca dei Territori; C&IB = Corporate & Investment Bank; PB = private banking; IBD = International Banks Division; AM = Asset Management; INS = Insurance; CC = Corporate Center. The areas where it is possible to observe climate-related risk impacts are here identified, based on the business relevance for those areas. This does not exclude the possibility that other areas, not indicated, may also have potential impacts. The details of the analyses conducted on the different business areas are set out in the Risk Management section.

INDIRECT RISKS – Actions and Opportunities

	Potential risks	Risk type	ST(0-3y)	MT(4-7y)	LT(7-30y)	BdT	C&IB	PB	IBD	AM	INS	CC	Implemented actions	Opportunities
Transition Risks	**Climate change risk:** *misalignment of economic actors with actions aimed at reducing their CO2 emissions* *via:* • *Policy and Legal Risks* • *Technology Risks* • *Consumer preferences* • *Reputational risks*	**Credit Risk**	◷	◷	◷	○	○	○	○				• Assessment of ESG and climate risks in the lending portfolio through Materiality assessment, scenario analysis, Business Environment Scan exercise and transactions risk assessment process • Definition of targets related to the physical intensity of financed counterparties belonging to specific sectors • Limits and monitoring thresholds set within the Risk Appetite Framework • Identification of environmental (e.g. net zero loans and medium-to-long-term financing with SACE green guarantees), social, governance, and other sustainable products and transactions • Implementation of self-regulation policies (credit portfolio)	• Sustainable finance: increase customer support to enforce energy transition by offering products and dedicated financial solutions (e.g. Green and Circular Economy products)
		Market risk	◷	◷	◷		○	○	○	○	○	○	• Assessment of ESG and climate risks in the investment portfolio through Materiality assessment, scenario analysis and Business Environment Scan analysis • Limits and early warning setting within the Risk Appetite Framework • Identification of green, social and sustainable investments • Implementation of self-regulation policies (investment portfolio) • Rebalancing of portfolios	• Increasing and expanding the range of investment products and services
		Operational risk	◷			○	○	○	○	○	○		• Assessment of ESG and climate risks through Materiality assessment, scenario analysis, Business Environment Scan analysis, and operational losses monitoring	
		Liquidity risk	◷	◷		○	○	○	○			○	• Assessment of ESG and climate risks through Materiality assessment and scenario analysis	• Increase of Green and ESG bond own issuances • Increase of third counterparties' Green and ESG bond in own portfolio
		Reputational risk	◷	◷	◷	○	○	○	○	○	○		• Assessment of ESG and climate risks through transactions risk assessment process • Participation in international working groups on climate change issues (e.g. UNEP FI, Net Zero initiatives) • Stakeholder engagement initiatives • Market perception and ESG rating positioning monitoring	• Improvement of the Group's perception/image for both investors and clients
		Cross-risk actions											• Active monitoring of ESG evolving regulations and implementation/integration of internal policies • Active collaboration with policy makers to highlight the need for stable and clear environmental and ESG regulations • Inclusion of climate risk in risk management systems	

Timeframe: The timeframe indicated below considers the analyses carried out by the Banking Group in various climate-related risks assessment exercises. The analyses are not exhaustive regarding the potential impacts that the Bank could face in the short, medium, and long term, and are not indicative of the materiality of the impacts assessed as detailed in the Risk Management chapter.
Business Areas: BdT = Banca dei Territori; C&IB = Corporate & Investment Bank; PB = private banking; IBD = International Banks Division; AM = Asset Management; INS = Insurance; CC = Corporate Center. The areas where it is possible to observe climate-related risk impacts are here identified, based on the business relevance for those areas. This does not exclude the possibility that other areas, not indicated, may also have potential impacts. The details of the analyses conducted on the different business areas are set out in the Risk Management section.

INDIRECT RISKS – Potential impacts

	Potential risks	Risk type (1)	ST(0-3y)	MT(4-7y)	LT(7-30y)	BdT	C&IB	PB	IBD	AM	INS(2)	CC	Potential Impacts
Physical Risks	**Climate change risk:** *Risks related to the physical impacts of climate change* (Chronic; Acute)	**Credit Risk**	X	X	X	○	○	○	○				**Non-financial corporations counterparties:** Severe weather events, both acute and chronic, may impact creditworthiness and solvency of corporate counterparties, with impacts varying based on business sector and location, potentially affecting their profitability. **Households and retail costumers:** Acute or chronic climate events can damage or destroy properties, decreasing their value and increasing credit risk.
		Market risk	X	X	X		○	○	○	○	○	○	**Non-financial corporations issuers:** Severe weather events, both acute and chronic, may impact creditworthiness and solvency of corporate counterparties, with impacts varying based on business sector and location, potentially affecting their profitability and the value of their financial instruments traded on the financial markets. **Sovereign issuers:** Severe weather events, both acute and chronic may impact the real economy and financial systems, coupled with social adjustments to support businesses and population in case of physical climate events. This could lead to higher costs for nations more prone to physical risks, which, in turn, could impact their creditworthiness, solvency and the value of the financial instruments traded on the financial markets. **Asset Management / Insurance:** Possible acute and chronic extreme weather events may cause losses on securities in managed portfolios.
		Liquidity risk	X	X		○	○	○	○			○	**Credit exposures:** The impact of physical risk on customer exposures could affect the liquidity position of the Group (e.g. undrawn committed lines/default of counterparties). **Funding:** Physical risk factors may affect customers and therefore their ability to fund the Group. **Market exposures:** Physical impacts on issuers and underlying assets of their financial instruments might reduce the ability, for the Bank, to trade or liquidate assets computed in the liquidity reserves.

(1) In the physical risk section, no potential impacts and actions directly related to reputational risk have been considered. Furthermore, in the context of Physical Risks, the Operational Risk can be considered a "Direct Risk", see next table.
(2) Catastrophic events may adversely affect the profitability of the insurance business with consequent increases in claims and may exceed insurance companies' estimates of expected risks and losses leading to higher insurance premiums with a consequent possible decrease in demand for insurance.
Timeframe: The timeframe indicated below considers the analyses carried out by the Banking Group in various climate-related risks assessment exercises. The analyses are not exhaustive regarding the potential impacts that the Bank could face in the short, medium, and long term, and are not indicative of the materiality of the impacts assessed as detailed in the Risk Management chapter.
Business Areas: BdT = Banca dei Territori; C&IB = Corporate & Investment Bank; PB = private banking; IBD = International Banks Division; AM = Asset Management; INS = Insurance; CC = Corporate Center. The areas where it is possible to observe climate-related risk impacts are here identified, based on the business relevance for those areas. This does not exclude the possibility that other areas, not indicated, may also have potential impacts. The details of the analyses conducted on the different business areas are set out in the Risk Management section.

INDIRECT RISKS – Actions and Opportunities

	Potential risks	Risk type	ST(0-3y)	MT(4-7y)	LT(7-30y)	BdT	C&IB	PB	IBD	AM	INS(2)	CC	Implemented actions	Opportunities
Physical Risks	**Climate change risk:** *Risks related to the physical impacts of climate change* (Chronic; Acute)	**Credit Risk**	X	X	X	○	○	○	○				• Assessment of ESG and climate risks in the lending portfolio through Materiality assessment, scenario analysis, Business Environment Scan exercise and transactions risk assessment process • Limits and early warning setting within the Risk Appetite Framework	• Reinforced customer relations. New subsidised loans intended to restore damaged structures • Financing of resilient buildings and infrastructures to adapt to climate change • Insurance policies covering physical risks
		Market risk	X	X	X		○	○	○	○	○	○	• Assessment of ESG and climate risks in the investment portfolio through Materiality assessment, scenario analysis and Business Environment Scan analysis	
		Liquidity risk	X	X		○	○	○	○			○	• Assessment of ESG and climate risks through Materiality assessment and scenario analysis	

(1) In the physical risk section, no potential impacts and actions directly related to reputational risk have been considered. Furthermore, in the context of Physical Risks, the Operational Risk can be considered a "Direct Risk", see next table.
(2) Insurance: the potential impacts, defined in note 2 of the previous table, open up opportunities for the development of specific policies for extreme catastrophic events.
Timeframe: The timeframe indicated below considers the analyses carried out by the Banking Group in various climate-related risks assessment exercises. The analyses are not exhaustive regarding the potential impacts that the Bank could face in the short, medium, and long term, and are not indicative of the materiality of the impacts assessed as detailed in the Risk Management chapter.
Business Areas: BdT = Banca dei Territori; C&IB = Corporate & Investment Bank; PB = private banking; IBD = International Banks Division; AM = Asset Management; INS = Insurance; CC = Corporate Center. The areas where it is possible to observe climate-related risk impacts are here identified, based on the business relevance for those areas. This does not exclude the possibility that other areas, not indicated, may also have potential impacts. The details of the analyses conducted on the different business areas are set out in the Risk Management section.

DIRECT RISKS – Potential impacts and Actions

	Potential risks	Risk type (1)	ST(0-3y)	MT(4-7y)	LT(7-30y)	Potential Impacts	Implemented actions
Transition Risks	*Changes in environmental regulations* *■ Introduction of new greenhouse gas emission limits or new related reporting systems* *■ Increase in cost of raw materials* *Changes in environmental regulations and standards that the Group voluntarily adheres to (ISO standards)*	**Operational & Other risks**	X	X		• Possible sanctions in case of failure to comply with new Regulations • Costs for upgrading heating and air conditioning systems and for new monitoring tools • Cost related to potential taxes connected with greenhouse gas emissions • Increase in costs of energy supply • Costs of changing the certification processes in case of changes in the standards	• Constant and precautionary monitoring of possible changes to national and European regulations • Participation in dedicated training courses or workshops • Own emissions plan implementation and monitoring • Energy efficiency actions • Increase in the use of renewable energy sources • Preventive actions to replace old systems with next-generation ones with a low environmental impact, as well as consumption monitoring systems during the renovation of branches and buildings • Continuous and precautionary monitoring of possible changes in standards
Physical Risks	Acute *Extreme weather events (floods, landslides, avalanche, mudslides, heavy rainfalls, hailstorms, heavy snowfall, whirlwinds, hurricanes, cyclones, coastal storms)*	**Operational & Other risks**	X	X	X	• Business continuity: extreme weather events may cause material damage and interruptions to the Group's operations • Own assets: extreme weather events may cause material damage to the assets of the Group	• Precautionary assessment of the hydrogeological risks for buildings • Adoption of a business continuity plan and measures to prevent/mitigate/manage physical damage to the bank's structures • Creation of a platform to identify the risk level of any Intesa Sanpaolo Group real estate asset • Insurance to cover the risks and their impacts
	Increase or reduction in average temperatures, sea level rise, water stress and drought Chronic		X	X	X	• Increase in energy supply costs connected with greater heat or electricity consumption • Power-outage risk due to increased energy demand • Sea level rise with consequent impact on buildings close to the sea • Potential fires due to temperature increase in areas close to the Bank's buildings	• Energy efficiency actions • Increase in the use of renewable energy sources • Preventive actions to replace old systems with next-generation systems with a low environmental impact, as well as consumption monitoring systems during the renovation of branches buildings • Preventive assessment of the risk of sea level rise • Adoption of a business continuity plan and actions to mitigate/manage possible power outage • ISO 14001, ISO 50001 and ISO 45001 certifications taking into account climate change related risks • Creation of a platform to identify the risk level of any Intesa Sanpaolo real estate asset

(1) Within direct risks, both operational and other types of risks not directly related to the prudential framework of the Group have been considered.

Additional information on the management of environmental and climate risks is provided in the Consolidated Sustainability Statement, which, starting from the 2024 Annual Report, is included in a specific section of the Consolidated Report on Operations, and in the Basel 3 Pillar 3 Disclosure and the Climate Report[182].

Risk on owned real-estate assets

The risk on owned real-estate assets may be defined as risk associated with the possibility of suffering financial losses due to an unfavourable change in the value of such assets and it is thus included in the category of banking book financial risks. Real-estate management is highly centralised and represents an investment that is largely intended for use in company operations. The degree of risk in the portfolio of owned properties is represented by calculating an economic capital based on the volatility observed in the past in real estate price indexes (mainly Italian, the type of exposure prevalent in the Group's real-estate portfolio), with a degree of granularity of geographical location and intended use appropriate to the real estate portfolio at the reporting date.

Risk on equity investments not subject to line-by-line consolidation

The risk in the equity investment portfolio is related to the possibility of incurring economic losses due to the adverse changes in values of investments not subject to line-by-line consolidation.
The scope considered consists of the equity instruments held in financial and non-financial companies, and includes financial investment instruments, commitments to purchase, and derivatives with underlying equity instruments and equity funds.
The model used to estimate the Economic Capital is based on a PD/LGD approach similar to the credit risk portfolio model and it is used for the stand-alone equity investment portfolio, supplemented with market valuations for the listed portion. The applicable LGD is the regulatory LGD, whereas the model's other parameters are the same as those used in the portfolio model for credit risk.

Risk related to defined-benefit pension funds

The risk related to defined-benefit pension funds is attributable to the possibility of having to increase the reserve that the Parent Company Intesa Sanpaolo maintains to guarantee the benefits of those pension funds, based on an adverse change in the value of the assets and/or liabilities of the pension funds concerned. This risk is fully considered within the assessment of capital adequacy, measured and controlled from the point of view of Economic Capital, and, with an econometric model based on the main macroeconomic variables, also in the baseline and stress forward-looking scenarios.

Model risk

Model risk is defined as the potential loss an institution may sustain, as a consequence of decisions that could be principally based on the output of internal models, due to errors in the development, implementation or use of such models. In continuity with previous years, within the 2024 ICAAP Report, the Internal Validation & Controls Coordination Area updated the model risk assessment (expressed synthetically through a score) of the methodologies supporting the measurement of Pillar 1 and Pillar 2 risks that also contribute to the calculation of the Economic Capital and provided the Enterprise Risk Management structure with the parameters for the quantification of the model risk economic capital.

Emerging risks

The strengthening of the overall risk management system also involves the identification, understanding and monitoring of so-called emerging risks, i.e. risks characterised by components that are little-known or rapidly evolving, potentially significant in the medium term to the Group's financial position and business model, even though their effects are not easy to assess and cannot yet be fully integrated into the most consolidated risk management frameworks.
The identification of these types of risks derives primarily from the continuous analysis of the external environment and the main findings gathered by the risk management function as part of identifying risk, continuously performed within the Group to maintain ongoing alignment with the changing internal and external context and to guarantee the adequacy of the controls and limits implemented to safeguard long term viability. In addition to being performed as part of the identification and assessment processes, that activity also involves comparison with peers and with market best practices, as well as with the Bank's other control/business functions.
Any emerging risks for which a model for calculating economic capital has not been developed are assessed, in any event, using expert-based approaches or using proxies or simplified calculation models in order to guarantee a prudent assessment of the economic capital absorbed.
In that context, the increasing digitalisation of technological infrastructure and the commercial offering, the increased process automation (e.g. through the introduction of robotics and/or artificial intelligence) and the introduction of new ways of working have changed the morphology of certain risks. Specifically, though they do not represent intrinsically new risks, it is probable that there will be significant exposure to:

– IT and Cyber risks, in relation to: (i) the increasing dependence on ICT systems and the resulting increase in the number of users of virtual channels and interconnected devices; (ii) exponential growth in the quantity of data managed, which must be high quality and protected; (iii) greater use of IT services offered by third parties (Open Banking, Fintech, Cloud systems); (iv) low production costs of new attack techniques with the presence of organisation with specific skills and experience; and (v) repercussions of cyber attacks on Italian financial institutions, also linked to the ongoing Russian-Ukrainian crisis;
– risks connected with the digital transformation process linked to the increase in competition triggered by digitalisation in the financial sector (e.g. entry of new competitors) and the vulnerability that still marks the current operating context (e.g. costs of the digitalisation process, obsolescence of legacy systems and fragmentation of the regulatory framework);
– third party risk, in relation to: (i) greater dependence on systems and services offered by third parties (both regarding the outsourcing of company processes and the growing dependence on providers of cloud or IT services in general);
– risks associated with Artificial Intelligence (AI) supporting the execution of business processes, through the development of use cases involving the application of techniques differentiated according to the objectives and corporate functions

182 Previously the TCFD Report.

involved. The potential impact of risks associated with these applications is assessed in relation to: i) possible implications in terms of regulatory compliance (Artificial Intelligence Act); ii) ethical and responsible use of AI solutions; and iii) governance of AI solutions and assessment of the associated technological, reputational and model risks. The management of AI solutions and the assessment/mitigation of risks associated with them is ensured through the updating and supplementation of the company regulations, and the development and initial application of methodologies for preliminary risk assessment. Specific statements and metrics have been confirmed in the Group's Risk Appetite, ensuring their monitoring over time.

In addition, in view of the rapidly evolving world of digital assets, the Group has launched a series of project initiatives and participated in consortium initiatives aimed at studying, testing, and gradually implementing use cases regarding the provision of services related to digital assets and the application of the associated technologies (Blockchain, Distributed Ledger Technology - DLT, Metaverse). The analyses carried out on the risks associated with the sector indicate that transactions in digital assets and the use of new technologies have the same risk categories as traditional financial products, but with greater relevance due to the following factors:

– vulnerabilities of the new technologies not fully explored;
– technological standards being defined;
– a weak and constantly evolving regulatory/legal framework;
– absence of safeguards and guarantee schemes;
– presence of non-regulated entities and/or entities based in non-EU/OECD jurisdictions.

The risks associated with the ongoing initiatives have been assessed in the ordinary clearing processes and are monitored under the Risk Appetite Framework (overview of initiatives under study and implementation, limitations in terms of customer segments potentially affected by the initiatives, very strict operating limits, and risks identified within the ongoing projects).

The continuous evolution of the operational environment, both internal and external, requires the continuous updating of the current analysis frameworks (e.g. portfolio development policies, internal control system, payment systems, cybersecurity safeguards, anti-money laundering and counter-terrorism financing safeguards, and accounting, tax and prudential treatment of the assets) in order to take into account the new/altered operations and maximise the effectiveness of the controls for the identification and mitigation of the Group's potential exposure. In this regard, the work is continuing in the project initiatives aimed at optimising the Group's resilience profile.

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

Absorption of Economic Capital by type of risk and Business Unit

The following is an illustration of the breakdown of the Group's Economic Capital by type of risk and Business Unit.

The absorption of Economic Capital by Business Unit reflects the distribution of the Group's various activities and the specialisations of the business areas.

The majority of risk is concentrated in the "IMI Corporate & Investment Banking" Business Unit (32.3% of the total Economic Capital): this is attributable to the type of customers served (Corporate and Financial Institutions) and Capital Market activities. This Business Unit is assigned a significant share of credit risk and trading book risk. The "Banca dei Territori" Business Unit (18.6% of the total Economic Capital) is a significant source of absorption of Internal Capital, in line with its role as core business of the Group, serving Retail, Private and Small/Middle Corporate customers. It is assigned a sizeable portion of credit risk and operational risk. Most of the insurance risk is assigned to the "Insurance" Business Unit (14.4% of the total Economic Capital). The "International Banks" Business Unit is assigned 8.1% of the total risk, predominantly credit risk. In addition to credit risk, the "Corporate Centre" is attributed with the risks typical of this Business Unit, namely those resulting from investments, the risks pertaining to the exposures in default, the Banking Book interest rate and exchange rate risk, as well as the risks arising from the management of the Parent Company's FVOCI portfolio (21.8% of the overall Economic Capital).

Absorption of Economic Capital by the "Private Banking" and "Asset Management" Business Units is marginal (3.8% and 1.0%, respectively) due to the nature of their business, which is predominantly aimed at asset management activities.

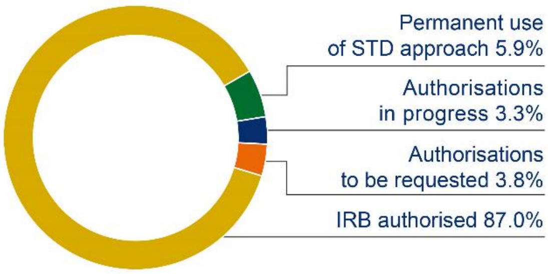
Basel Regulation and the Internal Project

To ensure ongoing compliance with the Basel Committee agreements, in 2024 the Intesa Sanpaolo Group implemented appropriate project initiatives to improve the measurement systems and the related risk management systems.

With regard to credit risk, there were no changes in the application of the internal models compared to 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 the progress of the roll-out plan for the internal models for credit risk (IRB regulatory Roadmap), the share of exposures authorised for the IRB system is 87% of the loans portfolio. There are no pending authorisations on portfolios not yet validated, while requests to be made for the remaining portfolios of the Group's Italian and international banks represent 3.8% of the portfolio. For the residual component, equal to 9.2%, the permanent use of the Standardised approach has been reported to the Supervisory Authorities and authorisation has been received for 5.9% and is still being awaited for 3.3%.

Roll-out plan for internal models for credit risk(*) (**)



(*) Percentages calculated based on the full standard RWA amounts as at 31.12.2024. The portfolios are considered to be covered by IRB models when the authorisation has been received, from the Supervisory Authority, for use of the internal model for at least one of the risk parameters.
(**) The following are excluded from the Portfolio:
- risk-weighted exposures with counterparties classified as Sovereigns and DTAs;
- exposures to Group Companies that, based on the product classification in the Group Map at the monitoring reference date, do not come under one of the following categories: Banking Companies, Other Financial Intermediaries, and "Cards and Payment Systems" companies.

With regard to counterparty risk, the Banking Group has improved its measurement and monitoring by refining the tools required under Basel 3. For reporting purposes, the Parent Company is authorised to use the internal models approach for the capital requirement related to counterparty risk both for derivatives and for SFTs (Securities Financing Transactions, i.e. repos/reverse repos and securities lending/borrowing). This authorisation was obtained for derivatives from the first quarter of 2014, and for SFTs from the report as at 31 December 2016.
For management purposes, the advanced risk measurement approaches have been implemented for the OTC derivatives of the Parent Company since 2010 and were subsequently extended in 2015 to Securities Financing Transactions.
With respect to 31 December 2023, following the Targeted Review on Counterparty Risk for OTC derivatives and SFTs, which began in 2022 and ended in November 2024, new "active management" processes for counterparty risk have been introduced and formalised. In particular, a specific early warning system has been created for CCR, which includes the daily monitoring of indicators of potential credit deterioration (CDS spreads, equity value, and rating) and other alerts. If the established thresholds are exceeded, the Risk Management structures are required to contact the offices concerned, and, where necessary, based on the severity of the situation, organise a stakeholder conference call to assess the risk, mitigating it if possible, and, where appropriate, declaring the counterparty in default. Additionally, the default management process for counterparty risk has been formalised, and quarterly monitoring has been introduced for Non-Banking Financial Institutions (NBFIs) and High Risk counterparties, identified through stress analysis.

With regard to operational risk, the Group obtained authorisation to use the Advanced Measurement Approach (AMA – internal model) to determine the associated capital requirement for regulatory purposes, with effect from the report as at 31 December 2009. As at 31 December 2024, the scope of the Advanced Measurement Approach (AMA) was comprised of Intesa Sanpaolo (including the banks and companies merged into it) and the main banks and companies in the Private Banking and Asset Management Divisions, as well as of VUB Banka and Privredna Banka Zagreb.

The Basel 4 reform project, initiated by the Regulator in 2021 and culminating in the recent approval of the CRR3 Regulation, involved a major overhaul of the prudential framework, due to come into effect on 1 January 2025, with the first regulatory reporting on the reporting date of March 2025.
In accordance with the principles and guidelines formalised by the Basel Committee, in 2021 the European Commission put forward a coherent legislative proposal (the CRRIII/CRDIV package) aimed at implementing the standards set by the new Basel 4 framework, taking into account the specific features of the European banking sector and harmonising the supervisory regimes adopted by the Member States. The directive seeks to strengthen confidence in the representativeness of capital ratios and the resilience of the banking sector, also through measures aimed at reducing the volatility of the results of the internal models used by institutions. The final text was issued on 6 December 2023, following the completion of the negotiation in the trilogue between the European Commission, Parliament and Council, with the subsequent publication of Regulation (EU) 2024/1623 in the Official Journal of the European Union in June 2024.

The Intesa Sanpaolo Group has set up the compliance initiatives for the adoption of the regulatory provisions through a dedicated project (Basel 4 Project) in which the procedural frameworks have been identified and developed for the management of the information required by the measurement systems, with adaptations aligned to the governance processes.
Intesa Sanpaolo has implemented a multi-year work programme based on a specific project roadmap, starting with an assessment to identify the main changes introduced by the regulatory provisions and develop coherent methodological, organisational, and architectural approaches to adopt going forward. The activities continued steadily throughout 2024, including through systematic dialogue with the regulators, industry associations, recognised ECAIs, peers and consultancy firms, to organically introduce the required system of rules and measurement criteria, with modifications to IT architectures, application procedures, organisational processes, internal regulations and contractual relationships with customers. The work programme, which is constantly monitored with regular updates submitted to the Project Management, Control Functions and Management Bodies, is progressing smoothly in line with the scheduled timelines.

The new directive reconfigures the calculation of the capital requirements for all the major types of risk (credit risk, market and counterparty risk, operational risk), as well as the regulatory reporting processes, also introducing the concept of an “Output Floor” common to all the risk types, which involves applying a minimum threshold to the RWA values calculated through internal models compared to those determined using the standard approach.

With regard to the provisions concerning the determination of the capital requirements for credit risk, the main changes introduced involve the reduction of the scope of use of internal models and the introduction of a validation process, through internal due diligence, for the ratings obtained from ECAIs.

With regard to counterparty risk, the changes will impact the credit weightings for derivative and SFT counterparties. The developments needed for the implementation of the new CVA risk framework required by the new regulation are also being finalised.

With regard to operational risks, the new rules will change the way the Regulatory Capital Requirement is calculated, as well as the criteria for representing the main aggregates of the segment.

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

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

Other risk factors

In addition to the above risks, the Intesa Sanpaolo Group is carefully assessing the aspect detailed below.

Interest Rate Benchmark Reform – General aspects
Launched in 2016, following the publication of the European Union Benchmark Regulation (Regulation EU no. 2016/1011), the interest rate benchmark reform in Europe can be considered completed, with the existence, to date, of two interest rates published on a daily basis, which fully comply with the Regulation: the Euribor rate for maturities of up to 12 months, administered by the EMMI (European Money Market Institute) and the €STR rate for overnight maturities, recorded and published by the ECB. Also outside the Eurozone, these have been identified and are operational for all the main currencies of risk-free interest rates (RFR) which gradually replaced the LIBOR rate. Specifically, the publication of synthetic USD LIBOR ceased at the end of September 2024.

The following is a summary overview of the main risk-free rates:

IBOR	Risk Free Rate	Administrator	Secured or Unsecured	Transaction
GBP LIBOR	SONIA	Bank of England	Unsecured	o/n wholesale deposits
USD LIBOR	SOFR	New York Fed	Secured	o/n UST repo
JPY LIBOR	TONAR	Bank of Japan	Unsecured	o/n call rate
CHF LIBOR	SARON	SIX Swisse Exchange Ltd.	Secured	interbank o/n report
EUR LIBOR	€STR	ECB	Unsecured	o/n wholesale deposits

Source: ICE Benchmark Administration, Intesa Sanpaolo

Interest Rate Benchmark Reform – Intesa Sanpaolo's activities
Since 2016, Intesa Sanpaolo has constantly worked to oversee and implement all necessary actions to comply with the changes in the benchmarks, closed its projects at the end of 2023, and, in 2024, it completed the ordinary management of the last positions to be transitioned within the various corporate functions involved.
With regard to the last benchmarks being wound down by 31 December 2024, the transition activities have been successfully completed for all these benchmarks (synthetic USD LIBOR and Canadian Offered Rate - CDOR).

SECTION 1 – RISKS OF THE CONSOLIDATED BOOK

In this Section, information is provided regarding the companies included in the consolidated book.

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

For the purposes of quantitative information about credit quality, the term "credit exposures" is understood to exclude equities and quotas of UCI.

A.1. Performing and non-performing credit exposures: amounts, adjustments, changes and economic breakdown

A.1.1. Breakdown of financial assets by portfolio classification and credit quality (book values)

(millions of euro)

Portfolios/quality	Bad loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	TOTAL
1. Financial assets measured at amortised cost	1,116	3,472	362	3,282	510,470	518,702
2. Financial assets measured at fair value through other comprehensive income	-	7	-	76	148,874	148,957
3. Financial assets designated at fair value	-	-	-	-	6	6
4. Other financial assets mandatorily measured at fair value	4	27	-	25	10,631	10,687
5. Non-current financial assets held for sale	34	8	-	-	-	42
Total 31.12.2024	**1,154**	**3,514**	**362**	**3,383**	**669,981**	**678,394**
Total 31.12.2023	**937**	**3,807**	**457**	**3,884**	**658,531**	**667,616**

A.1.1. Breakdown of financial assets by portfolio classification and credit quality (book values)
(of which: Banking Group)

(millions of euro)

Portfolios/quality	Bad loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	TOTAL
1. Financial assets measured at amortised cost	1,116	3,457	362	3,282	502,786	511,003
2. Financial assets measured at fair value through other comprehensive income	-	7	-	-	75,984	75,991
3. Financial assets designated at fair value	-	-	-	-	6	6
4. Other financial assets mandatorily measured at fair value	4	27	-	25	896	952
5. Non-current financial assets held for sale	34	8	-	-	-	42
Total 31.12.2024	**1,154**	**3,499**	**362**	**3,307**	**579,672**	**587,994**
Total 31.12.2023	**937**	**3,758**	**457**	**3,785**	**568,584**	**577,521**

A.1.1. Breakdown of financial assets by portfolio classification and credit quality (book values)
(of which: Insurance companies)

(millions of euro)

Portfolios/quality	Bad loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	TOTAL
1. Financial assets measured at amortised cost	-	-	-	-	5	5
2. Financial assets measured at fair value through other comprehensive income	-	-	-	76	72,890	72,966
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	9,735	9,735
5. Non-current financial assets held for sale	-	-	-	-	-	-
Total 31.12.2024	**-**	**-**	**-**	**76**	**82,630**	**82,706**
Total 31.12.2023	**-**	**-**	**-**	**99**	**80,180**	**80,279**

A.1.1. Breakdown of financial assets by portfolio classification and credit quality (book values)
(of which: Other companies)

(millions of euro)

Portfolios/quality	Bad loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	TOTAL
1. Financial assets measured at amortised cost	-	15	-	-	7,679	7,694
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-
5. Non-current financial assets held for sale	-	-	-	-	-	-
Total 31.12.2024	**-**	**15**	**-**	**-**	**7,679**	**7,694**
Total 31.12.2023	**-**	**49**	**-**	**-**	**9,767**	**9,816**

A.1.2. Breakdown of financial assets by portfolio classification and credit quality (gross and net values)

(millions of euro)

Portfolios/quality	NON-PERFORMING ASSETS				PERFORMING ASSETS			TOTAL (net exposure)
	Gross exposure	Total adjustments	Net exposure	Total partial write-offs	Gross exposure	Total adjustments	Net exposure	
1. Financial assets measured at amortised cost	9,794	-4,844	4,950	1,683	516,063	-2,311	513,752	518,702
2. Financial assets measured at fair value through other comprehensive income	47	-40	7	-	149,061	-111	148,950	148,957
3. Financial assets designated at fair value	-	-	-	-	X	X	6	6
4. Other financial assets mandatorily measured at fair value	67	-36	31	-	X	X	10,656	10,687
5. Non-current financial assets held for sale	329	-287	42	-	-	-	-	42
Total 31.12.2024	**10,237**	**-5,207**	**5,030**	**1,683**	**665,124**	**-2,422**	**673,364**	**678,394**
Total 31.12.2023	**10,303**	**-5,102**	**5,201**	**1,795**	**656,090**	**-2,700**	**662,415**	**667,616**

(millions of euro)

Portfolios/quality	ASSETS OF EVIDENTLY LOW CREDIT QUALITY		OTHER ASSETS
	Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading	-15	19	33,354
2. Hedging derivatives	-	-	6,505
Total 31.12.2024	**-15**	**19**	**39,859**
Total 31.12.2023	**-19**	**17**	**42,787**

A.1.2. Breakdown of financial assets by portfolio classification and credit quality (gross and net values)
(of which: Banking Group)

(millions of euro)

Portfolios/quality	NON-PERFORMING ASSETS				PERFORMING ASSETS			TOTAL (net exposure)
	Gross exposure	Total adjustments	Net exposure	Total partial write-offs	Gross exposure	Total adjustments	Net exposure	
1. Financial assets measured at amortised cost	9,779	-4,844	4,935	1,683	508,369	-2,301	506,068	511,003
2. Financial assets measured at fair value through other comprehensive income	47	-40	7	-	76,020	-36	75,984	75,991
3. Financial assets designated at fair value	-	-	-	-	X	X	6	6
4. Other financial assets mandatorily measured at fair value	67	-36	31	-	X	X	921	952
5. Non-current financial assets held for sale	329	-287	42	-	-	-	-	42
Total 31.12.2024	**10,222**	**-5,207**	**5,015**	**1,683**	**584,389**	**-2,337**	**582,979**	**587,994**
Total 31.12.2023	**10,254**	**-5,102**	**5,152**	**1,795**	**574,153**	**-2,663**	**572,369**	**577,521**

(millions of euro)

Portfolios/quality	ASSETS OF EVIDENTLY LOW CREDIT QUALITY		OTHER ASSETS
	Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading	-15	19	33,316
2. Hedging derivatives	-	-	6,469
Total 31.12.2024	**-15**	**19**	**39,785**
Total 31.12.2023	**-19**	**17**	**42,734**

A.1.2. Breakdown of financial assets by portfolio classification and credit quality (gross and net values)
(of which: Insurance companies)

(millions of euro)

Portfolios/quality	NON-PERFORMING ASSETS				PERFORMING ASSETS			TOTAL (net exposure)
	Gross exposure	Total adjustments	Net exposure	Total partial write-offs	Gross exposure	Total adjustments	Net exposure	
1. Financial assets measured at amortised cost	-	-	-	-	5	-	5	5
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	73,041	-75	72,966	72,966
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	9,735	9,735
5. Non-current financial assets held for sale	-	-	-	-	-	-	-	-
Total 31.12.2024	**-**	**-**	**-**	**-**	**73,046**	**-75**	**82,706**	**82,706**
Total 31.12.2023	**-**	**-**	**-**	**-**	**72,161**	**-28**	**80,279**	**80,279**

(millions of euro)

Portfolios/quality	ASSETS OF EVIDENTLY LOW CREDIT QUALITY		OTHER ASSETS
	Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	38
2. Hedging derivatives	-	-	36
Total 31.12.2024	**-**	**-**	**74**
Total 31.12.2023	**-**	**-**	**51**

A.1.2. Breakdown of financial assets by portfolio classification and credit quality (gross and net values)
(of which: Other companies)

(millions of euro)

Portfolios/quality	NON-PERFORMING ASSETS				PERFORMING ASSETS			TOTAL (net exposure)
	Gross exposure	Total adjustments	Net exposure	Total partial write-offs	Gross exposure	Total adjustments	Net exposure	
1. Financial assets measured at amortised cost	15	-	15	-	7,689	-10	7,679	7,694
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	-	-
5. Non-current financial assets held for sale	-	-	-	-	-	-	-	-
Total 31.12.2024	**15**	**-**	**15**	**-**	**7,689**	**-10**	**7,679**	**7,694**
Total 31.12.2023	**49**	**-**	**49**	**-**	**9,776**	**-9**	**9,767**	**9,816**

(millions of euro)

Portfolios/quality	ASSETS OF EVIDENTLY LOW CREDIT QUALITY		OTHER ASSETS
	Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	-
2. Hedging derivatives	-	-	-
Total 31.12.2024	**-**	**-**	**-**
Total 31.12.2023	**-**	**-**	**2**

B. INFORMATION ON STRUCTURED ENTITIES (OTHER THAN SECURITISATION VEHICLES)

In line with IFRS 12, the Group considers structured entities to be entities set up to achieve a narrow, well-defined objective, defined through contractual arrangements which often impose strict restrictions on decision-making powers of the entity's management bodies. In that sense, structured entities are designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, as they refer to administrative tasks, while the relevant operating activities are directed by means of contractual arrangements agreed on at the time of structuring the structured entity, which are difficult to modify. The characteristics of a structured entity include:

- limited activities;
- a narrow and well-defined objective;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support.

The structured entities through which the Group operates are mainly Special Purpose Entities (SPEs) and UCIs.

B.1. Consolidated structured entities

There are no structured entities consolidated in the accounts other than securitisation companies that fall within the scope of the Intesa Sanpaolo Banking Group.

B.2. Structured entities not consolidated in the accounts

B.2.1. Prudential consolidation of structured entities

There are no structured entities consolidated for prudential purposes other than securitisation companies that fall within the scope of the Intesa Sanpaolo Banking Group.

B.2.2. Other structured entities

Qualitative information

As indicated above, the Group's operations through structured entities are also carried out through SPEs. To that end, SPEs are understood as legal entities established to pursue a specific, well-defined and limited objective:

- to raise funds on the market by issuing specific financial instruments;
- to develop and/or finance a specific business initiative, capable of generating, through an economic activity, cash flows which permit the complete reimbursement of the debt;
- to finance the acquisition of a target company which, through its economic activity, will be capable of generating cash flows for the SPEs which permit the complete reimbursement of the debt.

For the purposes of this section, operations carried out through securitisation vehicles, that is vehicles established to acquire, sell and manage specific assets, separating them from the financial statements of the Originator, for the purpose of carrying out securitisations of assets or for acquiring funding through self-securitisations and issues of Covered Bonds (CB), shall not be relevant. For those types of vehicle companies, reference should be made to section “C. Securitisations” and section “D. Sales” of Part E of the Notes to the consolidated financial statements.
In some cases, the Group sponsors the SPE by structuring the transaction to pursue specific objectives, such as raising funds, securitising its own assets also for the purposes of funding or offering financial services to customers.
In detail, the Group's operations are carried out through the following types of structured entities represented by special purpose entities (SPEs).

Project Financing SPEs

These are financing instruments for capital intensive projects, which are based on the economic or financial validity of the industrial or infrastructural project, and are independent from the standing/creditworthiness of the sponsors who developed the “entrepreneurial” idea. The financing of the initiative is based on the project’s capacity to generate positive cash flows, sufficient to reimburse loans received and guarantee an adequate risk-adjusted return on invested capital.
The Intesa Sanpaolo Group finances entities of this type, as normal borrowers, without acting as sponsor.

Asset Backed SPEs

These are transactions aimed at acquisition/construction/management of physical assets by SPEs financed by one or more entities. Their recovery prospects mostly depend upon the cash flows generated by the assets. The assets generate cash flows in their recurring operations (e.g. rentals, goods transportation contracts, etc.) or in their non-recurring operations (e.g. a real estate development or disposal plan). Generally, the assets are also the collateral for the financing disbursed to the vehicle.
The Intesa Sanpaolo Group finances entities of this type, as normal borrowers, without any direct equity investments or any other interests which might lead to presume the role of sponsor. The risk undertaken is always a normal credit risk and the benefits are represented by the return on the financing granted.

Leveraged & Acquisition Finance SPEs

This category includes exposures (loans granted and disbursed in relation to structured financing operations, normally medium/long-term) to legal entities in which the majority of share capital is held by private equity funds.

These are mainly positions in support of Leveraged Buy-Out projects (therefore with high leverage), i.e. linked to the full or partial acquisition of companies through recourse to SPEs. After acquisition of the target company's shares/quotas package, these SPEs are normally merged into the target. The target companies generally have good economic prospects, stable cash flows in the medium term and low original leverage levels. The Intesa Sanpaolo Group finances entities of this type, as normal borrowers, without acting as sponsor.

The Intesa Sanpaolo Group also has investments in/exposures to structured entities represented by UCIs.

The main cases include the Group's investments in several closed-end and reserved private equity as well as venture and seed capital funds.

The exposures to UCIs also include the investments in units of real estate funds deriving from transactions to contribute portions of the Group's real estate portfolio.

They also consist of investments in UCIs deriving from credit recovery operations or contributions of non-performing loans, together with other banking entities, to funds managed by specialist entities.

The investments in UCIs also include the units held in the Atlante Fund and the Italian Recovery Fund, alternative investment funds managed by the asset management company Quaestio Capital Management, involved in value enhancement of Non-Performing Loans of Italian banks.

Lastly, the Intesa Sanpaolo Group invests in hedge funds. For more information, reference is made to the specific section in Part E of the Notes to the consolidated financial statements.

The Group made further investments in UCIs through the subsidiary Eurizon Capital SGR and the companies controlled by it, in line with the financial portfolio management policies issued by the asset management company and its subsidiaries, in agreement with the Intesa Sanpaolo Group Guidelines. In detail, the asset management company and its subsidiaries have both temporary and structural available funds deriving from company equity that is not permanently invested in equity investments or other fixed assets, and from the ordinary cash flows. Based on that set out in the Guidelines for managing the financial portfolio, as part of liquidity management activities, structural and temporarily available funds linked to the trend in short-term and on demand cash flows make up the liquidity portfolio net of the amount held in current accounts or invested in term deposits. In relation to the activities carried out by the asset management company and its subsidiaries and the characteristics of the available funds in question, excess liquidity must be invested in assets with moderate risk that can be easily liquidated. That portfolio includes investments in short-term money market and bond funds, both specialising in the Eurozone, established and/or managed by Eurizon Capital SGR or by its subsidiaries. The Group's investments in UCIs managed by subsidiaries do not prejudice the operational autonomy and capacity of the asset management companies to act in the exclusive interest of investors, considering the specific provisions set out in sector regulations and by the Supervisory Authorities.

The table below summarises the accounting portfolios that the debit and credit transactions with unconsolidated structured entities are allocated to.

Quantitative information

(millions of euro)

Captions / Type of structured entity	Accounting portfolios under assets	Total assets (A)	Accounting portfolios under liabilites	Total liabilities (B)	NET BOOK VALUE (C = A-B)	Maximum exposure to risk of loss (D)	Difference between exposure to risk of loss and book value (E = D - C)
1. Special purpose vehicle		**2,217**		**551**	**1,666**	**2,607**	**941**
	Financial assets held for trading	98	Due to customers	462			
	Other financial assets mandatorily measured at fair value	-	Financial liabilities held for trading	89			
	Financial assets measured at fair value through other comprehensive income	19					
	Financial assets measured at amortised cost - Loans to customers	2,100					
2. UCI		**4,456**		**161**	**4,295**	**4,634**	**339**
	Financial assets held for trading	480	Due to customers	159			
	Financial assets designated at fair value	3,795	Financial liabilities held for trading	2			
	Assets measured at amortised cost Loans to customers	181					

The maximum exposure to risk, representing the maximum exposure of the Group to losses deriving from its interests in structured entities, is generally equal to the net book value, to which, where applicable, several types of off-balance sheet exposures are added (e.g. committed credit lines or guarantees given). The net book value equals the exposure in the financial statements net of value adjustments recorded during the current and previous years.
For UCIs, the maximum risk exposure also includes the Group's commitments, not yet called up by the fund, to subscribe additional units.

The table below shows the amount and type of revenues earned over the year by structured entities. The main component of the revenues recognised consists of fees deriving from the management and placement of the UCIs sponsored and managed by the Group's asset management companies and placed with customers. The fees in question are charged by the asset management company to the funds managed and partly reversed to the distribution network for the placement service.

(millions of euro)

Type of structured entity sponsored	Interest	Fees and commissions	Dividends	Other revenue	TOTAL
UCI	112	2,182	148	-79	2,363
Special-purpose vehicles	144	5	-	-20	129

SECTION 2 – RISKS OF THE PRUDENTIAL CONSOLIDATION

In this section the figures are shown gross of the transactions with the other companies included in the scope of the accounting consolidation. These figures usually also include the assets and liabilities, in proportion to the interest held, of the jointly-controlled banking, financial and operational companies consolidated proportionally for reporting purposes. Where the contribution of transactions between the companies included in the prudential consolidation and the other companies in the scope of the accounting consolidation is material, the details of those transactions are provided at the foot of the disclosure concerned.

The following table contains the reconciliation of the consolidated balance sheet with the banking regulatory-scope balance sheet.

(millions of euro)

Assets		31.12.2024 Financial Statements	Effects of the deconsolidation and consolidation of counterparties other than those in the banking group (*)	31.12.2024 Regulatory-scope balance sheet
10.	Cash and cash equivalents	40,533	-676	39,857
20.	Financial assets measured at fair value through profit or loss	150,943	-103,478	47,465
	a) financial assets held for trading	*41,439*	*26*	*41,465*
	b) financial assets designated at fair value	*6*	*-*	*6*
	c) other financial assets mandatorily measured at fair value	*109,498*	*-103,504*	*5,994*
30.	Financial assets measured at fair value through other comprehensive income	150,269	-72,973	77,296
40.	Financial assets measured at amortised cost	518,702	1,368	520,070
	a) due from banks	*38,460*	*3*	*38,463*
	b) loans to customers	*480,242*	*1,365*	*481,607*
50.	Hedging derivatives	6,505	-36	6,469
60.	Fair value change of financial assets in hedged portfolios (+/-)	-3,602	-	-3,602
70.	Investments in associates and companies subject to joint control	3,036	7,614	10,650
80.	Insurance assets	693	-693	-
	a) insurance contracts issued that are assets	*444*	*-444*	*-*
	b) reinsurance contracts held that are assets	*249*	*-249*	*-*
90.	Property and equipment	9,024	-514	8,510
100.	Intangible assets	9,860	-516	9,344
	of which:	-	-	-
	- goodwill	*3,697*	*-424*	*3,273*
110.	Tax assets	12,916	-877	12,039
	a) current	*1,650*	*-150*	*1,500*
	b) deferred	*11,266*	*-727*	*10,539*
120.	Non-current assets held for sale and discontinued operations	667	-51	616
130.	Other assets	33,739	-3,239	30,500
Total Assets		**933,285**	**-174,071**	**759,214**

Liabilities and Shareholders' Equity		31.12.2024 Financial Statements	Effects of the deconsolidation and consolidation of counterparties other than those in the banking group (*)	31.12.2024 Regulatory-scope balance sheet
10.	Financial liabilities measured at amortised cost	599,620	4,689	604,309
	a) due to banks	*45,794*	*-819*	*44,975*
	b) due to customers	*443,457*	*2,851*	*446,308*
	c) securities issued	*110,369*	*2,657*	*113,026*
20.	Financial liabilities held for trading	42,882	24	42,906
30.	Financial liabilities designated at fair value	74,083	-50,645	23,438
40.	Hedging derivatives	4,410	-47	4,363
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-1,819	-	-1,819
60.	Tax liabilities	2,097	-1,017	1,080
	a) current	*383*	*-33*	*350*
	b) deferred	*1,714*	*-984*	*730*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	5	-	5
80.	Other liabilities	15,014	-879	14,135
90.	Employee termination indemnities	706	-4	702
100.	Allowances for risks and charges	4,885	-109	4,776
	a) commitments and guarantees given	*601*	*1*	*602*
	b) post-employment benefits	*98*	*-*	*98*
	c) other allowances for risks and charges	*4,186*	*-110*	*4,076*
110.	Insurance liabilities	126,081	-126,081	-
	a) insurance contracts issued that are liabilities	*126,013*	*-126,013*	*-*
	b) reinsurance contracts held that are liabilities	*68*	*-68*	*-*
120.	Valuation reserves	-2,332	-	-2,332
130.	Redeemable shares	-	-	-
140.	Equity instruments	8,706	-	8,706
150.	Reserves	15,367	-	15,367
155.	Interim dividends (-)	-3,022	-	-3,022
160.	Share premium reserve	27,601	-	27,601
170.	Share capital	10,369	-	10,369
180.	Treasury shares (-)	-179	-	-179
190.	Minority interests (+/-)	145	-2	143
200.	Net income (loss) (+/-)	8,666	-	8,666
Total Liabilities and Shareholders' Equity		**933,285**	**-174,071**	**759,214**

(*) The effects are attributable to:
- deconsolidation of companies that are not part of the Banking Group;
- proportional consolidation of the jointly controlled companies that are consolidated at equity in the financial statements.

1.1 CREDIT RISK

QUALITATIVE INFORMATION

1. GENERAL ASPECTS

The Group's strategies, Risk Appetite Framework, and Credit Granting Powers and Rules are aimed at:

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

Constant monitoring of the quality of the loan portfolio is also pursued through specific operating checks for all the phases of loan management.

It should also be noted that the 2022-2025 Business Plan includes specific initiatives aimed at massive NPL stock reduction and continuous pre-emption through a modular strategy.
As a result of the massive de-risking carried out in previous years, in 2024 a number of extraordinary disposals were carried out on portfolios amounting to 1.2 billion euro in terms of Gross Book Value (GBV), of which 0.2 billion euro had already been reclassified to IFRS 5 in December 2023. Added to these is around 0.1 billion euro of GBV from sales of single name loans. Additionally, in December 2024, a portfolio with a GBV of around 0.3 billion euro was classified under assets held for sale, for which the sale is envisaged in 2025.

In this regard, see also the paragraph "The 2022-2025 Business Plan" of the Report on operations.

1.1 The valuation impacts for the ISP Group of the military conflict between Russia and Ukraine

Details are provided below of the qualitative and quantitative aspects relating to credit exposures to counterparties resident in the countries in conflict, held in the portfolio of the two subsidiaries resident in Russia and Ukraine, Banca Intesa Russia and Pravex Bank (Ukrainian bank), or credit disbursed by other entities of the Group (cross-border exposures), with particular regard to their valuation.

As at 31 December 2024, the Group presented the following on-balance sheet exposures to counterparties resident in Russia and Ukraine (net of ECA guarantees and gross/net of value adjustments carried out).

(millions of euro)

	31.12.2024 (*)				31.12.2023 (**)			
	Gross exposure		Net exposure		Gross exposure		Net exposure	
	Russia	Ukraine	Russia	Ukraine	Russia	Ukraine	Russia	Ukraine
Loans to customers	**547**	**193**	**409**	**138**	**872**	**186**	**643**	**123**
Banca Intesa Russia	*126*	*-*	*71*	*-*	*197*	*-*	*117*	*-*
Pravex	*-*	*54*	*-*	*-*	*-*	*62*	*-*	*-*
Cross-border exposures	*421*	*139*	*338*	*138*	*675*	*124*	*526*	*123*
Due from banks	**759**	**72**	**751**	**72**	**707**	**59**	**696**	**59**
Banca Intesa Russia	*744*	*-*	*737*	*-*	*691*	*-*	*683*	*-*
Pravex	*-*	*72*	*-*	*72*	*-*	*59*	*-*	*59*
Cross-border exposures	*15*	*-*	*14*	*-*	*16*	*-*	*13*	*-*
Securities	**1**	**53**	**-**	**51**	**12**	**53**	**10**	**49**
Banca Intesa Russia	*-*	*-*	*-*	*-*	*11*	*-*	*10*	*-*
Pravex	*-*	*46*	*-*	*46*	*-*	*48*	*-*	*47*
IMI C&IB Division	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Insurance Division	*1*	*7*	*-*	*5*	*1*	*5*	*-*	*2*

(*) In addition to the on-balance sheet exposures shown in the table, there are off-balance sheet exposures to customers for 29 million euro (25 million euro net) at Banca Intesa Russia, and 33 million euro (gross and net value) at Pravex, in addition to 20 million euro (book value nil in net terms) in cross-border off-balance sheet exposures to resident customers in Russia, net of ECA, and 8 million euro (gross and net value) to customers resident in Ukraine.
There is also 27 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 December 2024 and the increase of around 15 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.

Starting in March 2022, among the areas receiving the greatest attention in terms of credit assessments in the emergency triggered by the conflict in Ukraine, a specific focus was dedicated to the Group’s exposure to counterparties resident in Russia and Ukraine. Specifically, customised measures were implemented to strengthen the oversight of credit risk, also by updating the assessment of creditworthiness, of counterparties with residency or parent companies in the Russian Federation, Belarus or Ukraine. In that context, the deterioration of specific positions was also acknowledged, which were classified among non-performing loans and, as a result, subject to analytical measurement.

As shown in the table, at the end of the year the remaining on-balance sheet exposures to the total counterparties resident in Russia and Ukraine amounted, in terms of gross values, to 126 million euro (71 million euro net) for Banca Intesa Russia and 421 million euro (338 million euro net) for cross-border exposures to customers resident in Russia (net of ECA guarantees). These were accompanied by exposures to banks and debt securities totalling 760 million euro (751 million euro net). Exposures to customers resident in Ukraine amounted to 193 million euro (138 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 72 million euro (72 million euro net) and in securities totalling 53 million euro (51 million euro net). The majority of the exposures to Russian[183] and Ukrainian counterparties essentially consist of loans to customers subject to measurement in accordance with IFRS 9 “Financial Instruments”.

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

During the year, the gross on-balance sheet exposure to total counterparties resident in Russia and Ukraine (customers, banks and securities) decreased by 264 million euro (-14%). That decrease mainly involved exposures to customers resident in Russia of 254 million euro, primarily as a result of repayments on various exposures and the exposure to customers of the investee Banca Intesa Russia of 71 million euro and was partly offset by the increase for amounts due from banks of 65 million euro (of which 53 million euro of the investee Banca Intesa Russia with the Russian Central Bank as the counterparty).
The overall net exposure (customers, banks, and securities) to counterparties resident in Russia and Ukraine, amounting to 1,421 million euro, decreased by 159 million euro (-10%) from 1,580 million euro on 31 December 2023.

As at 31 December 2024, the Group companies other than those operating in the countries involved in the conflict had a total of 9 million euro of on-balance sheet non-performing loans to counterparties resident in Russia, down by 15 million euro compared to the previous year due to the reduction in some exposures.
The non-performing loans of the Russian subsidiary amounted to 35 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 light of the above, specifically in relation to cross-border positions, for the financial statements as at 31 December 2024, the Group has maintained the main choices regarding the staging assignment and ECL calculation adopted for performing loans during 2022 and 2023. This was based on an approach highly influenced by emerging geopolitical risks and therefore applied according to the country of residence of the counterparties, both for determining the SICR and for calculating the ECL.

Specifically, with regard to the approaches used to determine the ECL, the cycle PD associated to the assigned rating is applied to the Core scope, 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. In addition, a prudential buffer applied to the LGD has been 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). 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 IBD 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 Bank, the choice adopted starting with the 2022 Financial Statements to classify loans to customers as non-performing loans (bad loans), with full write-down of the on-balance sheet component, has been maintained.

For Banca Intesa Russia, in line with previous years, an approach to classifying and measuring performing loans has been 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 impact 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 36.3% of their gross value (35% in December 2023). The Parent Company and two subsidiaries had also provided Banca Intesa Russia with loans to support the bank’s operations with a gross residual value as at 31 December 2024 of 124 million euro.

With regard to the valuation of the other balance sheet items, the remaining marginal positions in securities have been measured in line with the approach adopted in the 2023 financial statements. These essentially relate to Pravex in connection with the purchase of short-term government securities or securities issued by central banks as an investment of part of the liquidity from the reduction of the loan portfolio. The small real estate portfolio of the two subsidiaries has also been valued using the approach adopted in previous years.

The securities portfolio of the investee Banca Intesa Russia was reduced to nil (11 million euro as at 31 December 2023), as a result of the maturity and redemption of the securities. The securities portfolio of the subsidiary Pravex, amounting to 46 million euro (48 million euro as at December 2023), consisted of short-term government securities and securities issued by central banks as an investment of part of the liquidity from the reduction of the loan portfolio.

There were profit and loss impacts on the Russian and Ukrainian exposures as at 31 December 2024, gross of tax effects, totalling net charges of 273 million euro. Those charges mainly refer 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 full year 2024 due to the investees’ positive operating performance, with a total allowance of around 382 million euro as at 31 December 2024.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 Organisational aspects

Within the Intesa Sanpaolo Group, a fundamental role in managing and controlling credit risk is played by the Corporate Bodies, which, to the extent of their respective competences, ensure adequate coverage of credit risk by setting strategic guidelines and risk management policies, verifying that they remain constantly efficient and effective and assigning tasks and responsibilities to the company functions and units involved in the processes.
The coverage and governance of credit ensured by the Corporate Bodies is reflected in the current organisational structure, which identifies areas of central responsibility attributable to:
– Chief Lending Officer Governance Area;
– Chief Risk Officer Governance Area;
– Chief Financial Officer Governance Area.
They ensure that risk control activities are managed and implemented, with an appropriate level of segregation, in addition to the establishment of the supporting processes and applications.

The Chief Lending Officer Governance Area, through its own structures:
– takes lending decisions, directly or submitting them to responsible corporate Bodies, that are significant in terms of Group's credit risk assumption and management, providing direct authorisation where appropriate, also through advisory opinions;
– ensures the correct classification and valuation for financial reporting purposes of positions under its responsibility that are classified as non-performing loans;
– ensures the proactive management of credit and guarantees the management and the monitoring of the Group's non-performing loans, within its area of responsibility;
– manages the stocks and flows of bad loans managed within the Group;
– defines and manages disposals of NPE individual exposures or portfolios and other assets within scope, with the collaboration of other competent functions;
– performs monitoring and control on outsourced activities, including the monitoring of the performance KPIs of outsourcers, directly making decisions, or submitting them to the Competent Bodies, regarding proposals exceeding the powers delegated to the outsourcers;
– contributes, within its area of responsibility, to the process of formulating Credit Strategy proposals for the Divisions, with the aim of incentivising new lending, through pricing adjustments, to the economic sectors and customer clusters with the greatest attractiveness in terms of risk-return profile, also taking into account the Group's ESG policies;
– contributes to establishing and evaluating the Group's Sector Framework, coordinating and supporting the Sector Working Group in defining sector performance indicators;
– analyses the evolution of the cost of credit within the Group, also taking into account the application of the aforesaid Credit Strategies;
– assigns and validates the ratings to the positions in scope, also providing support in defining rating allocation processes and tools;
– defines lending relevant regulations and requirements for credit tools development and contribute to the formulation of proposals for the assignment of credit granting and NPL management powers, notwithstanding the responsibility for the final decision belonging to the Chief Risk Officer Governance Area;
– promotes initiatives aimed at disseminating and developing a credit culture;
– ensures, consistently with the guidelines of the Chief Risk Officer Governance Area, the first level systematic supervision of the relevant loan portfolio, identifying phenomena referring to specific credit aggregates characterised by high levels of anomalies for which to activate the appropriate risk mitigation measures.

The Chief Risk Officer Governance Area is responsible for adapting the Risk Appetite Framework for the management of credit risk, in accordance with company strategies and objectives, as well as for measuring and controlling the Group's risk exposures. Specifically, the Chief Risk Officer Governance Area:
– establishes the metrics for the measurement of credit risk - also with regard to the collective measurement of performing loans and the measurement of non-performing loans on a statistical basis;
– provides risk-adjusted pricing models and ensures the measurement of portfolio risk in relation to Expected Loss, Economic Capital (ECAP) and RWAs;
– monitors the absorption of capital relating to credit risk, supporting the Chief Financial Officer Governance Area in the active management of capital;
– makes proposals for the assignment of Credit Powers;
– ensures the validation of the internal risk measurement systems;
– ensures the establishment and the oversight of the governance framework for model risk;
– performs II level monitoring and controls on credit quality, the composition and evolution of the various loan portfolios and the proper classification and measurement of single positions ("single name" controls).
The activities are performed directly by the Chief Risk Officer Governance Area for both the Parent Company and the main subsidiaries, using the centralised model.

With regard to the credit risk management policies, the Chief Financial Officer Governance Area:
– assists the Corporate Bodies in defining, in accordance with the Group corporate strategies and objectives, the guidelines and policies on: administration and tax, planning and management control, treasury and finance, studies and research, balance sheet optimisation from a risk-return perspective, relations with investors and rating agencies;
– oversees the balance sheet optimisation activities at Group level, supporting the Divisions in the active management of credit risk, with the aim of improving the risk-return profile of the loan portfolio in order to create value for shareholders;
– contributes to the development of the credit strategy framework;

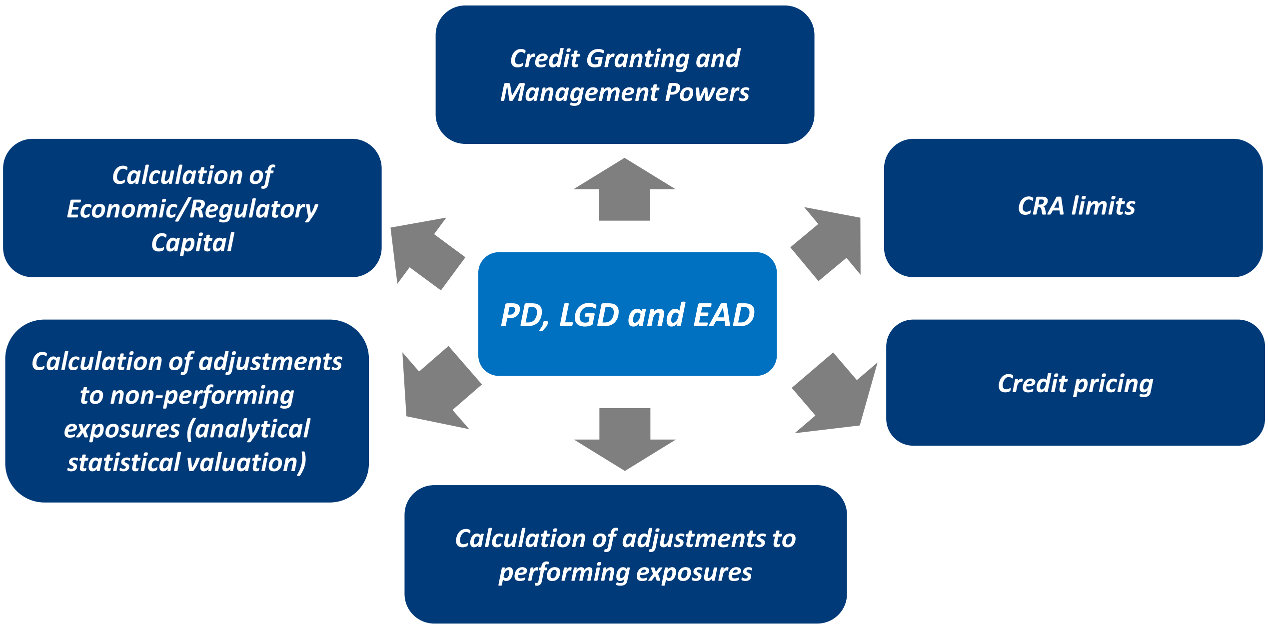
- monitors the evolution of the credit portfolios in order to propose the necessary corrective measures to achieve the established income and financial targets;
- coordinates and supports the analysis, drafting and annual review of the Group NPL Plan and related documents, also assessing their consistency with the Business Plan and the Risk Appetite Framework in cooperation with the other corporate functions involved, including for the purpose of preparing the communications concerning non-performing loans to the Risks and Sustainability Committee, the Board of Directors and the Authorities;
- monitors the progress of the Group NPL Plan, helping to identify any critical areas and corrective actions, through the constant alignment of the functions concerned.

The Chief Data, A.I. and Technology Officer establishes the model and oversees the Group's Data Governance and Data Quality system, ensuring its dissemination and implementation and coordinating the activities of the parties involved.

Lastly, as is the case for all the risk areas and above all for credit risk, the Chief Audit Officer performs internal audit activity aimed to identify violation of procedures and regulations and to periodically assess the comprehensiveness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the internal control system and the IT system (ICT audit), at pre-established intervals depending to the nature and severity of the risks.

2.2 Management, measurement and control systems

Intesa Sanpaolo, as the Parent Company, has set out codes of conduct in relation to credit risk acceptance, in order to prevent excessive concentration of exposures, limit potential losses in adverse scenarios, and maintain credit quality in line with the objectives of capital and financial stability.
Expected Loss and Risk Weighted Assets are fundamental elements for the management, measurement and control of credit risk. These measures incorporate the effects of the exposure size (Exposure at Default - EAD), the relative riskiness of the customer (Probability of Default - PD), the loss estimate where insolvency conditions exist - taking into account the guarantees that mitigate the assumption of risk related to the credit facility (Loss Given Default - LGD) - and the duration of the exposure (maturity), as detailed in Paragraph 2.3.
The components that contribute to the determination of the Risk Weighted Assets are the key elements for the determination of the levels of the Credit Granting Powers, the limits of the Credit Risk Appetite (CRA), the credit pricing, the calculation of the adjustments on performing exposures and the analytical-statistical adjustments on non-performing exposures, as well as the calculation of the economic and regulatory capital.



The Credit Risk Appetite is aimed at optimising the risk/return profile of the assets. The "Rules on Credit Risk Appetite" define the methods for applying the CRA and the methods for calculating the CRA colour class, with associated exposure limits, in order to pursue a growth in lending consistent with the risk appetite defined for the Group.
The objective of the calculation of the pricing of transactions is to define the suitability of the economic conditions based on the value generation with respect to the expressed riskiness and all the components that contribute to the calculation of the value, also including the costs allocated to the structures.
The capital at risk is defined as the maximum "unexpected" loss that the Group may incur over a period of one year with a particular confidence level. 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. Risk capital is a fundamental element in the assessment of the Group's capital adequacy and is calculated within the ICAAP process from both a regulatory and a management perspective.

The levels of Powers set in terms of RWA delimit the decision-making power in the granting phase, specifying the authorised professional profiles and the decision-making procedures for the loans for the individual counterparties. In particular, where the granting of loans by the Group's subsidiaries exceeds certain thresholds, a request for a "Compliance Opinion" is made to the competent bodies of the Parent Company.
The credit granting phase is also regulated by metrics that are complementary to the RWAs, which define coordination mechanisms and support tools for the ongoing exercise of guidance, coordination and control responsibilities, in implementation of the corporate governance provisions. In particular, the company regulations include the Credit Granting Rules, which specify the methods for taking on credit risk with customers, and the Rules on Credit Strategies, aimed at steering new business and dynamically managing investments as a proactive tool for portfolio rebalancing, with a single and forward looking view that aligns with the Plan Targets, risk appetite, and ESG goals.

The credit risk management processes also involve the periodic review of the credit positions by the competent centralised or decentralised units and the assessment of customers not only at origination, but also on a continuous basis, through a periodic monitoring process that interacts with the credit management and control processes and procedures to ensure timely assessment of any signs of impairment, with an impact on the level of risk of the exposures. Following the developments introduced in the 2022-2025 Business Plan, an Early Warning System (EWS) for detection and classification is now in place for the Corporate, Retail SME, Retail and Institutions portfolios. The models were also developed using the indicators identified in the Asset Quality Review and consist of a statistical part, a qualitative part and additional manual event triggers. The indicators are updated on a daily basis and, when they confirm a potential anomaly positions are detected and reported in specific management processes. The EWS models, as mentioned above, have been undergoing further development since the second half of 2021 for progressive integration into the credit processes. More generally, the Group continued to develop its own managerial models to support the credit granting, monitoring and management processes (e.g. affordability, digital decision making engines, and forecasting), in line with the 2022-2025 Business Plan, the credit digitalisation projects, and the applicable regulations. Lastly, sector-specific forecasting models support several corporate processes including RAF, credit strategies, and credit granting and monitoring activities/instruments, as well as managerial adjustments to the IFRS 9 models.

The valuation of the adjustments to the performing and non-performing exposures is based on methods consistent with IFRS 9, described in detail in Part A - Section "A.2 - Main financial statement captions" and in particular in the paragraph "*Impairment of assets".* The paragraph below "*2.3. Methods for measuring expected losses*" details the main applications used for the 2024 Financial Statements.

Country risk is an additional component of an individual borrower's insolvency risk, measured by credit risk control systems. This component is linked to losses potentially resulting from international lending operations caused by events in a country that are partly or entirely within the control of the government concerned, but not that of the individual residents of the country in question. Country risk therefore takes the form of both transfer risk for non-sovereign counterparties, due to the freezing of international payments, and sovereign risk, which is measured through an assessment of the sovereign states' creditworthiness. This definition includes all forms of cross-border lending to entities residing in a particular country.
The country risk component is used in the granting of credit to non-resident entities in order to obtain a preliminary evaluation of the absorption of the country risk limits set on an *ex-ante* basis. These limits, expressed in terms of economic capital, identify the maximum acceptable risk for the Group, set on an annual basis in the Group Risk Appetite Framework. It should also be noted that, as a result of the exceptional situation caused by the outbreak of the Russia/Ukraine conflict, the estimated transfer risk of the Russian Federation was taken as a reference for the determination of the LGD assigned to the cross-border counterparties as described in paragraph "1.1 The valuation impacts for the ISP Group of the military conflict between Russia and Ukraine".

Counterparty risk is a particular kind of credit risk associated with derivatives and SFTs (Securities Financing Transactions, i.e. repos/reverse repos and securities lending/borrowing), that refers to the possibility that a counterparty may default before the contract expires. This risk, which is often referred to as replacement risk, is related to the case in which the market value of a position has become positive and thus, in the case of default of the counterparty, the solvent party would be forced to replace the position on the market, thereby suffering a loss.
With regard to counterparty risk, the Banking Group has an internal model for measuring this risk both for regulatory (only for the Parent Company) and managerial purposes.
Potential Future Exposure (mean effective PFE 95%) has been adopted by the entire Banking Group for the measurement of the utilisation rate of credit limits for derivatives and SFTs exposures. The Business Units, Market & Financial Risks Management Coordination Area produces daily risk measurement estimates for counterparty risk, for the measurement of the utilisation rate of credit lines for derivatives and SFTs for the Parent Company and Fideuram - Intesa Sanpaolo Private Banking. The other Banks of the Group also use an internal model measurement approach, in simplified form, through internally estimated add-ons.
In addition, the following company processes were implemented to complete the risk analysis process for the exposure measures implemented over time following the developments discussed above:
– definition and periodic calculation of stress tests on market scenarios and joint market/credit scenarios on counterparty risk measures;
– definition and periodic analysis of Wrong-Way Risk, i.e. the risk of a positive correlation between the future exposure to a counterparty and that counterparty's probability of default;
– definition and monitoring of management limits;
– contribution of collateral inflow/outflow risk measures, calculated on the basis of the internal counterparty risk model, for OTC derivatives and SFTs with margining agreements (CSA, GMRA and similar);
– periodic reporting to the management of measures calculated using the internal exposure model, capital requirement, level of use of management limits, results of stress tests and analyses of wrong-way risk;
– definition and periodic calculation of back-testing analyses to monitor the predictive performance over time of the model with respect to the movements of the risk factors underlying the transactions in the portfolio.

The concentration risk arises from the exposure to counterparties, groups of related counterparties and counterparties in the same business segment or that engage in the same business or operate in the same geographical region. In the annual update of the Risk Appetite Framework, such counterparties are subject to stress tests aimed at identifying and assessing threats for the Group and the most appropriate mitigating actions:

- aimed at defining exposure limits for specific geographical areas and sets of counterparties (e.g.: the top 20);
- aimed at ex ante limitation of exposures with significant concentration effects, in particular with reference to "large exposures" and to credit lines subject to country risk;
- aimed at ex-post correction of the risk profile, through the secondary loan market, through specific judgement metrics based on the maximisation of overall portfolio value.

The Internal Validation & Controls Coordination Area, within the Chief Risk Officer Governance Area, carries out specific level II controls on credit quality and data governance.
The purpose of the credit controls is to verify the proper classification and the adequacy of the management process for individual exposures (so-called single names).
In general, the development of control activities includes the credit processes assessment, also to verify that suitable Level I controls are in place, including their proper execution and traceability. The potential areas of investigation to be examined through Single Name controls also consider the results of the monitoring carried out by the Level I Control Functions on different credit clusters.
It also assesses the compliance of the internal risk measurement and management systems over time as regards the determination of the capital requirements with the regulatory provisions, company needs and changes in the relative market.

The Group's lending activity is focused on Italian customers (almost 80% of the total) and is primarily aimed at households and small and medium enterprises.
The exchange of basic information flows between different Group entities is assured by the Group's Central Credit Register (exposure monitoring and control system) and by the "Posizione Complessiva di Rischio" (global risk position), which highlight and analyse credit risks for each counterparty/economic group both towards the Group as a whole and towards individual Group companies.
From the September 2018 monthly report – following the preparation of the input and generation architecture for the Anacredit reporting, aimed at supporting the "collection of granular credit and credit risk data" as defined by Regulation (EU) 2016/867 of 18 May 2016 – a new reporting system has been in place in compliance with the regulatory provisions established by the ECB and implemented by the related Central National Banks.

2.3 Methods for measuring expected losses

The expected loss is the product of exposure at default, probability of default and Loss Given Default.
In Intesa Sanpaolo, probability of default is measured by means of different 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.
A number of rating models are used for the Corporate segment, which use all available information sources and incorporate the opinions of credit analysts and relationship managers. In particular:

- models differentiated according to the company size are applied to most businesses, with the most up-to-date versions authorised in March 2023;
- specific models are in use for specialised lending, one for real-estate initiatives, one for project-finance transactions and one for leveraged buy-out/acquisition-finance and asset-finance transactions. The authorisation for the use of the most up-to-date versions was received in December 2023.

The models applied to the Retail portfolio are as follows:

- for the Retail SME segment, since May 2021, new automated rating models have been used: one dedicated to customers with traditional exposures and one specifically for the non-recourse exclusive factoring exposures. These models enable the real-time calculation of the rating. The segment was updated in October 2022 with effects for reporting purposes from June 2023, following receipt of the authorisation letter;
- for the Retail segment, the counterparty rating model in use since September 2018 was updated in August 2022, following the receipt of the authorisation letter, with effects for reporting purposes from September 2022. In May 2023, the Group received approval for the *ex-ante* UBI Retail notification sent in October 2022.

With regard to the Institutions portfolio:

- the models for banks (banks in mature economies and banks in emerging countries) are composed of a quantitative part and a qualitative part, differentiated according to mature and emerging countries, and a country rating component that, based on the bank/country connection, assesses any negative effect of the country on the counterparty credit risk or, vice versa, the support capacity in the event of difficulties of the bank being assessed;
- the models used for Municipalities and Provinces are default models, whereas shadow rating models based on agency ratings are used for the Regions. An approach to extend the rating (with the application of a downgrading) of the reference Entity (e.g.: Region) has been adopted for local healthcare authorities and other public sector entities. For the Sovereign portfolio, the structure of the rating model includes a quantitative module that takes into account the structural rating assigned by the main international agencies, the implicit risk in the market prices of sovereign debt, the macroeconomic assessment estimated with an econometric model, and a qualitative opinion component, which supplements the quantitative opinion with elements drawn from the broader scope of publicly available information concerning the political and economic structure of the individual sovereign countries. The Sovereign rating model is used solely for management purposes.

For the international subsidiary banks of the Group, PD models are used, which may be:
- developed by the international subsidiary banks in order to capture the specific features of the risk of the local counterparties;
- extended by the Parent Company;
- borrowed from the Parent Company and adapted to local situations.

Some of these models are used for reporting purposes and others only for management purposes.

The Loss Given Default (LGD) models are based on the concept of "Economic LGD", namely the present value of the cash flows obtained in the various phases of the recovery process net of any administrative costs directly attributable to the exposure as well as the indirect management costs incurred by the Group, and consists, in brief, of the following elements:
- estimate of a Bad Loan LGD Model: starting from the LGD observed on the portfolio, namely "Workout LGD", determined on the basis of the recoveries and costs, a regression econometric model of the LGD is estimated on variables considered to be significant for the determination of the loss associated to the Default event;
- application of the Danger Rate, a multiplying correction factor, used to recalibrate the Bad Loan LGD with the information available on the other default statuses, in order to calculate an LGD representative of all the possible default statuses and their evolution;
- application of an additional correction factor, known as "Final Settlement Component": this component is used as an add-on to the estimate recalibrated for the Danger Rate in order to consider the loss rates associated with positions not evolved to the Bad Loan status (Unlikely to pay or Past Due positions).

LGD is determined according to differentiated models, specialised by operating segment (Corporate, Retail SME, Retail, Factoring, Leasing, Public Entities and Banks). As in the case of the PD, the models that have been adopted for the LGD of the International Subsidiary Banks of the Group were developed by the banks themselves, extended by the Parent Company, using local parameters where necessary or changed by the Parent Company, with adaptations to each international subsidiary bank.
For the Banks model, the LGD calculation methodology partly diverges from the models developed for the other segments as the estimation model used is based on the market price of debt instruments observed 30 days after the official date of default and relating to a sample of defaulted banks from all over the world, acquired from an external provider. The model is completed by an econometric estimate aimed at determining the most significant drivers, in accordance with the practice in use for the other models, and a recalibration of the observed LGD levels on the bank's internal defaults.
Sovereign LGD is estimated by analysing historical recovery rates on sovereign defaults, split into five categories according to income levels and other specific characteristics the individual countries.
The LGD Sovereign model is used solely for management purposes.

The calculation of the Exposure at Default (EAD) uses differentiated models, specialised by operating segment (Corporate, Retail SME and Retail). Specifically, the methodology is based on data from the 12 months prior to the default event and differs according to whether or not there is a margin available at the observation date. In any case, corrective factors are applied in compliance with the regulatory requirements and in order to introduce a margin of conservatism on the estimates.
Regulatory parameters are currently used for the low default segments of the Banks and Public Entities and for the Leasing and Factoring products of the Corporate Portfolio.

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

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

For the Group companies included in the roll out plan, the internal rating (PD), LGD and EAD models are subject to a second level control process carried out by the Validation function on the adequacy of the existing methodological framework, on an annual basis in accordance with the rules established by the Supervisory Authority, and a level three control by the Internal Audit Function. The control functions produce annual reports for the Supervisory Authority on the compliance of the models with the supervisory regulations, which also includes a verification on the deviations between estimates made and the actual figures, and they issue a compliance opinion when material model changes are made to the models. These reports, approved by the Board of Directors of Intesa Sanpaolo, confirm the compliance to the regulatory requirements.

The methodology for the estimation of the Expected Credit Loss (ECL), adopted for the determination of the impairment on the credit exposures in accordance with IFRS 9, is implemented at individual transaction or securities tranche level, based on the IRB modelling of the parameters of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), to which appropriate adjustments are made to ensure compliance with the requirements of the standard. A detailed description of the methods adopted by the Group is provided in Part A - Section "*A.2 - Main financial statement captions*" and in particular in the paragraph "*Impairment of assets*", to which reference is made.
More specifically, the measurement of the financial assets reflects the best estimate of the effects of future conditions and in particular the economic conditions that affect the forward-looking PDs and LGDs. IFRS 9, also based on the guidance from the international regulators, gives particular importance to information on future macroeconomic scenarios in which the Bank may find itself and which clearly influence the situation of the debtors, with regard both to the "riskiness" of migration of exposures to lower quality classes (and therefore concerning the staging) and to the recoverable amounts (and therefore concerning the determination of the expected loss on the exposures). In terms of method, various possible alternative approaches designed to take account of these elements have been analysed. Of the various alternatives considered, the Intesa Sanpaolo Group has decided to adopt the "Most likely scenario+Add-on" approach. According to this approach, the macroeconomic conditioning of PD and LGD is carried out through a baseline scenario ("Most Likely", in line with the approach used for other business purposes such as, for example, the budget and business plans) and then corrected with an Add-On, calculated based on the distance between the baseline scenario and the alternative scenarios. If the overall impact of the Add-On on the risk parameters is positive, the decision has been made to neutralise the effect for both staging and ECL calculation purposes. As at 31 December 2024, the usual time series update and refinement were carried out for the satellite models adopted in the Core scope, and, following the update, the most significant variables and the methodological framework adopted in previous years for those models were confirmed.
The effectiveness of the IFRS 9 models is periodically monitored by the Validation function in accordance with the internal rules through specific backtesting of the risk parameters (staging criteria, PD, LGD and EAD models, and haircuts). In addition, in accordance with the internal regulations, the Validation function performs prior checks when significant changes are made to the relevant models. The results of the checks by the Validation function are submitted to the competent managerial committees and to the model owner functions and are presented in the annual report on the internal models used for management purposes, which is also sent to the Supervisor.

Macroeconomic scenario for forward-looking conditioning

For the purposes of forward-looking conditioning of the parameters for estimating the ECL – in accordance with the approach described in Part A - Accounting Policies and in particular in the paragraph "Impairment of assets" – Intesa Sanpaolo's policy involves the use of the macroeconomic scenario defined and updated by the Research structure of the Chief Financial Officer Area.

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

		Baseline				Best-case				Worst-case			
		2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Euro Area	Real GDP EUR (annual change)	0.7%	0.9%	1.2%	1.4%	0.7%	1.1%	1.4%	1.7%	0.7%	0.6%	0.4%	0.9%
	CPI EUR (annual change)	2.4%	1.8%	2.0%	2.0%	2.4%	1.9%	2.1%	2.0%	2.4%	2.9%	1.6%	1.0%
	Euribor 3M	3.58	2.14	2.02	2.49	3.60	2.20	2.20	2.80	3.60	2.00	1.60	1.60
	EurIRS 10Y	2.59	2.63	2.92	3.29	2.60	2.70	3.00	3.50	2.60	2.60	2.60	2.90
	EUR/USD	1.08	1.05	1.08	1.09	1.08	1.05	1.07	1.09	1.08	1.04	1.05	1.06
Italy	Real GDP Italy (annual change)	0.5%	1.0%	1.0%	0.6%	0.5%	1.1%	1.2%	1.1%	0.5%	0.5%	0.6%	0.5%
	CPI Italy (annual change)	1.0%	1.7%	1.8%	1.8%	1.0%	1.7%	1.9%	1.9%	1.0%	3.6%	1.0%	0.1%
	Residential Property Italy (annual change)	2.3%	2.3%	2.0%	2.1%	2.3%	3.4%	3.7%	3.9%	2.3%	0.7%	-0.8%	-0.5%
	6-month BOT yield	3.35	1.94	2.16	2.83	3.35	2.01	2.32	3.16	3.35	1.83	1.70	1.99
	10Y BTP yield	3.66	3.72	4.17	4.75	3.70	3.70	4.20	4.90	3.70	3.80	4.00	4.60
	BTP-Bund Spread 10Y (basis points)	132	120	140	160	132	109	131	153	132	130	149	187
	Italian Unemployment (%)	6.4	6.2	6.7	6.9	6.4	6.2	6.6	6.7	6.4	6.2	6.8	7.1
Commodities	Natural gas price (€/MWh)	32	28	26	23	32	28	26	23	32	47	33	21
	Oil price (BRENT)	80	78	76	74	80	78	77	75	80	77	72	68
USA	Real GDP US (annual change)	2.7%	2.0%	2.3%	1.9%	2.7%	2.7%	2.2%	2.3%	2.7%	1.9%	1.2%	1.3%
	US Unemployment (%)	4.1	4.2	4.2	4.3	4.1	4.0	4.1	4.1	4.1	4.2	4.5	4.7

Scenarios produced in December 2024 by CFO-Research. Forecast data for the fourth quarter of 2024 (GDP, unemployment and real estate prices) or December 2024 (interest rates, inflation, exchange rates, stock market indices, and spreads) and for the years 2025, 2026 and 2027.

The geopolitical uncertainty is conditioning the 2025 scenario. The assumption underlying the baseline scenario is that the Trump Administration will only partially implement its electoral agenda, with consequences on global growth that will, in any case, need time to develop. In the first half of 2025, the impacts of US policy will be transmitted to the rest of the world mainly through the channels of confidence (which could be negatively influenced by the risk of a trade war) and of the financial markets (marked by opposing forces). Those effects could be partly offset by a more robust trend in US demand. It is assumed that the other significant geopolitical factor (the conflicts in the Middle East and Ukraine) will not compromise the availability of fossil fuels and will not have a more negative impact - as compared to the current one - on the climate of confidence in Europe.

The scenario envisages GDP growth in the Eurozone at 0.9% in 2025 and 1.2% in 2026, in view of the uncertainty stemming from the next US administration's trade policy, the structural difficulties weighing on German industry, the signs of a slowdown in the labour market, as well as political instability in France. However, the recovery in consumption, albeit at a slower pace than estimated in June, alongside the easing of monetary policy, should prevent recessionary pressures. The risks to growth are skewed towards the downside and largely depend on the evolution of trade tensions. Among the main economies, Spain is expected to continue to outperform in 2025 (with GDP growth of 2.2%), followed by Italy (1%), with weaker performance in Germany (0.4%) and France (0.7%). With inflation falling faster than expected and some downside risks to real growth materialising, the reduction in ECB official rates is expected to reach 2% in the coming months, assuming a 25 basis point cut at each meeting until June 2025. With regard to long-term interest rates, compared to those forecast in June, the projected levels on the euro curves are lower. Fiscal policies will be a little less accommodative, but public debt is expected to continue rising in several countries.

In Italy, the economy returned to stagnation in the summer quarter of 2024. For the full year 2024, the GDP growth estimate included in the baseline scenario is 0.5%, a level in line with the subsequently published ISTAT preliminary estimate. The growth, estimated at an annual average of 1% over the forecast period, is mainly driven by private consumption, supported by the recovery in real incomes (already underway) and a decrease in the propensity to save. The contribution of capital expenditure will be marginal, despite the expectation of an increase in spending flows related to the NRRP. Investments in productive capital will be held back by the uncertain outlook for demand and the threat of protectionist trade policies.

With regard to the NRRP, formal compliance with the plan deadline continues, but there are ongoing implementation delays that are hindering its contribution to domestic demand. Foreign trade is expected to dampen GDP growth in 2025, with downside risks for exports. Inflation could steadily fall to the ECB target as early as the first half of 2025, with more moderate trends for industrial goods, energy, and food compared to services. The scenario incorporates positive assessments on the trend in the BTP-Bund spread for the two-year period 2024-25, linked to the improvement in the deficit/GDP ratio. However, an expansion is expected over the medium/long-term due to the relatively unfavourable trend in debt.

The prospect of protectionist trade policies in the US and revisions in rate differentials suggest a stronger dollar over the 2025-28 horizon than in June.
For the United States, GDP growth estimates have been revised upwards to 2% for 2025, 2.3% for 2026, and 1.9% for 2027, due to the policies of the new administration, although these estimates have been made under the assumption of a "moderate" implementation of Trump's electoral platform. The upward pressures on inflation, however, concern the entire foreseeable horizon and stem from the announced immigration crackdown and potential tariffs. In view of the inflation forecasts, the endpoint for the FED rates in 2025 has been revised upwards to 3.75%-4.00%.
As described in Part A - Accounting Policies of these Notes to the consolidated financial statements, and in particular in the section "Impairment of assets", the methodology adopted by the Group includes taking into account alternative scenarios (best-case/worst-case), which mainly use external information (among others, the minimum and maximum forecasts of a fundamental variable such as GDP based on data from Consensus Economics).
The best-case scenario has been developed according to the standard methodology, based on the higher GDP growth forecasts in the Consensus Economics survey published in November 2024. The worst-case scenario was also developed using this approach (i.e., based on the lower GDP growth forecasts from Consensus Economics). However, some additional shock elements have been introduced with negative effects on economic growth linked to the initiation of trade wars by the United States and negative supply shocks due to an escalation of the conflict in the Middle East, also stemming from a more aggressive implementation of the Trump agenda.
With regard to the best-case scenario, the assumptions adopted yield a scenario with higher real growth rates (the distance of the growth rates from the baseline scenario is moderate between 0.3% and 0.5%, but stably positive), moderately higher inflation, and lower unemployment rates. Specific shocks are assumed for stock indices and real estate prices, in accordance with the methodological approach established, resulting in a more robust outcome than in the baseline scenario. Interest rates are higher across all maturities: higher growth is expected to lead the ECB to begin its tightening phase earlier than in the baseline scenario. Long-term rates are significantly higher than in the baseline scenario.
With regard to the adverse scenario, the assumptions described above result in GDP growth below that of the baseline scenario over the entire forecast horizon. In the Eurozone, growth is nearing a scenario of prolonged stagnation with an increase of around half a percentage point in the period 2025-26. Italy initially experiences stable growth at very low levels but then the scenario evolves towards a slight reduction in GDP and a significant increase in the unemployment rate, as a vicious circle is created between deteriorating public finances, confidence and economic performance. The worsening of public debt is reflected in an erosion of the rating and a widening of the BTP-Bund spread towards 200 basis points. Inflation falls significantly below the ECB's target during the period from 2026 to 2028, prompting the Central Bank to keep official interest rates in slightly accommodative territory (1.5%) throughout the forecast horizon, with a significant deviation from the baseline scenario, particularly towards the end of the forecasting period. The more accommodative monetary conditions are partially passed on to long-term rates: the 10-year IRS rate is 20-30 basis points lower than in the baseline scenario over the 2026-28 period. The euro/dollar exchange rate is weaker than in the baseline scenario in 2026-27. The low growth in global economic activity is reflected in lower commodity prices than in the baseline scenario, particularly for oil.
At the end of the year, the banks of the International Banks Division also updated their estimates on the basis of the forecast scenarios for their geographical scope.

ECL sensitivity analysis

The ECL, calculated in accordance with IFRS 9, was subject to sensitivity analysis aimed at analysing its variability with respect to the individual alternative scenarios in accordance with the ESMA recommendations.
That analysis was conducted on a portfolio of performing loans (Stage 1 and Stage 2) relating to the scope representing the Group (which includes the banks and companies in Italy, Intesa Sanpaolo Lux and Intesa Sanpaolo Ireland, which represent around 90% of the Group's total exposure).
As noted in the paragraphs above, the approach adopted by the Group to estimate the ECL for the macroeconomic conditioning of PD and LGD involves the use of a ("Most Likely") baseline scenario which is then adjusted with an Add-On calculated based on the distance between the baseline scenario and the best-case/worst-case scenarios. These are largely determined from the selection of the most optimistic/pessimistic assumptions of the Consensus Economics macroeconomic variables and therefore incorporate the forecasts made.
The sensitivity analysis is the difference between the ECL determined using the assumptions adopted for the alternative scenarios (best-case and worst-case) and the ECL derived from the model referred to above, which therefore already includes the alternative forecasts factored by means of their distance from the baseline scenario.
Based on the above, and the fact that the distance between the worst-case and best-case scenarios compared to the baseline scenario is small and broadly symmetrical, the application of the worst-case scenario would result in 0.8 billion euro of exposure sliding into Stage 2, an increase of around 28.4 million euro in the ECL, and a slight increase in the coverage ratio. On the other hand, the sensitivity of the portfolio to the best-case scenario would lead to a decrease of 17 million euro in the ECL, with a return to Stage 1 of 0.3 billion euro of exposures. The coverage ratio for performing exposures would remain essentially stable.
To take account of the forecast risk identified by both the Research structure and the other forecasters, as well as the greater uncertainty inherent in the forward-looking scenarios, the Group has included an adjustment (described in detail in the paragraph below) within the ECL of the performing loans recognised in the 2024 Financial Statements. The aim of this adjustment is to capture these elements of uncertainty by considering more extreme alternative scenarios that incorporate assumptions of significant deviations from the forecasts regarding the evolution of the macroeconomic situation. The adjustment for the extreme alternative scenarios, which resulted in a worsening of the ECL of around 260 million euro, is not incorporated in the sensitivity analysis described above. A further intervention, also described below, is aimed at capturing vulnerabilities that affect the individual economic sectors asymmetrically, which are not captured by the models being used and, therefore, cannot be directly linked to the forward-looking components subject to sensitivity analysis.

Managerial adjustments to the results of the models (in-model and post-model)

With regard to the methodologies for estimating impairment losses on performing credit exposures, in certain circumstances adjustments may need to be applied to the valuations, related to particularly complex and volatile macroeconomic situations, compared to the results of the models adopted. This may arise as a result of new events or risks of an unexpected nature that were not observed in the time series used for the models and cannot be reliably projected for the purposes of the forward-looking component required by IFRS 9.

These adjustments were applied by the Intesa Sanpaolo Group with the emergence of the Covid 19 pandemic starting from 2020 and maintained in subsequent years, although with different sizes, in relation to the Russian-Ukrainian conflict, the consequent effects on energy and commodity prices and the resulting rising inflation and monetary policy scenario. In 2023, in view of the continued high levels of uncertainty and volatility in the estimates, the Group strengthened the methodological framework supporting the adoption and implementation of the managerial adjustments applied to the statistical valuation of the performing loans.

Note that the framework adopted from December 2023 is made up of two complementary elements:

- the first element ("overlay from extreme scenarios"), defined under the responsibility of the CRO Area, is aimed at identifying an estimated adjustment to possible risk scenarios currently not captured by the IFRS 9 modelling. In specific economic periods, like the current one, characterised by high volatility, the risk that the forward-looking scenario may diverge from the range represented by the baseline, best-case and worst-case scenarios underlying the "most likely+add on" model is higher. As a result, the Group has decided to use more extreme alternative scenarios that are generally detached from the current phase of the cycle compared to those already used for the calculation of the add-on incorporated in the models. The managerial adjustment, calculated from a "volatility cone" of the above scenarios compared to the baseline scenario, allows for the incorporation of greater uncertainty about the prospective trajectory of macroeconomic dynamics into the valuation of the credit exposures;
- the second element ("risk sensitive overlay"), defined by the CLO Area, strengthens the methodological framework for identifying vulnerabilities of specific portfolios (across sectors, geographies and rating classes) most exposed to impacts from structural and/or emerging risk factors or a combination of those factors. The current economic environment is characterised by crises that affect individual product sectors asymmetrically. In such cases, the current modelling, statistically based on macro-sectors, often fails to capture these differences. The valuation results derived from the models are therefore supplemented with industry, sector and management assessments derived from credit monitoring activities. This overlay therefore prioritises the information obtained from the credit quality monitoring processes, using a framework based on granular data capable of combining the risk profile assessment derived from traditional modelling with the assessment of industrial, sectoral, operational and managerial credit metrics derived from the management, monitoring, rating assignment and customer relationship management at local level.

In July 2024, the ECB published a benchmarking exercise on overlays and model-adjustments ("ECB - IFRS 9 overlays and model improvements for novel risks. Identifying best practices for capturing novel risks in loan loss provisions"). An analysis carried out by the competent Group structures on Intesa Sanpaolo's positioning with respect to the best practices highlighted by the Supervisory Authority in the above document showed that the current framework substantially complies with the Regulator's expectations for the most significant aspects. Nevertheless, in 2024 the competent structures further examined the aspects most emphasised by the ECB to the banking system in the document, such as the consideration of climate risk and the expected greater sensitivity of staging allocation.

As a result of the analysis, a number of refinements were made to the framework for the 2024 Annual Report, based on the experience acquired over the year of use and in accordance with the Supervisory Authority's expectations, in addition to the ordinary updates:

- a new type of emerging risk (Climate Risk) was integrated into the risk-sensitive component, adding to the risk factors already identified during the initial setup ("Energy", "Supply Chain" and "Financial Tightening");
- the overlay based on extreme economic scenarios was extended, as an integral part of the IFRS 9 calculation framework, to the staging allocation, incorporating an adjustment to the "Significant Increase in Credit Risk" thresholds. This action allows the adjustment to be classified as an in-model adjustment, as it directly affects the PDs of the individual transactions for both ECL and staging purposes.

The banks of the International Banks Division have substantially confirmed the managerial adjustments already made in previous years, based on specific assessments of the current and future situation and the characteristics of their portfolios.

Overall, the adjustment allowances for performing exposures as of 31 December included managerial adjustments of 0.9 billion euro relating to both on-balance sheet and off-balance sheet exposures. 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 Chapter 1.1 of this Part E.

2.4 Credit risk mitigation techniques

During the credit granting and managing process, the acquisition of mitigating factors is encouraged for counterparties with non-investment grade ratings or for certain types of medium/long-term transactions.
The mitigating factors that have the greatest impact include pledges of financial assets and residential mortgages. Other forms of risk mitigation are pledges on non-financial assets and non-residential mortgages.
The strength of the personal guarantees issued by rated parties, typically banks/insurance companies, Credit Guarantee Consortia and corporations, is instead assessed on the basis of the type of guarantee and guarantor's credit quality.
Detailed processes govern the material acquisition of the individual collateral and guarantees, identifying the structure responsible as well as the methods for their correct completion, for archiving the documentation and for the complete and timely recording of the related information in the systems.
The set of internal regulations and organisational and procedural controls is aimed at ensuring that:

- all the requirements for the validity and effectiveness of credit protection are satisfied;
- a standard contractual framework is defined for guarantees and collateral of general and current use, accompanied by full instructions for its use;
- the methods for approving collateral and guarantee documents deviating from the standard by structures other than those in charge of commercial relations with the customer are identified.

The guidelines for the management of collateral and guarantees are the same for the entire Group. The management of collateral and guarantees received for the Parent Company and the Italian subsidiaries is carried out on a single platform, which is integrated with the register of assets and the portal that manages the immovable property valuations.
The granting of credit with the acquisition of collateral is subject to internal rules and processes – for the valuation of the asset, the acquisition of the collateral and the control of its value. The enforcement of the collateral is handled by specialist departments, which are responsible for credit recovery.
In any case, the presence of collateral does not grant exemption from an overall assessment of the credit risk, focused mainly on the borrower's ability to meet the obligations assumed, irrespective of the associated collateral.
Within the granting process, the assessment of the pledged collateral is based on the actual value, namely the market value for financial instruments listed on a regulated market, or, otherwise, the estimated realisable value. The resulting value is multiplied by the haircut percentage rates, differentiated according to the financial instruments accepted as collateral. For real-estate collateral, on the other hand, the prudential market value is considered, and for properties under construction, the construction cost is considered, net of prudential haircuts differentiated according to the intended use of the property.
Assets are appraised by internal and external appraisers. The external appraisers are included in a special list of professionals accredited on the basis of an individual verification of their capabilities, professionalism and experience. The valuation of residential properties used as collateral for mortgage loans to private individuals is mainly assigned to specialised companies. The work of the appraisers is monitored on an ongoing basis, by means of statistical verifications and sample checks carried out centrally.
The appraisers are required to produce estimates on the basis of standardised appraisal reports, differentiated according to the valuation method to be applied and the characteristics of the asset, in accordance with the "Rules on immovable property valuations for credit purposes" drawn up by the Bank. The internal rules are consistent with the main supervisory regulations on property valuations, including, to name but a few, the "Guidelines for the valuation of real estate properties securing credit exposures" promoted by the Italian Banking Association, the EBA "Guidelines on Loan Origination and Monitoring", the RICS "Global Valuation Standards" and the TEGoVA "European Valuation Standards".
Property valuations are managed through a specific integrated platform covering the entire appraisal phase, ensuring that assignments are properly awarded, on an independent basis and according to objective criteria, the workflow is thoroughly monitored, valuation standards are correctly applied and all information and documents regarding real estate are kept.
The prudential market value of the immovable property collateral is periodically recalculated through various statistical valuation methods, that make use of prices/coefficients provided by an external supplier with proven skills and a solid reputation for surveying and measuring the market prices of Italian real-estate assets.
Asset value is constantly monitored. The appraisers carry out inspections and verify the work progress for properties under construction. The valuation is duly updated in the event of restriction or splitting mortgage, of damage to the property, significant impairment losses reported by market indicators used to monitor fair value and, in any case, according to the due dates established for significant exposures, or when there are immovable properties securing non-performing loans.
In order to limit the risks of absence or termination of the protection, specific safeguards are in place, including: restoration of a pledge when the assets decrease below their initial value or, for immovable property collateral, the obligation of insurance cover against fire damage and the presence of adequate monitoring of the property's value. There is also an "umbrella" insurance policy that, with limited exceptions, covers damages on the entire portfolio of properties mortgaged as collateral for the loans granted. Collateral and guarantees are subject to accurate, regular control using a specific system, the CRM engine, in which a series of tests have been implemented to confirm the effective compliance with the requirements set by prudential supervision regulations.
The support system verifies whether the collateral and guarantees received are eligible with regard to the methods permitted by the regulations in relation to the various categories of collateral and guarantees for calculating capital requirements (Standardised and Internal Rating Based). Based on the specifics of each category, the eligibility results are defined at the level of individual guarantee for unfunded guarantees (usually personal guarantees) or, for collateral, for each asset or financial instrument.
The Bank uses two integrated platforms and guarantee management systems (PGA – Active Guarantees Portal and ABS – System Assets Archive) in order to improve the efficiency of collateral management. This has been accompanied by the development of a specific system for managing bad loans, to track the main legal actions and particularly those relating to the enforcement of real estate collateral (EPC - Ex Parte Creditoris).

In order to mitigate the counterparty risk associated with OTC (i.e., unregulated) derivatives and SFTs (Securities Financing Transactions, i.e. repos/reverse repos and securities lending/borrowing), the Group uses bilateral netting arrangements that allow the netting of claims and obligations if a counterparty defaults.

This is achieved by entering into International Swap Derivatives Association (ISDA) and International Securities Market Association/Public Securities Association (ISMA/PSA) agreements, which also reduce the absorption of regulatory capital in accordance with supervisory provisions.
In addition, the Group has collateral exchange arrangements in place, mainly with daily frequency, to hedge OTC derivatives transactions (Credit Support Annex), also due to the margin requirements for non-centrally cleared derivatives, established by the European Market Infrastructure Regulation (EMIR); also for SFTs, the Bank implements daily margining arrangements (GMRAs - Global Master Repurchase Agreements and GMSLAs - Global Master Securities Lending Agreements).
To mitigate the exposure to counterparties, mainly corporate customers, and the volatility arising from credit adjustments to derivative valuations (CVAs – Credit Value Adjustment), the Bank also buys protection through credit default swaps, both on individual companies and credit indices.

In 2024, the Parent Company continued its activities relating to the “GARC” (Active Credit Risk Management) Project, involving a platform for monitoring credit risk of performing portfolios. The initiative involves the systematic acquisition of both personal guarantees and collateral to support lending to companies.
The guarantees obtained provide hedging of default risk (past due, unlikely to pay and bad loan) of granular portfolios and freeing up of economic and regulatory capital, as envisaged by the current Supervisory Regulations on the matter (including Regulation (EU) 575/2013 and Bank of Italy Circular 285/2013).
For details of the transactions carried out in 2024 under the GARC Project, see the description provided in paragraph C. Securitisations of this chapter.
To optimise capital absorption, credit risk hedging transactions have also been undertaken through financial guarantees, insurance policies, and the acquisition of collateral (i.e., cash pledge) on positions existing in the Group’s Banking Book. Transactions hedging the risk of expropriation of the compulsory and unrestricted reserves of some of the Group banks operating in Egypt, Moldova, and Serbia have also been renewed.

3. NON-PERFORMING CREDIT EXPOSURES

3.1 Management strategies and policies

On 14 March 2024, the annual revision of the Group NPL Plan, carried out based on the ECB Guidance to banks on non-performing loans, in line with the baseline macroeconomic scenario and the budget process, was produced for the Board of Directors. The 2022-2025 NPL Plan is consistent with both the 2022-2025 Business Plan, approved by the Board of Directors in February 2022, and the Risk Appetite Framework, and takes into account the observations and recommendations of the Supervisory Authority.
The Group NPL Plan includes targets for the stock of non-performing loans, the detailed measures and enablers, as well as the related costs and investments required to achieve the targets set.
In the 2022-2025 Business Plan, the Group intends to pursue a structural de-risking strategy, which was mostly launched during the last Business Plan, placing it among the best in Europe in terms of non-performing loan ratio and stock and generating a net drop in the cost of risk.
At the end of 2024, non-performing loans before adjustments amounted to 9.7 billion euro, keeping the NPL ratio stable at 2.3% before adjustments and 1.2% net in comparison with December 2023. Based on the EBA methodology, the NPL ratio stood at 2% of gross and 1% net. As already described, this result was attributable to the ongoing de-risking initiatives, and also reflects an amount of non-performing loans classified as assets held for sale, having met the conditions for applicability based on IFRS 5, with a gross book value of 0.3 billion euro at the December 2024, scheduled for disposal in 2025 (see also the introductory chapter of the Report on operations regarding the de-risking initiatives). This process also continued to benefit from modest new inflows from performing loans due to the performance of the prevention initiatives.

Since November 2019, the Intesa Sanpaolo Group has adopted the New Definition of Default set out in the EBA Guidelines 2016/07 of 18/01/2017 on the application of the definition of default under Article 178 of Regulation 575/2013 (CRR), and in line with the additional clarifications introduced by Bank of Italy Circular 272. That definition of non-performing loans also coincides with the definition of “impaired” financial assets contained in IFRS 9, with the consequent recognition of all non-performing loans within Stage 3.
Intesa Sanpaolo Group adopts a “per borrower” approach in identifying non-performing exposures. Accordingly, the entire counterparty with credit relationship is assessed and subsequently classified, rather than the individual credit lines granted to that counterparty.

Based on the regulatory framework, according to the rules of the Bank of Italy, in line with IAS/IFRS and European Supervisory Regulations, supplemented by internal implementing rules, non-performing financial assets are classified into one of the three below mentioned categories, based on their level of severity:

- non-performing past due exposures: this category includes on-balance sheet exposures, other than those classified as bad loans or unlikely to pay that, as at the reporting date, are past due or overdrawn by over 90 days on a continuous basis. The total exposure to a debtor must be recognised as Past Due if, at the reference reporting date, the amount of the principal, interest and/or fees not paid when due exceeds both of the following thresholds (hereinafter, collectively, the "Relevance Thresholds"):
    - the absolute limit of 100 euro for retail exposures and of 500 euro for non-retail exposures (the "Absolute Threshold"), to be compared with the total amount past due from the borrower;
    - the relative limit of 1%, to be compared with the ratio of the total amount past due to the total amount of all on-balance sheet exposures to the same borrower (the "Relative Threshold”);
- unlikely to pay: exposures for which – according to the judgement of the creditor bank – full repayment is deemed unlikely (in terms of capital or interest), without considering recourse to actions such as enforcement of

collateral/guarantees. This assessment is conducted regardless of the presence of any amounts (or instalments) due and unpaid. As the assessment of unlikelihood of repayment is at the discretion of the Bank, it is not necessary to await an explicit symptom of anomaly (non-repayment), when there are elements that imply a risk of non-compliance by the borrower (for example, a crisis in the industrial sector in which the borrower operates). The overall on- and off-balance sheet exposures toward the same borrower in said situation is therefore classified under the category "Unlikely To Pay" (unless the conditions for classification of the borrower among bad loans exist). Loans classified as "Unlikely To Pay" should include exposures to issuers who have not regularly honoured their repayment obligations (in terms of capital or interest) relating to listed debt securities, unless they meet the conditions for classification as bad loans. To this end the "grace period" established by the contract is recognised or, in its absence, the period recognised by the market listing the security.

The Intesa Sanpaolo Group Rules on non-performing loans have also provided for a further classification within "unlikely to pay" exposures, identified as "forborne unlikely to pay", which may include counterparties that have at least one exposure subject to forbearance measures that are regularly respected or remain in the state of risk pending the start of the normally imposed cure period (minimum of 12 months);

– bad loans: on- and off-balance sheet exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the Bank. This is irrespective, therefore, of whether any collateral or guarantees have been established to cover the exposures. Exposures whose anomalous situation may be attributed to Country risk are excluded from this category.

The type "exposures subject to concessions – forbearance" has also been established. These are exposures subject to renegotiation and/or refinancing due to financial difficulties (evident or in the process of becoming evident) of the debtor, which effectively constitute a subgroup of both non-performing exposures (non-performing exposures with forbearance measures) and performing exposures (other forborne exposures).

Non-performing exposures with forbearance measures do not represent a separate category of non-performing assets, rather, they are a sub-set of the above categories of non-performing assets.

Non-performing assets are subject to an assessment process resulting in the calculation of the expected loss for uniform categories (identified based on the risk status, duration of risk status and significance of the underlying exposure) and the allocation of the impairment adjustment for each position.

Non-performing loans are measured using two methods:

– analytical-statistical measurement: for exposures equal to or lower than certain thresholds, and for all non-performing past-due exposures, based on the use of specific LGD grids;
– specific analytical measurement: for exposures above certain thresholds based on write-down estimates defined by the relationship manager, following analyses and valuations based on pre-established criteria.

In addition to the assessment component determined through statistical valuation models or through individual expert evaluation, a component is calculated to take into account the evolution of the current operational variables, the future macroeconomic scenarios, the incremental risk of the counterparty as long as it remains in the specific risk status for unlikely-to-pay exposures (vintage), as well as the sales prospects if present.

The assessment of non-performing positions classified as assets held for sale is carried out based on the expected sales prices, less their costs to sell, supported by fairness opinions.

The assessment methods for non-performing loans are described in detail in Part A – Section "A.2 – Main financial statement captions" in these Notes to the consolidated financial statements and in particular in the paragraph "Impairment of non-performing financial assets", to which reference is made.

The assessments are carried out upon classification of the exposures as non-performing and are reviewed periodically.

The assessment of the loans is also reviewed whenever a new event occurs that could affect the prospects for recovery (e.g. change in the value of collateral, developments in ongoing litigation, etc.).

In order to timely identify such events, the information set relative to borrowers and guarantors is periodically monitored and the development of out-of-court agreements and the various phases of the judicial procedures under way are constantly monitored.

The management of the Group's non-performing loans may be carried out directly by the internal organisational structures or by/with external partners granted appropriate mandates (outsourcers), for which the Chief Lending Officer Area performs a supervisory role in the management of the stocks and flows outsourced and acts as an interface for the approvals beyond the limits of the powers delegated to them and for administrative, technical and operational activities envisaged in the processes of interaction with the outsourcers. The internal organisational structures are identified, on the basis of pre-determined relevance thresholds, as the local organisational units (at regional level) that perform specialist activities, or within the Head Office Departments, which are also responsible for the overall management and coordination of these matters.

The classification of positions to non-performing is performed on proposal of both territorial structures, owners of the commercial relationship, or of specialised central and local territorial structures in charge of the monitoring and recovery of non-performing loans. Classification may also be performed through automatic mechanisms when predefined objective default conditions arise. This refers, for example, to past-due loans continuously above certain thresholds for certain periods and forborne performing positions (performing forborne positions originating from non-performing forborne positions) that have not yet completed their 24-month probation period, if they meet the conditions envisaged by the applicable regulations for their reallocation to non-performing loans, based on the verification of objective parameters and, specifically, for transactions already designated as forborne, so-called reiteration (i.e. the granting of a further forbearance measure) and/or continuously over 30 days past due above certain thresholds, and transactions subject to distressed restructuring, granted on performing positions with a loss exceeding 1%.

Furthermore, automatic mechanisms detect any mismatches, thereby ensuring that material non-performing loans to counterparties shared between the Group's various entities are subject to the required uniform convergence of management decisions. Materiality is represented by exceeding a pre-established warning threshold for loans classified as at the greatest risk, with respect to the overall exposure.

Automatic mechanisms within the system also ensure that positions are allocated to the risk status most representative of their creditworthiness (bad loans excluded) as material default continues.

The return to performing status of non-performing exposures is governed by the Supervisory Authority and specific internal regulations, and takes place on the proposal of the Structures responsible for their management, upon verification that the critical conditions or state of default no longer exist.
Non-performing past-due exposures and unlikely to pay exposures, not subject to forbearance measures must continue to be classified as such for at least 3 months after they cease to meet the requirements for being classified as such. During this probation period the counterparty's conduct must be assessed in light of its financial situation (in particular, by verifying the absence of amounts past due exceeding the relevance thresholds).
For counterparties classified as forborne unlikely-to-pay, the application of the cure period of at least 12 months shall prevail. At the end of this period, the position may be reclassified as performing, provided that there are no past due exposures of the borrower and the borrower has repaid a significant amount of the principal or interest and, more generally, the criteria for the counterparties returning to performing status are met.
Exposures classified as past-due return automatically to performing when the above-mentioned 90-day probation period has passed. The same mechanism is applied to exposures of moderate amounts previously automatically classified as unlikely to pay when automatic mechanisms detect that the conditions that triggered the classification no longer apply.
The Internal Validation & Controls Coordination Area of the Chief Risk Officer Governance Area carries out level II controls on single counterparties in the various statuses of non-performing loan, randomly selected mainly with risk-based criteria in order to verify their proper classification and provisioning, as well as the adequacy of the management and recovery processes.

3.2 Write-offs

Lastly, with regard to non-performing loans, it is highlighted that the Intesa Sanpaolo Group uses the – full or partial – write-off/derecognition of unrecoverable accounting positions and, in the following cases, the consequent allocation to loss of the remainder that has not yet been adjusted:

- uncollectability of the debt, as a result of definite and precise elements (such as, for example, untraceability and indigence of the debtor, lack of recovery from realisation of securities and real estate, negative foreclosures, bankruptcy proceedings closed with no full compensation for the Bank, if there are no further guarantees that can be enforced etc.);
- waiver of the credit claim, due to the unilateral cancellation of the debt or residual amount as a result of settlement agreements;
- no waiver of the credit claim. With regard to the full or partial write-offs without waiver of the credit claim, in order to avoid maintaining loans on the balance sheet that have a very low possibility of recovery, despite continuing to be managed by the recovery structures, they are fully or partially written off due to uncollectability even if the legal proceedings have not been closed. The write-off can only involve the portion of the loan covered by provisions and, therefore, each loan can only be written off up to the amount of its net book value. Therefore, on a periodic basis, the Group identifies the bad loan portfolios to be subject to total or partial write-offs with the following macro-characteristics:
  - percentage cover of 100% and a vintage (understood as the period of time in "bad loan" status) of >1 year;
  - percentage cover of >95% and a vintage (understood as the period of time in "bad loan" status) of >5 years or >8 years, respectively, for non-mortgage and mortgage loans.

  Portfolios to be written off can also be identified that have similar characteristics that are different from those indicated above, but that relate to exposures that have a marginal possibility of recovering the amount of the provision, where the minimum amount of the provision (calculated taking into account the accumulated write-offs on the position, according to the same rule established at prudential level by the calendar provisioning framework) is at least equal to the amount needed to bring the value of the exposures up to their fair value estimated based on the prices recorded in the latest sales of bad loans made by the Group.

In 2024, the Group carried out write-offs on gross non-performing loans for around 744 million euro. Of these, around 571 million euro regarded bad loans, for the most part using the allowance already set aside. More than 57% of these write-offs related to derecognised positions that are still subject to enforcement procedures, for which any recoveries from collections after the write-off will be recognised in the income statement as recoveries.

3.3 Purchased or originated credit-impaired financial assets

According to IFRS 9, loans considered as impaired already upon initial recognition in the financial statements, due to the high credit risk associated with them, are defined as Purchased or Originated Credit Impaired Assets (POCI). If these loans fall within the scope of impairment in accordance with IFRS 9, they are valued by allocating allowances - from the date of initial recognition - to cover losses for the entire residual life of the loan (lifetime Expected Credit Loss). Since these are non-performing loans, they are initially recognised within Stage 3, subject to the possibility of being classified, over the course of their lives, to Stage 2 if, based on the credit risk analysis, they are identified as no longer being impaired.
POCI loans recorded in the Group's financial statements may derive from single renegotiations of non-performing exposures carried out as part of routine lending activity or be recognised following business combinations. With regard to the latter case, the acquisition of the former UBI Group during 2020 resulted in the recognition of a significant portfolio of non-performing loans, which, therefore, were initially recognised as POCI pursuant to IFRS 9 and posted in the financial statements at the fair value determined on Purchase Price Allocation, as the initial recognition value. More in detail, at the acquisition date (4 August 2020), the accounting records of the UBI Group had gross non-performing loans amounting to around 6.5 billion euro (8 billion euro in terms of credit claim). In light of the sales already carried out, the POCI loans referring to the former UBI Group recognised in the Parent Company's financial statements as at 31 December 2024 remain under assets measured at amortised cost for substantially residual amounts and further reduced compared to the end of 2023, totalling 131 million euro, consisting of 78 million euro of non-performing loans and 53 million euro of performing positions (total of 141 million euro, with 80 million euro of non-performing loans and 61 million euro of performing loans, as at 31 December 2023).

4. COMMERCIAL RENEGOTIATED FINANCIAL ASSETS AND FORBORNE EXPOSURES

Forbearance measures are concessions made to a borrower that is facing, or could face, situations of difficulty in meeting their contractual commitments that would prevent them from meeting their original payment obligations (troubled debt).
The term “forbearance measures” indicates contractual modifications granted to the borrower undergoing financial difficulties (modification), as well as the disbursement of a new loan in order to satisfy the pre-existing obligation (refinancing). “Forbearance measures” include the exercise of clauses, which may be freely requested by a borrower with regard to a contract already signed, but only if the lender deems that there are circumstances indicating that the borrower is in financial difficulty (the so-called “embedded forbearance clauses”). The concept of “forborne” therefore does not include renegotiations carried out due to commercial reasons/practices, which do not take into account the financial difficulties of the borrower.
In many cases, a situation of financial difficulty is accompanied by a situation of economic instability of the borrower, consisting of the inability of the core business to remunerate all the production factors that the company needs, through the usual sources of cash flow and at normal market conditions.
The identification of “forborne assets” or “forborne exposures”, in line with the provisions of the EBA regulations and unlike the “per borrower” approach used by the Intesa Sanpaolo Group for the classification of non-performing exposures, necessarily takes place on a “per transaction” basis. The term “exposure” in this context refers to the renegotiated individual contract, rather than to all the exposures to the same borrower.
More generally, Intesa Sanpaolo Group’s policy, based on the instructions provided by the Supervisory Authorities, envisages criteria for the identification of the financial difficulty (of the performing borrower) which, in the event of renegotiation/refinancing, entail the classification of one (or more) credit line(s) as forborne, if at least one of the following conditions applies:

- a significant deterioration in the debtor’s rating identified in the previous three months;
- detection within the proactive credit processes identified over the previous three months;
- past due beyond the materiality thresholds for over thirty consecutive days in the last three months or for more than twenty days as at the measurement date;
- Early Warning System (EWS) result, associated with a risky level.

A state of financial difficulty is always assumed in the case where the borrower is classified as non-performing.
The definition of forborne exposure applies transversally to the classification macro-categories (performing and non-performing). Forborne assets may be included in stage 2 (performing) or stage 3 (non-performing – forborne non-performing).
The forbearance measures granted are monitored for minimum predefined periods, differentiated based on the administrative status of the risk assigned to the counterparty. In detail:

- 24 months for performing positions (probation period);
- 36 months for positions classified as non-performing, represented by a cure period of 12 months and a probation period of an additional 24 months.

When a forbearance measure is granted to a performing counterparty, quantitative assessments (diminished financial obligation indicator set at 1%) and/or qualitative assessments are performed, as envisaged in the EBA Guidelines on the application of the definition of default pursuant to Article 178 of Regulation (EU) 575/2013, which could result in the possible classification to non-performing.
According to Intesa Sanpaolo Group’s interpretations, the identification of an exposure as forborne necessarily implies the existence of a “significant increase” in risk since the origination of the loan (and, therefore, implies also a classification in Stages 2 or 3 at the time of assignment of the forborne status).
Unlike the forbearance measures, which relate to loans to borrowers in financial difficulty, renegotiations for commercial reasons involve borrowers that are not in financial difficulty and include all transactions aimed at adjusting the cost of the debt to market conditions.
Transactions involving commercial renegotiations result in a change in the original conditions of the contract, usually requested by the borrower, which normally relate to aspects concerning the cost of the debt (or its duration), with a consequent economic benefit for the borrower. In general, whenever the bank carries out a renegotiation to avoid losing its customer, that renegotiation should be considered as substantial because, if it were not carried out, the customer would borrow from another intermediary and the bank would incur a decrease in expected future revenues.
These operations, under certain conditions, are treated for accounting purposes as an early repayment of the original debt and the opening of a new loan.

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

For the purposes of quantitative information about credit quality, the term "credit exposures" is understood to exclude equities and quotas of UCI.

The term "on-balance sheet credit exposures" refers to all the on-balance sheet financial assets due from banks or customers, irrespective of the accounting portfolio they are allocated to (measured at fair value through profit or loss, measured at fair value through other comprehensive income, measured at amortised cost, or discontinued financial assets). On demand receivables due from banks and central banks come under the definition of on-balance sheet exposures but by convention are not included in the tables in Section 1, except in specifically identified cases where they must be considered.

The term "off-balance sheet exposures" refers to all the financial transactions that are not on the balance sheet (guarantees given, revocable and irrevocable commitments, derivatives, etc.) but entail the assumption of credit risk, regardless of the purpose of those transactions (trading, hedging, etc.). The off-balance sheet credit exposures also include the counterparty risk associated with any securities lending transactions. The counterparty risk associated with exposures relating to repurchase agreements, transactions involving the granting or assumption of goods on loan, and loans with margins falling within the notion of securities financing transactions defined by the prudential regulations, is also reported.

Non-performing credit exposures (on-balance sheet and off-balance sheet) do not include financial assets held for trading and hedging derivatives, which are therefore normally recognised as performing credit exposures.

A.1. Performing and non-performing credit exposures: amounts, adjustments, changes and economic breakdown

A.1.1. Prudential consolidation - Breakdown of financial assets by past-due brackets (book value)

(millions of euro)

Portfolios/risk stages		STAGE 1			STAGE 2			STAGE 3			PURCHASED OR ORIGINATED CREDIT-		
		Between 1 and 30 days	Between 30 and 90 days	Over 90 days	Between 1 and 30 days	Between 30 and 90 days	Over 90 days	Between 1 and 30 days	Between 30 and 90 days	Over 90 days	Between 1 and 30 days	Between 30 and 90 days	Over 90 days
1. Financial assets measured at amortised cost		1,540	208	246	758	352	173	246	196	2,782	10	1	84
2. Financial assets measured at fair value through other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
3. Non-current financial assets held for sale		-	-	-	-	-	-	-	-	33	-	-	-
Total	**31.12.2024**	**1,540**	**208**	**246**	**758**	**352**	**173**	**246**	**196**	**2,815**	**10**	**1**	**84**
Total	**31.12.2023**	**1,695**	**192**	**202**	**928**	**617**	**140**	**328**	**266**	**2,806**	**5**	**2**	**99**

The values of assets more than 90 days past due, relating to exposures classified in stage 1 and 2 refer to loans that do not meet the conditions to be classified under non-performing past due exposures (below the materiality threshold).

A.1.2. Prudential consolidation – Financial assets, commitments to disburse funds and financial guarantees given: changes in total adjustments and total provisions

(millions of euro)

Reasons/risk stages	**TOTAL ADJUSTMENTS**											
	Stage 1 assets						**Stage 2 assets**					
	On demand due from banks and Central Banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Non-current financial assets held for sale	*of which: individual impairment losses*	*of which: collective impairment losses*	On demand due from banks and Central Banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Non-current financial assets held for sale	*of which: individual impairment losses*	*of which: collective impairment losses*
Total opening adjustments	**-**	**750**	**31**	**-**	***563***	***218***	**-**	**1,839**	**45**	**1**	***1,418***	***467***
Changes in increase from financial assets acquired or originated	-	269	8	-	*277*	-	-	11	-	-	*11*	-
Cancellations other than write-offs	-	-112	-13	-	*-125*	-	-	-100	-30	-1	*-131*	-
Net value adjustments / write-backs for credit risk	-	-321	-3	-	*-324*	-	-	-50	-1	-	*-51*	-
Contractual changes without cancellations	-	3	-	-	*3*	-	-	31	-	-	*31*	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs non recorded directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-
Other variations	-	-7	-	-	*211*	*-218*	-	-30	-	-	*437*	*-467*
Total closing adjustments	**-**	**582**	**23**	**-**	***605***	**-**	**-**	**1,701**	**14**	**-**	***1,715***	**-**
Recoveries from financial assets subject to write-off	-	4	-	-	*4*	-	-	-	-	-	-	-
Write-offs recorded directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-

(millions of euro)

Reasons/risk stages	**TOTAL ADJUSTMENTS**										
	Stage 3 assets						**Purchased or originated credit-impaired financial assets**				
	On demand due from banks and Central Banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Non-current financial assets held for sale	*of which: individual impairment losses*	*of which: collective impairment losses*	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Non-current financial assets held for sale	*of which: individual impairment losses*	*of which: collective impairment losses*
Total opening adjustments	**-**	**4,892**	**36**	**41**	***4,349***	***620***	**98**	**-**	**-**	***91***	***7***
Changes in increase from financial assets acquired or originated	-	2	-	-	*2*	-	X	X	X	*X*	*X*
Cancellations other than write-offs	-	-874	-	-41	*-915*	-	-8	-	-	*-8*	-
Net value adjustments / write-backs for credit risk	-	1,371	5	-	*1,376*	-	-11	-	-	*-11*	-
Contractual changes without cancellations	-	3	-	-	*3*	-	-2	-	-	*-2*	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-
Write-offs non recorded directly in the income statement	-	-659	-	-	*-659*	-	-14	-	-	*-14*	-
Other variations	-	45	-1	287	*951*	*-620*	14	-	1	*22*	*-7*
Total closing adjustments	**-**	**4,780**	**40**	**287**	***5,107***	**-**	**77**	**-**	**1**	***78***	**-**
Recoveries from financial assets subject to write-off	-	36	-	-	*36*	-	-	-	-	-	-
Write-offs recorded directly in the income statement	-	-67	-	-	*-67*	-	-4	-	-	*-4*	-

A.1.2. Prudential consolidation – Financial assets, commitments to disburse funds and financial guarantees given: changes in total adjustments and total provisions – continued –

(millions of euro)

Reasons/risk stages	TOTAL PROVISIONS ON COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN				TOTAL
	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees given impaired purchased or originated	
Total opening adjustments	**134**	**113**	**278**	**-**	**8,258**
Changes in increase from financial assets acquired or originated	29	1	-	-	**320**
Cancellations other than write-offs	-8	-6	-4	-	**-1,197**
Net value adjustments / write-backs for credit risk	-2	-9	53	-	**1,032**
Contractual changes without cancellations	-	-	-	-	**35**
Changes in the estimation methodology	-	-	-	-	**-**
Write-offs non recorded directly in the income statement	-	-	-	-	**-673**
Other variations	25	-2	-	-	**332**
Total closing adjustments	**178**	**97**	**327**	**-**	**8,107**
Recoveries from financial assets subject to write-off	-	-	-	-	**40**
Write-offs recorded directly in the income statement	-	-	-	-	**-71**

The Intesa Sanpaolo Group does not use the simplified method for the valuation of the loss allowance in relation to trade receivables, contract assets and lease receivables (method envisaged by IFRS 9, paragraph 5.5.15).

A.1.3. Prudential consolidation – Financial assets, commitments to disburse funds and financial guarantees given: transfers between stages of credit risk (gross and nominal amounts)

(millions of euro)

Portfolios/risk stages	GROSS AMOUNTS/NOMINAL VALUE					
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
1. Financial assets measured at amortised cost	20,478	11,359	1,508	369	1,458	84
2. Financial assets measured at fair value through other comprehensive income	129	117	8	-	-	-
3. Non-current financial assets held for sale	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees given	10,894	6,465	322	14	309	11
Total 31.12.2024	**31,501**	**17,941**	**1,838**	**383**	**1,767**	**95**
Total 31.12.2023	**38,315**	**22,347**	**1,673**	**558**	**1,591**	**146**

On 16 December 2022, the EBA repealed the Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis, contained in EBA/GL/2020/07, with effect from 1 January 2023, following the change in the scenario related to the pandemic. However, the Bank of Italy, in the communication dated 14 March 2023, requested that certain financial statement disclosures be maintained, in free format, on transfers between the various credit risk stages which involved the loans subject to public guarantees issued in response to the COVID-19 situation.

In that regard, it is noted that the loans subject to COVID-19 public guarantees measured at amortised cost that were transferred from stage 1 to stage 2 in 2024 amounted to 1,269 million euro, while those transferred from stage 2 to stage 1 amounted to 477 million euro.
Transfers from stage 2 to stage 3 amounted to 160 million euro, from stage 3 to stage 2 amounted to 13 million euro, from stage 1 to stage 3 amounted to 320 million euro and, lastly, from stage 3 to stage 1 amounted to 3 million euro.

A.1.4. Prudential Consolidation – On- and off-balance sheet credit exposures to banks: gross and net values

(millions of euro)

Type of exposure/amounts	Gross exposure					Total adjustments and total provisions for credit risk					Net exposure	Total partial write-offs
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. ON-BALANCE SHEET EXPOSURES												
A.1 ON DEMAND	**35,976**	**35,719**	**257**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35,976**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	35,976	35,719	257	X	-	-	-	-	X	-	35,976	-
A.2 OTHERS	**53,189**	**48,467**	**2,010**	**76**	**-**	**-42**	**-7**	**-18**	**-17**	**-**	**53,147**	**-**
a) Bad loans	4	X	-	4	-	-4	X	-	-4	-	-	-
- of which: forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
b) Unlikely to pay	72	X	-	72	-	-13	X	-	-13	-	59	-
- of which: forborne exposures	*71*	*X*	-	*71*	-	*-13*	*X*	-	*-13*	-	*58*	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
d) Performing past due exposures	32	32	-	X	-	-	-	-	X	-	32	-
- of which: forborne exposures	-	-	-	*X*	-	-	-	-	*X*	-	-	-
e) Other performing exposures	53,081	48,435	2,010	X	-	-25	-7	-18	X	-	53,056	-
- of which: forborne exposures	-	-	-	*X*	-	-	-	-	*X*	-	-	-
TOTAL (A)	**89,165**	**84,186**	**2,267**	**76**	**-**	**-42**	**-7**	**-18**	**-17**	**-**	**89,123**	**-**
B. OFF-BALANCE SHEET EXPOSURES												
a) Non-performing	13	X	-	13	-	-	X	-	-	-	13	-
b) Performing	79,473	34,434	476	X	-	-105	-104	-1	X	-	79,368	-
TOTAL (B)	**79,486**	**34,434**	**476**	**13**	**-**	**-105**	**-104**	**-1**	**-**	**-**	**79,381**	**-**
TOTAL (A+B)	**168,651**	**118,620**	**2,743**	**89**	**-**	**-147**	**-111**	**-19**	**-17**	**-**	**168,504**	**-**

A.1.5. Prudential Consolidation – On- and off-balance sheet credit exposures to customers: gross and net values

(millions of euro)

Type of exposure/Amounts	Gross exposure					Total adjustments and total provisions for credit risk					Net Exposure	Total partial write-offs
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. ON-BALANCE SHEET EXPOSURES												
a) Bad loans	3,871	X	-	3,757	106	-2,716	X	-	-2,668	-44	1,155	1,213
- of which: forborne exposures	*898*	*X*	*-*	*868*	*30*	*-610*	*X*	*-*	*-598*	*-12*	*288*	*138*
b) Unlikely to pay	5,775	X	-	5,639	77	-2,328	X	-	-2,268	-29	3,447	337
- of which: forborne exposures	*2,220*	*X*	*-*	*2,157*	*47*	*-843*	*X*	*-*	*-829*	*-13*	*1,377*	*76*
c) Non-performing past due exposures	516	X	-	514	2	-154	X	-	-154	-	362	133
- of which: forborne exposures	*48*	*X*	*-*	*47*	*-*	*-14*	*X*	*-*	*-13*	*-*	*34*	*-*
d) Performing past due exposures	3,426	1,978	1,419	X	5	-151	-15	-136	X	-	3,275	-
- of which: forborne exposures	*216*	*-*	*215*	*X*	*1*	*-23*	*-*	*-23*	*X*	*-*	*193*	*-*
e) Other performing exposures	546,800	499,251	40,223	X	82	-2,149	-583	-1,561	X	-5	544,651	-
- of which: forborne exposures	*4,249*	*-*	*4,207*	*X*	*24*	*-274*	*-*	*-272*	*X*	*-2*	*3,975*	*-*
TOTAL (A)	**560,388**	**501,229**	**41,642**	**9,910**	**272**	**-7,498**	**-598**	**-1,697**	**-5,090**	**-78**	**552,890**	**1,683**
B. OFF-BALANCE SHEET EXPOSURES												
a) Non-performing	2,010	X	-	2,000	-	-327	X	-	-327	-	1,683	-
b) Performing	388,241	242,822	18,299	X	1	-170	-74	-96	X	-	388,071	-
TOTAL (B)	**390,251**	**242,822**	**18,299**	**2,000**	**1**	**-497**	**-74**	**-96**	**-327**	**-**	**389,754**	**-**
TOTAL (A+B)	**950,639**	**744,051**	**59,941**	**11,910**	**273**	**-7,995**	**-672**	**-1,793**	**-5,417**	**-78**	**942,644**	**1,683**

The dealings between the Banking Group and other non-banking companies included within the scope of consolidation amounted to:

- 10,073 million euro, adjusted by 7 million euro, included among gross performing on-balance sheet exposures to customers;
- 19 million euro, adjusted by 3 million euro, included among gross non-performing off-balance sheet exposures to customers;
- 7,468 million euro, adjusted by 15 million euro, included among gross performing off-balance sheet exposures to customers.

The exposures also include financial assets allocated to the assets held for sale accounting portfolio.

The On- and off-balance sheet credit exposures to customers classified as stage 2 mainly include the positions for which a change (behind specific thresholds) was found in the lifetime probability of default compared to the time of initial recognition of the financial instrument in the financial statements. For the purpose of classification in stage 2 – without prejudice to the materiality thresholds identified by the regulations - exposures that are past due by at 30 days or subject to forbearance measures are important. Activating a forbearance measure implies a minimum probation period of 24 month in Stage 2. Moreover, for the centralised scope (main Italian companies and international corporate banks), some of the indicators from the credit monitoring systems are considered for the purposes of the transfer between stages (early warning systems). Where signals of high risk (traffic light results) are identified for at least three consecutive months by such systems, a perimeter of potentially riskier counterparties is defined, to be classified in Stage 2.
To complement the above methodology, a “relative” threshold has also been established (tripling of lifetime PD at the observation date compared to the lifetime PD at the initial recognition date), which acts on a residual basis compared to the main methodology, i.e. the change in the lifetime probability of default. Therefore, if this threshold is exceeded, the position is automatically classified to Stage 2. In order to avoid the “sliding” into Stage 2 of particularly high credit quality positions, the threshold is only triggered for non-investment grade loans and securities, identified considering the definitions within the Group.

Finally, a staging allocation effect was identified in the in-model adjustment linked to the identification of extreme scenarios. This led to the stage 2 classification of the counterparties deemed most vulnerable to the aforementioned extreme scenarios in relation to the rating assigned.

The gross amount of loans subject to COVID-19 public guarantees as at 31 December 2024 came to 15,460 million euro, including the non-performing financial assets allocated to the assets held for sale accounting portfolio (amounting to 44 million euro). The aggregate comprised performing exposures of 14,437 million euro gross, with 46 million euro in adjustments and non-performing exposures of 1,023 million euro gross, with 402 million euro in adjustments. Performing exposures are broken down into (i) performing past due loans for 148 million euro gross, with 3 million euro in adjustments and (ii) performing loans not past due for 14,289 million euro gross, with 43 million euro in adjustments.

A.1.6. Prudential Consolidation – On-balance sheet credit exposures to banks: changes in gross non-performing exposures

(millions of euro)

Reasons/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Initial gross exposure	**4**	**108**	**-**
- of which: exposures sold not derecognised	-	-	-
B. Increases	**3**	**9**	**-**
B.1 inflows from performing exposures	-	-	-
B.2 inflows from purchased or originated credit-impaired financial assets	-	-	-
B.3 transfers from other non-performing exposures categories	-	-	-
B.4 changes in contracts without derecognition	-	-	-
B.5 other increases	3	9	-
- of which: business combinations			
C. Decreases	**-3**	**-45**	**-**
C.1 outflows to performing exposures	-	-	-
C.2 write-offs	-	-	-
C.3 collections	-	-45	-
C.4 profits on disposal	-	-	-
C.5 losses on disposal	-	-	-
C.6 transfers to other non-performing exposure categories	-	-	-
C.7 changes in contracts without derecognition	-	-	-
C.8 other decreases	-3	-	-
D. Final gross exposure	**4**	**72**	**-**
- of which: exposures sold not derecognised	-	-	-

A.1.6. Bis Prudential Consolidation – On-balance sheet credit exposures to banks: changes in gross forborne exposures broken down by credit quality

(millions of euro)

Description/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Initial gross exposure	**107**	**-**
- of which: exposures sold not derecognised	-	-
B. Increases	**6**	**-**
B.1 inflows from non-forborne performing exposures	-	-
B.2 inflows from forborne performing exposures	-	X
B.3 inflows from non-performing forborne exposures	X	-
B.4 inflows from forborne non-performing exposures	-	-
B.5 other increases	6	-
C. Decreases	**-42**	**-**
C.1 outflows to non-forborne performing exposures	X	-
C.2 outflows to forborne performing exposures	-	X
C.3 outflows to non-performing forborne exposures	X	-
C.4 write-offs	-	-
C.5 collections	-42	-
C.6 profits on disposal	-	-
C.7 losses on disposal	-	-
C.8 other decreases	-	-
D. Final gross exposure	**71**	**-**
- of which: exposures sold not derecognised	-	-

A.1.7. Prudential Consolidation – On-balance sheet credit exposures to customers: changes in gross non-performing exposures

(millions of euro)

Reasons/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Initial gross exposure	**3,442**	**6,091**	**626**
- of which: exposures sold not derecognised	*101*	*549*	*247*
B. Increases	**1,966**	**3,709**	**663**
B.1 inflows from performing exposures	328	2,912	583
B.2 inflows from purchased or originated credit-impaired financial assets	-	-	-
B.3 transfers from other non-performing exposures categories	1,361	415	18
B.4 changes in contracts without derecognition	-	9	-
B.5 other increases	277	373	62
C. Decreases	**-1,537**	**-4,025**	**-773**
C.1 outflows to performing exposures	-32	-373	-96
C.2 write-offs	-571	-161	-12
C.3 collections	-569	-1,084	-104
C.4 profits on disposal	-68	-743	-16
C.5 losses on disposal	-1	-14	-
C.6 transfers to other non-performing exposure categories	-31	-1,252	-511
C.7 changes in contracts without derecognition	-	-23	-
C.8 other decreases	-265	-375	-34
D. Final gross exposure	**3,871**	**5,775**	**516**
- of which: exposures sold not derecognised	*21*	*285*	*148*

The “other increases” mainly include the increases in the amounts for charges and the increase in the amounts in foreign currency due to changes in the exchange rate.
The “other decreases” mainly include the portfolio of loans classified as “bad loans” and “unlikely to pay” sold during the year.

A.1.7. Bis Prudential Consolidation – On-balance sheet credit exposures to customers: changes in gross forborne exposures broken down by credit quality

(millions of euro)

Reasons/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Initial gross exposure	**3,339**	**5,136**
- of which: exposures sold not derecognised	*196*	*863*
B. Increases	**1,492**	**2,152**
B.1 inflows from non-forborne performing exposures	289	1,696
B.2 inflows from forborne performing exposures	660	X
B.3 inflows from non-performing forborne exposures	X	281
B.4 inflows from forborne non-performing exposures	174	3
B.5 other increases	369	172
C. Decreases	**-1,665**	**-2,823**
C.1 outflows towards non-forborne performing exposures	X	-1,215
C.2 outflows towards forborne performing exposures	-281	X
C.3 outflows towards non-performing forborne exposures	X	-660
C.4 write-offs	-201	-
C.5 collections	-496	-850
C.6 profits on disposal	-413	-
C.7 losses on disposal	-7	-
C.8 other decreases	-267	-98
D. Final gross exposure	**3,166**	**4,465**
- of which: exposures sold not derecognised	*93*	*820*

The “other increases” mainly include the increases in the amounts for charges.
The “other decreases” mainly include the portfolio of loans classified as “bad loans” and “unlikely to pay” sold during the year.

A.1.8 Prudential Consolidation – On-balance sheet non-performing credit exposures to banks: changes in total adjustments

(millions of euro)

Reasons/Categories	BAD LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE EXPOSURES	
	Total	*of which: forborne exposures*	Total	*of which: forborne exposures*	Total	*of which: forborne exposures*
A. Initial total adjustments	**4**	**-**	**16**	***15***	**-**	**-**
- of which: exposures sold not derecognised	-	-	-	-	-	-
B. Increases	**-**	**-**	**2**	***2***	**-**	**-**
B.1 adjustments to purchased or originated credit-impaired assets	-	*X*	-	*X*	-	*X*
B.2 other adjustments	-	-	2	2	-	-
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfers from other non-performing exposures categories	-	-	-	-	-	-
B.5 changes in contracts without derecognition	-	-	-	-	-	-
B.6 other increases	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-5**	**-4**	**-**	**-**
C.1 recoveries on impairment losses	-	-	-2	-1	-	-
C.2 recoveries on repayments	-	-	-3	-3	-	-
C.3 profits on disposal	-	-	-	-	-	-
C.4 write-offs	-	-	-	-	-	-
C.5 transfers to other non-performing exposure categories	-	-	-	-	-	-
C.6 changes in contracts without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	-	-	-	-
D. Final total adjustments	**4**	**-**	**13**	**13**	**-**	**-**
- of which: exposures sold not derecognised	-	-	-	-	-	-

A.1.9 Prudential Consolidation – On-balance sheet non-performing credit exposures to customers: changes in total adjustments

(millions of euro)

Reasons/Categories	BAD LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE EXPOSURES	
	Total	*of which: forborne exposures*	Total	*of which: forborne exposures*	Total	*of which: forborne exposures*
A. Initial total adjustments	**2,502**	**542**	**2,399**	**895**	**169**	**15**
- of which: exposures sold not derecognised	*69*	*3*	*155*	*38*	*51*	*7*
B. Increases	**1,492**	***344***	**1,483**	***519***	**214**	***14***
B.1 adjustments to purchased or originated credit-impaired assets	-	*X*	-	*X*	-	*X*
B.2 other adjustments	765	*161*	1,219	*409*	137	*10*
B.3 losses on disposal	2	*1*	14	7	-	-
B.4 transfers from other non-performing exposures categories	610	*160*	136	16	8	-
B.5 changes in contracts without derecognition	-	-	32	*32*	-	-
B.6 other increases	115	*22*	82	*55*	69	*4*
C. Decreases	**-1,278**	**-276**	**-1,554**	**-571**	**-229**	**-15**
C.1 recoveries on impairment losses	-199	*-46*	-291	-142	-30	-
C.2 recoveries on repayments	-138	*-18*	-100	-36	-6	-
C.3 profits on disposal	-8	*-2*	-12	-1	-	-
C.4 write-offs	-571	*-147*	-161	-54	-12	-
C.5 transfers to other non-performing exposure categories	-19	*-4*	-578	-158	-157	-14
C.6 changes in contracts without derecognition	-	-	-40	*-27*	-	-
C.7 other decreases	-343	*-59*	-372	-153	-24	-1
D. Final total adjustments	**2,716**	**610**	**2,328**	**843**	**154**	**14**
- of which: exposures sold not derecognised	*14*	*2*	*103*	*20*	*35*	*5*

The “other increases” mainly include the collections of loans derecognised in full (through “recoveries on repayments”) and increases in the balances of allowances in foreign currency due to changes in the exchange rate.
The “other decreases” mainly include the portfolio of loans classified as “bad loans” and “unlikely to pay” sold during the year. This caption also includes the collections of overdue interest applied in previous years, losses on disposal not covered by the allowance, the decrease in allowances in foreign currency due to changes in the exchange rate and the reduction in the allowances for adjustment due to the passing of time.

A.2. Classification of exposures based on external and internal ratings

A.2.1. Prudential Consolidation - Breakdown of financial assets, commitments to disburse funds and financial guarantees given by external rating classes (gross amounts)

The Intesa Sanpaolo Group uses the ratings supplied by the following external rating agencies for portfolios subject to supervisory reporting: S&P Global Ratings, Moody's, Fitch Ratings and Morningstar DBRS. The ratings provided by those agencies are used in compliance with the authorisations received and the regulations in force for the different Group banks.
In compliance with the regulations, if there are two ratings for the same customer, the most prudential of the two is used, when three ratings are available, the middle rating is adopted, and when all ratings are available, the second-best is taken.

(millions of euro)

Exposures	EXTERNAL RATING CLASSES						UNRATED	TOTAL
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost	**28,027**	**24,347**	**71,933**	**8,507**	**2,861**	**227**	**391,308**	**527,210**
- Stage 1	28,007	22,648	70,301	8,213	1,330	102	344,540	475,141
- Stage 2	20	1,699	1,632	292	1,438	43	37,063	42,187
- Stage 3	-	-	-	-	93	82	9,436	9,611
- Purchased or originated credit-impaired	-	-	-	2	-	-	269	271
B. Financial assets measured at fair value through other comprehensive income	**33,944**	**19,927**	**14,493**	**1,530**	**1,759**	**79**	**4,336**	**76,068**
- Stage 1	33,892	19,898	14,349	1,501	700	27	4,188	74,555
- Stage 2	52	29	144	29	1,059	37	116	1,466
- Stage 3	-	-	-	-	-	15	32	47
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
C. Non-current financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**329**	**329**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	328	328
- Purchased or originated credit-impaired	-	-	-	-	-	-	1	1
Total (A+B+C)	**61,971**	**44,274**	**86,426**	**10,037**	**4,620**	**306**	**395,973**	**603,607**
D. Commitments to disburse funds and financial guarantees given								
- Stage 1	13,154	24,303	65,234	14,336	2,058	83	159,199	278,367
- Stage 2	608	516	1,274	781	297	91	15,209	18,776
- Stage 3	-	-	-	-	7	5	2,001	2,013
- Purchased or originated credit-impaired	-	-	-	-	-	-	1	1
Total (D)	**13,762**	**24,819**	**66,508**	**15,117**	**2,362**	**179**	**176,410**	**299,157**
Total (A+B+C+D)	**75,733**	**69,093**	**152,934**	**25,154**	**6,982**	**485**	**572,383**	**902,764**

The following table shows the mapping of risk classes and the external ratings.

Mapping of ratings issued by external rating agencies

	ECAI							
	Moody's		S&P Global Ratings		Fitch Ratings		Morningstar DBRS	
	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term
Credit quality step								
1	Aaa, Aa3	P-1	AAA, AA-	A1+, A1	AAA, AA-	F1+, F1	AAA, AA-	R-1
2	A1, A3	P-2	A+, A-	A2	A+, A-	F2	A+, A-	R-2
3	Baa1, Baa3	P-3	BBB+, BBB-	A3	BBB+, BBB-	F3	BBB+, BBB-	R-3
4	Ba1, Ba3	NP	BB+, BB-	less than A3	BB+, BB-	less than F3	BB+, BB-	less than R-3
5	B1, B3	NP	B+, B-	less than A3	B+, B-	less than F3	B+, B-	less than R-3
6	Caa1 or less	NP	CCC+ or less	less than A3	CCC+ or less	less than F3	CCC+ or less	less than R-3

A.2.2. Prudential Consolidation - Breakdown of financial assets, commitments to disburse funds and financial guarantees given by internal rating classes (gross amounts)

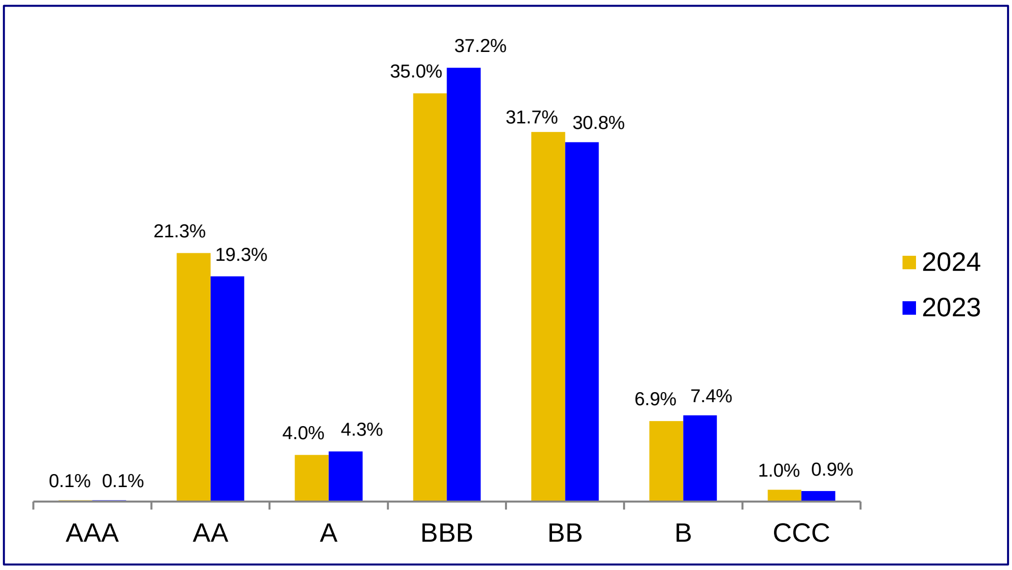
As indicated above in the Qualitative Information, the Intesa Sanpaolo Group has a set of ratings for the various segments of the counterparties (Corporate, Corporate SME, Retail SME, Retail, Public Sector Entities and Banks).
The breakdown of exposures by internal rating classes shown in the following table is based on all ratings available in the credit risk management and control systems, in addition to ratings for validated models. These ratings include credit ratings assigned by external agencies for counterparties in customer segments for which an internal model is not available.
Unrated exposures account for 9.1% of all exposures to performing counterparties and refer to customer portfolios for which a rating model is not available, to counterparties for which the roll-out of rating models is still underway (mainly international subsidiaries), as well as to Group companies whose mission is not related to credit and loans, which have been integrated into the credit risk management system, or to marginal exposures.

When unrated counterparties and non-performing loans are excluded, there is a high concentration of investment grade classes (classes 1, 2 and 3, representing ratings between AAA and BBB-) at 70.6% of the total, whilst 22.8% fall within the BB+/BB range (class 4) and 6.6% fall under higher risk classes (of which 1% are below B-).

(millions of euro)

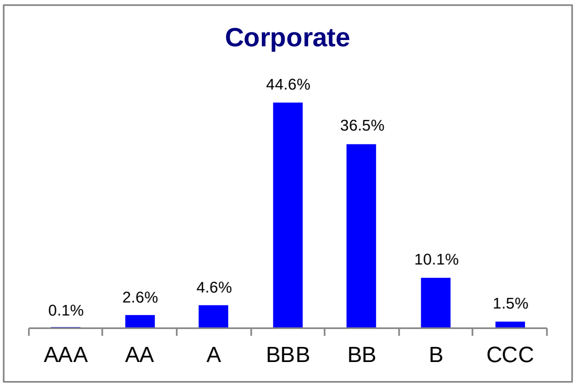
Exposures	Internal rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortized cost	**94,199**	**45,870**	**166,520**	**118,499**	**35,505**	**8,495**	**58,122**	**527,210**
- Stage 1	94,035	45,741	162,256	108,931	16,347	1,905	45,926	475,141
- Stage 2	162	129	4,248	9,507	15,101	4,073	8,967	42,187
- Stage 3	-	-	3	8	3,922	2,473	3,205	9,611
- Purchased or originated credit-impaired	2	-	13	53	135	44	24	271
B. Financial assets measured at fair value through other comprehensive income	**30,980**	**19,494**	**14,587**	**2,187**	**1,312**	**539**	**6,969**	**76,068**
- Stage 1	30,969	19,386	14,433	2,149	190	496	6,932	74,555
- Stage 2	11	108	154	38	1,101	32	22	1,466
- Stage 3	-	-	-	-	21	11	15	47
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
C. Non-current financial assets held for sale	**-**	**-**	**-**	**-**	**188**	**81**	**60**	**329**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	187	81	60	328
- Purchased or originated credit-impaired	-	-	-	-	1	-	-	1
Total (A+B+C)	**125,179**	**65,364**	**181,107**	**120,686**	**37,005**	**9,115**	**65,151**	**603,607**
D. Commitments and financial guarantees given								
- Stage 1	27,104	34,964	134,359	57,516	8,431	344	15,649	278,367
- Stage 2	329	410	2,594	5,946	4,385	1,266	3,846	18,776
- Stage 3	-	-	1	3	514	886	609	2,013
- Purchased or originated credit-impaired	-	-	-	-	-	-	1	1
Total (D)	**27,433**	**35,374**	**136,954**	**63,465**	**13,330**	**2,496**	**20,105**	**299,157**
Total (A+B+C+D)	**152,612**	**100,738**	**318,061**	**184,151**	**50,335**	**11,611**	**85,256**	**902,764**

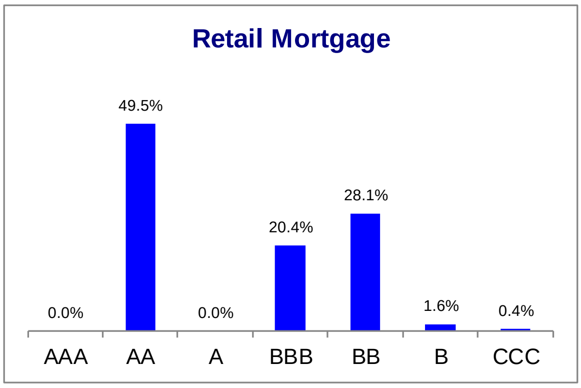
In addition to the tables required by the regulations, the rating allocation for performing loans to customers attributable to the main Group banks is shown below.
As at 31 December 2024, performing loans to customers assigned an individual rating internally or by an external agency accounted for 98% of the loans of the main Group banks.

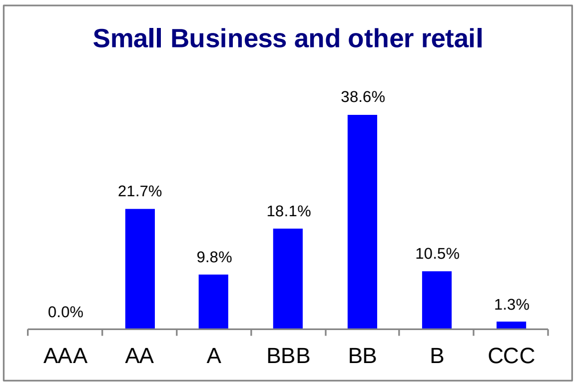


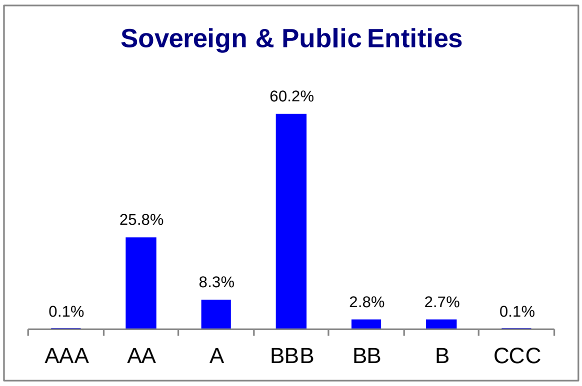
The allocation shows a level of investment grade exposures (from AAA to BBB inclusive), at 60.4%, down slightly on the previous year (60.9%), mainly due to the reduction/restructuring of the portfolio, which primarily affected the "BBB" component, partially offset by an improvement in the "AA" range. The same percentage calculated on the entire portfolio, net of Russian counterparties, came to 72.1%, unchanged from the previous year.

The breakdown of the following portfolios by rating is presented below: Corporate, Retail Mortgage (residential mortgages for individuals), Small Business and other retail, Sovereign & Public Entities.









Investment grade positions account for 51.9%, 69.9%, 49.6% and 94.4% of the above portfolios, respectively.

A.3. Breakdown of guaranteed credit exposures by type of guarantee

A.3.1. Prudential Consolidation – Guaranteed on- and off-balance sheet credit exposures to banks

(millions of euro)

	Gross exposure	Net exposure	Collaterals (*) (1)				Personal guarantees (2) Credit derivatives	
			Real estate assets - mortgages	Real estate assets - finance leases	Securities	Other	CLN	Other derivatives Central counterparties
1.Guaranteed on-balance sheet credit exposures:	**15,934**	**15,926**	**-**	**4**	**14,587**	**-**	**-**	**-**
1.1 totally guaranteed	14,355	14,354	-	4	13,617	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
1.2 partly guaranteed	1,579	1,572	-	-	970	-	-	-
- of which non-performing	*56*	*50*	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**15,810**	**15,810**	**-**	**-**	**1,305**	**7,516**	**-**	**-**
2.1 totally guaranteed	13,534	13,534	-	-	1,304	6,116	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2 partly guaranteed	2,276	2,276	-	-	1	1,400	-	-
- of which non-performing	-	-	-	-	-	-	-	-

(*) Fair value of the guarantee or, if difficult to determine, its contractual value; as required by the regulations, the latter is stated up to the net exposure value.

(millions of euro)

	Personal guarantees (*) (2) Credit derivatives Other derivatives			Personal guarantees (*) (2) Commitments				Total
	Banks	Other financial companies	Other counterparties	Public Administration	Banks	Other financial companies	Other counterparties	(1)+(2)
1.Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**311**	**229**	**-**	**3**	**15,134**
1.1 totally guaranteed	-	-	-	27	4	-	3	13,655
- of which non-performing	-	-	-	-	-	-	-	-
1.2 partly guaranteed	-	-	-	284	225	-	-	1,479
- of which non-performing	-	-	-	-	*50*	-	-	*50*
2. Guaranteed off-balance sheet credit exposures:	**-**	**-**	**-**	**27**	**199**	**-**	**72**	**9,119**
2.1 totally guaranteed	-	-	-	8	189	-	-	7,617
- of which non-performing	-	-	-	-	-	-	-	-
2.2 partly guaranteed	-	-	-	19	10	-	72	1,502
- of which non-performing	-	-	-	-	-	-	-	-

(*) Fair value of the guarantee or, if difficult to determine, contractual value, the latter stated - as required by the regulations - up to the net exposure value.

A.3.2. Prudential Consolidation - Guaranteed on- and off-balance sheet credit exposures to customers

(millions of euro)

	Gross exposure	Net exposure	Collateral (*) (1)				Personal guarantees (*) (2)	
							Credit derivatives	
			Real estate assets - mortgages	Real estate assets - finance leases	Securities	Other	CLN	Other derivatives
								Central counterparties
1. Guaranteed on-balance sheet credit exposures:	**299,175**	**294,723**	**157,952**	**3,958**	**29,240**	**8,468**	**-**	**-**
1.1 totally guaranteed	240,372	236,928	155,552	3,812	28,977	6,234	-	-
- of which non-performing	*5,193*	*2,975*	*1,686*	*241*	*19*	*46*	-	-
1.2 partly guaranteed	58,803	57,795	2,400	146	263	2,234	-	-
- of which non-performing	*1,692*	*915*	*183*	*10*	*4*	*42*	-	-
2. Guaranteed off-balance sheet credit exposures:	**58,759**	**58,660**	**1,590**	**3**	**14,496**	**4,174**	**-**	**-**
2.1 totally guaranteed	46,783	46,717	1,275	2	14,306	2,852	-	-
- of which non-performing	*229*	*201*	*19*	-	*4*	*24*	-	-
2.2. partly guaranteed	11,976	11,943	315	1	190	1,322	-	-
- of which non-performing	*152*	*126*	*8*	-	-	*18*	-	-

(*) Fair value of the guarantee or, if difficult to determine, its contractual value; as required by the regulations, the latter is stated up to the net exposure value.

(millions of euro)

	Personal guarantees (*) (2)							Total
	Credit derivatives			Commitments				
	Other derivatives			Public administration	Banks	Other financial companies	Other counterparties	(1)+(2)
	Banks	Other financial companies	Other counterparties					
1. Guaranteed on-balance sheet credit exposures	**-**	**-**	**-**	**38,010**	**844**	**3,195**	**22,821**	**264,488**
1.1 totally guaranteed	-	-	-	19,781	608	2,608	17,869	235,441
- of which non-performing	-	-	-	*599*	*2*	*16*	*351*	*2,960*
1.2 partly guaranteed	-	-	-	18,229	236	587	4,952	29,047
- of which non-performing	-	-	-	*472*	*1*	*5*	*60*	*777*
2. Guaranteed off-balance sheet credit exposures:	**117**	**-**	**-**	**4,873**	**625**	**2,331**	**25,661**	**53,870**
2.1 totally guaranteed	117	-	-	3,740	430	1,090	22,044	45,856
- of which non-performing	-	-	-	*33*	*1*	*1*	*118*	*200*
2.2. partly guaranteed	-	-	-	1,133	195	1,241	3,617	8,014
- of which non-performing	-	-	-	*28*	-	-	*19*	*73*

(*) Fair value of the guarantee or, if difficult to determine, its contractual value; as required by the regulations, the latter is stated up to the net exposure value.

A.4. Prudential consolidation – Financial assets and non-financial assets resulting from the enforcement of guarantees

(millions of euro)

	Derecognised credit exposure	Gross amount	Total adjustments	Book value	
					of which obtained during the year
A. Property and equipment	**313**	**301**	**-65**	**236**	**6**
A.1 Used in operations	3	3	1	4	2
A.2. Investment	79	76	-12	64	1
A.3 Inventories	231	222	-54	168	3
B. Equities and debt securities	**326**	**326**	**-180**	**146**	**2**
C. Other assets	**-**	**-**	**-**	**-**	**-**
D. Non-current assets held for sale and discontinued operations	**13**	**19**	**-4**	**15**	**1**
D.1 Property and equipment	13	19	-4	15	1
D.2. Other assets	-	-	-	-	-
Total 31.12.2024	**652**	**646**	**-249**	**397**	**9**
Total 31.12.2023	**768**	**795**	**-286**	**509**	**114**

For the Group, the assets seized (book value) are mainly represented by:
- Property and equipment used in operations: buildings (3 million euro) and land (1 million euro);
- Investment property: buildings (50 million euro); land (14 million euro);
- Property and equipment – Inventories: buildings (166 million euro), land (1 million euro) and other (1 million euro);
- Equities and debt securities:
  - equity investments for 1 million euro;
  - financial assets mandatorily measured at fair value of 110 million euro;
  - financial assets measured at fair value through other comprehensive income of 35 million euro.

  This amounts to financial assets not previously provided by the borrower as security for pre-existing loans, but acquired under bilateral agreements with the borrower, following which the Group has derecognised the credit exposure;
- Non-current assets held for sale and discontinued operations: buildings (11 million euro) and land (4 million euro).

B. BREAKDOWN AND CONCENTRATION OF CREDIT EXPOSURES

B.1. Prudential Consolidation - Breakdown by sector of on- and off-balance sheet credit exposures to customers

(millions of euro)

Exposures/Counterparties	Public administration		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures						
A.1 Bad loans	70	-155	42	-40	-	-
- of which: forborne exposures	-	-	-	-	-	-
A.2 Unlikely to pay	130	-16	160	-180	-	-
- of which: forborne exposures	*19*	*-8*	*122*	*-116*	-	-
A.3 Non-performing past due exposures	-	-	1	-	-	-
- of which: forborne exposures	-	-	-	-	-	-
A.4 Performing exposures	118,468	-91	79,443	-176	2,547	-1
- of which: forborne exposures	*85*	*-9*	*162*	*-10*	-	-
Total (A)	**118,668**	**-262**	**79,646**	**-396**	**2,547**	**-1**
B. Off-balance sheet exposures						
B.1 Non-performing exposures	4	-1	15	-1	-	-
B.2 Performing exposures	26,344	-1	75,172	-23	11,448	-
Total (B)	**26,348**	**-2**	**75,187**	**-24**	**11,448**	**-**
Total (A+B) 31.12.2024	**145,016**	**-264**	**154,833**	**-420**	**13,995**	**-1**
Total (A+B) 31.12.2023	**136,782**	**-364**	**129,518**	**-380**	**5,847**	**-**

(millions of euro)

Exposures/Counterparties	Non-financial companies		Households	
	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures				
A.1 Bad loans	717	-1,723	326	-798
- of which: forborne exposures	*216*	*-484*	*72*	*-126*
A.2 Unlikely to pay	2,216	-1,569	941	-563
- of which: forborne exposures	*809*	*-560*	*427*	*-159*
A.3 Non-performing past due exposures	117	-51	244	-103
- of which: forborne exposures	*9*	*-5*	*25*	*-9*
A.4 Performing exposures	175,212	-1,281	174,803	-752
- of which: forborne exposures	*2,726*	*-195*	*1,195*	*-83*
Total (A)	**178,262**	**-4,624**	**176,314**	**-2,216**
B. Off-balance sheet exposures				
B.1 Non-performing exposures	1,636	-315	28	-10
B.2 Performing exposures	269,258	-131	16,452	-15
Total (B)	**270,894**	**-446**	**16,480**	**-25**
Total (A+B) 31.12.2024	**449,156**	**-5,070**	**192,794**	**-2,241**
Total (A+B) 31.12.2023	**400,292**	**-5,133**	**191,251**	**-2,314**

B.2. Prudential Consolidation - Breakdown by geographical area of on- and off-balance sheet credit exposures to customers

(millions of euro)

Exposures/Geographical areas		Italy		Other European countries	
		Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures					
A.1 Bad loans		975	-2,033	165	-526
A.2 Unlikely to pay		2,912	-2,009	377	-276
A.3 Non-performing past due exposures		293	-91	66	-61
A.4 Performing exposures		339,129	-1,379	108,463	-802
Total (A)		**343,309**	**-5,512**	**109,071**	**-1,665**
B. Off-balance sheet exposures					
B.1 Non-performing exposures		1,589	-302	65	-21
B.2 Performing exposures		176,551	-85	162,607	-77
Total (B)		**178,140**	**-387**	**162,672**	**-98**
Total (A+B)	**31.12.2024**	**521,449**	**-5,899**	**271,743**	**-1,763**
Total (A+B)	**31.12.2023**	**531,611**	**-5,774**	**223,679**	**-1,875**

(millions of euro)

Exposures/Geographical areas		America		Asia		Rest of the world	
		Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures							
A.1 Bad loans		7	-85	7	-50	1	-22
A.2 Unlikely to pay		30	-12	11	-4	117	-27
A.3 Non-performing past due exposures		-	-	-	-	3	-2
A.4 Performing exposures		34,772	-34	18,280	-13	47,282	-72
Total (A)		**34,809**	**-131**	**18,298**	**-67**	**47,403**	**-123**
B. Off-balance sheet exposures							
B.1 Non-performing exposures		12	-	14	-	3	-4
B.2 Performing exposures		34,794	-5	9,854	-1	3,420	-2
Total (B)		**34,806**	**-5**	**9,868**	**-1**	**3,423**	**-6**
Total (A+B)	**31.12.2024**	**69,615**	**-136**	**28,166**	**-68**	**50,826**	**-129**
Total (A+B)	**31.12.2023**	**63,884**	**-221**	**24,808**	**-115**	**13,861**	**-206**

B.2.Bis Prudential consolidation – Breakdown of relations with customers resident in Italy by geographical area

(millions of euro)

Exposures/Geographical areas	North West		North East		Centre		South and islands	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures								
A.1 Bad loans	274	-592	138	-303	248	-466	315	-672
A.2 Unlikely to pay	1,014	-656	513	-401	728	-494	657	-458
A.3 Non-performing past due exposures	84	-25	41	-14	73	-21	95	-31
A.4 Performing exposures	117,579	-480	58,105	-245	110,146	-345	53,299	-309
Total A	**118,951**	**-1,753**	**58,797**	**-963**	**111,195**	**-1,326**	**54,366**	**-1,470**
B. Off-balance sheet exposures								
B.1 Non-performing exposures	421	-61	823	-162	230	-63	115	-17
B.2 Performing exposures	74,510	-45	30,889	-14	57,936	-14	13,216	-12
Total B	**74,931**	**-106**	**31,712**	**-176**	**58,166**	**-77**	**13,331**	**-29**
Total (A+B) 31.12.2024	**193,882**	**-1,859**	**90,509**	**-1,139**	**169,361**	**-1,403**	**67,697**	**-1,499**
Total (A+B) 31.12.2023	**200,877**	**-1,829**	**96,493**	**-1,054**	**163,156**	**-1,440**	**71,085**	**-1,451**

B.3. Prudential Consolidation - Breakdown by geographical area of on- and off-balance sheet credit exposures to banks

(millions of euro)

Exposures / Geographical Areas	Italy		Other European countries	
	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures				
A.1 Bad loans	-	-	-	-1
A.2 Unlikely to pay	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-
A.4 Performing exposures	33,942	-2	40,702	-14
Total (A)	**33,942**	**-2**	**40,702**	**-15**
B. Off-balance sheet exposures				
B.1 Non-performing exposures	-	-	-	-
B.2 Performing exposures	10,799	-	48,340	-104
Total (B)	**10,799**	**-**	**48,340**	**-104**
Total (A+B) 31.12.2024	**44,741**	**-2**	**89,042**	**-119**
Total (A+B) 31.12.2023	**85,977**	**-2**	**74,111**	**-67**

(millions of euro)

Exposures / Geographical Areas	America		Asia		Rest of the world	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures						
A.1 Bad loans	-	-	-	-3	-	-
A.2 Unlikely to pay	59	-13	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-
A.4 Performing exposures	7,880	-	3,174	-1	3,366	-8
Total (A)	**7,939**	**-13**	**3,174**	**-4**	**3,366**	**-8**
B. Off-balance sheet exposures						
B.1 Non-performing exposures	12	-	-	-	1	-
B.2 Performing exposures	6,738	-	9,427	-	2,432	-1
Total (B)	**6,750**	**-**	**9,427**	**-**	**2,433**	**-1**
Total (A+B) 31.12.2024	**14,689**	**-13**	**12,601**	**-4**	**5,799**	**-9**
Total (A+B) 31.12.2023	**16,033**	**-16**	**13,080**	**-3**	**5,633**	**-10**

B.3.Bis Prudential consolidation – Breakdown of relations with banks resident in Italy by geographical area

(millions of euro)

Exposures/Geographical areas	NORTH WEST		NORTH EAST		CENTRE		SOUTH AND ISLANDS	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures								
A.1 Bad loans	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-
A.4 Performing exposures	6,819	-1	1,916	-	25,201	-1	6	-
Total A	**6,819**	**-1**	**1,916**	**-**	**25,201**	**-1**	**6**	**-**
B. Off-balance sheet exposures								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	8,488	-	577	-	1,732	-	2	-
Total B	**8,488**	**-**	**577**	**-**	**1,732**	**-**	**2**	**-**
Total (A+B) 31.12.2024	**15,307**	**-1**	**2,493**	**-**	**26,933**	**-1**	**8**	**-**
Total (A+B) 31.12.2023	**10,314**	**-2**	**2,902**	**-**	**72,751**	**-**	**10**	**-**

B.4 Large exposures

Large exposures	
a) Book value (millions of euro)	213,890
b) Weighted value (millions of euro)	24,948
b) Number	11

Based on regulatory provisions, the number of large exposures presented in the table was determined by the reference to unweighted “exposures” in excess of 10% of Tier 1 Capital as defined by Regulation (EU) 876/2019 (CRR2) and Regulation (EU) 575/2013 (CRR). The “exposures” are defined as the sum of on-balance sheet assets at risk and off-balance sheet transactions (excluding those deducted from Tier 1 Capital) with a customer or a group of related customers, without applying weighting factors. These presentation criteria result in the inclusion in the financial statement table for large exposures of entities that – even with a weighting of 0% – present an unweighted exposure in excess of 10% of Tier 1 Capital for the purposes of large risks.

In accordance with the provisions of the EBA document "Guidelines on connected clients under Article 4(1)(39) of Regulation (EU) 575/2013", the supervisory reports have standard methods of presentation of groups of connected clients that (in the case of silos) require exposures to the central governments to be repeated within each corresponding economic group directly controlled by a central government or connected to it by economic dependence.
However, the amounts shown in points a) and b) and the number shown in point c) in the table above include the exposure to the various central governments, to which the Intesa Sanpaolo Group is exposed, only once.

C. SECURITISATIONS

This section does not include securitisations where the originators are Intesa Sanpaolo Group banks and all the liabilities (e.g. ABS securities, loans at the warehousing stage) issued by the vehicle companies are subscribed at the time of issue by one or more Group companies. For a description of these types of transaction, see the section on liquidity risk in Part E of the Notes to the consolidated financial statements.

Qualitative information

The securitisations carried out in 2024 are summarised below:

GARC Securitisations

Within the Active Credit Risk Management (GARC) transactions, Intesa Sanpaolo completed seven new synthetic securitisations during the year: GARC SME-12, GARC Leasing-3, GARC ESG & Circular Economy-2, GARC New Origination-2, GARC High Potential-3, GARC Commercial Real Estate -2, and GARC Corp-7. Specifically:

- for the GARC SME-12 transaction (second quarter), the mezzanine risk relating to a gross initial portfolio of around 1 billion euro (corresponding to around 0.9 billion euro net of risk retention) in loans to around 1,800 businesses in the Corporate and Corporate SME regulatory segment, valued using internal models (Advanced IRB), was sold to a specialist investor;
- for the GARC Leasing-3 transaction (second quarter), the junior risk of a total gross initial portfolio of around 1.5 billion euro (corresponding to around 1.1 billion euro net of risk retention) in finance leases to around 1,500 businesses in the Corporate and Corporate SME regulatory segment, valued using internal models (Advanced IRB), was sold to specialist investors;
- for the GARC ESG & Circular Economy-2 transaction (second quarter), the junior risk relating to a gross initial portfolio of around 4.8 billion euro (corresponding to around 2.5 billion euro net of risk retention) in loans to around 100 businesses in the Corporate and Corporate SME regulatory segment with a high ESG score and/or part of the circular economy, valued using internal models (Advanced IRB), was sold to specialist investors;
- for the GARC New Origination-2 transaction (third quarter), the junior risk associated with an initial portfolio, both gross and net of risk retention, of around 0.5 billion euro in loans to around 1,200 customers in the Corporate and Corporate SME regulatory segment, valued using internal models (Advanced IRB), was sold to a specialist investor. This portfolio is increased with new loans (including leases) on a quarterly basis during a ramp-up period not exceeding 12 months until a maximum portfolio of 2 billion euro is reached;
- for the GARC High Potential-3 (third quarter), the junior risk of a total gross initial portfolio of around 2.2 billion euro (corresponding to around 1.2 billion euro net of risk retention) in leverage/sponsor led financing to around 100 businesses in the Corporate and Corporate SME regulatory segment, valued using internal models (Advanced IRB), was sold to specialist investors;
- for the GARC Commercial Real Estate-2 (fourth quarter), the junior risk of a total gross initial portfolio of around 1.8 billion euro (corresponding to around 1.4 billion euro net of risk retention) in commercial mortgage loans to around 500 businesses in the Corporate and Corporate SME regulatory segment, valued using internal models (Advanced IRB), was sold to specialist investors;
- for the GARC Corp-7 transaction (fourth quarter), the junior risk relating to a gross initial portfolio of around 5 billion euro (corresponding to around 2.9 billion euro net of risk retention) in loans to around 400 businesses in the Corporate regulatory segment, valued using internal models (Advanced IRB), was sold to specialist investors. The transaction was structured in accordance with the STS (Simple, Transparent and Standardised) requirements established in Articles 26a to 26f of EU Regulation No. 2017/2402.

In compliance with the retention rule laid down by the supervisory regulations, for the above transactions Intesa Sanpaolo holds at least 5% of the securitised portfolio.

The portfolios of the transactions mainly consist of customers operating in Northern Italy.
In the second quarter of 2024, for the GARC New Origination-1 transaction, the ramp-up of the gross loan portfolio was completed for a total of around 1.9 billion euro (corresponding to around 1.8 billion euro net of risk retention) to around 1,700 businesses.
In the fourth quarter of 2024, for the GARC New Origination-2 transaction, the ramp-up of the gross loan portfolio was completed for a total (also net of risk retention) of around 2 billion euro to around 3,000 businesses.

Quantitative information

C.1. Prudential consolidation - Breakdown of exposures deriving from the main "originated" securitisations by type of securitised asset and by type of exposure

On-balance sheet

(millions of euro)

Type of securitised asset/ Exposure	ON-BALANCE SHEET EXPOSURES					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
A. Fully derecognised	**4,649**	**-18**	**33**	**-2**	**18**	**-**
– Loans to businesses (including SMEs) (*)	2,155	-19	23	-1	6	1
– Leases (**)	2,134	3	10	-	12	-1
– Residential mortgage loans (*)	360	-2	-	-1	-	-
B. Partly derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not derecognised	**34,187**	**-15**	**48**	**-28**	**798**	**-**
- Loans to businesses (including SMEs) (***) (****)	26,813	-13	42	-28	675	-
– Residential mortgage loans (****)	3,075	-	-	-	68	-
– Leases (****)	2,232	-1	-	-	30	-
– Commercial mortgage loans (****)	2,067	-1	6	-	25	-
TOTAL	**38,836**	**-33**	**81**	**-30**	**816**	**-**

(*) The entire amount refers to non-performing financial assets. "Loans to businesses (including SMEs)" refer to the Savoy, Kerma, Yoda, Sirio, Grogu, Kerdos, Organa and Andor securitisations (see the 2018, 2019, 2020, 2021, 2022 and 2023 Consolidated Financial Statements, respectively, for details about the transactions). "Residential mortgage loans" refer to the Maior and Iseo securitisations (deriving from the business combination with the former UBI Group).

(**) The amounts refer to the Portland securitisation relating to credit-impaired financial assets for amounts of 3 million euro – senior and 4 million euro – mezzanine, respectively (see the 2021 Consolidated Financial Statements for a description of the transaction) and the Teseo transaction relating to performing financial assets (see the 2022 Consolidated Financial Statements for a description of the transaction).

(***) The amounts include non-performing financial assets amounting to 18 million euro in mezzanine exposures. The performing exposures include the Chewbecca securitisation (described in the 2023 Consolidated Financial Statements for a description of the transaction).

(****) The captions also include performing amounts associated with the synthetic securitisations originated by the Intesa Sanpaolo Group.

Off-balance sheet

This type of exposure did not exist as at 31 December 2024.

C.2. Prudential consolidation - Breakdown of exposures deriving from the main "third-party" securitisations by type of securitised asset and by type of exposure

On-balance sheet

(millions of euro)

Type of securitised asset/ Exposure	ON-BALANCE SHEET EXPOSURES					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
Securitisations	65	-	-	-	-	-
Covered bonds	68	-	21	-	-	-
Commercial mortgage loans	134	3	16	-	-	-
Trade receivables	327	-	2	-	7	-
Leases	541	-	-	-	-	-
Residential mortgage loans	576	3	41	-	-	-
Consumer credit	1,553	-3	9	-	-	-
Loans to businesses (including SMEs)	2,956	11	147	2	1	-
Other assets (*)	7,943	19	1	-	-	-
TOTAL	**14,163**	**33**	**237**	**2**	**8**	**-**

(*) The amount also includes the Romulus securities for 5,180 million, held by the Banking Group, generally represented among third-party securitisations, as well as loans to the vehicle Duomo Funding Plc for 2,495 million as a result of the use of credit lines. For more information regarding the type of underlying assets, reference is made to Section 4 – Risks of other companies, of this Part E.

Off-balance sheet

(millions of euro)

Type of securitised asset/ Exposure	GUARANTEES GIVEN						CREDIT LINES					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries
Duomo ABCP Conduit transactions (*)	-	-	-	-	-	-	(*)	(*)	-	-	-	-
Loans to businesses (including SMEs)	-	-	-	-	-	-	191	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**191**	**-**	**-**	**-**	**-**	**-**

(*) With regard to the transactions carried out through Duomo Funding Plc and funded by ABCP, Intesa Sanpaolo has granted liquidity facilities (amounting to 5,944 million euro in terms of net exposures and around 1 million euro of recoveries) to secure the assets included under "Other assets" in Table C.2 on-balance sheet exposures.

C.3. Prudential consolidation - Stakes in securitisation vehicles

(millions of euro)

SECURITISATION/ SPECIAL PURPOSE VEHICLE	REGISTERED OFFICE	CONSOLIDATION (a)	ASSETS (b)			LIABILITIES (b)		
			Loans	Debt securities	Other	Senior	Mezzanine	Junior
Augusto S.r.l. (d)	Milano	(e)	-	-	2	13	-	-
Brera Sec S.r.l. (c)	Conegliano Veneto (TV)	(e)	10,868	-	349	9,404	-	1,585
Clara Sec S.r.l. (c)	Conegliano Veneto (TV)	(e)	6,260	-	2,347	6,350	-	824
Diocleziano S.r.l. (d)	Milano	(e)	2	-	1	48	-	-
Giada Sec S.r.l. (c)	Conegliano Veneto (TV)	(e)	17,370	-	9,211	16,860	-	8,425
ISP CB Ipotecario S.r.l. (f)	Milano	(e)	30,029	-	5,648		33,421	
ISP OBG S.r.l. (f)	Milano	(e)	38,664	-	5,789		43,979	
UBI Finance S.r.l. (f)	Milano	(e)	6,426	-	680		7,061	

(a) Consolidation method referring to the so-called "prudential" scope.

(b) Figures gross of any intragroup relations. The amounts shown under assets and liabilities refer to the total values reported in the financial statements of the special purpose vehicles.

(c) Self-securitisation vehicle described in Section 1.4 Banking Group - Liquidity Risk, Quantitative Information, paragraph 2 of these Notes to the consolidated financial statements.

(d) The amounts shown under assets and liabilities refer to the latest financial statement data available (31 December 2023).

(e) Vehicle consolidated at equity.

(f) Vehicle used for the covered bond issue by the Intesa Sanpaolo Group. For more information, see Section D in Part E of these Notes to the consolidated financial statements.

The securitisations structured by the Intesa Sanpaolo Group on its own assets include those named Towers, K-Equity, Savoy, Kerma, Yoda, Maior, Iseo, Sirio, Kerdos, Grogu, Portland, Organa, Andor, Teseo and Chewbecca, for which special purpose vehicles were used that are third-party and independent entities with respect to the Group, and in which the Group does not hold any investments. For that reason, these vehicles are not shown in the table above.

C.4 Prudential consolidation – Unconsolidated securitisation vehicles

This paragraph contains the disclosure on the unconsolidated securitisation vehicles, other than those used in self-securitisations, which the Intesa Sanpaolo Group does not hold any stake in the capital and those in which it holds a residual stake.

As at 31 December 2024, the structured entities in which the Intesa Sanpaolo Group held residual stakes included the vehicles Augusto and Diocleziano consolidated at equity. These vehicles are entities used in securitisations of assets, primarily land and public works financing, of a company subject to joint control sold in previous years. The Group holds a residual stake in these vehicles. There are no agreements in place which could result in the obligation of the Group to provide financial support to said vehicles.
The Intesa Sanpaolo Group controls the companies Romulus Funding Corporation and Duomo Funding Plc (included solely in the scope of consolidation pursuant to IFRS 10), which are used for transactions in which the Intesa Sanpaolo Group acts as sponsor and whose operations are described in Section 4 - Risks of other companies, of this Part E.

C.5. Prudential consolidation - Servicer activities – originated securitisations: collection of securitised loans and repayment of securities issued by the securitisation vehicle

SERVICER	SPECIAL PURPOSE VEHICLE	SECURITISED ASSETS (end-of-period figure) (millions of euro)		COLLECTIONS OF LOANS IN THE YEAR (millions of euro)		PERCENTAGE OF REIMBURSED SECURITIES (period-end figure)					
						Senior		Mezzanine		Junior	
		Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing
Intesa Sanpaolo	Brera Sec S.r.l. (*)	25	10,843	3	1,014	0%	31%	0%	0%	0%	0%
Intesa Sanpaolo	Clara Sec S.r.l. (*)	54	6,206	16	2,151	0%	0%	0%	0%	0%	0%
Intesa Sanpaolo	Giada Sec S.r.l. (*)	147	17,223	44	8,053	0%	0%	0%	0%	0%	0%
Intesa Sanpaolo	Teseo SPV S.r.l. (**)	51	2,427	4	708	0%	34%	0%	34%	0%	16%
Total		**277**	**36,699**	**67**	**11,926**						

During 2024, the Brera Sec the first self-securitisation, structured in 2017, was extinguished.

(*) Vehicle used for self-securitisations.

(**) Vehicle used for the traditional securitisation of performing lease receivables described in the 2022 Consolidated Financial Statements.

C.6. Prudential consolidation – Consolidated securitisation vehicles

There were no transactions that used consolidated securitisation vehicles during 2024.

D. SALES

A. Financial assets sold not fully derecognised

Qualitative information

For a description of the operations shown in the tables below, reference is made to the information shown below the relevant tables.

Conversely, for operations in debt securities against medium/long-term repurchase agreements, reference is made to the information in Part B of the Notes to the consolidated financial statements.

Quantitative information

Prudential consolidation - Financial assets sold fully recognised and related financial liabilities: book value

(millions of euro)

	Financial assets sold fully recognised				Related financial liabilities		
	Book value	*of which: securitisations*	*of which: subject to sales contracts with repurchase clauses*	*of which: non-performing*	Book value	*of which: securitisations*	*of which: subject to sales contracts with repurchase clauses*
A. Financial assets held for trading	**1,435**	**-**	***1,435***	***X***	**1,400**	**-**	***1,400***
1. Debt securities	247	-	*247*	*X*	246	-	*246*
2. Equities	1,188	-	*1,188*	*X*	1,154	-	*1,154*
3. Loans	-	-	-	*X*	-	-	-
4. Derivatives	-	-	-	*X*	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equities	-	-	-	*X*	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**14,915**	**-**	***14,915***	**-**	**14,936**	**-**	***14,936***
1. Debt securities	14,915	-	*14,915*	-	14,936	-	*14,936*
2. Equities	-	-	-	*X*	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	**15,732**	**-**	***15,732***	**-**	**15,272**	**-**	***15,272***
1. Debt securities	15,732	-	*15,732*	-	15,272	-	*15,272*
2. Loans	-	-	-	-	-	-	-
TOTAL 31.12.2024	**32,082**	**-**	***32,082***	**-**	**31,608**	**-**	***31,608***
TOTAL 31.12.2023	**31,701**	**-**	***31,701***	**-**	**29,439**	**-**	***29,439***

The table above does not include covered bond transactions in which the Intesa Sanpaolo Group is both the seller and lender for the vehicle issuing the debt securities.

The aggregates of the sales contracts with repurchase clauses relate to repurchase agreements entered into by the Group for assets sold and not derecognised. However, repurchase agreements relating to securities received under reverse repurchase agreements are not included in the related financial liabilities.

Prudential consolidation – Financial assets sold partly recognised and related financial liabilities: book value

These are not present in the Intesa Sanpaolo Group.

Prudential consolidation - Sales with liabilities having recourse exclusively on the assets sold and not fully derecognised: fair value

(millions of euro)

	Fully recognised	Partly recognised	31.12.2024	31.12.2023
A. Financial assets held for trading	**1,435**	**-**	**1,435**	**1,568**
1. Debt securities	247	-	247	1,320
2. Equities	1,188	-	1,188	248
3. Loans	-	-	-	-
4. Derivatives	-	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equities	-	-	-	-
3. Loans	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**14,915**	**-**	**14,915**	**15,013**
1. Debt securities	14,915	-	14,915	15,013
2. Equities	-	-	-	-
3. Loans	-	-	-	-
E. Financial assets measured at amortised cost (fair value)	**14,632**	**-**	**14,632**	**14,205**
1. Debt securities	14,632	-	14,632	14,205
2. Loans	-	-	-	-
Total financial assets	**30,982**	**-**	**30,982**	**30,786**
Total related financial liabilities	**31,607**	**-**	**31,607**	**29,439**
Net value 31.12.2024	**-625**	**-**	**-625**	**X**
Net value 31.12.2023	**1,347**	**-**	**X**	**1,347**

The table above does not include covered bond transactions in which the Intesa Sanpaolo Group is both the seller and lender for the vehicle issuing the debt securities.

B. Financial assets sold fully derecognised with recognition of continuing involvement

This type of exposure did not exist as at 31 December 2024.

C. Financial assets sold and fully derecognised

Qualitative information

The disclosure is provided below regarding the multi-originator sale transactions involving loan portfolios – classified as unlikely to pay in particular – attributable to the sale of loans to a mutual investment fund with the assignment of the units in the fund to the selling intermediaries.

Back2Bonis Fund

In implementation of the derisking envisaged in the previous 2018-2021 Business Plan and the current 2022-2025 Business Plan, in the third quarter of 2020 the Intesa Sanpaolo Group begun the deconsolidation of a portfolio of credit exposures (including real estate assets and contracts) classified as unlikely to pay with real estate underlying held by the Parent Company, accompanied by their conversion into units of the securities fund called Back2Bonis. The transaction, the closing of which took place at the end of 2020, took the form for the Bank (including the transactions undertaken in 2019 and 2020 by UBI Banca, merged in 2021) of the sale of a portfolio of loans, short-term legal relationships and legal relationships and assets from lease receivables for a total gross amount of 351 million euro and net exposure of 164 million euro, accompanied by the subscription of the units of the Back2Bonis fund for an amount of 164 million euro, substantially in line with the net value of the loans and receivables sold. The transaction was completed through: (i) the sale to the securitisation vehicle Ampre S.r.l. of the bank receivables and the lease receivables; (ii) the sale to Ampre LeaseCo S.r.l. of the legal relationships and assets arising from the leases; (iii) the sale of the short-term revolving contracts and the related legal relationships and receivables of Intesa Sanpaolo S.p.A., together with the medium/long-term contracts with residual disbursements and the related legal relationships, other than the lease relationships and assets through the fronting bank provided by Banca Finanziaria Internazionale S.p.A.; (iv) the subscription by the Back2Bonis Fund of all the securities issued by the securitisation vehicle; and (v) the acquisition by Intesa Sanpaolo of the units of the Fund in exchange for the loans and receivables sold. In 2022, additional loans were sold, for a gross amount of 1 billion euro and net exposure of 216 million euro, accompanied by the subscription of units of the Back2Bonis fund, for an amount of 216 million euro, with the sale price offset against the subscription price of the Fund's units, without significant effects on the income statement for 2022.

The Back2Bonis fund, established in the form of a closed-end mutual fund whose units can only be subscribed by professional investors, is a multi-originator platform for the management of Real Estate Small & Medium Size loans classified as UTP, deriving from loans and credit lines granted to companies operating in the real estate sector or to real estate funds (including those not fully disbursed/drawn down at the time of sale). Following the completion of the transfer of the loans and receivables to the platform, Intesa Sanpaolo S.p.A. had deconsolidated the loans and receivables and recognised the Fund's units in place of those loans and receivables. The breakdown of the assigned debtors by economic sector was mainly concentrated in the following sectors:

– "Production companies" at 79.9%;
– "Construction companies" at 12.9%;
– "Real estate business" at 3.5%;
– "Financial and insurance business" at 2.6%;
– and a residual amount in other business sectors (Services, Transport and Manufacturing Activities).

The assets of the assigned debtors were broken down as follows by geographical area:

– 92.2% North-West;
– 3.5% North-East;
– 3.2% South and Islands;
– 1.1% Centre.

At 31 December 2024, the Parent Company held a 42.47% stake (with voting rights limited to 35%) in the Back2Bonis Fund, classified among investments subject to significant influence, for a book value of 344 million euro. The measurement of the Back2Bonis Fund yielded a negative effect for the year of 16 million euro.

FI.NAV. Fund SUB-FUND A - LOANS

In pursuit of the de-risking activities provided for in the previous 2018-2021 Business Plan and the current 2022-2025 Business Plan, in the fourth quarter of 2018 the Intesa Sanpaolo Group had launched the contribution to the FI.NAV. fund (a closed-end Italian securities umbrella fund) of a portfolio of non-performing secured and unsecured loans attributable to the shipping sector. The Fund, reserved for institutional investors, is managed by the asset management company IQ EQ Fund Management (Ireland) Limited, not a member of the Intesa Sanpaolo Group, based in Ireland, and is divided into two autonomous sub-funds: FI.NAV. Sub-Fund A – Loans, dedicated to including the loans contributed by the Intesa Sanpaolo Group and Unicredit, and FI.NAV. Sub-Fund B – New Finance, dedicated to including the capital of third-party investors to relaunch the repossessed ships. The transaction, formulated in 2018, was closed in 2019 through a sale of receivables without recourse for total gross consideration of 155 million euro and a net exposure of 102 million euro, equal to the sale price, set off against the price of subscription of the Fund units and, therefore, without any effects on the income statement for 2019. In the first quarter of 2020, a further tranche was sold without recourse for a gross amount of 37 million euro and a net value of 34 million euro, in line with the sale price and, therefore, with no impact on the income statement for 2020. Pursuant to IFRS 9, for the Intesa Sanpaolo Group the transaction entailed the derecognition of the loans sold since the Fund has become solely responsible for managing them following the sale; the Intesa Sanpaolo Group had therefore derecognised the loans concerned, while recognising the corresponding fair value of the units of the Fund assigned. The Group companies involved in the transaction were the Parent Company Intesa Sanpaolo and some of its subsidiaries merged in 2019 and 2020 (Cassa di Risparmio in Bologna and Mediocredito, both merged in 2019, and Banca IMI, merged in 2020). In December 2022 the sale of a loan portfolio was finalised for a gross amount of 74 million euro and net exposure of 37 million euro, accompanied by the subscription of the units of the fund for an amount essentially in line with the value of the exposure sold, without significant effects on the income statement for 2022. The economic sector of the assigned debtors was mainly concentrated in Transport. The transferred financial assets are primarily in the South and Islands area.

In 2023, a distribution by the fund was made in the amount of 54 million euro. Intesa Sanpaolo's pro rata share was 27 million euro. In 2024, two distributions by the fund were made for an overall total of 200 million euro. Intesa Sanpaolo S.p.A.'s pro rata share was 101 million euro. At 31 December 2024, the Parent Company held a 50.54% stake in the FI.NAV. fund, classified among investments subject to significant influence, for a book value of 65 million euro. The measurement of the FI.NAV. fund yielded a positive effect of 17 million euro and the recognition of a foreign exchange effect of 10 million euro allocated, in accordance with the IAS 28 investment policy, to a specific shareholders' equity reserve.

RSCT Fund – Loans Sub-Fund

As part of the de-risking envisaged in the previous 2018-2021 Business Plan and the current 2022-2025 Business Plan, the Intesa Sanpaolo Group had identified the opportunity to transfer assets (loans and securities) relating to non-performing positions to the closed-end RSCT Fund, in exchange for units of the fund. The project was managed by Pillarstone, which had selected a portfolio of industrial and commercial companies with the objective of helping each of them to identify a strategy for maximising the potential for debt recovery, also through injections of new finance. The transaction took place in May 2020 with the transfer of a portfolio of loans with 18 companies originated by the Group (Intesa Sanpaolo and Banca IMI, subsequently merged into Intesa Sanpaolo on 20 July 2020), Unicredit, BPER Banca and Crédit Agricole to the newly established closed-end alternative investment RSCT Fund, managed by IQ EQ Fund Management (Ireland) Limited, an alternative fund manager authorised by the Central Bank of Ireland. The RSCT Fund is made up of two separate sub-funds: sub-fund A for the management of loans acquired from the selling banks and sub-fund B for the management of the new finance. The May 2020 sale involved a portfolio of loans, Sirti notes and PS Reti equity instruments for a gross amount of 339 million euro (Intesa Sanpaolo and Banca IMI) at a net value of 255 million euro, substantially in line with the sale price. In July 2020, a further sale was completed of a loan position for a gross amount of 6.3 million euro at a value of 4.5 million euro, with the sale price offset against the subscription price of the Fund's units. In February 2021, a sale was completed of a loan position for a gross amount of 21.3 million euro at a value of 13.9 million euro, with the sale price offset against the subscription price of the Fund's units. In March 2021, a sale was completed of a loan position deriving from the absorption of UBI Banca for a gross amount of 3.1 million euro and a net exposure of 1.2 million euro, with the concurrent subscription of units of the RSCT Fund for 1.3 million euro, essentially aligned with the net value of the transferred loans. In June 2021, a further sale was completed of a loan position for a gross amount of 0.4 million euro at a value of 0.1 million euro, with the sale price offset against the subscription price of the Fund's units. By economic sector, the assigned debtors are 72% concentrated in "Companies that install electrical equipment", 18% in "Amusement and theme parks" and 10% in "Retail sale of footwear and accessories".

In 2024, a distribution by the fund was made for a total of 10 million euro with a pro rata share in favour of Intesa Sanpaolo of 7 million euro.

The transferred financial assets are primarily in the North-west area. At 31 December 2024, the Parent Company held a 70.07% stake in the RSCT fund, classified among investments subject to significant influence, for a book value of 257 million euro. The measurement of the RSCT fund yielded an overall negative effect of 7 million euro.

IDEA CCR Corporate Credit Recovery II Fund - Loans Sub-fund

In 2018, the Intesa Sanpaolo Group (specifically Intesa Sanpaolo and the banks subsequently merged into Intesa Sanpaolo: Cassa di Risparmio del Veneto, Cassa di Risparmio di Firenze, Cassa di Risparmio del Friuli Venezia Giulia, Cassa di Risparmio in Bologna, and Mediocredito) participated in the closed-end Italian fund IDEA CCR Corporate Credit Recovery II – Loans Sub-Fund, managed by Dea Capital Alternative Funds S.G.R. S.p.A. and dedicated to the recovery of mid-size Italian companies in situations of financial distress but with solid industrial fundamentals. The transaction, which was completed in 2018, was undertaken by contributing non-performing loans with a nominal value of 59 million euro and a net exposure to the sale price of 39.2 million euro, with the price of sale offset against the subscription price, of equal amount, of the units of the IDEA CCR Corporate Credit Recovery II fund - Loans Sub-Fund. In 2021, the Group's investment in the IDEA CCR Fund increased further, due to the merger of UBI Banca, which had sold loan positions to the IDEA CCR Corporate Credit Recovery II fund, Loans Sub-Fund, managed by Dea Capital Alternative Funds SGR, in 2020, 2019, 2018 and 2017 for a total gross amount of 231 million euro and a net exposure of 144 million euro, with concurrent subscription of the units of the IDEA CCR II fund for an amount of 148 million euro, with the price of sale offset against the price of subscription of the Fund units. The breakdown of the assigned debtors by economic sector was mainly concentrated in the following sectors:

– "Production Companies" at 70.7%;
– "Other collective investments undertakings" at 10.3%;
– "Non-financial companies of non-EU countries" at 10.1%;
– and, to a residual extent, other business sectors.

The assets of the assigned debtors were broken down as follows by geographical area:

– 33.3% Centre;
– 19.3% North-East;
– 18.1% South and Islands;
– 16.7% North-West;
– 12.6% Outside Italy.

In 2022, the investment of the Bank in the IDEA CCR fund changed due to: i) the inclusion of the stake held by UBI Leasing S.p.A., merged into Intesa Sanpaolo in May 2022, which had sold loan positions to the IDEA CCR Corporate Credit Recovery II Fund - Loans Sub-Fund in 2019 for a total gross amount of 5 million euro and a net exposure of 3 million euro, with the sale price offset against the subscription price, in the same amount, of the Fund units, and ii) the sale of A1 units held by Intesa Sanpaolo in the Fund to Banca Nazionale del Lavoro S.p.A. The receivable held by Intesa Sanpaolo in relation to the sale was settled by offsetting with the purchase of units of Back2Bonis.

In the second half of 2024, Intesa Sanpaolo transferred a loan portfolio for a total gross amount of 232 million euro, with payment of the price through the subscription of fund units recognised at an initial recognition amount of 201 million euro, with no significant impact on the 2024 income statement.

Following this transaction, Intesa Sanpaolo increased its holding in the fund and reclassified the interest from financial assets mandatorily measured at fair value to interests subject to significant influence.

As at 31 December 2024, Intesa Sanpaolo held a 35.23% stake in the IDEA CCR Corporate Credit Recovery II fund – Loans Sub-Fund, classified among interests subject to significant influence, for a book value of 226 million euro. The measurement of the IDEA CCR II fund yielded a negative effect for the year of 9 million euro.

UTP Italia fund – Loans Sub-Fund

The UTP Italia fund is an alternative closed-end Italian securities umbrella fund (AIF) in charge of managing loans classified as unlikely-to-pay (UTP) and whose target is credit exposures to small and medium-sized enterprises and individuals. In November 2022, the Group finalised the sale of a loan portfolio (mainly UTP) to the UTP Italia fund managed by Sagitta S.G.R., with Intrum Italy S.p.A. as special servicer. Specifically, the transaction entailed: i) the sale of loans owed for a gross amount at the cut-off date of 42 million euro and net exposure of 25 million euro, to Finn SPV S.r.l. (SPV 130), without significant effects on the income statement for 2022; ii) the recognition of the receivable of 25 million euro from the SPV 130; iii) the contribution to the UTP Italia fund of the receivable from the SPV 130 in exchange for units of the fund by way of price; and iv) issuance of Asset-Backed Securities (ABS) by the vehicle, subscribed by the Fund, derecognising the receivable from the SPV 130.

Effective 20 March 2023, Intesa Sanpaolo finalised the sale of a loan portfolio with gross exposure of 366 million euro and net exposure of 147 million euro to the securitisation vehicle Finn SPV S.r.l., with the sale price netting the subscription price of the Fund units.

Following this transaction, Intesa Sanpaolo had increased its holding in the fund and had reclassified the interest from financial assets mandatorily measured at fair value to interests subject to significant influence.

In the second half of 2024, Intesa Sanpaolo transferred a loan portfolio for a total gross amount of 180 million euro, with payment of the price through the subscription of fund units recognised at an amount of 82 million euro, with no significant impact on the 2024 income statement. Two distributions were made during the year for an overall total of 50 million euro. Intesa Sanpaolo’s pro rata share is 25 million euro.

The breakdown of the assigned debtors by economic sector was mainly concentrated in the following sectors:

- “Consumer Households” at 67.2%;
- “Production Companies” at 12.7%;
- and, to a residual extent, other business sectors.

The assets of the assigned debtors were broken down as follows by geographical area:

- 34.8% South and Islands;
- 29.4% North-West;
- 21.7% Centre;
- 14.1% North-East.

As at 31 December 2024, the Intesa Sanpaolo held a 55.02% stake (with voting rights limited to 35%) in the UTP Italia fund for a book value of 229 million euro. The measurement of the UTP Italia fund yielded a positive effect for the year of 17 million euro.

Efesto

Efesto is an alternative closed-end Italian securities fund (AIF). In July 2022, the sale of loans was finalised for a gross amount of 17 million euro and net exposure of 9 million euro, accompanied by the subscription of the units of the fund for an amount of 7 million euro, without significant effects on the income statement for 2022.

Effective 20 March 2023, Intesa Sanpaolo finalised the sale of a loan portfolio with gross exposure of 320 million euro and net exposure of 181 million euro to the securitisation vehicle Esino SPV S.r.l., with the sale price netting the price of subscription of the Fund units.

The breakdown of the assigned debtors by economic sector was mainly concentrated in the following sectors:

- “Consumer Households” at 51.9%;
- “Production Companies” at 38.4%;
- and, to a residual extent, other business sectors.

The assets of the assigned debtors were broken down as follows by geographical area:

- 31.7% North-West;
- 30.5% South and Islands;
- 27.8% Centre;
- 10% North-East.

Following this transaction, Intesa Sanpaolo had increased its holding in the fund and had reclassified the interest from financial assets mandatorily measured at fair value to interests subject to significant influence.

In the second half of 2024, Intesa Sanpaolo transferred a loan portfolio for a total gross amount of 223 million euro, with payment of the price through the subscription of fund units recognised at an amount of 194 million euro, with no significant impact on the 2024 income statement. Four distributions were made during 2024 for an overall total of 80 million euro. Intesa Sanpaolo’s pro rata share is 27 million euro.

As at 31 December 2024, Intesa Sanpaolo held a 43.19% stake in the Efesto fund for a book value of 336 million euro. The measurement of the Efesto Fund yielded an overall negative effect for the year of 4 million euro.

Lendlease MSG Heartbeat

In 2022, a complex transaction was initiated involving the Risanamento Group, as part of the “Starfighter Project” aimed at: i) enabling the implementation of the real estate project in the Milano Santa Giulia area; ii) enabling the company to meet the commitments made with the public and private parties; and iii) deconsolidating the on-balance sheet credit exposure of the banks involved to Risanamento.

The Board of Directors of ISP approved the transaction on 2 February 2023, which was completed on 30 June following the fulfilment of the conditions precedent attached to the Term Sheet General Framework Agreement. The complex transaction aimed at the financial and corporate restructuring of the Risanamento Group included:

- the establishment of a closed-end Alternative Real Estate Investment Fund;

- the commitment by Intesa Sanpaolo and the other banks involved, and by the other stakeholders involved in the transaction, to subscribe to the units of the Fund;
- the deconsolidation of Intesa Sanpaolo's credit exposure and shareholders' loan with the Risanamento Group through the discharge by the Fund and simultaneous offsetting of the related loans, due to Intesa Sanpaolo Group and the other banks, with the commitments made by the banks towards the Fund against the subscription of units;
- the disbursement of new performing loans to the Fund;
- the maintenance of Risanamento's business operations.

The economic sector of the assigned debtors was mainly concentrated in "Non-financial companies". The transferred financial assets are primarily in the North-West area.
The Bank's credit exposure to the Risanamento Group was offset against the latter's commitments made in exchange for the subscription of class A1 and B2 units of the Lendlease MSG Heartbeat Fund. Therefore, at the closing completed on 30 June 2023, Intesa Sanpaolo derecognised the loans due from Risanamento, including the shareholders' loan, recognising respectively the B2 and A1 units of the fund received at fair value, at a value substantially aligned with the net value of the loans sold.
As at 31 December 2024, the Parent Company held a 56.80% stake (with voting rights limited to 40%) in the Lendlease MSG Heartbeat Fund, classified among interests subject to significant influence, for a book value of 132 million euro. The measurement of the Lendlease MSG Heartbeat Fund yielded a negative effect for the year of 80 million euro.

Retail & Leisure Fund

As part of the de-risking, in 2024 Intesa Sanpaolo sold a loan portfolio for a total gross amount of 165 million euro with underlying real estate assets, owed by seven counterparties operating in the mall & hospitality sector with unsatisfactory performance, lack of available equity to support the relaunch plan, and consequent situation of substantial stalemate and difficulty in formulating sustainable financial measures. The "Retail & Leisure" fund is an Alternative Investment Fund, focused on acquiring and managing high-risk and non-performing credit exposures, primarily backed by real estate, and owed by companies in temporary financial distress operating in the mall and hospitality segments (shopping centres). The fund is managed by IQ-EQ Fund Management with the support of the advisor Pillarstone, which is tasked managing the positions and the underlying assets. Upon the initial subscription, in exchange for the sale, Intesa Sanpaolo received units representing 68% of the Fund, which, based on the economic and governance rights, were classified among interests subject to significant influence for a total of 126 million euro.
The breakdown of the assigned debtors by economic sector was mainly concentrated in the following sectors:

- "Production Companies" at 51%;
- "Other collective investments undertakings" at 44%;
- and, to a residual extent, other business sectors.

The assets of the assigned debtors were broken down as follows by geographical area:

- 67% North-West;
- 33% Centre.

As at 31 December 2024, the Parent Company held a 68.30% stake in the Retail & Leisure fund, classified among interests subject to significant influence, for a book value of 124 million euro. The measurement of the Retail & Leisure fund yielded a negative effect for the year of 2 million euro.

UTP Restructuring Corporate

As part of the de-risking, in 2024 Intesa Sanpaolo sold a loan portfolio for a total gross amount of 160 million euro to the newly established fund managed by Arrow (UTP Restructuring Corporate), with payment of the price through the subscription of fund units recognised at an amount of 137 million euro, with no significant impact on the 2024 income statement. The Fund is an Alternative closed-end Italian securities Fund (AIF), reserved for professional investors. The purpose of the Fund is to carry out professional management aimed at maximising the value of the assets forming part of the Fund's portfolio (this involves actively participating in turnaround procedures and/or restructuring agreements and/or debtor balance plans; managing and exercising of rights related to equity investments and holding other financial Instruments issued by the debtors, also through M&A or refinancing transactions; repossessions; and credit collection transactions).
The breakdown of the assigned debtors by economic sector was concentrated in the following sector:

- "Production Companies" at 100%;

The assets of the assigned debtors were broken down as follows by geographical area:

- 55% North-East;
- 45% North-West.

As at 31 December 2024, the Parent Company held a 58.07% stake in the UTP Restructuring Corporate fund, classified among interests subject to significant influence, for a book value of 136 million euro. The measurement of the UTP Restructuring Corporate fund yielded a negative effect for the year of 1 million euro.

Clessidra Restructuring Fund

Clessidra Restructuring Fund (CRF Fund) is an alternative closed-end investment fund reserved for institutional investors, dedicated to investing in loans classified as unlikely to pay to previously identified industrial companies. In September 2019, UBI Banca, which during 2021 was merged into Intesa Sanpaolo, had sold loans to five borrowers with a total gross amount of 17 million euro and a net exposure of 11 million euro, with concurrent subscription of the units of the CRF fund for an amount essentially in line with the net value of the transferred loans. The economic sector of the assigned debtors was mainly concentrated in "Manufacture of wooden doors and manufacture of furniture". The transferred financial assets are primarily in the North-west area.
As at 31 December 2024, Intesa Sanpaolo held a 4.34% stake in the CRF fund, classified among Financial assets mandatorily measured at fair value, for a book value of 8 million euro. The fair value measurement of the Clessidra Restructuring Fund yielded an immaterial positive effect during the year.

IDEA CCR Corporate Credit Recovery II Fund - Shipping Sub-fund

The Shipping Loans Sub-Fund refers to single-name, unlikely-to-pay non-performing loans with a sector focus on shipping companies. The Fund consists of three sub-funds: loans, new finance and shipping. Following the incorporation of UBI Banca in 2021, Intesa Sanpaolo also has a holding in the Shipping Sub-Fund against the sale of UBI loans with a total gross amount of 45 million euro and a net exposure of 31 million euro.
As at 31 December 2024, Intesa Sanpaolo held a 20.37% stake in the IDEA CCR II fund – Shipping Sub-Fund, classified among Financial assets mandatorily measured at fair value, with an immaterial book value.

Other information

For completeness, it should be noted that during the second half of 2023 Intesa Sanpaolo completed a transaction for the sale of performing on-balance sheet exposures (amounting to around 800 million euro in terms of Gross Book Value) to the Italian Commercial Real Estate sector, with a substantially neutral effect on the income statement. In summary, the transaction involved i) the transfer of part of the credit exposure to two Real Estate Funds, in exchange for units of the transferee funds, and ii) the conversion of the remaining exposure into newly issued Equity Instruments.
Lastly, in the first half of 2024 Intesa Sanpaolo completed a transaction for the sale of performing on-balance sheet exposures (amounting to around 80 million euro in terms of Gross Book Value) and Equity Instruments, with a substantially neutral effect on the income statement, by means of transfer of the Instruments to a Real Estate Fund in exchange for units of that fund.

Prudential consolidation - Covered bond transactions

Covered bond transactions where the selling bank and the lending bank are the same must be reported under this section. Intesa Sanpaolo uses covered bonds mainly as a type of funding through securities guaranteed by assets originated by Intesa Sanpaolo or by other companies of the Group.

Intesa Sanpaolo has three programmes for the issuance of Covered Bonds (CB).

The first Programme, launched in 2009, had a maximum amount of 20 billion euro (the original maximum amount was 10 billion euro) and was closed in 2024. The guarantor of the Covered Bonds is the vehicle **ISP CB Pubblico**, to which a portfolio of performing loans and securities to the public sector, originated by the former subsidiary Banca Infrastrutture Innovazione e Sviluppo, now Intesa Sanpaolo, was transferred. The Bank gradually sold the vehicle assets with a total original nominal value of 13.2 billion euro (net of retrocessions of assets of 1.7 billion euro). The last sale (amounting to around 1 billion euro) took place in April 2013.
At the end of November 2023, Intesa Sanpaolo had repurchased the entire portfolio of bonds segregated in the vehicle for an amount of 1.1 billion euro, while the remaining loan portfolio still segregated in the Vehicle was repurchased in March 2024 for a total amount of 1.85 billion euro. The programme was closed on 2 April, at the final payment date.
Against these sales of the assets to the vehicle, Intesa Sanpaolo carried out issuances of Covered Bonds, over time, for a total nominal value of 25.2 billion euro (of which 21.7 billion euro relating to issues acquired in full by the Parent Company and subject to early redemption or matured and 3.5 billion euro relating to an exchange offer to investors during 2012, of which 2 billion euro that matured in the second quarter of 2017 and the remaining 1.5 billion euro in January 2021).
As at 31 December 2023, a total residual nominal amount of 1.85 billion euro of issues made as part of the Covered Bond programme of the vehicle ISP CB Pubblico was outstanding, fully subscribed by the Bank.
In January 2024, the 13th and 14th series (both retained) were subject to total early redemption for an overall nominal amount of 1.85 billion euro, thereby eliminating all the Covered Bonds issued under the programme.

In the second Programme, launched in 2010, amounting to a maximum of 35 billion euro (the original maximum amount was 20 billion euro), the guarantor of the covered bonds is the vehicle **ISP CB Ipotecario**, to which Italian residential mortgage loans and, initially bonds issued by Adriano Finance S.r.l., originated by Intesa Sanpaolo, were transferred.
The Bank gradually sold the vehicle mortgage loans with an original total nominal value of 56.8 billion euro (net of retrocessions).
In 2024, the following additional transactions were also completed:
– in February, sale for an amount of 5.8 billion euro;
– in May, sales for an amount of 4.2 billion euro;
– in September, buyback of non-performing loans for 48.6 million euro.

As at 31 December 2024, the loans sold to the vehicle had a book value of 30 billion euro.
Over time, against the sale of assets to the vehicle, Intesa Sanpaolo has carried out issues of covered bonds for a total nominal value of approximately 48 billion euro (of which a total of 25.1 billion euro subject to early redemption or matured at 31 December 2024).
As at 31 December 2023, a total nominal amount of 18.9 billion euro of issues made as part of the covered bond programme of the vehicle ISP CB Ipotecario was outstanding, of which 8.4 billion euro placed with third party investors and 10.5 billion euro subscribed by Intesa Sanpaolo. Part of the latter was used in repurchase agreements for an amount of 5.8 billion euro.
During 2024, in March the 25th series matured for an amount of 1 billion euro, and in May the 21st retained series was redeemed early for an amount of 1.2 billion euro. In addition, five issuances of covered bonds were made for a total amount of 6.3 billion euro:
– in March the 34th retained series was issued for 1 billion euro, with a floating rate and a 5-year maturity;
– three retained series were issued in May:
    - the 36th for 1.4 billion euro, with a floating rate and a 4-year maturity;
    - the 37th for 1.7 billion euro, with a floating rate and a 9-year maturity;
    - the 38th for 1.7 billion euro, with a floating rate and an 11-year maturity;
– in June the 35th series was issued, consisting of a private placement for 500 million euro, with a floating rate and a 6-year maturity.

Accordingly, as at 31 December 2024, a total nominal amount of 23 billion euro of issues made as part of the covered bond programme of the vehicle ISP CB Ipotecario was outstanding, of which 7.9 billion euro placed with third party investors and 15.1 billion euro subscribed by Intesa Sanpaolo. Part of the latter is being used in repurchase agreements for an amount of 12.9 billion euro.
All the securities issued under the programme are listed on the Luxembourg Stock Exchange and have a Moody's Aa3 rating.

The third multi-originator Covered Bond issuance Programme, launched in 2012, has the vehicle **ISP OBG** as the guarantor of its securities. This programme is secured by mortgage loans for a maximum amount of 55 billion euro (the original maximum amount was 30 billion euro) and is aimed at realising the retained issues.
The portfolio used to collateralise the issues of Covered Bonds is composed of mortgages originated by Intesa Sanpaolo, Banco di Napoli, Cassa di Risparmio del Veneto, Cassa di Risparmio in Bologna and Banca CR Firenze (merged by incorporation into Intesa Sanpaolo between July 2018 and February 2019).
Over time, the Intesa Sanpaolo Group sold mortgages to the vehicle for an original total nominal value of 89.2 billion euro (net of retrocessions).
In 2024, Intesa Sanpaolo did not sell any mortgage loans to the vehicle, while the following were repurchased:
– in January, non-performing loans for 22.6 million euro;
– in September, non-performing loans for 171.4 million euro.
As at 31 December 2024, the loans sold to the vehicle by Intesa Sanpaolo had a book value of 38.7 billion euro.
Over time, against the sale of assets to the vehicle, Intesa Sanpaolo has carried out issues of covered bonds for a total nominal value of approximately 86.3 billion euro (of which 48.93 billion euro subject to early redemption or matured at 31 December 2024).
As at 31 December 2023, there were issuances made under the programme guaranteed by the vehicle ISP OBG for a total nominal amount of 41.8 billion euro, fully subscribed by Intesa Sanpaolo, a part of which was subsequently used in repurchase agreements for an amount of 5.8 billion euro.
During 2024, in February the 32nd retained series matured for an amount of 1.65 billion euro; in June, the 21st retained series was partially redeemed for 500 million euro and subsequently matured in August for the remaining amount of 1.25 billion euro; the 25th retained series was partially redeemed in June for 50 million euro and in December for an additional 1.2 billion euro.
Therefore, as at 31 December 2024, there were issuances made under the programme guaranteed by the vehicle ISP OBG for a total nominal amount of 37.15 billion euro, fully subscribed by Intesa Sanpaolo, part of which is being used in repurchase agreements for an amount of 5.8 billion euro.
All the securities issued as part of the programme are listed on the Luxembourg Stock Exchange and have a Morningstar DBRS A rating.

The fourth programme was launched by the former UBI Banca Group in 2008.
Former UBI Banca, merged into Intesa Sanpaolo S.p.A. during 2021, included two Covered Bond Programmes, run by two special purpose vehicles named **UBI Finance** and **UBI Finance CB2**, respectively. The latter was closed in January 2021.
The programme still provides Intesa Sanpaolo with the right to issue securities, targeted to institutional investors, for a maximum amount of 15 billion euro. The Programme includes residential mortgage loans assigned by the former UBI Group's network banks. These banks participated in the programme as Originator Banks and Lending Banks.
Following the incorporation of UBI Banca, Intesa Sanpaolo sold mortgage loans to the vehicle for an original total nominal value of 628 million euro (net of retrocessions).
In 2024, Intesa Sanpaolo did not sell any mortgage loans to the vehicle, while the following were repurchased:
– in January, non-performing loans for 22.7 million euro;
– in September, non-performing loans for 42.8 million euro.
As at 31 December 2024, the loans sold to the vehicle had a book value of 6.4 billion euro.
As at 31 December 2023 a total nominal amount of 6.45 billion euro of issues made as part of the covered bond programme of the vehicle UBI Finance was outstanding, of which 6.25 billion euro placed with third party investors and 0.2 billion euro retained.
During 2024, the 14th series matured in February for an amount of 1 billion euro and the 24th series matured in July for an amount of 750 million euro.
As at 31 December 2024 a total nominal amount of 4.7 billion euro of issues made as part of the covered bond programme of the vehicle UBI Finance was outstanding, of which 4.5 billion euro placed with third party investors and 0.2 billion euro retained.
As at 31 December 2024, the bonds under the programme were assigned an Aa3 rating from Moody's and AA (Low) from Morningstar DBRS.

The key figures for ISP CB Ipotecario, ISP OBG, and UBI Finance as at 31 December 2024 are shown in the table below.

(millions of euro)

COVERED BOND		VEHICLE DATA		SUBORDINATED LOAN (1)	COVERED BONDS ISSUED	
		Total assets	Cumulated write-downs on securitised portfolio	amount	Nominal amount (2)	Book value (2)
ISP CB IPOTECARIO	Residential mortgages	35,677	40	33,421	20,848	19,793
ISP OBG	Residential mortgages	44,453	114	43,979	5,848	5,491
UBI FINANCE	Residential mortgages	7,106	40	7,061	4,497	4,392

(1) This caption includes the subordinated loan granted to the vehicles for the purchase of the portfolio lodged as collateral for the CB. This loan is derecognised in the IAS-compliant separate financial statements. The amount of the loan refers to the issue already executed as part of an issue programme with a higher maximum amount.

(2) The nominal amount and the book value shown in the table are to be considered net of securities repurchased.

In addition to this type of Covered Bonds, provided for by Italian law (Law 80/2005), there are some mortgage bonds issued by the Slovak investee VUB. These are securities whose nominal value and returns are guaranteed by mortgage loans, i.e. loans to individuals with residual maturities up to 30 years, backed by a pledge on property located in the Slovak Republic, with a maximum loan-to-value of 80%.
Each issue has specific coverage, and the entire nominal value of the issue, including interest, must be backed by mortgage loans on local properties on at least 90% of their nominal value, and the remaining 10% possibly by liquidity or deposits with the National Bank of Slovakia, the European Central Bank, other European central banks or banks that meet the criteria set out in Art. 129(1)(c) of Regulation (EU) 575/2013.
To cover the negative net cash flows expected from the covered bonds at 180 days, the issuer must maintain high-quality liquid assets pursuant to Articles 10 and 11 of Regulation (EU) 61/2015.
As at 31 December 2024, the subsidiary VUB had issued 4.3 billion euro in this type of securities, booked in the financial statements at a value of approximately 4.2 billion euro.

E. PRUDENTIAL CONSOLIDATION - MODELS FOR THE MEASUREMENT OF CREDIT RISK

As of 31 December 2024, the expected loss on performing loans to customers (which takes into account cash and unsecured loans) was 0.33%, down from 0.38% in 2023. The decrease was attributable to the improvement in the quality of the loan portfolio.
As of 31 December 2024, the economic capital amounted to 2.00% of disbursed loans, down slightly, considering performing loans to customers only, on the figure for 2023 (+2.12%), in line with the above-mentioned improvement in the credit quality.
For the companies included in the roll out plan, the internal rating (PD), LGD and EAD models are subject to a second level control process carried out by the Validation function on the adequacy of the existing methodological framework, on an annual basis in accordance with the rules established by the Supervisory Authority, and a level three control by the Internal Audit Department. The control functions produce annual reports for the Supervisory Authority on the compliance of the models with the supervisory regulations, which also includes a verification on the deviations between estimates made and the actual figures, and they issue a compliance opinion when material model changes are made to the models. These reports, approved by the Board of Directors of Intesa Sanpaolo, confirm the compliance to the regulatory requirements.

1.2. MARKET RISKS

As already mentioned in the Introduction, the Intesa Sanpaolo Group policies on financial risk taking are defined by the Parent Company's Management Bodies, with the support of specific Committees, including the Steering Committee, chaired by the Managing Director and CEO and composed of the heads of the main corporate departments, and the Group Financial Risk Committee.
The Steering Committee, a Group body with a decision-making, reporting and consulting role, is also assigned the functions of assisting the Managing Director and CEO in the performance of his duties, strengthening the coordination and cooperation mechanisms between the various business, governance and control areas of the Group, with a view to sharing the main business choices, and helping ensure coordinated and integrated risk management and the safeguarding of business value at Group level, including the correct functioning of the internal control system.
The Group Financial Risk Committee, chaired by the Chief Risk Officer and the Chief Financial Officer, is responsible for setting out the methodological and measurement guidelines for financial risks, establishing the operational limits and assessing the risk profile of the Group and its main operational units. The Committee also sets out the strategies for the management of the banking book to be submitted to the competent Bodies and establishes the guidelines on liquidity, interest rate and foreign exchange risk. The Committee operates on the basis of the operating and functional powers delegated by the Corporate Bodies and coordination of the Steering Committee.
The Group's overall financial risk profile and the eventual necessary changes are examined periodically by the Group Financial Risk Committee.
The Market & Financial Risk Management structure, within the Parent Company Chief Risk Officer Governance Area, is responsible for the development of financial and market risk measurement and monitoring methodologies as well as for the proposals on the Group's system of operational limits. It is also responsible in outsourcing for the risk measurement for certain operating units on the basis of specific service contracts.

The table below shows the captions of the consolidated Balance Sheet that are subject to monitoring in relation to the managerial market risks, showing the positions for which managerial VaR is the main risk measurement metric (the managerial VaR is calculated on a wider scope that than subject to the Internal Model for market risks. For a more in-depth discussion, refer to the subsequent paragraph), along with those for which risks are monitored with other metrics. The latter mostly include the sensitivity analysis to the different risk factors (interest rate, credit spread, etc.).

(millions of euro)

	BOOK VALUE (supervisory scope)	MAIN RISK MEASUREMENT METRICS		
		VaR	Other	Risk factors measured using metrics included under Other
Assets subject to market risk	**661,950**	**118,321**	**543,629**	
Financial assets held for trading	41,465	41,465	-	Interest rate risk, credit spread, equity
Financial assets designated at fair value	6	5	1	Interest rate risk, credit spread, equity
Other financial assets mandatorily measured at fair value	5,994	89	5,905	Interest rate risk, credit spread, equity
Financial assets measured at fair value through other comprehensive income (ifrs 7 par. 8 lett. h))	77,296	75,990	1,306	Interest rate risk, credit spread, equity
Due from banks	38,463	-	38,463	Interest rate risk
Loans to customers	481,607	-	481,607	Interest rate risk
Hedging derivatives	6,469	772	5,697	Interest rate risk
Investments in associates and companies subject to joint control	10,650	-	10,650	Equity risk
Liabilities subject to market risk	**675,016**	**66,962**	**608,054**	
Due to banks	44,975	-	44,975	Interest rate risk
Due to customers	446,308	-	446,308	Interest rate risk
Securities issued	113,026	-	113,026	Interest rate risk
Financial liabilities held for trading	42,906	42,906	-	Interest rate risk
Financial liabilities designated at fair value (ifrs 7 par. 8 lett. e))	23,438	23,438	-	-
Hedging derivatives	4,363	618	3,745	Interest rate risk

REGULATORY TRADING BOOK

1.2.1. INTEREST RATE RISK AND PRICE RISK

Qualitative information

General aspects

The regulatory requirements for the trading book are established in Regulation (EU) 876/2019 (CRR2 - Part Three, Title I, Chapter 3, in Articles 102, 103, and 104 respectively). The combined provisions of those articles lay down the set of minimum requirements for the identification of the trading strategies and the measurement and control of the associated risks.
In accordance with the requirements of the applicable regulations, the Intesa Sanpaolo Group has established an internal policy that identifies the trading book based on:

- measurement at fair value through profit or loss of the instruments held for trading;
- the strategies defined;
- the risk-taking centres identified;
- the monitoring, limitation and management of the risks defined in accordance with the internal regulations on market risk.

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

Among risks associated with trading activity, i.e. market risks deriving from the effect that changes in market variables may generate on the Group's various assets and liabilities, the latter are generally quantified through daily and periodic analysis designed to determine the vulnerability of the Intesa Sanpaolo Group's trading book. A list of the main risk factors to which the Group's trading book is exposed is set out below:

- generic interest rate risk (including inflation rate risk);
- specific interest rate risk (credit spread variability in relation to trading in credit derivatives, bonds and loans);
- generic equity risk;
- specific equity risk;
- incremental risk of migration and default (incremental risk charge);
- foreign exchange risk;
- risk of implied volatility on optional instruments;
- risk of illiquid factors (correlation, dividends, ABS, OtS loans, hedge funds);
- position risk for units of UCIs;
- commodity position risk.

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

Risk management processes and measurement methods

The allocation of capital for trading activities is set by the Parent Company's Board of Directors, through the attribution of operating limits in terms of VaR to the various Group units.
The structure of limits reflects the risk level deemed to be acceptable with reference to single business areas, consistent with operating and strategic guidelines defined by top management. The attribution and control of limits at the various hierarchical levels implies the assignment of delegated powers to the heads of business areas, aimed at achieving the best trade-off between a controlled risk environment and the need for operating flexibility. The functioning of the system of limits and delegated powers is underpinned by the basic concepts of hierarchy and interaction.
The application of such principles led to the definition of a structure of limits in which the distinction between first level and second level limits is particularly important:

- **first-level limits (VaR)**: the overall limits of the Group as well as those of the IMI C&IB Division and Group Treasury & Capital Management Area are included in the Group's Risk Appetite Framework (RAF). At the same time, the Board of Directors of the Parent Company defines the operating limits in terms of VaR for other Group companies which hold smaller trading books whose risk is marginal. Following approval, these limits are then allocated to the desks of the individual legal entities, considering the proposals by the business units. Limit absorption trends and the relative congruity analysis are periodically assessed by the Group Financial Risk Committee and Board of Directors within the framework of the Tableau de Bord for the Group's risks;
- **second level limits** (**sensitivity and greeks**): they have the objective of controlling operations of the various desks on the basis of differentiated measures based on the specific characteristics of traded instruments and operating strategies, such as sensitivity, greeks and equivalent exposures;
- **other significant limits**: they have the objective of monitoring particular transactions (e.g. limits of negative maximum exposure of the valuation reserve, ceilings for transactions with issuer risk).

Some of these limits may be managed under the RAF.

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

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

Managerial VaR

Definition: Value at Risk is a monetary estimate of risk based on statistical techniques capable of summarising the maximum probable loss, with a certain confidence level, that a financial position or portfolio may suffer in a given period (holding period) in response to changes in the risk factors underlying the measurement models caused by market dynamics.
Method: the mathematical and statistical models that make it possible to calculate VaR can be divided into two general categories: parametric approaches (variance/covariance) and approaches based on simulation techniques, such as that in use at Intesa Sanpaolo.
Specifically, the approach used in Intesa Sanpaolo has the following characteristics:

- historical simulation model based on the mark-to-future platform;
- a 99th percentile confidence interval;
- disposal period of 1 day;
- full revaluation of existing positions.

Historical simulation scenarios are calculated internally on time series of one-year risk factors (250 observations). For management purposes, a non-equal probability of occurrence is associated with each scenario, decreasing exponentially as a function of time, to privilege the informational content of the most recent data. For regulatory purposes, scenarios are equally weighted when calculating the capital requirement.
Please note that, in the first quarter of 2024, on the ordinary annual update of the market risk managerial framework, the Board of Directors (as part of the 2024 Group Risk Appetite Framework) confirmed the specific limit for trading within an overall limit for trading and the hold to collect and sell (HTCS) business model.

Sensitivity and greeks

Definition: sensitivity measures the risk attributable to a change in the theoretical value of a financial position to changes of a defined quantity of risk factors connected thereto. It therefore summarises:

- the extent and direction of the change in the form of multipliers or monetary changes in theoretical value;
- without explicit assumptions on the time horizon;
- without explicit assumptions of correlation between risk factors.

Method: the sensitivity indicator can be constructed using the following techniques:

- calculation of prime and second derivatives of the valuation formulae;
- calculation of the difference between the initial value and that resulting from the application of unidirectional shocks independent of risk factors (delta, gamma, vega, CR01 and PV01).

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

Level measures

Definition: Level measures, used also as ratios, are indicators supporting synthetic risk metrics which are based on the assumption of a direct relationship between the size of a financial position and the risk profile. In particular, level measures make it possible to monitor the nature of exposures to certain issuers and economic groups.
The main level measure indicators are nominal (or equivalent) position and average duration metrics; level indicators also include the Negative Maximum Exposure of the Valuation Reserve measures characteristic of the HTCS business model.
Method: nominal (or equivalent) position is determined by identifying:

- the notional amount;
- the mark to market;
- the conversion of the position of one or more instruments to that of a given benchmark (equivalent position);
- the FX exposure.

When determining the equivalent position, risk is defined as the value of the various assets, converted into an aggregate position that is "equivalent" in terms of sensitivity to the change in the risk factors investigated.
At Intesa Sanpaolo the approach is characterised by extended use of ceilings in terms of MtM, as representative of the value of the assets as recognised.

Stress tests

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

Method: Stress tests for management purposes are applied periodically to market risk exposures, typically adopting:

- sensitivity analysis, which measures the potential impact on the main risk metrics of a change in a single risk factor or simple multi-risk factors;
- scenario analysis, which measures the potential impact on the main risk metrics of a certain scenario that considers multiple risk factors.

The stress exercises conducted on trading books come under the scope of the Group Stress Testing Programme discussed in the Introduction to this Part E.

Stressed VaR

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

Method: that period was identified considering the following guidelines:

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

While using the historical simulation approach for VaR calculation, the latter point is a discriminating condition in the selection of the holding period. Actually, in order to ensure that the scenario adopted is effectively consistent and to avoid the use of driver or comparable factors, the historical period must ensure the effective availability of market data.

As at the date of preparation of the 2024 Financial Statements, the period for the measurement of Stressed VaR for Intesa Sanpaolo was from 1 April 2022 to 21 March 2023.

For managerial purposes, the stressed VaR metric is calculated on the entire set of the Group's portfolios measured at fair value (trading and FVOCI in the banking scope) and the stressed period is revised at least annually, together with the annual update to the market risk management framework (Risk Appetite Framework).

Incremental Risk Charge (IRC)

Definition: The Incremental Risk Charge (IRC) is the maximum potential loss in the credit trading book resulting from an upgrade/downgrade or bankruptcy of the issuers, over a 1-year period, with a 99.9% confidence level. This measure, which is additional to the VaR, is applied to the entire trading book of Intesa Sanpaolo (just as for the other regulatory metrics, it is not applied to the sub-portfolios).

The IRC enables the correct representation of the specific risk on debt securities and credit derivatives because, in addition to idiosyncratic risk, it also captures event and default risk.

This measure applies to all financial products that are sensitive to credit spreads included in the trading book except for the securitisations.

Method: The simulation is based on a Modified Merton Model. The probabilities of transition and default are those observed through the historical matrices of the main rating agencies, applying a default probability minimum value greater than or equal to 0.01%. The asset correlation is inferred from the equity correlation of the issuers. The model is based on the assumption of a constant position with a holding period of one year.

A regular stress program is applied to the model's main parameters (correlation, and transition, default and credit spread matrices).

Quantitative information

Daily managerial VaR evolution

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

Daily managerial VaR of the trading book

(millions of euro)

	average 4th quarter	minimum 4th quarter	maximum 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Total Group Trading Book [(a)]	27.8	20.0	41.2	24.0	30.9	31.9
of which: Group Treasury & Capital Management	*14.4*	*12.3*	*16.2*	*12.1*	*13.1*	*6.2*
of which: IMI C&IB Division	*15.3*	*11.2*	*24.2*	*14.7*	*20.3*	*23.3*

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

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

In the fourth quarter of 2024, as shown in the table above, compared to the average of the third quarter of 2024, there was an increase in the trading managerial risks (24 million euro in the third quarter of 2024 and 27.8 million euro in the fourth quarter of 2024) mainly attributable to the introduction of a new scenario in the distribution, primarily characterised by significant increases in the European interest rate curve affecting the interest rate exposure.

With regard to the overall performance in 2024, compared to 2023, there was a marginal reduction in the average trading managerial VaR mainly attributable to operations in credit indices and lower volatility on credit spreads during 2024.

Daily managerial VaR of the trading book - Comparison 2024 – 2023

(millions of euro)

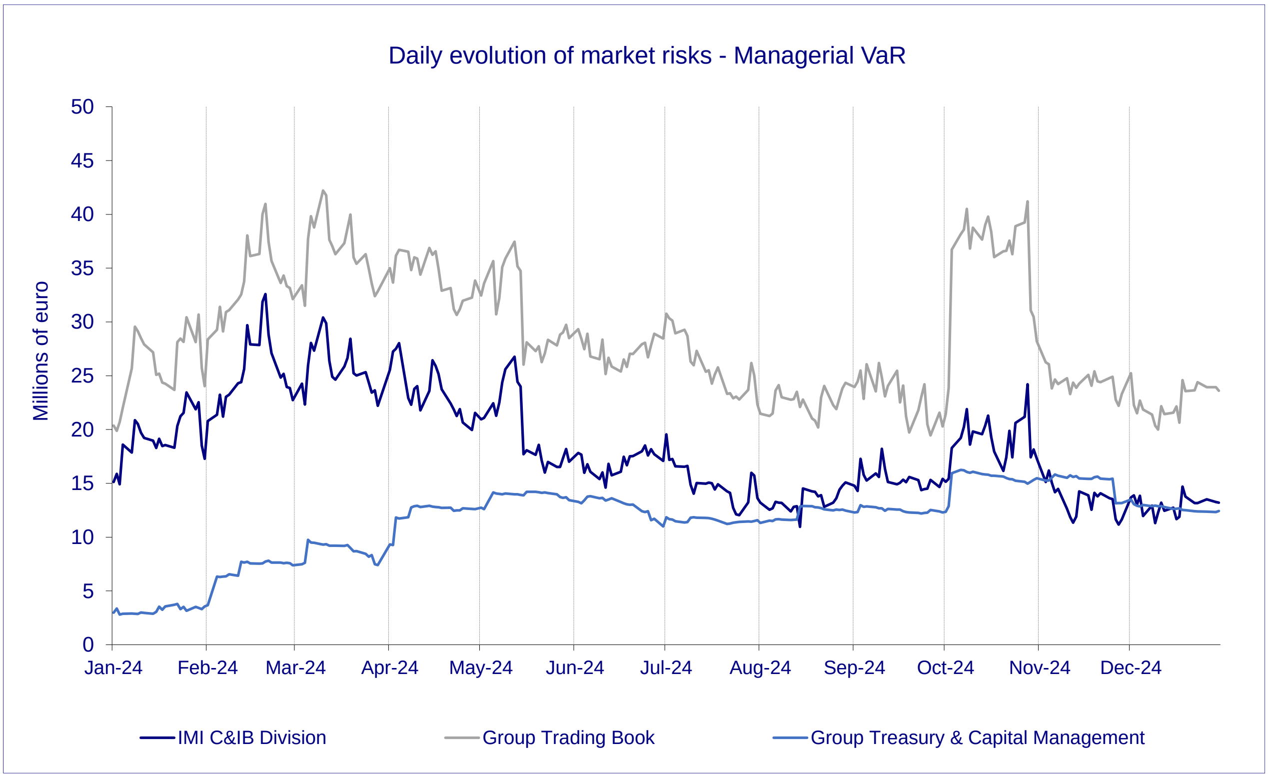
	2024				2023		
	average	minimum	maximum	last day	average	minimum	maximum
Total Group Trading Book [(a)]	28.6	19.4	42.2	23.6	30.8	16.3	45.9
of which: Group Treasury & Capital Management	*11.4*	*2.8*	*16.2*	*12.4*	*4.2*	*3.1*	*6.3*
of which: IMI C&IB Division	*18.3*	*11.0*	*32.6*	*13.2*	*28.3*	*14.3*	*43.7*

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

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

The trading VaR during the fourth quarter of 2024 showed a rising trend, mainly attributable to the introduction of a scenario at the beginning of October characterised by significant increases in the European interest rate curve affecting the interest rate exposure. On the other hand, a scenario "rolling effect" can be seen at the end of October.

The movements are shown in the chart below:



The breakdown of the Group's risk profile in the trading book in the fourth quarter of 2024 shows a prevalence of interest rate risk and credit spread risk, accounting for 52% and 25% 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 (83% and 13%, respectively) and of credit spread and interest rate risk for the IMI C&IB Division (39% and 34%, respectively).

Contribution of risk factors to total managerial VaR

4th quarter 2024	Shares	Interest rates	Credit spreads	Foreign exchange rates	Other parameters	Commodities
Group Treasury & Capital Management	3%	83%	1%	13%	0%	0%
IMI C&IB Division	14%	34%	39%	4%	5%	4%
Group Total	**9%**	**52%**	**25%**	**9%**	**3%**	**2%**

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

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 December is summarised in the following table:

(millions of euro)

	EQUITY		INTEREST RATES		CREDIT SPREADS		FOREIGN EXCHANGE RATES		COMMODITIES		INFLATION	
	Crash	Bullish	+40bps	lower rate	-25bps	+25bps	-5%	+5%	Crash	Bullish	Up	Down
Total Trading Book	-3	28	-17	18	-33	34	22	-5	-7	7	1	2

In particular:
- for stock market positions, there would be potential losses of -3 million euro in the event of a sharp decrease in stock prices;
- for positions in interest rates, there would be potential losses of -17 million euro in the event of a 40 basis point rise in interest rates;
- for positions in credit spreads, a tightening of credit spreads of 25 basis points would result in an overall loss of -33 million euro;
- for positions in exchange rates, there would be potential losses of -5 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 -7 million euro in the event of a fall in prices of commodities other than precious metals;
- lastly, for positions linked to inflation, there would be no potential losses, either in the event of a decrease or an increase in inflation.

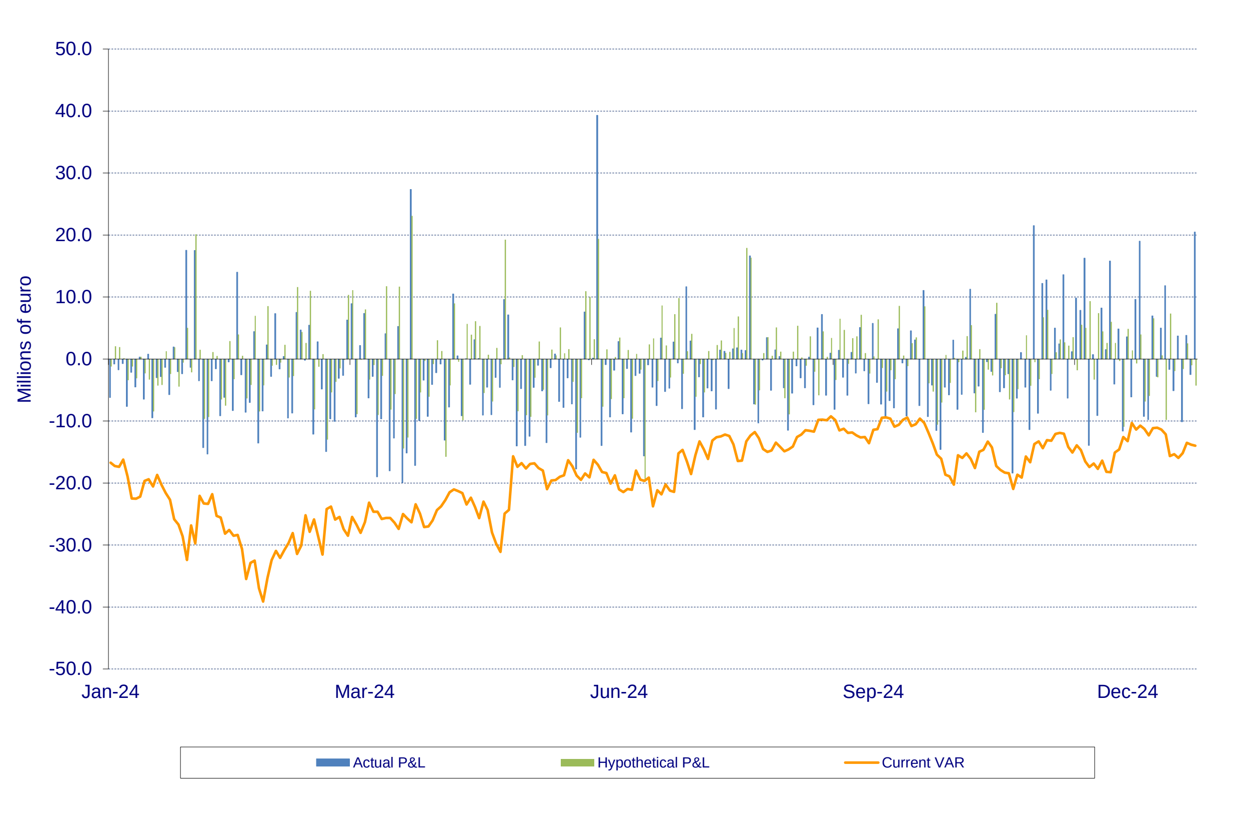
With regard to the use of the overall limit relating to trading and the Hold to Collect and Sell (HTCS) business model, there was an increase in market managerial VaR in the fourth quarter of 2024 from 137 million euro (average managerial VaR third quarter 2024) to 155 million euro (average managerial VaR fourth quarter 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[184] for the regulatory VaR measure of Intesa Sanpaolo.



[184] 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.

Issuer risk

Issuer risk in the trading portfolio is analysed through level measures, i.e. in terms of mark to market, with exposures aggregated by rating class and sector, and is monitored through a system of operating limits based on both sector/rating classes and concentration indexes.

Breakdown of exposures by type of issuer

	Total	Of which					
		Corporate	Financial	Emerging	Covered	Government	Securities.
Group Treasury & Capital Management	0%	0%	0%	0%	0%	0%	0%
IMI C&IB Division	100%	25%	3%	9%	6%	20%	37%
Total	**100%**	**25%**	**3%**	**9%**	**6%**	**20%**	**37%**

The table sets out in the Total column the contribution of the Group Treasury & Capital Management and the IMI C&IB Division to overall issuer risk exposures, breaking down the exposure by type of issuer. The scope corresponds to the trading portfolio with an issuer ceiling (excluding Italian Government bonds, AAA and own bonds) and including CDS.

The breakdown of the portfolio subject to issuer risk shows an exposure attributable solely to the IMI C&IB Division and mainly in the financial and securitisation, corporate and government segments.

BANKING BOOK

1.2.2 INTEREST RATE RISK AND PRICE RISK

Qualitative information

General aspects, interest rate risk and price risk management processes and measurement methods

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

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

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

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

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

- consolidated limits, which are defined in the RAF and approved by the Board of Directors, both in terms of change in EVE (sensitivity of the economic value or ΔEVE) and net interest income sensitivity (ΔNII). The consolidated ΔEVE limits reflect, consistent with the context and regulatory instructions, the average expected exposure of the Group's EVE. The expected average level is quantified within the RAF and defined as the average exposure that the Group expects to take during the year. The Group's consolidated sensitivity limits EVE and NII are accompanied by two risk indicators, which constitute an early warning threshold approved within the Risk Appetite Framework (RAF), which make it possible to control exposure to the risk of yield curve twists;
- individual shift sensitivity and net interest income sensitivity limits, which are part of the "cascading" process of the Group's RAF limit, and are proposed, after being shared with the operating structures, by Market & Financial Risk Management and approved by the Group Financial Risk Committee (GFRC).

These limits take account of the characteristics of the banks'/divisions' portfolios, with particular reference to intermediated volumes, average durations, the type of instruments traded and the Company's strategic mission within the Group.

Market & Financial Risk Management performs monthly checks that the limits and early warning level approved in the Risk Appetite Framework (RAF) are observed at the consolidated and individual level. In addition, the Group has adopted a specific internal policy document regarding interest rate risk (the IRRBB Guidelines) subject to approval by the Board of Directors, which governs the Group's entire interest rate risk management framework and in particular the aspects of governance, methods of use and formulation of scenarios.
The IRRBB Guidelines define the methods for measuring the financial risks generated by the Group's banking book:
- Sensitivity of economic value (ΔEVE);
- Net interest income sensitivity (ΔNII);
- Credit Spread Risk of the Banking Book (CSRBB);
- Value at Risk (VaR).

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

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

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

Based on the definition by the EBA, **CSRBB** – **Credit Spread Risk of the Banking Book** is the risk driven by changes of the market credit spread and market liquidity spread, which respectively represent the credit risk premium required by market operators for a specific credit quality and liquidity premium, which stimulates the market appetite of investors, and by other potential characteristics of credit risk instruments which are not detected by other existing prudential frameworks. The CSRBB framework was introduced as a criterion to assess and monitor the risk deriving from market credit spreads and market liquidity spreads, which impact the EVE and the NII of the bank's non-trading assets.
The Group is committed to ensuring an appropriate governance process for CSRBB risk aimed at preserving the corporate economic capital and maximising shareholder value from fluctuations in market credit spreads.
The Group also pays particular attention to CSRBB risk positions arising from tradable assets and liabilities, focusing particularly on the bond portfolio of the banking book, as it is the risk area with the most severe potential impact under a market credit spreads stress scenario.

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

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

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

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

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

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

Stress tests on behavioural models are also carried out to verify the financial impact of alternative assumptions underlying the behavioural parameters estimated in the models. The methodological assumptions underlying the assumptions contained in the stress scenarios are duly described in the detailed methodologies. In addition, within the framework of the dynamic simulation of net interest income, an additional behavioural model is adopted to simulate the effects of potential renegotiations of the contractual conditions of medium/long-term assets. In terms of risks, renegotiations modify the duration of the portfolio of medium/long-term loans and entail a decline in net interest income due to the revision of the contractual rates/spreads to include conditions more advantageous to customers. Specific models have been estimated to ensure a proper representation of the renegotiations phenomenon in terms of the percentages of mortgage loans renegotiated and their financial characteristics.

Quantitative information

Banking book: internal models and other sensitivity analysis methodologies

In 2024, the interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through shift sensitivity of economic value (or fair value sensitivity), averaged -2,157 million euro, with a maximum value of -2,565 million euro reached at the end of December 2024, and a minimum value of -1,074 million euro, with the latter coinciding with the value at the end of January 2024. The amount at the end of December was up on the figure at the end of December 2023 which amounted -1,001 million euro (-1,564 million euro). The increase in sensitivity recorded in December 2024 compared to December 2023 reflected the implementation of a strategy to protect the net interest income from expected interest rate declines in the coming years. The increase was also driven by the rise in the exposure of the HTCS portfolio, mainly in the first half of 2024, along with the exposure of the Ordinary Management portfolio, which increased due to the repricing of floating-rate assets, more pronounced at the end of the year.

The sensitivity of net interest income – assuming a +50, -50 and +100 basis point change in interest rates – amounted to 13 million euro, -69 million euro and -24 million euro, respectively, at the end of December 2024. The latter figure was down (-639 million euro) on the amount at the end of 2023, reflecting the implementation of the strategy to protect the net interest income against falling interest rates, mainly achieved through hedging derivatives on demand deposits. The repricing of floating rate assets also contributed to the change in the measure. In all the scenarios reported, the changes in net interest income are very small, thanks to the already mentioned net interest income stabilisation strategies implemented by the Parent Company and the Group's banks. The lack of symmetry between the upward and downward rate shocks is due to the presence of contractual floors on demand deposits, reflected in the use of estimation parameters (betas) that predict an increase in reactivity as rates rise, and consequently in the cost of funding.

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

(millions of euro)

Risk Measures	2024			31.12.2024	31.12.2023
	average	minimum	maximum		
Sensitivity of the Economic Value +100 bp	-2,157	-1,074	-2,565	-2,565	-1,001
Sensitivity of Net Interest Income -50 bp	-127	-52	-323	-69	-332
Sensitivity of Net Interest Income +50 bp	138	13	320	13	350
Sensitivity of Net Interest Income +100 bp	220	-24	564	-24	614

Interest rate risk, measured in terms of VaR, averaged 584 million euro in 2024, with a maximum value of 717 million euro, reached at the end of April, and a minimum value of 326 million euro, recorded at the end of January 2024, settling at 600 million euro at the end of December 2024. The latter figure increased by 327 million euro compared to a value of 273 million euro at the end of 2023. This change was substantially due to the increase in the banking book's exposure to upward scenarios in the medium to long-term segment, recorded in the first half of 2024.

Foreign exchange risk expressed by equity investments in foreign currency (banking book) and measured in terms of VaR averaged 84 million euro in 2024, with a minimum value of 75 million euro and a maximum value of 107 million euro, standing at 84 million euro at the end of December 2024, down by 34 million euro on the value of 118 million euro at the end of December 2023.

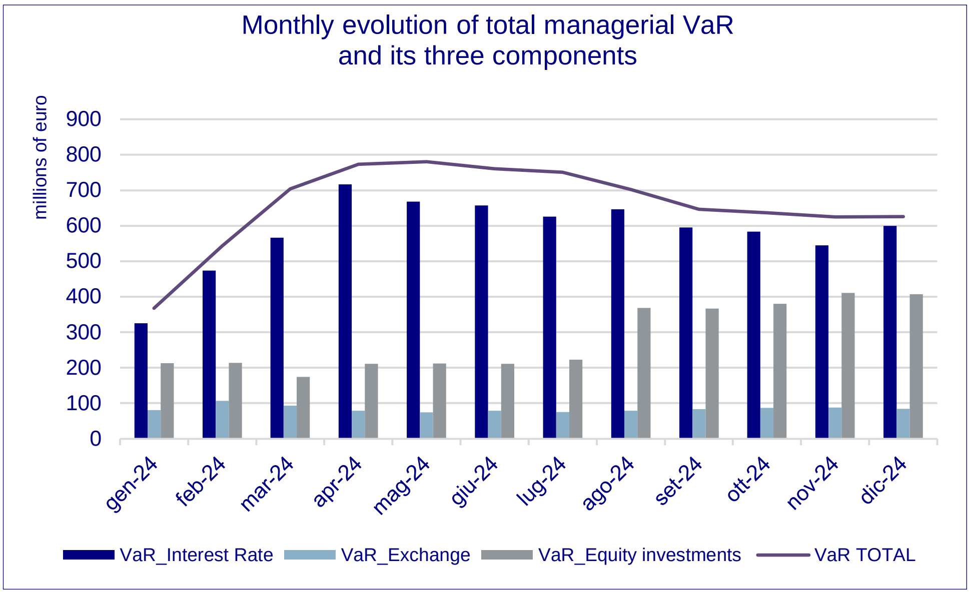
Price risk generated by the equity portfolio, measured in terms of VaR, recorded an average level during 2024 of 282 million euro, with maximum and minimum values of 411 million euro and 174 million euro, respectively, and came to 407 million euro at the end of December 2024, up by 160 million euro on 247 million euro at the end of December 2023. This change was mainly due to the increase in the price volatility of the equity portfolio in the third quarter of 2024.

Total VaR, consisting of the three components described above (Interest Rate VaR, Exchange VaR and Equity VaR) averaged 660 million euro in 2024, with a maximum value of 781 million euro and a minimum value of 367 million euro, reaching a figure of 626 million euro at the end of December 2024, up by 315 million euro on the value at the end of December 2023 of 311 million euro. This change was related to a lower diversification effect of the overall portfolio (Interest Rate, Exchange Rate, and Equity Investments).

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

(millions of euro)

	2024			31.12.2024	31.12.2023
	average	minimum	maximum		
Value at Risk - Interest Rate	584	326	717	600	273
Value at Risk - Exchange	84	75	107	84	118
Value at Risk - Equity investments	282	174	411	407	247
Total Value at Risk	**660**	**367**	**781**	**626**	**311**



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

Price risk: impact on Shareholders' Equity

		Impact on shareholders' equity at 31.12.2024	Impact on shareholders' equity at 30.09.2024	Impact on shareholders' equity at 30.06.2024	Impact on shareholders' equity at 31.03.2024	Impact on shareholders' equity at 31.12.2023
Price shock	10%	74	75	70	57	52
Price shock	-10%	-74	-75	-70	-57	-52

1.2.3. FOREIGN EXCHANGE RISK

Qualitative information

A. General aspects, foreign exchange risk management processes and measurement methods

With regard to the positions denominated in currencies other than the domestic currency in which the financial statements are prepared, "Foreign Exchange Risk" is defined as the potential adverse effect resulting from changes in the exchange rate between currencies that could have a negative impact on the valuation of the assets and liabilities in the financial statements and on the earnings and capital ratios. The appreciation or depreciation of a currency affects the capital ratio both through changes in capital (numerator of the ratio) and through changes in the risk weighted assets in foreign currency (denominator of the ratio).

Foreign exchange risks are traditionally divided into:

- *Structural Foreign Exchange Risk*: defined as the potential adverse effect of changes in the exchange rate between currencies that could have a negative impact on the Foreign Exchange Reserves that are part of the consolidated shareholders' equity, for Equity investments measured at cost (in the individual financial statements), or on the other comprehensive income (OCI) reserve for equity instruments measured at fair value through other comprehensive income (FVTOCI);
- *Transaction Foreign Exchange Risk*: the potential loss resulting from changes in the currencies exchange rate that may have negative impacts both on the valuation of the assets and liabilities in the financial statements when converted into the reporting currency and on the earnings from funding, lending and investment/disinvestment transactions in currencies other than the euro;
- *Transaction Foreign Exchange Risk associated with Structural Foreign Exchange Risk:* the Foreign Exchange Risk related to the approved Dividends of the Investments in associates and companies subject to joint control and the risk related to the management of Foreign Exchange Risk arising from Extraordinary Transactions related to the management of the Investments in associates and companies subject to joint control. It also includes the profits/losses of the international branches;
- *Translation Foreign Exchange Risk:* the foreign exchange risk arising from the translation into Euro (the Group's reporting currency) of assets and liabilities in foreign currency arising from the consolidation of investments in companies within the Group's scope of consolidation.

The Market & Financial Risk Management structure measures and controls the Parent Company and Group's exposure to Structural Foreign Exchange Risk and performs the management calculation of the optimal position, which represents the open position in foreign currency designed to neutralise the sensitivity of the capital ratio to foreign exchange movements. It also produces sensitivity analyses of the capital ratios for the control and monitoring of the Structural Foreign Exchange Risk, in addition to setting the proposed Transaction Foreign Exchange Risk within the VaR limits for market risks and the RAF limits for Structural Foreign Exchange Risk.

B. Foreign exchange risk hedging activities

The Intesa Sanpaolo Group's management of the Structural Foreign Exchange Risk assigns the Parent Company the related management and coordination powers in order to achieve a consistent Group strategy.
This choice, which is consistent with the Parent Company's role as the liaison with the Supervisory Authority, allows the activities to be performed based on the specific responsibilities set out in the prudential supervision regulations, in addition to suitably mitigating and/or managing this type of risk.
The monitoring and management of the Structural Foreign Exchange Risk are carried out at central level by the Parent Company Treasury Function, which manages it with a view to risk/return and to optimising capital requirements.

The monitoring and hedging of the Transaction Foreign Exchange Risk are carried out, at central level, by the Parent Company Treasury Function and the IMI Corporate & Investment Banking Division for the area of competence, and at local level by the individual treasury functions of the Group companies and banks.

As at the date of preparation of the financial statements, there were transactions hedging the Group shareholders' equity and operational hedges of the foreign exchange risk of the assets and liabilities in the financial statements.

Quantitative information

1. Breakdown by currency of assets and liabilities and of derivatives

(millions of euro)

	CURRENCIES							
	US dollar	**GB pound**	**Hungarian forint**	**Yen**	**Swiss franc**	**Serbian dinar**	**Australian dollar**	**Other currencies**
A. FINANCIAL ASSETS	**50,753**	**5,670**	**6,672**	**4,249**	**2,264**	**3,661**	**3,262**	**14,270**
A.1 Debt securities	17,503	2,491	1,892	3,645	62	439	1,959	3,327
A.2 Equities	1,650	103	8	1	37	3	-	748
A.3 Loans to banks	8,446	325	1,934	64	1,033	1,222	160	5,356
A.4 Loans to customers	23,154	2,751	2,838	539	1,132	1,997	1,143	4,839
A.5 Other financial assets	-	-	-	-	-	-	-	-
B. OTHER ASSETS	**5,818**	**1,368**	**225**	**280**	**923**	**410**	**255**	**2,202**
C. FINANCIAL LIABILITIES	**47,318**	**2,733**	**5,371**	**1,117**	**901**	**3,172**	**1,698**	**9,503**
C.1 Due to banks	21,632	1,519	820	428	466	6	832	1,675
C.2 Due to customers	9,778	546	4,551	24	386	3,166	571	7,723
C.3 Debt securities	15,908	668	-	665	49	-	295	105
C.4 Other financial liabilities	-	-	-	-	-	-	-	-
D. OTHER LIABILITIES	**4,839**	**200**	**100**	**473**	**485**	**140**	**497**	**3,072**
E. FINANCIAL DERIVATIVES								
- Options								
long positions	*3,784*	*250*	*30*	*528*	*315*	*-*	*18*	*573*
short positions	*4,317*	*213*	*31*	*476*	*296*	*-*	*38*	*703*
- Other derivatives								
long positions	*58,833*	*12,963*	*1,056*	*2,571*	*2,956*	*517*	*637*	*12,755*
short positions	*63,214*	*17,051*	*1,959*	*5,612*	*4,762*	*267*	*2,007*	*14,269*
TOTAL ASSETS	**119,188**	**20,251**	**7,983**	**7,628**	**6,458**	**4,588**	**4,172**	**29,800**
TOTAL LIABILITIES	**119,688**	**20,197**	**7,461**	**7,678**	**6,444**	**3,579**	**4,240**	**27,547**
DIFFERENCE (+/-)	**-500**	**54**	**522**	**-50**	**14**	**1,009**	**-68**	**2,253**

As of 31 December 2022, the presentation of the “Breakdown by currency of assets and liabilities and of derivatives” has been aligned with the prudential approach in compliance with the new methodological framework introduced by the EBA Guidelines on the treatment of structural FX under Article 352(2) of Regulation (EU) No 575/2013 (CRR).

2. Internal models and other sensitivity analysis methodologies

As already noted, the management of Transaction Foreign Exchange Risk relating to trading activities is included in the operating procedures and in the estimation methodologies of the managerial VaR.
Foreign exchange risk expressed by equity investments in foreign currency (banking book) originated a VaR (99% confidence level, 10-day holding period) amounting to 84 million euro as at 31 December 2024. This potential impact would only be reflected in the Shareholders’ Equity.

1.3. DERIVATIVES AND HEDGING POLICIES

Starting from 2014, the Parent Company has been authorised to use EPE (Expected Positive Exposure) internal models to determine the capital requirement for counterparty risk. This approach is applicable to almost the entire derivatives portfolio (as shown in the table below, as at 31 December 2024 approximately 94% of the total EAD of financial and credit derivatives is measured using EPE models). Derivatives whose counterparty risk is measured using approaches other than internal models represent a residual portion of the portfolio (as at 31 December 2024 accounting for approximately 6% of overall EAD) and refer to:

– residual contracts of Intesa Sanpaolo to which EPE is not applied (in compliance with the immateriality thresholds set by the EBA);
– EAD generated by all other banks and companies in the Group which do not report using an internal model.

The table below shows the overall EAD of exposures in financial and credit derivatives, broken down by measurement approach.

(millions of euro)

Transaction categories	Exposure at default (EAD)			
	31.12.2024		31.12.2023	
	Standardised models	Internal Method (EPE)	Standardised models	Internal Method (EPE)
Derivative contracts	730	10,806	527	10,251

The EPE internal model considers the collateral collected to mitigate credit exposure and any excess collateral paid. The value of the guarantees received and included in the calculation of the EAD amounts to approximately 15.6 billion euro for the Parent Company, while the collateral provided to counterparties amounts to 15.9 billion euro (these amounts include the initial margins posted in connection with transactions with central counterparties and those received from bilateral counterparties and clearing service customers).

1.3.1. Trading derivatives

A. FINANCIAL DERIVATIVES

A.1. Financial trading derivatives: period-end notional amounts

(millions of euro)

Underlying asset/Type of derivatives	31.12.2024				31.12.2023			
	Over the counter			Organised markets	Over the counter			Organized markets
	Central Counterparties	without central counterparties			Central Counterparts	without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rate	**3,188,233**	**488,969**	**62,610**	**110,403**	**2,964,067**	**389,604**	**71,379**	**90,114**
a) Options	-	286,179	9,950	690	-	208,103	10,550	304
b) Swaps	3,188,233	202,790	51,555	-	2,964,067	181,501	59,965	-
c) Forwards	-	-	1,080	-	-	-	610	-
d) Futures	-	-	25	109,713	-	-	254	89,810
e) Other	-	-	-	-	-	-	-	-
2. Equities and stock indices	**-**	**18,873**	**30,174**	**7,242**	**-**	**13,841**	**25,243**	**5,445**
a) Options	-	11,084	30,165	2,254	-	9,157	25,234	1,963
b) Swaps	-	7,789	9	-	-	4,684	9	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	4,984	-	-	-	3,461
e) Other	-	-	-	4	-	-	-	21
3. Foreign exchange rates and gold	**-**	**175,238**	**24,549**	**21**	**-**	**131,224**	**23,938**	**85**
a) Options	-	45,715	3,780	1	-	25,436	2,282	4
b) Swaps	-	40,363	3,278	-	-	33,907	3,747	-
c) Forwards	-	88,799	16,448	-	-	71,559	17,084	-
d) Futures	-	-	-	20	-	-	-	81
e) Other	-	361	1,043	-	-	322	825	-
4. Commodities	**-**	**3,272**	**1,583**	**2,770**	**-**	**3,206**	**1,449**	**1,606**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,188,233**	**686,352**	**118,916**	**120,436**	**2,964,067**	**537,875**	**122,009**	**97,250**

The notional amounts shown as at 31 December 2024 in the column "Over the counter" with central counterparties relate to interest rate derivatives settled through legal clearing for a total of 3,188 billion euro.

A.2. Financial trading derivatives: gross positive and negative fair value – breakdown by product

(millions of euro)

Type of derivative	31.12.2024				31.12.2023			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options	-	2,148	740	128	-	2,260	738	114
b) Interest rate swaps	55,575	9,384	1,720	-	63,425	9,215	1,834	-
c) Cross currency swaps	-	921	242	-	-	903	214	-
d) Equity swaps	-	63	-	-	-	12	-	4
e) Forwards	-	959	239	-	-	1,048	192	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	226	191	-	-	333	96	-
Total	**55,575**	**13,701**	**3,132**	**128**	**63,425**	**13,771**	**3,074**	**118**
2. Negative fair value								
a) Options	-	2,766	8,666	129	-	2,784	7,411	115
b) Interest rate swaps	58,012	6,889	1,194	-	64,273	8,030	1,998	-
c) Cross currency swaps	-	1,937	59	-	-	1,539	187	-
d) Equity swaps	-	68	8	-	-	16	1	-
e) Forwards	-	1,348	278	-	-	691	229	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	174	121	-	-	339	111	-
Total	**58,012**	**13,182**	**10,326**	**129**	**64,273**	**13,399**	**9,937**	**115**

This table shows the fair value of all the unmargined contracts, both on regulated markets and with central counterparties.

The amounts shown in the column “Over the counter” with central counterparties relate to the gross fair value of the over-the-counter (OTC) derivatives settled through legal clearing, including LCH Ltd.

A.3. Over the counter financial trading derivatives: notional values, gross positive and negative fair value by counterparty

(millions of euro)

Underlying asset	Central Counterparties	Banks	Other financial companies	Other counterparties
Contracts not included under netting agreements				
1) Debt securities and interest rates				
- notional amount	X	3,193	18,635	40,782
- positive fair value	X	44	467	1,240
- negative fair value	X	-64	-244	-1,275
2) Equities and stock indices				
- notional amount	X	18,408	3,855	7,911
- positive fair value	X	552	106	3
- negative fair value	X	-712	-186	-7,368
3) Foreign exchange rates and gold				
- notional amount	X	1,754	4,224	18,571
- positive fair value	X	21	39	484
- negative fair value	X	-26	-50	-307
4) Commodities				
- notional amount	X	-	9	1,574
- positive fair value	X	-	-	176
- negative fair value	X	-	-	-94
5) Other				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included under netting agreements				
1) Debt securities and interest rates				
- notional amount	3,188,233	329,304	146,291	13,374
- positive fair value	55,575	6,692	3,602	332
- negative fair value	-58,012	-6,695	-1,308	-466
2) Equities and stock indices				
- notional amount	-	6,838	12,020	15
- positive fair value	-	407	231	14
- negative fair value	-	-93	-781	-
3) Foreign exchange rates and gold				
- notional amount	-	132,385	33,268	9,585
- positive fair value	-	1,326	600	277
- negative fair value	-	-2,706	-671	-293
4) Commodities				
- notional amount	-	176	789	2,307
- positive fair value	-	6	69	145
- negative fair value	-	-9	-41	-119
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4. Residual maturity of over the counter financial derivatives: notional amounts

(millions of euro)

Underlying/Residual maturity	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	1,283,204	1,600,948	855,660	3,739,812
A.2 Financial derivatives on equities and stock indices	20,039	25,354	3,654	49,047
A.3 Financial derivatives on foreign exchange rates and gold	144,767	39,622	15,398	199,787
A.4 Financial derivatives on commodities	2,438	2,413	4	4,855
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2024	**1,450,448**	**1,668,337**	**874,716**	**3,993,501**
Total 31.12.2023	**1,355,971**	**1,481,620**	**786,360**	**3,623,951**

B. CREDIT DERIVATIVES

B.1. Credit trading derivatives: period-end notional amounts

(millions of euro)

Categories of transactions	Trading derivatives	
	single counterparty	more counterparties (basket)
1. Protection purchases		
a) Credit default products	6,373	127,636
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total 31.12.2024	**6,373**	**127,636**
Total 31.12.2023	**6,306**	**33,306**
2. Protection sales		
a) Credit default products	6,504	125,213
b) Credit spread products	-	-
c) Total rate of return swap	3,119	-
d) Other	-	-
Total 31.12.2024	**9,623**	**125,213**
Total 31.12.2023	**11,655**	**29,419**

As at 31 December 2024, none of the contracts shown in the table above have been included within the structured credit products.

B.2. Credit trading derivatives: gross positive and negative fair value – breakdown by product

(millions of euro)

Type of derivative	Total 31.12.2024	Total 31.12.2023
1. Positive fair value		
a) Credit default products	2,969	1,073
b) Credit spread products	-	-
c) Total rate of return swap	95	213
d) Other	-	-
Total	**3,064**	**1,286**
2. Negative fair value		
a) Credit default products	3,028	1,140
b) Credit spread products	-	-
c) Total rate of return swap	25	-
d) Other	-	-
Total	**3,053**	**1,140**

As at 31 December 2024, none of the contracts shown in the table above have been included within the structured credit products.

The Total Rate of Return Swap (TRS) refers to protection sales operationally correlated with short positions in debt securities represented under Financial liabilities held for trading.

B.3. Over the counter credit trading derivatives: notional values, gross positive and negative fair value by counterparty

(millions of euro)

	Central counterparties	Banks	Other financial companies	Other counterparties
Contracts not included under netting agreements				
1) Protection purchases				
− notional amount	X	-	102,080	342
− positive fair value	X	-	-	17
− negative fair value	X	-	-	-2,343
2) Protection sales				
− notional amount	X	-	99,986	-
− positive fair value	X	-	2,302	-
− negative fair value	X	-	-	-
Contracts included under netting agreements				
1) Protection purchases				
− notional amount	17,338	5,982	8,267	-
− positive fair value	16	26	35	-
− negative fair value	-480	-57	-50	-
2) Protection sales				
− notional amount	16,179	7,222	11,449	-
− positive fair value	443	60	165	-
− negative fair value	-25	-33	-65	-

As at 31 December 2024, none of the contracts shown in the table above have been included within the structured credit products.

B.4. Residual maturity of over the counter credit trading derivatives: notional amounts

(millions of euro)

Underlying/Residual maturity	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
1. Protection sales	6,062	127,155	1,619	134,836
2. Protection purchases	4,401	128,358	1,250	134,009
Total 31.12.2024	**10,463**	**255,513**	**2,869**	**268,845**
Total 31.12.2023	**14,330**	**65,192**	**1,164**	**80,686**

B.5. Credit derivatives associated with the fair value option: annual changes

The Intesa Sanpaolo Group does not hold credit derivatives associated with the fair value option.

1.3.2. Accounting hedges

Qualitative information

On first-time adoption of IFRS 9, the Intesa Sanpaolo Group exercised its option under the standard to continue to fully apply the rules of IAS 39 for all types of hedges (micro and macro hedges). As a result, the provisions of IFRS 9 on hedging do not apply.

A. Fair value hedging

The hedging carried out by the Intesa Sanpaolo Group is aimed at protecting the banking book from variations in the fair value of loans and deposits due to movements in the interest rate curve (interest rate risk).

The Group uses both micro fair value hedges and macro fair value hedges.
The micro fair value hedges mainly hedge bonds issued, debt securities under assets and loans to customers.
The macro fair value hedges are used for:

- core deposits, based on the applicable standards in the carved-out version of IAS 39 in accordance with the option provided by IFRS 9 to make use of the possibility of fully applying the provisions of IAS 39 on hedges;
- the already fixed portion of floating-rate loans, in which the macro fair value hedge is used to hedge the interest rate risk inherent in the floating-rate coupons of the loans granted, when the coupon rate is set;
- a portion of fixed-rate loans; for this type, in line with the carved-out version of IAS 39, an open-portfolio macrohedging model has been adopted according to a bottom-layer approach that, in accordance with the interest rate risk measurement method involving modelling of the prepayment phenomenon, is more closely correlated with risk management activity and asset dynamics.

The main types of derivative contracts used are plain and structured interest rate swaps (IRS), overnight index swaps (OIS), cross-currency swaps (CCS), forward sales and options on interest rates stipulated with third parties.
The derivatives are not listed on regulated markets but are traded in OTC (over the counter) circuits. The OTC contracts also include contracts entered into through clearing houses, which account for the majority of derivatives.

B. Cash flow hedging

The hedging carried out by the Intesa Sanpaolo Group is aimed at protecting the Group from the exposure to changes in future cash flows attributable to movements in the interest rate curve, associated with a particular asset/liability, such as variable future interest payments on a debt/loan or a highly probable expected future transaction.

The Group uses both micro cash flow hedges and macro cash flow hedges. The micro cash flow hedges mainly hedge bonds issued.
The macro cash flow hedges are used for:

- floating-rate funding;
- floating-rate loans.

The derivatives used are interest rate swaps (IRS) with third parties.
The derivatives are not listed on regulated markets but are traded in OTC (over the counter) circuits. The OTC contracts also include contracts entered into through clearing houses, which account for the majority of derivatives.

C. Hedging of foreign investments

The Group uses hedges, subject to hedge accounting, to neutralise the effects of structural foreign exchange rate fluctuations on positions not exempt for the purposes of calculating capital requirements for foreign exchange risk. These hedging relationships were entered into in respect of structural foreign exchange risk positions capable of generating an impact on the foreign exchange reserves that form part of the Group's consolidated shareholders' equity. In the Parent Company's financial statements these hedging relationships are accounted for as micro fair value hedges, whereas in the consolidated financial statements they are treated as hedges of a net investment in a foreign currency.

D. Hedging instruments

The main causes of ineffectiveness of the model adopted by the Group for verifying the effectiveness of the hedges are attributable to the following:

- misalignment between the notional value of the derivative and the hedged underlying recognised at the time of initial designation or generated subsequently, such as in the case of partial repayments of loans or the repurchase of bonds;
- application of different curves on the hedging derivative and hedged item for the purpose of carrying out the effectiveness test on fair value hedges. The derivatives, normally collateralised or entered into through clearing houses, are discounted on the overnight curves, while the hedged items are discounted on the indexing curve of the hedging instrument;
- inclusion in the effectiveness test of the value of the floating-rate cash flows of the hedging derivative, in the case of fair value hedges.

The ineffectiveness of the hedge is promptly recognised for the purposes of:

- the determination of the effect on the income statement;
- the assessment of the possibility of continuing to apply the hedge accounting rules.

The Group does not use dynamic hedges, as defined in IFRS 7, paragraph 23C.

E. Hedged items

The main types of hedged items are:

- debt securities under assets;
- debt securities issued and non-securities funding;
- fixed-rate loans;
- floating-rate loans;
- optional embedded component of floating-rate mortgages;
- already set coupon of floating-rate loans;
- modelled on demand deposits.
- net investments in foreign currency.

E.1 Debt securities under assets

The debt securities under assets are hedged by micro fair value hedges, involving the use of IRS (interest rate swaps), OIS (overnight index swaps) and CCS (cross-currency swaps) as hedging instruments.
The interest rate risk is usually hedged for the entire portfolio holding period of the debt instrument.
The Dollar Offset Method is used to verify the hedge effectiveness. This method is based on the ratio between the cumulative changes (from the inception of the hedge) in the fair value of the hedging instrument, attributable to the hedged risk, and cumulative changes in the fair value of the hedged item (fair value change), net of the accrual component of the earned interest.
Micro fair value hedges also include forward sales on debt securities in the Financial assets at fair value through other comprehensive income (HTCS) portfolio, carried out to hedge fair value risks from movements in credit spreads and interest rate curves. With regard to the forward sale contract, which is a derivative because it is a non-regular way transaction, the spot component is separated from the interest component by designating only the spot component as the hedging instrument in a fair value hedging relationship.

E.2 Debt securities issued and non-securities funding

The Group establishes micro fair value hedges in place on fixed- or structured-rate funding and micro cash flow hedges or macro cash flow hedges on floating-rate funding, using IRS (interest rate swaps), OIS (overnight index swaps) and CCS (cross-currency swaps) as hedging instruments.
The interest rate risk is usually hedged throughout the life of the bond.
For the micro hedges, the hedge effectiveness is verified using the Dollar Offset Method. This method is based on the ratio between the cumulative changes (from the inception of the hedge) in the fair value or the cash flows of the hedging instrument, attributable to the hedged risk, and cumulative changes in the fair value or the cash flows of the hedged item (fair value change), net of the accrual component of the earned interest.
For the macro hedges, the hedge effectiveness is verified by means of a capacity test. This test involves a comparison of the consistency between the hedged items, referring to existing and expected floating-rate funding (so-called highly probable future transactions), and the hedging instruments, which must always be confirmed throughout the life of the hedging relationship and for each time band. In this case, the hedged item is represented by the expected cash flows from funding that will arise over the life of the issues. The estimate of the expected upcoming and highly probable funding is subject to annual approval by the Group Financial Risks Committee.

E.3 Fixed-interest loans

The Group establishes micro fair value hedges for fixed-rate loans and macro fair value hedges for mortgage loans disbursed to retail counterparties, mainly using IRS (interest rate swaps) as hedging instruments.
In a micro fair value hedge, the interest rate risk is hedged throughout the life of the underlying.
For the micro hedges, the hedge effectiveness is verified using the Dollar Offset Method.
For the macro hedges, the loan portfolio hedged is open, i.e. it is dynamically composed of fixed-loans hedged, at aggregate level, through hedging derivatives entered into over time.
The effectiveness of the macro hedges on fixed-rate loans is periodically verified through specific prospective and retrospective tests aimed at demonstrating that the hedged portfolio contains an amount of assets whose sensitivity profile and changes in fair value due to interest rate risk reflect those of the derivatives used for the hedge.

E.4 Floating-rate loans

The Group establishes macro cash flow hedges on floating-rate loans, mainly using interest rates swaps (IRSs) as hedging instruments.
The hedge effectiveness is verified by means of a capacity test. This test involves a comparison of the consistency between the hedged items, referring to the floating-rate loans outstanding, and the hedging instruments, which must always be confirmed throughout the life of the hedging relationship and for each time band. In this case, the hedged item is represented by the expected cash flows originating from the loans that will arise over the life of the assets.

E.5 Optional embedded component of floating-rate mortgages

The Group hedges the optional embedded components (interest rate options) of floating-rate mortgages through micro fair value hedges, using options (cap, floor, collar) as hedging instruments.
The underlying assets may be partially or totally hedged, over time and in terms of amount.
The hedge effectiveness is verified using the Dollar Offset Method.

E.6 Already set coupon of floating-rate loans
The Group establishes macro fair value hedges on coupons already set for floating-rate loans using OIS (overnight index swaps) as hedging instruments.
The purpose of this type of hedge is to neutralise the interest rate risk generated by the coupons already set for floating-rate loans.
The Dollar Offset Method is used to verify the hedge effectiveness, while the actual consistency of the hedged items is verified through a capacity test.

E.7 Modelled on demand deposits
Modelled on demand deposits are hedged by macro fair value hedges, as required by the "carve out" of IAS 39, using IRS (interest rate swaps) and OIS (overnight index swaps) as hedging instruments.
The purpose of the hedge is to protect net interest income from possible falls in interest rates that reduce the spread generated by the Group's core deposits.
The model is subject to continuous monitoring and verification by Market and Financial Risk Management, in order to promptly incorporate changes in the main characteristics of the model (volumes, stability, reactivity) and make the necessary adjustments where appropriate.
The hedge effectiveness is verified using the Dollar Offset Method.

E.8 Foreign investments
The Group establishes hedges of net investments in foreign currency that use outright currency forward contracts as the hedging instruments.
The purpose of the hedging is to protect the Group from the effects of changes in the exchange rate that could have impacts on the foreign exchange reserves that are part of the Group's consolidated shareholders' equity.
Of the currency forward derivative contract, only the change relating to the spot exchange rate (spot component) is designated a hedge subject to hedge accounting; this change is separated from the total fair value of the instrument.
In the Parent Company's financial statements, these hedging relationships are accounted for as micro fair value hedges, whereas in the consolidated financial statements they are treated as hedges of a net investment in a foreign currency.
The Dollar Offset Method is used to verify the hedge effectiveness at the Parent Company level, while at the Group level the actual consistency of the hedged items is verified by a capacity test.

Quantitative information

A. Financial hedging derivatives

A.1 Financial hedging derivatives: period-end notional amounts

(millions of euro)

Underlying asset/Type of derivative	31.12.2024				31.12.2023			
	Over the counter			Organised markets	Over the counter			Organized markets
	Central Counterparties	Without central counterparties			Central Counterparts	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**469,994**	**26,514**	**22,419**	**-**	**388,178**	**24,886**	**13,724**	**-**
a) Options	-	532	-	-	-	1,072	-	-
b) Swaps	469,994	25,982	21,618	-	388,178	23,794	12,421	-
c) Forwards	-	-	801	-	-	-	1,303	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	20	-	-
2. Equities and stock indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign exchange rates and gold	**-**	**11,702**	**260**	**-**	**-**	**9,730**	**363**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	10,983	260	-	-	9,392	363	-
c) Forwards	-	719	-	-	-	338	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**469,994**	**38,216**	**22,679**	**-**	**388,178**	**34,616**	**14,087**	**-**

The average notional amount in the year of the financial hedging derivatives was 469 billion euro.
The notional amounts shown as at 31 December 2024 in the column "Over the counter" with central counterparties relate to notional amounts of the financial hedging derivatives settled through legal clearing for a total of 470 billion euro.

A.2 Financial hedging derivatives: gross positive and negative fair value – breakdown by product

(millions of euro)

Type of derivative	Positive and negative fair value								Change in value used to calculate hedge effectiveness	
	Total 31.12.2024				Total 31.12.2023					
	Over the counter			Organised markets	Over the counter			Organised markets	Total 31.12.2024	Total 31.12.2023
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties				
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements			
Positive fair value										
a) Options	-	9	-	-	-	32	-	-	-30	-51
b) Interest rate swap	10,796	888	491	-	12,290	1,140	492	-	10,519	12,421
c) Cross currency swap	-	256	33	-	-	206	-	-	-92	49
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	2	10	-	-	-	2	-	1	-2
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**10,796**	**1,155**	**534**	**-**	**12,290**	**1,378**	**494**	**-**	**10,398**	**12,417**
Negative fair value										
a) Options	-	1	-	-	-	1	-	-	-	-
b) Interest rate swap	8,203	1,456	212	-	9,578	1,556	175	-	8,769	10,224
c) Cross currency swap	-	503	4	-	-	846	16	-	775	966
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	1	-	-	-	10	26	-	-	27
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**8,203**	**1,961**	**216**	**-**	**9,578**	**2,413**	**217**	**-**	**9,544**	**11,217**

The amounts shown as at 31 December 2024 in the column "Over the counter" with central counterparties relate to the gross fair value of the over-the-counter (OTC) financial hedging derivatives settled through legal clearing, including LCH Ltd.

A.3 Over the counter financial hedging derivatives: notional amounts, gross positive and negative fair values by counterparty

(millions of euro)

Underlying asset	Central counterparties	Banks	Other financial companies	Other counterparties
Contracts not included under netting agreements				
1) Debt securities and interest rates				
- notional amount	X	16,300	6,119	-
- positive fair value	X	339	162	-
- negative fair value	X	-166	-46	-
2) Equities and stock indices				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign exchange rates and gold				
- notional amount	X	260	-	-
- positive fair value	X	33	-	-
- negative fair value	X	-4	-	-
4) Commodities				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included under netting agreements				
1) Debt securities and interest rates				
- notional amount	469,994	25,280	1,234	-
- positive fair value	10,796	884	13	-
- negative fair value	-8,203	-1,011	-446	-
2) Equities and stock indices				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Foreign exchange rates and gold				
- notional amount	-	8,364	3,338	-
- positive fair value	-	188	70	-
- negative fair value	-	-247	-257	-
4) Commodities				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual maturity of over the counter financial hedging derivatives: notional amounts

(millions of euro)

Underlying/Residual maturity	Up to 1 year	Between 1 and 5 years	Over 5 year	Total
A.1 Financial derivatives on debt securities and interest rates	139,152	202,315	177,460	518,927
A.2 Financial derivatives on equities and stock indices	-	-	-	-
A.3 Financial derivatives on foreign exchange rates and gold	1,160	5,431	5,371	11,962
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2024	**140,312**	**207,746**	**182,831**	**530,889**
Total 31.12.2023	**104,339**	**180,472**	**152,070**	**436,881**

B. Credit hedging derivatives

B.1 Credit hedging derivatives: period-end notional amounts

B.2 Credit hedging derivatives: gross positive and negative fair value - breakdown by product

B.3 Over the counter credit hedging derivatives: notional amounts, gross positive and negative fair values by counterparty

B.4 Residual maturity of over the counter credit hedging derivatives: notional amounts

The Intesa Sanpaolo Group does not hold credit derivatives classified as hedges in its portfolio.

C. Non-derivative hedging instruments

C.1 Non-derivative hedging instruments: breakdown by accounting portfolio and type of hedge

The Intesa Sanpaolo Group has exercised the option, provided for on the introduction of IFRS 9, of continuing to fully apply the provisions of IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for each type of hedge (both for micro hedges and macro hedges).

For this reason, the Intesa Sanpaolo Group does not hold financial instruments to be shown in table “C.1 Non-derivative hedging instruments: breakdown by accounting portfolio and type of hedge”.

D. Hedged items

The Intesa Sanpaolo Group has exercised the option, provided for on the introduction of IFRS 9, of continuing to fully apply the provisions of IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for each type of hedge (both for micro hedges and macro hedges).

D.1 Fair value hedges

(millions of euro)

	Micro-hedges: book value	Micro-hedges – net positions: book value of assets and liabilities (prior to netting)	Micro-hedges			Macro-hedges: book value
			Cumulative fair value changes (hedged instrument)	Termination of hedging: residual cumulative fair value changes	Changes in value used to assess hedge ineffectiveness	
A. Assets						
1. Financial assets designated at fair value through other comprehensive income – hedging of:	**55,587**	**-**	**-323**	**-321**	**-285**	**-**
1.1 Debt securities and interest rates	51,861	-	-315	-316	-257	X
1.2 Equities and stock indices	-	-	-	-	-	X
1.3 Foreign exchange rates and gold	-	-	-	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	3,726	-	-8	-5	-28	X
2. Financial assets measured at amortised cost - hedging of:	**50,859**	**-**	**-844**	**-466**	**-311**	**119,460**
1.1 Debt securities and interest rates	49,916	-	-1,021	-466	-522	X
1.2 Equities and stock indices	-	-	-	-	-	X
1.3 Foreign exchange rates and gold	504	-	-3	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	439	-	180	-	211	X
Total 31.12.2024	**106,446**	**-**	**-1,167**	**-787**	**-596**	**119,460**
Total 31.12.2023	**90,441**	**-**	**-1,688**	**-3,043**	**-1,398**	**107,924**
B. Liabilities						
1. Financial liabilities measured at amortised cost - hedging of:	**69,602**	**-**	**-1,225**	**-**	**-1,230**	**208,484**
1.1 Debt securities and interest rates	64,036	-	-689	-	-762	X
1.2 Foreign exchange rates and gold	-	-	-	-	-	X
1.3 Other	5,566	-	-536	-	-468	X
Total 31.12.2024	**69,602**	**-**	**-1,225**	**-**	**-1,230**	**208,484**
Total 31.12.2023	**66,037**	**-**	**-1,384**	**-41**	**-1,514**	**146,478**

D.2 Cash flow hedges and hedges of foreign investments

(millions of euro)

		Change in value used to assess hedge ineffectiveness	Hedging reserves	Termination of hedging: residual cumulative value of the hedging reserves
A. Cash flow hedge				
1. Assets		**156**	**23**	**-**
1.1 Debt securities and interest rates		156	18	-
1.2 Equities and stock indices		-	-	-
1.3 Foreign exchange rates and gold		-	-	-
1.4 Loans		-	5	-
1.5 Other		-	-	-
2. Liabilities		**21**	**-142**	**-**
1.1 Debt securities and interest rates		21	-142	-
1.2 Foreign exchange rates and gold		-	-	-
1.3 Other		-	-	-
Total (A)	**31.12.2024**	**177**	**-119**	**-**
Total (A)	**31.12.2023**	**299**	**-318**	**-**
B. Hedges of foreign investments		X	13	-
Total (A+B)	**31.12.2024**	**177**	**-106**	**-**
Total (A+B)	**31.12.2023**	**299**	**-292**	**-**

E. Effects of hedging on shareholders' equity

E.1 Reconciliation of components of shareholders' equity

(millions of euro)

	Cash flow hedging reserve					Reserve for hedging of foreign investments				
	Debt securities and interest rates	Equities and stock indices	Foreign exchange rates and gold	Loans	Other	Debt securities and interest rates	Equities and stock indices	Foreign exchange rates and gold	Loans	Other
Initial amount	**-319**	**-**	**-**	**1**	**-**	**-**	**-**	**26**	**-**	**-**
Fair value changes (effective portion)	195	-	-	4	-	-	-	-13	-	-
Reclassification to the income statement	-	-	-	-	-	-	-	-	-	-
of which: future transaction not expected	-	-	-	-	-	X	X	X	X	X
Other changes	-	-	-	-	-	-	-	-	-	-
of which: transfer to initial book value	-	-	-	-	-	X	X	X	X	X
Final amount	**-124**	**-**	**-**	**5**	**-**	**-**	**-**	**13**	**-**	**-**

The category "Hedging instruments (non-designated items)" is not present, because the Intesa Sanpaolo Group has exercised the option, provided for on the introduction of IFRS 9, of continuing to fully apply the provisions of IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for each type of hedge (both for micro hedges and macro hedges).

1.3.3. Other information on derivative instruments (trading and hedging)

A. Credit and financial derivatives

A.1 Over the counter credit and financial derivatives: net fair values by counterparty

(millions of euro)

	Central counterparties	Banks	Other financial companies	Other counterparties
A. Financial derivatives				
1) Debt securities and interest rates				
- notional amount	2,518,720	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-4,536	-	-	-
2) Equities and stock indices				
- notional amount	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-
3) Foreign exchange rates and gold				
- notional amount	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-
4) Commodities				
- notional amount	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-
B. Credit derivatives				
1) Protection purchases				
- notional amount	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-
2) Protection sales				
- notional amount	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-

The table shows the values resulting from the offsetting in the balance sheet for the derivatives whose netting agreements meet the criteria set out in IAS 32 paragraph 42.
In particular, the above refers to over-the-counter (OTC) trading and hedging financial and credit in place with the legal clearing agent LCH Ltd., for which the fair values attributable to transactions on own account and transactions on behalf of customers have been offset separately in the financial statements.
The clearing amount, which had a total net negative value of 4,536 million euro (positive fair value of 56,991 million euro and negative fair value of 61,527 million euro), attributable to a negative result of 4,525 million euro from trading derivatives and a negative result of 11 million euro from hedging derivatives, is presented in Part B of the Notes to the financial statements for operations on behalf of customers (trading derivatives) under financial assets held for trading for 523 million euro, for operations on own account under financial liabilities held for trading for 5,048 million euro and in liabilities under financial hedging derivatives for 11 million euro.

1.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

General aspects, liquidity risk management processes and measurement methods

Liquidity risk is defined as the risk that the Bank may not be able to meet its payment obligations due to the inability to obtain funds on the market (funding liquidity risk) or liquidate its assets (market liquidity risk).
The arrangement of a suitable control and management system for that specific risk has a fundamental role in maintaining stability, not only at the level of each individual bank, but also of the market as a whole, given that imbalances within a single financial institution may have systemic repercussions. Such a system must be integrated into the overall risk management system and provide for incisive controls consistent with developments in the context of reference.

Intesa Sanpaolo's internal control and management system for liquidity risk is implemented within the Group Risk Appetite Framework and in compliance with the tolerance thresholds for liquidity risk approved in the system, which establish that the Group must maintain an adequate liquidity position in order to cope with periods of strain, including prolonged periods, on the various funding supply markets, also by establishing adequate liquidity reserves consisting of marketable securities and refinancing at Central Banks. To this end, a balance needs to be maintained between incoming and outgoing funds, both in the short and medium-long term. This goal is implemented by the Group Liquidity Risk Management Guidelines approved by the Corporate Bodies of Intesa Sanpaolo, in implementation of the applicable regulatory provisions.

The provisions on liquidity introduced by the European Union in June 2013 and subsequently updated establish that banks must comply with: (i) the short-term liquidity coverage ratio (LCR > 100%) and (ii) the net stable funding ratio (NSFR >100%), as set out in Directive 2019/878/EU, Regulation (EU) No 575/2013, Regulation (EU) No 2019/876 and Delegated Regulation (EU) No 2015/61, as supplemented and amended. The regulatory framework is completed by the Implementing Technical Standards developed by the EBA and ECB Guidelines designed to increase regulatory harmonisation of the Union within the framework of the Single Supervisory Mechanism (SSM), which in the area of liquidity also establishes an Internal Liquidity Adequacy Assessment Process (ILAAP), to be conducted with annual frequency for the purposes of the Supervisory Review and Evaluation Process (SREP).

The "Group Liquidity Risk Management Guidelines" of the Intesa Sanpaolo Group – in addition to referring to the Bank of Italy's indications regarding liquidity risk contained in the "Supervisory regulations for banks" – have gradually incorporated all the above regulatory provisions, in implementation of the applicable regulatory provisions.
In this framework, the Group Liquidity Risk Management Guidelines approved by Intesa Sanpaolo's Corporate Bodies illustrate the tasks of the various corporate functions, the rules and the set of control and management processes aimed at ensuring prudent monitoring of liquidity risk, thereby preventing the emergence of crisis situations. To this end, they include procedures for identifying risk factors, measuring risk exposure and verifying observance of limits, conducting stress tests, identifying appropriate risk mitigation initiatives, drawing up emergency plans and submitting informational reports to company bodies.

The key principles guiding the internal control and management system for liquidity risk defined by those Guidelines are as follows:
- the existence of a liquidity management policy approved by senior management and clearly disseminated throughout the Bank;
- the existence of an operating structure that works within set limits and attention thresholds and of a control structure that is independent from the operating structure;
- the constant availability of adequate liquidity reserves in relation to the pre-determined liquidity risk tolerance threshold;
- the assessment of the impact of various scenarios, including stress testing scenarios, on the cash inflows and outflows over time and the quantitative and qualitative adequacy of liquidity reserves;
- the adoption of an internal fund transfer pricing system that accurately incorporates the cost/benefit of liquidity, on the basis of the Intesa Sanpaolo Group's funding conditions;
- liquidity management in crisis situations that takes into account the guidelines on the governance of crisis management processes within the Recovery Plan and the Resolution Plan.

The Group Liquidity Risk Management Guidelines set out the task assigned to the Corporate Bodies and allocate several important responsibilities to senior management, including approving measurement indicators, defining the main assumptions underlying the stress scenarios and composing the early warning thresholds used to activate emergency plans.

In order to pursue an integrated and consistent risk management policy, the Group's strategic decisions on liquidity risk governance and management are assigned to the Corporate Bodies of the Parent Company. From this standpoint, the Parent Company performs its functions of monitoring and managing liquidity not only in reference to its own organisation, but also by assessing the Group's overall transactions and the liquidity risk to which it is exposed. In order to maximise the coordination and integrated control of liquidity risk, the Group Liquidity Risk Management Guidelines identify the following scopes of companies: (i) the "Eurozone sub-consolidation scope", which comprises the Parent Company with its international branches and all the other Italian and international banks of the Group in the Eurozone for which the transfer of liquidity is not blocked or limited by regulatory constraints and which therefore contribute to the stability of the integrated management in the Eurozone, for which the Central Treasury function is directly responsible, subject to compliance with the limits set for each individual legal entity; and (ii) the "Other Banks/Group Companies" scope, which includes the Group's international subsidiaries, whose liquidity management is carried out by the Treasury/ALM functions of each subsidiary, under the guidance and monitoring of the competent structures of the Parent Company.

The corporate functions of the Parent Company responsible for ensuring the correct application of these Guidelines and the adequacy of the Group's liquidity position are the Group Treasury & Capital Management structure and the Planning & Control structure, responsible, within the Chief Financial Officer (CFO) Area, for liquidity management, and the Market & Financial Risk Management structure, which is directly responsible, within the Chief Risk Officer (CRO) Area, for measuring liquidity risk on a consolidated basis.

The Group's liquidity is managed by the aforesaid structures of the CFO area through thorough monitoring of cash flows and continuous liaison with the Business Units, within the framework of the relevant business plans drawn up in accordance with the following guidelines:
– constant attention to the level of customer loyalty, aimed at maintaining a high stock of stable deposits;
– monitoring of the deposit-lending gap of the Business Units, with respect to plan and budget targets;
– balanced use of the institutional market, with particular attention to diversification of segments and instruments;
– selective use of refinancing operations by Central Banks.

Market & Financial Risk Management is directly responsible for level two controls and, as an active member of the Managerial Committees, it performs a primary role in the management and dissemination of information on liquidity risk, helping improve the Group's overall awareness of the existing position. In particular, it ensures the measurement of the Group's current and future exposure to liquidity risks under normal and stressed conditions, verifying compliance with the limits and, if those limits are exceeded, implementing the reporting to the competent Corporate Bodies and monitoring the agreed correction actions in the event of any excesses.

The Chief Audit Officer assesses the functioning of the overall structure of the control system monitoring the process for measuring, managing and controlling the Group's exposure to liquidity risk and verifies the adequacy and compliance of the process with the requirements established by the regulations. The results of the controls carried out are submitted to the Corporate Bodies, at least once a year.

The liquidity risk measurement metrics and mitigation tools are formalised by the aforementioned "Group Liquidity Risk Management Guidelines" which establish the methodology used for both the short-term and structural liquidity indicators.

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

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

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

The Intesa Sanpaolo Group's structural Liquidity Policy has adopted the structural requirement provided for by the regulatory provisions - the Net Stable Funding Ratio (NSFR). This indicator is aimed at promoting the increased use of stable funding, to prevent medium/long-term operations from giving rise to excessive imbalances to be financed in the short term. To this end, it sets a minimum "acceptable" amount of funding exceeding one year in relation to the needs originating from the characteristics of liquidity and residual duration of assets and off-balance sheet exposures. In addition, the internal policy on structural liquidity also includes early warning indicators for maturities of more than 1 year, with particular attention to long-term gaps (>5 years).

The Group Liquidity Risk Management Guidelines also establish methods for management of a potential liquidity crisis, defined as a situation of difficulty or inability of the Bank to meet its cash obligations falling due, without implementing procedures and/or employing instruments that, due to their intensity or manner of use, do not qualify as ordinary administration.

By setting itself the objectives of safeguarding the Group's asset value and also guaranteeing business continuity under conditions of extreme liquidity emergency, the Contingency Liquidity Plan (CLP) ensures the identification of the early warning signals and their ongoing monitoring, the definition of procedures to be implemented in situations of liquidity stress, also indicating the immediate lines of action, and the intervention measures for the resolution of emergencies. The early warning indices, aimed at spotting the signs of a potential liquidity strain, both systematic and specific, are monitored with daily frequency by Market & Financial Risk Management. Within this framework, the Group Treasury & Capital Management structure was officially entrusted with drawing up the Contingency Funding Plan (CFP), which contains the various lines of

actions that can be activated in order to face potential stress situations, specifying the extent of the mitigating effects attainable in the short-term.
The CLP is part of the more general plan of Crisis Management (i.e. it is the first step of the escalation process envisaged in the management of liquidity emergencies) and the instruments envisaged in it represent a selection of recovery actions that are considered to be implementable in the short term and before other more radical measures, which are more extraordinary in nature or extent. To this end, intervention strategies and tools are defined according to the type, duration and intensity of the liquidity emergency, as well as the context in which the emergency is expected to occur.

Group liquidity position

The Group's liquidity position - supported by suitable high-quality liquid assets (HQLA) and the significant contribution from retail stable funding - remained within the risk limits set out in the current Group Liquidity Policy for all of 2024.
Both regulatory indicators, LCR and NSFR, were above the regulatory requirements. In 2024, the Liquidity Coverage Ratio (LCR) of the Intesa Sanpaolo Group, measured according to Delegated Regulation (EU) 2015/61, amounted to an average[185] of 154.8% (168.1% in 2023). The NSFR was also significantly higher than 100%, supported by a solid base of stable deposits from customers, in addition to adequate wholesale medium/long-term securities funding. As at 31 December 2024, the Intesa Sanpaolo Group's NSFR, measured in accordance with regulatory instructions, was 121.4% (121.1% at the end of 2023).

The surpluses of both regulatory indicators, LCR and NSFR, are mainly originated within the Eurozone sub-consolidation scope. For the purposes of the LCR indicator, individual surpluses recorded at some international subsidiaries are also sterilised on consolidation, in accordance with the applicable prudential supervisory regulations.
At the end of December 2024, the value of the total unencumbered HQLA reserves, at the various Treasury Departments of the Group, amounted to 127.4 billion euro (160.3 billion euro at the end of 2023). These reserves consisted of around 30% cash as a result of the temporary excess liquidity payments in the form of unrestricted deposits held at central banks. Adding the other marketable reserves and/or eligible reserves for Central Banks, including retained self-securitisations, the Group's total unencumbered liquidity reserves amounted to 207 billion euro (202.2 billion euro at the end of 2023), of which 83% held at the Parent Company's Central Treasury and 17% at decentralised treasuries, based on the local needs of the Group's various subsidiaries.
The Group's total available reserves increased primarily due to the higher liquidity surpluses stemming from the operations of the Group's Commercial Networks, with a change in composition: the HQLA Reserves decreased as a result of the full repayment of the TLTRO tranches during the year, which freed up non-HQLA collateral for use at the Central Bank.

(millions of euro)

	Unencumbered (net of haircut)	
	31.12.2024	**31.12.2023**
HQLA Liquidity Reserves	**127,378**	**160,309**
Cash and Deposits held with Central Banks (HQLA)	35,446	80,461
Highly liquid securities (HQLA)	81,064	68,522
Other HQLA reserves not included in LCR	10,868	11,326
Other eligible and/or marketable reserves	**79,621**	**41,877**
Total Group's Liquidity Buffer	**206,999**	**202,186**

Regular stress tests are carried out to assess the impact of negative events on the company liquidity position and on the adequacy of liquidity reserves, in relation to the current and prospective situation of the Group, the Bank and the market, to enable the Corporate Bodies to promptly recognise any unexpected vulnerability and to direct the activation of consequent corrective measures.

Considering the high amounts of unencumbered liquidity reserves (liquid or eligible), the stress tests, in a combined scenario of market and specific crises (with significant loss in customer deposits), yielded results in excess of the target threshold for the Intesa Sanpaolo Group, with a liquidity surplus capable of meeting extraordinary cash outflows for a period of more than 3 months.

Generally, Intesa Sanpaolo's funding strategy is based on maintaining diversity in terms of customers, products, maturities and currencies. Intesa Sanpaolo's main sources of funding consist of: (i) deposits from the domestic Retail and Corporate market, which represent the stable portion of funding, (ii) medium/long-term funding, mainly composed of own issues (senior debt securities in the euro and US markets, in addition to subordinated securities and covered bonds/ABSs), (iii) short-term funding on wholesale markets, largely consisting of repurchase agreements and CD/CP funding; and (iv) repurchase agreements on eligible retained assets.
The "Group Liquidity Risk Management Guidelines" require the regular monitoring of the concentration analyses for the funding (by counterparty/product) and for the liquidity reserves (by issuer/counterparty).

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

[185] The figure shown refers to the simple average of the last 12 months of monthly observations, as per Regulation (EU) 2021/637.

the risk factors. This report includes an assessment of the liquidity risk exposure, also determined based on the adverse scenarios. The Board of Directors of Intesa Sanpaolo is regularly involved in defining the strategy for maintaining an adequate liquidity position at the level of the entire Group.

The corporate assessment on the adequacy of Intesa Sanpaolo's liquidity position is reported in the ILAAP, which also includes the Group's Funding Plan. Within the annual approval process for this report by the Corporate Bodies of Intesa Sanpaolo, the Liquidity Adequacy Statement (LAS) approved by the Board of Directors, which also presents the main findings from the self-assessment of the adequacy of the liquidity position, taking into account the results and values shown by the main indicators, confirms that the management of the liquidity position is considered to be adequate and deeply rooted in the Group's culture and business processes. It also notes, including from a prospective standpoint, that the current system of rules and procedures appears adequate to ensure a prompt and effective reaction should the risks and challenges actually materialise in severe and adverse stress scenarios.

QUANTITATIVE INFORMATION

1. Breakdown by contractual residual maturity of financial assets and liabilities

The breakdown by maturity of financial assets and liabilities is shown in the tables below according to the rules set forth in the financial statement regulations (Bank of Italy Circular 262 and related clarifications issued by the Supervisory Authority), using accounting information organised by contractual residual maturity. Therefore, no operational data was used that would require, for example, the modelling of core deposits and the representation of on-balance sheet items according to their level of liquidability.

Currency of denomination: Euro

(millions of euro)

Type/Residual maturity	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
A. Cash assets	**74,266**	**12,701**	**7,170**	**18,269**	**23,029**	**26,647**	**34,842**	**155,965**	**210,156**	**4,918**
A.1 Government bonds	4	32	46	173	1,283	730	1,203	16,697	53,362	-
A.2 Other debt securities	211	171	963	3,863	453	690	1,167	14,655	26,891	-
A.3 Quotas of UCI	3,377	-	-	-	-	-	-	-	10	-
A.4 Loans	70,674	12,498	6,161	14,233	21,293	25,227	32,472	124,613	129,893	4,918
- Banks	31,773	3,731	386	1,225	2,981	3,417	2,083	3,458	447	4,861
- Customers	38,901	8,767	5,775	13,008	18,312	21,810	30,389	121,155	129,446	57
B. Cash liabilities	**375,355**	**20,008**	**7,353**	**8,270**	**17,721**	**21,175**	**18,475**	**64,212**	**36,970**	**-**
B.1 Deposits and current accounts	350,962	4,705	5,347	6,036	9,151	8,910	3,667	1,858	615	-
- Banks	2,851	819	461	186	181	89	79	490	254	-
- Customers	348,111	3,886	4,886	5,850	8,970	8,821	3,588	1,368	361	-
B.2 Debt securities	15	100	914	1,729	5,880	10,573	13,587	55,748	31,049	-
B.3 Other liabilities	24,378	15,203	1,092	505	2,690	1,692	1,221	6,606	5,306	-
C. Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	359	12,819	5,495	6,126	28,002	6,811	7,231	17,149	12,378	-
- Short positions	448	7,852	3,230	4,649	13,577	3,692	5,910	13,283	18,008	-
C.2 Financial derivatives without exchange of capital										
- Long positions	16,493	128	2	44	1,386	1,487	2,336	376	47	-
- Short positions	20,457	59	15	153	326	592	873	376	47	-
C.3 Deposits and loans to be settled										
- Long positions	46,560	-	-	-	-	-	-	-	-	-
- Short positions	2	45,949	53	103	-	369	-	12	72	-
C.4 Irrevocable commitments to lend funds										
- Long positions	3,990	13,440	2,319	894	810	3,303	6,322	23,839	2,234	-
- Short positions	54,181	2	8	45	73	50	152	53	26	-
C.5 Financial guarantees given	1,220	4	14	48	139	185	338	557	126	-
C.6 Financial guarantees received	117	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	11	150	372	670	-
- Short positions	-	-	-	-	-	11	150	372	670	-
C.8 Credit derivatives without exchange of capital										
- Long positions	2,761	-	-	-	-	-	-	-	-	-
- Short positions	2,717	-	-	-	-	-	-	-	-	-

Currency of denomination: Other currencies

(millions of euro)

Type/Residual maturity	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
A. Cash assets	**12,045**	**3,961**	**6,124**	**4,865**	**5,344**	**3,656**	**4,616**	**27,441**	**26,219**	**2,902**
A.1 Government bonds	30	31	99	372	255	450	1,190	8,601	17,113	-
A.2 Other debt securities	286	48	588	74	200	166	310	4,572	2,979	-
A.3 Quotas of UCI	884	-	-	-	-	-	-	-	-	-
A.4 Loans	10,845	3,882	5,437	4,419	4,889	3,040	3,116	14,268	6,127	2,902
- Banks	8,059	854	4,037	422	518	577	189	506	91	2,878
- Customers	2,786	3,028	1,400	3,997	4,371	2,463	2,927	13,762	6,036	24
B. Cash liabilities	**21,766**	**11,249**	**3,536**	**2,276**	**3,132**	**1,998**	**3,148**	**9,322**	**15,203**	**-**
B.1 Deposits and current accounts	19,307	2,295	1,711	1,775	1,894	1,175	994	1,679	64	-
- Banks	2,210	323	463	268	148	170	118	414	34	-
- Customers	17,097	1,972	1,248	1,507	1,746	1,005	876	1,265	30	-
B.2 Debt securities	144	241	166	136	742	791	1,845	6,086	12,049	-
B.3 Other liabilities	2,315	8,713	1,659	365	496	32	309	1,557	3,090	-
C. Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	164	16,862	4,921	7,547	16,488	6,162	10,842	19,501	11,866	-
- Short positions	232	21,718	6,923	8,612	29,862	8,736	11,290	24,184	7,296	-
C.2 Financial derivatives without exchange of capital										
- Long positions	3,361	36	-	-	-	10	1	38	-	-
- Short positions	6,964	-	-	-	9	8	18	39	-	-
C.3 Deposits and loans to be settled										
- Long positions	728	-	-	-	-	-	-	-	-	-
- Short positions	3	21	15	9	5	-	-	364	311	-
C.4 Irrevocable commitments to lend funds										
- Long positions	602	11	26	35	346	1,645	1,524	14,952	2,153	-
- Short positions	20,611	165	-	309	5	4	2	38	49	-
C.5 Financial guarantees given	664	26	7	30	86	101	227	372	62	-
C.6 Financial guarantees received	68	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	10	-	-	-	-
- Short positions	-	-	-	-	-	10	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	302	-	-	-	-	-	-	-	-	-
- Short positions	318	-	-	-	-	-	-	-	-	-

2. Self-securitisations

A brief illustration of the securitisations originated by Intesa Sanpaolo outstanding as at 31 December 2024 is shown below, in which the Bank subscribed all the securities issued by the related vehicle (self-securitisations), and which need not be shown in the tables of Part E, Section C “Securitisations” of the Notes to the financial statements.

Brera Sec S.r.l. (SEC 2)

In September 2019, a self-securitisation was structured, implemented through the sale of a loan portfolio originated by Intesa Sanpaolo to the vehicle company Brera Sec S.r.l. This transaction is the Group’s second Residential Mortgage Backed Security (“RMBS”) securitisation (the first Brera Sec S.r.l. securitisation was closed during the year).
Intesa Sanpaolo has acquired a minority interest (5%) in the newly established vehicle, purchased on the market, and control (95%) is held by a corporate entity outside the Group (Dutch-registered foundation known as a Stichting).
Intesa Sanpaolo takes care of the accounting management for the vehicle, whereas the corporate administration will be carried out by Securitisation Services S.p.A.
The transaction involved the issuance by the vehicle company of two tranches of securities: a senior tranche listed on the Luxembourg Stock Exchange, with a rating assigned by two rating agencies (Moody’s and Morningstar DBRS) and an unlisted junior tranche without rating.
Both the senior security and the junior security were subscribed by Intesa Sanpaolo.
The senior security issued through the transaction, with a Moody’s Aa3 and a Morningstar DBRS A (High) rating, can be used as collateral for refinancing operations in the Eurosystem.
The total sale consideration was 7.5 billion euro. The sale price of the portfolio was settled through the issuance of securities on 27 November 2019 for a total of 7.5 billion euro.
As at 31 December 2024, the value of the outstanding securities was 3,644 million euro for the senior securities and 860 million euro for the junior securities.

The transaction is due to be extinguished in the first quarter of 2025, with the full repurchase of the loan portfolio at the end of January for 4.4 billion euro, with completion of the closure on the payment date of 17 March 2025.

Brera Sec S.r.l. (SEC 3)

In October 2021, an additional self-securitisation was structured, implemented through the sale of a loan portfolio originated by Intesa Sanpaolo to the vehicle company Brera Sec S.r.l. This transaction is the Group's third Residential Mortgage Backed Security ("RMBS") securitisation.
Intesa Sanpaolo takes care of the accounting management for the vehicle, whereas the corporate administration will be carried out by Securitisation Services S.p.A.
The transaction involved the issuance by the vehicle company of two tranches of securities: a listed senior tranche, with a rating assigned by two rating agencies (Moody's and Morningstar DBRS) and an unlisted junior tranche without rating.
Both the senior security and the junior security were subscribed by Intesa Sanpaolo.
The senior security issued through the transaction, with a Moody's Aa3 and a Morningstar DBRS A (High) rating, can be used as collateral for refinancing operations in the Eurosystem.
The total sale consideration was 7.7 billion euro. The sale price of the portfolio was settled through the issuance of securities on 1 December 2021 for a total of 7.7 billion euro.
As at 31 December 2024, the value of the outstanding securities was 5,760 million euro for the senior securities and 725 million euro for the junior securities.

Clara Sec S.r.l.

In 2020, a self-securitisation was structured involving receivables arising from performing personal loans within the consumer credit area and disbursed to consumer households, originated by Intesa Sanpaolo to the vehicle company Clara Sec S.r.l.
The securitisation is a revolving transaction and Intesa Sanpaolo has the option to sell the vehicle further loan portfolios with similar characteristics and quality, which the Vehicle will purchase by drawing on the receipts generated by the portfolio segregated over time.
Intesa Sanpaolo has acquired a minority interest (5%) in the newly established vehicle, which was purchased on the market, and control (95%) will remain with an entity from outside the Group (Dutch-registered foundation known as a Stichting).
Intesa Sanpaolo takes care of the accounting management for the vehicle, whereas the corporate administration will be carried out by Securitisation Services S.p.A.
The transaction involved the issuance by the vehicle company of two tranches of securities: a listed senior tranche, with a rating assigned by two rating agencies (Moody's and Morningstar DBRS) and an unlisted junior tranche without rating.
Both the senior security and the junior security were subscribed by Intesa Sanpaolo.
The senior security issued through the transaction, with a Moody's A1 and a Morningstar DBRS AA (Low) rating, can be used as collateral for refinancing operations in the Eurosystem.
The total sale consideration was 7.6 billion euro. The sale price of the portfolio was settled through the issuance of securities on 23 June 2020 for a total of 7.2 billion euro.
In 2024, the following additional transactions were also completed:

- in January, buyback of non-performing loans for 8 million euro;
- in April, sale for an amount of 1.1 billion euro;
- in November, sale for an amount of 1.2 billion euro.

As at 31 December 2024, the value of the outstanding securities was 6,350 million euro for the senior securities and 824 million euro for the junior securities.

Giada Sec S.r.l.

In November 2020, a self-securitisation was structured, implemented through the sale of a portfolio of loans, disbursed to companies belonging to the small business, SME and Corporate segment and originated by Intesa Sanpaolo, to the vehicle company Giada Sec S.r.l.
The securitisation is a revolving transaction and Intesa Sanpaolo has the option to sell the vehicle further loan portfolios with similar characteristics and quality, which the Vehicle will purchase by drawing on the receipts generated by the portfolio segregated over time.
Intesa Sanpaolo has acquired a minority interest (5%) in the newly established vehicle, purchased on the market, and control (95%) is held by a corporate entity outside the Group (Dutch-registered foundation known as a Stichting).
Intesa Sanpaolo takes care of the accounting management for the vehicle, whereas the corporate administration will be carried out by Securitisation Services S.p.A.
The transaction involved the issuance by the vehicle company of two tranches of securities: a listed senior tranche, with a rating assigned by two rating agencies (Moody's and Morningstar DBRS) and an unlisted junior tranche without rating.
Both the senior security and the junior security were subscribed by Intesa Sanpaolo.
The senior security issued through the transaction, with a Moody's A1 and a Morningstar DBRS A (High) rating, can be used as collateral for refinancing operations in the Eurosystem.
The total sale consideration was 10.1 billion euro. The sale price of the portfolio was settled through the issuance of securities on 21 December 2020 for the same amount.
In 2024, the following additional transactions were also completed:

- in January, buyback of non-performing loans for 13.4 million euro;
- in June, sale for an amount of 1.3 billion euro;
- in September, buyback of non-performing loans for 113.6 million euro;
- in October, sale for an amount of 1.6 billion euro.

As at 31 December 2024, the value of the outstanding securities was 6,610 million euro for the senior securities and 3,485 million euro for the junior securities.

Giada Sec S.r.l. (GIADA BIS)

In October 2022, a new self-securitisation was structured, implemented through the sale of a loan portfolio originated by Intesa Sanpaolo, disbursed to small and medium enterprises ("SMEs"), including sole proprietorships and loans granted to corporate customers not belonging to the large corporate segment, to the special purpose vehicle Giada Sec S.r.l.
The securitisation is a revolving transaction and Intesa Sanpaolo has the option to sell the vehicle further loan portfolios with similar characteristics and quality, which the Vehicle will purchase by drawing on the receipts generated by the portfolio segregated over time.
Intesa Sanpaolo takes care of the accounting management for the vehicle, whereas the corporate administration will be carried out by Securitisation Services S.p.A.
The transaction involved the issuance by the vehicle company of two tranches of securities: a listed senior tranche, with a rating assigned by two rating agencies (Moody's and Morningstar DBRS) and an unlisted junior tranche without rating.
Both the senior security and the junior security were subscribed by Intesa Sanpaolo.
The senior security issued through the transaction, with a Moody's A1 and a Morningstar DBRS A (High) rating, can be used as collateral for refinancing operations in the Eurosystem.
The total sale consideration was 15.2 billion euro. The sale price of the portfolio was settled through the issuance of securities on 5 December 2022 for a total of 15.2 billion euro.
In 2024, the following additional transactions were also completed:

- in January, buyback of non-performing loans for 45 million euro;
- in April, sale for an amount of 1.6 billion euro;
- in September, buyback of non-performing loans for 228 million euro;
- in November, sale for an amount of 891 million euro.

As at 31 December 2024, the value of the outstanding securities was 10,250 million euro for the senior securities and 4,940 million euro for the junior securities.

(millions of euro)

Vehicle	Type of security issued	Type of asset securitised	External rating	Principal as at 31.12.2024
BRERA SEC S.r.l. (SEC 2)				
of which issued in euro				**4,504**
Class A RMBS F/R Notes	Senior	Residential mortgage loans	Moody's Aa3 / Morningstar DBRS AH	3,644
Class B RMBS Fixed Rate and Additional Return Notes	Junior	Residential mortgage loans	no rating	860
BRERA SEC S.r.l (SEC 3)				
of which issued in euro				**6,485**
Class A RMBS F/R Notes	Senior	Residential mortgage loans	Moody's Aa3 / Morningstar DBRS AH	5,760
Class B RMBS Fixed Rate and Additional Return Notes	Junior	Residential mortgage loans	no rating	725
CLARA SEC S.r.l.				
of which issued in euro				**7,174**
Class A Asset Backed F/R Notes	Senior	Personal loans	Moody's A1 / Morningstar DBRS AAL	6,350
Class B Asset Backed F/R Notes	Junior	Personal loans	no rating	824
GIADA SEC S.r.l.				
of which issued in euro				**10,095**
Class A Asset Backed F/R Notes	Senior	Receivables from Small business, SME and corporate customers	Moody's A1 / Morningstar DBRS AH	6,610
Class B Asset Backed F/R Notes	Junior	Receivables from Small business, SME and corporate customers	no rating	3,485
GIADA SEC S.r.l. (GIADA BIS)				
of which issued in euro				**15,190**
Class A Asset Backed F/R Notes	Senior	Receivables from Small business, SME and corporate customers	Moody's A1 / Morningstar DBRS AH	10,250
Class B Asset Backed F/R Notes	Junior	Receivables from Small business, SME and corporate customers	no rating	4,940
TOTAL				**43,448**

During 2024, the Brera Sec S.r.l. self-securitisation structured in 2017 was extinguished.

OTHER INFORMATION ON FINANCIAL RISKS

SOVEREIGN RISK EXPOSURE BY COUNTRY OF RESIDENCE OF THE COUNTERPARTY

The following table illustrates the details of the net exposures of the Intesa Sanpaolo Group to sovereign risk in banking business, based on management data. Financial assets measured at fair value through profit or loss are posted net of short positions on debt securities (on-balance sheet payables included in financial liabilities held for trading).

(millions of euro)

	DEBT SECURITIES				LOANS
	BANKING GROUP			TOTAL (1)	
	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss		
EU Countries	**40,135**	**33,307**	**-2,791**	**70,651**	**10,594**
Austria	617	1,208	-67	1,758	-
Belgium	3,368	4,146	-14	7,500	-
Bulgaria	-	-	16	16	-
Croatia	344	484	50	878	1,266
Cyprus	-	-	-	-	-
Czech Republic	-	-	-	-	-
Denmark	-	-	2	2	-
Estonia	-	-	-	-	-
Finland	253	187	-51	389	-
France	6,897	4,349	-43	11,203	14
Germany	37	1,076	90	1,203	15
Greece	-	-	-	-	-
Hungary	581	1,292	24	1,897	339
Ireland	334	77	-24	387	-
Italy	17,686	6,585	-3,148	21,123	8,328
Latvia	-	-	-	-	12
Lithuania	-	-	-	-	-
Luxembourg	313	1,335	8	1,656	-
Malta	-	-	-	-	-
The Netherlands	828	93	35	956	-
Poland	207	125	3	335	-
Portugal	384	568	-	952	67
Romania	127	787	3	917	46
Slovakia	777	813	122	1,712	199
Slovenia	-	188	-	188	228
Spain	7,382	9,961	202	17,545	80
Sweden	-	33	1	34	-
Non-EU Countries					
Albania	42	639	2	683	-
Egypt	93	1,035	-	1,128	491
Japan	-	3,772	-	3,772	-
Russia	-	-	-	-	-
Serbia	7	697	-	704	505
United Kingdom	-	982	-127	855	-
U.S.A.	3,357	9,832	8	13,197	-

Management data

(1) Debt securities from insurance business (excluding securities in which gathered amounts are invested from insurance policies where the total risk is borne by the policyholders) relating to Italy amounted to 46,761 million euro.

As illustrated in the table, the Banking Group's exposure to securities issued by Italian central and local governments at the end of 2024 totalled 21 billion euro (22.5 billion euro at 31 December 2023), in addition to around 8 billion euro represented by loans (8 billion euro at the end of 2023).

INFORMATION ON STRUCTURED CREDIT PRODUCTS

The risk exposure in structured credit products came to 6,100 million euro as at 31 December 2024, a net increase of 1,632 million euro compared to the stock of 4,468 million euro as at 31 December 2023. The exposure includes investments in CLOs (Collateralised Loan Obligations) of 2,918 million euro, in ABSs (Asset-Backed Securities) of 3,110 million euro and in CDOs (Collateralised Debt Obligations) of 72 million euro, which continued to be a marginal activity also in 2024.

(millions of euro)

Accounting categories	**31.12.2024**				**31.12.2023**	**Changes**	
	Collateralized Loan Obligations	Asset Backed Securities	Collateralized Debt Obligations	**Total**		**absolute**	**%**
Financial assets held for sale	332	629	-	**961**	**775**	186	24.0
Financial assets mandatorily measured at fair value	-	-	-	**-**	**3**	-3	
Financial assets measured at fair value through other comprehensive income	1,578	626	-	**2,204**	**2,106**	98	4.7
Financial assets measured at amortised cost	1,008	1,855	72	**2,935**	**1,584**	1,351	85.3
Total	**2,918**	**3,110**	**72**	**6,100**	**4,468**	**1,632**	**36.5**

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[186].

The performance of the portfolio in 2024 shows higher overall investments than disposals and redemptions, with a total increase of 1,632 million euro, mainly attributable to the operations of the IMI Corporate & Investment Banking Division.

Exposures measured at fair value (CLO and ABS debt securities) increased by 281 million euro, from 2,884 million euro in December 2023 to 3,165 million euro in December 2024. The increase was attributable to higher investments totalling 1,838 million euro, of which 851 million euro relating to financial assets held for trading and 987 million euro to financial assets measured at fair value through other comprehensive income, offset by redemptions and disposals totalling 1,557 million euro, of which 665 million euro relating to the first component, 889 million euro to the second component, and 3 million euro to other financial assets mandatorily measured at fair value.

Exposures classified among assets measured at amortised cost (CLO, ABS and CDO debt securities) amounted to 2,935 million euro in December 2024, compared with a balance of 1,584 million euro in December 2023, a net increase of 1,351 million euro, generated by higher investments of 2,074 million euro, only partially offset by disposals and reimbursements of 723 million euro.

From the perspective of the income statement, the overall profit of +15 million euro as at 31 December 2024 compares with a profit of +5 million euro as at 31 December 2023.

The performance of assets held for trading in the year amounted to +11 million euro and related to the CLO and ABS exposures (+9 million euro from realisation impacts and +2 million euro from valuation effects), whereas as at 31 December 2023 it amounted to +5 million euro, relating to exposures in CLO and ABS (+8 million euro from realisation impacts and -3 million euro from valuation effects).

Profits (losses) from financial assets mandatorily measured at fair value showed as loss of -1 million euro as at 31 December 2024, due to disposals, compared to a profit of +1 million as at 31 December 2023, also due to disposals.

The exposures to debt securities classified as assets measured at fair value through other comprehensive income recorded a net increase in fair value of +21 million euro in 2024 through a shareholders' equity reserve (from a reserve of -30 million euro in December 2023 to -9 million euro in December 2024), in addition to impacts from sales of +4 million euro (not present as at 31 December 2023).

On the debt securities classified as assets measured at amortised cost, the result as at 31 December 2024 was +1 million euro (from realisation impacts) compared to the result of -1 million euro as at 31 December 2023 (also substantially related to realisation impacts).

(millions of euro)

Income statement results broken down by accounting category	**31.12.2024**				**31.12.2023**	**Changes**	
	Collateralized Loan Obligations	Asset Backed Securities	Collateralized Debt Obligations	**Total**		**absolute**	**%**
Financial assets held for sale	5	6	-	**11**	**5**	6	
Financial assets mandatorily measured at fair value	-	-1	-	**-1**	**1**	-2	
Financial assets measured at fair value through other comprehensive income	4	-	-	**4**	**-**	4	-
Financial assets measured at amortised cost	1	-	-	**1**	**-1**	2	
Total	**10**	**5**	**-**	**15**	**5**	**10**	

[186] 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 December 2024, for the Intesa Sanpaolo Group, the transactions that meet the definition of Leveraged Transactions as per the ECB Guidance amounted to 29.6 billion euro, relating to 2,254 credit lines. The geographical distribution shows that more than half of the transactions, in terms of volume, were with domestic counterparties (57%). The main economic macro-sectors of the counterparties concerned were the industrial, services and financial sectors.
In accordance with the requirements of the ECB Guidance, as part of the Credit Risk Appetite specific limits for the outstanding stock of leveraged transactions and on new transaction flows were submitted for approval to the Board of Directors, in line with the Bank's risk appetite on these types of operations.

INFORMATION ON INVESTMENTS IN HEDGE FUNDS

The Parent Company's hedge fund portfolio as at 31 December 2024 amounted to 245 million euro for the trading book and 204 million euro for the banking book for a total of 449 million euro, compared to 163 million euro and 184 million euro, respectively, for a total of 347 million euro as at 31 December 2023.
The investments in the banking book are recognised under financial assets mandatorily measured at fair value and pertain to funds that adopt medium- to 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 2024, there was an increase of 102 million euro on the end of the previous year, including greater investments of 82 million euro, increases in fair value of 29 million euro, and disposals of -9 million euro.
Specifically, investments of +71 million euro were made in the trading book euro, involving UCITS hedge funds that better meet the capital absorption requirements in accordance with the CRR2, in addition to investments in the banking book for +11 million euro. The positive changes in fair value were made up of +17 million euro for the banking book and +12 million euro for the trading book, while the disposals consisted of -8 million euro for the banking book and -1 million euro for the trading book.
In terms of effects on the income statement, as at 31 December 2024 there was an overall profit of +29 million euro, essentially attributable to the valuations of the financial assets mandatorily measured at fair value (+17 million euro) and financial assets held for trading (+12 million euro). In terms of effects on the income statement, as at 31 December 2023 there was an overall profit of +21 million euro, essentially attributable to the valuations of the financial assets mandatorily measured at fair value (+17 million euro) and financial assets held for trading (+3 million euro), in addition to the gains from financial assets mandatorily measured at fair value (+2 million euro) and from financial assets held for trading (-1 million euro).
In the Intesa Sanpaolo Group, as at 31 December 2024, Eurizon Capital SGR held hedge funds for a total of 14 million euro (exposure unchanged from 31 December 2023), with essentially a zero profit and loss impact (+2 million euro from realisations as at 31 December 2023). 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 December 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 3,039 million euro (2,830 million euro as at 31 December 2023). The notional value of these derivatives totalled 47,654 million euro (40,555 million euro as at 31 December 2023).
In particular, the notional value of plain vanilla contracts was 43,606 million euro (37,575 million euro as at 31 December 2023), while that of structured contracts was 4,048 million euro (2,980 million euro as at 31 December 2023).
The positive fair value of contracts outstanding with the 10 customers with the highest exposures was 1,544 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 2,417 million euro as at 31 December 2024 (3,545 million euro as at 31 December 2023). The notional value of these derivatives totalled 52,267 million euro (60,349 million euro as at 31 December 2023).
In particular, the notional value of plain vanilla contracts was 47,487 million euro (56,166 million euro as at 31 December 2023), while that of structured contracts was 4,780 million euro (4,183 million euro as at 31 December 2023).
The fair value of derivative financial instruments entered into with customers was determined considering, as for all other OTC derivatives, the creditworthiness of the single counterparty ("Bilateral Credit Value Adjustment"). With regard to contracts outstanding as at 31 December 2024, these led to a negative impact of 14 million euro under "Profits (Losses) on trading in the income statement" (negative impact of 18 million euro as at 31 December 2023).
As regards the methodologies used in determining the fair value of financial instruments, see the specific paragraphs in the Notes to the financial statements - Part A – Accounting policies.
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

1.5. OPERATIONAL RISKS

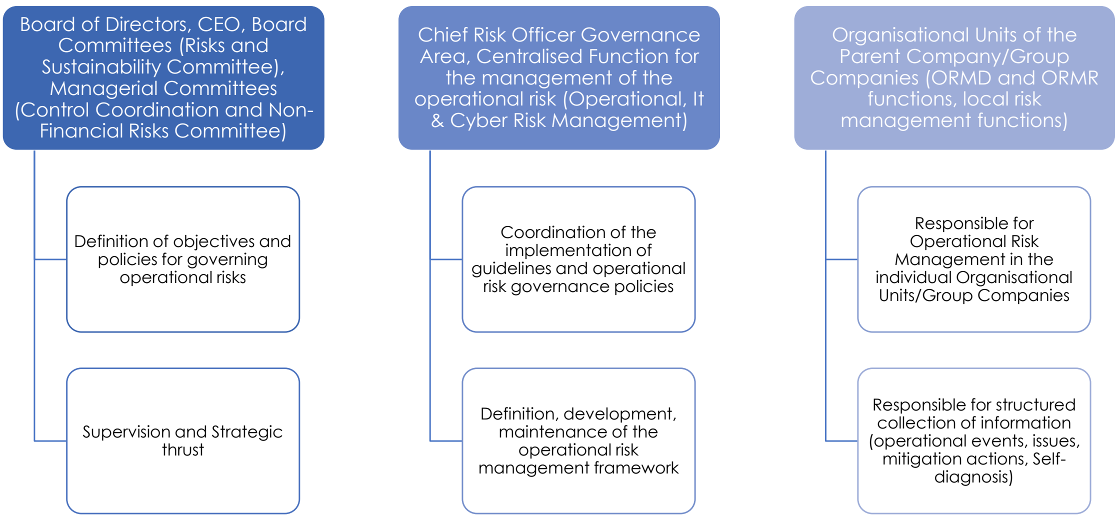
QUALITATIVE INFORMATION

A. General aspects, operational risk management processes and measurement methods

Operational risk is the risk of incurring losses resulting from inadequate or failed internal processes, people and systems or from external events[187].
The Intesa Sanpaolo Group adopts an undertaking and management strategy of operational risk based on prudent management principles and aimed at guaranteeing long-term solidity and continuity for the company. In addition, the Group pays particular attention to achieving an optimal balance between growth and profitability and the resulting risks.
In line with these objectives, the Intesa Sanpaolo Group has long since established an overall operational, ICT and security risk governance framework, by setting up a Group policy and organisational processes for measuring, managing and controlling these risks.
For regulatory purposes, the Group adopts the Advanced Measurement Approach (AMA), in partial use with the standardised (TSA) and basic approaches (BIA), to determine the capital requirement. As at 31 December 2024, the scope of the Advanced Measurement Approach (AMA) was comprised of Intesa Sanpaolo (including the former Banks and Companies merged into it) and the main banks and companies in the Private Banking and Asset Management Divisions, as well as of VUB Banka, VUB Operating Leasing and PBZ Banka. Of note, from June 2024, is the inclusion in the scope of the BIA approach of First Bank, whose consolidation into the ISP Group was completed in May 2024.

In 2025, the new regulation (Basel 4) will gradually come into force; it introduces, among other things, substantial changes to the methods of calculating regulatory capital and to the presentation criteria of the aggregates for the quantitative representation of operational risks. Specific details will be provided in the relevant disclosure, in line with the introduction of the changes.

Governance Model
An effective and efficient framework for managing operational, ICT and security risks must be fully integrated into decision-making processes and management of business operations. Accordingly, the Intesa Sanpaolo Group has chosen to involve the organisational units (business units, head-office/support structures) of the Parent Company, the banks and Group companies with direct responsibility in the Operational, ICT and Security Risk Management process.
The operational, ICT and security risk governance model has been developed with a view to:
- optimising and maximising organisational safeguards, interrelations and information flows between the existing organisational units and integration of the operational, ICT and security risk management approach with other company models developed for specific risks (Business Continuity, IT Security, etc.);
- guaranteeing transparency and spread of the models, methods and criteria of analysis, assessment and measurement criteria used to facilitate the process of cultural diffusion and comprehension of the logic underlying the choices made.



The Group has a centralised management function for operational, ICT and security risk in the form of the Operational, IT & Cyber Risk Management structure, which is responsible for the definition, implementation, and monitoring of the methodological and organisational framework, as well as for the measurement of the risk profiles, the verification of mitigation effectiveness and reporting to Top Management. In compliance with current requirements, the individual organisational units are responsible for identifying, assessing, managing and mitigating risks. Specific officers and departments have been

[187] As far as the financial losses component is concerned, operational risk also includes the following risks: legal, conduct, compliance, financial crime, fiscal, technological, cybersecurity, physical security, third-party, data quality, fraud, process and employer risk. Strategic and reputational risk are not included.

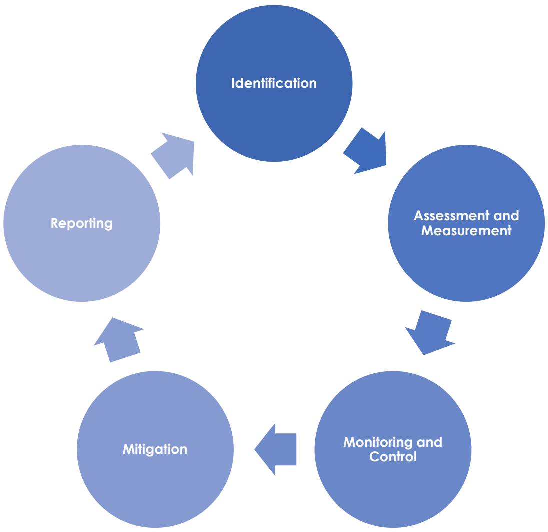
identified within these organisational units to be responsible for Operational, ICT & Security Risk Management (structured collection of information relative to operational events, detection of issues and related mitigation actions, scenario analyses and evaluation of the business environment and internal control factors). In order to support the operational, ICT and security risk management process on a continuous basis, a structured training programme has been implemented for employees actively involved in this process.

ICT and security risk

The Intesa Sanpaolo Group considers its information system a tool of primary importance to the achievement of its strategic, business and social responsibility objectives, including in the light of the critical nature of the company processes that depend on it. Accordingly, it undertakes to create a resilient environment and to invest in assets and infrastructure designed to minimise the potential impact of ICT and security events and to protect its business, image, customers and employees.
The Group has therefore adopted a system of principles and rules intended to identify and measure the ICT and security risk to which company assets are exposed, assess the existing safeguards and identify adequate methods of managing such risks, in accordance with the operational, ICT and security risk management process.
In line with the methodological framework established for the governance of operational risks, the ICT and security risk management framework has been developed with a view to integrating and coordinating the specific expertise of the structures involved.
ICT and security risk is defined as the risk of incurring losses due to breaches of confidentiality, lack of integrity and inadequacy of systems and data, unavailability of systems and data, or the inability to replace information technology within reasonable time and cost limits, in the event of changes in the requirements of the external environment or the business (agility). It also includes security risk resulting from inadequate or incorrect internal processes or external events, including cyber attacks, or an inadequate level of physical security. In the integrated view of corporate risk for supervisory purposes (ICAAP), this risk is considered, according to specific aspects, as operational, reputational and strategic risk.

Group Operational, ICT and Security Risk Management Process

The Intesa Sanpaolo Group's operational, ICT and security risk management process is divided into the following phases:



Identification

The identification phase includes the collection and classification of qualitative and quantitative information that allows to identify and describe the Group's potential areas of operational, ICT and security risk. Specifically, this phase involves the:
- collection and updating of data on operational events (Loss Data Collection), decentralised to the Organisational Units;
- identification of the company processes and components of the IT system at highest potential risk;
- determination of the applicability and relevance of the operational risk factors defined;
- identification of projects that will involve relevant changes to the IT system or changes to critical components of the IT system;
- identification of significant risk scenarios, also based on the external context (e.g., external loss data, regulatory development, emerging trends, strategic and threat intelligence);
- identification and analysis of issues affecting the Group's areas of operation.

Assessment and measurement

The assessment and measurement phase includes the process of qualitative and quantitative determination of the Group's exposure to operational, ICT and security risks.
It includes:
- at least annual performance of the process of self-assessment of exposure to operational, ICT and security risk (Self-diagnosis);
- performance of preventive analyses of operational, ICT and security risks deriving from agreements with third parties (e.g., outsourcing of activities), business operations or project initiatives, introduction or revision of new products and services, launch of new activities and entry into new markets;

- the definition of the relevance of identified issues;
- transformation of the evaluations collected (e.g., internal and external operational loss data, management levels of risk factors, probability and impact in the event of occurrence of risk scenarios) into synthetic risk measures;
- determination of economic and regulatory capital for operational risk, through the internal model and the simplified methods defined by the regulations.

Monitoring and control

The aim of the monitoring phase is the ongoing analysis and control of:

- the development of the exposure to operational, ICT and security risks on the basis of the structured organisation of the results of the identification, assessment and measurement processes and the observation of indicators that represent a valid proxy of the exposure to operational, ICT and security risks (e.g., limits, early warnings and indicators established within the RAF);
- the development of the risk profile inherent in the use of new technologies or in the implementation of significant changes to existing systems.

Mitigation

The mitigation phase includes activities aimed at containing the exposure to operational, ICT and security risks, defined on the basis of the results of the identification, measurement, assessment and monitoring phases. It includes:

- identification, definition and implementation of the corrective measures (mitigation actions) necessary to solve the identified gaps or to bring back the relevance of the identified issues within the defined risk tolerance;
- promotion of initiatives designed to spread a culture of operational risk within the Group;
- definition of strategies for transferring operational, ICT and security risks, in terms of optimisation of insurance coverage and any other forms of risk transfer adopted by the Group from time to time.

In this regard, in addition to a traditional insurance programme (to protect against offences such as employee infidelity, theft and damage, transport of valuables, computer fraud, forgery, cyber-crimes, fire and earthquake, and third-party liability), the Group has taken out an insurance coverage policy named Operational Risk Insurance Programme, in compliance with the requirements established by the regulations and to have access to the capital benefits provided for by the policy, which provides specific cover for Companies included in the AMA scope, significantly increasing the limits and transferring the risk of significant operational losses to the insurance market.

In addition, with respect to risks relating to real estate and infrastructure, with the aim of containing the impacts of phenomena such as catastrophic environmental events, situations of international crisis, and social protest events, the Group may activate its business continuity solutions.

Reporting

The reporting phase includes the preparation of appropriate information flows associated with operational, ICT and security risk management, designed to provide disclosures useful, for example, for:

- analysis and understanding of any dynamics underlying the trend in the level of exposure to operational, ICT and security risks;
- analysis and understanding of the main issues identified;
- defining the mitigation actions and intervention priorities.

Self-diagnosis

Self-diagnosis is the annual process through which the Organisational Units identify their level of exposure to operational, ICT and security risk. It includes the Operational Risk Assessment and the ICT & Security Risk Assessment, in turn consisting of:

- Business Environment Evaluation (VCO): activities used to identify significant risk factors and assess[188] the related management level, also through level II controls.
- Scenario analysis (SA): a method of prospective analysis that takes the form of a systematic process, which is typically repeated at predefined intervals, but which may also be conducted on an ad hoc basis, and which consists in imagining the occurrence of particular situations (or scenarios) and imagining their consequences. Once scenarios have been identified and appropriately characterised, they must be assessed: i.e., one must determine the probability of occurrence (frequency) and potential impact (average impact and worse case) in the event of occurrence of the situation described in the scenario.

The 2024 Self-Diagnosis identified a High level of control of operational risk at Group level, in line with previous years, both for the Operational Risk Assessment and the ICT & Security Risk Assessment.

Internal model for the measurement of operational risk

The Intesa Sanpaolo Group's internal model for calculating capital absorption is designed to combine all the main sources of quantitative information (operational losses: internal and external events, estimates deriving from the Scenario Analysis) and qualitative information (Business Environment Evaluation).

Capital-at-risk is therefore identified as the minimum amount at Group level required to bear the maximum potential loss (worst case). It is estimated using a Loss Distribution Approach model (actuarial statistical model to calculate the Value-at-risk of operational losses), applied to historical data and the results of the scenario analysis assuming a one-year estimation period, with a confidence level of 99.9%. The methodology also applies a corrective factor, which derives from the qualitative analyses of the risk level of the operational environment (VCO), to take into account the effectiveness of internal controls in

[188] The applicability and significance of risk factors are assessed, in the case of ICT and security risk, by the technical functions, cybersecurity functions and business continuity functions, and, with regard to operational risk, by the Decentralised Operational Risk Management functions.

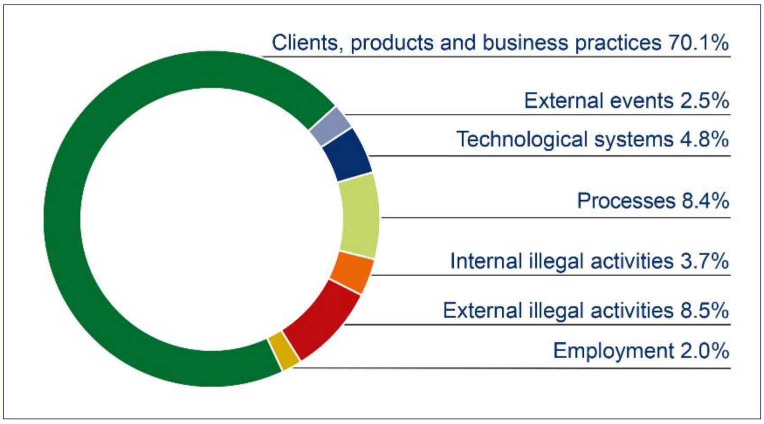
the various Organisational Units.
The internal model's insurance mitigation component was approved by the Bank of Italy in June 2013 with immediate effect of its benefits on operations and on the capital requirements.

QUANTITATIVE INFORMATION

To determine its capital requirements, the Group uses a combination of the methods (AMA, TSA and BIA) allowed under applicable regulations.
The capital requirement amounted to 2,487 million euro as at 31 December 2024, slightly up from 2,278 million euro as at 31 December 2023. The increase was partly due to the worsening of the risk class 'Clients, Products and Business Practices' due to the overall increase in the impact of the greater operational events incurred by the Group in the second half of the year and, partly, to the recalibration of the severity distribution, which gave greater weight to external loss data (collected by joining the ORX Consortium).

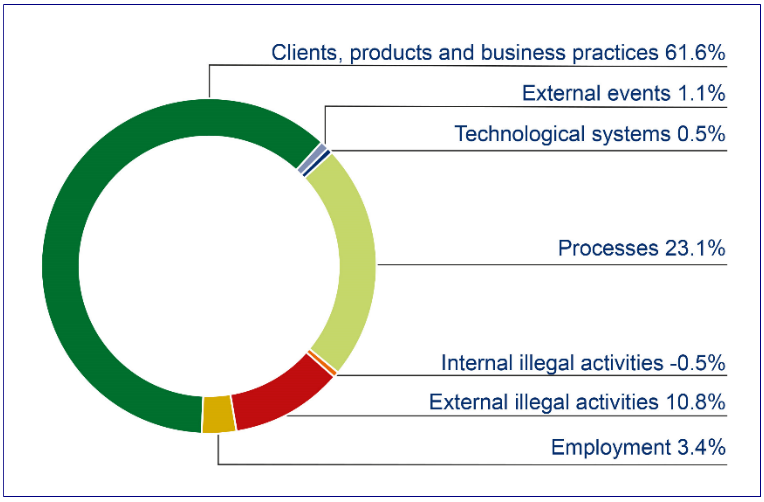
The capital requirement relating to the Advanced Measurement Approach (AMA), amounting to 2,108 million euro, broken down by type of operational event, is shown below.

Breakdown of 2024 capital requirement (Advanced Measurement Approach - AMA) by type of operational event



With regard to the sources of operational risk, the chart below shows the impact of the operational losses recorded during the year, based on event type.
In 2024, the most significant event type was *Clients, Products and Business Practices*, which included losses related to defaults connected with professional obligations towards customers, suppliers or outsourcers and to the provision of services and products to customers performed improperly or negligently.

Breakdown of operational losses recorded in 2024, by type of event



LEGAL RISKS

As at 31 December 2024, there were a total of around 11,400 non-tax related disputes – excluding those involving Risanamento S.p.A., which is not subject to management and coordination by Intesa Sanpaolo – pending at Group level (in addition to around 14,300 "mass" disputes at the international subsidiary banks, which limited aggregate represent a very small remedy sought), with a total remedy sought[189] of around 3,200 million euro. This amount includes all disputes for which the risk of a disbursement of financial resources resulting from a potential negative outcome has been deemed possible or likely and therefore does not include disputes for which risk has been deemed remote.
The risks associated with these disputes are thoroughly and individually analysed by the Parent Company and Group companies. Specific and appropriate provisions have been made to the Allowances for Risks and Charges in the event of disputes for which there is an estimated probability of a disbursement of more than 50% and where the amount of the disbursement may be reliably estimated (disputes with likely risk). Without prejudice to the uncertainty inherent in all litigation, the estimate of the obligations that could arise from the disputes and hence the amount of any provisions recognised are based on the forward-looking assessments of the outcome of the trial. These forward-looking assessments are, in any event, prepared on the basis of all information available at the time of the estimate.
The disputes with likely risk are about 22,300 (of which around 14,300 relating to the above-mentioned "mass" disputes) with a remedy sought of 1,701 million euro and provisions of 630 million euro. Compared to last year, there was a decrease in the number of disputes, which mainly concerned disputes on certain loan contractual topics relating to the subsidiary Banca Intesa Beograd, details of which are provided in a specific section. The component referring to the Parent Company Intesa Sanpaolo totals around 4,600[190] disputes, with a remedy sought of 1,386 million euro and provisions of 435 million euro. These include around 2,300 positions relating to disputes concerning anatocism, illustrated in greater detail below.
There were around 500 disputes relating to other Italian subsidiaries, with a remedy sought of 138 million euro and provisions of 72 million euro. There were around 17,200 disputes relating to international subsidiaries, with a remedy sought of 177 million euro and provisions of 123 million euro, impacted by the mass disputes: specifically, there were around 12,000 disputes referring to the subsidiary Banca Intesa Beograd, regarding two areas of litigation which are illustrated in the specific section.
The breakdown according to the main categories of disputes with likely risk shows the prevalence of cases related to the Group's ordinary banking and credit activities, involving claims relating to banking and investment products and services or on credit positions and revocatory actions, which account for around 75% of the remedy sought and 73% of the provisions. The remaining disputes mainly consist of other civil and administrative proceedings and labour disputes or criminal proceedings or proceedings related to operational violations.

The paragraphs below provide summary information on the significant disputes (mainly those with a remedy sought of more than 20 million euro and where the risk of a disbursement is currently considered likely or possible), together with the cases considered significant.

Disputes relating to anatocism and other current account and credit facility conditions, as well as usury

This type of disputes has for years made up a significant portion of the civil litigation brought against the Italian banking system. In 2024, disputes with possible or likely risk numbered around 3,000 with a remedy sought of 584 million euro and show a gradual reduction in claims compared to the previous year both in number and in total value.
The number of disputes, including mediations, with likely risk was down, at around 2,300. The remedy sought amounted to 445 million euro, with provisions of 154 million euro.
As is the case for the other civil disputes, the assessment of the risk related to this type of litigation is carried out individually, taking into account the claims made, the defences submitted, the progress of the proceedings and case-law decisions, for each dispute.
You are reminded that in 2014 and 2016, Article 120 of the Consolidated Law on Banking, which governs the compounding of interest in banking transactions, was amended with the establishment of the ban on anatocism and the delegation of the ICRC (Interdepartmental Committee for Credit and Savings) to regulate this matter. In February 2017, the Italian Antitrust Authority initiated proceedings against Intesa Sanpaolo for alleged unfair business practices involving, among other things, the methods used to request the authorisation from customers for the charging of the interest to the account imposed by the new regulations introduced in 2016. The Authority completed the proceedings in October 2017, ruling that the Intesa Sanpaolo had implemented an "aggressive" policy aimed at acquiring the above-mentioned authorisation. As a result, the Authority issued a fine of 2 million euro against Intesa Sanpaolo. The Bank appealed to the Regional Administrative Court of Lazio and, following the rejection of the appeal, appealed the decision to the Council of State, which, in a ruling of March 2024, rejected the appeal, upholding the fine. The judgment of the Council of State became final and rendered the penalty final.

Disputes relating to investment services

There were a total of around 656 disputes with likely risk relating to investment services. The total remedy sought amounted to around 379 million euro, with provisions of 105 million euro, and the most significant subgroup was disputes concerning derivatives. As is the case for the other civil disputes, the assessment of the risk related to this type of litigation is carried out individually, taking into account the claims made, the defences submitted, the progress of the proceedings and the case-law guidance, for each dispute. We also note approximately 19 disputes with a remedy sought of 98 million euro initiated by "wiped out" shareholders and subordinated bondholders of the former "Old Banks" of Banca delle Marche, Banca Popolare dell'Etruria e del Lazio and Cassa di Risparmio della Provincia di Chieti, deemed to be of possible risk. Those disputes are backed by the warranties and obligations to indemnify by the Seller (National Resolution Fund) for the benefit of the former

189 The figures for the remedy sought do not include claims of indeterminate value, i.e. those that do not contain a specific financial claim when the dispute is initiated; the value of these disputes is determined during the course of the proceedings when sufficient information emerges for the valuation.

190 These include disputes arising from the acquisition of certain assets, liabilities and legal relationships of Banca Popolare di Vicenza S.p.A. in compulsory administrative liquidation and Veneto Banca S.p.A. in compulsory administrative liquidation, so-called Excluded Disputes covered by public guarantee ("Indemnification Guarantee").

UBI Banca, and now Intesa Sanpaolo, and therefore also cover any liabilities arising from the activities carried out by the Banks (the "Old Banks") before they were subject to the resolution procedure, in relation to, *inter alia*, risks of a legal nature or generally related to ongoing or threatened disputes, or violations of the law and any potential liabilities.

Dispute regarding financial derivative instruments

With regard to derivative transactions, the legal risks linked to legal proceedings with local authorities, their subsidiaries and individuals continue to be subject to careful monitoring.

Specifically, 16 disputes are pending with local authorities, with possible or likely risk, for total claims of 135 million euro, and 5 disputes with subsidiaries of public entities, with total claims of 37 million euro. Disputes with individuals, assessed as having possible or likely risk, total 158, and of these, 42 positions also regard requests for refunds of amounts on other accounts held with the Bank. Net of those latter positions, the total value of the claims lodged in the proceedings regarding only derivatives amounts to around 87 million euro.

A summary of the most significant disputes with local authorities is provided below:

– Municipality of Venice: the dispute regards a derivative contract governed by the ISDA, with remedy sought of 71 million euro. By ruling filed on 13 December 2023, the Court of Appeal – in a total reversal of the first instance ruling of the High Court of Justice of London, which had held that the Municipality did not have the capacity to enter into speculative derivative contracts involving debt – declared that the derivative contracts were valid, effective and binding on the Local Authority, stating in particular that they:
    - were not speculative in nature (similarly to the previous transaction that the municipality had carried out with Bear Stearns and which Intesa Sanpaolo took over on a *pro rata* basis with Dexia);
    - could not be equated to debt transactions in breach of the limits set in Article 119 of the Constitution.

  As a result, the Local Authority was ordered to pay the outstanding differentials, to reimburse the amount paid for the legal expenses of the Municipality, and to cover the legal defence costs of the banks for both instances of proceedings.
  Against this last ruling, the Local Authority filed a Permission to Appeal which was rejected by the Supreme Court by final judgment.
  With regard to the second lawsuit with the Municipality before the Court of Venice, concerning alleged breaches of the mandate and investment service agreements, the examining magistrate ordered a technical expert's report.
  In the meantime, following extensive negotiations, a settlement agreement was reached with the Municipality of Venice on 23 January 2025 to settle the mutual claims.

– Municipality of Turin: in July 2024, the Municipality of Turin filed a civil action before the Court of Turin to challenge the derivative contract entered into in 2007 (2007 swap) governed by an ISDA agreement of 2004, subject to English jurisdiction and law. The contract was signed to renegotiate previous transactions carried out in 2003 and 2006, as part of the Entity's debt restructuring, an initiative in which other banks have also participated over the years.
  The Municipality has made two alternative claims:
    - as the main claim demand, for compensation for damages due to contractual breach related to an advisory agreement for the management of the Entity's debt of December 2003 and for pre-contractual liability concerning the preliminary phase leading to the signing of the derivatives agreements;
    - in the alternative, demand the nullity of the 2007 swap, on the one hand, due to the lack of indication in the MtM contracts of its calculation formula and the probability scenarios and, on the other, due to the failure to comply with the requirements established by the specific applicable regulations regarding the use of these financial instruments by Public Entities.
      The main claim is quantified at around 27 million euro.

  The Bank entered an appearance on 6 December 2024 rejecting all the Municipality's claims. At the hearing of 18 December 2024, the judge ordered the conversion of the court proceedings from simplified to ordinary and scheduled a hearing for 11 June 2025 for continuation of the proceedings.

With regard to the disputes with companies controlled by Public Entities, the following changes occurred during the year:

– in the proceedings brought by EUR S.p.A. concerning ISDA derivatives entered into in connection with a syndicated loan granted by Intesa Sanpaolo and other intermediaries, on 21 April 2023, the Court of Rome filed its ruling declaring the lack of jurisdiction of the Italian Court in favour of the English Court, with each party paying its own legal fees. The other party appealed the judgment before the Rome Court of Appeal. A settlement agreement with EUR was finalised in January 2025, with full settlement of the dispute between the parties.

Reference for a preliminary ruling to the Court of Cassation on the legitimacy of the fixed instalment repayment plan

On 29 May 2024 the Joint Divisions of the Court of Cassation (by ruling no. 15130) ruled on an important issue for banking operations: specifically, whether the failure to indicate in a fixed-rate mortgage loan agreement the fixed instalment repayment method (called French amortization method) and the compound capitalisation regime makes the purpose of the contract vague or impossible to determine.

The Joint Divisions set out the following approach to interpretation, also applicable beyond the case submitted to their examination (as per the role as guarantor of the uniform interpretation of the law): "Regarding fixed-rate bank mortgages with repayment of the loan in instalments governed by a standardised, traditional repayment plan, the failure to indicate the repayment method and compound capitalization of debt interest regime cannot give rise to partial nullity of the contract, either due to vagueness of or the inability to determine the purpose of the contract, or due to breach of the regulations on transparency of contractual conditions and relations between credit institutions and their customers".

This ruling will make it possible to significantly limit the risk of proliferation of disputes regarding objections to fixed instalment repayment methods.

Dispute relating to loans in CHF to the Croatian subsidiary Privredna Banka Zagreb Dd

As highlighted in the previous financial statements, Potrošač – Croatian Union of the Consumer Protection Association had brought proceedings against the subsidiary Privredna Banka Zagreb ("PBZ") and other Croatian banks, which had engaged in an unfair practice by allegedly using unfair contractual provisions on variable interest rate, which could be changed unilaterally by the bank, and by denominating the loans granted in Swiss francs (or indexing them to Swiss francs) without allegedly appropriately informing consumers of the risks prior to entering into the respective loan agreements.

The relevant contractual provisions were declared invalid.

Numerous individual proceedings have been brought by customers against PBZ, despite the fact that most of them voluntarily accepted the offer to convert their CHF loans into EUR denominated loans retroactively, in accordance with the Act on the Amendments to the Consumer Credit Act (Croatian Official Gazette 102/2015 – the "Conversion Law").

In March 2020, the Croatian Supreme Court, within model case proceedings (Supreme Court proceedings with obligatory effect on lower instance courts with the aim of unifying/harmonising case law), ruled that the conversion agreements concluded between banks and borrowers under the Conversion Law of 2015 produce legal effects and are valid even in the case when the provisions of the underlying loan agreements on variable interest rate and CHF currency clause are null and void.

In May 2022, the EU Court of Justice, in proceedings regarding reference for a preliminary ruling involving another intermediary, established that the Court of Justice has jurisdiction over the conversion agreements concluded under the Conversion Law, as they occurred after Croatia joined the European Union, and that the EU Directive on unfair terms in consumer contracts does not apply to those conversion agreements, whose content reproduces provisions of national law.

On 20 December 2022, the Civil Law Department of the Croatian Supreme Court provided an interpretation of the legal effects of the agreements for the conversion of loan agreements from CHF to EUR and on consumers' rights, according to which consumers that entered into a conversion agreement pursuant to the aforementioned Conversion Law of 2015 have the right to receive legal interest on excess amounts paid that the Bank calculated on converting the loans, from the date of each single payment up to the date of conversion.

This interpretation has not yet been recorded by the Court Practice Records Department and is therefore not binding at present.

The limitation period for bringing individual proceedings on the invalidity of the currency clause expired in June 2023. In the following period, summonses filed before the above-mentioned deadline were served and the number of new cases progressively decreased significantly.

At the end of 2024, the total pending cases amounted to a few thousand.

The development of the case law is being constantly monitored.

Dispute with the foreign subsidiary Banca Intesa Beograd (Serbia)

The following areas of the mass disputes that have impacted the entire Serbian banking system are shown below.

1) Processing fees

Legal dispute regarding processing fees applied by banks at the time of disbursing loans. The claimants, individuals and legal persons, are requesting the repayment of those charges, as they are deemed as not owed. The first claims arose in 2017 and a significant increase in lawsuits was recorded in the following years, though for modest amounts on average. At the end of 2024, Banca Intesa Beograd had been summoned in around 11,000 lawsuits deemed as having possible or likely risk (at the end of 2023, these amounted to around 15,200); the related total amounts of principal requested to be repaid by the Bank came to around 0.7 million euro. In September 2021, the Supreme Court of Serbia recognised the legitimacy of the costs and fees applied to loans at the time of their disbursement, provided they are indicated in the contract proposal. In 2024, there was a further significant reduction in the flows of new disputes. Most of the lawsuits closed during the year were either won by the Bank or abandoned by the plaintiffs.

2) NKOSK

Legal dispute relating to real estate loans insured through the National Housing Loan Insurance Corporation (NKOSK), whose premium is paid by the borrowers. The borrowers deem that, as the Bank is the Beneficiary of the insurance, the premium should be paid by the Bank. At the end of 2024, Banca Intesa Beograd had been summoned in around 1,000 lawsuits deemed as having possible or likely risk (at the end of 2023, these amounted to around 1,155); the related total amounts of principal requested to be repaid by the Bank came to around 1 million euro. In September 2021, the Supreme Court of Serbia recognised the legitimacy of requiring the insurance premium to be paid by the borrowers, provided that the obligation is clearly described to the borrowers during precontractual procedures. Most of the disputes closed during the year were either won by the Bank or abandoned by the plaintiffs.

Transfer of business lines to Isybank - Italian Antitrust Authority proceedings, representative action of the consumer association "Associazione Movimento Consumatori" and Italian Personal Data Protection Authority proceedings

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.

Again 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 submitted a proposal of commitments to the AGCM, which detailed 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.

This proposal of commitments was supplemented in March 2024 with further measures in favour of the customers concerned.

By way of order dated 11 June 2024, the Authority accepted the commitments proposed by the two Banks, rendering them binding. The proceedings concluded, thus, without imposing a fine.

Also with regard to the transfer of business lines, the consumer association "Associazione Movimento Consumatori" brought a representative action against Intesa Sanpaolo and Isybank (with a petition served in January 2024) before the Court of Turin for alleged "violations of the collective interests of consumers".
The association asked the Court to prohibit the use of the new clauses in the transferred contracts, without the consent of the consumers, and the prohibition of the repetition of the unlawful conduct, as well as the adoption of appropriate measures to eliminate or reduce the effects of the violations if the unlawful conduct is confirmed.
The two banks filed their defence briefs, contesting the arguments of the Associazione Movimento Consumatori and requesting the rejection of the claims in consideration of the measures taken in the meantime in favour of the customers within the AGCM proceedings.
On 27 May 2024, the two Banks and the consumer association entered into a settlement agreement which settled the dispute. After the parties file with the Court the documents relating to the out-of-court settlement, at the hearing of 31 May 2024 the Court discontinued the proceedings.
By order of 3 January 2025, the Italian Personal Data Protection Authority - after having carried out a preliminary investigation in the context of which it had made a number of requests for information to the Bank, which were duly fulfilled - informed Intesa Sanpaolo that its conduct in the context of the transfer of the business lines to Isybank was in breach of certain provisions of the General Data Protection Regulation (GDPR), with regard to the identification of the legal basis for the processing of data aimed at identifying the "mainly digital" customers included in the branches being contributed and to the information provided to such customers.
With the same measure, the Authority announced the start of a procedure for the adoption of corrective measures and - if deemed applicable - the administrative penalties provided for by the GDPR.
ISP is currently analysing the measure and preparing defence briefs, which must be filed by 4 March 2025.

Unauthorised access to personal data - current judicial and administrative proceedings
In July 2024, the Bank notified the Italian Personal Data Protection Authority of certain accesses to customer data by an employee apparently not justified by service reasons and detected by the Bank's alert systems.
As a result of the investigations carried out, the employee was first suspended from duty and then dismissed for cause. The Bank also lodged a complaint with the Public Prosecutor's Office at the Court of Bari against the former employee for unauthorised access to a computer system. In the criminal proceedings against the former employee, the Bank, in addition to being the plaintiff and injured party, is under investigation as an entity pursuant to Legislative Decree no. 231/2001, even though, as things stand, the acts attributed to the former employee appear to have been committed to the detriment of the Bank and not to its benefit. The Bank received a number of requests for information and documents from the Public Prosecutor's Office, to which it responded providing full cooperation.
The Bank notified the customers whose data was accessed by the former employee of the data breach where such access could not be attributed with certainty to service needs, as required by the Italian Personal Data Protection Authority by measure of 2 November 2024.
In that measure, the Authority reserved "any other decision at the end of its investigation into the case". Once the Authority has communicated the outcome of its investigation, a clearer picture of possible developments of the proceedings will be available.

At the same time, as part of a process of continuous improvement of the systems in place to protect the confidentiality of personal data, also on the basis of a benchmarking test carried out with reference to the main market peers, a specific project has been launched, with the participation of the control and business structures in Italy, with the following aims:
– strengthen *ex-ante* and *ex-post* controls, including by introducing automated tools and specific protection systems for customers material to national security;
– strengthen the Risk Appetite Framework and the internal rules on data protection/reputational risk;
– carry out a comprehensive strategic review at Group level of the areas of visibility of customers' personal data, defined according to the corporate role and the reference customer segment, taking into account business logic processes and the analysis of service models and carrying out appropriate implementations where necessary.

Italian Antitrust Authority proceedings against Intesa Sanpaolo RBM Salute – now Intesa Sanpaolo Protezione.
In November 2020, the AGCM had initiated proceedings against ISP RBM for unfair business practices, which concluded in July 2021 with a fine of 5 million euro and a warning to cease the unfair practice. ISP RBM appealed the AGCM's decision before the Lazio Regional Administrative Court, which, in November 2022, after having considered the complaint made regarding the lateness of the Authority's intervention to be valid, upheld the appeal and annulled the penalty measure in full. The AGCM appealed the judgement of the Regional Administrative Court before the Council of State, which suspended the judgement in January 2024, pending the ruling of the Court of Justice of the European Union on a number of preliminary questions relevant to the judgement. Following the Lazio Regional Administrative Court's judgement, the Italian Antitrust Authority issued an order of "no grounds for further action" in the non-compliance proceedings, which it had initiated on the grounds that ISP RBM was not complying with the warning contained in the penalty measure. However, the Authority has reserved the right to defer any decisions until the outcome of the proceedings before the Council of State.
In May 2023, the AGCM initiated new proceedings against ISP RBM for alleged unfair business practices, purported to have been adopted from January 2023, aimed at hindering the exercise of consumers' rights arising from the contractual relationship, leading them to give up financial and welfare benefits provided by the insurance coverage held by them. In its communication dated 15 February 2024, the Authority issued its conclusions on the preliminary findings, based on which it upheld the claims made in the decision to initiate proceedings and also considered that the unfair business practice was still ongoing.
ISP RBM submitted a defence brief, in which it highlighted, among other things, the strategic and operational measures it had already taken prior to the commencement of the proceedings and the further improvements these measures had brought to the service levels provided to the policyholders.
With order dated 20 May 2024, the AGCM ruled that ISP RBM's conduct constituted an ongoing unfair business practice, prohibiting its dissemination or continuation, and imposing an administrative fine of 2.5 million euro.

On 19 July 2024, ISP RBM submitted an appeal to the Lazio Regional Administrative Court, requesting the annulment of the administrative fine. The case is still pending.
On 2 August 2024, ISP RBM submitted the plan to the AGCM for complying with the ban on continuing the prohibited conduct. On 22 October 2024, the Authority informed ISP RBM that it had acknowledged the documentation submitted regarding the measures adopted as compliance.

Disputes linked to Group acquisitions/integrations - former UBI Good Banks
In execution of the Share Purchase Agreement ("SPA") on 18 January 2017 and the Closing on 10 May 2017, UBI Banca acquired from the National Resolution Fund managed by the Bank of Italy (NRF), "Nuova Banca Marche", "Nuova Banca Etruria" and "Nuova Carichieti" (the "Target Bridge Institutions" or "Bridge Institutions" or "Good Banks").
Subsequently, those Bridge Institutions were incorporated into UBI Banca.
Following the incorporation of UBI Banca, Intesa Sanpaolo took over the management of the "Good Banks dispute", namely all the disputes regarding events or acts that occurred prior to 10 May 2017 and referring to the operations of the three banks impacted by the resolution orders (the "Old Banks") or "Good Banks", which were then acquired by UBI Banca.
Those disputes are backed by the warranties and obligations to indemnify by the Seller (NRF) for the benefit of UBI Banca in relation to the acquisition of the New Banks deriving from the resolution of Banca delle Marche, Banca Popolare dell'Etruria e del Lazio and Cassa di Risparmio della Provincia di Chieti and therefore also cover any liabilities arising from the activities carried out by the Banks (the "Old Banks") before they were subject to the resolution procedure, in relation to, *inter alia*, risks of a legal nature or generally related to ongoing or threatened disputes, or violations of the law and any potential liabilities.
On 27 May 2024, as part of wider negotiations, ISP and the Bank of Italy entered into an Agreement to simplify the management of the pending Good Banks dispute, in particular from an administrative point of view, also with regard to the management of disputes that have already been settled in court, but not yet indemnified, and to limit the guarantees (General Cap) with regard to a scope of pending disputes that has been accurately identified.
With regard to the development of the case law on the mis-selling of shares and subordinated bonds of the banks undergoing resolution, by favourable ruling no. 22115 of 5 August 2024 in the Fox Petroli case, the First Division of the Court of Cassation held that Intesa Sanpaolo lacked the capacity to be sued, confirming that the claims made relate to liabilities not transferred to the Bridge Institutions (the Good Banks), but remained with the banks under resolution (the Old Banks).

Isoldi Holding Bankruptcy
The Isoldi Holding Bankruptcy Receiver sued the former UBI Banca (which absorbed Nuova Banca Etruria and Centrobanca), Intesa Sanpaolo and five other banks in June 2020, before the Court of Bologna, claiming that they were liable, jointly and severally with the management body of Isoldi Holding, for a series of acts of diversion of assets that are claimed to have contributed to the company's artificial survival in the period June 2011 – June 2013, due to conduct claimed to have been implemented by preparing a turnaround plan pursuant to Article 67, para. 3, letter d), of the Bankruptcy Law based on unlawful acts and a connected agreement governing the disbursement of new finance, acts that are argued to have artificially deferred the company's crisis and concealed the irreversibility of its default.
The Isoldi Bankruptcy Receiver also formulated a joint claim against Intesa Sanpaolo (prior to the incorporation of UBI Banca) and MPS, claiming their liability, jointly with the Sole Director of Isoldi Holding, for allegedly unlawful conduct connected with the bail-in of Aedes, in which Isoldi Holding was interested in taking over the majority shareholding.
Intesa Sanpaolo and the former UBI Banca filed regular appearances and the assigned Court, with order dated 1 July 2021, declared that it lacked jurisdiction. The adverse party resumed the proceedings, submitting the same claims before the Court of Turin and the Bank duly filed an appearance.
In the meantime, a third company filed an application for a bankruptcy arrangement, which was then endorsed.
The case was adjourned to the beginning of 2024 for the performance of an expert assessment ordered by the court, which was made available in September 2024.
Having assessed the findings of the court-appointed expert's report, Intesa Sanpaolo settled the lawsuit by means of a settlement finalised in December 2024 and implemented in January 2025.

Società Italiana per le Condotte d'Acqua S.p.A. under Extraordinary Administration
By claim form and particulars of claim of 23 December 2022, Società Italiana per le Condotte d'Acqua S.p.A. (admitted to the "Marzano" procedure by way of Italian Ministerial Decree of 6 August 2018) asked the Court of Rome to order compensation for damages in the amount of 389.3 million euro (or a different amount that will arise during the proceedings), in addition to monetary revaluation, legal interest and expenses.
The claim has been filed, jointly, against Intesa Sanpaolo (also as the merging company of Mediocredito Italiano, Banca IMI and UBI Banca, as well as "the purchaser of" Veneto Banca and Banca Popolare di Vicenza), the members of the Management Board and the Supervisory Board of Condotte and numerous other banks and factoring companies.
The claim is based on the alleged conduct engaged in for various reasons by the defendants, considered a source of harm to the company's assets and its creditors. Specifically, the banks and factoring companies are allegedly liable for having unlawfully granted to and/or maintained credit for Condotte, thereby contributing to the continuation of its business at a loss and the worsening of its default.
The court case, which was interrupted at the first hearing due to the death of the counsel for one of the defendants, was resumed by the Procedure, and at the last hearing in April 2024, the Court ordered an adjournment to 2025, authorising the summonses requested by the defendants.
As things stand, it is not possible to estimate the risk attributable to Intesa Sanpaolo, also taking account of the different conduct claimed against the numerous defendants.
The Company has also promoted against Intesa Sanpaolo three bankruptcy revocatory actions before the Court of Rome, with a request to reimburse amounts of around 16 million euro, two of which were settled through favourable settlement agreements. In relation to the remaining revocatory action still pending, concerning a claim of around 3 million euro, the Bank raised an objection of invalidity due to the vagueness of the adverse claim.

Nuova Casar
A legal action was brought before the Court of Naples in 2002 against the Bank to obtain payment of around 7.2 million euro plus interest by Nuova Casar, in its capacity as the transferee of the credit from a mortgage loan of 11.3 million euro from 1991 provided by Sanpaolo di Torino to Finedilturistica (which became insolvent in 1997), with the credit secured by a mortgage and an independent guarantee issued by Banco di Napoli (now Intesa Sanpaolo) and two other banks, each covering up to 25%. At first instance, the case ended in 2013 with the rejection of Nuova Casar's claim, on the grounds that the guarantee issued by Banco di Napoli was null and void due to the invalidity of the loan granted by Sanpaolo di Torino. The decision was appealed by the counterparty before the Naples Court of Appeal, which in 2023 referred the case back for a technical accounting appraisal, following which negotiations for a settlement commenced and were concluded in the first ten days of October 2024.

Fondazione Cassa di Risparmio di Pesaro
In 2018, the Fondazione Cassa di Risparmio di Pesaro brought a compensation claim before the Court of Milan against the former UBI Banca (as the alleged successor to the issuer Banca delle Marche S.p.A.[191]) and PwC (the independent auditors that certified the financial statements and the figures presented in the prospectus relating to the 2012 capital increase of Banca delle Marche S.p.A.), alleging that the defendants published data and information regarding the financial performance and the income outlooks of Banca delle Marche S.p.A. that later proved to be totally incorrect and misleading. This information, contained in the financial statements as at 31 December 2010 and 30 June 2011 and included in the above-mentioned prospectus, is claimed to have led the Foundation to subscribe for the Bank's shares issued as part of the capital increase in March 2012. The value of these shares then fell to zero, resulting in a loss quantified by the adverse party at around 52 million euro.
During the trial the Bank of Italy joined the suit, upholding the lack of capacity to be sued invoked by UBI Banca, by virtue of the provisions of Legislative Decree 180/2015 governing the resolution procedure for Banca delle Marche.
The Court of Milan, in a ruling published in May 2023, having ascertained and declared the lack of capacity to be sued of Intesa Sanpaolo, as the company that absorbed UBI Banca, rejected the Foundation's claim and ordered that each party pay its own legal fees.
The Foundation appealed the first instance ruling before the Court of Appeal of Milan and the first hearing has been set for October 2025.

Fondazione Cassa di Risparmio di Jesi
In January 2016, Fondazione Cassa di Risparmio di Jesi brought a compensation claim before the Court of Ancona against UBI Banca (as the alleged successor to the issuer Banca delle Marche S.p.A.[192]) and PwC (the independent auditors that certified the financial statements and the figures presented in the prospectus relating to the 2012 capital increase of Banca delle Marche S.p.A.) alleging that the defendants published data and information regarding the financial performance and the income outlooks of Banca delle Marche S.p.A. that later proved to be totally incorrect and misleading. This information, contained in the financial statements as at 31 December 2010 and 30 June 2011 and included in the above-mentioned prospectus, is claimed to have led the Foundation to subscribe for the Bank's shares issued as part of the capital increase in March 2012. The value of these shares then fell to zero, resulting in a loss quantified at around 25 million euro by the adverse party.
During the trial the Bank of Italy joined the suit, upholding the lack of capacity to be sued invoked by UBI Banca, by virtue of the provisions of Legislative Decree 180/2015 governing the resolution procedure for Banca delle Marche.
By judgment rendered on 18 March 2020, the Court of Ancona granted the objection of lack of capacity to be sued raised by the Bank, rejecting the Foundation's claims lodged. In the appeal brought by the Foundation, the Court of Appeal of Ancona, by judgment filed on 17 July 2023, rejected the appeal and upheld the first instance judgment, ordering the appellant to pay the costs of the proceedings to Intesa Sanpaolo, as the absorbing company of UBI Banca. The Foundation challenged the second instance ruling before the Court of Cassation with an appeal submitted in February 2024. Intesa Sanpaolo and the Bank of Italy promptly filed a counter-appeal; the hearing in chambers is still to be scheduled.

Azzurro 2000 S.a.s. di Tilli Renzo & C.
In 2004, the company Azzurro 2000 brought a compensation claim before the Court of Santa Maria Capua Vetere (Caserta Divisional Section) against the former Sanpaolo Banco di Napoli for alleged unlawful reporting to the Central Credit Register, quantifying the claim at around 50 million euro.
The plaintiff's claim was rejected at both first and second instance.
Against the appeal ruling, the plaintiff filed (i) an appeal before the Court of Cassation and (ii) a revocation proceeding before the same Court of Appeal. The latter declared the request for revocation inadmissible and the plaintiff filed a further appeal before the Court of Cassation against this second ruling of the Court of Appeal.
The Supreme Court combined the two cases and upheld the first appeal, basing solely on one of the grounds of appeal, overturning the decision and referring the case back to the Naples Court of Appeal, and declared the request for revocation inadmissible.
The plaintiff then resumed the action and the Bank appeared before the Court. The hearing was scheduled in 2026 to refer the lawsuit to judgement.

[191] Note that this dispute is backed by the warranties and obligations to indemnify by the Seller (National Resolution Fund) for the benefit of the former UBI Banca in relation to the acquisition of the New Banks deriving from the resolution of Banca delle Marche, Banca Popolare dell'Etruria e del Lazio and Cassa di Risparmio della Provincia di Chieti and therefore also cover any liabilities arising from the activities carried out by the Banks (the "Old Banks") before they were subject to the resolution procedure, in relation to, *inter alia*, risks of a legal nature or generally related to ongoing or threatened disputes, or violations of the law and any potential liabilities.
[192] See the previous note.

Azienda Agricola Turelli S.S. Soc. Agricola
In 2017, as part of an objection to an order to pay obtained by Intesa Sanpaolo to recover its credit, Azienda Agricola Turelli S.S. and its members Attilio and Laura Turelli filed a counterclaim for compensation for damages quantified at a total of around 20 million euro, for alleged breach of the obligations of good faith and contractual fairness.
In August 2023, the Court of Brescia rejected the objection and the claim for compensation for damages, ordering the opponents to pay the legal fees to Intesa Sanpaolo. In the meantime, the credit covered by the order to pay was subject to two subsequent assignments.
In February 2024 the opponents lodged an appeal against the first instance ruling, with an initial hearing in September 2024. The Bank has lodged an appearance in the proceedings. The following parties also appeared:
- the second assignee, which also requested that Intesa Sanpaolo and/or the first assignee (its assignor) be ordered to return the price paid to purchase the credit, or to compensate for the (not specifically quantified) damages, as well as to hold it harmless and/or indemnified from any claim for reimbursement/compensation that may be recognised against the appellant, though it had not concluded any contracts with the Bank;
- the first assignee of the credit, and
- the member Chiara Turelli "*ad adiuvandum*".

The Court adjourned the case to January 2026 for the continuation of proceedings.

Auditors Italiana S.r.l. in compulsory administrative liquidation
In October 2023, the fiduciary and audit company Auditors Italiana S.r.l. in compulsory administrative liquidation brought a compensation claim against Intesa Sanpaolo (as the absorbing company of UBI Banca, which had previously acquired Nuova Banca dell'Etruria e del Lazio[193]) before the Court of Rome for alleged damages of over 32 million euro. According to the reconstruction by the plaintiff, those damages arose from wrongdoings committed by the former Banca Popolare dell'Etruria e del Lazio in relation to a current account in its name, which facilitated the diversion of sums to the detriment of the trustees and of the company, leading to its financial distress and consequent compulsory administrative liquidation.
The Bank filed an appearance in the proceedings, preliminarily asserting (i) its lack of capacity to be sued and (ii) the expiry of the limitation period, in addition to submitting a series of defence arguments on the merits. At the first hearing in March 2024, the judge appointed an expert to perform a technical assessment. The deadline for filing of the expert's report is July 2025 and the hearing for issue of the Court's decision is set for December 2025.

Armonia SPV S.r.l.
At the end of May 2024, Armonia SPV S.r.l. issued a formal notice claiming damages of around 98 million euro, plus arrears interest, additional damages and costs, alleging the non-existence of certain receivables purchased from UBI Factor (now Intesa Sanpaolo), which were subject to legal proceedings at the time of the 2019 sale.
The Bank responded to the notice by sending a communication rejecting the claims in full, and to date, no responses have been received.

SIM Bankruptcy
By claim form and particulars of claim served in October 2022, the receiver to SIM S.p.A. summoned Intesa Sanpaolo (along with other 7 banks) before the Court of Catania, with the first hearing scheduled for 31 March 2023.
This is a compensation claim brought for damages allegedly suffered by the company and its creditors due to conduct by the banks defined by the adverse party as "unlawful", which allegedly resulted in the unlawful granting of credit.
The claim for damages has been quantified at around 47 million euro, requesting that the defendant banks be jointly ruled against.
The Bank argued in Court lack of legal standing of the receiver and expiry of the limitation period, among other things, in addition to contesting the factual and legal grounds of the adverse party's claims, with a series of defence arguments on the merits. The President of the Court did not consider that the conditions had been met for the joinder of the action with another action brought by the receiver pursuant to Article 146 of the Bankruptcy Law against the directors of the bankrupt company SIM S.p.A.
The Judge therefore ordered the continuation of the proceedings.

Offering of diamonds
In October 2015, the Bank signed a partnership agreement with Diamond Private Investment (DPI) governing how diamond offerings were made by DPI to the customers of Intesa Sanpaolo. The aim of this initiative was to provide customers with a diversification solution with the characteristics of a "safe haven asset" in which to allocate a marginal part of their assets over the long-term. Diamonds had already been sold for several years by other leading national banking networks.
This recommendation activity was carried out primarily in 2016, with a significant decline starting from the end of that year.
A total of around 8,000 customers purchased diamonds, for a total amount of over 130 million euro. The marketing process was based on criteria of transparency, with safeguards progressively enhanced over time, including quality controls on the diamonds and the fairness of the prices applied by DPI.
In 2017, the AGCM instituted proceedings for alleged conduct in breach of the provisions on unfair business practices against the companies that sold diamonds (DPI and another company) and the Banks that recommended the services of those companies.
At the end of those proceedings, the AGCM issued penalties as a result of verifying that the alleged conduct of DPI and the banks breached the Consumer Code. The Authority issued a fine of 3 million euro against Intesa Sanpaolo, reduced from the initial fine of 3.5 million euro, after the Authority had recognised the value of the measures taken by the Bank since 2016 to strengthen the controls on the offering process. Intesa Sanpaolo appealed to the Regional Administrative Court of Lazio and, following the rejection of the appeal, appealed the decision before the Council of State, which, in a ruling of March 2024, rejected the appeal, upholding the fine. The judgment of the Council of State became final and rendered the penalty final.

[193] See the previous note.

From November 2017, the Bank:
- terminated the partnership agreement with Diamond Private Investment (DPI) and ceased the activity, which had already been suspended in October 2017;
- started a process that provides for the payment to customers of the original cost incurred for the purchase of the diamonds and the withdrawal of the stones, in order to satisfy the customers' resale needs which, due to the illiquidity that had arisen in the market, are not met by DPI;
- sent a communication in January 2018 to the diamond-holding customers reiterating the nature of the stones as durable goods, and also confirming the Bank's willingness to intervene directly in relation to any realisation needs expressed by the customers and not met by DPI.

Only a few dozen requests were received during 2024, showing that the phenomenon had essentially died out.
The preliminary investigations initiated by the Public Prosecutor's Office of Milan also concern four other banks (more involved) and two companies that sell diamonds.
In October 2019, the notice of conclusion of the investigation was served, which stated that two of the Bank's operators were being investigated for alleged aggravated fraud (in collusion with other parties to be identified) and other persons were being identified for allegations of self-laundering, while Intesa Sanpaolo was being charged with the administrative offence pursuant to Legislative Decree 231/2001 in relation to this latter predicate offence.
In January 2023, within the criminal proceedings pending before the Court of Milan, the filing was confirmed of the request to dismiss the case against the two relationship managers under investigation, on the grounds of "the act not constituting an offence". The request for dismissal was also made in respect of two other employees, on the grounds of "not having committed the act", as no evidence against them had emerged during the investigation.
With ruling dated 9 April 2024, the Preliminary Investigation Judge ordered the dismissal of the case against the two Intesa Sanpaolo relationship managers under investigation, on the grounds of "the act not constituting an offence", thus rendering the proceedings fully closed.

Private banker (Sanpaolo Invest SIM, incorporated into its parent company Fideuram - Intesa Sanpaolo Private Banking)
An inspection conducted by the Audit function identified serious irregularities by a private banker of the former Sanpaolo Invest SIM. The checks carried out revealed serious irregularities affecting several customers, including misappropriation of funds and reports with false incremental amounts.
On 28 June 2019, the Company terminated the agency agreement with the private banker and reported the findings to the Public Prosecutor's Office of Parma and the Supervisory Authority for financial advisors, which first suspended and then removed the private banker from the Register of Financial Advisors in December 2019.
Following the unlawful actions, the company received a total of 279 compensation claims (including complaints, mediation proceedings and lawsuits), for a total amount of approximately 62.9 million euro, mostly based on alleged embezzlement, losses due to disavowed transactions in financial instruments, false account statements and the debiting of fees relating to advisory service.
To date, 24 compensation claims are pending, including 18 in court and 6 out-of-court claims, with a current value of approximately 10 million euro.
The total amount of 9.6 million euro was recovered from the improperly credited customers (and already returned to the customers harmed) and there are currently attachment orders, on those customers, for around 1 million euro.
The criminal proceedings against the former private banker for fraud, embezzlement and theft aggravated by fraudulent means and abuse of function ended with a plea bargaining judgment on 4 April 2024. The private banker was sentenced to 4 years' imprisonment and a fine of 100,000 euro. Due to the procedure chosen, the civil liability case against Fideuram-ISPB was dropped.
Three civil actions for recovery were brought against private bankers, which ended with:
- judgment of 2 May 2023, whereby the Court of Parma ordered the private banker to pay Fideuram-ISPB the total amount of 175,000 euro plus legal expenses (recovery of receivables connected to the agency contract);
- judgment of 23 July 2024, whereby the Court of Parma ordered the private banker to pay to Fideuram-ISPB the total amount of 1.5 million euro plus legal expenses (labour lawsuit for the recovery of further receivables connected to the agency contract);
- order to pay by which the Court of Parma ordered the private banker to pay Fideuram-ISPB 604 thousand euro plus interest. The private banker filed an appeal against the order to pay, which is currently pending.

In response to the initiatives on the merits described above, Fideuram-ISPB took enforcement action through:
- precautionary attachment converted into foreclosure, as a result of which Fideuram-ISPB collected approximately 85,000 euro from various foreclosed third parties;
- registration of a judicial mortgage on the property co-owned by the private banker;
- a further 4 foreclosures (of movable property, from third parties and company shares) that were unsuccessful.

Adequate provisions have been set aside for the risks associated with the unlawful conduct discussed above, mainly for the damages verified relating to compensation claims and pending lawsuits.

Litigation against Fideuram concerning investment transactions
In October 2022, Fideuram - Intesa Sanpaolo Private Banking S.p.A. was summoned before the Court of Naples with a request for: (i) a declaration of the alleged invalidity of the current account and investment services master agreement entered into by the plaintiff with Fideuram, the consequent invalidity of all the investment transactions carried out and the alleged contractual and non-contractual liability of the Bank, and, as a result, (ii) an order for the Bank to pay compensation for the alleged damages suffered totalling around 29 million euro.
The Bank duly filed an appearance, contesting the factual and legal validity and admissibility of the claims made and confirming the correctness and compliance of its actions with the applicable regulations, also in terms of profiling and customer information.
The case was adjourned for closing arguments to the end of 2025.

Unicredit against Fideuram on the transfer of private bankers

In July 2023, Unicredit S.p.A. initiated legal proceedings against Fideuram - Intesa Sanpaolo Private Banking S.p.A. before the Court of Turin, seeking compensation for alleged damage of approximately 23 million euro, plus interest and revaluation. This claim is based on alleged acts of unfair competition by Fideuram, related to the resignation of several private bankers from Unicredit during the period 2022-2023, who were subsequently employed by Fideuram, as well as alleged unlawful acts committed by those private bankers in the course of their transition to the defendant, for which Fideuram is allegedly also liable.

Fideuram filed an appearance, fully contesting the adverse party claims and requesting the dismissal of the petitions on the grounds that they were baseless in both fact and law, also pointing out that the situations cited in the proceedings were common in the industry, which is characterised by strong competition and mobility of financial advisors, and that Fideuram itself was not immune to this phenomenon.

With regard to the compensation claim, it was fully contested both in terms of its basis and its quantification because it had been calculated using inappropriate methods based on a distorted representation of the profitability of the assets managed by the parties in dispute.

In November 2024, Fideuram and Unicredit settled the case out of court.

Iter Capital Partners S.r.l.

In November 2024, Iter Capital Partners S.r.l. and its Professionals sued before the Court of Milan Eurizon Capital SGR (hereinafter, also SGR) and Eurizon Capital Real Asset SGR (hereinafter, ECRA) with regard to an advisory agreement pursuant to which the plaintiffs had undertaken to carry out activities relating to the management of two investment funds by SGR. The plaintiffs brought the action against the two companies having regard to the different roles played by each in the management of the investment funds, namely: (i) Eurizon Capital SGR S.p.A., as the company that had set up the funds and as Iter's contractual counterparty, and (ii) ECRA, as the entity delegated by Eurizon Capital SGR S.p.A. to manage the funds.

Specifically, the plaintiffs asked the court to (i) determine that the termination of the advisory agreement by SGR in July 2024 with effect from 31 October 2024 was unlawful, (ii) find and declare the agreement terminated due to serious breach of contract by SGR, and (iii) order SGR and ECRA jointly and severally to pay compensation for all the damages allegedly suffered by the plaintiffs for a total of 88.8 million euro, plus interest and costs.

SGR and ECRA, believing that there were valid reasons in fact and in law for terminating the agreement, promptly entered their appearance, rejecting all the plaintiffs' arguments, including their calculation of damages, and asking the court to reject all the plaintiffs' claims. SGR also filed a counterclaim asking the court to find and declare that it had acted lawfully in terminating the agreement and exercising the consequent rights under the agreement.

Reyl & Cie (Switzerland) – Proceedings pursuant to Legislative Decree 231/2001 of the Public Prosecutor's Office of the Court of Milan

The Public Prosecutor's Office of Milan initiated criminal proceedings pursuant to Legislative Decree 231/2001 against Reyl & Cie (a Swiss subsidiary of Fideuram – Intesa Sanpaolo Private Banking) for the predicate offence of money laundering, allegedly committed by one of its former employees (dismissed in 2020), and ordered the seizure of securities owned by Reyl for around 1.1 million euro. The proceedings also involve the Swiss bank Cramer & Cie. Neither Fideuram ISPB nor ISP are currently involved in the proceedings. The circumstances alleged relate to events that took place in 2018, before Reyl & Cie joined the Intesa Sanpaolo Group in May 2021. According to the prosecution, the former employee, together with his brother, an employee of the bank Cramer & Cie, and an external advisor, allegedly engaged in practices aimed at facilitating tax evasion by Italian customers through the transfer of accounts from Switzerland to branches located in the Bahamas, in order to allow those customers to withdraw money from those accounts without the possibility of being traced by the Italian authorities. Although it is possible for Reyl to submit an application to revoke or reduce the attachment order, also considering that it was the Swiss company that reported the suspicious transactions to the Authorities, the Milan Public Prosecutor's Office has rejected a similar petition made by Banca Cramer.

Any consequential damages (for possible fines and/or confiscations) could be covered by the various warranties provided by the seller, for which a reserve claim was made within the terms of the Reyl acquisition agreement.

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 former employee and his brother, as well as Cramer & Cie and Reyl & Cie. The preliminary hearing was consequently set by the GIP (preliminary hearing judge) for 3 July 2024. On conclusion of discussion between Reyl's defence counsel and the Public Prosecutor at the hearing of 3 July 2024, with the view to avoiding a drawn out dispute, and without recognising any liability for the circumstances alleged, the bank filed a petition to apply a financial penalty (plea bargain), which was accepted by the Public Prosecutor.

At the following hearing on 24 September 2024, the Judge postponed the hearing to 24 October 2024 to allow the other parties involved (Banca Cramer, the former employee and his brother) additional time to reach an agreement with the Prosecutor to settle the case. With the other parties having failed to reach an agreement with the Prosecutor, at the hearing on 24 October 2024 the Public Prosecutor requested the issuance of an indictment order against the former employee and his brother and Banca Cramer. The Judge then deferred the decision to the hearing on 13 March 2025 regarding both Reyl's plea bargain request and the position of the other parties involved.

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 judgment. Subsequently, the plaintiff brought an action before the Constitutional Court, which however found it inadmissible.
The plaintiff also brought an action for review before the ordinary courts, but this too was rejected as inadmissible by both the Court of First Instance and the Court of Appeal.
No further appeals were lodged and thus the Supreme Court's decision became final.

IMI/SIR
With regard to the IMI/SIR dispute, you are reminded that following the final judgment in 2006 establishing the criminal liability of the corrupt judge Metta (and his accomplices Rovelli, Acampora, Pacifico, and Previti), the defendants were ordered to pay compensation for damages, with the determination of those damages referred to the civil courts. Intesa Sanpaolo then brought a case before the Court of Rome to obtain an order of compensation for damages from those responsible.
In its ruling of May 2015, the Court of Rome quantified the financial and non-financial damages for Intesa Sanpaolo and ordered Acampora and Metta – the latter also jointly liable with the Prime Minister's Office (pursuant to Law no. 117/1988 on the accountability of the judiciary) – to pay Intesa Sanpaolo 173 million euro net of tax, plus legal interest accruing from 1 February 2015 to the date of final payment, plus legal expenses. The amount ordered took account of the amounts received in the meantime by the Bank as part of the settlements with the Rovelli family and with the adverse parties Previti and Pacifico.
In July 2016, the Rome Court of Appeal stayed the enforcement of the judgment of first instance with respect to the amount in excess of 130 million euro, in addition to ancillary charges and expenses. As a result of this decision, in December 2016 the Office of the President of the Council of Ministers credited Intesa Sanpaolo with the sum of 131,173,551.58 euro (corresponding to the 130 million euro of the order, in addition to legal interest and reimbursement of expenses). To avoid dispute, only the exact amount of the order, without applying the gross-up, was demanded and collected. On 16 April 2020, the ruling of the Rome Court of Appeal was filed, which essentially upheld the Court's ruling, while reducing the sum of non-financial damages to 8 million euro (compared to 77 million euro that had been awarded by the court of first instance), and set the amount to be paid at 108 million euro (instead of 173 million euro), to be considered net of tax, plus legal interest and expenses.
In the second quarter of 2020, the Bank filed a petition for the correction of a material error contained in the finding regarding the calculation of the damages liquidated; the Court of Appeal rejected the petition by ruling filed on 7 December 2020, holding that the error claimed by the Bank could be remedied by means of an appeal before the Court of Cassation. In May 2021, the Bank filed an appeal with the Court of Cassation against the Rome Court of Appeal's ruling of 16 April 2020 on the following main grounds:
– the reduction to 8 million euro of the non-financial damages made by the Court of Appeal, compared to the 77 million euro recognised in the first instance ruling was arbitrary and devoid of any sound legal or logical reasoning;
– even accepting the reduction under point a), the Court made a miscalculation when redetermining the amount of total damages. That aspect was already the subject of an application for material correction filed in 2020, rejected by the Court as it was deemed to be an issue that could be remedied through appeal.

By ruling no. 5682/2023, the Court of Cassation partially upheld the grounds of appeal filed by Acampora and the Prime Minister's Office, overturning the second instance ruling, in relation to the claims upheld, and referring the case back to the Rome Court of Appeal for the application of the principles of law set forth in the ruling. The outcome differs both from the rulings made at the previous instances and from the conclusions, consistent with them, filed last December by the General Prosecutor at the Court of Cassation.
The Court applied a rule of pre-emption according to which the action for revocation, aimed at obtaining the return of the sums unduly paid, should precede the exercise of the action for damages, in clear conflict with the principles set out in the criminal proceedings in 2006 according to which the independence and dissimilarity of the two actions (the action for damages and the action for extraordinary revocation) "rule out any interference between them and place each in its own sector, with the only limitation of not allowing the duplication of coinciding outcomes and, therefore, undue enrichment".
In addition, it introduced a further and unprecedented rule of a procedural nature according to which, without prejudice to the right to obtain lost earnings and non-pecuniary damage, in order to claim compensation from the perpetrators of the offence (i.e. Acampora, Metta and the Government liable for the latter by law) for the damage arising, the injured party, Intesa Sanpaolo, must prove that it had unsuccessfully enforced its claim against the party benefiting from the corrupt ruling.
On 19 May 2023, the Bank notified the other parties involved (Metta, the Prime Minister's Office and Acampora) of the application for resumption of proceedings, requesting:
i) as the main claim, on the merits, the award, in addition to the other damages, of the damage arising, subject to correction of the miscalculation made at the time by the Rome Court of Appeal, in consideration of the fact that the "prejudicial conditions" set out by the Court of Cassation had been met because the Bank had pursued the recovery, both in and out of court, of the sums paid to the beneficiary as a result of the revoked ruling. In the event that the main claim is not upheld, the Bank requested at least the award of the lost earnings and non-pecuniary damage;
ii) subordinately to the merits, a reference for a preliminary ruling to the Court of Justice of the European Union (CJEU) pursuant to Article 267 of the Treaty on the Functioning of the European Union (TFEU) for breach of the Treaty on European Union (TEU), highlighting the arbitrary limitation of the right to compensation provided for by the Special Law on damages caused by judges in the performance of their duties (Law 117/88) resulting from the application of the principles set out by the Court of Cassation in its recent ruling.

The Prime Minister's Office and Giovanni Acampora filed an appearance in the review proceedings, responding to the arguments submitted by the Bank. Following the first hearing, which took place in writing in October 2023, the Court declared Vittorio Metta *in absentia* and adjourned the case for closing arguments to October 2024, without ruling on the petitions from the parties.
On 11 September 2024, Giovanni Acampora's defence counsel filed a certificate attesting to the death of his client; consequently, the Court closed the proceedings.
The Bank resumed the case collectively and impersonally against Giovanni Acampora's heirs. At the hearing of 4 February, the Court took note that some of the heirs had renounced their inheritance and adjourned the case to 18 March for continuation of proceedings.
At the end of 2023, the Bank brought proceedings before the Tax Court to demand the refund of 33.2 million euro of withholding, previously paid as tax for overdue interest on the compensation for damages recognised under the 1994 ruling to Mrs Battistella, as Nino Rovelli's heir. By measure of 24 April 2024, the First Instance Tax Court of Rome rejected the action brought by the Bank, which decided to appeal this judgment. Following the appeal by the Bank, the case is now pending before the Court of Appeal.

Labour litigation
In line with the situation as at 31 December 2023, as at 31 December 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.

GOVERNANCE OF TAX RISK

In compliance with the Code of Ethics, the Group - in its entirety - is committed to observing principles based on values of honesty and integrity in the management of the tax variable, compliance with the tax regulations applicable in the countries in which the Group operates, and the maintenance of a collaborative and transparent relationship with the tax authorities, including through adherence to cooperative compliance schemes.

Intesa Sanpaolo recognises the importance of contributing to the communities of the jurisdictions where it operates by paying the right amount of tax and, to this end, it closely monitors the developments in both domestic and international tax legislation aimed at combating tax base erosion and profit shifting, with a constant commitment to upholding the related principles. The Group has strengthened the internal control system for tax risk, referred to as the Tax Control Framework ("TCF"), making it ideal for managing the strategic nature of tax risk and to meet the requirements for access to the cooperative compliance scheme introduced in Italy pursuant to Legislative Decree 128/2015. It also updated the Organisational, Management and Control Model, for the purposes of liability of institutions for tax offences, as prescribed by Legislative Decree no. 231 of 2001, in order to safeguard against the risk of tax fraud. On 10 December 2018, Intesa Sanpaolo was admitted by the Italian Revenue Agency to the Cooperative Compliance scheme, with effect from 2017, the year in which the application was submitted. Under this scheme, Intesa Sanpaolo and the Italian Revenue Agency can carry out joint assessments of situations likely to generate tax risks through constant preventive contacts aimed at resolving potential disputes in advance.

In keeping with its low tax risk appetite, the Intesa Sanpaolo Group aims to use the Tax Control Framework to ensure the level of risk appetite declared in the Principles of conduct in fiscal matters ("Principles"), adopting controls designed to preemptively manage tax risk, which ensure ongoing compliance with the tax and fiscal rules of the countries where it operates and safeguard the financial and reputational integrity of all the Group companies. The Principles are an integral part of the Tax Control Framework, designed and implemented in line with OECD standards. In particular, the Principles set out the guidelines to ensure a uniform management of taxation across all Group companies based on the logic of (i) correct and timely determination and payment of legally owed taxes and performance of the related requirements, (ii) containment of tax risk, understood as the risk of operating in breach of tax regulations or in conflict with the principles or purposes of the legal system in the various jurisdictions in which the Group operates, due to external factors (mainly uncertain interpretation caused by ambiguity or lack of clarity of tax legislation) or to internal factors (e.g., incorrect and/or late fulfilment of legal requirements, the failure to implement new legislation impacting the Group's taxation, the execution of transactions that may be deemed non-compliant by the tax authorities).

The founding values of the TCF, also stated in the aforementioned Principles, are the following:

- Corporate Responsibility: in compliance with the principle of Corporate Responsibility, the Group shall act in accordance with the values of honesty and integrity in managing its tax obligations, being aware that tax revenues are one of the main sources of contribution to the economic and social development of the countries in which it operates.
- Legality: the Group pursues a behaviour geared towards compliance with the tax rules applicable in the countries in which it operates and towards interpretations that allow it to responsibly manage tax risk, so as to satisfy the interests of all stakeholders and safeguard its reputation.
- Tone at the top: the Board of Directors defines the Group's principles of conduct in fiscal matters and ensures their application, thereby assuming responsibility for shaping and disseminating a corporate culture marked by the values of honesty and integrity and the principle of legality.
- Relationship: the Group, due to its role as taxpayer for its own taxes and as collaborator of the tax authorities for the taxation of its customers, considers it strategic to have an evolved, collaborative and transparent relationship with the tax authorities, to provide said authorities, among other things, with a full understanding of the facts underlying the application of tax rules. This also includes, were appropriate, providing the tax authorities with additional documents (e.g. under the transfer pricing legislation in the case of intragroup transactions). To this end, Intesa Sanpaolo promotes the participation in cooperative compliance schemes by the companies that meet the requirements of domestic legal frameworks, so as to strengthen relationships with the tax authorities. In the event of tax disputes, the Group assesses the options available on a case-by-case basis, resorting to litigation only if it believes that its view of the matter, although not shared by the tax authority, is well-founded and reasonable.

The Principles are adopted by Intesa Sanpaolo also in its capacity as Parent Company, and are approved by the Board of Directors; interpretation of the provisions of the Principles is the responsibility of the Parent Company which, through the Tax Function, also updates them. The Principles are revised at least once a year and any time there is a significant change in the external and/or internal context, and in light of the periodic report on the results of the monitoring of the Tax Control Framework and the assessment and management of any tax risks for the tax period in question. The Principles are published on Intesa Sanpaolo's institutional website and must be adopted by all Group companies, subject to a resolution of their bodies with strategic supervisory functions.

The adoption of the Principles means that each Group company must:

- comply with and apply all tax regulations of the countries in which it operates, and cooperate transparently with the tax authorities;
- fulfil tax obligations within the time and in the manner defined by law or by the tax authority, also using technological solutions to control the data underlying the calculation of taxes due by law;
- avoid forms of tax planning that may be deemed aggressive by tax authorities. In particular, each company must not locate assets, artificially and for the sole purpose of reducing the Group's tax burden, in countries included in the European Union's list of non-cooperative jurisdictions for tax purposes or in the OECD's list. Any presence of Group entities in such countries must be justified exclusively by business reasons;
- interpret the rules in a manner consistent with their spirit and purpose, without exploiting their literal wording;
- report the acts, facts and transactions undertaken so as to enable taxation consistent with the real economic substance of the transactions;
- enjoy the tax benefits and incentives provided by law only if they are in line with the business objectives and economic substance of the underlying business transactions;
- ensure transparency in its operations and in the determination of its income and assets by avoiding the use of structures,

including corporate structures, that may conceal the actual beneficiary of the income flows or the ultimate holder of the assets;
- comply with the provisions on the appropriate transfer pricing of intragroup transactions, in line with the arm's length principle, matching as correctly as possible the income generated with the location of value creation, and avoiding allocating revenues or costs in ways that may generate tax evasion/avoidance;
- avoid using artificial structures or companies, unrelated to the business activity, for the sole purpose of evading tax legislation;
- cooperate with the competent authorities to provide truthful and comprehensive information necessary for tax compliance and control;
- establish cooperative relationships with the tax authorities, inspired by transparency and mutual trust and aimed at preventing conflicts, thus reducing the possibility of disputes. To mitigate tax risk and obtain prior clarification on interpretative doubts, the Group promotes agreements with local tax authorities. On the other hand, the Group does not enter into tax rulings that grant preferential tax regimes or undue tax benefits;
- not offer customers products and services that allow them to obtain undue tax advantages not otherwise obtainable, and put in place appropriate safeguards to avoid involvement in non-tax-compliant transactions carried out by customers.

Intesa Sanpaolo and the Group companies also actively participate in industry associations that monitor and promote tax system developments. Directly or through these associations, they take part in public consultations and policymaker support activities, to ensure a rational and fair development of the tax system.

The Guidelines for the management of tax risk under the cooperative compliance scheme with the Italian Revenue Agency were also approved, setting out the criteria and processes that Intesa Sanpaolo must adopt to ensure the appropriateness and effectiveness of its Tax Control Framework, in addition to identifying the appropriate monitoring processes and consequent reporting to the Board of Directors, as well as the related Rules.
Intesa Sanpaolo has identified the following types of possible tax risks associated with its business processes:
- Tax compliance risks. These are operational risks and concern both business processes (namely risks of performing incorrectly the operational tasks necessary to ensure the correctness - i.e. completeness, accuracy and timely processing - of tax-relevant data), and specific tax compliance processes (spanning the phases of data collection, data processing, and preparing tax returns/tax payments/reports to the tax authorities). During 2024, during exchanges with the Italian Revenue Agency under the collaborative compliance scheme, the main Group entities shared the tax compliance risk map (duly updated on the basis of a risk catalogue shared within the Italian Banking Association - ABI), highlighting the controls in place and the level of residual risk.
- Tax interpretation risks on routine transactions/operations. This type of risk relates to uncertainty as to the actual meaning of tax law provisions and the classification of cases in relation to abstract types. It affects the following processes: regulatory alignment, advice provided to the Bank's structures and interpretative choices made in tax compliance processes.
- Tax interpretation risks on non-routine transactions. These are the risks that arise whenever non-routine transactions/activities are carried out, characterised by objective and specific uncertainty as to the risk of using interpretations that are incorrect or otherwise contrary to the principles and purposes of the tax system. Intesa Sanpaolo has put in place tax risk management processes and procedures, in compliance with the Principles of conduct in fiscal matters, which ensure, *inter alia*:
  - the correct allocation of roles, responsibilities and powers to each person involved, in whatever capacity, in processes with tax implications so as to ensure proper management of tax risk and minimise the likelihood of disputes;
  - the involvement of the tax function in business decisions. Intesa Sanpaolo's processes must ensure the full and constant involvement of the tax function in business decisions, so as to facilitate informed decisions in the event of material tax risk.
- Risks of tax fraud being committed by third parties. This refers to the risk of incurring tax violations as a result of fraudulent tax conduct by third parties (e.g. customers, suppliers, other counterparties). During the year 2024, no particular risk of tax fraud emerged.

For tax risks relating to the interpretation of rules, through prior discussions with the Italian Revenue Agency, carried out within the framework of the collaborative compliance scheme for the year 2024, the Group's main entities arrived at a common assessment of the facts underlying the significant tax risks. As a result of the discussions held, there are no doubts as to interpretation. In order to prevent any risk, for the discussions that are still ongoing the Group adopts the most prudent solution from a tax point of view.
Business Functions and Head Office Departments that carry out transactions with potential tax impacts must comply with the Principles of conduct in fiscal matters and the Guidelines in the performance of their activities. Where the clearing processes adopted by the Bank do not already provide for the involvement of the Tax Function, it is the responsibility of the Business Function (Division or Head Office Department) proposing/structuring the transactions to involve the Head of the Tax Function in advance to allow for an appropriate assessment of the tax effects and risks arising from their implementation.
The Group ensures that the tax functions involved have the organisational significance, material resources and human resources needed to achieve the objectives, and that the relevant personnel are constantly updated, through the use of up-to-date databases and specialised information sources as well as regular training initiatives. Furthermore, the Group provides for regular training activities on topics of particular importance and topicality for functions other than the tax functions (both business and operational).
In order to ensure that the Principles are implemented, the Group supports significant investments in technology aimed at adopting advanced digital solutions to control and streamline the management of direct and indirect taxation.

The Tax Function, in its tax risk management activities:

- provides assistance and advice to the Corporate Bodies and Business Functions called upon to approve transactions exposed to tax risks;
- operates with a view to maintaining an effective internal control system for tax matters, ensuring that it is constantly updated, as well as the ability to detect risks arising from changes affecting the company, regulations and practice, also taking into account case law;
- ensures the monitoring of the correct and effective functioning of tax processes and compliance with the relevant regulations, identifying any shortcomings and errors and the necessary corrective actions;
- coordinates with other corporate internal control functions to ensure the consistency and effectiveness of the internal control system on tax risk, in compliance with tax legislation, the obligations imposed by the collaborative compliance scheme, Bank of Italy Circular 285 and the Integrated Internal Control System Regulation;
- notifies the Italian Revenue Agency, in a timely and comprehensive manner, of situations involving a “significant” tax risk exposure (where it exceeds the shared threshold) or “material” tax risk exposure and is responsible for the Group’s discussions with the Italian Revenue Agency.

The Business Functions or Head Office Departments carrying out transactions with potential tax impacts:

- act in accordance with the instructions received from the Tax Function, with reference to tax-relevant matters;
- promptly inform the competent corporate functions of changes in operations that may entail revisions of corporate processes, so that the necessary analyses of possible tax risks can be initiated and appropriate measures can be taken to mitigate their effects;
- perform the expected first-level control activities in tax risk management;
- are responsible for implementing actions identified, in consultation with the Tax Control Office, to mitigate tax risks affecting processes within their remit.

The governance of tax risk, also following the logic set out in the Group Compliance Guidelines, is divided into the following macro-processes:

- regulatory alignment, aimed at monitoring external regulations and translating them into internal guidelines, processes and procedures, through:
  - the ongoing identification and interpretation of external regulations applicable to the Bank, through the continuous monitoring of external regulatory sources and the consolidation, in the event of regulatory developments, of an unambiguous and shared interpretation;
  - assessing the impact of applicable regulations on corporate processes and procedures and consequently proposing organisational and procedural changes aimed at ensuring appropriate monitoring of compliance risks;
- advice and assistance to Corporate Bodies and other structures of the Bank and prior assessment of compliance with applicable regulations (clearing) of (routine and non-routine) transactions, new products and services to be launched for marketing, innovative projects;
- discussions with the Italian Revenue Agency, in cases where the risk exposure values exceed the agreed materiality threshold. If the Italian Revenue Agency does not agree with the fiscal stance that Intesa Sanpaolo intends to adopt, its final adoption must be approved by the Board of Directors;
- monitoring of the Tax Control Framework (Assurance): the monitoring of compliance risk takes the form, in addition to preventive activities, of the subsequent verification of the appropriateness and effective application of internal processes and procedures and of the organisational adjustments suggested for risk prevention, as well as, more generally, through the control of the effective compliance with external and internal regulations by corporate structures. The Tax Control Framework is controlled by the Head of the Tax Control Office on the basis of an annual audit plan and according to the logic provided for by the Group Compliance Guidelines and the Integrated Internal Control System Regulation;
- dissemination of culture: tax risk is also monitored through the dissemination of a corporate culture resting on the principles of honesty, fairness and compliance with the spirit and letter of the rules;
- information flows to the Corporate Bodies: at least once a year, the Board of Directors, the Risks and Sustainability Committee and the Management Control Committee receive from the Head of the Tax Function all the information concerning the main tax-related policies and choices followed, the progress of discussions with the Italian Revenue Agency under the collaborative compliance scheme, as well as the results of the tax audit activities, including on the appropriateness of the TCF, carried out during the period by the Manager responsible for tax controls. The Head of the Tax Function shall also promptly notify the Corporate Bodies of any compliance issues and events considered of particular relevance;
- tax risk management process of an interpretative nature: regulatory alignment, advisory and clearing activities, as well as the preparation of tax returns, involve making interpretative decisions on the applicable legislation. In making such decisions, the Tax Function must assess the degree of certainty of the stance it intends to adopt. Where the interpretation presents a high degree of uncertainty and has a material impact on the company’s operations, the Tax Function measures the exposure to tax risk, the assumption of which is resolved, depending on materiality, according to the approval thresholds indicated in the Guidelines. The methodologies for assessing the degree of certainty of interpretation and the related impact on the Bank’s operations and for determining tax risk are defined by specific internal rules (Rules for the management of tax risk within the collaborative compliance scheme with the Italian Revenue Agency) and shared between the Tax Function and, to the extent of their competence, with the structures of the Chief Compliance Officer and Chief Risk Officer Governance Areas.

The Group controls tax risks through the adoption of the TCF, which includes processes, procedures, governance rules, ongoing maintenance activities and testing, as well as the use of technology to support the consistency of the data used in the calculation of taxes due by law.

The TCF makes it possible to monitor and measure tax risk, taking into account both tax compliance (compliance risk, managed in the risk maps where residual risk is highlighted) and the uncertainty arising from its application (interpretation risk, managed through the specific procedure leading to the measurement of the impact and materiality of tax uncertainty).

Tax risks spread throughout the Group are monitored and managed locally, but under the guidance and control of the Parent

Company.
For the main entities of the Group, which participate in the collaborative compliance scheme, a closing note for the compliance year is prepared and signed annually by the Italian Revenue Agency and the individual Group company, which contains the results of the controls on the Tax Control Framework and the discussions carried out on significant tax risks (this closing note is also disclosed to the Board of Directors in the periodic report on the TCF).
Intesa Sanpaolo, in adopting processes and procedures for the management of tax risk, in compliance with the above-mentioned Principles, ensures that the processes for the management of tax risk provide appropriate protection to internal and external stakeholders, in terms of risk mitigation (also in view of possible reputational impacts) and in the more general terms of safeguarding stakeholder value, understood as the stakeholders' interest in maintaining the company's value.
Intesa Sanpaolo, through a structured process on an annual basis, prior to the shareholders' meeting to approve the financial statements, ensures that shareholders have the opportunity to submit questions and queries, including with regard to tax issues, relevant to the items on the agenda. The questions asked and the answers given are published on Intesa Sanpaolo's website.
In addition, Intesa Sanpaolo has adopted, for all staff working in the Group and for certain stakeholders, a whistleblowing system for reporting acts or conduct that may constitute infringements of the rules relating to banking activities, as well as of the company's internal policies and/or procedures, or conduct giving rise to conflicts of interest. This system also applies to conduct that may involve infringements of tax principles and legislation.
Intesa Sanpaolo's commitment to good governance in taxation has also been implemented through the preparation of processes for the proper management of tax incentives, adopted by Italy to enable the ecological transition of the country's real estate assets and whose implementation the Group has actively supported by purchasing tax credits from customers, after carrying out controls to avoid fraud.

In 2024, the Group recognised income taxes of 4,048 million euro for the year, mostly in Italy, where most of the operating income was realised, as shown in the table "Breakdown by geographical area: income statement figures" (rows "Operating Income" and "Taxes on Income") in Part L of these Notes to the Financial Statements.

TAX LITIGATION

At the Group level at the end of 2024, the claim for tax disputes (total value of claims for taxes, penalties and interest) was 155 million euro, in line with 2023.
The Group's tax litigation risks are covered by adequate provisions to the Allowances for Risks and Charges (51 million euro in 2024; same amount in 2023).
The Parent Company had 429 pending litigation proceedings (459 as at 31 December 2023) for a claim of 108 million euro (in line with 2023), considering both administrative and judicial proceedings at various instances.
In relation to these proceedings, the likely risks were quantified at 40 million euro as at 31 December 2024 (41 million euro as at 31 December 2023).
Compared to 31 December 2023, for the Parent Company, the main events that gave rise to movements of the claim (+0.3 million euro) consisted of:

- an increase (about 7.1 million euro) from: i) 0.5 million euro in respect of a long-standing claim by the Portuguese tax authorities on the discontinued Sanpaolo IMI Bank International S.A. (based in Madeira), which was charged with having failed to apply withholding taxes in 2002, 2003 and 2004 on interest paid to foreign bondholders. The increase in the claim is due to the increase, taking effect on 1 January 2024, of the interest rate for arrears accruing under Portuguese law on the principal tax claim (the alleged omitted withholdings); ii) 1.6 million euro for new municipal property tax (IMU) claims on real estate from both terminated and current lease contracts; iii) 4.1 million euro for new registration tax claims, mainly (3.9 million euro) related to registration on judicial documents; iv) 0.6 million euro for interest accrued on pending litigation; v) 0.3 million euro for additional cases (mainly related to a mortgage and land registry tax assessment on a leased property and to notices of TARI (waste tax) assessment for the years 2020-2023 in the Municipality of Rome);
- a decrease (about 6.8 million euro), from: (i) 2.1 million euro for the closure of municipal property tax (IMU) claims on real estate from both terminated and current lease contracts; (ii) 3.6 million euro for the closure of registration tax claims relating to registration on judicial documents (1.8 million euro) as well as registration on restructuring agreements (0.6 million euro), registration on acknowledgement of debt (0.6 million euro), registration on lease agreements (0.1 million euro), registration on the reclassification of business transfers into business disposals (0.1 million euro), debit reservation of registration tax with reference to a civil judgment (0.2 million euro), and registration on cases with a small unit amount (0.2 million euro); (iii) 0.7 million euro for the settlement of claims concerning regional motor vehicle tax; (iv) 0.2 million euro for the closure of two cases concerning VAT on nautical leasing; and (v) 0.2 million euro for the closure of additional cases with a small unit amount.

Again with respect to 31 December 2023, for the Parent Company, the main changes in the Allowance for Risks and Charges including legal expenses (-1 million euro) were:

- an increase (around 1.9 million euro) attributable to: i) 0.5 million euro in respect of the above-mentioned long-standing claim by the Portuguese tax authorities on the discontinued Sanpaolo IMI Bank International S.A. (based in Madeira), which was charged with having failed to apply withholding taxes in 2002, 2003 and 2004 on interest paid to foreign bondholders. The higher provision became necessary due to the increase, taking effect on 1 January 2024, of the interest rate for arrears accruing under Portuguese law on the principal tax claim (the alleged omitted withholdings); ii) 0.8 million euro for municipal property tax (IMU) claims on real estate from both terminated and current lease contracts; iii) 0.5 million euro for legal expenses; and iv) 0.1 million euro for accrued interest on pending litigation;
- a decrease (around 2.9 million euro) attributable to:
  - use of provision (approximately 0.6 million euro) for: i) 0.2 million euro for the settlement of claims relating mainly to VAT on nautical leasing; ii) 0.4 million euro for payment of advisory fees;
  - releases of provision to the income statement (about 2.3 million euro) for: i) 2.0 million euro for the settlement of claims for municipal property tax (IMU) on real estate from terminated and current lease contracts; ii) 0.1 million euro for the release of fees no longer due; iii) 0.2 million euro for the settlement of claims concerning registration tax and VAT on lease contracts.

With regard to the Group's other Italian companies, tax disputes totalled 39 million euro as at 31 December 2024 (same amount as at 31 December 2023), covered by specific provisions amounting to 6 million euro (5 million euro as at 31 December 2023).
The change in the claim with respect to 31 December 2023, of an essentially stable amount (increase of 1.7 million euro and decrease of 2 million euro), refers to:

- +0.1 million euro for new tax assessments against Intesa Sanpaolo Protezione in relation to taxes on premiums for the years 2013-2018;
- +0.3 million euro for a new tax assessment against Intesa Sanpaolo Assicurazioni for withholding taxes (and related penalties and interest) for the year 2020 regarding the company merged by incorporation Bancassurance Popolari (BAP);
- +0.1 million euro for new tax assessments against SIREF for withholding taxes (and related penalties and interest) for the years 2016 and 2020;
- +0.6 million euro for interest accrued on the tax assessment against Intesa Sanpaolo Private Banking (ISPB) for the year 2016 regarding the tax deduction of the amortisation of goodwill arising from contributions received by ISPB in 2009, 2010 and 2013 and released by ISPB by using the option for the realignment of tax values to balance sheet values pursuant to Article 15, paragraph 10, of Decree Law No. 185/2008;
- +0.6 million euro for penalties imposed on Intesa Sanpaolo Assicurazioni (as the absorbing entity of Intesa Sanpaolo Life DAC) for the year 2018 on the topic of monitoring, commented below;
- -1.1 million euro for SIREF's tax dispute for Withholding Taxes as withholding agent filing form 770 for 2018, for which the Court issued a ruling in March declaring the matter ceased as a result of the removal of the disputed tax payment order;
- -0.7 million euro for the dispute of IW Bank (now Fideuram - Intesa Sanpaolo Private Banking) for the year 2007 concerning penalties for late payment of withholding taxes on interest income accrued on bank accounts, pursuant to Article 26 of Presidential Decree no. 600/1973, following favourable Court of Cassation judgements;
- -0.2 million euro for the decrease in penalties on the Cargeas dispute concerning taxes on premiums for 2011.

There were no significant events relating to the changes in the provision.

The tax disputes as at 31 December 2024 of the foreign subsidiaries involve relatively small amount of the claim, of 8 million euro (substantially unchanged from 31 December 2023) against provisions of 5.9 million euro (5 million euro as at 31 December 2023).
The change in the provision with respect to 31 December 2023, with an overall increase of 0.9 million euro, refers to:
- -0.4 million euro (also of claim) on Bank of Alexandria's outstanding dispute for stamp duty, due solely to the exchange rate difference (devaluation of the Egyptian pound against the euro);
- +0.3 million euro (also of claim) on disputes arising in 2023 and 2024 of Intesa Sanpaolo Bank Albania concerning withholding taxes;
- +1 million euro on litigation by Intesa Sanpaolo Banka D.D. Bosna I Hercegovina relating to VAT on certain services to which the VAT exemption regime was claimed not to apply as they are of a non-financial nature.

In the following paragraphs, information is provided regarding the most important ongoing disputes, and on several orders to file appearances and questionnaires served during the year.

Parent Company

Banco Sudameris Brasil - Direct taxes year 1995 (PDD1 dispute)
With regard to the dispute with the Brazilian tax authorities (claim of around 41.6 million euro), concerning taxes on income and social security contributions for the year 1995 for the company Banco Sudameris Brasil (now Banco Santander Brasil) – better known as the "PDD1 dispute" – the proceedings are pending in second instance. The proceedings were adjourned several times. Lastly, at the hearing of 18 December 2024 - for which the law firm assisting the Bank filed an explanatory brief - the hearing was adjourned to a date to be fixed in 2025 at the request of the Judge-Rapporteur in order to better examine certain documents of the case. For a detailed analysis of this dispute, see the Notes to the previous consolidated financial statements. The provision for risks relating to this case is 8.1 million euro.

Disputes regarding registration tax on the reclassification of business contributions and subsequent sale of the participations as sales of business units and the consequent assessment of a higher business unit value
These are disputes concerning the recovery of registration tax paid on business contributions and the subsequent sales of the equity investments, which were reclassified by the tax authorities as sales of business lines and then also subject to assessment of a higher value for the business line (total claim of 21 million euro). These disputes were not settled through the "tax amnesty" because the Bank had already provisionally paid the full amount assessed and as a result of the settlement would not have been entitled to the repayment of the sums in excess of the amount due for the settlement, or because there were sound prospects of a favourable outcome to the proceedings pending before the Court of Cassation. The provision for risks for these positions is approximately 2 million euro.

Dispute regarding the municipal property tax ("IMU") on real estate not repossessed following the termination of the related lease contracts
The dispute regarded the identification of the taxpayer liable for the municipal property tax (IMU) in relation to real estate assets owned by the lease companies or banks and leased out to third parties, where the lease was terminated early due to default by the lessee, or as a result of insolvency proceedings involving the lessee, but without the lessee having returned the asset to the lessor. Over the years a tax dispute arose on this matter (also affecting the former Mediocredito Italiano and Provis) relating to whether the lessee is (still) liable for the municipal property tax rather than (already) the lease company/bank in the period between the date of termination (or dissolution) of the lease and the date of physical return of the asset to the lessor. In 2020, the Court of Cassation settled on the view that the lease company/bank was liable for municipal property tax (IMU) from the date of legal termination of the contract, regardless of repossession of the asset. In addition, the 2020 Budget Law provided for the abolition of the single municipal tax (IUC), with regard to its components relating to the municipal property tax (IMU) and tax levy on indivisible services (TASI), and the unification of the two taxes into the new IMU. On 18 March 2020, the Ministry of the Economy and Finance – Finance Department – Tax Legislation and Tax Federalism Unit, with circular no. 1/DF, commenting on the latter changes, provided precise indications regarding the liability for the new IMU with regard to the date of termination of the lease contract in accordance with the prevailing case law. Accordingly, starting from 2020, the bank decided to proceed with the payment of municipal property tax for all leased real estate assets with terminated contracts, regardless of repossession of the asset, seeking recovery from the former users, where possible. It was also decided to gradually withdraw from all pending disputes on assessments relating to years up to 2019, following an attempt at settlement with the interested municipalities to quash the penalties and offset trial fees.
The total claim is 5 million euro, allocated in full to the allowance for risks.

VAT litigation on the reclassification of nautical lease contracts to loans
By notices of assessment relating to tax years 2005 (claim 3.9 million euro) and 2006 (claim 2.9 million euro), the Lombardy Regional Directorate claimed that Sanpaolo Leasint S.p.A. (merged by Mediocredito Italiano then merged into ISP) had misapplied the VAT rules in relation to certain lease contracts concerning pleasure boats ("nautical leasing").
The dispute is currently pending before the Lombardy Tax Court of Second Instance following the filing on 23 July 2024 of the order by which the Court of Cassation had referred the case back to said Tax Court for a new judgment on the merits of the entire dispute.
In a nutshell, the dispute still pending refers to 29 lease contracts and concerns the alleged misapplication of the VAT regime of financial leases of pleasure craft, determined by identifying a flat-rate taxable base on the basis of a time of use outside the territorial waters of the European Union estimated by the tax authorities in Circulars no. 76/E of 2001 and No. 49/E of 2002. According to the Regional Directorate, the application of that regime was unlawful because those lease contracts involved the typical effects of a direct transfer of the asset from the bank and the end user, the consideration for which, unlike the leasing fee, was fully and flat-rate VAT-taxable, as provided by the aforementioned circulars.
In the course of the proceedings, the Italian Revenue Agency's claim was reduced from an initial total of 7.8 million euro to 5.6 million euro, which the Bank has already paid in full by recognising a receivable from the Revenue Agency for "provisional collection" in the financial statements, prudentially making a provision for risks even though there are well-founded arguments

in law and in the case law of the Court of Cassation (Court of Cassation judgments nos. 5950 and 5951 of 5 April 2019) establishing the unlawfulness of the Italian Revenue Agency's claim.

Dispute concerning taxes due in Portugal on interest paid to foreign subscribers of bonds

In relation to the subsidiary Sanpaolo IMI Bank International S.A. Funchal, based in Madeira (Portugal) - dissolved in 2008 - a dispute is pending for the years 2002, 2003 and 2004 (claim 13.8 million euro). Originally, the disputed amounts totalled 28 million euro, which were reduced during the course of the proceedings to the current 13.8 million euro (of which 5.2 million euro of taxes and 8.6 million euro of interest).

On the merits, the local tax authorities disputed the non-taxation for local corporate income tax purposes of interest under the Euro Medium Term Note Programme (EMTN) bond issue programme, paid by the Portuguese subsidiary to beneficiary companies from which no evidence of non-tax resident status in Portugal had been provided.

No provisional payments have been made to the Portuguese tax authorities to date. On the basis of the local consultant's assessment of likely risk, this dispute is fully covered by a provision for risks.

* * *

As already reported in the Notes to the Consolidated Financial Statements of the 2023 Annual Report, between the end of last year and the beginning of the current year, ISP, as absorbing entity and/or consolidating entity, received several "invitations" and "questionnaires" from various Regional and Provincial Directorates of the Italian Revenue Agency for tax period 2017. Those documents set out IRES (Corporate Income Tax) claims regarding the tax treatment that the Italian companies of the Group applied to the income recognised through profit and loss at the time, against the commitment that the Parent Company unilaterally took on, to hold them harmless from the charges that would arise for those companies following the integration into the Group of Banca Popolare di Vicenza and Veneto Banca, the so-called "Venetian Banks" (these were charges for IT integration, charges for exit incentives for employees, and charges for the closure/merger of branches, etc.).

In the case in question, the subsidiaries considered IRES not applicable to that income, while the Directorates argued that it should have been taxed.

During numerous meetings held with the Italian Revenue Agency, first with the Collaborative Compliance Office and then with the Control Division and the individual Directorates, we set out the reasons why the alleged disputes should be considered entirely unfounded. At the end of the discussions, the following was agreed upon:

- as ISP had not paid any income to the subsidiaries during 2017, no voluntary correction was requested for that year;
- for subsidiaries merged before the contribution was received, the dispute should be permanently abandoned for both the subsidiaries and, correspondingly, for the absorbing company ISP;
- regarding the subsidiaries that received the contribution during the tax periods from 2018 to 2022, they must include the contribution in the calculation of their taxable income for IRES (corporate income tax) purposes (and the related surcharge, if due) in the year it is received, and, in the same year, ISP will deduct the corresponding cost for IRES and the related surcharge. In operating terms, that adjustment is defined through a voluntary correction of tax return pursuant to Article 13 of Legislative Decree no. 472 of 18 December 1997, filing supplementary tax returns "unfavourable" to the subsidiaries and "favourable" to ISP.

The overall regularisation activity for tax periods 2018 to 2022 was completed in December 2024.

The overall net impact at the Group level in terms of taxes, penalties and interest, to rectify the position of the companies involved for all the years concerned, was overall negligible, since the charges are offset by the benefit for ISP of deducting for tax purposes (i) the additional contributions paid to compensate the companies for the tax burden they had to pay to rectify their position and (ii) the contributions paid at the time in the period 2018-2022, against which no DTAs had been recognised.

* * *

With regard to disputes settled in the period, the main ones include: a) the dispute concerning registration tax on an order to pay issued by the Civil Court of Brescia, which, in ordering an industrial company to repay ISP the amount financed, referred to a standstill agreement that allowed the company to continue operating by postponing actions to recover the financial exposure. The Agency considered said agreement as an acknowledgement of debt and considered it subject to 1% registration tax (being a declaratory act relating to assets or relationships). The first-instance decision in favour of the Bank became final and the Revenue Agency reimbursed the entire amount that had been paid on a provisional basis (claim 0.6 million euro); b) the dispute with the Italian Revenue Agency - Provincial Directorate I of Rome concerning registration tax on the judgment of the Civil Court of Rome that upheld a request for claw-back in bankruptcy of bank account remittances, sentencing the Banco di Napoli to return to the plaintiff 14.4 million euro plus legal interest. The dispute ended on 18 March 2024, when the Tax Court of First Instance of Rome filed a ruling which acknowledged the Revenue Agency's recognition of the merits of the Bank's position and discontinued the matter at issue (claim of 0.2 million euro).

* * *

The following questionnaires were notified to ISP in 2024:

- former Mediocredito Italiano - questionnaire on tax return for the year 2018.
  On 11 March 2024 the Italian Revenue Agency - Lombardy Regional Directorate served a questionnaire to ISP for the incorporated entity Mediocredito Italiano, regarding the tax return for 2018 and, specifically, in relation to several tax credits, totalling 2.4 million euro, declared and used to offset the payment of VAT due for that period. ISP replied to the questionnaire on 15 March 2024, providing the information requested;
- former UBI Leasing S.p.A. - questionnaire on tax return for the year 2018.
  On 19 September 2024, the Lombardy Regional Directorate of the Italian Revenue Agency served a questionnaire on ISP for the merged UBI Leasing with regard to the year 2018, requesting in particular details and supporting documentation relating to certain decreases shown in the annual income tax return (line RF55 code 99). ISP answered the questionnaire on 18 October 2024. The Italian Revenue Agency communicated that no tax violations were found on the basis of the questionnaire.

* * *

As regards ISP's international branches, the following should be noted.
On 4 January 2023, the London branch received a questionnaire from the UK Inland Revenue regarding the year 2020. The questions mainly concerned international transfer pricing matters. During 2023, the British authority (HMRC) obtained extensive documentation from our branch in response to the questions raised. In February 2024, an in-depth meeting was held with the tax inspectors, following which the inspectors requested further documentation, mainly focused on the branch's industrial and organisational structure after Brexit and on the redefinition of the scope of operations with non-EU customers. In December 2024, the British tax authorities extended the audit to tax year 2022 as well. To date, they have found no irregularities.
With regard to the New York branch: (i) the tax audit, which began in January 2021 and was conducted by the Internal Revenue Service (IRS) with reference to the tax return filed for the 2018 tax year, was closed without any findings. The branch's request for a refund in the amount of approximately 4 million US dollars as a result of the recalculation of taxes owed in that period was also granted; (ii) the tax audit, notified in July 2021, conducted by the City of New York (NYC) on tax years 2018 and 2019 is in progress. No claims have been made for the time being.
A claim was also brought against the former New York representative office of CR Firenze for failure to file a tax return for tax year 2015 (estimated charge of approximately 1,600 euro). Since the representative office was closed down in tax year 2010, the New York branch of ISP initiated contact with the State of New York to have the claim cancelled.
It should be noted that the tax audit, initiated in 2021, on the Munich branch of the former UBI Banca for the years 2015 to 2018 is still in progress. After initially requesting general accounting documentation, in May 2024 the tax auditors requested documentation on itemised and lump-sum write-downs on intragroup receivables and service contracts for the years 2015 to 2017. After the required documentation was painstakingly collected, it was delivered to the local authorities on 6 December 2024. No claims have been made for the time being.
In June 2024, a tax audit was started for tax year 2019 on the Frankfurt branch. The tax auditors have not yet issued any findings.
In August 2024, a tax audit was launched for tax periods 2021-2023 on the Shanghai branch. No issues have been raised for the time being.

Group Companies

For Intesa Sanpaolo Private Banking ("ISPB") on the dispute relating to the notice of IRES (corporate income tax) and IRAP (regional production tax) tax assessment (also notified to ISP as consolidating entity for IRES purposes only) for the year 2016 - which challenged the tax deduction of the amortisation of goodwill arising from contributions received by ISPB in the years 2009, 2010 and 2013 and released by ISPB using the option to realign tax values to balance sheet values pursuant to Article 15, paragraph 10, of Decree Law no. 185/2008 - the Lombardy Second Instance Tax Court, by judgment filed on 5 September 2024, rejected the appeal (by ISP and ISPB) against the unfavourable first instance ruling (higher taxes of 4 million euro, plus penalties of the same amount and interest). The judgment will be appealed before the Court of Cassation within the time limit established by law.
The same dispute is ongoing for the year 2012 (higher taxes of 3.9 million euro, plus penalties of the same amount and interest), and is currently pending before the Court of Cassation.
For the other years (2011, 2013, 2014, 2015 and 2017), disputes were settled with the procedure under Law no. 197 of 29 December 2022 ("2023 Budget Law"), known as "tax truce".

On 28 December 2023, Fideuram ISPB Asset Management SGR (hereinafter, Fideuram SGR) received from the Italian Revenue Agency – Lombardy Regional Directorate an order to file an appearance regarding the year 2017 for IRES and IRAP, following the delivery of documentation in response to a questionnaire served on 4 August 2023 on the alleged transfer pricing issues arising in relation to the consideration for fees and commissions received by Fideuram SGR in delegated manager activities for investment funds performed in favour of the Irish associate Fideuram Asset Management Ireland – FAMI (principal). With specific regard to those management fees and commissions, the Agency has repeated the same adjustments made for the years 2011 to 2013 (which gave rise to tax settlement proposals) as well as for the year 2016, which Fideuram SGR accepted by signing the settlement proposal.
As a result of that order, adversarial proceedings were initiated, which resulted in the finalisation of the tax settlement proposal on 12 April 2024, which settled the payment of IRES and IRAP of 0.19 million euro plus interest of 0.04 million euro and, thus, for a total of 0.23 million euro (nothing for penalties, given that the transfer pricing documentation had been correctly prepared).
Moreover, after the answers provided following the request from the Lombardy Regional Directorate of the Italian Revenue Agency, received by Fideuram SGR in March, regarding documentation and information on calculation of the fees received in

2018 as investment funds delegated manager for the Irish subsidiary FAMI, on 11 November 2024, the company accepted the Department's proposal to correct the prices charged, increasing them by 907,000 euro, with corresponding taxes of approximately 268,000 euro, plus default interest of approximately 50,000 euro, for a total of 319,000 euro (in this case too, no penalties were applied, thanks to the correct preparation of transfer pricing documentation).

For Fideuram – Intesa Sanpaolo Private Banking (hereinafter Banca Fideuram), as a result of the Bank's appeal, three lawsuits are pending before the Court of Cassation concerning the failure to withhold 27% of the interest accrued in 2009, 2010 and 2011 on foreign bank accounts held at Fideuram Bank (Luxembourg) by two "historic" Luxembourg mutual funds (Fonditalia and Interfund SICAV), for which Banca Fideuram was only the placement bank and correspondent bank in the years in question (claim of 3 million euro). Since the Bank had been unsuccessful in all second instance court cases, it was deemed appropriate to set aside a provision for risks to cover the risk, including penalties and interest, in agreement with the legal counsel handling the cases pending before the Court of Cassation.

Cargeas Assicurazioni – merged into Intesa Sanpaolo Assicura, now Intesa Sanpaolo Protezione – underwent a tax audit by the Italian Revenue Agency, Lombardy Regional Directorate, Large Taxpayers Office, aimed at verifying the correct application, for the years from 2010 to 2018, of the tax rules on private insurance and life annuity contracts pursuant to Law no. 1216 of 29 October 1961.
As a result of the audit, the authorities issued a claim against the company that redundancy insurance policies (which are mandatorily associated with salary-backed loans and optional with other mortgages, loans and consumer credit), should not be subject to tax on insurance premiums at a rate of 2.5%, but should, in the opinion of the Italian Revenue Agency, instead be classified as credit risk insurance policies, subject to a tax rate of 12.5%.
In particular, Cargeas has so far received notices of assessment for the following years:

- 2010 (claim 5.7 million euro redetermined after internal review to 5.1 million euro). The dispute is pending at second instance since the Italian Revenue Agency appealed against the first instance ruling in the company's favour;
- 2011 (total claim 4.6 million euro reduced following internal review to 4 million euro). This too is pending at second instance on appeal by the Italian Revenue Agency;
- 2012 (claim 0.9 million euro). The case is pending at first instance;
- 2013 (claim 0.6 million euro). The case is pending at first instance;
- 2014 (claim 22 thousand euro). The case is pending at first instance;
- 2015 (claim 18 thousand euro). The case is pending at first instance;
- 2016 (claim 12 thousand euro). The case is pending at first instance;
- 2017 (claim 9 thousand euro). The case is pending at first instance;
- 2018 (claim 12 thousand euro). The case is pending at first instance.

The company believes that the risk of a negative outcome is possible, but not likely. Accordingly, it has not made any provision for taxes, penalties and interest, except for the cost of legal fees.

On 7 November 2024, Intesa Sanpaolo Assicurazioni was served a payment notice for withholding taxes (and related penalties and interest) for the year 2020 relating to the merged Bancassurance Popolari (BAP) totalling 0.3 million euro. In December 2024, the company first filed an application for annulment following an internal review and then, as no response was received, filed an action before the Tax Court. Although the information in the payment notice is rather unclear, the company considers the claim to be unfounded and therefore, has matched the provisional payment with a receivable from the tax authorities, without making any provision.
In late 2023, Intesa Sanpaolo Assicurazioni (formerly Intesa Sanpaolo Vita), the absorbing company of Intesa Sanpaolo Life DAC - an Irish insurance company which had been merged by incorporation (hereinafter ISL) - received from the Guardia di Finanza (Italian Tax Police) the request to submit, for tax periods 2018-2022, an explanatory report, accompanied by any supporting documentation, on compliance with the obligations directly attributable to the above-mentioned foreign insurance company, concerning tax monitoring, pursuant to Article 1 of Decree Law 167/1990, taking into account the contents of the Italian Revenue Agency's Resolution no. 62/E of 13 November 2023. After the submission of the report on 25 January 2024, the company met with the tax auditors on 1 March 2024, together with its advisor, and reiterated all the reasons why ISL was not subject to the tax monitoring obligation, the main reasons being the following:

- ISL, which relied on banking intermediaries resident in Italy to distribute life insurance policies, did not have tax monitoring obligations until 2022. Since the legislation identifies the parties having tax monitoring obligations by referring fully to the provision placing anti-money laundering obligations on banking and financial intermediaries, companies based in another Member State without a branch in Italy could not be considered to have tax monitoring obligations before 1 January 2022, the date from which, according to IVASS, said parties became subject to anti-money laundering obligations;
- even if ISL qualifies from 2022 as a company established in another Member State without a branch in Italy, nevertheless, in such capacity, it has no customer due diligence obligations, as it is already subject to such obligations under Irish anti-money laundering legislation;
- by using intermediaries resident in Italy for the distribution of life insurance policies, ISL in practice does not have tax monitoring obligations, since, in the tax periods from 2018 to 2022, it did not take part in the execution of transfers of means of payment subject to those obligations, having channelled the collection of premiums and the payments of sums for insurance benefits paid into a bank account opened by ISL itself with ISP, as intermediary in the distribution;
- ISL does not have tax monitoring obligations because the extension of such obligations to companies based in another Member State established in Italy without a branch infringes the EU principle of proportionality due to the fact that the data subject to the tax monitoring obligations must already be transmitted by Ireland to Italy under Directive 2014/107/EU (DAC 2), introducing the Common Reporting Standard and the related Irish implementing legislation. ISL has fully complied with its obligations under DAC 2 and, as a result, has enabled the Irish Revenue Commissioners to fulfil their obligation to report annually to the Italian Revenue Agency the data thus identified.

Therefore, the Guardia di Finanza – making reference to the Questionnaire prot. 613669 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 – in March 2024 requested the addition to the statements submitted in 2022, solely for the years 2018-2020 (as the year 2017 had since become time-barred), of the information relating to both the premiums collected and the amounts paid (relating to the insurance benefits provided) with detailed evidence of some further information. 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. The company responded to the requests by means of a communication in May 2024.
From 17 October to 6 December 2024, the Guardia di Finanza continued its audit activities, during which the company submitted an expert opinion drawn up by its consultant on 22 April 2024 on the lack of any obligation for ISL to provide the identification details of insured customers. Subsequently, the company also submitted a further defence brief by the legal counsel dated 7 November 2024, which further explained the reasons why the company believed (and still believes) to be exempt from the monitoring obligations. On 6 December 2024, the Guardia di Finanza served the company with a Tax Audit Report which claimed that in the tax periods from 2018 to 2022 ISL had failed to comply with its tax monitoring obligations, limited to transactions carried out on behalf or in favour of natural persons, non-business entities and partnerships and equivalent associations (“monitored entities”) if the amount is equal to or greater than 15,000 euro or, from 2021, 5,000 euro.
In particular, the Guardia di Finanza Tax Audit Report claimed that the transfers of premiums made by ISL with debiting of the current account of tax-monitored policyholders and crediting of the current account held by that insurance company in Italy and subsequent crediting of the current account held by it in Ireland constituted “transfers abroad’ and were hence subject to tax monitoring obligations, even though the transfers abroad were made on its own account. The Guardia di Finanza also argued that transfers of insurance benefits made by debiting the current account held by that company in Luxembourg and crediting the current account held by it in Italy and the subsequent crediting of the current account of the beneficiaries subject to monitoring constitute “transfers from abroad”, as such subject to tax monitoring obligations, only where such benefits did not include capital income liable for substitute tax (a case arising where benefits were of a lower value than the premiums paid).
The Guardia di Finanza forwarded the Tax Audit Report to the competent Provincial Directorate I of Milan of the Italian Revenue Agency which, on 13 December 2024, served on Intesa Sanpaolo Assicurazioni a tax assessment only for the year 2018 (whose assessment deadline expired on 31 December 2024), applying the administrative penalty of 0.6 million euro (10% on the highest single capital transfer).
Discussions will start shortly with the Italian Revenue Agency to ascertain whether there are margins to settle amicably - and at reduced cost - all the years included in the Tax Audit Report (2018 – 2022).
Finally, it should be noted that an amount of 0.2 million euro was prudentially set aside in the 2024 budget. This amount is one third of the penalty imposed for 2018, which is payable in a reduced amount if the company accepts the assessment without initiating litigation. Having also consulted with the legal counsel, the amount of the provision was also based on the circumstance that for the subsequent years no measure has been yet notified by the Italian Revenue Agency and that, at present, the amount of the penalty that can be imposed for the years 2019-2022 is highly uncertain because based on the discussions held, it seems likely that the Italian Revenue Agency will decrease significantly the amounts claimed.

On 22 December 2022, Eurizon Capital SGR S.p.A. (“EC ITA”) had received a summons to appear relating to IRES (corporate income tax) and IRAP (regional production tax) for 2016 - concerning the alignment to arm’s length values of the rates charged for the delegated management activity provided by EC ITA to the UCIs set up by its Luxembourg subsidiary Eurizon Capital S.A. (“EC LUX”). During 2023, intensive discussions took place with the Assessment Office, at the end of which the Office revised its initial position (for details, please see the full year reports as at 31 December 2022 and 2023, and the 2023 quarterly reports). On 27 March 2023, the Assessment Office informally submitted to EC Italia a draft settlement proposal, based on the following elements: higher Italian taxable income of 26.8 million euro (vs. the initial claim of 151.1 million euro) against EC LUX’s total of 208 million euro, resulting in higher IRES and IRAP taxes due of 8.8 million euro (vs. the initial 50 million euro), plus interest of 1.8 million euro (vs. the initial 9.6 million euro), without the application of penalties (vs. the initial 45 million euro), for a total of 10.6 million euro (vs. the initial claim of 104.6 million euro).
In the light of the above, and considering that it was to be expected that the negotiation between the Italian Tax Authority and the Luxembourg Tax Authority (which have opposite interests to the former) would result in determining the fair transfer price from EC LUX to EC ITA at a lower level than the one alleged by the Italian Tax Authority, EC ITA has accepted the Italian Revenue Agency’s proposal in the terms set out above. This made it possible to prevent a tax dispute for significant amounts and of uncertain outcome (as it concerned valuation issues which are therefore inevitably subject to margins of discretion) and which would have dragged on for several years. As a result, EC ITA concluded the dispute concerning its transactions in 2016 with its Luxembourg subsidiary EC SA by means of tax settlement agreement.
Following this settlement, the Italian Revenue Agency - Lombardy Regional Directorate sent EC ITA a new questionnaire concerning IRES and IRAP for the year 2017 “in order to check for any continuing tax issues related to intragroup transfer pricing in relation to the 2016 tax period”. EC ITA sent the “Master File” and “National Documentation” to the Agency on 22 June, followed by the requested documentation (audit report and summary statement of increases and decreases in IRES tax and IRAP tax) on 27 June.
Following the receipt of a similar questionnaire on 23 November 2023 for the year 2018, EC ITA also sent the Italian Revenue Agency - Lombardy Regional Directorate a copy of the “National Documentation” on the transfer pricing for the 2018 tax period, together with the audit report and the details of the increases and decreases for IRES tax and IRAP tax purposes for the 2017 tax period.

In addition, on 4 April 2023, the Italian Revenue Agency – Lombardy Regional Directorate – Large Taxpayers Office initiated a similar tax audit on Epsilon SGR S.p.A. (“Epsilon”) regarding the year 2017 and concerning direct taxes, IRAP, VAT and obligations of tax collection agents. During the audit, the verification was formally extended to the year 2018 solely for intragroup transactions with non-resident parties. In its tax audit report drawn up on 6 October 2023, in relation to the years 2017 and 2018 concerned, the Office i) found that the cross-border transaction concerning the UCI management service provided by Epsilon to its Luxembourg subsidiary EC LUX was not aligned with arm’s length conditions and ii) determined a

higher taxable amount of 29.6 million euro over the two years, calculated on the assumption that the correct transfer price corresponded to the third quartile of the price range applied in comparable transactions with independent parties, based on the same stance adopted by EC ITA in accepting the settlement agreement for the year 2016.
Discussions were then initiated with the Agency to ensure that the transactions between EC ITA, Epsilon SGR and EC LUX in the two-year period 2017-2018 were examined in a consistent and coordinated manner.
After many meetings, an agreement was reached with the Lombardy Regional Directorate to apply the median for 2017 and the first quartile for 2018, thus significantly lowering the reference values compared to the third quartile applied when closing the agreement of EC ITA for 2016 and for the finding in the tax audit report on Epsilon for 2017 and 2018.
The procedure ended with the signing of the acceptance of the IRES and IRAP tax assessments on 24 April 2024 and payment of the following amounts:

- for EC ITA, 9.6 million euro for 2017 and 2018, comprising higher IRES and IRAP taxes of 8.1 million euro and interest of 1.5 million euro;
- for Epsilon, 4.1 million euro for 2017 and 2018, comprising higher IRES and IRAP taxes of 3.4 million euro and interest of 0.7 million euro.

These amounts were fully covered by the provisions already set aside by the subsidiaries in their financial statements as at 31 December 2023.
Consequently, EC ITA and Epsilon commenced the procedures to recover the tax deducted by EC LUX in the three-year period 2016-2018 from the taxable amounts taxed in Italy. In particular:

- for the two-year period 2016 (EC ITA only) and 2017 (both Asset Management Companies - AMCs), on 27 December 2024, submitted to the Large Business Taxpayers and International Central Directorate of the Italian Revenue Agency a request to open a mutual agreement procedure pursuant to Article 26 of the double taxation treaty between Italy and Luxembourg with respect to the taxable amounts taxed in Italy. The amount of tax paid by EC LUX in the two-year period under review on the taxable amounts taxed in Italy totalled 3.9 million euro, of which 3 million euro relating to EC ITA's taxable amounts and 0.9 million euro relating to Epsilon's taxable amounts. The outcome of this recovery is quite uncertain;
- for the year 2018, the petition - soon to be filed - will be activated on the basis of the Directive (EU) 2017/1852, in force from 1 January 2018, on tax dispute resolution mechanisms in the European Union and will be aimed at recovering the 1.2-million-euro tax paid by EC LUX on the taxable amount taxed in Italy, of which 0.8 million euro relating to EC ITA and 0.4 million euro relating to Epsilon. The recovery of these amounts is deemed very likely by virtue of the application of a specific mechanism under EU law.

With regard to the international subsidiaries, details are provided below of the main outstanding disputes and tax audits in progress.
Intesa Sanpaolo Bank Albania is mainly concerned with: (i) a dispute pending before the Court of Cassation on the Bank's appeal, concerning the write-off of unrecoverable receivables which, according to the tax authorities, resulted in the unlawful reduction of the taxable base for direct tax for the years from 2003 to 2007 (claim 1.5 million euro); the risk of liabilities has been fully provisioned; (ii) a dispute concerning the former Veneto Banka pending at second instance concerning errors committed in the tax return for the 2013 tax period (claim 33 thousand, fully provisioned). In 2023, two withholding tax disputes arose for the year 2019 for a total amount of 0.16 million euro, which are currently pending in the first instance; the amount is fully provisioned.
In 2024, a dispute arose on withholding taxes for the year 2019 for a total amount of 0.15 million euro, which is currently pending in the first instance; the amount is fully provisioned.

Intesa Sanpaolo Brasil S.A. - Banco Multiplo, was audited by Receita Federal do Brasil (RFB). The audit was followed by a notice of assessment for direct taxes for the years 2015 and 2016. This dispute mainly concerns the improper use of tax losses carried forward pertaining to Indosuez W.I. Carr Securities Brazil Distribuidora de Titulos e Valores Mobiliarios S.A., which in the opinion of the Brazilian tax authorities could not be used, because they were generated before the reorganisation of Intesa Sanpaolo Brasil S.A. - Banco Multiplo, which would have modified the business activities carried out and the corporate structure. The tax assessment by RFB amounts (at the updated exchange rate) to 1.8 million euro in principal, plus interest of 0.6 million euro. The company has not made any provision to cover these sums, as it considers the risk of losing in court to be remote, also based on the local counsel's opinion. The first instance administrative proceedings ended unfavourably for the Bank, which appealed to the second instance administrative court on 14 December 2020.
The Brazilian company also underwent a tax audit by the Sao Paulo City Municipality, which resulted in tax assessments for Imposto Sobre Servicos (ISS) for the years 2016-2021. The total claim is 146,000 euro of principal (plus 15,000 euro of interest) against which the company has not made any provision, given that the risk of losing the case is considered to be low, based on the opinion of the local counsel and the circumstance that an independent consultant appointed by the court of first instance (where the case is pending) has considered the tax treatment applied by the company to be lawful.

Alexbank has a corporate income tax audit in progress concerning the 2018 and 2019 tax periods. At present no claims have been put forward.
In addition, there is a pending dispute concerning the non-payment of stamp duty with claim (at the updated exchange rate) of 0.8 million euro for tax periods 1984 – 2006. Compared to the exchange rate updated as at 31 December 2023 (1.2 million euro), there was a decrease of 0.4 million euro due to the devaluation of the Egyptian pound against the euro.
The calculation of the potential liability has been updated and is fully provisioned.
The tax audit on stamp duty relating to the tax period 2020 was closed with no findings.

Intesa Sanpaolo Banka D.D. Bosna I Hercegovina (hereinafter Intesa Sanpaolo Banka) underwent an audit by the Indirect taxes BiH office, which was followed by a VAT assessment notice for the period 1 April 2013 - 31 March 2018, served on 11 October 2018. The assessment concerns certain services that according to the tax authority are not VAT-exempt because they are non-financial, specifically: (i) international services rendered by VISA; (ii) services rendered to customers in connection with financial products (e.g. current account balances); (iii) legal services rendered by foreign suppliers. The dispute totals 0.1 million euro for VAT, penalties and interest. Intesa Sanpaolo Banka filed an appeal against the notice of assessment on 30 October 2018, which was rejected by the local tax authority. An appeal against the first instance decision was filed in March 2019. In 2021, the first instance tax authority rejected the bank's appeal and the bank appealed to the second instance tax authority, which was rejected by decision in February 2022. The bank filed a complaint with the director of the tax authority in February 2022, which was rejected by a decision of 23 May 2024. The bank appealed this decision on 19 July 2024 to the competent Court of Justice and is awaiting the scheduling of the hearing.
In addition, the Bank has two other Corporate Income Tax disputes pending for tax years 2004 - 2006, both of which are pending at second instance (the first instance in both cases ended unfavourably for the Bank). Contingent liabilities of 0.3 million euro arising from the second instance cases have been fully provisioned.
In October 2021, Intesa Sanpaolo Banka underwent a new VAT tax audit for tax periods 2018-2021 concerning certain services rendered by Mastercard and Visa in the payment card segment to banks based in Bosnia and Herzegovina, including our Group's bank, which had previously been considered, according to local law and practice, as financial services and consequently VAT exempt. During the audit, the Bosnian tax authority considered that the services in question could not be classified as financial services and were therefore to be fully taxed for VAT purposes. As a result of this decision, in May 2023 Intesa Sanpaolo Banka received a tax assessment of approximately 0.9 million euro for additional VAT for the period from April 2018 to August 2021, without default interest. In June 2023, the Bank filed an appeal, which was rejected by the same authority in the following August, and received a demand for payment of 0.4 million euro in default interest, which it promptly paid. The Bank appealed to the higher tax authority against the tax assessment of May 2023 and the demand for interest payment of August 2023. The disputed amounts (0.9 million euro for VAT and 0.4 million euro for interest) have been provisioned.
In light of the position taken by the Bosnian tax authority on the issue, in December 2023 the Board of Directors of Intesa Sanpaolo Banka resolved to set aside 1 million euro by way of additional VAT for the period from September 2021 to September 2023, plus default interest, and to allocate monthly provisions corresponding to the VAT accrued on services provided in the cards segment by Mastercard and Visa.
As a result, the updated provision totalled 2.8 million euro, of which 2.2 million euro for VAT and 0.6 million euro for interest.

Pravex Bank has had pending before the Court of Cassation since 2021, after the two lower courts ruled in its favour, the dispute concerning the non-recognition of the tax loss of approximately 4 million euro carried forward in 2018 from previous years. The tax dispute does not affect the profit and loss account because the company had not recognised deferred tax assets at the time.
For IMI SEC, the tax audit for direct taxes, covering the years 2015 and 2016, was closed without any findings. An audit conducted by the State of New York, also in relation to corporate income, is currently underway, covering the years 2015, 2016 and 2017. No findings are noted for the time being.

* * *

In connection with all the tax disputes outstanding as at 31 December 2024, for a claim, as stated above, of 155 million euro, of which 108 million euro relating to Intesa Sanpaolo, the Group has recognised receivables of around 44 million euro in its balance sheet assets to account for amounts paid on a provisional basis due to tax assessments, of which 13.2 million euro related to the Parent Company.
The portion of the allowance for risks, which relates to provisional tax assessments, amounts to around 20.6 million euro, of which 12.2 million euro for Intesa Sanpaolo.
The provisional payments in question were made in compliance with specific legal provisions, which provide for the mandatory payment based on an automatic mechanism totally independent of whether the related tax claims are actually founded and, thus, irrespective of the higher or lower level of risk of a negative outcome in the related proceedings. Thus, these payments were made solely because of the enforceable nature of the administrative acts that set forth the related tax claim, which does not lose its effectiveness even in the event of an appeal (no suspensive effect) and has no impact on the assessment of the actual risk of a negative outcome, which is measured using the criterion set forth in IAS 37 for liabilities.

SECTION 3 – RISKS OF INSURANCE COMPANIES

INTRODUCTION

The Insurance Division oversees management of the subsidiaries Intesa Sanpaolo Assicurazioni (formerly Intesa Sanpaolo Vita), Intesa Sanpaolo Protezione (from 1 December 2024 Intesa Sanpaolo Assicura absorbed Intesa Sanpaolo RBM Salute and became Intesa Sanpaolo Protezione), Fideuram Vita, InSalute Servizi and Intesa Sanpaolo Insurance Agency, with the mission of synergically developing the insurance product mix targeting customers of the Intesa Sanpaolo Group and expanding the concept of Bancassurance.
In managing insurance company risks, the Intesa Sanpaolo Assicurazioni Group (hereinafter, also the "Insurance Group") has set up an effective risk management system, proportionate to the nature, scope and complexity of the business conducted by the companies, which helps keep the risks the company is exposed to at an acceptable level, in line with the capital provisions.
The control system of risk management, for the entire scope of the Insurance Group, complies with the provisions of insurance supervisory regulations and is consistent with the corresponding internal regulations of the Intesa Sanpaolo Group on the control system, by setting out the reference principles and defining the responsibilities of the corporate bodies and control functions that contribute to the correct operation of the internal control system.
The Intesa Sanpaolo Assicurazioni Group risk management process is governed in line with the own risk profile self-assessment (Own Risk and Solvency Assessment – ORSA) and its Risk Appetite Framework (RAF), in accordance with the risk appetite of the Intesa Sanpaolo Group. The first level documentation above is joined by policies and operating guides regarding the processes for managing all the risks to which the Insurance Group is exposed.
There are four macro-stages of the risk management process:
– identifying and assessing risks;
– managing risks;
– monitoring risk exposure;
– reporting.

The specific risk assessment, in the first macro-stage, provides the top management with an immediate overview of risk exposure, making it possible to steer the decision-making processes and to define priorities for action, including at the strategic planning level.
The risk assessment process is composed of four stages to be carried out at least annually (or when specific events occur):
– analysis: includes all the activities of collecting information, identifying and surveying risks, associating them with an owner and involving other specialised functions to identify and assess the risk profiles that they directly oversee;
– assessment: includes the self-assessment of the probability, impact and mitigation of risk by the risk owner. At this stage, the owner identifies any actions to implement or already implemented to mitigate the risk;
– validation: includes the stage in which the risk owner validates the results of the analysis and the risk management function dialogues with the other fundamental functions to verify that the assessment result is in line with their evidence;
– risk map: includes the preparation of a dedicated report on the exposure to risk of each company in the Insurance Group and the Insurance Group as a whole.

This process also includes risks that are difficult to quantify but are deemed material for the Insurance Group, and mitigation actions may be proposed to manage them.

Once the risk assessment process is completed, the identified risks are managed according to the operational methods and limits of tolerance shown in the Risk Appetite Framework and in the policies that comprise the risk management framework.

The activities in the stage of monitoring risk exposure include performing several stress tests, consisting of a set of techniques used by the companies of the Insurance Group to:
– measure their vulnerability in the event of exceptional, but plausible events;
– enable the top management in understanding the relationship between the risk taken and the risk appetite of the company, as well as the adequacy of the available capital.

Where the results of the stress tests show the potential non-compliance with the minimum regulatory requirements and/or the inadequacy of the controls set up for each risk, the Internal Control, Risks and Sustainability Committee of the Insurance Group shall discuss and propose to Board of Directors of the companies any improvement measures to consolidate the company's capital stability, taking into consideration the solvency also at Insurance Group level.
This activity is joined by a structured process of gathering the information needed to calculate the indicators and metrics defined for the risk aspects in the Risk Appetite Framework to control the limits and early warning thresholds, developed based on and in compliance with the limits and the thresholds contained in the Intesa Sanpaolo Group's RAF.
Under the Risk Appetite Framework, the Insurance Group has set up limits and early warning thresholds on the main risk factors to which it is exposed. Specifically, the main limits and thresholds set out regard risks linked to:
– capital adequacy and solvency;
– liquidity;
– stability of profits;
– non-financial risks;
– reputational, ESG and climate change risks.

The Insurance Group also has a policy on the concentration of risks which defines the concentrations to deem material and their calculation methods, to mitigate the risk that they could have negative impacts on solvency and the financial situation.

Specifically, the objective is to define risk concentrations that are consistent with the risk management strategy and policy and the investment policies.
Risk concentrations are identified by assessing the impact they may have on company's financial position and solvency, following adverse scenarios on the main risk factors, both financial and technical.

3.1 INSURANCE RISKS

QUALITATIVE AND QUANTITATIVE INFORMATION

The typical risks of the Life insurance portfolio (managed through Intesa Sanpaolo Assicurazioni and Fideuram Vita) may be summarized into three main categories: premium risks, actuarial and demographic risks and reserve risks.
On the other hand, the typical risks of the Non-Life insurance portfolio (managed through Intesa Sanpaolo Protezione and, to a residual extent, Intesa Sanpaolo Assicurazioni) are mainly related to premium and reserve risks.

Premium risks are managed initially during definition of the technical features and product pricing, and over time through periodic verification on sustainability and profitability (both at product level and at portfolio level, including liabilities). With specific regard to the Life insurance portfolio, on defining a product, profit testing is used, aimed at measuring profitability and identifying any weaknesses beforehand, by means of specific sensitivity analyses.

Reserve risk is monitored on determining the expected contractual cash flows (Present Value of Future Cash Flows - PVFCF), both by correctly verifying the determination of the value representing the commitments to policyholders and by conducting appropriate checks on the projected cash flows, including performance and consistency checks in relation to any impact analyses/estimates carried out prior to the valuation date or in relation to the movement analysis.
With regard to risk assumption of policies in the Non-life portfolio, policies are checked when acquired through an automatic system aimed at detecting the underwriting parameters associated with the applicable tariff. The check, both formal and substantive, allows the identification of exposures in terms of capital and limits of liability, in order to verify that the portfolio matches the technical and tariff scheme agreed upon with the sales network. Subsequently, statistical checks are carried out to verify potentially anomalous situations (such as concentration by area or by type of risk) and to keep under control accumulation (with particular reference to policies covering accident and health risks). This is also carried out in order to provide suitable information for preparing the annual reinsurance plan.

Lastly, actuarial and demographic risks, typical of the Life business, arise when an unfavourable trend in the actual loss ratio is measured compared to the one estimated in the tariff construction and are reflected in the level of "reserves". The loss ratio refers not only to actuarial loss, but also to financial one (guaranteed interest rate risk). Each company operating in the Life business monitors these risks by means of systematic statistical analysis of the evolution of liabilities in its own contract portfolio, split by risk type, and through simulations of expected profitability of the assets hedging technical reserves.

The Insurance Group companies, pursuant to Article 1, letter r-bis of the Private Insurance Code as amended, adopt the "standard formula" for the calculation of the solvency capital requirement (Articles 45-quinquies to 45-undecies), with the additional use of company specific parameters for premium and reserve risk in the Non-life business. At Insurance Group level, the capital requirement is calculated by consolidating the data of the individual companies.
In carrying out the aforementioned calculation and in line with the reference regulations, the main elements of the requirement are defined as follow:

- underwriting risk, such as the risk of loss or adverse changes in the value of insurance liabilities due to inadequate assumptions regarding price setting (premium risk) or establishment of technical reserves;
- market risk, such as the risk of a loss or adverse change in financial position resulting, directly or indirectly, from fluctuations in the level and volatility of market prices of assets, liabilities and financial instruments;
- credit or counterparty risk, such as the risk of loss arising from counterparty default on deposits, derivative instruments and any credit exposures;
- operational risk, such as the risk of loss deriving from the inadequacy or incorrect functioning of internal procedures, human resources or systems, or due to external events. As far as the financial losses component is concerned, the operational risk includes: legal and compliance risk, conduct risk, IT and Cyber risk, physical security risk, business continuity risk, financial crime and financial reporting risk, third-party and model risk. Strategic and reputational risk are not included.

The table below summarises insurance liabilities (for which IFRS 17 principle is thus applied), both for direct and reinsurance business, gross of intercompany netting, broken down by product macro-type.

(millions of euro)

Concentration of underlying risks by product type	2024
Life	**124,389**
Multi-line	30,650
Separately managed account	73,197
Pure risk contracts	718
Unit-linked/Pension funds	19,824
Non-life	**1,692**
Motor	183
Non-Motor	1,509
Total	**126,081**

Below are the details of the breakdown by maturity of financial liabilities (measured in accordance with IFRS 9 principle) for the Life segment, before intercompany netting, represented by assets covering commitments arising under unit- and index-linked policies, other insurance products (specifically, the “Risparmio Insurance” product) and subordinated liabilities.

(millions of euro)

Breakdown of financial liabilities by maturity	Within 12 months	Over 12 months	Total as at 31.12.2024	Total as at 31.12.2023
Unit linked	36	51,436	51,472	52,038
Index linked	-	-	-	-
Other payables to insured parties	-	453	453	-
Subordinated liabilities	-	1,350	1,350	2,223
Total	**36**	**53,239**	**53,275**	**54,261**

The following tables show the results of the sensitivity analysis using the main insurance risk parameters on the main balance sheet items. The impacts on the Contractual Service Margin (CSM) and, as a result, on the financial position and income statement are provided.

The analysis has identified the risk factors that the companies in the Insurance Group are exposed to, identifying the operational assumptions to be stressed, as follows:

- for the Life business:
  - increase of 10% in expense assumptions (Expenses +10%);
  - increase of 10% in lapse assumptions (Lapse +10%).
- for the Non-life business:
  - increase of 5% in assumptions linked to the claims (Loss Ratio +5%);
  - decrease of 5% in assumptions linked to the claims (Loss Ratio -5%).

With regard to the Life business, the impact of the various stressed scenarios was exclusively determined gross of reinsurance, as the effect of this is considered insignificant. Conversely, for the Non-life business, the results are shown gross and net of reinsurance.

(millions of euro)

Sensitivity analysis		31.12.2024	
	CSM Change [(a)]	Net income [(b)]	Shareholders’ equity [(b)]
Life			
Expenses + 10%	-143	-23	-23
Lapse + 10%	-450	-32	-32

(a) Gross of tax

(b) Net of tax

(millions of euro)

Sensitivity analysis	31.12.2024					
	CSM Change (a)		Net income (b)		Shareholders' equity (b)	
	Gross (c)	Net (d)	Gross (c)	Net (d)	Gross (c)	Net (d)
Non-life						
Loss Ratio +5%	-18	-18	-4	-4	-5	-5
Loss Ratio -5%	18	17	3	3	4	4

(a) Gross of tax

(b) Net of tax

(c) Gross of reinsurance

(d) Net of reinsurance

3.2 FINANCIAL RISKS

QUALITATIVE AND QUANTITATIVE INFORMATION

These risks derive from the level or volatility of market prices of financial instruments that impact the balance sheet value of both assets and liabilities. The risk factors identified are as follows:

- interest rate risk: it impacts assets and liabilities whose value is sensitive to changes in the forward structure of interest rates or the volatility of interest rates;
- equity risk: it derives from the level or volatility of market prices of equities and impacts assets and liabilities whose value is sensitive to changes in equity prices;
- real estate risk: it derives from the level or volatility of market prices of real estate properties and impacts assets and liabilities sensitive to such variations;
- foreign exchange risk: it derives from changes in the level or volatility of foreign exchange rates;
- spread risk: it impacts assets and liabilities whose value is sensitive to adverse changes in credit spreads;
- concentration risk: reflects the risk of holding high percentages of financial assets of the same counterparty;
- liquidity risk: the risk that the Company is not able to liquidate investments and other assets to settle its financial commitments at the time of their maturity.

Investment portfolios

The investments of the insurance companies of the Intesa Sanpaolo Group (Intesa Sanpaolo Assicurazioni, Intesa Sanpaolo Protezione and Fideuram Vita) are made with their shareholders' fund and to cover contractual obligations with customers. These refer to traditional adjustable Life insurance policies, unit-linked and index-linked policies, pension funds and Non-Life policies.

As at 31 December 2024, the investment portfolios of Group companies, recorded at book value, amounted to 180,575 million euro. Of these, a part amounting to 93,071 million euro relates to traditional adjustable Life policies (the financial risk of which is shared with the policyholders by virtue of the mechanism whereby the returns on assets subject to separately managed account determined), Non-Life policies and shareholders' fund. The other component, whose risk is borne solely by the policyholders, consists of investments related to index-linked and unit-linked policies, and pension funds and amounted to 87,504 million euro.

In view of the different types of risk, the breakdown of the investment portfolios, provided below, focuses on the assets held to cover traditional adjustable Life policies, Non-Life policies, and the shareholders' fund.

Financial assets under segregated funds and shareholder fund

In terms of breakdown by asset class, net of derivative financial instruments, 84.58% of assets, i.e. approximately 78,626 million euro, were bonds, whereas assets subject to equity risk represented 2.22% of the total and amounted to 2,064 million euro. The remainder (12,271 million euro) consisted of investments relating to UCI, Private Equity and Hedge Funds (13.20%).

The carrying value of derivatives came to approximately 11 million euro, almost entirely relating to hedging derivatives, while the portion of effective management derivatives[194] is positive for approximately 22 million euro.

At the end of 2024, investments made with the shareholders' fund of Intesa Sanpaolo Assicurazioni and Fideuram Vita amounted to around 1,233 million euro at market value, and presented a risk, in terms of Value at Risk (VaR, 99% confidence level, 10-day holding period), of around 29 million euro.

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

Interest rate risk exposure

The breakdown by maturity of bonds showed 7.41% short-term (under 1 year), 29.18% medium-term and 47.99% long-term (over 5 years).

(millions of euro)

Financial assets	Book value	%	Duration
Fixed-rate bonds	**66,345**	**71.37**	**6.40**
up to 1 year	6,616	7.12	
1 to 5 years	23,286	25.05	
over 5 years	36,443	39.20	
Floating rate/indexed bonds	**12,282**	**13.21**	**5.83**
up to 1 year	271	0.29	
1 to 5 years	3,840	4.13	
over 5 years	8,171	8.79	
TOTAL	**78,627**	**84.58**	**-**
Equities or similar capital securities	**2,064**	**2.22**	
UCI, Private Equity, Hedge Fund	**12,271**	**13.20**	
TOTAL AS AT 31.12.2024	**92,962**	**100.00**	

The sensitivity of the fair value of the portfolio of financial assets to interest rate movements, summarised in the table below, highlights the exposure of the portfolio: for example, a parallel shift in the yield curve of +100 basis points leads to a negative fair value change in the bond portfolios of 4,600 million euro.

(millions of euro)

	Book value	%	Fair value changes due to interest rate fluctuations	
			+100 bp	**-100 bp**
Fixed-rate bonds	66,345	84.38	-3,958	4,465
Floating rate/indexed bonds	12,282	15.62	-642	746
Interest rate risk hedging effect	-	-	-	-
TOTAL	**78,627**	**100.00**	**-4,600**	**5,211**

In accordance with IFRS 17, the Intesa Sanpaolo Assicurazioni Group defined a methodology for calculating discount rates for the measurement of insurance contracts. (for details, see the indications in Part A.2 – Main financial statement captions). The table below summarises the discount rates applied by the various companies in the Insurance Group.

Discount rates	2024					2023				
	1 year	**5 years**	**10 years**	**15 years**	**20 years**	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**
	31.12.2024	**31.12.2024**	**31.12.2024**	**31.12.2024**	**31.12.2024**	**31.12.2023**	**31.12.2023**	**31.12.2023**	**31.12.2023**	**31.12.2023**
VFA	2.73%	2.65%	2.82%	2.94%	2.91%	4.09%	2.90%	2.90%	2.96%	2.89%
GMM/PAA	2.63%	2.55%	2.72%	2.84%	2.81%	3.86%	2.68%	2.68%	2.74%	2.67%

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

The table below shows the results of the sensitivity analysis of interest rate risk on the CSM (Contractual Service Margin), on the statement of financial position and on the income statement.

The analysis in question identified the risk factors that the companies in the Intesa Sanpaolo Assicurazioni Group are exposed to, identifying the financial assumptions to be stressed for the Life business, as follows:
- parallel increase of the discount curve of 100 basis points (Interest Rate Up +100 basis points);
- parallel decrease of the discount curve of 100 basis points (Interest Rate Down -100 basis points).

(millions of euro)

Sensitivity analysis		31.12.2024	
	CSM Change [(a)]	Net income [(b)]	Shareholders' equity [(b)]
Life			
Interest Rate Up + 100 bps	-393	-19	-10
Interest Rate Down - 100 bps	308	7	-2

(a) Gross of tax

(b) Net of tax

With regard to the Life business, the impact of the various stressed scenarios was exclusively determined before reinsurance, as the effect of this was deemed insignificant. For the Non-life business, the sensitivity to changes in the discount rate levels is deemed immaterial.

Credit risk exposure

The table below sets forth the distribution of the bond portfolio by rating class: AAA/AA bonds represented 4.19% of total investments and A bonds approximately 10.90%. Low investment grade securities (BBB) were 67.15% of the total, while the portion of speculative grade or unrated was minimal (2.34%).
With regard to exposure to BBB rated securities, the majority of the exposure related to bonds issued by the Republic of Italy.

(millions of euro)

Breakdown of financial assets by issuer rating	Book value	%
Bonds	**78,625**	**84.58**
AAA	1,119	1.20
AA	2,779	2.99
A	10,131	10.90
BBB	62,424	67.15
Speculative grade	2,055	2.21
Unrated	117	0.13
Equities or similar capital securities	**2,064**	**2.22**
UCI, Private Equity, Hedge Fund	**12,271**	**13.20**
TOTAL	**92,960**	**100.00**

The analysis of the exposure in terms of the issuers/counterparties produced the following results: securities issued by governments, central banks and other public entities made up 70.59% of the total investments, whereas the securities of corporate issuers contributed around 29.41%.

The sensitivity values of the fair value of the bonds with respect to a variation in the creditworthiness of the issuers, namely a market credit spread shock of ±100 basis points, as at end of 2024, are shown in the table below.

(millions of euro)

	Book value	%	Fair value changes due to credit spread fluctuations	
			+100 bp	-100 bp
Government bonds	55,504	70.59	-3,948	4,529
Corporate bonds	23,123	29.41	-842	802
TOTAL	**78,627**	**100.00**	**-4,790**	**5,331**

In addition, the amount of receivables arising out of direct insurance operations as at 31 December 2024 came to 454 million euro, which receivables arising from reinsurance operations came to around 135 million euro.

Below is the breakdown of the amount of exposure to credit risk of the companies in the Insurance Group for outstanding reinsurance contracts.

	Insurance Group
Asset for remaining coverage	70
Asset for incurred claims	89
Receivables arising from reinsurance contracts (Non-Life)	91
Total	**250**

Reinsurance coverage was finalised with leading market operators, who meet the requirements on capital and financial position outlined in the guidelines of each company, and in compliance with IVASS Regulation No. 38 of 3 July 2018 on corporate governance systems.

Equity risk exposure

The sensitivity of the equity portfolio to a hypothetical deterioration in equity prices of 10% amounts to -206 million euro, as shown in the table below.

(millions of euro)

	Book value	%	Fair value changes due to stock price fluctuations
			-10%
Equities - Financial institutions	371	17.98	-37
Equities - Non-financial companies and other counterparties	1,693	82.02	-169
TOTAL	**2,064**	**100.00**	**-206**

Foreign exchange risk exposure

Approximately 97.92% of investments is made up of assets denominated in the EU currency. The residual exposure to foreign exchange risk was hedged by positions in derivative financial instruments, particularly forwards on BTPs, in the same currency.

Derivative financial instruments

Financial derivative instruments are used to hedge the financial risks of the investment portfolio or for effective management.
The table below shows the book values of the financial derivative instruments as at 31 December 2024.

(millions of euro)

Type of underlying	DEBT SECURITIES/ INTEREST RATES		EQUITIES, EQUITY INDICES, COMMODITIES, EXCHANGE RATES		TOTAL	
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
Hedging derivatives	-	-11	-	-	-	-11
Effective management derivatives	-	-	30	-8	30	-8
TOTAL	**-**	**-11**	**30**	**-8**	**30**	**-19**

3.3 LIQUIDITY RISK

Liquidity risk is the risk of not being able to fulfil obligations to the insured and to other creditors, due to the impossibility of transforming investments into liquidity, or the difficulty in carrying out that transformation without depressing future profits or incurring significant economic losses. Therefore, the Insurance Group conducts its assessments and steers its management so that they are capable of reflecting the characteristics of its insurance obligations, favouring the diversification of assets and sound management.

Firstly, the run-off of future cash flows as at 31 December 2024, both discounted and undiscounted, is shown below, broken down into the Life and the Non-life business. For the Non-life business, this includes both the Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC). For the Life business, instead, this includes the LRC, as the LIC is a certain amount waiting to be paid to the insured.

(millions of euro)

Analysis of maturities	Release of non-discounted cash flows 31.12.2024					
	up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
Insurance contracts						
Life	11,631	10,632	11,706	10,310	11,925	93,574
Non-life	390	119	64	45	37	170

(millions of euro)

Analysis of maturities	Release of discounted cash flows 31.12.2024					
	up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
Insurance contracts						
Life	11,465	10,215	10,957	9,413	10,571	61,991
Non-life	363	112	59	42	34	159

The Insurance Group considers the forecasts of the maturities of liability flows in the process of investing in assets, assessing coverage of maturities and opportunities for returns.

The Risk Appetite Framework and the ALM management process consider prudential limits both on observing the cash flow matching and using liquidity coverage ratio type indicators. Those controls and monitoring are carried out in line with the Solvency II supervisory framework.

To manage specific conditions of stress and lack of liquidity, a Contingency Funding Plan has been defined. The plan requires an Extraordinary Investment Committee meeting be called which, based on the type (e.g. turbulence on the markets in relation to an inefficient composition of assets) and the expected duration of the situation of tension (e.g. temporary vs. structural), will directly take action on the asset portfolio or propose additional possible actions.

The tables below show the breakdown by maturity of discounted and undiscounted net cash flows of insurance contracts issued and reinsurance contracts held that are liabilities, for the Life and Non-Life segments, in accordance with the requirements of IFRS 17. For the Life business, net cash flows relating to the PVFCF LRC as at 31 December 2024 are shown, split between the VFA business (insurance contracts issued with direct participation elements) and the GM business (insurance contracts issued without direct participation elements), while the row relating to reinsurance contracts held is empty because there were no ARC liability cash flows.

Net discounted cash flows from insurance contracts issued and reinsurance contracts held that are liabilities: breakdown by maturity

(millions of euro)

Type/Residual Maturity	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Life Segment							
1. Insurance contracts issued with direct participation features	11,416	10,173	10,921	9,382	10,545	61,891	114,328
2. Investment contracts issued with discretionary participation features	-	-	-	-	-	-	-
3. Insurance contracts issued without direct participation features	49	43	36	30	26	101	285
4. Reinsurance contracts held	-	-	-	-	-	-	-
Non-Life Segment							
1. Insurance contracts issued	403	122	64	45	37	167	838
2. Reinsurance contracts held	-40	-10	-5	-3	-3	-8	-69

Net undiscounted cash flows from insurance contracts issued and reinsurance contracts held that are liabilities: breakdown by maturity

(millions of euro)

Type/Residual Maturity	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Life Segment							
1. Insurance contracts issued with direct participation features	11,602	10,596	11,677	10,285	11,903	93,494	149,557
2. Investment contracts issued with discretionary participation features	-	-	-	-	-	-	-
3. Insurance contracts issued without direct participation features	30	35	29	25	22	80	221
4. Reinsurance contracts held	-	-	-	-	-	-	-
Non-Life Segment							
1. Insurance contracts issued	432	130	69	48	40	179	898
2. Reinsurance contracts held	-42	-11	-5	-3	-3	-9	-73

The table below provides details of the liquidity risk associated with insurance contracts issued and reinsurance contracts held that are liabilities and have surrender options or early termination clauses, in accordance with IFRS 17, paragraph 132, letter c). The amounts payable on demand are determined by considering the surrenderable amounts net of any penalties as at 31 December 2024. Investment contracts with discretionary participation features have been reclassified under insurance contracts issued with direct participation features, while no figures are shown for insurance contracts issued without direct participation features and for reinsurance contracts held as liabilities, because they are not present.

Insurance contracts issued and reinsurance contracts held that are liabilities with surrender options: amounts payable on demand and carrying amount

(millions of euro)

Type/Amounts	Amounts payable on demand	Carrying amount
1. Insurance contracts issued with direct participation features	120,260	122,919
2. Investment contracts issued with discretionary participation features	-	-
3. Insurance contracts issued without direct participation features	-	-
4. Reinsurance contracts held	-	-

SECTION 4 – RISKS OF OTHER COMPANIES

The risks of other companies are essentially concentrated:
– in the companies Romulus Funding Corp. and Duomo Funding Plc., included on the scope of consolidation pursuant to IFRS 10;
– in the Risanamento Group companies, consolidated for accounting purposes starting in 2015, but not subject to management and coordination.

THE VEHICLES ROMULUS FUNDING CORPORATION AND DUOMO FUNDING PLC

Qualitative and quantitative information

These two special-purpose vehicles are the Intesa Sanpaolo Group's asset-backed commercial paper conduits, established to support Intesa Sanpaolo’s strategy of offering customers an alternative financing channel via access to the international asset-backed commercial paper market. The assets originated by European customers are purchased by Duomo, whereas Romulus is responsible for U.S. assets and fund-raising on the U.S. market through the issuance of asset-backed commercial paper. Nonetheless, due to the subsequent downgrading of Intesa Sanpaolo at the end of 2014, U.S. investors gradually divested without the vehicle being able to find new third-party investors with which to place the asset-backed commercial papers. The risks associated with these entities, and more specifically, the potential interest rate and exchange rate risks arising from the operations of the two companies, must be covered in accordance with the Intesa Sanpaolo Group policy for the management of these risks. Companies are not generally permitted to take foreign-exchange positions. As at 31 December 2024, the assets of Romulus included 5.2 billion euro in loans to the vehicle Duomo. Against those assets, the vehicle issued asset-backed commercial paper (ABCP) with a carrying amount of 5.2 billion euro, almost all of which has been subscribed by the Parent Company, Intesa Sanpaolo. With regard to the portfolio of the vehicle Duomo, at the end of 2024 this portfolio mainly consisted of securities of 7.69 billion euro.

The table below shows the information and figures for the above two vehicles as at 31 December 2024.

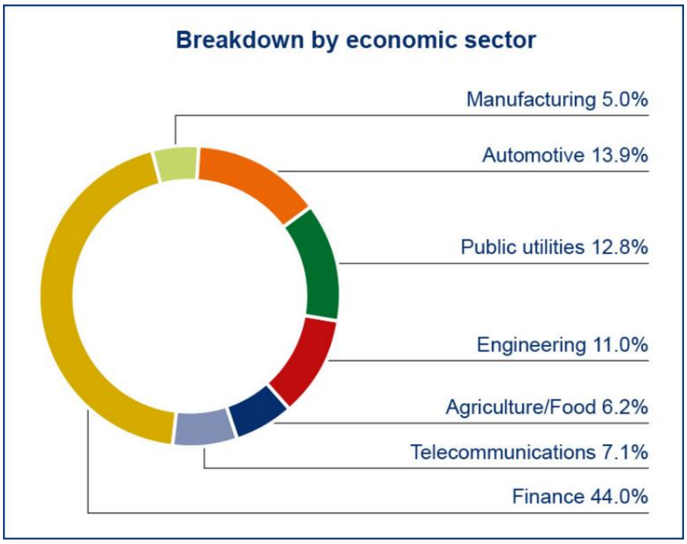
(millions of euro)

	Vehicle data		Liquidity lines (2)	Guarantees given		Securities issued	of which: held by the Group		
	Total assets	Cumulated losses		nature	amount	amount	amount	Accounting classification	Valuation
ROMULUS FUNDING CORP.	5,199 (1)	-	-		-	5,198	5,180	Fin. Ass. at amm. cost	Amortised cost
DUOMO FUNDING PLC	7,690	-	8,440		-	-	-		

(1) Entirely made up of loans disbursed to Duomo for transactions booked in the financial statements of the vehicle.

(2) These are Fully Supporting Liquidity Facilities issued by the Parent Company Intesa Sanpaolo, of which 8,440 million euro is committed out of an amount granted of 15,000 million euro.

The total assets of the conduits Romulus and Duomo, net of dealings between the two vehicles, made up approximately 1% of the total consolidated assets. The portfolio risk of the two vehicles is approximately 45.92% accounted for by trade receivables and the remainder by consumer loans (15.48%), loans deriving from factoring and lease contracts (2.57%), mortgage loans (0.01%), loans to SMEs (21.28%), loans/lease contracts to pharmaceutical companies (0.85%), and auto loans and leases (13.89%). The eligible assets held by the vehicles are mainly expressed in euro (94.50% of the total portfolio). The remainder is broken down into British pounds (4.27%), US dollars (0.63%), Mexican pesos (0.25%), Swedish kroner (0.19%), Polish zloty (0.13%), Australian dollars (0.01%), Swiss francs (0.01%) and Danish kroner (0.01%).
The following information is provided concerning the portfolio of eligible assets.



With regard to the rating breakdown of the loan portfolio, 98% does not have a rating and the remaining 2% is rated above "A".

With reference to the geographical distribution of the assets held by the two vehicles, approximately 86.7% of the debtors are located in Italy.

RISANAMENTO GROUP

Qualitative and quantitative information

Intesa Sanpaolo holds a 48.88% interest in the share capital of Risanamento, a property and development company listed on the Italian Stock Exchange, originally focused on the renovation and development of the strategic metropolitan area of Milano Santa Giulia (MSG), located in the south-east of Milan. Although Risanamento is included in the Group's accounting scope of consolidation, 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. Additionally, Risanamento is not part of the Intesa Sanpaolo Banking Group, because the business conducted by the company is not related to the banking sector.

During the second quarter of 2023, a complex transaction (known as Project Starfighter) for the corporate and financial restructuring of the Risanamento Group was completed with Lendlease, a leading international operator in the infrastructure sector. The purpose of the transaction was to implement a real estate project in the MSG industrial area and maximise the value of the site and it included the debt discharge of the Risanamento Group and the conversion of the credit exposure held by Intesa Sanpaolo and other banks into units of an AIF managed by Lendlease (Heartbeat Fund), in addition to the transfer to the AIF of the surface rights of the MSG area by Risanamento, which retained the bare ownership, together with the commitment to complete the remediation and infill work on the area.

On 30 October 2024, the Board of Directors of Risanamento approved the Group's interim statement as at 30 September 2024, which showed a consolidated net loss of 27.5 million euro, a positive consolidated net financial position of 27.6 million euro, and a positive consolidated shareholders' equity of around 25.1 million euro. The report also noted that, with respect to the original schedule, some delays had accumulated in the implementation of the remediation works due to (i) the permits related to the pollutant treatment plant managed by the third-party contractor; (ii) the discovery of material containing asbestos on site; and (iii) the necessary modifications to align the original Remediation Operational Plan (ROP) to the new volumetric plan.

The company also stated in its Report that these events, which arose after the original plan, not only prevented adherence to the initially scheduled timelines, but also resulted in a series of additional costs that were still being determined at the time.

Additionally, on 24 January 2025, Risanamento published its financial calendar for the 2025 financial year, setting 19 March as the date for the approval of the annual financial statements and the consolidated financial statements for the 2024 financial year. This date, unlike in previous years, is after the date of 27 February 2025 when the Board of Directors of Intesa Sanpaolo approves the draft annual financial statements of the Parent Company and the consolidated financial statements for the year 2024.

By the date of approval of the Intesa Sanpaolo financial statements no board meetings of Risanamento had been held that approved the company's data as at 31 December 2024 and it was therefore not possible to include them in Intesa Sanpaolo's consolidated financial statements, in line with the Group policy which stipulates that the financial data of subsidiaries must be previously approved by their respective Boards of Directors in order to be included in the Group's consolidated financial statements. Consequently, the data of the Risanamento Group as at 30 September 2024 was used for the contribution to the consolidated financial statements of Intesa Sanpaolo as at 31 December 2024, in accordance with IFRS 10, which stipulates that the difference between the date of the subsidiary's financial statements and that of the consolidated financial statements must not be more than three months. The data as at 30 September 2024 of the Risanamento Group have also been adjusted, on a prudential basis and based on the currently available information, to account for the uncertainty mainly related to the additional costs for the remediation works, which had already been announced by Risanamento in its Interim Statement as at 30 September 2024, without any material effects on Intesa Sanpaolo's consolidated income statement.

Part F – Information on consolidated capital

SECTION 1 – CONSOLIDATED CAPITAL

A. Qualitative information

The control of capital adequacy both at consolidated level and at single entities level is ensured by capital management which defines the size and optimum combination of the different capital instruments in accordance with regulatory constraints and consistently with the risk exposure taken on by the Group.
The Intesa Sanpaolo Group assigns a primary role to the management and allocation of capital resources, considering this to be an instrument for strategic leverage, as well as a way to ensure consistency of the operating plans of the business units.
Once the Group's strategic profitability, capital strength and liquidity objectives have been defined, capital and financial resources are allocated to the business units through a process that evaluates their growth potential, capacity to generate value and financial autonomy.
The capital at risk considered is twofold:
– regulatory capital covering Pillar 1 risks;
– overall internal capital covering Pillar 2 risks, for ICAAP purposes.
Regulatory capital and overall internal capital differ from each other by definition and by their coverage of risk categories. The first arises from formats defined in supervisory provisions, the second from operational measurements.
Hence, the capital management activity comprises the management of current and prospective capital adequacy through careful control of both regulatory Pillar 1 constraints (in compliance with Basel 3 rules, effective from 1 January 2014) and operational Pillar 2 constraints. Projections are also produced under stress conditions in order to ensure that the available resources are adequate to cover all risks, even in adverse conditions. Furthermore, since 2013, the Group has been drawing up a Recovery Plan, in line with regulatory indications (directives "Bank Recovery and Resolution Directive – BRRD" - 2014/59/EU transposed in Italy through Legislative Decrees 180 and 181 on 16 November 2015 and "Bank Recovery and Resolution Directive – BRRD II" - Directive (UE) 2019/879, transposed into Italian law on 8 November 2021 by Legislative Decree 193, which entered into force on 1 December 2021), with international practice and in compliance with both the Group Risk Appetite Framework and the crisis management model adopted by the Bank.
As part of the process of defining budget targets, a projection compatibility analysis is conducted annually at Group level and at the level of individual entities in the Group. Depending on the expected performance of balance sheet and income statement aggregates, the appropriate capital management measures to ensure the required financial resources for the individual business units are already identified in this phase, if necessary. Compliance with the target levels of capitalisation is monitored on a quarterly basis, taking appropriate action when necessary.
Compliance with capital adequacy is sought via various levers, such as the dividend distribution policy, the definition of strategic finance operations (capital increases, issue of convertible loans and subordinated bonds, disposal of non-core assets, etc.) and the management of investments, particularly loans, on the basis of counterparty risk.
Further analyses for preliminary assessment of capital adequacy are performed during extraordinary operations (mergers, acquisitions, disposals, etc.) whether internal to the Group or changing the scope of consolidation of the Group.

Following the Supervisory Review and Evaluation Process (SREP), the ECB annually makes a final decision on the capital requirement that Intesa Sanpaolo must comply with at consolidated level.

On 30 November 2023, Intesa Sanpaolo announced that it had received the ECB's final decision concerning the capital requirement that the Bank has to meet, as of 1 January 2024.
On 26 April 2024, the Bank of Italy announced the introduction of the new Systemic Risk Buffer (SyRB) amounting to 1% of the risk-weighted exposures to credit and counterparty risks for residents in Italy. The target rate must be reached gradually by establishing a reserve equal to 0.5% of the relevant exposures by 31 December 2024 and the remaining 0.5% by 30 June 2025.

The overall capital requirement the Bank has to meet in terms of Common Equity Tier 1 ratio is 9.88%[195].
This is the result of:
- the SREP requirement in terms of Total Capital ratio of 9.50% comprising a minimum Pillar 1 capital requirement of 8%, of which 4.5% is CET1, and an additional Pillar 2 capital requirement of 1.50%, of which 0.84% is CET1 applying the regulatory amendment introduced by the ECB and effective from 12 March 2020[196];
- additional requirements, entirely in terms of Common Equity Tier 1 ratio, relating to:
  - A Capital Conservation Buffer of 2.5%;
  - an O-SII Buffer (Other Systemically Important Institutions Buffer) of 1.25%;
  - a Countercyclical Capital Buffer of 0.28%[197];
  - Systemic Risk Buffer of 0.51%.[198]

On 11 December 2024, Intesa Sanpaolo announced that it had received the ECB's final decision concerning the capital requirement that the Bank has to meet as of 1 January 2025, which was unchanged with respect to 2024.

With effect from 30 September 2019, following permission from the ECB, the Intesa Sanpaolo Group calculates capital ratios applying the so-called Danish Compromise, under which insurance investments, held indirectly through Intesa Sanpaolo Assicurazioni, are risk weighted instead of being deducted from capital.

As reported in Part E of these Notes, where additional information can be found, no changes were made with respect to 31 December 2023 to the scope of application of internal models for measuring credit risk, counterparty risk and operational risk.

As is now well-known, with regard to IFRS 9, the transitional period (2018-2022) provided for by Regulation (EU) 2017/2395 to mitigate the capital impacts of its introduction ended on 31 December 2022. Moreover, from June 2020 the Intesa Sanpaolo Group has not applied either the new transitional IFRS 9 rules (in force up to 31 December 2024), or the FVOCI prudential filter (ended on 31 December 2022), which were both introduced by Regulation (EU) no. 2020/873 (CRR Quick Fix) in the context of the pandemic.

Since December 2020, the Intesa Sanpaolo Group has applied Delegated Regulation (EU) 2020/2176 on the deduction of software assets from Common Equity Tier 1 items, which introduced the criterion of prudential amortisation applied to all software assets over a period of three years (regardless of their estimated useful life for accounting purposes). Specifically, the difference, if positive, between the prudential accumulated amortisation and the accounting accumulated amortisation (including impairment losses) is fully deducted from CET1 capital, while the remaining portion (the portion of the net carrying amount of each software asset that is not deducted) is included in the RWAs with a risk weight of 100%.

In addition, with regard to the regulatory provisions of Article 3 of the CRR ("Application of stricter requirements by institutions"), the voluntary deduction from CET1 relating to the calendar provisioning on exposures included in the Pillar 2 scope is included for the purposes of the calculation of Own funds as at 31 December 2024.[199]

Finally, in June 2024, Regulation (EU) 2024/1623 (also known as CRR3) amending Regulation (EU) 575/2013 (CRR) as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor was published in the Official Journal of the European Union. The regulation will apply generally commencing as of 1 January 2025, with the exception of some provisions of lesser import, for which their application was brought forward to 9 July 2024 (the date the regulation itself came into force) and the provisions on the Fundamental Review of the Trading Book (FRTB) framework concerning market risk, which instead will apply as of 1 January 2026.

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[195] Fully loaded capital requirement; at the reporting date (31 December 2024), the ratio stood at 9.61%.

[196] The regulatory change establishes that the capital instruments not qualifying as Common Equity Tier 1 may be partially used to meet the Pillar 2 requirement.

[197] Countercyclical Capital Buffer calculated taking into account the exposure as at 31 December 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 2026, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for 2024 and for the first quarter of 2025). The CCyB as at 31 December 2024 stood at 0.26%.

[198] SyRB calculated taking into account the exposure as at 31 December 2024 to residents in Italy and the fully loaded requirement as at 30 June 2025. The SyRB as at 31 December 2024 stood at 0.26%.

[199] The addendum to the ECB Guidance on non-performing loans of 2018 contemplates the possibility that banks "deduct" on their own initiative specific amounts from CET1, 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.

B. Quantitative information

B.1. Consolidated book shareholders' equity: breakdown by type of company

(millions of euro)

Balance sheet captions	**Prudential consolidation**	**Insurance companies**	**Other companies**	**Netting and adjustments on consolidation**	**TOTAL**	***of which minority interests***
1. Share capital	**10,453**	**-**	**55**	**-**	**10,508**	***139***
2. Share premium reserves	**27,644**	**-**	**-**	**-**	**27,644**	***43***
3. Reserves	**15,551**	**-2**	**-784**	**756**	**15,521**	***154***
3.5 (Interim dividend)	**-3,022**	**-**	**-**	**-**	**-3,022**	**-**
4. Equity instruments	**8,706**	**-**	**-**	**-**	**8,706**	-
5. (Treasury shares)	**-180**	**-6**	**-**	**6**	**-180**	*-1*
6. Valuation reserves:	**-2,516**	**-297**	**148**	**150**	**-2,515**	***-183***
- Equities designated at fair value through other comprehensive income	-270	-	-	-	-270	-
- Hedges of equities designated at fair value through other comprehensive income	-	-	-	-	-	-
- Financial assets (other than equities) measured at fair value through other comprehensive income	-1,966	-2,103	-	-	-4,069	*6*
- Property and equipment	1,826	-	36	-	1,862	*15*
- Intangible assets	-	-	-	-	-	-
- Hedges of foreign investments	-10	-	-	-	-10	-
- Cash flow hedges	-119	67	-	-	-52	-
- Hedging instruments (non-designated items)	-	-	-	-	-	-
- Foreign exchange differences	-1,770	-	76	-	-1,694	*-204*
- Non-current assets held for sale and discontinued operations	-	-	-	-	-	-
- Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-190	-	-	-	-190	-
- Actuarial gains (losses) on defined benefit plans	-178	-	-	-	-178	-
- Share of valuation reserves connected with investments carried at equity	-151	-	36	150	35	-
- Finance income or expenses from insurance contracts issued	-	1,735	-	-	1,735	-
- Finance income or expenses from reinsurance contracts held	-	4	-	-	4	-
- Legally-required revaluations	312	-	-	-	312	-
7. Parent company's net income (loss) and minority interest (+/-)	**8,684**	**1,190**	**-130**	**-1,085**	**8,659**	***-7***
Shareholders' equity	**65,320**	**885**	**-711**	**-173**	**65,321**	**145**

The table above indicates the components of net book value, adding those of the Group to those of third parties, broken down by the type of consolidated company. In further detail, the column for Prudential Consolidation indicates the amount resulting from the consolidation of the companies belonging to such group, gross of the effects on the income statement of transactions with other companies within the scope of consolidation. Subsidiaries other than those belonging to the Banking group and consolidated on a line-by-line basis are stated at equity. The columns Insurance companies and Other companies contain the amounts resulting from consolidation, gross of the effects on the income statement of transactions with companies belonging to the Banking group. The columns Netting and Adjustments on consolidation show the adjustments required to obtain the figure presented in the financial statements.

B.2. Valuation reserves of financial assets measured at fair value through other comprehensive income: breakdown

(millions of euro)

	Banking group		Insurance companies		Other companies		Netting and adjustments on consolidation		TOTAL	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	694	-4,756	568	-2,680	-	-	-568	2,680	694	-4,756
2. Equities	142	-411	-	-	-	-	-	-	142	-411
3. Loans	10	-18	-	-	-	-	-	-	10	-18
Total as at 31.12.2024	**846**	**-5,185**	**568**	**-2,680**	**-**	**-**	**-568**	**2,680**	**846**	**-5,185**
Total as at 31.12.2023	**557**	**-5,714**	**333**	**-3,505**	**-**	**-**	**-331**	**3,505**	**559**	**-5,714**

The reserve for debt securities attributable to insurance companies (negative 2,103 million euro) is to be considered in conjunction with the valuation reserve “Finance income or expenses from insurance contracts issued” (positive 1,735 million euro), which includes the effect of the mirroring mechanism introduced by IFRS 17, whereby the financial result is attributed to policyholders.

The reserve on equities classified as level 1 is negative for about 288 million euro.

The caption Loans include includes the reserve for tax credits of the HTCS business model.

B.3. Valuation reserves of financial assets measured at fair value through other comprehensive income: annual changes

(millions of euro)

	Debt securities	Equities	Loans
1. Opening balance	**-4,659**	**-477**	**-19**
2. Increases	**2,837**	**245**	**31**
2.1. Fair value increases	2,546	174	28
2.2. Adjustments for credit risk	9	X	1
2.3. Reversal to the income statement of negative reserves from disposal	222	X	2
2.4. Transfer to other shareholders' equity items (equities)	-	48	-
2.5. Other increases	60	23	-
3. Decreases	**-2,240**	**-37**	**-20**
3.1. Fair value decreases	-1,938	-34	-18
3.2. Recoveries for credit risk	-35	-	-1
3.3. Reversal to the income statement of positive reserves from disposal	-216	X	-
3.4. Transfer to other shareholders' equity items (equities)	-	-2	-
3.5. Other decreases	-51	-1	-1
4. Final balance	**-4,062**	**-269**	**-8**

Trading on treasury shares

During the reporting year, Intesa Sanpaolo, under the shareholders’ resolution of 24 April 2024, and Group companies, under the specific authorisations of their respective competent corporate bodies, carried out the following transactions on parent company Intesa Sanpaolo shares:

Ordinary shares:		
Initial number	no.	64,054,748
Purchases	no.	507,799,512
subject to cancellation (buyback)	*no.*	*479,128,488*
Sales	no.	-507,683,589
subject to cancellation (buyback)	*no.*	*-479,128,488*
End-of-year number	no.	64,170,671

B.4. Valuation reserves relating to the defined benefit plans: annual changes

During the year, the reserves at issue recorded an increase of 11 million euro. Therefore, as at 31 December 2024 there was an overall negative reserve equal to approximately 178 million euro for defined benefit plans.

SECTION 2 – OWN FUNDS AND CAPITAL RATIOS FOR BANKS

Reference is made to the "Basel 3 Pillar 3" public disclosure as at 31 December 2024 for the disclosure on own funds and capital adequacy.

Part G – Business combinations

SECTION 1 – TRANSACTIONS CARRIED OUT IN THE YEAR

1.1 Business combinations

(millions of euro)

Companies	Date of the transaction (a)	Cost of the transaction	Equity stake %	Net interest and other banking income (b)	Net income / loss for the year (c)	Net income / loss recorded as of acquisition date (d)
1. Alpian S.A.	8-Aug-24	74	61.60	-1	-31	-16
2. First Bank S.A.	31-May-24	144	99.98	85	-20	4

(a) Date of acquisition of control.

(b) Net interest and othe banking income for the entire 2024 financial year

(c) Profit/Loss recorded by the entity for the entire 2024 financial year.

(d) Profit/Loss recorded by the entity after the acquisition date and included in the consolidated result of the Intesa Sanpaolo Group.

In addition to the business combinations accounted in accordance with IFRS 3 and presented in the previous table, several badwextraordinary intragroup transactions were carried out during the year, which had no impact on the consolidated financial statements. Such transactions, which are scoped out of IFRS 3, involved the transfer of business lines or legal entities between Intesa Sanpaolo Group companies or business combinations (under common control). Since the transfers were carried out for reorganisation purposes only, in accordance with the Group's accounting policy, these transactions were simply recorded applying book value accounting, without recognition of any economic effect. The main intragroup transactions completed during the year concerned:

- the merger by incorporation of IW Private Investments SIM S.p.A. into Fideuram – Intesa Sanpaolo Private Banking S.p.A.;
- the merger by incorporation of Intesa Sanpaolo RBM Salute S.p.A., a wholly-owned subsidiary of Intesa Sanpaolo Vita S.p.A. (renamed Intesa Sanpaolo Assicurazioni S.p.A.) into Intesa Sanpaolo Assicura S.p.A. (renamed Intesa Sanpaolo Protezione S.p.A.), another wholly-owned subsidiary of Intesa Sanpaolo Assicurazioni S.p.A.;
- the transfer of a business line consisting primarily of customer relationships (mainly current accounts) and amounts due from banks, from Intesa Sanpaolo to Isybank.

Annual changes in goodwill

(millions of euro)

	31.12.2024
Initial goodwill	**3,672**
Increases	**28**
- Goodwill recorded in the year	28
- Positive foreign exchange differences and other changes	-
Decreases	**-3**
- Impairment recorded in the year	-
- Disinvestments	-
- Negative foreign exchange differences	-3
Final Goodwill	**3,697**

Goodwill

(millions of euro)

CGUs/Goodwill	31.12.2024	31.12.2023
Banca dei Territori	-	-
IMI Corporate & Investment Banking	56	56
Insurance	1,007	1,007
Asset Management	1,061	1,060
Private Banking	1,573	1,549
International Banks	-	-
Bank of Alexandria (Egypt)	-	-
Pravex Bank (Ukraine)	-	-
Total	**3,697**	**3,672**

1.2 Other information

Alpian acquisition

Alpian S.A. (hereinafter "Alpian") is a Swiss digital bank established in 2019 in Geneva and engaged in private banking and financial advisory services for upper affluent/low private Swiss customers. Operating on the Swiss market since the third quarter of 2022, Alpian was the first Swiss private bank to provide a fully digital range of wealth management services for its customers, alongside conventional online banking services.

As at 31 December 2023, Alpian was 41.6% owned by Intesa Sanpaolo Group's Private Banking Division through Fideuram – Intesa Sanpaolo Private Banking (hereinafter "Fideuram"), which held a 28.1% stake, and Reyl & Cie S.A. (hereinafter "Reyl"), which held a 13.5% stake. The investment was recognised as an interest in entities subject to significant influence in accordance with IAS 28.

In December 2023, Alpian adopted a new business plan covering the period 2024–2029. In order to finance the new investments planned and to restore the minimum CET1 capital ratio required by the Swiss Financial Market Supervisory Authority (FINMA) to comply with prudential requirements, the plan envisaged a CHF 40 million recapitalization, considering an equity value of the entity, before the capital increase, of CHF 84 million. That value was based on a specific, independent valuation provided by an external advisor, which attested the economic-financial adequacy of the figure. For the purposes of impairment testing at 31 December 2023, the book value of the Alpian investment was adjusted to the pre-money value of the entity for the capital increase approved at the end of 2023, equal pro-rata to CHF 35 million (38 million euro).

Considering the strategic value of the asset, Fideuram Group chose to opt into the capital increase, both for its own quota and the totality of any unopted quotas, to guarantee the success of the financing operation. Accordingly, in March Fideuram subscribed the capital increase for a total of CHF 39 million, equal to its own pro-rata quota (inclusive of the quota for Reyl) and the unopted quota, with the remaining CHF one million subscribed by third-party shareholders. The capital increase was closed on 8 August 2024. On 10 September 2024, Fideuram and Reyl subscribed an additional capital increase of around CHF 2 million, linked to the exercise of anti-dilutive options negotiated by the shareholders in the previous capital increase.

By the end of all the financing rounds, Intesa Sanpaolo Group had raised its interest from 41.6% to 61.6% (51.1% held by Fideuram plus 10.5% held by Reyl), thereby obtaining control of the entity for IFRS 10 purposes, for which Alpian was scoped into the consolidation area of the Group.

Accounting treatment of the business combination and Purchase Price Allocation (PPA) process
IFRS 3 sets out the principles and requirements for how an acquirer is to recognise and account for a business combination. Having acquired control of Alpian through the subscription of the capital increase, the business combination was recognised according to the "acquisition method" envisaged by IFRS 3. This method involves three main steps: i) identification of the acquirer and the acquisition date; ii) determination of the purchase price; and iii) purchase price allocation (PPA).
Under the method, the acquirer is required to allocate the cost of the business combination by recognising the identifiable assets, liabilities and potential liabilities of the acquired entity at their fair value at the acquisition date.
Where the purchase price paid for the business combination is greater than the fair value of identifiable assets, liabilities and possible liabilities (including therein any intangible assets not previously recognised on the balance sheet of the acquired entity), the difference is to be recognised as goodwill. Whereas, if the fair value of the net identifiable assets of the acquired entity is greater than the purchase price paid, the resulting gain is to be recognised as negative goodwill in the income statement of the acquirer.
Considering the 41.6% interest already held by Fideuram Group before acquiring control of Alpian, the transaction qualified as a business combination achieved in stages. Accordingly, the purchase price was determined by taking into account the aggregate total consideration paid for the acquisition of control and the fair value of the interest already held, taken as the book value (CHF 29 million), given that it had already been adjusted to the pre-money valuation of the capital increase. In relation to the consideration transferred, the purchase price included, in addition to the CHF 39 million for the subscription of the capital increase, CHF 2 million for the exercise of the anti-dilutive options, given that it was strictly connected to the acquisition.
The total purchase price paid amounted to CHF 70 million, equal to 74 million euro.
The purchase price allocation was fully completed in the financial statements at 31 December 2024, exercising the option afforded by IFRS 3, which grants the acquirer 12 months from the acquisition date to complete the definitive PPA process, even though the acquisition date was 8 August 2024.
For the purposes of the 2024 financial statements, and with the support of an independent expert, analyses were brought to term for the measurement of the fair value of Alpian's assets and liabilities and the identification of any intangible assets not previously recognised on the entity's balance sheet. The analysis of the accounting situation at the acquisition date, determined conventionally at 31 July 2024, found only one accounting item that potentially could give rise to differences between the carrying amount and fair value, which was proprietary software, recognised at the acquisition date as an intangible fixed asset valued at 14 million euro.
The fair value of the software was estimated by the independent expert on the basis of the relief-from-royalty method. The valuation process determined the fair value of the software to be CHF 25 million (equal to 27 million euro), finding a difference of CHF 12 million (13 million euro) compared the carrying amount. In accordance with IAS 12, approximately CHF 2 million (equal to 2 million euro) of deferred tax liabilities were recognised, on the basis of the nominal Swiss tax rate, as a result of the revaluation made through the PPA process.
In relation to intangible assets linked to customers previously not recognised on Alpian's balance sheet, the amounts found by the analyses were not material and, as such, were not recognised on the balance sheet.

Summary of the purchase price allocation and goodwill calculation process
As required by IFRS 3, at the acquisition date the acquirer must recognise the goodwill acquired in a business combination as an asset and initially measure such goodwill as the residual amount of the acquisition cost, as it constitutes the amount by which the cost of the business combination exceeds the acquirer's interest in the net fair value of the assets, liabilities and contingent liabilities identified.
The purchase price paid of 74 million euro was compared to the pro-rata amount of the entity's net book value at the acquisition date, adjusted to fair value and equal to 46 million euro. The difference of 28 million euro to be allocated was recognised as goodwill. IAS 36 requires goodwill be allocated to the CGU that is expected to benefit from the synergies of the business combination. Accordingly, within the Intesa Sanpaolo Group, the goodwill was allocated to the Private Banking CGU.

The following table contains a summary of the purchase price allocation and final goodwill calculation process.

(millions of euro)

	Alpian
Final acquisition cost	**74**
Shareholders' equity at acquisition date	**61**
PPA effects	**11**
- of which software fair value change	*13*
- of which deferred taxes	*-2*
Shareholders' equity at acquisition date fair value	**72**
Shareholders' equity at at fair value attributable to ISP Group	**46**
Goodwill recognised	**28**

Finally, below we report the financial position of Alpian at the acquisition date, with the carrying amounts of the company compared to the fair value found by the PPA process.

(millions of euro)

Assets	**Alpian**		
	Carrying amount at acquisition date	**Fair value differences**	**Acquisition date fair value**
Cash and cash equivalents	129	-	129
Financial assets measured at fair value through profit or loss	-	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-
Financial assets measured at amortised cost	4	-	4
a) due from banks	*2*	-	*2*
b) loans to customers	*2*	-	*2*
Equity investments	3	-	3
Property and equipment	1	-	1
Intangible assets	14	13	27
Tax assets	1	-	1
Other assets	2	-	2
Total assets	**154**	**13**	**167**

Liabilities and shareholders' equity	**Alpian**		
	Carrying amount at acquisition date	**Fair value differences**	**Acquisition date fair value**
Financial liabilities measured at amortised cost	87	-	87
a) due to banks	*5*	-	*5*
b) due to customers	*82*	-	*82*
Tax liabilities	1	2	3
a) current	-	-	-
b) deferred	*1*	*2*	*3*
Other liabilities	5	-	5
Shareholders' equity attributable to parent company	38	8	46
Minority interests	23	3	26
Total liabilities and shareholders' equity	**154**	**13**	**167**

First Bank acquisition

As part of the process of shoring up the International Banks Division's assets in central and south-eastern Europe ("CSEE Area"), on 31 May 2024 Intesa Sanpaolo closed its acquisition of 99.98% of First Bank S.A. (hereinafter "First Bank") from J.C. Flowers & Co. (hereinafter "JCF"), a US private investment firm. First Bank is a small/medium-sized Romanian bank with approximately 1.5 billion euro of assets and a loan portfolio of around one billion euro. It primarily serves the SME and Corporate segments (making up more than 60% of the portfolio), with a strong presence in the Retail segment (consumer lending accounts for 15% of the portfolio).

The agreement, signed by the parties on 28 October 2023, entailed the purchase of JCF's interests in the bank for an initial price of 130 million euro. That purchase price was based on a specific, independent valuation provided by an external advisor, which attested the economic-financial adequacy of the figure. Under the agreement, the consideration was to be adjusted to take into account changes in the assets and liabilities of the company between 31 March 2023 (acquisition date) and the closing of the transaction on 31 May 2024. The adjustment was determined on a spot basis, with the assistance of an external advisor, which verified and attested the financial position of the entity at the closing date, resulting in the addition of 14 million euro to the purchase price, settled in the fourth quarter of the year.

Accounting treatment of the business combination and Purchase Price Allocation (PPA) process

Having acquired control of First Bank under IFRS 10 through the acquisition of 99.98% of the share capital, the business combination was recognised according to the "acquisition method" envisaged by IFRS 3.

The purchase price paid was determined by summing the 130 million euro paid as consideration for the 99.98% interest in the share capital of First Bank at the closing of the transaction and the purchase price adjustment of 14 million euro paid in the fourth quarter. The total purchase price paid thus amounted to 144 million euro.

The purchase price allocation was fully completed in the 2024 financial statements, exercising the option afforded by IFRS 3, which grants the acquirer 12 months from the acquisition date to complete the definitive PPA process, even though the acquisition date was 31 May 2024.

For the purposes of the 2024 financial statements, and with the support of an external expert, analyses were brought to term for the fair value measurement of First Bank's assets and liabilities and the identification of any intangible assets not previously recognised on the entity's balance sheet.

With the net book value at the acquisition date found to be 191 million euro, the PPA process resulted in the recognition of 37 million euro of negative adjustments, net of the related tax effect. The adjustments consisted of:

– 23 million euro of adjustment additions to the loan portfolio (both performing and non-performing loans), of which 10 million euro to performing loans and 13 million euro to non-performing loans. Considering that IFRS 3 requires assets acquired to be recognised initially at fair value, the next step involved the determination by the expert of a fair value range for First Bank's loan portfolio, measured separately for the performing and non-performing portions. The fair value was measured using an income approach, starting from the information found in the bank's loan portfolio and maximising the use of observable market data as input, as required by IFRS 13. Considering that the net book value of the portfolio, net of adjustment additions, fell within the fair value range determined by the expert, it was taken as the amount of initial recognition at the acquisition date;
– 6 million euro of additions to provisions for ordinary litigation and unfair clauses and for staff incentive plans;
– in accordance with IAS 12, approximately 4 million euro of deferred tax assets were recognised in relation to the aforementioned adjustments, on the basis of the nominal Romanian tax rate;
– recognition of 12 million euro of deferred tax liabilities in relation to equity reserves subject to latent taxation.

In relation to intangible assets linked to customers previously not recognised on First Bank's balance sheet, the amounts found by the analyses were not material and, as such, were not recognised on the balance sheet.

Summary of the purchase price allocation and goodwill calculation process

As required by IFRS 3, any unallocated amount of the purchase price is to be recognised as goodwill, whereas any gain resulting from the accounting of the business combination as a bargain purchase is to be recognised in the income statement as negative goodwill.

The PPA process found a gain of 10 million euro between the purchase price paid (144 million euro) and the net book value adjusted to fair value (154 million euro), which was recognised as negative goodwill in the consolidated income statement, under the caption "Other operational expenses/income" in the official income statement and under the caption "Effects of purchase price allocation net of tax" in the reclassified income statement.

In order to ensure that measurements appropriately reflect consideration of all available information as of the acquisition date, IFRS 3 requires the acquirer to reassess whether it has correctly identified all of the assets acquired and liabilities assumed and that the methods and parameters used to measure the amounts were reasonable and not arbitrary, before recognising a negative goodwill gain in the income statement. Accordingly, a reassessment was conducted of the main measurements, with the support of the expert, taking into consideration the limited materiality of the negative goodwill resulting from the PPA process.

The following table contains a summary of the purchase price allocation and final negative goodwill.

(millions of euro)

	First Bank
Final acquisition cost	**144**
Shareholders' equity at acquisition date	**191**
PPA effects	**-37**
- of which adjustment of credit portfolio	*-23*
- of which adjustment of provisions for risks and charges	*-6*
- of which deferred taxes	*4*
- of which deferred tax recognition on reserves in tax suspension	*-12*
Shareholders' equity at acquisition date at fair value	**154**
Negative goodwill	**-10**

Finally, below we report the financial position of First Bank at the acquisition date, with the carrying amounts of the company compared to the fair value found by the PPA process.

(millions of euro)

Assets	**First Bank**		
	Carrying amount at acquisition date	**Fair value differences**	**Acquisition date fair value**
Cash and cash equivalents	255	-	255
Financial assets measured at fair value through profit or loss	1	-	1
Financial assets measured at fair value through other comprehensive income	2	-	2
Financial assets measured at amortised cost	1,238	-23	1,215
a) of which due from banks	34	-	34
b) of which loans to customers	1,204	-23	1,181
Property and equipment	27	-	27
Intangible assets	14	-	14
Tax assets	1	4	5
Other assets	6	-	6
Total assets	**1,544**	**-19**	**1,525**

Liabilities and shareholders' equity	**First Bank**		
	Carrying amount at acquisition date	**Fair value differences**	**Acquisition date fair value**
Financial liabilities measured at amortised cost	1,324	-	1,324
a) due to banks	*36*	-	*36*
b) due to customers	*1,288*	-	*1,288*
Financial liabilities held for trading	11	6	17
Deferred tax liabilities	-	12	12
Other liabilities	18	-	18
Shareholders' equity captions	191	-37	154
Total liabilities and shareholders' equity	**1,544**	**-19**	**1,525**

SECTION 2 – TRANSACTIONS CARRIED OUT AFTER THE END OF THE YEAR

2.1 Business combinations

No business combinations within the scope of IFRS 3 have been undertaken since the end of 2024.

SECTION 3 – RETROSPECTIVE ADJUSTMENTS

No adjustments are recognised in the current year that relate to business combinations that occurred in previous reporting periods.

Part H – Transactions with related parties

A) TRANSACTIONS WITH RELATED PARTIES

1. Procedural features

The Board of Directors of Intesa Sanpaolo S.p.A. adopted, in compliance with the procedures set out by regulations, the Group Procedures regulating the conduct of Transactions with Related Parties of Intesa Sanpaolo S.p.A., Associated Entities of the Group and Relevant Parties pursuant to Art. 136 of the Consolidated Law on Banking.
These Procedures, most recently updated in December 2024, take into account both the rules issued by Consob, pursuant to Article 2391-bis of the Italian Civil Code, and the supervisory provisions introduced by the Bank of Italy on 12 December 2011 in terms of risk assets and conflicts of interest of banks and banking groups with respect to "Associated Entities", issued in accordance with Article 53, paragraphs 4 et seq. of the Consolidated Law on Banking and ICRC (Interdepartmental Committee for Credit and Savings) Resolution 277 of 29 July 2008, as well as the rules established by Article 136 of the Consolidated Law on Banking.

The Procedures apply to the entire Intesa Sanpaolo Group with respect to the following aspects:
- the criteria for identifying Related Parties and Associated Entities;
- the process of analysis, decision-making and information for corporate bodies in connection with transactions with Related Parties and Associated Entities;
- market disclosure for transactions with Related Parties;
- the prudential limits and periodic reporting obligations towards the Bank of Italy for at-risk assets in respect of Associated Entities;
- the rules governing organisational controls and safeguards;
- the general rules for disclosure and abstention about the management of the personal interests by management body members, employees and company staff, including other than Associated Entities.

Pursuant to the Procedures, the following are considered Related Parties of Intesa Sanpaolo: parties that exercise significant control or influence, subsidiaries and associates, joint ventures, pension funds of the Group, Management Body Members and Key Managers of Intesa Sanpaolo and their close family members and significant shareholdings.
The set of Associated Entities of the Group consists of the Associated Entities of each bank of the Group (including the Parent Company) and each monitored significant intermediary with own funds greater than 2% of the total of consolidated own funds. The following are considered to be Associated Entities for each bank or monitored significant intermediary of the Group: i) shareholders that exercise control, significant influence or that are required to request authorisation pursuant to Article 19 of the Consolidated Law on Banking or that may appoint a member of the management or strategic supervisory body and the relative corporate groups; ii) subsidiaries, associated companies subject to joint control and associates, as well as the companies they control, also jointly with others; iii) management body members and their relative close family members up to the second degree and significant shareholdings.

As a form of self-regulation, the Bank has extended the regulations on transactions with Related Parties, as well as on risk assets and conflicts of interest with Associated Entities to:
a) Intesa Sanpaolo shareholders and their groups that hold an equity investment in the share capital with voting rights of the Bank that exceeds the minimum threshold set out in regulations on the communication of significant investments in associates and companies subject to joint control in listed companies, calculated considering only shares owned or under management, as well as entities jointly controlled by them with others;
b) companies in which management body members of Intesa Sanpaolo or their close family members i) hold executive offices or the office of chair of the management body; ii) hold a qualifying equity investment equal to or exceeding 10% of the capital or voting rights of that entity, or a position of significant influence;
c) companies which the Group has notable investments in and financial links with, attributable to at least two of the following indicators:
   - the counterparty holds an equity investment in Intesa Sanpaolo's capital between 1% and the minimum threshold set out in regulations on the communication of significant investments in associates and companies subject to joint control in listed companies;
   - an entity of the Intesa Sanpaolo Group holds an investment in associates and companies subject to joint control in the counterparty exceeding 10% of the voting rights;
   - significant credit exposure of the Group to the counterparty.

This approach allows closer monitoring of transactions with the main entities in potential conflict of interest risk.

The Procedures set forth the assessment process that must be followed by the Parent Company and subsidiary companies when carrying out transactions with Related Parties of Intesa Sanpaolo, Associated Entities of the Group and Relevant Parties pursuant to Art. 136 of the Consolidated Law on Banking, to ensure appropriateness of the transactions. The Procedures also require detailed examination of the reasons and interests behind the transaction, their effects on financials and the terms of the transaction.

In line with the regulations implemented by Consob and by the Bank of Italy, a regime of full or partial exemptions from the application of the regulations is also envisaged.
With regard to the decision-making for transactions with Related Parties of Intesa Sanpaolo and Associated Entities of the Group, the procedure distinguishes between:

- transactions involving smaller amounts: with a value of less than or equal to 250 thousand euro for individuals and 1 million euro for persons other than natural persons (excluded from application of the regulations);
- less significant transactions: with a value higher than the small-amount thresholds (250 thousand euro for individuals and 1 million euro for persons other than natural persons) but lower than or equal to the most significant thresholds indicated below;
- most significant transactions: with a value higher than the threshold of 5% of the indicators defined by Consob and by the Bank of Italy (approximately 2.8 billion euro for the Intesa Sanpaolo Group);
- transactions attributed to the shareholders' meeting, in accordance with the law or with the Articles of Association.

The process for the approval of transactions with Related Parties of Intesa Sanpaolo and Associated Entities of the Group reserves an important role for the Committee for Transactions with Related Parties, which meets the independence requirements laid down in the Corporate Governance Code for Listed Companies and Article 148 of the Consolidated Law on Finance, as well as the independence requirements contemplated by applicable laws and regulations, including those specific to the banking sector (Ministerial Decree 169/2020). The Committee for Transactions with Related Parties can make use of independent experts, where considered appropriate, according to the degree of importance of the transaction, its specific economic or structural characteristics and the nature of the related party or associated entity.
For most significant transactions, the Committee must be promptly involved in the analysis and negotiation phases, receiving a complete and timely flow of information, with the right of the Committee to request additional information and make observations.
All transactions – that are not exempt based on the Procedures – undertaken by the Parent Company with one of its related parties or associated entities are subject to approval by the Board, after consulting the Committee for Transactions with Related Parties.
The Procedures set out specific controls in the event that a less significant or most significant transaction is approved in spite of a negative opinion of the Committee for Transactions with Related Parties.

Transactions undertaken by subsidiaries with Related Parties of Intesa Sanpaolo and Associated Entities of the Group must be approved by the Board of Directors of the subsidiaries concerned, subject to prior authorisation from the Parent Company released in accordance with the procedure described above.

The Procedures also define the general criteria for the information to be provided, at least quarterly – also pursuant to Article 150 of the Consolidated Law on Finance – to the directors and the control body regarding transactions with Related Parties and Associated Entities completed in the reference period by the Parent Company or by its subsidiaries. All of the above is aimed at providing a complete overview of the transactions of greater importance, as well as the volumes and the main features of all those delegated. Reports must include all transactions, even if exempt from the decision-making procedure, for amounts greater than the small-amount thresholds. Transactions of less significant importance in the form of intragroup loans and bank funding are excluded from this requirement (provided they do not regard a subsidiary with significant interests of another Related Party or Associated Entity and are not carried out at market or standard conditions). For ordinary intragroup less significant transactions carried out at market conditions, reporting is on an aggregate annual basis.

Transactions undertaken by Italian subsidiary banks with Related Parties and Associated Entities of the Group that have not been considered exempt must, subject to authorisation by the Parent Company, be approved by the relative Board of Directors, upon obtaining the opinion of a Committee of independent directors set up within the Board of Directors of the bank itself. Furthermore, specific reporting rules apply to transactions by the Bank's Bodies.

The Procedures also apply to transactions with Relevant Persons pursuant to Art. 136 of the Consolidated Law on Banking, which must be applied by all the Italian Banks of the Intesa Sanpaolo Group, including the Parent Company. This provision requires the adoption of a more thorough decision-making procedure (unanimous decision by the management body, excluding the vote of the interested member, and favourable vote of members of the control body) in order to allow the bank management body members to contract obligations, directly or indirectly, with the bank of which they act as management body members.
Furthermore, the requirements envisaged by the Italian Civil Code (Article 2391) and Article 53 of the Consolidated Law on Banking governing directors' personal interests are confirmed.
In particular, Article 2391 of the Italian Civil Code requires each Board Member to report every interest held, in his/her own name or on behalf of third parties, that may be significant in carrying out his/her management function, with reference to a specific transaction. In accordance with the abovementioned provision, the Board has jurisdiction over decisions regarding transactions – including those with Related Parties – in which the Managing Director possesses an interest on his/her own account or through a third party and must therefore abstain from the decision, entrusting the Board as per Article 2391 of the Italian Civil Code.
In addition, Article 53 of the Consolidated Law on Banking requires banks' directors to abstain from voting on resolutions where they have a conflict of interest on their own behalf or on behalf of third parties.
Finally, the regulation sets forth the documentation and disclosure requirements vis-a-vis competent authorities for information on loans provided to related parties by Group banks headquartered in a European Member State, as governed by European regulations (Article 88 of Directive 2013/36, as amended).

2. Information on balances with related parties

Receivable and payable balances with related parties as at 31 December 2024 within the consolidated accounts – other than those fully consolidated intragroup – amount to a total that is insignificant compared to the size of the Group's capital base. Likewise, the weight of income and charges with related parties on consolidated operating margin is insignificant.

	31.12.2024	
	Amount (millions of euro)	Impact (%)
Total financial assets (1)	8,186	0.9
Total other assets (2)	154	0.4
Total financial liabilities (3)	6,042	0.8
Total other liabilities (4)	754	0.5

(1) Includes captions 10, 20, 30, 40 and 70 of balance sheet assets.

(2) Includes captions 50, 60, 80, 120 and 130 of balance sheet assets.

(3) Includes captions 10, 20 and 30 of balance sheet liabilities.

(4) Includes captions 40, 50, 70, 80, 90, 100 and 110 of balance sheet liabilities.

	31.12.2024	
	Amount (millions of euro)	Impact (%)
Total interest income	103	0.3
Total interest expense	250	1.5
Total fee and commission income	38	0.3
Total fee and commission expense	22	0.8
Total operating costs (1)	280	2.3

(1) Includes caption 190 of the income statement.

In relation to associates, around 4.2 million euro of impairment losses were recognised on loans during the year.

The table below reports the main terms of reference of transactions with each category of related party, as classified by IAS 24, net of operations with fully consolidated entities, with the category of Significant Shareholders of Intesa Sanpaolo and their corporate groups (subsidiaries also controlled jointly with others, parent companies and companies subject to joint control) with an equity investment with voting rights in the Bank greater than the minimum threshold set out in regulations on communications of significant shareholdings in listed companies calculated only based on shares owned or under management, as well as with the additional subjects included in the scope set as a form of self-regulation.
The following table does not show the impact of related party transactions on the Group's cash flows, as this was not significant.
For greater clarity and in line with the reports sent to the Supervisory Authorities, note that the off-balance sheet items were detailed on two separate rows by grouping on one side the guarantees/commitments given and on the other the guarantees/commitments received. The first category also includes revocable commitments issued totalling 651 million euro.

(millions of euro)

	Subsidiaries not consolidated on a line-by-line basis	**Companies subject to joint control and their subsidiaries**	**Associates and their subsidiaries**	**Board Members and General Managers, Key Managers and their related parties**	**Pension funds**	**TOTAL**	Shareholders (*)	Companies which the Group has notable investments in and financial links with (**)	Other companies linked to Board Members and General Managers (***)
Cash and cash equivalents	-	-	1	-	-	1	-	390	-
Financial assets measured at fair value through profit or loss	1	2	9	-	-	12	13	2,450	-
a) financial assets held for trading	*-*	*2*	*-*	*-*	*-*	*2*	*-*	*2,309*	*-*
b) financial assets designated at fair value	*1*	*-*	*-*	*-*	*-*	*1*	*-*	*-*	*-*
c) other financial assets mandatorily measured at fair value	*-*	*-*	*9*	*-*	*-*	*9*	*13*	*141*	*-*
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	255	-
Financial assets measured at amortised cost	3	290	459	27	-	779	-	1,243	7
a) due from banks	*-*	*-*	*2*	*-*	*-*	*2*	*-*	*1,161*	*-*
b) loans to customers	*3*	*290*	*457*	*27*	*-*	*777*	*-*	*82*	*7*
Other assets	3	-	76	-	-	79	-	75	-
Investments in associates and companies subject to joint control	60	120	2,856	-	-	3,036	-	-	-
Financial liabilities measured at amortised cost	23	299	751	28	33	1,134	67	3,704	8
a) due to banks	*-*	*-*	*2*	*-*	*-*	*2*	*-*	*3,539*	*-*
b) due to customers	*23*	*299*	*749*	*28*	*33*	*1,132*	*67*	*165*	*8*
Financial liabilities held for trading	-	-	-	-	-	-	-	1,122	-
Financial liabilities designated at fair value	-	-	-	7	-	7	-	-	-
Other financial liabilities	4	1	39	24	476	544	10	200	-
Guarantees and commitments given	221	85	559	4	-	869	49	373	1
Guarantees and commitments received	-	16	8	2	-	26	-	45	-

(*) As a result of self-regulation, shareholders and their groups that hold a stake in the share capital that exceeds the minimum threshold set out in regulations on the communication of significant shareholdings in listed companies, calculated considering only shares owned or under management, as well as entities jointly controlled by them.

(**) As a result of self-regulation, companies that meet the conditions of at least two of these indicators: i) the counterparty holds a stake in Intesa Sanpaolo's capital with an amount between 1% and the minimum threshold set out in regulations on the communication of significant shareholdings in listed companies; ii) an entity of the ISP Group holds a stake in the counterparty exceeding 10% of the voting rights; iii) significant credit exposure of the Group to the counterparty. The amounts shown largely refer to the companies of the JP Morgan Group.

(***) As a result of self-regulation, companies in which management body members of Intesa Sanpaolo or their close family members i) hold executive offices or the office of chair of the management body; ii) hold a qualifying holding equal to or exceeding 10% of the capital or voting rights of that entity, or on which those persons may exercise a significant influence.

In the interest of completeness, the Group's most significant associates included in the category of related parties as defined by IAS 24 are: 1875 Finance Holding AG, Back2Bonis, Camfin S.p.A., Cassa di Risparmio di Fermo S.p.A., Digit'Ed Holding S.p.A., Efesto, Equiter S.p.A., FI.NAV Comparto A1 Crediti, Fondo UTP Italia Comparto Crediti, Idea CCR (Corporate Credit Recovery) II Comparto Crediti, Intrum Italy S.p.A., Lendlease MSG Heartbeat, Neva First – FCC, Penghua Fund Management Co. Ltd, Retail & Leisure Fund, Rexer S.p.A., RSCT Fund – Comparto Crediti, UTP Restructuring Corporate and Warrant Hub S.p.A.
The main joint ventures include: Mir Capital S.c.a. Sicar, Mooney Group S.p.A. and PBZ Croatia Osiguranje Public Limited for Company Compulsory Pension Fund Management.

3. Information on transactions with related parties

It is noted that transactions with fully consolidated intragroup related parties are not included in this document because they are netted at consolidated level.
For details of the transactions carried out by Intesa Sanpaolo S.p.A., see the information provided in Part H of Parent Company's Financial Statements.

Most significant transactions

During the year, the Intesa Sanpaolo Group did not carry out any transactions that qualified as non-ordinary "most significant transactions" and at non-market or non-standard conditions subject – in accordance with the Group Procedures regulating the conduct of Transactions with Related Parties of Intesa Sanpaolo S.p.A., Associated Entities of the Group and Relevant Parties pursuant to Article 136 of the Consolidated Law on Banking – to the obligation to publish a market disclosure document.
Please note that the most significant transactions in the period are those that exceed the threshold of 5% of Own Funds at consolidated level (approximately 2.8 billion) or of the other indicators defined by the Consob regulation.

Other significant transactions

The transactions undertaken by the Intesa Sanpaolo Group with related parties generally fall within the scope of the Group's ordinary activities and are generally entered into at market conditions, based on considerations of mutual economic interest, in line with the internal procedures mentioned above.

Relations between the Intesa Sanpaolo Group and the board members and general managers, key managers, their close family members and entities they have significant investments in refer to the Group's normal business activities and are defined applying, where conditions recur, the terms reserved to all employees, in full respect and transparency of terms applied.

With regard to the transactions with jointly-controlled subsidiaries or associates, as well as with significant investees due to the presence of important equity and financial ties, mention should be made of:

- the subscription by the vehicle Fondo Tematico Piano Urbani Integrati S.r.l. of new equity instruments issued by Euromilano S.p.A. for a total value of 30 million euro;
- ordinary credit transactions in favour of Alpian S.A. by Reyl & Cie S.A. for a total value of approximately 5 million euro;
- the signing of commercial agreements with Mooney S.p.A. by Isybank S.p.A.;
- the signing of advisory contracts by Eurizon Capital SGR S.p.A. and Eurizon Capital Real Asset SGR S.p.A. with Equiter S.p.A.;
- the subscription by Fideuram – Intesa Sanpaolo Private Banking S.p.A. of capital increases for approximately 40 million euro in favour of Alpian S.A. and for 2.5 million euro in favour of Asteria Investment Managers S.A.;
- technology asset rental transactions between Intesa Sanpaolo Rent Foryou S.p.A. and Mooney S.p.A. valued at approximately 6 million euro.

Other significant information

With regard to the companies carried at equity, a gain from the sale of investments in associates and companies subject to joint control was recognised attributable to the sale of shares of Bancomat S.p.A. and Euromilano S.p.A.

B) INFORMATION REGARDING COMPENSATION OF THE MEMBERS OF MANAGEMENT AND CONTROL BODIES AND KEY MANAGERS

The following table shows the amounts of the compensation paid in 2024 to the members of the Management and Control Bodies and the General Managers of the subsidiary companies, as well as the compensation paid to other Key Managers of the Parent Company who fall within the notion of "related party". This also includes the maximum amounts of the variable portion of remuneration which shall be paid in cash and/or shares of the Parent Company, based on the Group's remuneration and incentive policy, subject to the verification of achievement of the assigned targets and the decisions of the competent bodies of the Parent Company.

(millions of euro)

	MANAGEMENT BODIES/ CONTROL BODIES(1)		OTHER MANAGERS (2)		TOTAL as at 31.12.2024	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Short-term benefits (3)	19	14	63	48	82	62
Post-employement benefits (4)	-	-	4	3	4	3
Other long-term benefits (5)	-	-	12	1	12	1
Termination benefits (6)	-	-	3	-	3	-
Share-based payments (7)	-	-	28	-	28	-
Total	**19**	**14**	**110**	**52**	**129**	**66**

(1) Figures referring to 457 positions. The table does not include approximately 2 million euro relating to 67 positions in the Boards of Directors (or similar bodies), as this was fully transferred to other Group Companies.

(2) Figures referring to 121 positions. The table does not include approximately 12,1 million euro relating to 19 General Manager positions (or similar positions), as this was fully transferred to other Group Companies.

(3) Includes fixed and variable remuneration of Directors that may be treated as equivalent to labour cost and social security charges paid by the company for its employees.

(4) Includes company contribution to pension funds and provisions for employee termination indemnities pursuant to law and company regulations.

(5) Includes an estimate of provisions for employee seniority bonuses.

(6) Includes benefits due under the employment contract for termination of employment.

(7) Includes the cost referring to the variable portion of short-/long-term remuneration to be paid in Intesa Sanpaolo shares.

Detailed information on remuneration policies, pursuant to Art. 123-ter of the Consolidated Law on Finance, is published annually in the "Report on remuneration policy and compensation paid", which includes:

- the details of the remuneration paid to members of management and control bodies, to General Managers, and, in aggregate form, to other Key Managers;
- the details and the progress of the stock option plans for the members of the Management Body, General Managers and other Key Managers;
- the details and the progress of the incentive plans based on financial instruments other than stock options, in favour of the Managing Director and CEO and other Key Managers;
- the details of the monetary incentive plans in favour of the Managing Director and CEO and other Key Managers;
- the shares of the Parent Company and subsidiaries held by the members of the Management and Control bodies, Key Managers and other associated entities.

Part I – Share-based payments

A. QUALITATIVE INFORMATION

Description of share-based payments

Annual incentive plan based on financial instruments

The Supervisory Provisions regarding remuneration and incentive policies and practices in banks and in banking groups, issued on 30 March 2011 (now integrated in Circular 285 of the Bank of Italy) required, inter alia, that a portion of annual incentives paid to “Risk Takers” be granted through the assignment of financial instruments, over a multi-year time horizon. As a result, the Intesa Sanpaolo Group sets up annual incentive plans linked to performance. In fulfilment of these plans:

- with regard to the results for 2019, and in implementation of the Shareholders' Meeting resolution of 27 April 2020, on 16, 17 and 18 November 2020 the Group totally purchased - through its IMI Corporate & Investment Banking Division, in charge of the programme execution - 25,400,000 Intesa Sanpaolo ordinary shares (representing approximately 0.13% of the share capital of the Parent Company) at an average purchase price of 1.852 euro per share, for a total value of 47,046,279 euro. In addition, the purchase programme has been implemented in service of the 2018-2021 Incentive Plan for financial advisors of the Fideuram – Intesa Sanpaolo Private Banking and Sanpaolo Invest networks and to grant severance payments to Risk Takers upon early termination of employment, as envisaged by the Supervisory Provisions;
- with regard to the results for 2020, and in implementation of the Shareholders' Meeting resolution of 28 April 2021, on 13 and 14 September 2021 the Group totally purchased - through its IMI Corporate & Investment Banking Division, in charge of the programme execution - 20,000,000 Intesa Sanpaolo ordinary shares (representing approximately 0.10% of the share capital of the Parent Company) at an average purchase price of 2.391 euro per share, for a total value of 47,822,401 euro. In addition, the purchase programme has been implemented in service of the former UBI Banca Group's shared-based payment incentive system for Risk Takers in regard to 2020 and residual shares from the former UBI Banca Group’s incentive systems for previous years, as well as to grant severance payments to Risk Takers upon early termination of employment, as envisaged by the Supervisory Provisions;
- with regard to the results for 2021, and in implementation of the Shareholders’ Meeting resolution of 29 April 2022, from 12 to 14 September 2022 the Group totally purchased – through its IMI Corporate & Investment Banking Division, in charge of the programme execution – 46,216,652 Intesa Sanpaolo ordinary shares (representing approximately 0.24% of the share capital of the Parent Company[200]) at an average purchase price of 1.8932 euro per share, for a total value of 87,496,321.48 euro. In addition, the purchase programme has been implemented in service of the Privredna Banka Zagreb (PBZ) Group’s shared-based payment incentive system in regard to 2021 and the residual portions in financial instruments from previous plans, the Long-Term Incentive Plans reserved for the Financial Advisors of the Networks of the Fideuram - Intesa Sanpaolo Private Banking Group, as well as to grant severance payments upon early termination of employment;
- with regard to the results for 2022, and in implementation of the Shareholders’ Meeting resolution of 28 April 2023, from 11 to 13 September 2023 the Group totally purchased – through its IMI Corporate & Investment Banking Division, in charge of the programme execution – 32,000,000 Intesa Sanpaolo ordinary shares (representing approximately 0.18% of the share capital of the Parent Company) at an average purchase price of 2.4697 euro per share, for a total value of 79,031,462.67 euro. The purchase programme has also been implemented in service of the incentive systems of several subsidiaries (i.e. the 2022 Incentive System of the Private Banking Network belonging to the Italy Network of Intesa Sanpaolo Private Banking; the 2022 Incentive System of the Relationship Managers belonging to the International Commercial Networks of the Fideuram – Intesa Sanpaolo Private Banking Group; and the 2022 Incentive System of the non-employee Financial Advisors belonging to the Commercial Networks of the Fideuram – Intesa Sanpaolo Private Banking Group) and any payment of consideration granted in conjunction with early termination of employment (severance);
- with regard to the results for 2023, and in implementation of the Shareholders’ Meeting resolution of 24 April 2024, from 9 to 11 September 2024 the Group totally purchased – through its IMI Corporate & Investment Banking Division, in charge of the programme execution – 21,000,000 Intesa Sanpaolo ordinary shares (representing approximately 0.11% of the share capital of the Parent Company) at an average purchase price of 3.7154 euro per share, for a total value of 78,023,430.57 euro. The purchase programme has also been implemented in service of the incentive systems of several subsidiaries (i.e. the 2023 Incentive System of the Private Banking Network belonging to the Italy Network of Intesa Sanpaolo Private Banking; the 2023 Incentive System of the Relationship Managers belonging to the International Commercial Networks of the Fideuram – Intesa Sanpaolo Private Banking Group; and the 2023 Incentive System of the non-employee Financial Advisors belonging to the Commercial Networks of the Fideuram – Intesa Sanpaolo Private Banking Group) and any payment of consideration granted in conjunction with early termination of employment (severance).

[200] The percentage has been calculated, in compliance with the terms of the resolution approved at the Intesa Sanpaolo Shareholders’ Meeting of 29 April 2022, on the 19,430,463,305 ordinary shares without nominal value composing the share capital of 10,084,445,147.92 euro before the execution, on 30 June 2022, of the capital increase under the 2022-2025 LECOIP 3.0 Long-term Incentive Plan based on financial instruments (which raised the share capital to 10,368,870,930.08 euro divided into 19,977,435,963 shares) and, then, the annulment of the own shares purchased in execution of the buyback programme disclosed to the market on 24 June 2022 and launched on 4 July 2022 (the share capital composition changed following the reduction in the number of its constituent shares, while its amount remained unchanged at 10,368,870,930.08 euro). The shares purchased represented around 0.24% of the share capital when considering the 19,267,277,397 constituent shares at the time of purchase.

The above Shareholders' Meetings also authorised the sale on the regulated market of any shares exceeding requirements, or their retention for any future incentive plans.
The above shares shall be assigned to the beneficiaries in compliance with the implementing regulations set forth in the above incentive systems. Generally, according to these regulations, the beneficiaries must remain in service up to the time the shares are actually delivered to them, and the deferred portion (either in cash or in financial instruments) of the incentive is subject to an ex post correction mechanism – the "malus condition" – according to which the relative amount paid and the number of shares assigned, if any, may be reduced by the level of achievement, in the year to which the deferred portion refers, of specific income statement-balance sheet targets which measure the sustainability of the results achieved over time.

Long-Term Incentive Plans 2022-2025: Performance Share Plan and LECOIP 3.0 Plan
At the time of launching the 2022-2025 Business Plan, two new long-term incentive plans were launched targeting different clusters of employees:
- Performance Share Plan (PSP) reserved for the Group Management, including the Managing Director and CEO, the remaining Group Top Risk Takers and other Group Risk Takers (in Italy and abroad);
- LECOIP 3.0 Plan reserved for all the Professionals employed by the Group in Italy.

With regard to Management, Intesa Sanpaolo has adopted a plan specifically linked to the achievement of the Business Plan targets and with an adequate risk/return profile in respect of the role held and the levels of ambition and challenge of the Business Plan, and which envisages the adoption of Performance Shares as a financial instrument. Participation in the PSP was also offered until 31 December 2023 to newly hired managers and in the event of promotions to recognise career advancement.
In detail, the Performance Share Plan provides for the assignment of new Intesa Sanpaolo ordinary shares deriving from a capital increase without payment, upon achievement of key performance conditions of the Business Plan, subject to the application of de-multipliers based on sustainability targets, as well as subordinated to gateway conditions and individual access (compliance breach).
Any shares accrued will be paid out over a 4/5-year time horizon according to payout schedules established depending on the sub-cluster of the beneficiary, the amount of the total variable remuneration, and its weight compared to the fixed remuneration. The deferred portions are also subject to the verification of malus conditions, defined in a mirrored manner to the gateway conditions.
For Professionals, basically in line with the LECOIP 2.0 Plan, a retention plan called "LECOIP 3.0" has been structured with the aim of continuing the work of strengthening the personnel's identity and sense of belonging, consistently with the Group's inclusive organisational culture.
The LECOIP 3.0 Plan is assigned as certificates issued by JP Morgan, i.e. share-based financial instruments, and envisages:
- the assignment of newly issued ordinary shares of Intesa Sanpaolo deriving from a share capital increase without payment (Free Shares) for an amount equivalent to the Variable Result Bonus advance for 2022 (employees may opt to receive the advance in cash and, therefore, not to participate in LECOIP 3.0);
- the assignment, free of charge, of additional shares in exchange for the same share capital increase without payment (Matching Shares) based on the role held and seniority, and the subscription, in set proportions with respect to the free shares received, of newly issued ordinary Intesa Sanpaolo shares deriving from a share capital increase with payment reserved for employees, at a discounted issue price (Discounted Shares) against market value.

The Certificates reflect the terms of certain options that have Intesa Sanpaolo ordinary shares as their underlying instruments, and will allow employees to receive, at maturity, in the absence of trigger events, an amount in cash (or in Intesa Sanpaolo ordinary shares) that is equal to the original market value of the Free Shares and the Matching Shares, plus a portion of any appreciation, compared to the original market value, related to the amount of the Free Shares, Matching Shares and Discounted Shares.
In residual cases, the amount will be paid according to specific payout schedules that provide for deferral and payment of part of the bonus in financial instruments. These schedules are differentiated according to the cluster the beneficiaries belong to when the bonus is accrued, as well as the amount of the total variable remuneration, and its weight compared to the fixed remuneration.
The Performance Share Plan and the LECOIP 3.0 Plan were subject to the approval of the ordinary Shareholders' Meeting of 29 April 2022.
The extraordinary session of the Shareholders' Meeting resolved on granting a power of attorney to the Board of Directors to increase the share capital pursuant to Article 2443 of the Italian Civil Code, conducive to the implementation of the plans.
On 21 June 2022, ISP's Board of Directors exercised the authority granted to it by the Shareholders' Meeting for capital increases in favour of the Group's employees to service the implementation of the 2022-2025 LECOIP 3.0 Plan.
Both the long-term incentive plans in question (the Performance Share Plan and the LECOIP 3.0) fall within the scope of IFRS 2 and qualify as equity-settled share-based payment plans.
For the Performance Share Plan, the fair value of the equity instruments that are subject to the plan is calculated at the assignment date. The Plan envisages the presence of service and performance conditions, which must be considered in order to determine the number of shares for the measurement of the cost of the plan. These estimates will be subject to review during the accrual period and until the expiry. Additionally, the determination of the fair value of the plan needs to take into account the presence of "market" performance conditions.
The cost of the plan, so defined, is attributed to the income statement (as labour costs) pro rata temporis along the accrual period of the benefit, as a balancing entry for a specific shareholders' equity reserve. Upon the occurrence of the events that imply the loss of the rights to the benefits of the plan (performance targets, gateway conditions and the discontinuation of employment) for the employees, if the estimate made previously needs to be adjusted, ISP changes the cost of the plan with a corresponding adjustment to Shareholders' Equity.
With regard to the LECOIP 3.0 Plan, at the assignment date, the fair value of the equity instruments that are subject to the plan is calculated (equivalent to the sum of the fair value of the shares assigned free of charge and the fair value of the discount for the paid shares) and no longer modified.

The Plan envisages the presence of non-market service and performance conditions (trigger events), which must be considered in order to determine the number of shares for the measurement of the cost of the plan. These estimates will be subject to review during the vesting period and until the expiry. The cost of the Plan, so defined, is attributed to the income statement (as labour costs) pro rata temporis along the period of accrual of the benefit, as a balancing entry for a specific shareholders' equity reserve.
Upon the occurrence of the events that imply the loss of the rights to the benefits of the LECOIP 3.0. Certificate (trigger events and the discontinuation of employment) for the employees, Intesa Sanpaolo recognises a financial asset (the "transferred receivable" representing the Certificates) as a balancing entry in Shareholders' Equity. In particular, the Certificates entered in the Group's financial statements are classified, in accordance with the provisions of IFRS 9, under caption 20.c) "Financial assets measured at fair value through profit or loss: Other financial assets mandatorily measured at fair value". At the same time, if the estimate made previously needs to be adjusted, the cost of the plan is changed with a corresponding adjustment to Shareholders' Equity.

B. QUANTITATIVE INFORMATION

Evolution of the annual incentive plans based on financial instruments in 2024

	Number of shares	Average strike price (euro)	Residual life
Financial instruments outstanding as at 31 December 2023	32,901,693	-	2024/2028
Financial instruments granted during the year (a)	28,050,561	-	2024/2028
Financial instruments no longer assignable (b)	304,017	-	-
Financial instruments vested during the year and assigned	21,977,071	-	-
Financial instruments outstanding as at 31 December 2024	38,671,166	-	2025/2029
of which: vested and assigned as at 31 December 2024	-	-	-

(a) Including the shares deriving from corporate transactions.

(b) Shares no longer deliverable to the beneficiaries following the related employment agreement ceasing and/or due to the application of the so-called malus conditions.

In addition to the shares specified above, in accordance with the Provisions of the Bank of Italy regarding remuneration and the Remuneration and Incentive Policies of the Group, during 2024, 910,610 shares were assigned with reference to remuneration granted in the event of early termination (severance). The retention period of those shares, assigned over a multi-year time horizon, ends between January 2025 and January 2030.

Breakdown by residual life

Residual life (a)	Number of shares
2025	7,314,697
2026	14,207,800
2027	9,585,141
2028	5,499,371
2029	2,064,157

(a) End of retention period

Evolution of long-term share-based instruments: Performance Share Plan (PSP) and LECOIP 3.0

	PERFORMANCE SHARE PLAN (PSP)			
	Number of Performance Share at 31.12.2023	**Changes in the year (a)**	**Number of Performance Share at 31.12.2024**	**Fair value**
Total beneficiaries (all the Management, including the Managing Director and CEO, the other Group Top Risk Takers and the remaining Group Risk Takers – both Italian and foreign perimeter)	150,430,031	-4,583,932	145,846,099	1.0195

(a) Number of Performance Shares that will not be awarded to employees due to failure to meet the continuation of service or other vesting conditions.

	LECOIP PLAN 3.0												
	Free Shares at June 2022		**Matching Shares at June 2022**		**Discounted Shares at June 2022**		**Sell to cover shares at June 2022 (a)**		**Total number of shares assigned at June 2022**	**Number of LECOIP Certificates at 31.12.2023**	**Changes in the year (c)**	**Number of LECOIP Certificates at 31.12.2024**	**Average fair value 31.12.2024**
	Number of shares	Average unit fair value	Number of shares	Average unit fair value	Number of shares	Average unit fair value (b)	Number of shares	Average unit fair value (b)					
Total employees	33,745,462	1.7800	39,591,828	1.7800	386,972,658	0.3409	86,662,710	1.7800	546,972,658	71,283,863	-1,118,503	70,165,360	7.5200

(a) Assigned shares allocated to cover the payment relating to the employee's tax burden.

(b) Fair value of the subscription discount.

(c) Number of Certificates for which Intesa Sanpaolo shall take over the rights that would have been recognised to the employees by virtue of the Certificates due to failure to comply with the condition of continuation of employment for the duration of the Plan and other vesting conditions.

Part L – Segment reporting

Breakdown by business area: income statement figures[a]

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Banks	Private Banking	Asset Management	Insurance	Corporate Centre (b)	Total
Net interest income	6,673	3,075	2,525	1,181	61	-	2,203	15,718
Net fee and commission income	4,891	1,286	648	2,094	894	3	-430	9,386
Income from insurance business	-	-	-	-	-	1,716	19	1,735
Profits (Losses) on financial assets and liabilities at fair value	120	-402	133	61	2	-	342	256
Other operating income (expenses)	3	-	-67	19	48	-	9	12
Operating income	**11,687**	**3,959**	**3,239**	**3,355**	**1,005**	**1,719**	**2,143**	**27,107**
Personnel expenses	-3,456	-584	-707	-544	-119	-153	-1,622	-7,185
Administrative expenses (c)	-2,987	-952	-531	-416	-123	-191	2,221	-2,979
Adjustments to property, equipment and intangible assets	-1	-16	-134	-106	-9	-36	-1,104	-1,406
Operating costs	**-6,444**	**-1,552**	**-1,372**	**-1,066**	**-251**	**-380**	**-505**	**-11,570**
Operating margin	**5,243**	**2,407**	**1,867**	**2,289**	**754**	**1,339**	**1,638**	**15,537**
Net adjustments to loans	-1,043	-68	-134	-23	-	-	-6	-1,274
Other net provisions and net impairment losses on other assets	-151	-5	-46	-45	-2	-1	-430	-680
Other income (expenses)	17	-	1	20	30	-	85	153
Income (Loss) from discontinued operations	-	-	-	-	-	-	-	-
Gross income (loss)	**4,066**	**2,334**	**1,688**	**2,241**	**782**	**1,338**	**1,287**	**13,736**
Taxes on income	-1,337	-735	-420	-718	-196	-107	-535	-4,048
Charges (net of tax) for integration and exit incentives	-287	-33	-94	-42	-3	-27	-101	-587
Effect of purchase price allocation (net of tax)	-20	-	8	-20	-4	-8	-50	-94
Levies and other charges concerning the banking and insurance industry (net of tax)	-190	-	-23	-22	-	-46	-67	-348
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-	-	-	-
Minority interests	-	-	-13	23	-	-	-3	7
Net income (loss) 2024	**2,232**	**1,566**	**1,146**	**1,462**	**579**	**1,150**	**531**	**8,666**
Net income (loss) 2023	**1,928**	**1,478**	**1,173**	**1,366**	**475**	**876**	**428**	**7,724**

(a) Figures from the reclassified financial statements as described in the Report on operations.

(b) The Corporate Centre has been attributed the intersector netting.

(c) The administrative expenses of the Corporate Centre include charge backs by the Corporate Centre to the business units for pure services and guidance and control services.

In application of IFRS 15, in particular paragraphs 114 and 115, which require a breakdown of revenues from contracts with customers, the breakdown of fee and commission income and expense by business area is provided below.

(millions of euro)

Captions (a)	Banca dei Territori	IMI Corporate & Investment Banking	International Banks	Private Banking	Asset Management	Insurance	Corporate Centre (b)	Total
Guarantees given	105	350	51	2	-	-	-	508
Collection and payment services	469	135	233	7	-	-	14	858
Current accounts	1,118	34	160	10	-	-	-	1,322
Credit and debit cards	656	3	282	20	-	-	-	961
Commercial banking activities	**2,348**	**522**	**726**	**39**	**-**	**-**	**14**	**3,649**
Dealing and placement of securities	1,472	251	28	294	494	-	-1,206	1,333
Currency dealing	6	2	4	3	-	-	2	17
Portfolio management	91	2	60	2,067	1,857	-	-259	3,818
Distribution of insurance products	841	-	34	700	-	3	-3	1,575
Other	293	61	14	212	-	-	7	587
Management, dealing and consultancy activities	**2,703**	**316**	**140**	**3,276**	**2,351**	**3**	**-1,459**	**7,330**
Other net fee and commission income	**245**	**692**	**95**	**29**	**163**	**-**	**68**	**1,292**
Fee and commission income	**5,296**	**1,530**	**961**	**3,344**	**2,514**	**3**	**-1,377**	**12,271**
Fee and commission expense	**-405**	**-244**	**-313**	**-1,250**	**-1,620**	**-**	**947**	**-2,885**
Net fee and commission income 2024	**4,891**	**1,286**	**648**	**2,094**	**894**	**3**	**-430**	**9,386**
Net fee and commission income 2023	**4,603**	**1,080**	**601**	**1,858**	**816**	**3**	**-385**	**8,576**

(a) Figures from the reclassified financial statements as described in the Report on operations.

(b) The Corporate Centre has been attributed the intersector netting.

Breakdown by business area: balance sheet figures[(a)]

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Banks	Private Banking	Asset Management	Insurance	Corporate Centre (b)	Total
Loans to customers								
31.12.2024	221,231	126,059	45,255	14,022	254	-	14,691	421,512
31.12.2023	232,406	124,215	43,002	14,373	243	-	16,254	430,493
Direct deposits from banking business								
31.12.2024	258,772	125,194	60,922	47,921	15	-	91,684	584,508
31.12.2023	270,604	113,087	59,317	45,844	16	-	88,714	577,582

(a) Figures from the reclassified financial statements as described in the Report on operations.

(b) The Corporate Centre has been attributed the intersector netting.

Breakdown by geographical area: income statement figures[a]

(millions of euro)

	Italy	Europe	Rest of the world	Total
Net interest income	11,764	3,134	820	15,718
Net fee and commission income	7,418	1,698	270	9,386
Income from insurance business	1,457	278	-	1,735
Profits (Losses) on financial assets and liabilities at fair value	-111	338	29	256
Other operating income (expenses)	-65	37	40	12
Operating income	**20,463**	**5,485**	**1,159**	**27,107**
Personnel expenses	-6,118	-902	-165	-7,185
Administrative expenses	-2,328	-569	-82	-2,979
Adjustments to property, equipment and intangible assets	-1,202	-178	-26	-1,406
Operating costs	**-9,648**	**-1,649**	**-273**	**-11,570**
Operating margin	**10,815**	**3,836**	**886**	**15,537**
Net adjustments to loans	-1,182	-77	-15	-1,274
Other net provisions and net impairment losses on other assets	-378	-263	-39	-680
Other income (expenses)	151	1	1	153
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**9,406**	**3,497**	**833**	**13,736**
Taxes on income	-3,037	-874	-137	-4,048
Charges (net of tax) for integration and exit incentives	-496	-82	-9	-587
Effect of purchase price allocation (net of tax)	-90	-4	-	-94
Levies and other charges concerning the banking and insurance industry (net of tax)	-322	-26	-	-348
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	24	14	-31	7
Net income (loss) 2024	**5,485**	**2,525**	**656**	**8,666**
Net income (loss) 2023	**4,805**	**2,483**	**436**	**7,724**

(a) Figures from the reclassified financial statements, as described in the Report on operations.

The groupings by geographical area are based on the location of the Group’s constituent entities. The International Branches are reported with reference to the country where the branches are located. As far as taxes on income are concerned, since Intesa Sanpaolo did not apply the option for the scheme of income exemption for international branches (known as Branch exemption), these branches’ income is also taxed in Italy. In compliance with applicable regulations, Intesa Sanpaolo also provides “Country by Country” disclosures which, in accordance with Bank of Italy rules, report net interest and other banking income, number of employees, profit or loss before tax, and taxes for the year for each country where the Group operates. The report can be viewed on the Intesa Sanpaolo Group website in the Governance section (or follow the link: https://group.intesasanpaolo.com/it/governance/risk-management/informativa-stato-per-stato).
In application of IFRS 15, in particular paragraphs 114 and 115, which require a breakdown of revenues from contracts with customers, the breakdown of fee and commission income and expense by geographical area is provided below.

(millions of euro)

	Italy	Europe	Rest of the world	Total
Fee and commission income				
2024	12,062	3,256	304	15,622
2023	10,965	3,024	253	14,242
Fee and commission expense				
2024	-4,644	-1,558	-34	-6,236
2023	-4,190	-1,438	-38	-5,666

(a) Figures from the reclassified financial statements, as described in the Report on operations.

Breakdown by geographical area: balance sheet figures[(a)]

(millions of euro)

	Italy	Europe	Rest of the world	Total
Loans to customers				
31.12.2024	328,491	69,808	23,213	421,512
31.12.2023	344,529	65,604	20,360	430,493
Direct deposits from banking business				
31.12.2024	492,322	83,270	8,916	584,508
31.12.2023	489,432	79,478	8,672	577,582

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

(a) Figures from the reclassified financial statements, as described in the Report on operations.

Part M – Disclosure of leases

This section provides the information required by IFRS 16 that is not included in other parts of the financial statements, divided between lessee and lessor.

SECTION 1 - LESSEE

QUALITATIVE INFORMATION

The Intesa Sanpaolo Group essentially has real estate and car or other vehicle lease contracts in place. There are also other types of lease contracts, for residual amounts, relating to hardware and other assets.
As at 31 December 2024, there were 8,570 lease contracts (8,515 as at 31 December 2023), 4,748 of which (4,861 as at 31 December 2023) relating to real estate leases, for a total value of rights of use of 1,229 million euro (1,372 million euro as at 31 December 2023).

Real estate lease contracts include properties designated for use as offices or bank branches. These contracts, within Italy, normally have a term of more than 12 months and typically have renewal and termination options that can be exercised by the lessor and the lessee in accordance with the law or specific contractual provisions. These contracts usually do not include the option to purchase at the end of the lease or significant restoration costs for the companies. The lease contracts typically include an option for early release prior to the contractual maturity, and, in such cases, they do not impose any penalties on the Group. On the basis of the characteristics of the Italian lease contracts and the provisions of Law 392/1978, in the event of the signing of a new lease contract with a contractual term of six years and the option to automatically renew the contract after six years for another six years, the total term of the lease will be set at twelve years. This general rule is superseded if there are new elements or specific situations within the contract.
Within the international scope, contractual terms may vary according to local practice, while generally not exceeding a period of 5 years, subject to renewal. In the case of the international subsidiaries as well, these contracts do not provide for either an option to purchase at the end of the lease or significant restoration costs for the companies.

Contracts for vehicles are long-term rental contracts relating to the company fleet made available to employees (mixed use) or to the organisational structures of the individual companies. These contracts generally have a four-year term, with monthly payments, no renewal option and do not include the option to purchase the asset. The contract may be extended depending on the management of the car fleet and there may be a penalty in the event of early termination.

Lease contracts other than those relating to real estate and cars relate to hardware (84 contracts as at 31 December 2024, 60 as at 31 December 2023) and other residual contracts (274 as at 31 December 2023, 352 as at 31 December 2023) and are of immaterial amounts in relation to total property and equipment leased.

The amounts of the sale or leaseback transactions carried out in 2024 were insignificant.

Sub-leasing transactions are immaterial and are connected to intra-group transactions.

Lastly, the Group makes use of the exemptions allowed by IFRS 16 for short-term leases (i.e. with a term of less than or equal to 12 months) or leases of low value assets (i.e. with a value of 5,000 euro or less).

QUANTITATIVE DISCLOSURES

Part B - Assets in the Notes to the Financial Statements contains information on the rights of use acquired through leases (Table 9.1 - Property and equipment used in operations: breakdown of assets measured at cost and Table 9.4 - Investment property: breakdown of assets measured at fair value) and Part B - Liabilities contains information on the lease payables (Table 1.1 - Financial liabilities measured at amortised cost: breakdown of amounts due to banks and Table 1.2 - Financial liabilities measured at amortised cost: breakdown of amounts due to customers).
In particular, the rights of use acquired through leases amounted to 1,229 million euro (1,372 million euro as at 31 December 2023), of which 991 million euro relating to real estate leases (1,121 million euro as at 31 December 2023).
Lease payables amounted to 1,097 million euro (1,217 million euro as at 31 December 2023). See the abovementioned sections for more details.
Part C of the Notes to the consolidated financial statements contains information on the interest expense on lease payables and other charges connected to rights of use acquired through leases, and on the income from sub-leasing transactions. See the specific sections for more details.

The table below provides a breakdown of the amortisation and depreciation charges for assets consisting of the right of use among the various categories, in line with the disclosure of property and equipment/intangible assets.

(millions of euro)

Captions	31.12.2024	31.12.2023
Depreciation charges by asset class		
Property and equipment used in operations	**291**	**306**
a) buildings	188	198
b) forniture	13	-
c) electronic equipment	31	17
d) other	59	91
Property and equipment for investment	**-**	**-**
a) buildings	-	-
TOTAL	**291**	**306**

As at 31 December 2024, there was no property and equipment relating to commitments for leases not yet commenced.
There is no other information that needs to be reported in addition to that already contained in this section.

SECTION 2 - LESSOR

QUALITATIVE INFORMATION

The Intesa Sanpaolo Group undertakes lease transactions, as lessor, primarily through the Parent Company, Intesa Sanpaolo, and various international subsidiaries, specifically PBZ Leasing, VUB Leasing, CIB Leasing and Intesa Leasing Beograd.
The transactions primarily consist of finance leases of real estate and industrial and commercial assets. The companies are also present on the market with lease products relating to capital goods, industrial vehicles, boats and pleasure craft. The risks associated with the ownership rights to the leased assets within Italy are managed through the compulsory subscription of an all-risk insurance policy, either offered through concessionary agreements or taken out directly by the customer with their insurer.
Operating leases refer to both real estate and vehicles and equipment.
The Notes to the consolidated financial statements report the following:

- finance leases (Part B, Assets: Table 4.1 - Financial assets measured at amortised cost: breakdown of amounts due from banks and Table 4.2 - Financial assets measured at amortised cost: breakdown of loans to customers);
- assets leased under operating leases contained in caption 90 Property and equipment and described in Part B, Assets (Table 9.4 - Investment property: breakdown of assets measured at fair value); this consists of real estate no longer used in operations by the Group, which is leased to third parties or held for possible appreciation in value.

See the abovementioned sections for more details.
Part C of the Notes to the consolidated financial statements contains information on interest income on finance leases and other income from finance and operating leases. See the specific sections for more details.

2. Finance leases

2.1. Breakdown by time bands of payments to be received and reconciliation with finance leases recorded as assets

This table provides the breakdown by time bands of lease payments to be received and the reconciliation between lease payments to be received and finance leases in accordance with IFRS 16, paragraph 94. In particular, the lease payments to be received, representing the sum of the minimum payments due as principal and interest, are shown net of the adjustment allowances and the unguaranteed residual value due to the lessor. The reconciliation with finance leases, shown in the financial statements under financial assets measured at amortised cost, is performed by subtracting the unearned finance income and adding the unguaranteed residual value.

(millions of euro)

Time bands	31.12.2024 Payments to be received	31.12.2023 Payments to be received
Up to 1 year	1,643	1,808
Between 1 and 2 years	1,337	1,493
Between 2 and 3 years	1,125	1,247
Between 3 and 4 years	888	1,020
Between 4 and 5 years	646	767
Over 5 years	1,382	1,738
Total lease payments to be received	**7,021**	**8,073**
Reconciliation with loans	248	619
Not accrued gains (+)	1,357	1,823
Unguaranteed residual value (-)	-1,109	-1,204
Loans for leases	**6,773**	**7,454**

2.2. Other information

2.2.1 Classification of finance leases by type of leased asset

The table shows the classification of finance leases by credit quality (performing and non-performing) and by type of leased asset. The amounts are shown net of adjustments.

(millions of euro)

Finance leases	Performing exposures	Non-performing exposures
A. Real estate assets	**4,263**	**261**
B. Operating assets	**958**	**13**
C. Movable assets	**1,269**	**9**
- Motor vehicles	940	6
- Aircraft and rolling stock	204	2
- Other	125	1
D. Intangible assets	**-**	**-**
- Trademarks	-	-
- Software	-	-
- Other	-	-

2.2.2 Classification of assets under finance leases

The table below provides a breakdown by category of leased asset (not yet transferred to property and equipment) relating to lease receivables, net of adjustments.

(millions of euro)

	Unexercised assets	Assets withdrawn following termination	Other assets
A. Real estate assets	**1**	**5**	**4,518**
B. Operating assets	**-**	**-**	**971**
C. Movable assets	**89**	**-**	**1,189**
- Motor vehicles	67	-	879
- Aircraft and rolling stock	-	-	206
- Other	22	-	104
D. Intangible assets	**-**	**-**	**-**
- Trademarks	-	-	-
- Software	-	-	-
- Other	-	-	-
TOTAL	**90**	**5**	**6,678**

Unexercised assets are assets still held by customers, for which the repurchase option has not been exercised, related to positions that do not show any deterioration in credit quality. Assets withdrawn following termination relate to terminated contracts, where the customer has not yet been released from the contractual obligations, despite having returned the asset covered by the lease contract. The category "other assets" includes the assets underlying the other lease receivables not included in the previous columns.

3. Operating lease

3.1. Breakdown of payments to be received by time bands

This refers to lease instalments to be received for owned real estate assets.

(millions of euro)

Time bands	**31.12.2024** **Payments to be received for leases**	**31.12.2023** **Payments to be received for leases**
Up to one year	45	34
Over one year up to 2 years	10	15
Over 2 years up to 3 years	9	13
Over 3 years up to 4 years	12	12
Over 4 years up to 5 years	11	10
For over 5 years	40	25
Total	**127**	**109**

3.2. Other information

There is no other information that needs to be reported in addition to that already contained in this section.

Certification of the Consolidated financial statements pursuant to Art. 154 bis of Legislative Decree 58/1998

1. The undersigned Carlo Messina (as Managing Director and CEO) and Elisabetta Stegher (as Manager responsible for preparing the Company's financial reports) of Intesa Sanpaolo, taking into account the provisions of Article 154-bis, par. 3 and 4 of Legislative Decree 58 of 24 February 1998, do hereby certify to:
   - the adequacy in relation to the Company's features and
   - the actual application of the administrative and accounting procedures employed to draw up the consolidated financial statements during 2024.

2. Verification of the appropriateness and effective application of the administrative and accounting procedures employed to draw up the consolidated financial statements as at 31 December 2024 was based on methods defined by Intesa Sanpaolo consistently with the COSO and – as to the IT component – COBIT models, which are internationally accepted frameworks for internal control systems[201].

3. The undersigned also certify that:

   3.1 The Consolidated financial statements as at 31 December 2024:
   - have been prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation 1606/2002 of 19 July 2002;
   - correspond to the results of the books and accounts;
   - give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the issuer and of the companies included in the scope of consolidation.

   3.2 The report on operations includes a fair review of the development and operating margin, as well as of the position of the issuer and the companies included in the consolidation, together with a description of the main risks and uncertainties that they face.

27 February 2025

Carlo Messina	Elisabetta Stegher
Managing Director and CEO	Manager responsible for preparing the Company's financial reports

[201] The COSO Framework was prepared by the Committee of Sponsoring Organizations of the Treadway Commission, the U.S. organisation dedicated to improving the quality of financial reporting through ethical standards and an effective system for corporate governance and organisation. The COBIT Framework - Control OBjectives for IT and related technology is a set of rules prepared by the IT Governance Institute, the U.S. organisation whose aim is to define and improve the standards of corporate IT.

Certification of the Consolidated Sustainability Statement pursuant to Art. 154 bis of Legislative Decree 58/1998

The undersigned Carlo Messina (as Managing Director and CEO) and Elisabetta Stegher (as Manager responsible for preparing the Company's financial reports) of Intesa Sanpaolo, do hereby certify, pursuant to Article 154-bis, par. 5-ter, of Legislative Decree 58 of 24 February 1998, that the Consolidated Sustainability Statement included in the Report on operations has been prepared:

- in compliance with the reporting standards applied in accordance with Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree No. 125 of 6 September 2024;
- using the specifications adopted in accordance with Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

27 February 2025

Carlo Messina
Managing Director and CEO

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

Independent Auditors’ Report on the Consolidated financial statements

Shape the future with confidence

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Independent auditor's report pursuant to article 14 of Legislative Decree no. 39, dated 27 January 2010 and article 10 of EU Regulation no. 537/2014

(Translation from the original Italian text)

To the Shareholders of
Intesa Sanpaolo S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Intesa Sanpaolo Group (the "Group"), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated income statement, the statement of consolidated comprehensive income, the changes in consolidated shareholders' equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards as issued by the International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree no. 38/2005 and article 43 of Legislative Decree no. 136/2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Intesa Sanpaolo S.p.A. (the "Bank") in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
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We identified the following key audit matters:

Key Audit Matters	Audit Responses
Classification and measurement of loans to customers (loans) measured at amortised cost	
Loans to customers (loans) measured at amortised cost recorded in the financial assets, line item 40 b) (the "Loans"), amount to Euro 413,353 million as at 31 December 2024 and represent approximately 44.3% of total assets in the consolidated balance sheet. The breakdown of such loans is included in tables 4.2 and 4.3 in Part B, section 4, of the notes to the consolidated financial statements. The disclosure of the changes in the quality of the Loans, the classification and measurement criteria adopted is provided in the notes to the consolidated financial statements in Part A – Accounting policies, in Part B – Information on the consolidated balance sheet, in Part C – Information on the consolidated income statement and in Part E – Information on risks and relative hedging policies. The classification of the Loans in the appropriate stage and the related measurement are relevant for the audit both because the amount of such loans is significant to the financial statements as a whole and because they are determined by the Directors through the use of estimates. These estimates have a high degree of complexity and subjectivity, involve internally developed models and include subjective elements in order to identify and measure exposures that show evidence of a significant increase in credit risk since the date of initial recognition or evidence of impairment. The processes for the classification and the measurement of the Loans consider both internal and external information, including the historical performance of exposures and related collection histories, the borrowers' overall exposure to the banking system, expected cash flows and related estimated collection dates, the assessment of any guarantees, the impact	In relation to this matter, our audit procedures included, among others: - gaining an understanding of the policies, valuation models, processes and controls applied by the Group; - the assessment of the configuration and implementation of key controls, including those relating to the relevant IT applications, and the execution of tests of controls to test their operational effectiveness; - the analysis of the changes in the breakdown of the Loans compared to the previous year and the discussion of the results with management; - the performance of substantive procedures to verify, on a sample basis, the correct classification and measurement of credit exposures; - the assessment of the adequacy of the disclosures provided in the notes to the consolidated financial statements. The aforementioned procedures have been performed also with the support of our risk management, valuation, modelling and economics and information technology specialists.

of macroeconomic variables, any emerging risks, and future scenarios also related to Loans' sales and risks of the Group's customers' operating sectors.

Classification and measurement of financial assets and liabilities at fair value on a recurring basis (levels 2 and 3)	
Financial instruments measured at fair value on a recurring basis, classified as level 2 and level 3 of the fair value hierarchy, amount to a total assets balance of Euro 55,240 million and a total liabilities balance of Euro 112,997 million as at 31 December 2024. The related breakdown is included in table A.4.5.1, Part A of the notes to the consolidated financial statements. The disclosures on the classification and measurement is provided in the notes to the consolidated financial statements in Part A - Accounting policies, in Part B - Information on the consolidated balance sheet, in Part C - Information on the consolidated income statement and in Part E - Information on risks and relative hedging policies. The measurement of such financial instruments is relevant to the audit because their amount is significant to the financial statements as a whole and because of the multiplicity and complexity of the valuation models and parameters used as well as and for the subjective estimation elements considered by the Directors. The valuation of these financial instruments is performed by the Group through the use of complex models, consistent with the prevailing valuation practices, which are fed by directly observable inputs or, when not observable in the market, estimated internally based on qualitative and quantitative assumptions.	In relation to this matter, our audit procedures included, among others: - gaining an understanding of the policies, valuation models, processes and controls applied by the Group; - the assessment of the configuration and implementation of key controls, including those relating to the relevant IT applications, and the execution of tests of controls in order to verify their operational effectiveness; - the comparative analysis of the portfolio composition against the previous year and the discussion of the results with management; - the performance of substantive procedures to verify, on a sample basis, the correct classification and measurement; - the assessment of the adequacy of the disclosures provided in the notes to the consolidated financial statements. The aforementioned procedures have been performed also with the support of our risk management, valuation, modelling and economics and information technology specialists.

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Responsibilities of Directors and of the Management Control Committee for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards as issued by the International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree no. 38/2005 and article 43 of Legislative Decree no. 136/2015 and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The Management Control Committee is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

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- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation no. 537/2014

The Shareholders of Intesa Sanpaolo S.p.A., in the general meeting held on 30 April 2019, engaged us to perform the audits of the consolidated financial statements for each of the years ending 31 December 2021 to 31 December 2029.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation no. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the Management Control Committee in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation no. 537/2014.

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Report on Compliance with other Legal and Regulatory Requirements

Opinion on the Compliance with Delegated Regulation (EU) no. 815/2019

The Directors of Intesa Sanpaolo S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) no. 815/2019 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements as at 31 December 2024, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia no. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at 31 December 2024 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2024 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Opinion and statement pursuant to article 14, paragraph 2, subparagraphs e), e-bis) and e-ter) of Legislative Decree no. 39, dated 27 January 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree no. 58, dated 24 February 1998

The Directors of Intesa Sanpaolo S.p.A. are responsible for the preparation of the report on operations and of the report on corporate governance and ownership structure of Intesa Sanpaolo Group as at 31 December 2024, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia no. 720B, in order to:

- express an opinion on the consistency of the report on operations and of specific information included in the report on corporate governance and ownership structure as provided for by article 123-bis, paragraph 4, of Legislative Decree no. 58, dated 24 February 1998, with the consolidated financial statements;
- express an opinion on the compliance with the applicable laws and regulations of the report on operations, excluding the section related to the consolidated sustainability statement, and the above mentioned specific information included in the report on corporate governance and ownership structure pursuant article 123-bis, paragraph 4, of Legislative Decree no. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the report on operations and in certain specific information contained in the report on corporate governance and ownership structure pursuant article 123-bis, paragraph 4, of Legislative Decree no. 58, dated 24 February 1998.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure pursuant article 123-bis, paragraph 4, of Legislative Decree no. 58, dated 24 February 1998, are consistent with the consolidated financial statements of the Group as at 31 December 2024.

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Furthermore, in our opinion, the report on operations, excluding the section related to the consolidated sustainability statement, and the specific information contained in the report on corporate governance and ownership structure pursuant article 123-bis, paragraph 4, of Legislative Decree no. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e-*ter*), of Legislative Decree no. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with applicable laws and regulations does not extend to the section of the Report on Operations related to consolidated sustainability statement. The conclusion on the compliance of this section with the applicable standards governing its preparation criteria and the compliance with the disclosure requirements pursuant to article 8 of (EU) Regulation 852/2020 are formulated by us in the attestation report pursuant to article 14-bis of Legislative Decree no. 39, dated 27 January 2010.

Milan, 20 March 2025

EY S.p.A.
Signed by: Massimo Testa, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Independent Auditors' Report on the Consolidated Sustainability Statement

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Independent auditor's limited assurance report on the consolidated sustainability statement in accordance with Article 14-bis of Legislative Decree n. 39, dated 27 January 2010

(Translation from the original Italian text)

To the Shareholders of
Intesa Sanpaolo S.p.A.

Conclusions

We have been appointed to perform a limited assurance engagement pursuant to Articles 8 and 18, paragraph 1, of Legislative Decree n. 125 dated 6 September 2024 (hereinafter the "Decree") on the consolidated sustainability statement of Intesa Sanpaolo Group (hereinafter the "Group") for the year ended on 31 December 2024, prepared in accordance with Article 4 of the Decree, included in the specific section of the report on operations.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the Intesa Sanpaolo Group consolidated sustainability statement for the year ended on 31 December 2024, has not been prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to European Directive EU 2013/34 (*European Sustainability Reporting Standards*, hereinafter "ESRS");
- the information included in the paragraph *"Reporting pursuant to the EU Taxonomy (Regulation (EU) 2020/852)"* of the consolidated sustainability statement has not been prepared, in all material respects, in accordance with Article 8 of European Regulation n. 852 dated 18 June 2020 (hereinafter the "Taxonomy Regulation").

Basis for conclusions

We have performed a limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagement - SSAE (Italia) ("*Principio di Attestazione della Rendicontazione di Sostenibilità*"). The procedures performed in this type of engagement vary in nature and timing compared to those necessary for an engagement aimed at obtaining a reasonable level of assurance and are also less extensive. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained in a reasonable assurance engagement. Our responsibilities under this Standard are further described in the section "*Auditor's responsibility for the limited assurance engagement on the consolidated sustainability statement*" of this report.

We are independent in accordance with the ethics and independence rules and standards applicable in Italy to sustainability assurance engagements.

Our firm applies the International Standard on Quality Control 1 (ISQM Italia 1), and accordingly, is required to design, implement and operate a system of quality management including policy and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

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Other Matters – Comparative information

The consolidated sustainability statement for the year ended on 31 December 2024 contains, in the specific section "Reporting pursuant to the EU Taxonomy (Regulation (EU) 2020/852)", the comparative information related to the year ended on 31 December 2023, which has not been subjected to an assurance engagement.

Responsibilities of the Directors and of the Management Control Committee of Intesa Sanpaolo S.p.A. for the consolidated sustainability statement

The Directors are responsible for the design and implementation of the procedures used to identify the information included in the consolidated sustainability statement in accordance with the requirements of the ESRS (hereinafter "materiality assessment process") and for the description of such procedures in the paragraph "*Double materiality assessment*" of the consolidated sustainability statement.

The Directors are also responsible for the preparation of the consolidated sustainability statement, which contains the information identified through the Materiality assessment process, in accordance with the requirements of Article 4 of the Decree, including:

- compliance with ESRS;
- compliance with Article 8 of the EU Taxonomy Regulation regarding the information contained in the paragraph "Reporting pursuant to the EU Taxonomy (Regulation (EU) 2020/852)".

This responsibility entails the design, implementation, and maintenance, as required by law, for that part of internal control that Directors consider necessary in order to allow the preparation of the consolidated sustainability statement in accordance with the requirements of Article 4 of the Decree, that is free from material misstatements, whether due to fraud or not intentional behaviors or events. This responsibility also includes the selection and application of appropriate methods to prepare disclosures and to formulate assumptions and estimates regarding specific sustainability information that are appropriate under the circumstances.

The Management Control Committee is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Intrinsic limitation in the preparation of consolidated sustainability statement

For the purposes of reporting forward-looking information in accordance with the ESRS, Directors are required to prepare such information on the basis of assumptions, described in the consolidated sustainability statement, regarding events that may occur in the future and possible future actions by the Group. Due to the uncertainty associated with the realization of any future event, both as regards to the materialization of the event and as regards to the extent and timing of its manifestation, the variations between the actual values and the prospective information could be significant.

Disclosures regarding Scope 3 emissions are subject to greater intrinsic limitations compare to Scope 1 and 2 emissions, due to the limited availability and relative accuracy of the information used to define Scope 3 emissions information, both quantitative and qualitative, relating to the value chain.

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Auditor's responsibility for the limited assurance engagement on the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain a limited level of assurance that the consolidated sustainability statement is free from material misstatements, due to fraud or not intentional behaviors or events, and to issue a report containing our conclusions. Misstatements may arise from fraud or not intentional behaviors or events and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated sustainability statement.

In the context of the engagement aimed at obtaining a limited level of assurance in accordance with the Standard on Sustainability Assurance Engagement - SSAE (Italia) ("*Principio di Attestazione della Rendicontazione di Sostenibilità*"), we exercised professional judgment and maintained professional skepticism throughout the duration of the engagement.

Our responsibilities include:

- considering the risks to identify the disclosures where a material misstatement is likely to occur, whether due to fraud or not intentional behaviors or events;
- designing and performing procedures to verify the disclosures where a material misstatement is likely to occur. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement arising from not intentional behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- directing, supervising, and conducting the limited assurance engagement on the consolidated sustainability statement and assuming full responsibility for the conclusions regarding the consolidated sustainability statement.

Summary of the work performed

An engagement aimed at obtaining a limited level of assurance involves performing procedures to obtain evidence as a basis for formulating our conclusions.

The procedures performed on the consolidated sustainability statement were based on our professional judgment and included inquiries, primarily with the personnel of Intesa Sanpaolo S.p.A. and of the Group responsible for the preparation of the information included in the consolidated sustainability statement, as well as documents analyses, recalculations and other evidence-gathering procedures that are appropriate in the circumstances.

In particular, we performed the following procedures:

- understanding the Group's business model, strategies and the environment in which it operates concerning sustainability matters;
- understanding the processes underlying the generation, recording and management of the qualitative and quantitative information included in the consolidated sustainability statement;
- understanding the process adopted by the Group to identify and assess material impacts, risks, and opportunities based on the principle of double materiality, concerning sustainability matters, based on the information acquired therein, elaboration of considerations regarding any contradictory elements that may highlight the existence of sustainability matters not considered by the entity in the process of materiality assessment;

- identifying disclosures in which a material misstatement is likely to occur;
- designing and performing procedures, based on our professional judgment, to address the identified risks of material misstatement;
- understanding the process implemented by the Group to determine eligible exposures and determine their aligned nature based on the provisions of the EU Taxonomy Regulation, and verifying the related disclosures included in the consolidated sustainability statement;
- cross-checking the information reported in the consolidated sustainability statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework or with the accounting records used for the preparation of the consolidated financial statements or with the accounting management figures;
- verifying the structure and presentation of the disclosures included in the consolidated sustainability statement in accordance with the ESRS;
- obtaining the representation letter.

Milan, 20 March 2025

EY S.p.A.
Signed by: Massimo Testa, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Attachments to the consolidated Financial Statements

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 2023 and adjusted consolidated income statement for 2023

Reconciliation between published/adjusted 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 2023 and restated consolidated income statement for 2023

Reconciliation between consolidated income statement for 2024 and restated consolidated income statement for 2024

Restated consolidated financial statements

Restated consolidated balance sheet

Restated consolidated income statement

Reconciliation between restated consolidated financial statements and reclassified consolidated financial statements

Reconciliation between restated consolidated balance sheet and reclassified consolidated balance sheet

Reconciliation between restated consolidated income statement and reclassified consolidated income statement

Reconciliation between published consolidated financial statements and adjusted consolidated financial statements

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

The published consolidated income statement for 2023 did not require any adjustments.

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

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

(millions of euro)

Assets		31.12.2023	Changes in the scope of consolidation (a)	31.12.2023 Restated
10.	Cash and cash equivalents	89,270	447	89,717
20.	Financial assets measured at fair value through profit or loss	144,594	5	144,599
	a) financial assets held for trading	*38,163*	*1*	*38,164*
	b) financial assets designated at fair value	*1*	*4*	*5*
	c) other financial assets mandatorily measured at fair value	*106,430*	*-*	*106,430*
30.	Financial assets measured at fair value through other comprehensive income	140,753	16	140,769
40.	Financial assets measured at amortised cost	518,950	1,212	520,162
	a) due from banks	*32,899*	*79*	*32,978*
	b) loans to customers	*486,051*	*1,133*	*487,184*
50.	Hedging derivatives	7,006	-	7,006
60.	Fair value change of financial assets in hedged portfolios (+/-)	-5,695	-	-5,695
70.	Investments in associates and companies subject to joint control	2,501	-11	2,490
80.	Insurance assets	813	-	813
	a) insurance contracts issued that are assets	*412*	*-*	*412*
	b) reinsurance contracts held that are assets	*401*	*-*	*401*
90.	Property and equipment	9,825	27	9,852
100.	Intangible assets	9,524	33	9,557
	of which:			
	- goodwill	*3,672*	*-*	*3,672*
110.	Tax assets	14,533	3	14,536
	a) current	*1,932*	*-*	*1,932*
	b) deferred	*12,601*	*3*	*12,604*
120.	Non-current assets held for sale and discontinued operations	264	1	265
130.	Other assets	31,232	10	31,242
Total assets		**963,570**	**1,743**	**965,313**

(a) The restatement refers to the entry of First Bank and Alpian (Fideuram Group Company).

(millions of euro)

Liabilities and Shareholders' Equity		31.12.2023	Changes in the scope of consolidation (a)	31.12.2023 Restated
10.	Financial liabilities measured at amortised cost	642,119	1,509	643,628
	a) due to banks	*93,242*	*48*	*93,290*
	b) due to customers	*440,449*	*1,461*	*441,910*
	c) securities issued	*108,428*	*-*	*108,428*
20.	Financial liabilities held for trading	43,493	1	43,494
30.	Financial liabilities designated at fair value	72,782	-	72,782
40.	Hedging derivatives	5,188	-	5,188
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-3,967	-	-3,967
60.	Tax liabilities	1,946	1	1,947
	a) current	*458*	*-*	*458*
	b) deferred	*1,488*	*1*	*1,489*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	2	-	2
80.	Other liabilities	12,741	14	12,755
90.	Employee termination indemnities	767	-	767
100.	Allowances for risks and charges	4,523	18	4,541
	a) commitments and guarantees given	*524*	*1*	*525*
	b) post-employment benefits	*98*	*1*	*99*
	c) other allowances for risks and charges	*3,901*	*16*	*3,917*
110.	Insurance liabilities	119,849	-	119,849
	a) insurance contracts issued that are liabilities	*119,674*	*-*	*119,674*
	b) reinsurance contracts held that are liabilities	*175*	*-*	*175*
120.	Valuation reserves	-2,009	-	-2,009
130.	Redeemable shares	-	-	-
140.	Equity instruments	7,948	-	7,948
150.	Reserves	14,697	-	14,697
155.	Interim dividend (-)	-2,629	-	-2,629
160.	Share premium reserve	28,003	-	28,003
170.	Share capital	10,369	-	10,369
180.	Treasury shares (-)	-140	-	-140
190.	Minority interests (+/-)	164	200	364
200.	Net income (loss) (+/-)	7,724	-	7,724
Total liabilities and shareholders’ equity		**963,570**	**1,743**	**965,313**

(a) The restatement refers to the entry of First Bank and Alpian (Fideuram Group Company).

Reconciliation between published consolidated income statement for 2023 and restated consolidated income statement for 2023

(millions of euro)

		2023	Change in the scope of consolidation (a)	2023 Restated
10.	Interest and similar income	32,525	101	32,626
	of which: interest income calculated using the effective interest rate method	*28,482*	*101*	*28,583*
20.	Interest and similar expense	-15,589	-47	-15,636
30.	**Interest margin**	**16,936**	**54**	**16,990**
40.	Fee and commission income	10,528	23	10,551
50.	Fee and commission expense	-2,727	-5	-2,732
60.	**Net fee and commission income**	**7,801**	**18**	**7,819**
70.	Dividend and similar income	660	-	660
80.	Profits (Losses) on trading	513	8	521
90.	Fair value adjustments in hedge accounting	-59	-	-59
100.	Profits (Losses) on disposal or repurchase of:	-467	-	-467
	a) financial assets measured at amortised cost	*-58*	-	*-58*
	b) financial assets measured at fair value through other comprehensive income	*-445*	-	*-445*
	c) financial liabilities	*36*	-	*36*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	2,367	-	2,367
	a) financial assets and liabilities designated at fair value	*-3,619*	-	*-3,619*
	b) other financial assets mandatorily measured at fair value	*5,986*	-	*5,986*
120.	**Net interest and other banking income**	**27,751**	**80**	**27,831**
130.	Net losses/recoveries for credit risk associated with:	-1,416	-	-1,416
	a) financial assets measured at amortised cost	*-1,359*	-	*-1,359*
	b) financial assets measured at fair value through other comprehensive income	*-57*	-	*-57*
140.	Profits (Losses) on changes in contracts without derecognition	-29	-	-29
150.	**Net income from banking activities**	**26,306**	**80**	**26,386**
160.	Insurance service result	2,038	-	2,038
	a) insurance revenue arising from insurance contracts issued	*3,118*	-	*3,118*
	b) insurance service expenses arising from insurance contracts issued	*-1,090*	-	*-1,090*
	c) insurance revenue arising from reinsurance contracts held	*177*	-	*177*
	d) insurance service expenses arising from reinsurance contracts held	*-167*	-	*-167*
170.	Balance of financial income and expenses related to insurance operations	-5,318	-	-5,318
	a) net financial expenses/revenue related to insurance contracts issued	*-5,319*	-	*-5,319*
	b) net financial expenses/revenue related to reinsurance contracts held	*1*	-	*1*
180.	**Net income from banking and insurance activities**	**23,026**	**80**	**23,106**
190.	Administrative expenses:	-11,505	-77	-11,582
	a) personnel expenses	*-6,781*	*-45*	*-6,826*
	b) other administrative expenses	*-4,724*	*-32*	*-4,756*
200.	Net provisions for risks and charges	-326	-	-326
	a) commitments and guarantees given	*50*	-	*50*
	b) other net provisions	*-376*	-	*-376*
210.	Net adjustments to / recoveries on property and equipment	-684	-7	-691
220.	Net adjustments to / recoveries on intangible assets	-973	-8	-981
230.	Other operating expenses (income)	910	-	910
240.	**Operating expenses**	**-12,578**	**-92**	**-12,670**
250.	Profits (Losses) on investments in associates and companies subject to joint control	163	9	172
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-33	-	-33
270.	Goodwill impairment	-	-	-
280.	Profits (Losses) on disposal of investments	168	-	168
290.	**Income (Loss) before tax from continuing operations**	**10,746**	**-3**	**10,743**
300.	Taxes on income from continuing operations	-2,994	-2	-2,996
310.	**Income (Loss) after tax from continuing operations**	**7,752**	**-5**	**7,747**
320.	Income (Loss) after tax from discontinued operations	-	-	-
330.	**Net income (loss)**	**7,752**	**-5**	**7,747**
340.	Minority interests	-28	5	-23
350.	**Parent Company’s net income (loss)**	**7,724**	**-**	**7,724**

(a) The restatement refers to the economic results of the 12 months of 2023 of First Bank and Alpian.

Reconciliation between consolidated income statement for 2024 and restated consolidated income statement for 2024

(millions of euro)

		2024	Changes in the scope of consolidation (a)	2024 Restated
10.	Interest and similar income	34,602	51	34,653
	of which: interest income calculated using the effective interest rate method	*29,438*	*51*	*29,489*
20.	Interest and similar expense	-16,512	-21	-16,533
30.	**Interest margin**	**18,090**	**30**	**18,120**
40.	Fee and commission income	11,392	13	11,405
50.	Fee and commission expense	-2,781	-3	-2,784
60.	**Net fee and commission income**	**8,611**	**10**	**8,621**
70.	Dividend and similar income	800	-	800
80.	Profits (Losses) on trading	493	4	497
90.	Fair value adjustments in hedge accounting	7	-	7
100.	Profits (Losses) on disposal or repurchase of:	57	-	57
	a) financial assets measured at amortised cost	*50*	-	*50*
	b) financial assets measured at fair value through other comprehensive income	*10*	-	*10*
	c) financial liabilities	*-3*	-	*-3*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	2,635	-	2,635
	a) financial assets and liabilities designated at fair value	*-5,342*	-	*-5,342*
	b) other financial assets mandatorily measured at fair value	*7,977*	-	*7,977*
120.	**Net interest and other banking income**	**30,693**	**44**	**30,737**
130.	Net losses/recoveries for credit risk associated with:	-1,139	-	-1,139
	a) financial assets measured at amortised cost	*-1,131*	-	*-1,131*
	b) financial assets measured at fair value through other comprehensive income	*-8*	-	*-8*
140.	Profits (Losses) on changes in contracts without derecognition	-28	-	-28
150.	**Net income from banking activities**	**29,526**	**44**	**29,570**
160.	Insurance service result	1,653	-	1,653
	a) insurance revenue arising from insurance contracts issued	3,169	-	3,169
	b) insurance service expenses arising from insurance contracts issued	-1,446	-	-1,446
	c) insurance revenue arising from reinsurance contracts held	99	-	99
	d) insurance service expenses arising from reinsurance contracts held	-169	-	-169
170.	Balance of financial income and expenses related to insurance operations	-5,804	-	-5,804
	a) net financial expenses/revenue related to insurance contracts issued	-5,805	-	-5,805
	b) net financial expenses/revenue related to reinsurance contracts held	1	-	1
180.	**Net income from banking and insurance activities**	**25,375**	**44**	**25,419**
190.	Administrative expenses:	-11,997	-40	-12,037
	a) personnel expenses	*-7,422*	*-22*	*-7,444*
	b) other administrative expenses	*-4,575*	*-18*	*-4,593*
200.	Net provisions for risks and charges	-667	1	-666
	a) commitments and guarantees given	*-80*	-	*-80*
	b) other net provisions	*-587*	*1*	*-586*
210.	Net adjustments to / recoveries on property and equipment	-647	-3	-650
220.	Net adjustments to / recoveries on intangible assets	-1,111	-5	-1,116
230.	Other operating expenses (income)	1,161	-	1,161
240.	**Operating expenses**	**-13,261**	**-47**	**-13,308**
250.	Profits (Losses) on investments in associates and companies subject to joint control	-32	6	-26
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-23	-	-23
270.	Goodwill impairment	-	-	-
280.	Profits (Losses) on disposal of investments	-1	-	-1
290.	**Income (Loss) before tax from continuing operations**	**12,058**	**3**	**12,061**
300.	Taxes on income from continuing operations	-3,399	-3	-3,402
310.	**Income (Loss) after tax from continuing operations**	**8,659**	**-**	**8,659**
320.	Income (Loss) after tax from discontinued operations	-	-	-
330.	**Net income (loss)**	**8,659**	**-**	**8,659**
340.	Minority interests	7	-	7
350.	**Parent Company's net income (loss)**	**8,666**	**-**	**8,666**

(a) The restatement refers to the economic results of the first 6 months of 2024 of First Bank and the first 7 months of Alpian.

Restated consolidated financial statements

Restated consolidated balance sheet

(millions of euro)

Assets		31.12.2024	31.12.2023 Restated	Changes amount	%
10.	Cash and cash equivalents	40,533	89,717	-49,184	-54.8
20.	Financial assets measured at fair value through profit or loss	150,943	144,599	6,344	4.4
	a) financial assets held for trading	*41,439*	*38,164*	*3,275*	*8.6*
	b) financial assets designated at fair value	*6*	*5*	*1*	*20.0*
	c) other financial assets mandatorily measured at fair value	*109,498*	*106,430*	*3,068*	*2.9*
30.	Financial assets measured at fair value through other comprehensive income	150,269	140,769	9,500	6.7
40.	Financial assets measured at amortised cost	518,702	520,162	-1,460	-0.3
	a) due from banks	*38,460*	*32,978*	*5,482*	*16.6*
	b) loans to customers	*480,242*	*487,184*	*-6,942*	*-1.4*
50.	Hedging derivatives	6,505	7,006	-501	-7.2
60.	Fair value change of financial assets in hedged portfolios (+/-)	-3,602	-5,695	-2,093	-36.8
70.	Investments in associates and companies subject to joint control	3,036	2,490	546	21.9
80.	Insurance assets	693	813	-120	-14.8
	a) insurance contracts issued that are assets	*444*	*412*	*32*	*7.8*
	b) reinsurance contracts held that are assets	*249*	*401*	*-152*	*-37.9*
90.	Property and equipment	9,024	9,852	-828	-8.4
100.	Intangible assets	9,860	9,557	303	3.2
	of which:				
	- goodwill	*3,697*	*3,672*	*25*	*0.7*
110.	Tax assets	12,916	14,536	-1,620	-11.1
	a) current	*1,650*	*1,932*	*-282*	*-14.6*
	b) deferred	*11,266*	*12,604*	*-1,338*	*-10.6*
120.	Non-current assets held for sale and discontinued operations	667	265	402	
130.	Other assets	33,739	31,242	2,497	8.0
Total assets		**933,285**	**965,313**	**-32,028**	**-3.3**

(millions of euro)

Liabilities and Shareholders' Equity		31.12.2024	31.12.2023 Restated	Changes amount	%
10.	Financial liabilities measured at amortised cost	599,620	643,628	-44,008	-6.8
	a) due to banks	*45,794*	*93,290*	*-47,496*	*-50.9*
	b) due to customers	*443,457*	*441,910*	*1,547*	*0.4*
	c) securities issued	*110,369*	*108,428*	*1,941*	*1.8*
20.	Financial liabilities held for trading	42,882	43,494	-612	-1.4
30.	Financial liabilities designated at fair value	74,083	72,782	1,301	1.8
40.	Hedging derivatives	4,410	5,188	-778	-15.0
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-1,819	-3,967	-2,148	-54.1
60.	Tax liabilities	2,097	1,947	150	7.7
	a) current	*383*	*458*	*-75*	*-16.4*
	b) deferred	*1,714*	*1,489*	*225*	*15.1*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	5	2	3	
80.	Other liabilities	15,014	12,755	2,259	17.7
90.	Employee termination indemnities	706	767	-61	-8.0
100.	Allowances for risks and charges	4,885	4,541	344	7.6
	a) commitments and guarantees given	*601*	*525*	*76*	*14.5*
	b) post-employment benefits	*98*	*99*	*-1*	*-1.0*
	c) other allowances for risks and charges	*4,186*	*3,917*	*269*	*6.9*
110.	Insurance liabilities	126,081	119,849	6,232	5.2
	a) insurance contracts issued that are liabilities	*126,013*	*119,674*	*6,339*	5.3
	b) reinsurance contracts held that are liabilities	*68*	*175*	*-107*	-61.1
120.	Valuation reserves	-2,332	-2,009	323	16.1
130.	Redeemable shares	-	-	-	
140.	Equity instruments	8,706	7,948	758	9.5
150.	Reserves	15,367	14,697	670	4.6
155.	Interim dividend (-)	-3,022	-2,629	393	14.9
160.	Share premium reserve	27,601	28,003	-402	-1.4
170.	Share capital	10,369	10,369	-	-
180.	Treasury shares (-)	-179	-140	39	27.9
190.	Minority interests (+/-)	145	364	-219	-60.2
200.	Net income (loss) (+/-)	8,666	7,724	942	12.2
Total liabilities and shareholders' equity		**933,285**	**965,313**	**-32,028**	**-3.3**

Restated consolidated income statement

(millions of euro)

		2024 Restated	2023 Restated	Changes amount	%
10.	Interest and similar income	34,653	32,626	2,027	6.2
	of which: interest income calculated using the effective interest rate method	*29,489*	*28,583*	*906*	*3.2*
20.	Interest and similar expense	-16,533	-15,636	897	5.7
30.	**Interest margin**	**18,120**	**16,990**	**1,130**	**6.7**
40.	Fee and commission income	11,405	10,551	854	8.1
50.	Fee and commission expense	-2,784	-2,732	52	1.9
60.	**Net fee and commission income**	**8,621**	**7,819**	**802**	**10.3**
70.	Dividend and similar income	800	660	140	21.2
80.	Profits (Losses) on trading	497	521	-24	-4.6
90.	Fair value adjustments in hedge accounting	7	-59	66	
100.	Profits (Losses) on disposal or repurchase of:	57	-467	524	
	a) financial assets measured at amortised cost	*50*	*-58*	*108*	
	b) financial assets measured at fair value through other comprehensive income	*10*	*-445*	*455*	
	c) financial liabilities	*-3*	*36*	*-39*	
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	2,635	2,367	268	11.3
	a) financial assets and liabilities designated at fair value	*-5,342*	*-3,619*	*1,723*	*47.6*
	b) other financial assets mandatorily measured at fair value	*7,977*	*5,986*	*1,991*	*33.3*
120.	**Net interest and other banking income**	**30,737**	**27,831**	**2,906**	**10.4**
130.	Net losses/recoveries for credit risk associated with:	-1,139	-1,416	-277	-19.6
	a) financial assets measured at amortised cost	*-1,131*	*-1,359*	*-228*	*-16.8*
	b) financial assets measured at fair value through other comprehensive income	*-8*	*-57*	*-49*	*-86.0*
140.	Profits (Losses) on changes in contracts without derecognition	-28	-29	-1	-3.4
150.	**Net income from banking activities**	**29,570**	**26,386**	**3,184**	**12.1**
160.	Insurance service result	1,653	2,038	-385	-18.9
	a) insurance revenue arising from insurance contracts issued	*3,169*	*3,118*	*51*	*1.6*
	b) insurance service expenses arising from insurance contracts issued	*-1,446*	*-1,090*	*356*	*32.7*
	c) insurance revenue arising from reinsurance contracts held	*99*	*177*	*-78*	*-44.1*
	d) insurance service expenses arising from reinsurance contracts held	*-169*	*-167*	*2*	*1.2*
170.	Balance of financial income and expenses related to insurance operations	-5,804	-5,318	486	9.1
	a) net financial expenses/revenue related to insurance contracts issued	*-5,805*	*-5,319*	*486*	*9.1*
	b) net financial expenses/revenue related to reinsurance contracts held	*1*	*1*	*-*	*-*
180.	**Net income from banking and insurance activities**	**25,419**	**23,106**	**2,313**	**10.0**
190.	Administrative expenses:	-12,037	-11,582	455	3.9
	a) personnel expenses	*-7,444*	*-6,826*	*618*	*9.1*
	b) other administrative expenses	*-4,593*	*-4,756*	*-163*	*-3.4*
200.	Net provisions for risks and charges	-666	-326	340	
	a) commitments and guarantees given	*-80*	*50*	*-130*	
	b) other net provisions	*-586*	*-376*	*210*	*55.9*
210.	Net adjustments to / recoveries on property and equipment	-650	-691	-41	-5.9
220.	Net adjustments to / recoveries on intangible assets	-1,116	-981	135	13.8
230.	Other operating expenses (income)	1,161	910	251	27.6
240.	**Operating expenses**	**-13,308**	**-12,670**	**638**	**5.0**
250.	Profits (Losses) on investments in associates and companies subject to joint control	-26	172	-198	
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-23	-33	-10	-30.3
270.	Goodwill impairment	-	-	-	
280.	Profits (Losses) on disposal of investments	-1	168	-169	
290.	**Income (Loss) before tax from continuing operations**	**12,061**	**10,743**	**1,318**	**12.3**
300.	Taxes on income from continuing operations	-3,402	-2,996	406	13.6
310.	**Income (Loss) after tax from continuing operations**	**8,659**	**7,747**	**912**	**11.8**
320.	Income (Loss) after tax from discontinued operations	-	-	-	
330.	**Net income (loss)**	**8,659**	**7,747**	**912**	**11.8**
340.	Minority interests	7	-23	30	
350.	**Parent Company's net income (loss)**	**8,666**	**7,724**	**942**	**12.2**

Reconciliation between restated consolidated financial statements and reclassified consolidated financial statements

Reconciliation between restated consolidated balance sheet and reclassified consolidated balance sheet

(millions of euro)

Assets			31.12.2024	31.12.2023 Restated
Cash and cash equivalents			**40,533**	**89,717**
	Caption 10	Cash and cash equivalents	40,533	89,717
Due from banks			**36,128**	**31,299**
	Caption 40a (partial)	Financial assets measured at amortised cost - Loans to Banks (Contribution of banking business)	36,060	31,253
	Caption 20a (partial)	Financial assets held for trading - Due from banks (Contribution of banking business)	-	-
	Caption 20b (partial)	Financial assets designated at fair value - Due from banks (Contribution of banking business)	3	4
	Caption 20c (partial)	Other financial assets mandatorily measured at fair value - Due from banks (Contribution of banking business)	65	42
	Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income - Due from banks (Contribution of banking business)	-	-
Loans to customers			**421,512**	**430,493**
Loans to customers measured at amortised cost			***419,658***	***428,759***
	Caption 40b (partial)	Financial assets measured at amortised cost - Loans to customers (Contribution of banking business)	413,348	422,890
	Caption 40b (partial)	Financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others) (Contribution of banking business)	6,310	5,869
Loans to customers measured at fair value through other comprehensive income and through profit or loss			***1,854***	***1,734***
	Caption 20a (partial)	Financial assets held for trading - Loans to customers (Contribution of banking business)	73	95
	Caption 20b (partial)	Financial assets designated at fair value - Loans to customers (Contribution of banking business)	-	-
	Caption 20c (partial)	Other financial assets mandatorily measured at fair value - Loans to customers (Contribution of banking business)	788	737
	Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income - Loans to customers (Contribution of banking business)	993	902
Financial assets measured at amortised cost which do not constitute loans			**62,979**	**60,145**
	Caption 40a (partial)	Financial assets measured at amortised cost - Debt securities (banks) (Contribution of banking business)	2,400	1,725
	Caption 40b (partial)	Financial assets measured at amortised cost - Debt securities (Governments, financial and insurance companies) (Contribution of banking business)	60,579	58,420
Financial assets measured at fair value through profit or loss			**45,706**	**42,027**
	Caption 20a (partial)	Financial assets held for trading (Contribution of banking business)	41,328	38,042
	Caption 20b (partial)	Financial assets designated at fair value - Debt securities (Contribution of banking business)	3	1
	Caption 20c (partial)	Other financial assets mandatorily measured at fair value (Contribution of banking business)	4,375	3,984
Financial assets measured at fair value through other comprehensive income			**76,303**	**67,732**
	Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income (Contribution of banking business)	76,303	67,732
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			**104,344**	**101,718**
	Caption 20a (partial)	Financial assets held for trading (Contribution of insurance business)	38	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)	104,270	101,667
	Caption 50 (partial)	Hedging derivatives (Contribution of insurance business)	36	24
Financial assets pertaining to insurance companies measured at fair value through other comprehensive income			**72,973**	**72,135**
	Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income (Contribution of insurance business)	72,973	72,135
Equity investments			**3,036**	**2,490**
	Caption 70	Investments in associates and companies subject to joint control	3,036	2,490
Property, equipment and intangible assets			**18,884**	**19,409**
Assets owned			***17,655***	***18,020***
	Caption 90 (partial)	Property and equipment	7,795	8,463
	Caption 100	Intangible assets	9,860	9,557
Rights of use acquired under leases			***1,229***	***1,389***
	Caption 90 (partial)	Property and equipment	1,229	1,389
Tax assets			**12,916**	**14,536**
	Caption 110	Tax assets	12,916	14,536
Non-current assets held for sale and discontinued operations			**667**	**265**
	Caption 120	Non-current assets held for sale and discontinued operations	667	265
Other assets			**37,299**	**33,342**
	Caption 50	Hedging derivatives (Contribution of banking business)	6,469	6,982
	Caption 60	Fair value change of financial assets in hedged portfolios (+/-)	-3,602	-5,695
	Caption 80	Insurance assets	693	813
	Caption 130	Other assets	33,739	31,242
Total Assets			**933,285**	**965,313**

(millions of euro)

Liabilities		31.12.2024	31.12.2023 Restated
Due to banks at amortised cost		**45,082**	**92,545**
Caption 10 a)	Financial liabilities measured at amortised cost - Due to banks (Contribution of banking business)	45,084	92,549
- Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables) (Contribution of banking business)	-2	-4
Due to customers at amortised cost and securities issued		**552,029**	**547,652**
Caption 10 b)	Financial liabilities measured at amortised cost - Due to customers (Contribution of banking business)	443,339	441,773
Caption 10 c)	Financial liabilities measured at amortised cost - Securities issued (Contribution of banking business)	109,782	107,101
- Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables) (Contribution of banking business)	-1,092	-1,222
Financial liabilities held for trading		**42,866**	**43,487**
Caption 20	Financial liabilities held for trading (Contribution of banking business)	42,866	43,487
Financial liabilities designated at fair value		**23,437**	**21,344**
Caption 30	Financial liabilities designated at fair value (Contribution of banking business)	23,437	21,344
Financial liabilities at amortised cost pertaining to insurance companies		**1,412**	**2,199**
Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (Contribution of insurance business)	710	741
Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (Contribution of insurance business)	118	137
Caption 10 c) (partial)	Financial liabilities measured at amortised cost - Securities issued (Contribution of insurance business)	587	1,327
- Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables) (Contribution of insurance business)	-1	-
- Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables) (Contribution of insurance business)	-2	-6
Financial liabilities held for trading pertaining to insurance companies		**63**	**90**
Caption 20 (partial)	Financial liabilities held for trading (Contribution of insurance business)	16	7
Caption 40 (partial)	Hedging derivatives (Contribution of insurance business)	47	83
Financial liabilities designated at fair value pertaining to insurance companies		**50,646**	**51,438**
Caption 30 (partial)	Financial liabilities designated at fair value (Contribution of insurance business)	50,646	51,438
Tax liabilities		**2,097**	**1,947**
Caption 60	Tax liabilities	2,097	1,947
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		**18,655**	**15,125**
Caption 40	Hedging derivatives (Contribution of banking business)	4,363	5,105
Caption 50	Fair value change of financial liabilities in hedged portfolios (+/-)	-1,819	-3,967
Caption 80	Other liabilities	15,014	12,755
+Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables) (Contribution of banking business)	2	4
Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables) (Contribution of insurance business)	1	-
+Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables) (Contribution of banking business)	1,092	1,222
+Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables) (Contribution of insurance business)	2	6
Insurance liabilities		**126,081**	**119,849**
Caption 110	Insurance liabilities	126,081	119,849
Allowances for risks and charges		**5,591**	**5,308**
Caption 90	Employee termination indemnities	706	767
Caption 100 a)	Allowances for risks and charges - Loan commitments and guarantees given	601	525
Caption 100 b)	Allowances for risks and charges - Post-employment benefits	98	99
Caption 100 c)	Allowances for risks and charges - Other allowances for risks and charges	4,186	3,917
Share capital		**10,369**	**10,369**
Caption 170	Share capital	10,369	10,369
Reserves		**42,789**	**42,560**
Caption 130	Redeemable shares	-	-
Caption 150	Reserves	15,367	14,697
Caption 160	Share premium reserve	27,601	28,003
- Caption 180	Treasury shares (-)	-179	-140
Valuation reserves		**-2,035**	**-1,711**
Caption 120	Valuation reserves (Contribution of banking business and including IAS19 Reserves pertaining to insurance business)	-2,035	-1,711
Valuation reserves pertaining to insurance companies		**-297**	**-298**
Caption 120	Valuation reserves (Contribution of insurance business)	-297	-298
Interim dividend		**-3,022**	**-2,629**
Caption 155	Interim dividend (-)	-3,022	-2,629
Equity instruments		**8,706**	**7,948**
Caption 140	Equity instruments	8,706	7,948
Minority interests		**145**	**364**
Caption 190	Minority interests	145	364
Net income (loss)		**8,666**	**7,724**
Caption 200	Net income (loss) (+/-)	8,666	7,724
Total Liabilities and Shareholders' Equity		**933,285**	**965,313**

Reconciliation between restated consolidated income statement and reclassified consolidated income statement

(millions of euro)

Captions		2024 Restated	2023 Restated
Net interest income		**15,718**	**14,700**
Caption 30	Interest margin	18,120	16,990
- Caption 30 (partial)	Net interest income (Contribution of insurance business)	-2,279	-2,132
- Caption 30 (partial)	Interest margin - Reclassification of operations of entities not subject to management and coordination	-1	6
- Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	58	102
+ Caption 60 (partial)	Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates)	1	1
- Caption 30 (partial)	Components of net interest income relating to Profits (losses) on trading (Dividends received and paid within securities lending operations)	-1	8
+ Caption 80 (partial)	Hedging swap differentials	-118	-209
+ Caption 190 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	-37	-42
+ Caption 190 b) (partial)	Other administrative expenses (Amounts attributed to Net interest income - For Funding initiative)	-1	-
+ Caption 200 b) (partial)	Net provisions for risks and charges (Time value allowances for risks and charges)	-24	-24
Net fee and commission income		**9,386**	**8,576**
Caption 60	Net fee and commission income	8,621	7,819
- Caption 60 (partial)	Net fee and commission income - Insurance segment	736	663
- Caption 60 (partial)	Net fee and commission income - Reclassification of operations of entities not subject to management and coordination	2	3
- Caption 60 (partial)	Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates)	-1	-1
+ Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	64	55
+ 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)	186	214
+ 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)	6	4
+ Caption 160b) (partial)	Insurance service expenses arising from insurance contracts issued (Contribution of banking business) Fee and commission income Private Banking Division financial advisors	-57	-49
+ Caption 190 a) (partial)	Personnel expenses (Charges for incentive systems for employees of the distribution networks)	-81	-65
+ Caption 190 b) (partial)	Other administrative expenses (Recovery of expenses)	-90	-67
Income from insurance business		**1,735**	**1,666**
Caption 160	Insurance service result	1,653	2,038
Caption 170	Balance of financial income and expenses related to insurance operations	-5,804	-5,318
+ Caption 30 (partial)	Net interest income (Contribution of insurance business)	2,279	2,132
+ Caption 60 (partial)	Net fee and commission income (Contribution of insurance business)	-736	-663
+ 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)	519	453
+ Caption 80 (partial)	Profits (Losses) on trading (Contribution of insurance business)	-20	-80
+ 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	-228	-624
+ Caption 110 a) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss - Contribution of insurance business	-4,341	-2,820
+ 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)	7,732	6,009
+ 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)	30	-29
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Personnel expenses	361	343
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Other Administrative Expenses	164	178
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Depreciation Property and Equipment	19	22
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Amortisation of Intangible Assets	50	47
- 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	57	49
- Caption 160 b) (partial)	Costs for insurance services deriving from insurance contracts issued - release of insurance liabilities	-	-70
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment of insurance business	-	-1

(millions of euro)

Captions		2024 Restated	2023 Restated
Profits (Losses) on financial assets and liabilities at fair value		**256**	**306**
Caption 80	Profits (Losses) on trading	497	521
Caption 90	Fair value adjustments in hedge accounting	7	-59
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	-5,342	-3,619
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	7,977	5,986
Caption 100 b)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income	10	-445
Caption 100 c)	Profits (Losses) on disposal or repurchase of financial liabilities	-3	36
+ 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)	281	199
+ Caption 30 (partial)	Components of net interest income relating to Profits (losses) on trading (Dividends received and paid within securities lending operations)	1	-8
- Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	-64	-55
- Caption 80 (partial)	Profits (Losses) on trading (Contribution of insurance business)	20	80
- Caption 80 (partial)	Hedging swap differentials	118	209
- 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)	228	624
+ 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	133	125
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) (Contribution of banking business) - Effect associated with profits (losses) on trading	6	-
- 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)	-186	-214
- 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)	4,341	2,820
- 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)	-7,732	-6,009
- 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)	-75	-48
- 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)	46	-14
- 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)	-	171
- 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)	-7	7

(millions of euro)

Captions		2024 Restated	2023 Restated
Other operating income (expenses)		**12**	**-21**
Caption 70	Dividend and similar income	800	660
Caption 230	Other operating expenses (income)	1,161	910
+ Caption 30 (partial)	Interest margin - Reclassification of operations of entities not subject to management and coordination	1	-6
+ Caption 60 (partial)	Net fee and commission income - Reclassification of operations of entities not subject to management and coordination	-2	-3
+ 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)	5	13
- 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)	-281	-199
- 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)	-519	-453
- Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	-23	-32
- Caption 230 (partial)	Other operating expenses (income) (Recovery of indirect taxes)	-1,083	-962
- Caption 230 (partial)	Other operating expenses/(income) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	-179	21
- Caption 230 (partial)	Other operating expenses (income) (Valuation effects of other assets)	18	66
- 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)	11	9
- Caption 230 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	7	-7
- Caption 230 (partial)	Other operating expenses (income) (Effect of purchase price allocation) (Contribution of banking business)	-10	-
- Caption 230 (partial)	Other operating expenses (income) (National Resolution Fund settlement agreement)	130	-
+ Caption 190 b) (partial)	Other administrative expenses (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-8	-9
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-69	-68
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-4	-5
+ Caption 250 (partial)	Profits (losses) on investments in associates and companies subject to joint control (carried at equity)	57	44
Operating income		**27,107**	**25,227**
Personnel expenses		**-7,185**	**-7,026**
Caption 190 a)	Personnel expenses	-7,444	-6,826
- Caption 190 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	501	35
- Caption 190 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	37	42
- Caption 190 a) (partial)	Personnel expenses (Charges for incentive systems for employees of the distribution networks)	81	65
+ Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Personnel expenses	-361	-343
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	1	1
Other administrative expenses		**-2,979**	**-3,033**
Caption 190 b)	Other administrative expenses	-4,593	-4,756
- Caption 190 b) (partial)	Other administrative expenses (Amounts attributed to Net interest income - For Funding initiative)	1	-
- Caption 190 b) (partial)	Other administrative expenses (Charges for integration)	64	58
- Caption 190 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	462	721
- Caption 190 b) (partial)	Other administrative expenses (Recovery of expenses)	90	67
- Caption 190 b) (partial)	Other administrative expenses (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	8	9
- Caption 190 b) (partial)	Other administrative expenses (extraordinary taxes on international subsidiaries)	48	53
+ Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Other Administrative Expenses	-164	-178
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of indirect taxes)	1,083	962
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	22	31
Adjustments to property, equipment and intangible assets		**-1,406**	**-1,361**
Caption 210	Net adjustments to / recoveries on property and equipment	-650	-691
Caption 220	Net adjustments to / recoveries on intangible assets	-1,116	-981
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment of insurance business	-	1
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	52	58
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	17	21
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Effects of purchase price allocation)	-	1
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	69	68
+ Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Depreciation Property and Equipment	-19	-22
+ Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Amortisation of Intangible Assets	-50	-47
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	215	156
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	18	9
- Caption 220 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	54	61
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	4	5
Operating costs		**-11,570**	**-11,420**
Operating margin		**15,537**	**13,807**

(millions of euro)

Captions		2024 Restated	2023 Restated
Net adjustments to loans		**-1,274**	**-1,529**
Caption 140	Profits/losses from changes in contracts without derecognition	-28	-29
Caption 200 a)	Net provisions for risks and charges for credit risk related to commitments and guarantees given	-80	50
+ Caption 100 a) (partial)	Profits (losses) on disposal or repurchase of financial assets at amortised cost - Loans (Contribution of banking business)	-100	-200
+ Caption 100 a) (partial)	Profits (losses) on disposal or repurchase of financial assets at amortised cost - Debt securities (public entities, non-financial companies and others) (Contribution of banking business)	8	17
- 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)	43	72
+ 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)	-	-171
+ Caption 130 a) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost - Loans (Contribution of banking business)	-1,121	-1,281
+ 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)	-3	-3
+ 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)	-	14
+ Caption 200 b) (partial)	Net provisions for risks and charges (Provisions for non-recurring expenses)	7	2
Other net provisions and net impairment losses on other assets		**-680**	**-570**
Caption 260	Valuation differences on property, equipment and intangible assets measured at fair value	-23	-33
Caption 200 b)	Net provisions for risks and charges - Other net provisions	-586	-376
+ 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)	64	31
+ Caption 130 a) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (Governments, financial and insurance companies) (Contribution of banking business)	-7	-76
+ Caption 130 a) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities due to Banks (Contribution of banking business)	-	1
+ Caption 130 b) (partial)	Net adjustments/Recoveries for credit risk associated with financial assets designated at fair value through other comprehensive income - Debt securities (Contribution of banking business)	-38	-42
- Caption 200 b) (partial)	Net provisions for risks and charges - Other net provisions (Contribution to the Life Insurance Guarantee Fund)	-	-
- Caption 200 b) (partial)	Net provisions for risks and charges (Charges for integration)	1	-1
- Caption 200 b) (partial)	Net provisions for risks and charges (Time value allowances for risks and charges)	24	24
- Caption 200 b) (partial)	Net provisions for risks and charges (Effect of purchase price allocation)	-	-2
- Caption 200 b) (partial)	Net provisions for risks and charges (Provisions for non-recurring expenses)	-7	-2
+ Caption 160 b) (partial)	Costs for insurance services deriving from insurance contracts issued - release of insurance liabilities	-	70
- Caption 260 (partial)	Valuation differences on property, equipment and intangible assets measured at fair value	-	24
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	-17	-21
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	-18	-9
+ 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)	-18	-66
+ Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (Adjustments/recoveries due to impairment of associates)	-55	-92
Other income (expenses)		**153**	**348**
Caption 250	Profits (Losses) on investments in associates and companies subject to joint control	-26	172
Caption 280	Profits (Losses) on disposal of investments	-1	168
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)	136	125
Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) (Contribution of banking business)	6	-
- 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	-133	-125
- Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) (Contribution of banking business) - Effect associated with profits (losses) on trading	-6	-
+ Caption 230 (partial)	Other operating expenses/(income) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	179	-21
+ Caption 260 (partial)	Valuation differences on property, equipment and intangible assets measured at fair value	-	-24
- Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (carried at equity)	-57	-44
- Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (Adjustments/recoveries due to impairment of associates)	55	92
- Caption 280 (partial)	Profits (Losses) on disposal of investments (Effect of purchase price allocation)	-	5
Income (Loss) from discontinued operations		**-**	**-**
Caption 320	Income (Loss) after tax from discontinued operations	-	-
+ Caption 320 (partial)	Income (Loss) after tax from discontinued operations (Tax)	-	-
Gross income (loss)		**13,736**	**12,056**

(millions of euro)

Captions		2024 Restated	2023 Restated
Taxes on income		**-4,048**	**-3,440**
Caption 300	Taxes on income from continuing operations	-3,402	-2,996
+ Caption 190 b) (partial)	Other administrative expenses (extraordinary taxes on international subsidiaries)	-48	-53
+ Caption 230 (partial)	Other operating expenses (income) (National Resolution Fund settlement agreement)	-130	-
- Caption 300 (partial)	Taxes on income from continuing operations (Charges for integration)	-257	-93
- Caption 300 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	-51	-77
- Caption 300 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	-160	-221
- 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		**-587**	**-222**
+ Caption 190 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	-501	-35
+ Caption 190 b) (partial)	Other administrative expenses (Charges for integration)	-64	-58
+ Caption 200 b) (partial)	Net provisions for risks and charges (Charges for integration)	-1	1
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	-52	-58
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	-215	-156
+ Caption 230 (partial)	Other operating expenses (income) (Charges/revenues from integration)	-11	-9
+ Caption 300 (partial)	Taxes on income from continuing operations (Charges for integration)	257	93
Effect of purchase price allocation (net of tax)		**-94**	**-161**
+ Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	-58	-102
+ 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)	-43	-72
+ Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation) (Contribution of banking business)	-	1
+ Caption 200 b) (partial)	Net provisions for risks and charges (Effect of purchase price allocation)	-	2
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Effects of purchase price allocation)	-	-1
+ Caption 220 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	-54	-61
+ Caption 230 (partial)	Other operating expenses (income) (Effect of purchase price allocation) (Contribution of banking business)	10	-
+ Caption 280 (partial)	Profits (Losses) on disposal of investments (Effect of purchase price allocation)	-	-5
+ Caption 300 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	51	77
Levies and other charges concerning the banking and insurance industry (net of tax)		**-348**	**-486**
+ 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)	-46	14
+ Caption 200 b) (partial)	Net provisions for risks and charges - Other net provisions (Contribution to the Life Insurance Guarantee Fund)	-	-
+ Caption 190 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	-462	-721
+ Caption 300 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	160	221
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		**7**	**-23**
Caption 340	Minority interests	7	-23
Net income (loss)		**8,666**	**7,724**

Other consolidated attachments

List of the IAS/IFRS endorsed by the European Commission as at 31 December 2024

ACCOUNTING STANDARDS		Endorsement Regulation (*)
IFRS 1	First-time Adoption of International Financial Reporting Standards	1803/2023
IFRS 2	Share-based Payment	1803/2023
IFRS 3	Business Combinations	1803/2023
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1803/2023
IFRS 6	Exploration for and Evaluation of Mineral Resources	1803/2023
IFRS 7	Financial Instruments: Disclosures	1803/2023 mod. 1317/2024
IFRS 8	Operating Segments	1803/2023
IFRS 9	Financial Instruments	1803/2023
IFRS 10	Consolidated Financial Statements	1803/2023
IFRS 11	Joint Arrangements	1803/2023
IFRS 12	Disclosure of Interests in Other Entities	1803/2023
IFRS 13	Fair Value Measurement	1803/2023
IFRS 15	Revenue from Contracts with Customers	1803/2023
IFRS 16	Leases	1803/2023 mod. 2579/2023
IFRS 17	Insurance Contracts	1803/2023
IAS 1	Presentation of Financial Statements	1803/2023 mod. 2822/2023
IAS 2	Inventories	1803/2023
IAS 7	Statement of Cash Flows	1803/2023 mod. 1317/2024
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1803/2023
IAS 10	Events after the Reporting Period	1803/2023
IAS 12	Income Taxes	1803/2023 mod. 2468/2023
IAS 16	Property, Plant and Equipment	1803/2023
IAS 19	Employee Benefits	1803/2023
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1803/2023
IAS 21	The Effects of Changes in Foreign Exchange Rates	1803/2023 mod. 2862/2024 (1)
IAS 23	Borrowing costs	1803/2023
IAS 24	Related Party Disclosures	1803/2023
IAS 26	Accounting and Reporting by Retirement Benefit Plans	1803/2023
IAS 27	Separate Financial Statements	1803/2023
IAS 28	Investments in Associates and Joint Ventures	1803/2023
IAS 29	Financial Reporting in Hyperinflationary Economies	1803/2023
IAS 32	Financial Instruments: Presentation	1803/2023
IAS 33	Earnings per Share	1803/2023
IAS 34	Interim Financial Reporting	1803/2023
IAS 36	Impairment of Assets	1803/2023
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1803/2023
IAS 38	Intangible Assets	1803/2023
IAS 39	Financial Instruments: Recognition and Measurement (except for certain rules on hedge accounting)	1803/2023
IAS 40	Investment Property	1803/2023
IAS 41	Agriculture	1803/2023

(*) Regulation 1803/2023 of 13 August 2023, published in the Official Journal of the European Union (GUCE) of 26 September 2023, repealed and replaced the previous Regulation 1126/2008 which adopted the International Accounting Standards and related Interpretations issued or adopted by the IASB until 15 October 2008 and was subsequently subject to numerous amendments in order to include the Standards and related Interpretation issued or adopted by the IASB and adopted by Commission until 8 September 2022, in accordance with Regulation 1606/2002.
In order to simplify Union legislation on International Accounting Standards, for reason of clarity and transparency, Regulation 1126/2008 was repealed and replaced by Regulation 1803/2023 to which references to the repealed regulation are intended.
Therefore, Regulation 1126/2008 and subsequent amendments are no longer reported in this summary, as carried out until the 2022 Financial Statements, but only Regulation 1803/2023 and any subsequent amendments.

(1) Companies apply this Regulation at the latest as of the first financial year starting after 1 January 2025.

INTERPRETATIONS		Endorsement Regulation (*)
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1803/2023
IFRIC 2	Members' Shares in Cooperative Entities and Similar Instruments	1803/2023
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1803/2023
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1803/2023
IFRIC 7	Applying the Restatement Approach under IAS 29 - Financial Reporting in Hyperinflationary Economies	1803/2023
IFRIC 10	Interim Financial Reporting and Impairment	1803/2023
IFRIC 12	Service Concession Arrangements	1803/2023
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1803/2023
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1803/2023
IFRIC 17	Distributions of Non-cash Assets to Owners	1803/2023
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1803/2023
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1803/2023
IFRIC 21	Levies	1803/2023
IFRIC 22	Foreign Currency Transaction and Advance Consideration	1803/2023
IFRIC 23	Uncertainty over Income Tax Treatments	1803/2023
SIC 7	Introduction of the Euro	1803/2023
SIC 10	Government Assistance - No Specific Relation to Operating Activities	1803/2023
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	1803/2023
SIC 29	Service Concession Arrangements: Disclosures	1803/2023
SIC 32	Intangible Assets - Web Site Costs	1803/2023

(*) Regulation 1803/2023 of 13 August 2023, published in the Official Journal of the European Union (GUCE) of 26 September 2023, repealed and replaced the previous Regulation 1126/2008 which adopted the International Accounting Standards and related Interpretations issued or adopted by the IASB until 15 October 2008 and was subsequently subject to numerous amendments in order to include the Standards and related Interpretation issued or adopted by the IASB and adopted by Commission until 8 September 2022, in accordance with Regulation 1606/2002.
In order to simplify Union legislation on International Accounting Standards, for reason of clarity and transparency, Regulation 1126/2008 was repealed and replaced by Regulation 1803/2023 to which references to the repealed regulation are intended.
Therefore, Regulation 1126/2008 and subsequent amendments are no longer reported in this summary, as carried out until the 2022 Financial Statements, but only Regulation 1803/2023 and any subsequent amendments.

Report and Parent Company's financial statements

Report on operations

Financial highlights, Alternative Performance Measures and other measures (*)

Income statement figures (millions of euro)	2024	2023	Changes amount	Changes %
Net interest income	11,103	10,342	761	7.4
Net fee and commission income	5,700	5,252	448	8.5
Profits (Losses) on financial assets and liabilities at fair value	-102	107	-209	
Operating income	18,821	20,012	-1,191	-6.0
Operating costs	-8,895	-8,840	55	0.6
Operating margin	9,926	11,172	-1,246	-11.2
Net adjustments to loans	-1,158	-1,411	-253	-17.9
Net income (loss)	5,604	7,292	-1,688	-23.1

2024
2023

(*) For more detailed information on the Alternative Performance Measures, see the specific chapter of the Report on Operations in the consolidated financial statements.

Balance sheet figures (millions of euro)	31.12.2024	31.12.2023	Changes amount	Changes %
Loans to customers	355,103	367,492	-12,389	-3.4
Total assets	658,530	697,354	-38,824	-5.6
Direct customer deposits	480,668	474,498	6,170	1.3
Indirect customer deposits	344,710	313,243	31,467	10.0
of which: Assets under management	*220,264*	*204,916*	*15,348*	*7.5*
Shareholders' equity	54,369	56,040	-1,671	-3.0
Loans to customers/Direct customer deposits (%) (Loan to deposit ratio)	73.9	77.4		

Figures restated on a consistent basis, where necessary and material, considering the changes in the scope of reference.

31.12.2024

31.12.2023

Capital ratios (%)

Common Equity Tier 1 capital (CET1) net of regulatory adjustments/Risk-weighted assets (Common Equity Tier 1 capital ratio)	11.1	12.0
TIER 1 Capital / Risk-weighted assets	13.7	14.5
Total owns funds / Risk-weighted assets	16.8	17.3
Risk-weighted assets (millions of euro)	301,246	307,737

Profitability ratios (%)

Cost / Income	47.3	44.2
Net income / Shareholders' equity (ROE) [(a)]	14.0	17.9
Net income / Total assets (ROA) [(b)]	0.9	1.0

Figures restated on a consistent basis, where necessary and material, considering the changes in the scope of reference.

(a) Ratio of net income to shareholders' equity at the end of the period. Shareholders' equity does not take account of AT1 equity instruments and net income for the period.

(b) Ratio of net income to total assets at the end of the period.

2024 (Income statement figures)
31.12.2024 (Balance sheet figures)

2023 (Income statement figures)
31.12.2023 (Balance sheet figures)

Risk ratios (%)

Figures restated on a consistent basis, where necessary and material, considering the changes in the scope of reference.

Operating structure	31.12.2024	31.12.2023	Changes amount
Number of employees (c)	**64,425**	**65,243**	**-818**
Italy	63,444	64,305	-861
Abroad	981	938	43
Number of branches (d)	**2,743**	**3,082**	**-339**
Italy	2,727	3,066	-339
Abroad	16	16	-

Figures restated on a consistent basis, where necessary and material.

(c) The headcount shown refers to the actual number of employees at the end of the year, with part-time employees also counted as 1 unit.

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

31.12.2024

31.12.2023

The Parent Company Intesa Sanpaolo results

Introduction

The reclassified income statement and balance sheet of the Parent Company Intesa Sanpaolo S.p.A. as at and for the year ended 31 December 2024, accompanied by a brief comment on the income statement results and balance sheet aggregates are presented below.
For other information reference is made to the Report of the consolidated financial statements.

General aspects on the Reclassified Income Statement

The income statement is presented in a condensed reclassified format to enable a more immediate interpretation of the results. To guarantee comparison on a like-for-like basis, the income statement data referring to the previous periods have been restated, where necessary and if material, particularly in relation to changes in the scope of reference. This uniformity is achieved through restated figures, which include/exclude the values of the companies that entered or left the scope of reference.

As is known, as part of the larger project of creating a digital bank, set out in the 2022-2025 Business Plan of the Intesa Sanpaolo Group, the contribution of the first business line from Intesa Sanpaolo to Isybank S.p.A. was finalised with legal effect on 16 October 2023, executing the first wave of migration, which involved around 275 thousand customers, for around 1.7 billion euro in direct deposits. With effect from 18 March 2024, the transfer of the second batch of Intesa Sanpaolo customers to Isybank was also completed, involving around 78 thousand customers and approximately 436 million euro of direct deposits.
Given the immateriality of the related income statement effects, no restatements were made to the comparison period’s data.

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

The reclassifications and aggregations of captions in the reclassified income statement refer to:
- dividends relating to investments carried at equity, as well as those received and paid within the framework of securities lending, which have been reallocated to Profits (losses) on financial assets and liabilities at fair value;
- differentials on derivatives, classified to the trading book and contracted to hedge transactions in foreign currencies, which have been allocated among Net interest income owing to the close correlation;
- periodic fees and commissions on current accounts with positive balances applied to customers (excluding the retail customers and SMEs segment), in accordance with the provisions of the term sheets, which are accounted for as net interest income, inasmuch as they cover the financing cost incurred by the Bank;
- Profits (losses) on trading, Fair value adjustments in hedge accounting, Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss, Profits (losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income and on disposal or repurchase of financial liabilities – for the portion contributed by the banking segment – which have been reallocated to the single caption Profits (losses) on financial assets and liabilities at fair value, except for any amounts relating to adjustments on portions of loans mandatorily measured at fair value which, as they relate to the measurements of credit positions, are reclassified to the caption Net adjustments to loans in order to permit unitary representation of the adjustments relating to the same position;
- the share of the premium on the issue of the certificates paid to the networks for their placement, which is reclassified from Profits (losses) on trading and Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss to Net fee and commission income;
- the recoveries of expenses, taxes and duties, which have been subtracted from Other administrative expenses, instead of being included among Other income;
- the costs of several incentive systems for employees of the Group’s distribution networks, where funded by fee and commission income generated by the networks in question on the basis of deterministic quantification criteria correlated to the revenues concerned, which are reclassified from Personnel expenses to Fee and commission expense by analogy to the accounting treatment of incentive systems for non-employee financial advisors;
- Profits and losses on disposal or repurchase of financial assets measured at amortised cost (loans and debt securities representing loans), which have been allocated to Net adjustments to loans;
- Net losses/recoveries for credit risk associated with financial assets measured at amortised cost (loans and debt securities representing loans) and financial assets measured at fair value through other comprehensive income, the effects on the income statement of the changes in contracts and the net provisions for risks and charges for credit risk relating to commitments and guarantees given, attributed to the single item Net adjustments to loans. The caption also includes any amounts relating to credit risk adjustments to portions of loans mandatorily measured at fair value, which, as they relate to the measurement of credit positions, are reclassified to the caption Net adjustments to loans to permit unitary representation of the adjustments relating to the same position;
- the reversal in the time value of Employee termination indemnities and Allowances for risks and charges, which has been included among Net interest income, as a phenomenon deriving directly from the application of the amortised cost

criterion, in the absence of changes in projected future cash flows, in keeping with the treatment of the time value of financial assets measured at amortised cost;

- Net losses for credit risk associated with financial assets measured at amortised cost other than loans and net impairment losses on equity investments, as well as property and equipment and intangible assets (including property and other assets, also those resulting from the enforcement of guarantees or purchase at auction and intended for sale on the market in the near future), which have been reclassified to Other net provisions and net impairment losses on other assets. This last caption consequently includes – in addition to the provisions for risks and charges other than those relating to commitments and guarantees – the valuation effects of the assets other than loans, with the sole exception of impairment losses on intangible assets that have been reclassified to Impairment (net of tax) of goodwill and other intangible assets;
- realised profits (losses) on financial assets measured at amortised cost other than loans, on equity investments and on other investments, which have been reclassified to Other income (expenses). Accordingly, in addition to the income and expenses not strictly related to operations, this caption represents the summary of the effects from the realisation of assets other than loans. Profits (Losses) realised on debt securities represent an exception; in view of their business model, which involves management closely correlated with the other financial instruments, they are classified to Profits (Losses) on financial assets and liabilities at fair value;
- the amount paid by Intesa Sanpaolo to the National Resolution Fund under the settlement agreement signed by Intesa Sanpaolo (as the absorbing company of the former UBI Banca) and the Bank of Italy (as the managing entity of the National Resolution Fund) – aimed at regulating an aspect of the contract signed on 18 January 2017 between UBI Banca and the National Resolution Fund for the transfer from the Fund to UBI Banca of the entire share capital of Nuova Banca delle Marche S.p.A., Nuova Banca dell'Etruria e del Lazio S.p.A. and Nuova Cassa di Risparmio di Chieti S.p.A. – which was reclassified from Other operating expenses (income) to Taxes on income;
- Charges (net of tax) for integration and exit incentives, which are reclassified from Personnel expenses, Administrative expenses and other captions of the income statement to a separate caption;
- the Effects of purchase price allocation, net of tax, which are indicated in a specific caption. They normally represent adjustments to and any impairment losses on financial assets and liabilities as well as property, equipment and intangible assets which are measured at fair value as provided for by IFRS 3;
- Levies and other charges concerning the banking and insurance industry, with the latter relating to the contribution to the Life Insurance Guarantee Fund being set up, which have been reclassified, net of tax, to the specific caption;
- Impairment on goodwill, other intangible assets, and investments in subsidiaries, which are shown net of tax.

Reclassified income statement

(millions of euro)

	2024	2023	Changes	
			amount	%
Net interest income	11,103	10,342	761	7.4
Net fee and commission income	5,700	5,252	448	8.5
Profits (Losses) on financial assets and liabilities at fair value	-102	107	-209	
Other operating income (expenses)	2,120	4,311	-2,191	-50.8
Operating income	**18,821**	**20,012**	**-1,191**	**-6.0**
Personnel expenses	-5,586	-5,508	78	1.4
Administrative expenses	-2,167	-2,235	-68	-3.0
Adjustments to property, equipment and intangible assets	-1,142	-1,097	45	4.1
Operating costs	**-8,895**	**-8,840**	**55**	**0.6**
Operating margin	**9,926**	**11,172**	**-1,246**	**-11.2**
Net adjustments to loans	-1,158	-1,411	-253	-17.9
Other net provisions and net impairment losses on other assets	-310	-374	-64	-17.1
Other income (expenses)	183	212	-29	-13.7
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**8,641**	**9,599**	**-958**	**-10.0**
Taxes on income	-2,246	-1,668	578	34.7
Charges (net of tax) for integration and exit incentives	-442	-139	303	
Effect of purchase price allocation (net of tax)	-68	-110	-42	-38.2
Levies and other charges concerning the banking and insurance industry (net of tax)	-249	-403	-154	-38.2
Impairment (net of tax) of goodwill, other intangible assets and controlling interests	-32	13	-45	
Net income (loss)	**5,604**	**7,292**	**-1,688**	**-23.1**

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

The income statement for the year 2024 posted net income of 5,604 million euro, compared with 7,292 million euro for the previous year (-1,688 million euro; -23.1%), while gross income, amounting to 8,641 million euro, was down by 958 million euro (-10%) compared to 9,599 million euro in December 2023.

More specifically, the annual change in net income is attributable to:
- the decrease in Operating income of 1,191 million euro (-6%), attributable to lower Dividends (-2,243 million euro, -55.1%), and the decrease in Profits (Losses) on financial assets and liabilities at fair value (-209 million euro), only partly offset by the higher contribution from Net interest income (+761 million euro; +7.4%), Net fee and commission income (+448 million euro; +8.5%) and Other operating income (+52 million euro; +21.5%);
- higher Operating costs of 55 million euro (+0.6%), which include the increase in Personnel expenses (+78 million euro; +1.4%) and Depreciation and amortisation of property, equipment and intangible assets (+45 million euro; +4.1%), offset by the decrease in Administrative expenses (-68 million euro; -3%);
- a reduction in Net adjustments to loans of 253 million euro (-17.9%);
- a decrease in Other net provisions and net impairment losses on other assets of 64 million euro (-17.1%), of which 6 million euro due to higher Other net provisions, 83 million euro to lower net adjustments to securities measured at amortised cost and securities at fair value through other comprehensive income, and 12 million euro to higher Net impairment losses on other assets;
- lower Other income of 29 million euro (-13.7%);
- the tax effect related to the above changes and, in particular, the effect due to the lower contribution from dividends;
- the increase in Charges (net of tax) for integration of 303 million euro;
- a reduction in the charges connected to the Effect of purchase price allocation (net of tax) of 42 million euro;
- lower Levies and other charges concerning the banking and insurance industry (net of tax) of 154 million euro;
- greater negative effects in the caption Impairment (net of tax) of goodwill, other intangible assets and controlling interests of 45 million euro.

Net interest income, amounting to 11,103 million euro, increased by 761 million euro (+7.4%) on 2023 (+10,342 million euro).
Interest on financial assets amounted to 3,322 million euro, up 805 million euro (+32%), specifically due to the increase in the contribution from instruments measured at amortised cost which do not constitute loans (+174 million euro) and financial assets measured at fair value through other comprehensive income (+648 million euro).
The contribution from interbank transactions increased by 138 million euro (+15%), amounting to -1,059 million euro, compared to -921 million euro in December 2023.
The negative differentials on hedging derivatives also improved to -227 million euro, compared to -798 million euro at the end of 2023.
In contrast, customer dealing recorded a decrease of 972 million euro (-11.4%), mainly attributable to higher interest expense on securities issued (1,117 million euro), only partially offset by the increase in interest on relations with customers (145 million euro).
Finally, other net interest income, inclusive of that accrued on non-performing assets and other transactions with customers, made a positive contribution of +1,535 million euro, an increase of 496 million euro.

Net fee and commission income amounted to 5,700 million euro, up 448 million euro (+8.5%) on the previous year (5,252 million euro). The increase involved all the segments: commercial banking (+5 million euro; +0.2%), management, dealing and consultancy activities (+326 million euro; +13.1%), and other net fee and commission income (+116 million euro; +18.1%).
Within the commercial banking activities, there was an increase in fee and commission income on guarantees given and received (+31 million euro) and on collection and payment services (+28 million euro), partly offset by current accounts (-52 million euro), due to the Bank's reduction of the account maintenance fees charged to customers, and by fees and commissions on credit and debit cards (-2 million euro).
For the management, dealing and consultancy activities, the growth was mainly due to the higher contribution from dealing and placement of funds (+241 million euro), the increase in other management and dealing commissions (+45 million euro) and the higher contribution from the insurance segment (+32 million euro), partly offset by the lower contribution from the securities and derivatives segment (-4 million euro).
Lastly, for other net fee and commission income, the increase of 116 million euro was mainly due to the increase in fee and commission income on loans and the decrease in success fees paid.

Profits (losses) on financial assets and liabilities at fair value amounted to -102 million euro, compared to +107 million euro in the previous year (-209 million euro).
The change in the aggregate was seen in the net interest income with respect to the transactions in certificates, which generated positive effects on net interest income in terms of greater liquidity invested and negative effects on profits (losses) on trading related to the management of the financial risks of those instrument as a result of the market interest rate conditions, as well as the increase in average volumes of funding in certificates.
The decrease was specifically attributable to the fall in profits (losses) on trading and on financial instruments under fair value option (512 million euro, mainly due to the above-mentioned performance of certificates as well as the negative impact of the Own Credit Risk of those certificates) and the reduction in net gains from the repurchase of financial liabilities (-39 million euro), mainly relating to repurchases of own securities.
Conversely, positive contributions were provided by profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost (+60 million euro), also due to the disposal of mainly government HTCS and HTC debt securities, profits (losses) on hedges under hedge accounting (+66 million euro) and assets mandatorily measures at fair value through profit and loss (+215 million euro), mainly attributable to equity instruments and UCI units, including dividends, and to loans.

Other net operating income amounted to 2,120 million euro compared to 4,311 million euro in 2023, a decrease of 2,191 million euro (-50.8%). The aggregate includes dividends from investees, with the remainder comprised of sundry operating income. The change in the caption was almost fully attributable to the dividend component, which was down by 2,243 million euro (-55.1%). In particular, in 2024, dividends were recorded totalling 1,826 million euro, compared to 4,069 million euro in December 2023. Sundry operating income amounted to 294 million euro, an increase of 52 million euro compared to 2023 (+21.5%).

As a result of these changes, operating income amounted to 18,821 million euro, down 1,191 million euro (-6%) on the balance for the previous year, which was 20,012 million euro.

Operating costs amounted to 8,895 million euro, up slightly on December 2023 (+55 million euro; +0.6%), due to the increase in personnel expenses, which rose from 5,508 million euro to 5,586 million euro (+78 million euro; +1.4%), and depreciation and amortisation of property, equipment and intangible assets, which came to 1,142 million euro compared to 1,097 million euro at the end of 2023 (+45 million euro; +4.1%), partly offset by the decrease in other administrative expenses, which dropped from 2,235 million euro to 2,167 million euro (-68 million euro; -3%).

With specific regard to personnel expenses, the increase of 78 million euro (+1.4%) was mainly attributable to the impact of the fixed components of remuneration, offset by the lower decrease in variable components of remuneration.

For other administrative expenses, the decrease of 68 million euro (-3%) was mainly attributable to information technology expenses (38 million euro), management of real estate expenses (36 million euro), primarily correlated with the reduction in energy tariffs and the measures to contain consumption, and to indirect taxes and duties (18 million euro), partially offset by the growth in general structure costs (14 million euro) and legal and professional fees (11 million euro).

Lastly, the increase of 45 million euro (+4.1%) in depreciation and amortisation of property, equipment and intangible assets comprises 60 million euro (+8.8%) attributable to intangible assets, mainly due to technological investments focused on software. Conversely, property and equipment decreased by 15 million euro (-3.6%), mainly attributable to owned real estate assets involved in the periodic review of the residual useful life of clusters of owner-occupied properties, set out in Group policies.

The trends in operating income and costs described resulted in an operating margin of 9,926 million euro, compared to 11,172 million euro in the previous year, representing a decrease of 1,246 million euro, corresponding to -11.2%.
The cost/income ratio for December 2024 amounted to 47.3%, an increase on the figure for 2023 (44.2%).

Net adjustments to loans amounted to 1,158 million euro, down 253 million euro (-17.9%) on December 2023 (1,411 million euro).
The change in the caption was largely attributable to the decrease of 232 million euro in net adjustments to Stage 3 non-performing loans, as the result of a significant decrease in adjustments to bad loans (-286 million euro) and unlikely-to-pay loans (-8 million euro), against an increase for past due loans (+62 million euro).
Stage 1 loans recorded positive results, with greater recoveries for 93 million euro (95 million euro in recoveries as at December 2024, compared to 2 million euro of recoveries at the end of the previous year).
Those decreases are partially offset by higher net losses from changes in contracts without derecognition for 32 million euro (net losses of 8 million euro in December 2024, compared to net profits of 24 million euro at the end of 2023) and by higher net provisions relating to commitments and guarantees given for 40 million euro.
In December 2024, the ratio of gross NPLs to total loans stood at 2.3%, in line with the figure in December 2023 (2.3%). The cost of credit – expressed as the ratio of net adjustments to net loans – decreased in 2024 to 33 bps, compared to 38 bps in 2023. The reduction in the cost of credit was supported by a very low volume of inflows from performing to non-performing loans (2.2 billion euro net of outflows to assets held for sale and returns to performing status).
The coverage ratio of non-performing loans in December 2024 amounted to 47.7%, more or less in line with the figure in December 2023 (47.8%). Specifically, bad loans required net adjustments of 229 million euro, down from the figure for December 2023 (515 million euro), with a coverage ratio of 66.5%. Net impairment losses on unlikely-to-pay loans, totalling 690 million euro, were down slightly (-1.1%) compared to 698 million euro recorded in 2023, with a coverage ratio of 39%. Net adjustments to past-due loans amounted to 328 million euro (266 million euro in 2023), with a coverage ratio of 23.3%. The coverage ratio for forborne positions within the non-performing loan category was 42.6%. Finally, the coverage ratio of performing loans was 0.41% and incorporated the physiological risk inherent in the loan portfolio.

Other net provisions and net impairment losses on other assets amounted to 310 million euro, compared to 374 million euro in December 2023, a decrease of 64 million euro. These related to provisions for legal disputes and other charges (106 million euro), net adjustments to debt securities measured at amortised cost not treated as loans and to debt securities measured at fair value through other comprehensive income (14 million euro), and net impairment losses on other assets (189 million euro).

Other income (expenses), which include profits (losses) on financial assets measured at amortised cost other than loans, on equity investments and on other investments and other income and expenses not strictly linked to operations, provided a positive contribution of 183 million euro, benefiting from income relating to commercial agreements signed by the Bank. These compared to 212 million euro at the end of 2023, which included 230 million euro in gains on the sale of Zhong Ou Asset Management Company Limited.

Gross income amounted to 8,641 million euro, down 958 million euro (-10%) on the previous year (9,599 million euro).

Taxes on income calculated on the components contributing to gross income amounted to -2,246 million euro, compared to -1,668 million euro in the previous year. The caption also includes a benefit of 336 million euro from the recognition of deferred tax assets related to losses carried forward pertaining to the merged companies UBI Banca and Provis (352 million euro in 2023 pertaining to the merged companies UBI Banca, UBI Leasing and UBI Factor).

Charges (net of tax) for integration and exit incentives amounted to -442 million euro and related to personnel expenses (-292 million euro), essentially attributable to the charge relating to the exit incentive for personnel based on the trade union agreement of 23 October 2024, to depreciation and amortisation (-129 million euro), and other administrative expenses (-21 million euro). These compare with -139 million euro in December 2023, mainly attributable to depreciation and amortisation (-109 million euro), personnel expenses (-19 million euro) and other administrative expenses (-17 million euro).

The effect of purchase price allocation (net of tax) amounted to -68 million euro, compared to -110 million euro in December 2023. This caption comprises amounts attributable to valuations of loans, debts, real estate and the recognition of new intangible assets, in application of IFRS 3, upon recognition of acquisition of equity investments and/or aggregate assets.

Levies and other charges concerning the banking and insurance industry (net of tax) includes the levies imposed by legislative provisions and/or aimed at maintaining the stability of the banking and insurance industry and consequently outside the company management.
In 2024, those charges amounted to 249 million euro, compared with 403 million euro in 2023, which included 194 million euro in charges for the European Resolution Fund, which is currently funded for the EU countries in the banking union.
The charges recognised during the reporting period may be broken down as follows: 211 million euro attributable to deposit guarantee funds, 31 million euro from the write-downs of the Atlante Fund and the Italian Recovery Fund, as well as 7 million euro attributable to the new life insurance guarantee fund.

The impairment (net of tax) of goodwill, other intangible assets and controlling interests amounted to -32 million euro, primarily due to the write-down of several controlling interests.
As at December 2023, the caption stood at +13 million euro, with -31 million euro due to the write-down of several controlling interests, offset by +44 million euro resulting from the partial release of the provision made in 2022 to cover the indirect risks associated with the investment held in Pravex Bank Joint-Stock Company, in connection with the ongoing conflict, aimed at capturing the value of the equity contributed by the subsidiary to the Group’s Financial Statements.

General aspects relating to the Reclassified Balance Sheet

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

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

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

Reclassified balance sheet

(millions of euro)

Assets	31.12.2024	31.12.2023	Changes	
			amount	%
Cash and cash equivalents	26,201	72,829	-46,628	-64.0
Due from banks	36,462	31,828	4,634	14.6
Loans to customers	355,103	367,492	-12,389	-3.4
Loans to customers measured at amortised cost	*353,667*	*366,019*	*-12,352*	*-3.4*
Loans to customers measured at fair value through other comprehensive income and through profit or loss	*1,436*	*1,473*	*-37*	*-2.5*
Financial assets measured at amortised cost which do not constitute loans	56,540	53,950	2,590	4.8
Financial assets measured at fair value through profit or loss	46,709	43,172	3,537	8.2
Financial assets measured at fair value through other comprehensive income	57,698	51,164	6,534	12.8
Equity Investments	25,659	24,055	1,604	6.7
Property, equipment and intangible assets	12,049	12,489	-440	-3.5
Assets owned	*11,121*	*11,433*	*-312*	*-2.7*
Rights of use acquired under leases	*928*	*1,056*	*-128*	*-12.1*
Tax assets	11,617	13,564	-1,947	-14.4
Non-current assets held for sale and discontinued operations	577	178	399	
Other assets	29,915	26,633	3,282	12.3
Total Assets	**658,530**	**697,354**	**-38,824**	**-5.6**

Liabilities	31.12.2024	31.12.2023	Changes	
			amount	%
Due to banks at amortised cost	70,452	115,426	-44,974	-39.0
Due to customers at amortised cost and securities issued	448,189	444,567	3,622	0.8
Financial liabilities held for trading	44,291	45,045	-754	-1.7
Financial liabilities designated at fair value	23,440	21,345	2,095	9.8
Tax liabilities	529	477	52	10.9
Liabilities associated with non-current assets held for sale and discontinued operations	5	2	3	
Other liabilities	13,383	10,455	2,928	28.0
of which lease payables	*955*	*1,081*	*-126*	*-11.7*
Allowances for risks and charges	3,872	3,997	-125	-3.1
of which allowances for commitments and financial guarantees given	*427*	*407*	*20*	*4.9*
Share capital	10,369	10,369	-	-
Reserves	32,704	32,908	-204	-0.6
Valuation reserves	26	175	-149	-85.1
Interim dividend	-3,022	-2,629	393	14.9
Equity instruments	8,688	7,925	763	9.6
Net income (loss)	5,604	7,292	-1,688	-23.1
Total liabilities and shareholders' equity	**658,530**	**697,354**	**-38,824**	**-5.6**

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

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

As at 31 December 2024, loans to customers totalled 355 billion euro, down slightly on 367.5 billion euro for the previous year (-12.4 billion euro; -3.4%). This was mainly due to the decrease in commercial banking loans (-14 billion euro; -4.1%), in particular mortgages (-10.9 billion euro; -5.2%) and short-term loans in the form of advances and loans (-2.8 billion euro; -2.3%). Market interest rates, which remained high during the year, led businesses to limit their use of bank loans, relying instead on their own liquidity or alternative sources of funding. Additionally, the expiry of loans granted during the pandemic to support the economy using state aid has continued.
In contrast, there was an increase in repurchase agreements (+1.4 billion euro; +8.2%) and loans represented by securities (+0.3 billion euro; +5.6%).
Finally, net non-performing exposures were more or less stable, from 4.4 billion euro as at 31 December 2023 to 4.3 billion euro at the end of 2024.
The trends in the individual components show:
- an increase in bad loans from 773 million euro to 951 million euro (+23%), with a coverage ratio of 66.5%;
- a reduction in unlikely-to-pay loans, which fell from 3,244 million euro to 3,115 million euro, corresponding to -4%, with a coverage ratio of 39%;
- a decrease in past-due loans, which amounted to 278 million euro compared to 369 million euro as at 31 December 2023 (-24.6%), with a coverage ratio of 23.3%.

The non-performing assets percentage of total net loans to customers amounted to 1.2% (1.1% according to the EBA definition), stable on December 2023 (0.9% according to the EBA definition), with a coverage ratio for non-performing loans of 47.7%.
Net performing loans (not represented by securities) amounted to 344.9 billion euro, compared to 357.6 billion euro as at 31 December 2023, representing a decrease of 12.6 billion euro (-3.5%). The related average coverage was 0.41% (Stage 1 at 0.11% and Stage 2 at 4.29%) substantially in line with the figure as at 31 December 2023 (0.45%, of which Stage 1 at 0.15% and Stage 2 at 4.26%).
Within the non-performing loan category, forborne exposures, related to forbearance measures for borrowers experiencing difficulty in meeting their financial obligations, amounted to 1.6 billion euro, with a coverage ratio of 42.6%. Forborne exposures in the performing loan category amounted to 3.8 billion euro.

Financial assets measured at fair value through profit or loss - which included financial and credit derivatives and debt and equity securities held for trading and mandatorily measured at fair value - are analysed together with the financial liabilities held for trading and designated at fair value, net of certificates, included in the direct deposits. As at 31 December 2024, this aggregate amounted to +11.5 billion euro, compared to +6.7 billion euro in December 2023, representing a change of +4.7 billion euro (+70.7%). This performance was attributable both to financial assets held for trading, up 3.5 billion euro (+8.2%) mainly due to equity instruments (+5.7 billion euro) - which include investments correlated with financial trading derivatives on equity instruments and stock indices - partly absorbed by the decrease in debt securities (-2.2 billion euro), and the lower financial liabilities held for trading for 1.2 billion euro (-3.3%), whose change was mainly due to short selling (-1.4 billion euro).

Financial assets measured at fair value through other comprehensive income amounted to 57.7 billion euro. These assets, which consisted of debt securities of 56.4 billion euro and equity investments and private equity interests of 1.3 billion euro, increased by 6.5 billion euro (+12.8%), primarily due to non-structured debt securities. HTCS debt securities have primarily been classified to Stage 1 (99.4%).

Financial assets measured at amortised cost which do not constitute loans amounted to 56.5 billion euro, up by +2.6 billion euro (+4.8%) compared to the end of the previous year, mainly as a result of the increase in debt securities issued by governments (+4.2 billion euro) and banks (+0.5 billion euro), offset by the decrease in debt securities of other financial companies (-2.2 billion euro). HTC debt securities have primarily been classified to Stage 1 (93.2%).

Direct deposits, consisting of amounts due to customers at amortised cost and securities issued, as well as certificates, which are a form of funding not measured at amortised cost alternative to bonds, totalled 480.7 billion euro, up 6.2 billion euro (+1.3%) compared to 31 December 2023. The positive performance of the total funding was mainly driven by repurchase agreements and securities lending (+2.6 billion euro; +20.3%), used in the treasury management policies, bond funding (+6.4 billion euro; +6.9%) and certificates (+2.5 billion euro; +8.5%), partly offset by the decrease in current accounts and deposits (-5.1 billion euro; -1.6%). This trend should be understood in a context of interest rates that remain high, where businesses used their liquidity to reduce their use of bank credit, and private customers reallocated some of the amounts available on current accounts towards more remunerative investment products.

As at 31 December 2024, the net interbank position – calculated considering all the on-demand liquidity, both at Central Banks and at other banks, recognised under Cash and cash equivalents, and no longer just that with the ECB – showed a negative imbalance of 10.2 billion euro, compared to -13 billion euro at the end of 2023, representing a decrease of 2.7 billion euro, corresponding to -21.2%.
The change reflects a 39% reduction in liabilities, mainly attributable to the total repayment of the TLTRO III during the first half of 2024 (36 billion euro in March and 9 billion euro in June).
On the side of assets held at banks, there was also a decrease of 41.2%, mainly due to liquidity in on-demand deposits with central banks (-47 billion euro), and in particular with the ECB (-46.5 billion euro). Amounts due from banks grew by a total of 14.6%, which reflected the movements, also in opposite directions, of different technical forms through which normal interbank operations are carried out.

Equity investments, which amounted to 25.7 billion euro, included controlling interests in subsidiaries, associates and companies subject to joint control, and were up 1.6 billion euro from the end of the previous year (+6.7%).

Property, equipment and intangible assets amounted to 12 billion euro, down 0.4 billion euro (-3.5%) compared to 12.5 billion euro as at 31 December 2023.

Tax assets, net of tax liabilities, amounted to 11.1 billion euro, a decrease of 2 billion euro (-15.3%) compared to 31 December 2023.

Allowances for risks and charges amounted to around 3.9 billion euro, essentially in line with the 4 billion euro at the end of the previous year (-0.1 billion euro; -3.1%).

Non-current assets held for sale and discontinued operations and related liabilities contain assets and related liabilities which no longer refer to continuing operations as they are being disposed of.
As at 31 December 2024 assets held for sale amounted to 577 million euro, composed of: i) properties for 536 million euro, mainly referring to the transfer defined under the comprehensive agreement between the Bank and Coima, which is expected to be concluded during 2025; ii) non-performing loans for 34 million euro, to be sold on-balance sheet as part of a de-risking transaction approved in December 2024. The associated liabilities amounted to 5 million euro.
As at 31 December 2023 assets held for sale came to 139 million euro, referring to a portfolio consisting of both unlikely-to-pay loans and performing positions, almost all of which were sold on 15 April 2024, associated liabilities of 2 million euro and property and equipment for 39 million euro.

Shareholders' equity amounted to 54.4 billion euro, compared to 56 billion euro recorded as at 31 December 2023, which was impacted by interim dividends on the net income for 2023, paid in November 2023 (-2.6 billion euro).
This aggregate included the net income earned in the current year (5,604 million euro) and reflected the remaining dividend for 2023 paid in May 2024 (-2.8 billion euro) and the interim dividend from the 2024 income paid in November 2024 (3 billion euro).
As at 31 December 2024, the caption also included the deduction of 1.7 billion euro relating to purchases relating to the programme of purchase of own shares for annulment (buyback) - authorised by the ECB by decision notified on 11 March 2024 and concluded on 18 October 2024 - as well as the allocation to the Reserve pursuant to Article 26, paragraph 5-bis of Decree Law no. 104 of 10 August 2023, converted with amendments by Law no. 136 of 9 October 2023 (+2 billion euro) in line with the resolutions of the Shareholders' Meeting of 24 April 2024 on allocating the income for 2023.
The increase in Additional Tier 1 equity instruments is attributable to the issuance on 20 May 2024 of a fixed-rate perpetual bond denominated in euro for a total nominal amount of 1 billion euro and the early repayment of a perpetual bond on 16 May 2024 (for -0.2 billion euro).

Own funds amounted to 50.6 billion euro, while the Common Equity Tier 1 ratio stood at 11.1%, well above the minimum required.

Other information

Pursuant to article 2497 and subsequent articles of the Italian Civil Code, Intesa Sanpaolo exercises management and coordination activities for its direct and indirect subsidiaries, including companies which, on the basis of current laws, are not part of the Banking group, with the exception of Risanamento S.p.A. and its subsidiaries.
This Report on operations of Intesa Sanpaolo S.p.A. includes only a comment on the Bank's performance, as shown in the previous pages, and related Alternative Performance Measures. For all other information required by laws or regulations, reference should be made to the Notes to these Parent Company's financial statements or the Consolidated financial statements and to the related Report on operations, when illustrating specific themes.

Specifically, reference should be made to the Notes to these Parent Company's financial statements with regard to:

– information on the Bank's connections and transactions with related parties, which is provided in Part H. To enable a comprehensive understanding, Part H presents not only the information required by IAS 24 but also that required by Article 5, paragraph 8, of Consob Regulation 17221 of 12 March 2010 (adopted pursuant to Article 2391-bis of the Italian Civil Code);
– information on financial and operational risks, reported in Part E, which specifically illustrates the objectives and policies regarding the assumption, management and hedging of financial risks;
– the list of subsidiaries, companies subject to joint control and companies subject to significant influence, provided in Part B - Assets - Section 7;
– transactions with subsidiaries, companies subject to joint control and companies subject to significant influence, provided in Part H;
– information on capital, included in Part B - Liabilities - Section 12, and in Part F.

Reference should instead be made to the Consolidated financial statements with regard to:

– information on the main risks and uncertainties, illustrated in the chapter "Overview of 2024" of the Report on operations, which also includes the management's going concern assessment;
– the update on the disclosure on the control actions and main accounting issues related to the Russia-Ukraine risk, included in the above-mentioned chapter "Overview of 2024". Further information in this regard is provided in the Notes to the consolidated financial statements, in Part E - Information on risks and relative hedging policies, in the section on credit risk, where the exposures to Russia and Ukraine and the related valuation aspects are discussed. Such disclosure supplements and completes what already covered in Part A - Section 4 - Other aspects, of the Notes to the financial statements regarding several aspects of risks and uncertainties linked to the war;
– the information on sustainability pursuant to Legislative Decree 125 of 6 September 2024 (which implemented in Italy Directive 2022/2464/EU on corporate sustainability reporting) which, as permitted by the regulations, was provided at Group level and, therefore, included in a specific section of the Report on operations of the consolidated financial statements, called "Consolidated Sustainability Statement". That information is helpful in understanding the impact of the Intesa Sanpaolo Group on sustainability matters and how sustainability matters affect the Group's development, performance, and position;
– more in general, ESG (Environmental, Social and Governance) topics and climate-related topics, whose identification and control is discussed in Part A, Section 5 – Other aspects, of the Notes to the consolidated financial statements, which also summarises the characteristics and risk aspects of the financial instruments in the in the context of the Group's green financing activities , while Part E, Scope of risks, illustrates the integration of ESG risks, climate-related risk in particular, within the risk management framework;
– the certification of compliance, during the year 2024, with the conditions required by Article 15 of the Consob Market Regulation 20249/2017 (as amended) for the listing of shares of companies controlling companies established and regulated under the laws of non-EU countries, provided in Part E of the Notes to the consolidated financial statements, in the introductory section on the Manager responsible for preparing the Company's financial reports;
– the definition of and methods for constructing the Alternative Performance Measures used, provided in a specific chapter of the Report on operations of the consolidated financial statements.

For information on Intesa Sanpaolo's corporate governance and ownership structure of, required by Article 123-bis of the Consolidated Law on Finance, reference is made to the summary provided in the Report on operations of the consolidated financial statements (chapter "Corporate Governance and remuneration policies") and in the specific separate "Report on Corporate Governance and Ownership Structures" available in the Governance section of the Group's website, at www.group.intesasanpaolo.com.
Finally, the disclosure on remuneration pursuant to Article 123-ter of the Consolidated Law on Finance is summarised in the Report on operations of the consolidated financial statements (chapter "Corporate Governance and remuneration policies") and illustrated in the separate "Report on remuneration policy and compensation paid", published in the Governance section of the Group's website.

Forecast for 2025

In 2025, compared to 2024, for Intesa Sanpaolo it is envisaged:
- growth in revenues;
- decrease in operating costs;
- low cost of risk;
- lower levies and other charges concerning the banking and insurance industry due to no further contribution to the deposit guarantee scheme;
- increase in net income.

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 2025 versus the dividend per share for 2024[202];
- buyback of 2 billion euro to be launched in June 2025 (authorised by the ECB)[203];
- additional distribution for 2025 to be quantified when full-year results are approved.

The Board of Directors

Turin, 27 February 2025

[202] Subject to the approval from the Shareholders' Meeting.
[203] See the previous note.

Proposals to the Shareholders' Meeting

Distinguished Shareholders,

pursuant to Article 2364 of the Italian Civil Code and Articles 7.3 and 29.3 of the Company's Articles of Association, we hereby submit for your approval the financial statements of the Parent Company Intesa Sanpaolo S.p.A. as at and for the year ended 31 December 2024 and the related proposal for allocation of net income for the year and distribution of reserves.

The reclassifications made to the shareholders' equity items are described in section 12 of Part B - Liabilities of the Notes to the Financial Statements. You are also reminded that, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree 38/2005 currently in force, a portion of net income corresponding to capital gains recognised in the income statement, net of the related tax charge and other than the gains from trading financial instruments and foreign exchange and hedging transactions, arising from application of the fair value criterion, must be recorded in an unavailable reserve. As at 31 December 2024, this portion amounted to 303,700,836.47 euro. Also as a result of the application of the above-mentioned article, following the realisation of gains or the recognition of losses, the unavailable reserve was reduced, through a transfer to the Extraordinary reserve, by 306,523,455.30 euro, making this amount available for distribution.

On 31 October 2024, in compliance with the provisions of paragraph 4 of Article 2433-bis of the Italian Civil Code, the Board of Directors approved the distribution of an interim dividend from the 2024 net income, totalling 3,022,396,312.63 euro[204], corresponding to a unit amount of 17.00 euro cents for each of the 17,778,801,839 ordinary shares outstanding on the record date of 19 November 2024. The dividend was paid out on 20 November 2024 (with coupon presentation on 18 November 2024).

Given the above, the following proposals are submitted for your approval:

	(euro)
Net income for the year	5,603,701,744.05
Allocation to the Reserve pursuant to Article 6 paragraph 1, letter a) of Legislative Decree no. 38/2005	303,700,836.47
Interim dividend for 2024 of 17.00 euro cents, as approved by the Board of Directors on 31 October 2024 and distributed on 20 November 2024, for each of the 17,778,801,839 ordinary shares outstanding on the record date of 19 November 2024, for a total of	3,022,396,312.63
Allocation of a dividend of 12.65 euro cents per share to the 17,803,670,501 ordinary shares currently constituting the share capital, for a total of	2,252,164,318.38
Assignment to the Allowance for charitable, social and cultural contributions	24,000,000.00
Assignment to the Extraordinary reserve of the residual net income	1,440,276.57
Distribution from the available portion of share premium reserve of a unit amount of 4.45 euro cents, totalling	792,263,337.29

Therefore, the dividend for the year 2024 – considering the interim dividend of 3,022 million euro already paid and the remaining dividend of 2,252 million euro yet to be paid – and the distribution of the available portion of reserves of 792 million euro would result in a total distributed amount of around 6,067 million euro, corresponding to a payout ratio of 70% of consolidated net income.
This distribution of reserves shall be subject to the same tax regime as the distribution of dividends.

If this proposal is approved[205], the consolidated capital requirements would show a Common Equity Tier 1 ratio of 13.3% and a Total Capital Ratio of 19.0%, both amply meeting the requirements of the EU Bodies and the Supervisory Authority. At Parent Company level as well, the capital requirements would be well above the minimum requirements.

We propose that the remaining dividend for 2024, as well as the distribution of reserves, be paid, in compliance with the legal provisions, with effect from 21 May 2025 (payment date), with record date pursuant to Article 83-terdecies of the Consolidated Law on Finance on 20 May 2025 and coupon presentation date on 19 May 2025.

Any own shares held by the Bank on the record date will not be entitled to dividends or distributions from the Share premium reserve, and the related amounts will be transferred to the Extraordinary reserve.

[204] It does not include the interim dividend on the 24,868,662 own shares held at the record date, equal to 4,227,672.54 euro.

[205] Considering a buyback amount of 2 billion euro authorised by the ECB, to be launched in June 2025, subject to the approval of the Shareholders' Meeting.

If the proposal submitted is approved by you, the shareholders' equity of Intesa Sanpaolo S.p.A. will be as shown in the table below.

(millions of euro)

Shareholders' equity	Annual report 2024	Changes	Share capital and reserves of Annual Report 2024 after the Shareholders' Meeting resolutions
Share capital	**10,369**	**-**	**10,369**
Share premium reserve	27,760	-792	26,968
Reserves (including the Extraordinary reserve)	5,024	305	5,329
Valuation reserves	26	-	26
Equity instruments	8,688	-	8,688
Interim dividend	-3,022	3,022	-
Own shares	-80	-	-80
Total reserves	**38,396**	**2,535**	**40,931**
TOTAL	**48,765**	**2,535**	**51,300**

The Board of Directors

Turin, 27 February 2025

Parent Company's financial statements

Financial statements

Balance sheet

(euro)

Assets		31.12.2024	31.12.2023	Changes amount	Changes %
10.	Cash and cash equivalents	26,201,082,223	72,828,943,138	-46,627,860,915	-64.0
20.	Financial assets measured at fair value through profit or loss	47,294,542,518	43,785,365,325	3,509,177,193	8.0
	a) financial assets held for trading	*42,529,311,636*	*39,506,143,238*	*3,023,168,398*	*7.7*
	b) financial assets designated at fair value	*1,552,447*	*1,380,152*	*172,295*	*12.5*
	c) other financial assets mandatorily measured at fair value	*4,763,678,435*	*4,277,841,935*	*485,836,500*	*11.4*
30.	Financial assets measured at fair value through other comprehensive income	58,611,996,503	52,066,232,774	6,545,763,729	12.6
40.	Financial assets measured at amortised cost	446,605,194,584	451,755,089,080	-5,149,894,496	-1.1
	a) due from banks	*38,429,971,278*	*33,275,068,647*	*5,154,902,631*	*15.5*
	b) loans to customers	*408,175,223,306*	*418,480,020,433*	*-10,304,797,127*	*-2.5*
50.	Hedging derivatives	5,782,280,340	6,224,683,916	-442,403,576	-7.1
60.	Fair value change of financial assets in hedged portfolios (+/-)	-3,572,021,913	-5,572,700,613	-2,000,678,700	-35.9
70.	Equity investments	25,659,096,238	24,054,704,127	1,604,392,111	6.7
80.	Property and equipment	7,255,248,447	7,982,644,001	-727,395,554	-9.1
90.	Intangible assets	4,793,600,571	4,506,341,337	287,259,234	6.4
	of which:				
	- goodwill	*67,487,402*	*67,487,402*	*-*	*-*
100.	Tax assets	11,617,204,405	13,563,991,540	-1,946,787,135	-14.4
	a) current	*1,472,690,740*	*1,809,593,489*	*-336,902,749*	*-18.6*
	b) deferred	*10,144,513,665*	*11,754,398,051*	*-1,609,884,386*	*-13.7*
110.	Non-current assets held for sale and discontinued operations	577,382,307	178,302,844	399,079,463	
120.	Other assets	27,704,860,942	25,979,994,126	1,724,866,816	6.6
Total assets		**658,530,467,165**	**697,353,591,595**	**-38,823,124,430**	**-5.6**

Balance sheet

(euro)

Liabilities and Shareholders' Equity		31.12.2024	31.12.2023	Changes amount	Changes %
10.	Financial liabilities measured at amortised cost	519,596,306,832	561,074,517,815	-41,478,210,983	-7.4
	a) due to banks	*70,456,989,902*	*115,432,414,988*	*-44,975,425,086*	*-39.0*
	b) due to customers	*338,184,988,110*	*341,552,499,241*	*-3,367,511,131*	*-1.0*
	c) securities issued	*110,954,328,820*	*104,089,603,586*	*6,864,725,234*	*6.6*
20.	Financial liabilities held for trading	44,291,359,791	45,044,530,346	-753,170,555	-1.7
30.	Financial liabilities designated at fair value	23,439,656,922	21,345,247,335	2,094,409,587	9.8
40.	Hedging derivatives	3,740,909,100	4,335,613,053	-594,703,953	-13.7
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-1,803,199,623	-3,907,187,975	-2,103,988,352	-53.8
60.	Tax liabilities	529,532,928	476,545,272	52,987,656	11.1
	a) current	*107,973,165*	*61,695,018*	*46,278,147*	*75.0*
	b) deferred	*421,559,763*	*414,850,254*	*6,709,509*	*1.6*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	4,889,771	2,342,964	2,546,807	
80.	Other liabilities	10,490,889,806	8,944,760,628	1,546,129,178	17.3
90.	Employee termination indemnities	651,875,074	717,403,948	-65,528,874	-9.1
100.	Allowances for risks and charges	3,220,081,163	3,280,409,587	-60,328,424	-1.8
	a) commitments and guarantees given	*426,897,632*	*406,617,942*	*20,279,690*	*5.0*
	b) post-employment benefits	*60,324,743*	*76,370,426*	*-16,045,683*	*-21.0*
	c) other allowances for risks and charges	*2,732,858,788*	*2,797,421,219*	*-64,562,431*	*-2.3*
110.	Valuation reserves	25,669,674	174,851,300	-149,181,626	-85.3
120.	Redeemable shares	-	-	-	-
130.	Equity instruments	8,687,976,570	7,925,309,985	762,666,585	9.6
140.	Reserves	5,024,075,963	4,806,577,956	217,498,007	4.5
145.	Interim dividend (-)	-3,022,396,313	-2,628,985,341	393,410,972	15.0
150.	Share premium reserve	27,760,194,096	28,161,936,073	-401,741,977	-1.4
160.	Share capital	10,368,870,930	10,368,870,930	-	-
170.	Treasury shares (-)	-79,927,263	-61,273,464	18,653,799	30.4
180.	Net income (loss) (+/-)	5,603,701,744	7,292,121,183	-1,688,419,439	-23.2
Total liabilities and shareholders' equity		**658,530,467,165**	**697,353,591,595**	**-38,823,124,430**	**-5.6**

Income statement

(euro)

		2024	2023	Changes amount	%
10.	Interest and similar income	26,326,550,485	24,986,828,101	1,339,722,384	5.4
	of which: interest income calculated using the effective interest rate method	*21,723,955,383*	*21,398,773,154*	*325,182,229*	*1.5*
20.	Interest and similar expense	-15,105,686,617	-14,470,469,174	635,217,443	4.4
30.	**Interest margin**	**11,220,863,868**	**10,516,358,927**	**704,504,941**	**6.7**
40.	Fee and commission income	6,700,496,260	6,179,774,563	520,721,697	8.4
50.	Fee and commission expense	-1,133,220,302	-1,106,435,391	26,784,911	2.4
60.	**Net fee and commission income**	**5,567,275,958**	**5,073,339,172**	**493,936,786**	**9.7**
70.	Dividend and similar income	2,106,988,243	4,268,769,714	-2,161,781,471	-50.6
80.	Profits (Losses) on trading	188,921,008	456,685,420	-267,764,412	-58.6
90.	Fair value adjustments in hedge accounting	8,922,705	-57,158,160	66,080,865	
100.	Profits (Losses) on disposal or repurchase of:	268,918,011	144,494,565	124,423,446	86.1
	a) financial assets measured at amortised cost	*42,682,356*	*-76,003,797*	*118,686,153*	
	b) financial assets measured at fair value through other comprehensive income	*229,345,331*	*184,335,269*	*45,010,062*	*24.4*
	c) financial liabilities	*-3,109,676*	*36,163,093*	*-39,272,769*	
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	-854,998,620	-932,903,786	-77,905,166	-8.4
	a) financial assets and liabilities designated at fair value	*-1,009,712,030*	*-806,080,785*	*203,631,245*	*25.3*
	b) other financial assets mandatorily measured at fair value	*154,713,410*	*-126,823,001*	*281,536,411*	
120.	**Net interest and other banking income**	**18,506,891,173**	**19,469,585,852**	**-962,694,679**	**-4.9**
130.	Net losses/recoveries for credit risk associated with:	-1,098,953,591	-1,252,331,624	-153,378,033	-12.2
	a) financial assets measured at amortised cost	*-1,091,648,149*	*-1,237,166,602*	*-145,518,453*	*-11.8*
	b) financial assets measured at fair value through other comprehensive income	*-7,305,442*	*-15,165,022*	*-7,859,580*	*-51.8*
140.	Profits (Losses) on changes in contracts without derecognition	-7,534,239	24,164,628	-31,698,867	
150.	**Net income from banking activities**	**17,400,403,343**	**18,241,418,856**	**-841,015,513**	**-4.6**
160.	Administrative expenses:	-9,363,673,213	-9,153,380,128	210,293,085	2.3
	a) personnel expenses	*-6,085,590,225*	*-5,598,628,977*	*486,961,248*	*8.7*
	b) other administrative expenses	*-3,278,082,988*	*-3,554,751,151*	*-276,668,163*	*-7.8*
170.	Net provisions for risks and charges	-106,494,808	-46,092,074	60,402,734	
	a) commitments and guarantees given	*-19,914,974*	*18,150,791*	*-38,065,765*	
	b) other net provisions	*-86,579,834*	*-64,242,865*	*22,336,969*	*34.8*
180.	Net adjustments to / recoveries on property and equipment	-449,220,928	-475,382,114	-26,161,186	-5.5
190.	Net adjustments to / recoveries on intangible assets	-926,754,801	-820,505,062	106,249,739	12.9
200.	Other operating expenses (income)	980,203,555	789,354,998	190,848,557	24.2
210.	**Operating expenses**	**-9,865,940,195**	**-9,706,004,380**	**159,935,815**	**1.6**
220.	Profits (Losses) on equity investments	-161,460,615	120,088,826	-281,549,441	
230.	Valuation differences on property, equipment and intangible assets measured at fair value	-23,217,357	-11,442,511	11,774,846	
240.	Goodwill impairment	-	-	-	-
250.	Profits (Losses) on disposal of investments	-2,940,605	-1,174,329	1,766,276	
260.	**Income (Loss) before tax from continuing operations**	**7,346,844,571**	**8,642,886,462**	**-1,296,041,891**	**-15.0**
270.	Taxes on income from continuing operations	-1,743,142,827	-1,350,765,279	392,377,548	29.0
280.	**Income (Loss) after tax from continuing operations**	**5,603,701,744**	**7,292,121,183**	**-1,688,419,439**	**-23.2**
290.	Income (Loss) after tax from discontinued operations	-	-	-	-
300.	**Net income (Loss)**	**5,603,701,744**	**7,292,121,183**	**-1,688,419,439**	**-23.2**

Statement of comprehensive income

(euro)

		2024	2023	Changes amount	%
10.	**NET INCOME (LOSS)**	**5,603,701,744**	**7,292,121,183**	**-1,688,419,439**	**-23.2**
	Other comprehensive income (net of tax) that may not be reclassified to the income statement	**161,599,458**	**-159,498,924**	**321,098,382**	
20.	Equity instruments designated at fair value through other comprehensive income	204,606,608	-222,495,237	427,101,845	
30.	Financial liabilities designated at fair value through profit or loss (change in own credit rating)	-65,795,435	-79,845,730	-14,050,295	-17.6
40.	Hedging of equity instruments designated at fair value through other comprehensive income	-	-	-	
50.	Property and equipment	12,936,844	89,699,995	-76,763,151	-85.6
60.	Intangible assets	-	-	-	
70.	Defined benefit plans	9,851,441	53,142,048	-43,290,607	-81.5
80.	Non-current assets classified as held for sale	-	-	-	
90.	Share of valuation reserves connected with investments carried at equity	-	-	-	
	Other comprehensive income (net of tax) that may be reclassified to the income statement	**-310,892,924**	**252,919,629**	**-563,812,553**	
100.	Hedges of foreign investments	-	-	-	
110.	Foreign exchange differences	-	-	-	
120.	Cash flow hedges	142,232,286	91,144,609	51,087,677	56.1
130.	Hedging instruments (not designated elements)	-	-	-	
140.	Financial assets (other than equities) measured at fair value through other comprehensive income	-453,125,210	161,775,020	-614,900,230	
150.	Non-current assets held for sale and discontinued operations	-	-	-	
160.	Share of valuation reserves connected with investments carried at equity	-	-	-	
170.	**Total other comprehensive income (net of tax)**	**-149,293,466**	**93,420,705**	**-242,714,171**	
180.	**TOTAL COMPREHENSIVE INCOME (Captions 10 + 170)**	**5,454,408,278**	**7,385,541,888**	**-1,931,133,610**	**-26.1**

Changes in shareholders' equity as at 31 December 2024

(euro)

	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Interim Dividend	Treasury shares	Net income (loss)	Shareholders' equity
31.12.2024	ordinary shares	other shares		retained earnings	other						
AMOUNTS AS AT 31.12.2023	**10,368,870,930**	**-**	**28,161,936,073**	**3,676,936,788**	**1,129,641,168**	**174,851,300**	**7,925,309,985**	**-2,628,985,341**	**-61,273,464**	**7,292,121,183**	**56,039,408,622**
Changes in opening balances	-	-	-	-	-	-	-	-	-	-	-
AMOUNTS AS AT 1.1.2024	**10,368,870,930**	**-**	**28,161,936,073**	**3,676,936,788**	**1,129,641,168**	**174,851,300**	**7,925,309,985**	**-2,628,985,341**	**-61,273,464**	**7,292,121,183**	**56,039,408,622**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)											
Reserves	-	-	-	2,270,703,345	-	-	-	-	-	-2,270,703,345	-
Dividends and other allocations	-	-	-	-	-	-	-	2,628,985,341	-	-5,021,417,838	-2,392,432,497
CHANGES IN THE PERIOD											
Changes in reserves	**-**	**-**	**-**	**-2,224,841,916**	**171,636,578**	**111,840**	**-**	**-**	**-**	**-**	**-2,053,093,498**
Operations on shareholders' equity											
Issue of new shares	-	-	4,136,160	-	-	-	-	-	1,747,725,409	-	1,751,861,569
Purchase of treasury shares	-	-	-	-	-	-	-	-	-1,766,379,208	-	-1,766,379,208
Interim dividend	-	-	-	-	-	-	-	-3,022,396,313	-	-	-3,022,396,313
Dividends	-	-	-405,878,137	-	-	-	-	-	-	-	-405,878,137
Changes in equity instruments	-	-	-	-	-	-	762,666,585	-	-	-	762,666,585
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-149,293,466**	**-**	**-**	**-**	**5,603,701,744**	**5,454,408,278**
SHAREHOLDERS' EQUITY AS AT 31.12.2024	**10,368,870,930**	**-**	**27,760,194,096**	**3,722,798,217**	**1,301,277,746**	**25,669,674**	**8,687,976,570**	**-3,022,396,313**	**-79,927,263**	**5,603,701,744**	**54,368,165,401**

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

Changes in shareholders' equity as at 31 December 2023

(euro)

	31.12.2023										
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Interim Dividend	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	other shares		retained earnings	other						
AMOUNTS AS AT 31.12.2022	**10,368,870,930**	**-**	**28,211,982,139**	**4,467,082,931**	**901,934,583**	**80,923,566**	**7,188,205,548**	**-1,399,608,168**	**-49,547,627**	**4,284,455,587**	**54,054,299,489**
Changes in opening balances	-	-	-	-	-	-	-	-	-	-	-
AMOUNTS AS AT 1.1.2023	**10,368,870,930**	**-**	**28,211,982,139**	**4,467,082,931**	**901,934,583**	**80,923,566**	**7,188,205,548**	**-1,399,608,168**	**-49,547,627**	**4,284,455,587**	**54,054,299,489**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)											
Reserves	-	-	-	1,220,384,928	-	-	-	-	-	-1,220,384,928	-
Dividends and other allocations	-	-	-	-	-	-	-	1,399,608,168	-	-3,064,070,659	-1,664,462,491
CHANGES IN THE PERIOD											
Changes in reserves	**-**	**-**	**-57,000,017**	**-2,010,531,071**	**227,706,585**	**507,029**	**-**	**-**	**-**	**-**	**-1,839,317,474**
Operations on shareholders' equity											
Issue of new shares	-	-	6,953,951	-	-	-	-	-	1,738,185,791	-	1,745,139,742
Purchase of treasury shares	-	-	-	-	-	-	-	-	-1,749,911,628	-	-1,749,911,628
Interim dividend	-	-	-	-	-	-	-	-2,628,985,341	-	-	-2,628,985,341
Dividends	-	-	-	-	-	-	-	-	-	-	-
Changes in equity instruments	-	-	-	-	-	-	737,104,437	-	-	-	737,104,437
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**93,420,705**	**-**	**-**	**-**	**7,292,121,183**	**7,385,541,888**
SHAREHOLDERS' EQUITY AS AT 31.12.2023	**10,368,870,930**	**-**	**28,161,936,073**	**3,676,936,788**	**1,129,641,168**	**174,851,300**	**7,925,309,985**	**-2,628,985,341**	**-61,273,464**	**7,292,121,183**	**56,039,408,622**

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

Statement of cahs flows

(euro)

	2024	2023
A. OPERATING ACTIVITIES		
1. Cash flow from operations	**12,840,970,936**	**9,832,385,502**
Net income (loss) (+/-)	5,603,701,744	7,292,121,183
Gains/losses on financial assets held for trading and on other assets/liabilities measured at fair value through profit and loss (-/+)	3,272,965,024	1,840,373,971
Gains/losses on hedging activities (-/+)	-8,922,705	57,158,160
Net losses/recoveries for credit risk (+/-)	1,328,311,331	1,417,347,917
Adjustments to/net recoveries on property, equipment and intangible assets (+/-)	1,375,975,730	1,295,887,176
Net provisions for risks and charges and other costs/revenues (+/-)	1,083,144,966	644,826,616
Taxes, duties and tax credits to be paid/collected (+/-)	1,736,800,201	1,310,844,432
Net adjustments to/recoveries on discontinued operations net of tax effect (-/+)	-	-
Other adjustments (+/-)	-1,551,005,355	-4,026,173,953
2. Cash flow from / used in financial assets	**-7,315,922,736**	**-718,507,998**
Financial assets held for trading	-6,037,093,140	4,029,620,959
Financial assets designated at fair value	-88,099	44,482
Other financial assets mandatorily measured at fair value	-464,814,046	-686,063,987
Financial assets measured at fair value through other comprehensive income	-7,007,088,225	-16,179,596,151
Financial assets measured at amortised cost	3,379,441,058	11,898,067,631
Other assets	2,813,719,716	219,419,068
3. Cash flow from / used in financial liabilities (*)	**-44,388,524,827**	**-31,067,100,217**
Financial liabilities measured at amortised cost	-41,478,210,983	-33,559,272,615
Financial liabilities held for trading	-798,989,459	-4,170,754,970
Financial liabilities designated at fair value	1,730,392,404	11,928,304,909
Other liabilities	-3,841,716,789	-5,265,377,541
Net cash flow from (used in) operating activities	**-38,863,476,627**	**-21,953,222,713**
B. INVESTING ACTIVITIES		
1. Cash flow from	**2,082,861,788**	**4,652,347,123**
Sales of equity investments	195,924,832	471,790,041
Dividends collected on equity investments	1,826,184,881	4,069,190,696
Sales of property and equipment	60,752,075	59,329,109
Sales of intangible assets	-	52,037,277
Sales of subsidiaries and business branches	-	-
2. Cash flow used in	**-2,673,780,490**	**-1,361,455,883**
Purchases of equity investments	-1,199,674,484	-76,143,398
Purchases of property and equipment	-259,902,553	-243,089,355
Purchases of intangible assets	-1,214,203,453	-1,042,223,130
Purchases of subsidiaries and business branches	-	-
Net cash flow from (used in) investing activities	**-590,918,702**	**3,290,891,240**
C. FINANCING ACTIVITIES		
Issues/purchases of treasury shares	-1,714,517,631	-1,704,771,886
Share capital increases	360,125,184	416,511,973
Dividend distribution and other	-5,820,706,947	-4,293,447,832
Net cash flow from (used in) financing activities	**-7,175,099,394**	**-5,581,707,745**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-46,629,494,723**	**-24,244,039,218**
RECONCILIATION		
Financial statement captions		
Cash and cash equivalents at beginning of period	72,828,943,138	97,071,067,306
Net increase (decrease) in cash and cash equivalents	-46,629,494,723	-24,244,039,218
Cash and cash equivalents: foreign exchange effect	1,633,808	1,915,050
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**26,201,082,223**	**72,828,943,138**

LEGEND: (+) from (–) used in

(*) With regard to the disclosure required by par. 44 B of IAS 7, it is noted that the changes in liabilities deriving from financing activities amount to -44,389 million euro (cash flow from) and comprise -41,478 million euro in cash flows, +931 million euro in fair value changes and -3.842 million euro in other changes.

Notes to the Parent Company's financial statements

Part A – Accounting policies

A.1 – GENERAL CRITERIA

SECTION 1 – DECLARATION OF COMPLIANCE WITH IAS/IFRS

As set forth by Legislative Decree 38 of 28 February 2005, Intesa Sanpaolo's financial statements have been prepared in compliance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Standards - Interpretations Committee (IFRS-IC) and endorsed by the European Commission as provided for by EC Regulation 1606 of 19 July 2002.
The financial statements as at 31 December 2024 have been prepared based on the "Instructions for the preparation of the separate and consolidated financial statements of banks and financial companies, which are parent companies of banking groups" issued by the Bank of Italy, in the exercise of powers set forth by Art. 43 of Legislative Decree 136/2015[206], with Regulation of 22 December 2005, which issued Circular 262/2005, and subsequent updates. Specifically, these financial statements have been prepared in accordance with the format and preparation rules of the 8th update of 17 November 2022.
These Instructions set out compulsory financial statement forms, as well as the contents of the Notes to the consolidated financial statements.
The financial statements have been prepared using the IAS/IFRS endorsed and in force as at 31 December 2024 (including the SIC and IFRIC interpretation documents) as listed in the attachments to the consolidated financial statements.

The table below shows the new standards or amendments to existing ones, together with the related European Commission endorsement regulations, which came into force in 2024.

IFRS endorsed as at 31.12.2024 in force since 2024

Endorsement Regulation	Amendments to Standards/Interpretations	Effective date
2579/2023	Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback	01/01/2024 First financial year starting on or after 01/01/2024
2822/2023	Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	01/01/2024 First financial year starting on or after 01/01/2024
1317/2024	Amendments to IAS 7 Statement of Cash Flows and to IFRS 7 Financial Instruments: Disclosure - Supplier Finance Arrangements	01/01/2024 First financial year starting on or after 01/01/2024

As shown in the above table, the financial statements for 2024 reflect the provisions of Regulation no. 2579/2023 Amendment to IFRS 16 Leases – Lease Liability in a Sale and Leaseback
of 20 November 2023, Regulation no. 2822/2023 – Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants of 19 December 2023, and Regulation no. 1317/2024 Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 of 15 May 2024. There were no significant aspects of this for the Bank. Below is a brief summary of their main content.

Regulation no. 2579/2023 - Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback
Regulation no. 2579/2023 of 20 November 2023 amends IFRS 16 Leases with respect to lease liabilities in a sale and leaseback transaction, published by the IASB on 22 September 2022.
The limited amendments introduced relate to the recognition of sale and leaseback transactions[207] 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;

[206] Art. 43 of Legislative Decree 136/2015 confirmed to the Bank of Italy the powers concerning the layouts of financial statements already previously attributed to the same Authority by Legislative Decree 38/2005.
[207] 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.

– 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.
The amendments are mandatory for annual reporting periods beginning on or after 1 January 2024. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16, i.e., 1 January 2019.
These amendments are not particularly significant for Intesa Sanpaolo given the characteristics of its existing sale and leaseback agreements, which have no variable or insignificant variable payments.

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

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

Regulation no. 1317/2024 Supply Finance Arrangements – Amendments to IAS 7 and IFRS 7

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

The table below shows the new standards and amendments to existing ones, together with the related European Commission endorsement regulations, which will become mandatory after 2024, and for which Intesa Sanpaolo has not exercised the option of early adoption.

IFRS endorsed as at 31.12.2024 applicable subsequent to 31.12.2024

Endorsement Regulation	Amendments to Standards/Interpretations	Effective date
2862/2024	Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	01/01/2025 First financial year starting on or after 01/01/2025

Regulation no. 2862/2024 of 12 November 2024 Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

Regulation no. 2862/2024 of 12 November 2024 amends IAS 21 specifying when a currency is exchangeable into another currency and how to determine the exchange rate when it is not and the disclosure required.
Specifically, the amendments:

– introduce the definition of "exchangeability"[208] and an application guidance to assist entities in determining when a currency is exchangeable (for example, by clarifying how to assess the time frame to obtain the currency);
– cover the estimate of the spot exchange rate when a currency is not exchangeable into another currency, using an observable exchange rate or another estimation technique. In this respect, the IASB opted not to provide specific requirements on how to estimate spot exchange rates - since such estimate may depend on circumstances specific to the entity and the relevant economic/legal environment. However, some examples are provided to assist practitioners in their assessments;
– cover the required disclosure that would enable users of the financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. Furthermore, an entity shall disclose information about the estimation process and the risks to which it is exposed because of the currency not being exchangeable into another currency.

The amendments apply to annual reporting periods beginning on or after 1 January 2025.
As also noted by the IASB the cases subject to regulatory intervention are not frequent. Therefore, given the current context, these amendments are not expected to be particularly significant for Intesa Sanpaolo.

The table below shows the new international financial reporting standards or amendments to existing standards that have not yet been endorsed by the European Commission.

IFRS not endorsed as at 31.12.2024

New Standards/Interpretations		Date of issue
IFRS 18	Presentation and Disclosure in Financial Statements	09/04/2024
IFRS 19	Subsidiaries without Public Accountability: Disclosures	09/05/2024
Amendments to Standards/Interpretations		
IFRS 9	Amendments to the Classification and Measurements of Financial Instruments	30/05/2024
IFRS 7	Amendments to the Classification and Measurements of Financial Instruments	30/05/2024
Several IAS/IFRS (*)	Annual Improvements - Volume 11	18/07/2024
IFRS 9	Contracts Referencing Nature-dependent Electricity	18/12/2024
IFRS 7	Contracts Referencing Nature-dependent Electricity	18/12/2024

(*) The Annual Improvements relate to: Cost Method (Amendments to IAS 7), Credit Risk Disclosures (Amendments to Illustrative Examples accompanying IFRS 7), Determination of a 'De Facto Agent' (Amendments to IFRS 10), Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Illustrative Guidance accompanying IFRS 7), Gain or Loss on Derecognition (Amendments to IFRS 7), Hedge Accounting by a First-time Adopter (Amendments to IFRS 1), Lessee Derecognition of Lease Liabilities (Amendments to IFRS 9), Transaction Price (Amendments to IFRS 9)

As regards the IASB documents introducing new standards or amending existing accounting standards pending endorsement, the following is noted:

[208] IAS 21.8: "A currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations."

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements was issued by the IASB on 9 April 2024. Its application is mandatory for annual reporting periods starting from 1 January 2027 onwards but earlier application is permitted, subject to the completion of the endorsement process. Comparative information needs to be disclosed in respect of the previous period.

The standard will not affect how companies measure their financial performance, but only the presentation. Indeed, the following will be required:

- Introduce defined subtotals in the statement of profit or loss

Under IFRS 18, entities need to classify items of income and expense in 5 categories: operating, investing and financing - covered by the new definition introduced by IFRS 18 - in addition to income taxes and discontinued operations, which are unchanged.

With respect to specific operating segments, including the banking sector, items of income and expense that would normally be classified in the investing or financing categories contribute to the operating performance since for these entities, investing or financing to customers are the main business activity.

- Management-defined performance measures (MPMs)

Management-defined performance measures (MPMs) are the subtotals of income and expenses, other than those covered by IFRS 18 or specifically required by other IFRS, that an entity uses in public communications outside financial statements (including the report on operations) to communicate to investors management's view of an aspect of the financial performance of the entity. Under IFRS 18, an entity shall disclose information about its MPMs in a single note to the financial statements, including information that enables users of financial statements to understand them.

- Grouping (aggregation and disaggregation) of information

Finally, IFRS 18 provides application guidance on aggregating information in the primary financial statements and accompanying notes, which have complementary roles. With respect to the expense items to be included in the operating category, under IFRS 18, entities must present these items in a way that provides the most useful structured summary of them, by either the "nature" or "function" of the expense. However, a "mixed" (by both nature and function) presentation is also allowed by disclosing the specific expenses by nature in the notes to the financial statements.

Although the mandatory first-time adoption of this standard is not imminent (it will become mandatory for annual reporting periods starting from 1 January 2027), its provisions are currently being analysed in order to assess their relevance for Intesa Sanpaolo, specifically with respect to the presentation of the items comprising the statement of profit or loss (primary and reclassified). In any case, Italian banks will have to wait for the Bank of Italy's initiatives to adapt to the new standard, in particular, with reference to Circular 262/2005, also in order to assess the consequences on application systems.

Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB published "Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7" to address matters identified during the post-implementation review (PIR) of the classification and measurement requirements of IFRS 9 Financial Instruments.

The amendments cover the following aspects:

- Classification of financial assets

The application guidance provides clarification for assessing the characteristics of contractual cash flows, i.e., the so-called solely payments of principal and interest (SPPI) criterion which, if met, leads to the classification of assets at amortised cost.

This includes the amendments that clarify the treatment for the SPPI test of financial assets with features linked to Environmental, Social and Governance (ESG) factors which, upon achieving (or failing to achieve) specific ESG KPIs, provide for a variability of the interest rate which is contractually defined (usually the increase and/or decrease of a specific number of basis points). Under the proposed approach, contracts where the contingent event does not relate directly to changes in basic lending risks and costs (with an example of reduction of carbon emissions), the entity should define an internal policy in order to assess that the cash flows of the instrument are not significantly different from those of a financial instrument with identical contractual terms, but without such a contingent feature.

- Derecognition of financial liabilities settled through an electronic cash transfer system

Under the amendments, a financial liability is derecognised at the settlement date, unless the entity opts for the application of the new provisions whereby a financial liability can be derecognised at an earlier date if the cash transfer takes place through an electronic payment system and specific conditions are met. The amendment introduced by the IASB provides for the possibility (and not the obligation) to adopt an accounting policy to be applied consistently to all settlements made through a specific electronic payment system.

- New disclosure requirements

The IFRS 7 was amended to introduce additional disclosure requirements relating to:

- financial instruments with contractual terms that could change the amount of cash flows based on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in basic lending risks and costs, e.g. in the case of ESG instruments;
- equity instruments designated at FVOCI.

The amendments are effective mandatorily for annual reporting periods beginning on or after 1 January 2026, subject to the completion of the endorsement process. Furthermore, earlier application is permitted or, alternatively, entities can decide to early adopt only the amendments related to the classification of financial assets and the related disclosures. The amendments are required to be applied retrospectively, in accordance with the requirements of IAS 8, though restatement of prior periods is not required (similarly to the first-time adoption of IFRS 9).

With respect to the issues of greatest interest to the Bank – the SPPI test for products with ESG features and the related disclosure - several analyses are currently underway in order to define the application methods and update corporate processes as part of a specific project that involves all the affected structures.

Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7

On 18 December 2024, the IASB published amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity, to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPA)[209]. The IASB acted swiftly in the light of the increased use of these contracts which help companies to secure their electricity supply from renewable sources such as wind and solar power, at a fixed price per unit of energy purchased or sold. The amount of electricity generated under these contracts can vary based on uncontrollable factors such as weather conditions and, at certain times (e.g. weekends or during the night), the entity may not consume all of the purchased energy, resulting in the need to resell it on the market, as energy cannot be stored.

The amendments include:

– clarifying the application of the "own-use" requirements;
  The aim of the amendments is to enable application of the exception envisaged by IFRS 9 for entities that enter into these agreements for the purpose of the receipt of energy in accordance with the entity's expected usage, thereby avoiding the classification as financial instruments to be measured at fair value;
– allow hedge accounting requirements when these agreements are used as hedging instruments (e.g. via a virtual PPA). These amendments essentially allow a cash flow hedge, avoiding the need to designate a specific amount by reference to the volume of the electricity transaction, as is normally required under IFRS 9 to promote the effectiveness of the hedging relationship;
– new disclosure requirements which enable investors to understand the effect of these agreements on the performance and cash flows of an entity. Specifically, entities are required to provide information about the terms and conditions of these agreements and quantitative and qualitative information about the agreements and their financial effect.

The mandatory effective date of the amendments is for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted subject to the completion of the endorsement process.

The PPAs were also covered by ESMA in Priorities 2023 given the importance of these instruments, specifically in certain industries, in the context of climate-related policies. There are currently no significant instances applicable to Intesa Sanpaolo.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued by the IASB in May 2024 and permits subsidiaries that are eligible to provide reduced disclosures instead of the disclosure requirements of other IAS/IFRS.

IFRS 19 does not apply to the preparation of Intesa Sanpaolo's separate financial statements and, overall, the scope of the standard is narrowed for banks, financial intermediaries and insurance companies (which often meet the public accountability criterion).

Annual Improvements - Volume 11

The IASB issued some narrow scope amendments to IAS/IFRS on 18 July 2024 as part of the annual improvements of financial reporting standards. All amendments will be effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted subject to the completion of the endorsement process.

Given their limited nature, the amendments are not particularly important for Intesa Sanpaolo.

[209] Specifically, PPAs may refer to:

– the signing of a renewable power purchase agreement (physical PPA) whereby an entity undertakes to purchase a certain amount of electricity produced from renewable sources (e.g. all energy produced by a wind turbine) at a predetermined fixed price for a certain number of years (even a very long time, e.g. 20 years);
– virtual agreements (or virtual PPAs) whereby there is no physical delivery of energy; in these agreements, the difference between the fixed price determined in the PPA and the spot price at which energy can be purchased/sold in the market is settled.

SECTION 2 – GENERAL PREPARATION PRINCIPLES

The separate financial statements are made up of the Balance sheet, the Income statement, the Statement of comprehensive income, the Changes in shareholders' equity, the Statement of cash flows, the Notes to the financial statements and the related comparative information; the Report on operations prepared by the Directors, on the economic results achieved and on Intesa Sanpaolo's balance sheet and financial position has also been included. In compliance with the provisions of Article 5 of Legislative Decree 38/2005, the financial statements have been drawn up in euro as functional currency.
The amounts indicated in the financial statements and in the Notes to the financial statements as well as those in the Report on operations are expressed in millions of euro, unless otherwise specified.
The financial statements are prepared with the application of the general principles set out by IAS 1 and the specific financial reporting standards endorsed by the European Commission and illustrated in Part A.2 of these Notes to the financial statements, as well as in compliance with the general assumptions set forth by the Conceptual Framework for the preparation and presentation of Financial Statements issued by IASB.
No exceptions to the application of IAS/IFRS have been made.
The Report on operations and the Notes to the financial statements contain all information required by the IAS/IFRS, by current regulations, by the Bank of Italy, by Consob (Italian Securities and Exchange Commission) and by the European Securities and Markets Authority - ESMA, in addition to other information which is not compulsory but is nonetheless deemed to be necessary in order to give a true and fair presentation of the Bank's situation.

Where the conditions pursuant to IFRS 5 had been met the reclassified components held for sale, resulting from the balance sheet as of 31 December 2024 and the related details in the Notes to the financial statements, are the following: (i) properties, mainly consisting of those subject to transfer under the agreement between Intesa Sanpaolo and COIMA entered into on 19 April 2024, with a total value of around 0.5 billion euro, due to be completed in 2025; (ii) non-performing loans for 0.3 billion euro gross, due to be sold under a de-risking transaction approved in December 2024.
With respect to the non-performing loans included under assets held for sale as at 31 December 2023, comprising unlikely-to-pay loans and high-risk performing loans for a total of approximately 0.2 billion euro, almost the entire portfolio was sold on 15 April 2024, with marginal exposures remaining that will be sold in 2025.

The financial statement forms and the Notes to the financial statements show, in addition to the figures for the reference period, the comparative figures for 2023.

The Attachments include the reconciliation statements to the balance sheet and income statement originally published in the 2023 financial statements, together with specific reconciliations between the latter financial statements and the reclassified statements included in the Report on operations accompanying these financial statements.

Contents of financial statement forms

Balance sheet and income statement

The compulsory forms of the balance sheet and income statement are made up of captions, subcaptions and further detailed information (specified as the "of which" items in the captions and subcaptions).
In the interests of completeness, it should be noted that with regard to the compulsory forms defined by the Bank of Italy, captions which do not have amounts for the reporting year and the previous year have also been shown. In the income statement revenues are indicated without sign, whereas costs are preceded by the minus sign.

Statement of comprehensive income

The statement of comprehensive income shows, starting from the net income/(loss) for the year, the income components recognised as a balancing entry in valuation reserves, net of the tax effect, in compliance with international financial reporting standards.
Comprehensive income is represented by providing separate recognition of the income components that will not be reversed to the income statement in the future and those which, conversely, could later be reclassified to income/(loss) for the year under specific conditions. Similarly to the balance sheet and the income statement, with respect to the compulsory forms defined by the Bank of Italy, captions which do not present amounts for the reporting year and the previous year are in any case included. Negative amounts are preceded by the minus sign.

Changes in shareholders' equity

The statement of changes in shareholders' equity presents shareholders' equity accounts and changes which occurred in the reference year and in the previous year, broken down in share capital, reserves, reserves from retained earnings, valuation reserves and net income. Treasury shares are deducted from shareholders' equity. The table is presented by inverting the rows and the columns with respect to the same form provided for by the updating of Bank of Italy Circular 262/2005.

Statement of cash flows

The statement of cash flows registered in the reference year and in the previous year is prepared using the indirect method, on the basis of which cash flows from operating activities are represented by net income adjusted for the effects of non-cash transactions.
Cash flows are broken down into flows from operating activities, from investing activities and from financing activities.
In the form, cash flows generated in the year are indicated without sign, whereas cash flows absorbed are preceded by the minus sign.

Contents of the Notes to the financial statements

The Notes to the Parent Company's financial statements include the information provided for by International Financial Reporting Standards and Circular 262 issued by the Bank of Italy on 22 December 2005 and subsequently amended, applicable for the preparation of these financial statements.

SECTION 3 – SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Reference is made to the similar disclosure in the Consolidated financial statements.

SECTION 4 - OTHER ASPECTS

RISKS, UNCERTAINTIES AND IMPACTS OF THE RUSSIAN/UKRAINIAN CRISIS

The extremely serious situation arising following the outbreak of the conflict between Russia and Ukraine on 24 February 2022 was immediately closely monitored and assessed by Intesa Sanpaolo, also in light of the related guidance provided by the regulators, given that the Group has:

– a direct presence with two subsidiaries in the warring countries, Pravex Bank Public Joint-Stock Company (Pravex) and Joint-Stock Company Banca Intesa (Banca Intesa Russia), and is therefore particularly exposed to the consequences of the conflict;
– cross-border exposures stemming from its corporate and investment banking activities.

In its lending activities, the IMI C&IB Division had over time financed counterparties resident in the Russian Federation. More than two-thirds of the loans to Russian customers disbursed before the conflict involved leading industrial groups, which have established commercial relationships with customers belonging to the main international supply chains, a significant amount of which derives from commodity exports.

At the outbreak of hostilities, loans to Russian customers represented around 1% of the Intesa Sanpaolo Group's total loans to customers, net of Export Credit Agency - ECA guarantees. Due to the existence of those guarantees, the credit risk on those exposures can be considered as not referring to either Russia or Ukraine.

That being said, in this section we note some information relating to the Russian and Ukrainian subsidiaries:

– Banca Intesa Russia: this is a Moscow-based corporate bank, 47% owned by Intesa Sanpaolo and 53% by Intesa Sanpaolo Holding International, part of the IMI Corporate & Investment Banking Division. It operates with 22 branches and 797 staff;
– Pravex is a small commercial bank, wholly-owned by Intesa Sanpaolo and based in Kyiv, part of the International Banks Division. It operates with 39 branches (mainly in the Kyiv region) and 612 staff.

Despite the objective constraints imposed by the current situation, particularly for Pravex, the two subsidiaries are continuing to operate with the support of the Parent Company structures while the overall exposure to the Russian Federation has decreased significantly over the past three years, as required by the European regulators and the ECB recommendations, the latest of which was issued in December 2024 ("Decision establishing prudential requirements relating to further reduction of the risks connected with the Supervised Entity's business in Russia"). The Decision Letter imposes restrictions on Intesa Sanpaolo directly aimed at the operations of Banca Intesa Russia, along with a recommendation regarding the Group's cross-border operations in Russia. The measures set out for Banca Intesa Russia consist of reducing i) the loan portfolio; ii) the volume of customer deposits; iii) the placement of deposits with financial institutions domiciled in Russia; and iv) payment activities originating from Russia, in currencies other than the rouble.

Also for the purposes of the 2024 Financial Statements, as previously illustrated in the 2023 Financial Statements, Intesa Sanpaolo's continuing control over the two entities has been confirmed, which can be evidenced from various points of view:

– in accounting/administrative terms, by acquiring the accounts for consolidation purposes. Specifically, as explained in greater detail in Part A: Section 3 - Scope of consolidation and consolidation methods, of the Consolidated financial statements, and also in line with the methodological choices made for the 2022 and 2023 Annual Report, for the Russian subsidiary, the accounts as at 31 December 2024 were acquired accurately and in a timely manner, while for Pravex, it was decided to maintain the accounts produced for consolidation as at 30 September 2024, valued at the exchange rate as at 31 December, considering the specific operating difficulties of the subsidiary, as well as in light of the substantial immateriality of its balance sheet figures at Group level;
– in terms of statutory regulations, with specific regard to the Russian subsidiary, the Bank was able to exercise its power to determine, in compliance with Russian regulations, the composition of the management body of Banca Intesa Russia at the Shareholders' Meeting of 26 June 2024. The turnover of officers was the result of appointments proposed by the Bank that passed the approval process of the Russian Central Bank. Also for the Ukraine subsidiary, there was routine turnover in the governance bodies in 2024, based on the nominations expressed by the Parent Company;
– in terms of steering the business, the two entities continue to move ahead with their business following the instructions of the Parent Company;
– in terms of coordination and control, as the Parent Company's control functions (including the support function of the Manager responsible for preparing the Company's financial reports, namely Administrative and Financial Governance) continue to carry out their roles through the regular receipt and analysis of the planned information flows, interacting with the structures of the subsidiaries through the communication channels available, in line with any limitations that may arise over time, also handled using contingency solutions.

Moreover, the conclusions regarding the maintenance of control over Banca Intesa Russia are not invalidated by the limitations currently set by Russian regulations which, substantially, impose restrictions to repayments and payments to parties resident in "unfriendly" countries. Aware of the restrictions imposed by the specific regulatory framework, Banca Intesa Russia credited to specific Russian accounts, as provided by law, the monetary resources for the repayment of exposures due to the Bank that matured in the meantime. The potential use of the resources credited to those accounts – equal to around 5 million euro at the end of December 2024 – is limited to several specific purposes within Russia. In this context, it must be considered that the current limitations do not constitute the "expropriation" of the amounts in any way (nor are they even indicators of a loss of control over the subsidiary's assets). Rather, they derive from the temporary legal "freezing" of the free availability of amounts which, based on economic rights, would otherwise be available for their owner.

Lastly, with regard to the valuation of equity investments, it is specified that:
- with regard to Banca Intesa Russia (equity investment 47% owned by Intesa Sanpaolo and 53% owned by Intesa Sanpaolo Holding International), due to the positive performance of revenues and the gradual decrease in its risk profile during 2024, the shareholders' equity amounted to around 382 million euro as at 31 December 2024. On preparing the Consolidated Financial Statements, 263 million euro was therefore added to the allowance for risks and charges made at the end of 2023 (114 million euro), and at the end of 2022 (80 million euro) to eliminate the contribution of the company to the Group's consolidated shareholders' equity. Nonetheless, as the value of the equity investment in Banca Intesa Russia had already been eliminated in these (separate) financial statements as at 31 December 2023, no additional provisions were made at the level of the Parent Company;
- the write-down in the interest in Pravex for 26 million euro offset the increase in the equity investment of the same amount, deriving from the payment of 26 million euro made in the second half of 2024 as a capital increase of the subsidiary. Note that, following the outbreak of the Russia-Ukraine conflict, in 2022 the value of the investment in the capital of Pravex Bank in Ukraine was eliminated, for an amount of 48 million euro. In addition to that impairment, a provision was recognised for 71 million euro, required to cover indirect risks regarding the controlling investment held in Pravex Bank in relation to the conflict. That provision, of which 44 million euro was partially released in 2023 to align the values with the contribution of the subsidiary to the Consolidated financial statements, was fully released in 2024 (the remaining 27 million euro).

Following the de-risking carried out in 2022 and 2023, the exposures to Russian and Ukrainian customers (and securities) remained marginal also at the end of 2024. There are mainly on-balance sheet exposures referring to Russian banking counterparties, for a net total of 123 million euro (150 million euro as at 31 December 2023), essentially to Banca Intesa Russia.

Lastly, it is also noted that, given the material nature of the issues in question, in the Report on operations of the Consolidated Financial Statements, a specific section was dedicated to "The military conflict between Russia and Ukraine". This section summarises the exposures of the Group due from entities resident in the two countries and the main related accounting issues, including those of measurement, in addition to the initiatives of the Intesa Sanpaolo Group in favour of Ukraine, as well as the aspects regarding the framework of sanctions against the Russian Federation and cybersecurity.

ADDITIONAL INFORMATION ON THE INTEREST RATE BENCHMARK REFORM

Based on the instructions in Circular 262, this section sets out the disclosure in accordance with IFRS 7, paragraphs 24 I and 24 J relating to the Interest Rate Benchmark Reform (IBOR Reform).

As at 31 December 2024, there were no longer any financial instruments – financial assets, financial liabilities and derivative contracts – indexed to interest rates that still had to transition to an alternative benchmark rate. The transitions for the last remaining positions on USD LIBOR were successfully completed, with its synthetic publication ceasing at the end of September 2024, and on the Canadian Offered Rate (CDOR), which ended on 28 June 2024.
The financial instruments linked to the Euribor were already subject to reform in November 2019, through the adoption of a hybrid calculation method, which fully meets the requirements for critical benchmarks set out in the Benchmark Regulation EU 2016/1011 and the IOSCO principles.

In view of the regulatory changes and the actions undertaken since 2016, the Bank completed the transition within the set deadlines. Specifically, to manage the stock of existing instruments, the Bank set out the mass adoption of the new Risk Free Rates (RFR) on the financial instruments newly subscribed, thus abandoning the use of the benchmarks impacted by the reform and stabilising the stock of transactions to be transitioned, on the one hand, while setting up the solutions for the transition to the new RFR, defined based on the main international recommendations, capable of minimising the financial impacts of the transition, on the other.

As at 31 December 2024, the Bank did not hold any hedges index-linked to benchmarks impacted by the reform.

OTHER ASPECTS

Option for the national fiscal consolidation provisions
Intesa Sanpaolo and the Group's Italian companies have adopted the "national fiscal consolidation", set forth by Articles 117-129 of the Combined Tax Regulations, introduced by Legislative Decree 344/2003. It provides an option, based on which the total net income or fiscal loss of every subsidiary taking part in the fiscal consolidation procedure – together with withholding tax, tax deductions and tax credits – is transferred to the parent company, which determines a single taxable income or loss carried forward (that is the result of the sum of its own income/loss and of the income/loss of the participating subsidiaries) and, consequently, a sole tax debit/credit. Based on this option, Group companies that opted for the "national fiscal consolidation" determine the tax charge pertaining to them and the corresponding taxable income is transferred to the Parent Company.

Set up of a VAT Group
Intesa Sanpaolo and all of the Group companies that meet the requirements for participation opted to set up the VAT Group, governed by Articles from 70-bis to 70-duodecies of Presidential Decree 633/1972.
This option takes effect from 1 January 2019 and has a duration of three years, automatically renewed each year, unless revoked.
As a result of this option, the tax will not apply to either the provision of services and sales of goods between participating parties, with a few exceptions. Sales of goods and provision of services by a participating party to an external party shall be considered made out by the Group. Sales of goods and provision of services by an external party to a participating party shall be considered made to the Group.

"Cooperative compliance" regime
Intesa Sanpaolo applied for and obtained from the Italian Revenue Agency admission to the "cooperative compliance" regime set out in Legislative Decree 128/2015. The admission is effective from the tax period 2017.
The purpose of this regime is to promote the use of enhanced forms of communication and cooperation based on the reciprocal trust between the tax authorities and the taxpayer, as well as favouring the prevention and resolution of tax disputes, in the common interest of the parties.
Under the regime, Intesa Sanpaolo is required to maintain an appropriate system of recognition, measurement and management of tax risk as well as act in a cooperative and transparent manner, and the Italian Revenue Agency is required to promote a relationship based on the principles of transparency, cooperation and fairness.
In addition to Intesa Sanpaolo, the following companies applied for admission and were admitted to the regime: Fideuram - Intesa Sanpaolo Private Banking S.p.A. (with effect from 2018), as well as Intesa Sanpaolo Assicurazioni (formerly Intesa Sanpaolo Vita), Intesa Sanpaolo Protezione (formerly Intesa Sanpaolo Assicura), Fideuram Vita, Eurizon SGR and Epsilon SGR (with effect from 2019). Intesa Sanpaolo Private Banking S.p.A., Fideuram Asset Management SGR and SIREF were admitted in 2021 with effect from 2020.

Certifications pursuant to Article 154 bis of the Consolidated Law on Finance and non-EU subsidiaries
Please refer to Part E of the Notes to the consolidated financial statements for information on the disclosure about the Certifications pursuant to Article 154 bis of the Consolidated Law on Finance and subsidiaries based in non-European countries that are considered significant on the basis of the Consob regulations.

Auditing
EY S.p.A. audited the Intesa Sanpaolo financial statements, in execution of the Shareholders' Meeting resolution of 30 April 2019, which appointed the company as independent auditor for the years from 2021 to 2029, included.

Other aspects
A reformulation of the rules on the transparency of government grants laid down in Article 1, paragraphs 125-129 of Law No. 124/2017 has been introduced in Article 35 of Decree Law 34/2019 (the "Growth" Decree), converted by Law 58/2019. This reformulation indicates that the scope of transparency obligations applies to information regarding grants, subsidies, advantages, contributions or aid, in cash or in kind, "not of a general character and which do not represent consideration, remuneration or compensation" effectively disbursed by public authorities and the entities indicated in Article 2-bis of Legislative Decree 33/2013.
In the light of this reformulation, additional interpretative clarification provided in Assonime Circular No. 32 of 23 December 2019 has confirmed that the transparency obligation applies to awards of economic benefits arising from a bilateral relationship between a public entity and a specific beneficiary. Sums received by a company as consideration for a service rendered, as remuneration for an assignment received or as compensation for damages are expressly excluded. Economic advantages received in application of a general regime, such as tax or contribution relief accessible to all parties who meet certain conditions, are also excluded.
In consideration of the above, there were no cases to report in 2024 for Intesa Sanpaolo.
In the interest of completeness, reference should also be made to the National State Aid Registry, available for public consultation on the relevant website, in which aid measures and the related individual aid packages granted and recorded in the system by the managing entities are published, although, given the foregoing, for Intesa Sanpaolo the circumstances indicated therein for the year 2024 are not subject to financial statement transparency obligations pursuant to paragraphs 125 and 125-bis.

A.2 – MAIN FINANCIAL STATEMENT CAPTIONS

To ensure uniformity in the accounting policies used for the financial statements, the Intesa Sanpaolo Group has adopted an internal set of rules and policies for the various operational and organisational areas.

The methodological document used for the application of the accounting standards is the "Group Accounting Policies", which describes the application models adopted by the Group, within the framework of the standards and the legislation applicable to the various companies/subsidiaries, and sets out the choices made when the regulations envisage alternative or optional accounting treatments.

With regard to the valuation processes, the Group, in the document "Guidelines for the valuation of Balance Sheet Items", has drawn up the principles and regulatory framework for the valuation of the balance sheet items and the roles and responsibilities of the Corporate Bodies, the Manager responsible for preparing the Company's financial reports and the Parent Company's corporate functions involved in the valuation process; the prerequisites for the existing valuation processes and the control system necessary to ensure proper valuation; the general valuation processes based on accounting standards specific to the various categories of balance sheet items being measured (assets and liabilities); and the rules for guidance and coordination of Group companies on the valuation of balance sheet items.

The guidelines and policies also include the Business Model Rules, the Rules on the measurement of Expected Credit Loss in accordance with IFRS 9 (Impairment Policy), and the "Rules for Valuation of Financial Instruments at Fair Value" (former Fair Value Policy), in addition to more specific documents relating to non-performing loans, equity investments, and the management of hedging financial instruments.

Finally, with regard to prudential supervision, the Group has drawn up a specific document called "Harmonised Prudential Supervision Rules".

In general, these documents are approved by the competent Corporate Bodies. They are updated by the management structures in response to needs arising both from external factors (e.g. changes in regulations) and from internal factors within the Group (e.g. new operations and products). Those documents are subject to a specific approval process, based on the significance and scope of the changes made.

1. Financial assets measured at fair value through profit or loss (FVTPL)

Classification criteria

This category contains the financial assets not classified as Financial assets measured at fair value through other comprehensive income or as Financial assets measured at amortised cost. This caption includes in particular:

- financial assets held for trading, essentially consisting of debt securities and equity instruments and the positive value of derivative contracts held for trading;
- financial assets mandatorily measured at fair value through profit or loss, consisting of financial assets that do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual terms do not solely envisage payments of principal and interest on the principal amount outstanding (SPPI Test not passed) or that are not held under a Hold to Collect business model or a Hold to Collect and Sell business model;
- financial assets designated at fair value, i.e. financial assets that are defined as such upon initial recognition and when the conditions apply. In relation to this case, an entity may irrevocably designate a financial asset as measured at fair value through profit or loss only if it eliminates or significantly reduces a measurement inconsistency.

This caption therefore includes:

- debt securities and loans that are included in an Other/Trading business model (i.e., that do not come under the Hold to Collect or Hold to Collect and Sell business models) or that do not pass the SPPI Test, including the portions of syndicated loans subscribed or other types of loans that are originally intended to be sold and are not part of a Hold to Collect and Sell business model;
- equity instruments – that do not qualify as investments in subsidiaries, associates or joint ventures – held for trading purposes or for which the option was not exercised, upon initial recognition, to designate them at fair value through other comprehensive income;
- quotas of UCI (Undertakings for Collective Investment).

This caption also includes the derivatives, recognised under financial assets held for trading, which are presented as assets if the fair value is positive and as liabilities if the fair value is negative. The positive and negative current values arising from transactions with the same counterparty – also between derivatives allocated to the trading book and hedging derivatives, as envisaged by the Bank of Italy Circular 262 – may be offset only when the legal right to offset amounts recognised for accounting purposes currently exists and the net settlement of positions subject to offsetting is carried out.

Derivatives also include those embedded in combined financial contracts – where the host contract is a financial liability – which are subject to separate accounting when:

- their economic characteristics and risks are not closely related to the characteristics of the host contract;
- the embedded instruments, even though separate, fully meet the definition of derivative;
- the combined instruments are not measured at fair value with changes in fair value recognised through profit or loss.

According to the general rules established by IFRS 9 on the reclassification of financial assets (except for equity instruments, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets. In such cases, which are expected to be highly infrequent, the financial assets may be reclassified from those measured at fair value through profit or loss to one of the other two categories established by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through other comprehensive income). The transfer value is the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification date. In this case, the effective interest rate of the reclassified financial asset is determined based on its fair value at the reclassification date and that date is considered as the initial recognition date for the credit risk stage assignment for impairment purposes.
For more information regarding the classification criteria for the financial instruments see the paragraph below "Classification drivers for the financial assets".

Recognition criteria

Initial recognition of financial assets occurs at settlement date for debt securities and equity instruments, at disbursement date for loans and at trade date for derivative contracts.
On initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, without considering transaction costs or revenues directly attributable to the instrument.

Measurement criteria

After initial recognition, the financial assets measured at fair value through profit or loss are recorded at fair value. The effects of the application of this measurement criterion are recorded in the income statement.

For the determination of the fair value of financial instruments quoted on active markets, market quotations are used. If the market for a financial instrument is not active, standard practice estimation methods and valuation techniques are used which consider all the risk factors correlated to the instruments and that are based on market elements such as: valuation of quoted instruments with the same characteristics, calculation of discounted cash flows, option pricing models, recent comparable transactions, etc.. For equities and derivative instruments that have equities as underlying assets, which are not quoted on an active market, the cost approach is used as the estimate of fair value only on a residual basis and in a small number of circumstances, i.e., when all the measurement methods referred to above cannot be applied, or when there are a wide range of possible measurements of fair value, in which cost represents the most significant estimate.
For more information regarding the criteria for the determination of fair value, see the Section "A.4 – Information on Fair Value".

Derecognition criteria

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the disposed financial assets is maintained, they continue to be recorded in the financial statements, even though their title has been transferred.
When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.
Lastly, disposed financial assets are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, without significant delay to third parties.

2. Financial assets measured at fair value through other comprehensive income (FVOCI)

Classification criteria

This category includes the financial assets that meet both the following conditions:

- the financial asset is held under a business model whose objective is achieved both through the collection of expected contractual cash flows and through sale (Hold to Collect and Sell business model), and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI Test" passed).

This caption also includes equity instruments, not held for trading, for which the option was exercised upon initial recognition of their designation at fair value through other comprehensive income.

In particular, this caption includes:
- debt securities that can be attributed to a Hold to Collect and Sell business model and that have passed the SPPI test;
- equity interests, that do not qualify as investments in subsidiaries, associates or joint ventures and are not held for trading, for which the option has been exercised of their designation at fair value through other comprehensive income;
- loans that are attributable to a Hold to Collect and Sell business model and have passed the SPPI Test, including the portions of syndicated loans subscribed or other types of loans that are originally intended to be sold and are part of a Hold to Collect and Sell business model.

According to the general rules established by IFRS 9 on the reclassification of financial assets (except for equity instruments, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets.
In such cases, which are expected to be highly infrequent, the financial assets may be reclassified from those measured at fair value through other comprehensive income to one of the other two categories established by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification date. In the event of reclassification from this category to the amortised cost category, the cumulative gain (loss) recognised in the valuation reserve is allocated as an adjustment to the fair value of the financial asset at the reclassification date. In the event of reclassification to the fair value through profit or loss category, the cumulative gain (loss) previously recognised in the valuation reserve is reclassified from shareholders' equity to net income (loss).
For more information regarding the classification criteria for the financial instruments see the paragraph below "Classification drivers for the financial assets".

Recognition criteria
Initial recognition of financial assets occurs at settlement date for debt securities and equity instruments and at disbursement date for loans. On initial recognition, assets are recorded at fair value, including transaction costs and revenues directly attributable to the instrument.

Measurement criteria
After initial recognition, the Assets classified at fair value through other comprehensive income, other than equity instruments, are measured at fair value, with the recognition in profit or loss of the impact resulting from the application of the amortised cost, the impairment effects and any exchange rate effect, whereas the other gains and losses resulting from a change in fair value are recognised in a specific shareholders' equity reserve until the financial asset is derecognised. Upon the total or partial sale, the cumulative gain or loss in the valuation reserve is transferred, in whole or in part, to the income statement.
Equity instruments, for which the choice has been made to classify them in this category, are measured at fair value and the amounts recognised in other comprehensive income cannot be subsequently transferred to profit or loss, not even if they are sold. The only component related to these equities that is recognised through profit or loss is their dividends.
Fair value is determined on the basis of the criteria already described for Financial assets measured at fair value through profit or loss.
For the equity instruments included in this category, which are not quoted on an active market, the cost approach is used as the estimate of fair value only on a residual basis and in a small number of circumstances, i.e., when all the measurement methods referred to above cannot be applied, or when there are a wide range of possible measurements of fair value, in which cost represents the most significant estimate.
For more information regarding the criteria for the determination of fair value, see the Section "A.4 – Information on Fair Value".

Financial assets measured at fair value through other comprehensive income – both in the form of debt securities and loans – are subject to the verification of the significant increase in credit risk (impairment) required by IFRS 9, in the same way as Assets measured at amortised cost, with the consequent recognition through profit or loss of a value adjustment to cover the expected losses. More specifically, for instruments classified as Stage 1 (i.e., financial assets at origination, when not impaired, and instruments for which there has not been a significant increase in credit risk since the initial recognition date), a 12-month expected loss is recognised on the initial recognition date and at each subsequent reporting date. For instruments classified as Stage 2 (performing for which there has been a significant increase in credit risk since the initial recognition date) and as Stage 3 (credit-impaired exposures), a lifetime expected loss for the financial instrument is recognised.
Equity instruments are not subject to the impairment process.
See the paragraph below "Impairment of financial assets" for more details.

Derecognition criteria
Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the disposed financial assets is maintained, they continue to be recorded in the financial statements, even though their title has been transferred.
When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.
Lastly, disposed financial assets are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, without significant delay to third parties.

3. Financial assets measured at amortised cost

Classification criteria

This category includes the financial assets (in particular loans and debt securities) that meet both the following conditions:

– the financial asset is held under a business model whose objective is achieved through the collection of expected contractual cash flows (Hold to Collect business model), and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI Test" passed).

More specifically, the following are recognised in this caption:

– loans to banks in their various forms that meet the requirements referred to above;
– loans to customers in their various forms that meet the requirements referred to above;
– debt securities that meet the requirements referred to above.

This category also includes the operating loans and receivables connected to the provision of financial activities and services as defined by the Consolidated Law on Banking and the Consolidated Law on Finance (e.g. for the distribution of financial products and servicing activities).

According to the general rules established by IFRS 9 on the reclassification of financial assets, reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets. In such cases, which are expected to be highly infrequent, the financial assets may be reclassified from the amortised cost category to one of the other two categories established by IFRS 9 (Financial assets measured at fair value through other comprehensive income or Financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification date. Gains and losses resulting from the difference between the amortised cost of a financial asset and its fair value are recognised through profit or loss in the event of reclassification to Financial assets measured at fair value through profit or loss and under Shareholders' equity, in the specific valuation reserve, in the event of reclassification to Financial assets measured at fair value through other comprehensive income.

For more information regarding the classification criteria for the financial instruments see the paragraph below "Classification drivers for the financial assets".

Recognition criteria

Initial recognition of the financial asset occurs at settlement date for debt securities and at disbursement date for loans. On initial recognition, assets are recorded at fair value, including transaction costs and revenues directly attributable to the instrument.

In particular, for loans, the disbursement date is usually the same as the date of signing of the contract. Should this not be the case, a commitment to disburse funds is made along with the subscription of the contract, which will cease to exist upon disbursement of the loan. The loan is recognised based on its fair value, equal to the amount disbursed or subscription price, inclusive of the costs/revenues directly attributable to the single loan and determinable from inception, even when settled at a later date. Costs that, even with the aforementioned characteristics, are reimbursed by the borrower or are classifiable as normal internal administrative costs are excluded.

Repurchase agreements and reverse repurchase agreements are recognised as funding or lending transactions. Specifically, repurchase agreements are recognised as payables for the spot amount received, whereas reverse repurchase agreements are recognised as receivables for the spot amount paid.

Measurement criteria

After the initial recognition, these financial assets are measured at amortised cost, using the effective interest method. The assets are recognised in the balance sheet at an amount equal to their initial carrying amount less principal repayments, plus or minus the cumulative amortisation (calculated using the effective interest method) of the difference between this initial amount and the amount at maturity (typically attributable to costs/income directly attributable to the individual asset) and adjusted by any provision for losses. The effective interest rate is the rate that exactly discounts estimated future cash payments of the asset, as principal and interest, to the amount disbursed inclusive of the costs/revenues attributable to that financial asset. This measurement method uses a financial approach and allows distribution of the economic effect of the costs/income directly attributable to a financial asset over its expected lifetime.

The amortised cost method is not used for assets, measured at historical cost, whose short duration makes the effect of discounting negligible, or for assets without a definite maturity or revocable loans.

The measurement criteria, as described in more detail in the paragraph "Impairment of financial assets", are closely linked to the inclusion of these instruments in one of the three stages of credit risk established by IFRS 9, the last of which (Stage 3) consists of non-performing financial assets and the remaining (Stages 1 and 2) of performing financial assets.

With regard to the accounting representation of the above measurement effects, the adjustments for this type of asset are recognised in profit or loss:

– on initial recognition, for an amount equal to the 12-month expected credit loss;
– on subsequent measurement of the asset, when the credit risk has not increased significantly since initial recognition, in relation to changes in the amount of adjustments for the 12-month expected credit losses;
– on subsequent measurement of the asset, when the credit risk has increased significantly since initial recognition, in relation to the recognition of adjustments for expected credit losses over the contractually agreed remaining lifetime of the asset;

- on subsequent measurement of the asset, where – after a significant increase in credit risk has occurred since initial recognition – the increase is no longer "significant" due to the alignment of the cumulative value adjustments to take account of the change from a lifetime expected credit loss to a 12-month expected credit loss for the instrument.

These financial assets, when they are performing, are subject to an assessment, aimed at establishing the value adjustments to be recognised in the financial statements, at the level of individual loan (or "tranches" of securities), according to the risk parameters consisting of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), derived from the AIRB models, and duly adjusted to take account of the provisions of IFRS 9.
If, in addition to a significant increase in credit risk, there is also objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the asset – classified as "non-performing", like all the other relationships with the same counterparty – and the present value of the estimated future cash flows, discounted using the original effective interest rate. The amount of the loss, to be recognised through profit or loss, is established based on individual measurement or determined according to uniform categories and, then, individually allocated to each position, and, as detailed in the paragraph "Impairment of financial assets", takes account of forward-looking information and possible alternative recovery scenarios.
Non-performing assets include financial assets classified as bad, unlikely-to-pay or past due by over ninety days according to the rules issued by the Bank of Italy, in line with the IAS/IFRS and EU Supervisory Regulations.
The expected cash flows take into account the expected recovery times and the estimated realisable value of any guarantees.
The original effective rate of each asset remains unchanged over time even if the relationship has been restructured with a variation of the contractual interest rate and even if the relationship, in practice, no longer bears contractual interest.
If the reasons for impairment are no longer applicable following an event subsequent to the registration of impairment, recoveries are recorded in the income statement. The size of the recovery must not lead the carrying value of the financial asset to exceed the amortised cost had no impairment losses been recognised in previous periods.
Recoveries on impairment with time value effects are recognised in net interest income.
In some cases, during the lifetime of these financial assets, and of loans in particular, the original contractual conditions may be subsequently modified by the parties to the contract. When the contractual clauses are subject to change during the lifetime of an instrument, it is necessary to verify whether the original asset should continue to be recognised in the balance sheet or whether, instead, the original instrument needs to be derecognised and a new financial instrument needs to be recognised.
In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are "substantial". The assessment of the "substantial nature" of the change must be made using both qualitative and quantitative information. In some cases, in fact, it may be clear, without resorting to complex analysis, that the changes introduced substantially modify the characteristics and/or contractual flows of a particular asset while, in other cases, further analysis (including quantitative analysis) will need to be carried out to assess the effects of the changes and verify whether or not to derecognise the asset and recognise a new financial instrument.
The qualitative and quantitative analyses aimed at defining the "substantial nature" of contractual changes made to a financial asset must therefore consider:

- the purposes for which the changes were made: e.g. renegotiations for commercial reasons and forbearance measures due to financial difficulties of the counterparty:
  - the former, aimed at "retaining" the customer, involve a borrower that is not in financial difficulty. This category includes all renegotiations aimed at aligning the cost of the debt to market conditions. These operations involve a change in the original conditions of the contract, usually requested by the borrower and relating to aspects concerning the cost of the debt, with a consequent economic benefit for the borrower. In general, whenever the bank carries out a renegotiation to avoid losing its customer, that renegotiation should be considered as substantial because, if it were not carried out, the customer could borrow from another intermediary and the bank would incur a decrease in expected future revenues;
  - the latter, carried out for "reasons of credit risk" (forbearance measures), relate to the bank's attempt to maximise the recovery of the cash flows of the original loan. The underlying risks and rewards, following the changes, are not normally substantially transferred and, consequently, the accounting representation that provides the most relevant information for the readers of the financial statements (apart from the triggers discussed below) is "modification accounting" – which involves the recognition through profit or loss of the difference between the carrying value and the present value of the modified cash flows discounted at the original interest rate – rather than derecognition;
- the presence of specific triggers that affect the contractual characteristics and/or cash flows of the financial instrument (such as, for example, a change in currency or a modification of the type of risk the financial instrument is exposed to, when correlated to equity and commodity parameters), which are considered to result in derecognition due to their impact (expected to be significant) on the original contractual cash flows.

Conversely, the amendments to financial assets following the Interest Rate Benchmark Reform (so-called IBOR Reform), relating to the change in the basis for determining contractual cash flows (the replacement of the existing interest rate benchmark with an alternative benchmark rate), do not constitute a derecognition event, but are to be considered a modification from an accounting standpoint. Such amendments, if made as a direct consequence of the IBOR Reform and applied on equivalent economic bases, are represented with a prospective adjustment of the effective interest rate - by applying paragraph B5.4.5 of IFRS 9 instead of modification accounting, with impacts on net interest income in future periods.

Derecognition criteria

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the disposed financial assets is maintained, they continue to be recorded in the financial statements, even though their title has been transferred.
When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.
Lastly, disposed financial assets are derecognised if the entity retains the contractual rights to receive the cash flows of the

asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, without significant delay to third parties.

4. Hedging transactions

Intesa Sanpaolo has exercised the option, provided for on the introduction of IFRS 9, of continuing to fully apply the provisions of IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for each type of hedge (both for micro hedges and macro hedges).

Classification criteria: type of hedge
Hedging transactions are aimed at neutralising potential losses on a specific item or group of items, attributable to a certain risk, if such a risk should actually occur.
The following types of hedging transactions are used:
- fair value hedge, which has the objective of covering exposure to changes in the fair value (attributable to the different risk categories) of assets and liabilities in the balance sheet, or on a portion of these, of groups of assets/liabilities, of binding commitments and portfolios of financial assets and liabilities, including core deposits, as permitted by IAS 39 endorsed by the European Commission. Fair value macro hedges are aimed at reducing fluctuations in the fair value, as a result of interest rate risk, of a sum of money flowing from a portfolio of financial assets or liabilities. Net amounts resulting from mismatches between assets and liabilities cannot be subject to macro hedges;
- cash flow hedge, which has the objective of covering exposure to variability in future cash flows attributable to particular risks associated with balance sheet captions. This type of hedge is essentially used to stabilise the interest flow on floating rate funding to the extent that the latter finances fixed rate investments. In certain circumstances, similar transactions are carried out with respect to some types of floating rate investments;
- hedges of net investments in foreign currency, which refer to the coverage of the risks of net investments in foreign operations expressed in their original currency.

Only hedging transactions which involve counterparties outside the Bank may qualify for hedge accounting.
The choice made by the Group to take advantage of the possibility of continuing to fully apply the IAS 39 rules for hedging relationships means that the equity instruments classified as Financial assets measured at fair value through other comprehensive income (FVOCI) cannot be measured as hedged items for price or exchange rate risk, since these instruments are not recognised through profit or loss, not even if they are sold (except for dividends that are recognised through profit or loss).

Recognition criteria
Hedging derivatives, like all derivatives, are initially recognised and subsequently measured at fair value.

A relationship qualifies as a hedging relationship, and is appropriately reported in the financial statements only if, all of the following conditions are met:
- at the inception of the hedge, the hedging relationship is formally designated and documented, including the company's risk management objectives and strategy in undertaking the hedge. This documentation includes the identification of the hedging instrument, the item or transaction hedged, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness in offsetting the exposures to changes in the fair value of the item hedged or in the cash flows attributable to the risk hedged;
- the hedge is expected to be highly effective;
- the planned transaction hedged, to hedge the cash flows, is highly probable and has an exposure to changes in cash flows that could have effects on the income statement;
- the effectiveness of the hedge can be reliably measured;
- the hedge is measured on an ongoing basis and is considered highly effective for all the financial years in which it is designated.

Measurement criteria
Hedging derivatives are measured at fair value. In particular:
- in the case of fair value hedges, the change in the fair value of the hedged item is offset by the change in fair value of the hedging instrument. Offsetting is recognised via the registration in the income statement of the gains and losses referred to both the hedged item (with regard to the variations produced by the underlying risk factor), and the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, is therefore the net economic effect. In case of fair value macro hedges, fair value changes related to the hedged risk of assets and liabilities in hedged portfolios are allocated to the balance sheet under caption 60. "Fair value change of financial assets in hedged portfolios" or under caption 50. "Fair value change of financial liabilities in hedged portfolios";
- in the case of cash flow hedges, changes in fair value of the derivative are recorded in equity, for the effective portion of the hedge, and these are registered in the income statement only when, with reference to the hedged item, there is a variation in the flows to be offset or if the hedge is ineffective;
- hedges of net investments in foreign currency are treated in the same way as cash flow hedges.

The effectiveness of the hedge depends on the extent to which changes in the fair value of the hedged item or the relating expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is appraised by comparing the aforementioned changes, considering the intent pursued by the entity at the time in which it entered the hedging transaction.
A hedge is effective when the variations in fair value (or cash flows) of the hedging financial instrument almost completely neutralise, that is within the 80-125% range, the changes in the fair value of the hedged item, for the type of risk being hedged.

Effectiveness is assessed at every close of annual or interim financial statements using:
- prospective tests, which justify the application of hedge accounting, since these prove the expected effectiveness of the hedge;
- retrospective tests, which demonstrate the effectiveness of the hedge for the reference period, or measure how much the effective results diverge from perfect coverage.

Fair value hedge accounting is discontinued prospectively in the following cases:
- the hedging instrument expires or is sold, terminated, or exercised;
- the hedge no longer meets the hedge accounting criteria described above;
- the entity revokes the designation.

If such assessments do not confirm hedge effectiveness, from that moment hedge accounting is discontinued, the derivative is reclassified in instruments held for trading and the hedged item is measured on the basis of its classification in the balance sheet. If the assets or liabilities hedged are measured at amortised cost, the higher or lower value resulting from the fair value measurement due to the hedge becoming ineffective is recognised through profit or loss, using the effective interest rate method. When a fair value macrohedging relationship is discontinued, the cumulative change in fair value losses carried under caption 60 "Fair value change of financial assets in hedged portfolios" or caption 50. "Fair value change of financial liabilities in hedged portfolios" are transferred to the income statement among interest income or expense over the residual life of the original hedging relationships, without prejudice to verification that the requirements have been met.

An entity must discontinue cash flow hedge accounting prospectively in each of the following circumstances:
- the hedging instrument expires or is sold, terminated, or exercised (for this purpose the replacement or exchange of one hedging instrument with another hedging instrument is not a conclusion or termination if that replacement or exchange forms part of an entity's documented hedging strategy). In this case the total profit (or loss) on the hedging instrument continues to be recognised directly in shareholders' equity until the end of the reporting period in which the hedge became effective and it continues to be recognised separately until the programmed transaction, being hedged, occurs;
- the hedge no longer meets the criteria for hedge accounting. In this case the total profit or loss on the hedging instrument is recognised directly in shareholders' equity starting from the reporting period in which the hedge became effective and continues to be recognised separately in shareholders' equity until the programmed transaction occurs;
- it is no longer considered that the future transaction will occur, in which case any related total profit or loss on the hedging instrument recognised directly in equity starting from the reporting period in which the hedge became effective must be recognised through profit or loss;
- the entity revokes the designation. For hedges of a programmed transaction, total profits or losses on the hedging instrument recognised directly in shareholders' equity starting from the reporting period in which the hedge became effective continue to be recognised separately in shareholders' equity until the programmed transaction occurs or it is expected that it will no longer occur.

As an exception to the provisions of IAS 39 discontinuation following an update of the documentation of the hedging relationship (due to modification of the hedged risk, the hedged underlying or the hedging derivative, or of the method for verifying hedge effectiveness) does not apply in the case of modifications required as a direct consequence of the Interest Rate Benchmark Reform (so-called IBOR Reform) and applied on equivalent economic bases.

5. Equity investments

Classification, recognition and measurement criteria

The caption includes investments in subsidiaries, companies subject to joint control and associates.
Entities 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 entities in question.
Entities are considered to be companies subject to joint control (joint ventures), if control is contractually shared between Intesa Sanpaolo and 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 subject to significant influence (associates) when Intesa Sanpaolo holds 20% or more of the voting rights (including "potential" voting rights) or if it – with a lower equity stake – has the power of participating in the determination of financial and management policies of the company based on specific juridical relations, such as the participation in voting syndicates.
Certain companies in which Intesa Sanpaolo holds a stake exceeding 20% are not considered subject to significant influence since it solely has economic rights on a portion of the returns generated by the investment, but does not have access to management policies and may exercise governance rights limited to the safeguarding of its economic interests.

Equity investments are recognised at settlement date. On initial recognition equity investments are recorded at cost.
Equity investments are measured at cost, which may be adjusted if impairment losses are deemed to have occurred. If there is evidence of impairment, the recoverable amount of the investment is estimated, considering the present value of the future cash flows which may be generated by the investment, including the final disposal value.
If the recoverable amount is lower than the carrying value, the difference is recorded in the income statement.
If the reasons for impairment are no longer applicable following an event subsequent to the registration of impairment, recoveries are recorded in the income statement.

Derecognition criteria

Equity investments are derecognised when the contractual rights to the cash flows from the assets expire or when the investment is sold, substantially transferring all the risks and rewards connected to the assets.

6. Property and equipment

Classification criteria

Property and equipment include land, owner-occupied property, investment property, valuable art assets, technical plants, furniture and fittings and any type of equipment that are expected to be used during more than one period.
Property and equipment held for use in the production or supply of goods and services are classified as "Property and equipment used in operations", in accordance with IAS 16. Real estate owned for investment purposes (to obtain rental income or gains on the capital invested) is classified as "Investment property" based on IAS 40.
This caption also includes property and equipment classified in accordance with IAS 2 Inventories, which refer both to assets resulting from the enforcement of guarantees or from purchase at auction that the company intends to sell in the near future, without carrying out major renovation work, and which do not meet the requirements for classification in the previous categories.
Lastly, they include the rights of use acquired under a lease and relating to the use of an item of property and equipment (for lessees) and assets leased under an operating lease (for lessors).

Recognition criteria

Property and equipment are initially measured at cost which comprises in addition to their purchase price any costs directly attributable to the purchase and required for them to be operational.
Extraordinary maintenance expenses which lead to a rise in future economic benefits are attributed to increase the value of assets, while other ordinary maintenance costs are recorded in the income statement.

Measurement criteria

Property and equipment are measured at cost, net of depreciation and impairment losses, except for owner-occupied properties and valuable art assets, which are measured according to the revaluation model.
The investment properties are measured with the fair value method.
For the property and equipment subject to assessment according to the revaluation model:

– if the carrying value of an asset is increased following a revaluation, the increase must be recognised in the Statement of comprehensive income and accumulated in the shareholders' equity under the caption revaluation reserve; conversely, in the case where an impairment loss on the same asset recognised previously in the income statement is recovered, it must be recognised as income;
– if the carrying value of an asset is decreased following the revaluation, the decrease must be recognised in the Statement of comprehensive income to the extent in which there are possible credit balances in the revaluation reserve referring to this asset; otherwise, this reduction is recorded in the Income statement.

Property and equipment are systematically depreciated, adopting the straight-line method over their useful life. The depreciable amount is the cost of the goods (or the net value recalculated if the method adopted for the valuation is the revaluation model) net of the residual value at the end of the depreciation period, if significant. Buildings are depreciated for a portion deemed to be suitable to represent their deterioration over time following their use, considering extraordinary maintenance expenses, which are recognised in the carrying value of the assets. In order to determine the useful life of the various types of assets and the corresponding depreciation rates, the Group's real estate assets have been divided into four clusters: (i) Historical and particularly prestigious properties (useful life of 65 years), (ii) Entire buildings (useful life of 33 years), (iii) Banking branches (useful life of 20 years) and (iv) Other properties (useful life of 20 years). These clusters do not include the New Intesa Sanpaolo Headquarters in Turin, for which the useful life was estimated through a specific analysis which considered the peculiar architectural features of the building. Other property and equipment is depreciated based on the following useful lives: furniture from 5 to 10 years, plants from 4 to 10 years, hardware and IT equipment for a period from 4 to 8 years and, lastly, other assets from 3 to 13 years.

The following are not depreciated:

– land, irrespective of whether acquired individually or embedded in the value of buildings, since it has an indefinite useful life;
– the valuable art assets, the other historical, artistic and decorative assets, since their useful life cannot be estimated and their value is normally destined to increase over time;
– the investment properties, as required by IAS 40, are measured at fair value through profit or loss and therefore they must not be depreciated.

If there is some evidence that property and equipment measured at cost may have been impaired, the carrying amount of the asset and its recoverable amount are compared. Any impairment losses are recorded in the income statement.
If the reasons for impairment cease to exist, a value recovery is recorded and may not exceed the value that the asset would have had, net of depreciation, determined in the absence of previous impairment losses.

With regard to the property and equipment recognised in accordance with IAS 2, these are measured at the lesser of cost and net realisable value, without prejudice to the comparison between the asset's carrying amount and its recoverable amount where there is an indication that the asset may have been impaired. Any impairment losses are recorded in the income statement.

Property and equipment consisting of the right-of-use of assets subject to leases

According to IFRS 16, a lease is a contract or part of a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

According to IFRS 16, leases are accounted for on the basis of the right of use model, where, at the initial date, the lessee has a financial obligation to make payments due to the lessor to compensate for its right of use of the underlying asset during the lease term.
When the asset is made available to the lessee for use (initial date), the lessee recognises both the liability and the asset consisting of the right of use.
In particular, the right of use acquired with a lease is measured as the sum of the present value of the future payments over the term of the contract, the lease payments made at or before the commencement date, the lease incentives received, if any, the initial direct costs and any estimated costs of dismantling or restoring the underlying asset.
The financial liability recognised corresponds to the present value of the payments to be made for the lease.

With regard to the discount rate, based on the requirements of IFRS 16, the Group uses the implicit interest rate for each lease contract, when it is available. For leases from the lessee's point of view, in some cases, for example for rental agreements, the implicit interest rate cannot always be readily determined without using estimates and assumptions (the lessee does not have enough information about the unguaranteed residual value of the leased asset). In these cases, the Group has developed a methodology for setting the incremental interest rate as an alternative to the implicit interest rate and has decided to adopt the Funds Transfer Pricing (FTP) method. This is based on an unsecured and amortising rate curve, which envisages lease payments for the lease contract that are typically constant over the lease term, rather than a single payment upon maturity. The FTP method takes into account the creditworthiness of the lessee, the term of the lease, as well as the economic environment in which the transaction takes place and is therefore in line with the requirements of the standard.

The lease term is determined taking into account:
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option;
- periods covered by an option to terminate the lease if the lessee is reasonably certain to exercise that option.

During the course of the lease term a lessee shall:
- measure the right-of-use at cost less accumulated depreciation and accumulated impairment losses determined and recognised based on the provisions of IAS 36 "Impairment of assets", adjusted to take account of any remeasurement of the lease liability;
- increase the liability arising from the lease following the accrual of interest expense calculated at the interest rate implicit in the lease or alternatively at the incremental borrowing rate, and decrease it for payments of principal and interest made.

If changes are made to the lease payments, then the lease liability must be remeasured and the impact of the remeasurement of the liability is recognised against the right-of-use asset.

Derecognition criteria
Property and equipment are derecognised from the balance sheet on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

7. Intangible assets

Classification criteria
Intangible assets consist of goodwill and other intangible assets governed by IAS 38. They may include the rights of use acquired under a lease and relating to the use of an intangible asset (for lessees) and assets leased under an operating lease (for lessors).
Intangible assets are recognised as such if they may be identified and stem from legal or contractual rights. Intangible assets include goodwill, which represents the positive difference between purchase price and fair value of assets and liabilities pertaining to the acquired company.

Recognition and measurement criteria
Intangible assets are recognised at cost, adjusted for any accessory charges only if it is probable that the future economic benefits attributable to the assets will be realised and if the cost of the asset may be reliably determined. If this is not the case, the cost of the intangible asset is recorded in the income statement in the year in which it was incurred.
For assets with finite useful life, the cost is amortised on a straight-line basis or in decreasing portions determined on the basis of the economic benefits expected from the asset. Assets with indefinite useful life are not subject to systematic amortisation, but are periodically subjected to impairment testing.
If there is any indication that an asset may have suffered impairment losses, the asset's recoverable amount is estimated. The impairment loss, which is recorded in the income statement, is equal to the difference between the carrying value of the assets and the recoverable amount.

In particular, intangible assets include:
- technology-related intangible assets, such as software applications, which are amortised mainly on the basis of their expected technological obsolescence or, if lower, their expected use, and in any case generally no longer than a period of seven years. An exception are the core banking system platforms, whose useful life is estimated on a case-by-case basis, and, as a result, amortised over longer periods (from 10 to 15 years). Moreover, the costs incurred for the development of software are considered as intangible assets and are recognised under assets only when all the following

conditions are met: i) the cost attributable to the intangible asset during its development can be measured reliably, ii) there is the intention, the availability of financial resources and the technical ability of making the intangible asset available for use or sale, iii) the future economic benefits to be generated by the asset can be demonstrated. Software development capitalised costs only comprise the costs directly attributable to the development process. Capitalised software development costs are amortised systematically over the estimated useful life of the relevant product/service so as to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity from the beginning of production over the product's estimated life;

– customer-related intangibles mainly represented, in business combinations, by asset management relations, non-financial activities related to provision of services and insurance portfolios classified as investments. Such assets, with a finite life, are originally measured by the discounting, using a rate representing the time value of money and the asset's specific risks, of the income margins on the ongoing relations at the time of the business combination over a period which expresses their residual, contractual or estimated life. For asset management relations and non-financial activities related to provision of services, they are amortised on a straight-line basis over the period of greater significance of the expected economic benefits in case of relations which do not have a predetermined duration and, for relations from insurance products classified as investments, generally in decreasing portions corresponding to the duration of the contract in case of relations with predetermined expiry (residual lives of the policies);
– marketing-related intangibles represented by the measurement of the brand name which is also recorded at the time of business combinations. This asset is considered as having indefinite life since it is deemed to contribute for an indefinite period of time to the formation of income flows.

Lastly, intangible assets include goodwill.

With respect to business combinations, goodwill may be recorded when the positive difference between the fair value of shareholders' equity acquired and the purchase price of the equity investment is representative of the future income-generation potential of the equity investment.
If this difference is negative or if goodwill may not be attributed considering future income-generation potential of the equity investments, the same difference is directly recorded in the income statement.
Once a year (or every time that there is evidence of impairment losses), an impairment test is carried out for goodwill. This requires the identification of the Cash Generating Unit (or CGU) to which goodwill is allocated. The cash-generating units of the Intesa Sanpaolo Group correspond to the operating divisions presented in segment reporting. The business operations carried out directly by the Parent Company falls under the Cash-generating units corresponding to Banca dei Territori and Corporate and Investment Banking. Therefore, goodwill is allocated to such divisions. Any impairment losses are determined on the basis of the difference between the recognition value of goodwill and its recoverable amount, if lower. The recoverable amount is equal to the higher between the fair value of the cash-generating unit, less any cost to sell, and the relative value in use. The consequent adjustments are posted in the income statement.

With regard to the intangible asset represented by the brand name, if the reference CGU does not have any goodwill allocated, then an independent and specific valuation is made of the intangible on the basis of the fair value certified by the appraisal of an independent expert. If the fair value of the brand name is not higher than its carrying amount, the recoverable amount of the CGU is estimated, calculated based on future cash flows.

It is also noted that, where a CGU which is allocated both goodwill and a brand name has a value in use lower than the carrying amount, by an amount that exceeds the total value of the intangibles with indefinite life allocated, without prejudice to the full write-down of goodwill, an autonomous valuation of the brand name is carried out based on the fair value stated in the specific appraisal.

Derecognition criteria
Intangible assets are derecognised from the balance sheet on disposal and if no future economic benefits are expected.

8. Other assets

Other assets essentially consist of items awaiting classification and items not attributable to the other balance-sheet captions, including receivables arising from the supply of goods and non-financial services, sundry tax items other than those recognised in their own caption (e.g., connected to withholding agent activities), gold, silver and precious metal, the tax credits connected with the "Cura Italia" and "Rilancio" Decree Laws and accrued income other than that capitalised on the related financial assets, including the income resulting from contracts with customers in accordance with IFRS 15, paragraphs 116 and following. As required by paragraphs 91 and following of IFRS 15, the costs incurred for the acquisition and fulfilment of long-term contracts with customers are capitalised and amortised when they are incremental and are expected to be recovered.

9. Non-current assets held for sale and discontinued operations and Liabilities associated with non-current assets held for sale and discontinued operations

Non-current assets/liabilities for which a disposal process has commenced and for which disposal is deemed to be extremely probable are recorded in assets under Non-current assets held for sale and discontinued operations and in liabilities under Liabilities associated with non-current assets held for sale and discontinued operations. These assets/liabilities are measured at the lower of the carrying amount and fair value less cost to sell, except for some type of assets (e.g., financial assets within the scope of IFRS 9) for which IFRS 5 specifically establishes that the measurement principles of the applicable accounting

standard must be used. Assets that under IAS/IFRS are subject to the periodic depreciation/amortisation process cease to be depreciated/amortised when they are classified as assets (or groups of assets) held for sale.
Non-current assets held for sale and discontinued operations may include portfolios of assets for which there are no prices in an active market. In such case, where an agreement has been reached with the purchaser, they are measured at fair value by referring to the sale prices resulting from that agreement. Where there is no agreement, they are measured using specific valuation techniques based on the asset and, where necessary, by employing external fairness opinions.
The income and charges (net of tax effect) attributable to non-current assets held for sale and discontinued operations or recorded as such in the year are recognised in the income statement in a separate caption.

10. Current and deferred tax

Taxes on income[210], calculated according to domestic tax regulations, are accounted for as a cost on an accruals basis, in line with the method followed to include, in the financial statements, the costs and income that generated them. Therefore, they represent the balance of current and deferred income taxes[211] for the year. Current tax assets and liabilities include the balances of the Bank due to the relevant Italian and foreign tax authorities relating to direct taxation. More specifically, these captions include the net balance of tax liabilities from previous years and the current year, calculated on the basis of a prudent estimate of the tax charges due for the year, assessed according to the tax regulations currently in force, and the current tax assets represented by advances, by withholding taxes borne or other tax credits. The risk inherent in such proceedings and the risks inherent in proceedings where preliminary disbursements have not been requested are evaluated in applying the principles contained in IAS 37 regarding the best estimate of the economic resources required.
Considering the Group's adoption of the national fiscal consolidation provisions, tax positions which may be referred to the Bank and those originated by other Italian Group companies are managed separately from an administrative standpoint.
Deferred taxation is calculated according to the balance sheet liability method, taking into account the tax effect of the temporary differences between the book value of the assets and liabilities and their value for taxation purposes, which will determine taxable income or deductible amounts in the future. To this end, "taxable temporary differences" are differences which will give rise to taxable income in future years while "deductible temporary differences" are those which will give rise to deductible amounts in future years.
Deferred tax liabilities are calculated by applying the tax rates currently in force to taxable temporary differences that are likely to generate a tax burden, and to the deductible temporary differences for which it is likely that there will be future taxable amounts at the time when the related tax deductibility occurs (so-called probability test). Deferred tax assets and liabilities related to the same tax and due in the same period are offset.
If deferred tax assets and liabilities refer to items affecting the Income statement, the balancing entry is represented by taxes on income.
Where deferred tax assets and liabilities relate to transactions that have been recorded in shareholders' equity without affecting earnings (such as adjustments on IAS/IFRS first-time adoption, measurements of financial assets recognised at fair value through other comprehensive income or of cash flow hedge derivative contracts), the balancing entry is made in shareholders' equity, under specific reserves where so provided (e.g. valuation reserves).
No provision is made for reserves subject to latent taxation only in the event of distribution, since the size of the available reserves which have already been taxed leads to the belief that no transactions will be undertaken which may cause taxation of the untaxed reserves.
Deferred tax liabilities referred to Italian companies included in the fiscal consolidation are reported in their financial statements, in application of the accrual basis principle and in consideration of the fact that the effects of fiscal consolidation are limited to the settlement of current tax positions.

11. Allowances for risks and charges

Allowances for risks and charges for commitments and guarantees given
This sub-caption of the allowances for risks and charges contains the allowances for credit risk recognised for loan commitments and guarantees given that come under the scope of the IFRS 9 impairment rules. For these cases, in general, the methods described for financial assets measured at amortised cost or at fair value through other comprehensive income are adopted for the assignment to the three credit risk stages and the calculation of the expected credit loss.
This aggregate also includes allowances for risks and charges made to cover other types of commitments and guarantees given that, due to their specific characteristics, do not fall under the scope of impairment pursuant to IFRS 9.

Post-employment benefits
Company post-employment benefits are based on agreements and qualify as defined benefit plans. Liabilities related to such plans and the relative cost of current service are determined on the basis of actuarial assumptions based on the Projected Unit Credit Method. This method sets out that future obligations are forecast using past time-series analyses and the demographic curve and that such future cash flows are discounted based on a market interest rate. The provisions made in each year of service are considered separately and give rise to an additional unit of benefit entitlement for the purposes of the final obligation. The discounting rate is determined on the basis of market returns, surveyed as at the date of measurement, on high-quality corporate bonds, taking account of the residual average life of the liability. The present value of the liability at the reporting date is also adjusted by the fair value of any plan assets.

Actuarial profits and losses (namely the changes in the current value of the obligation resulting from changes in the actuarial assumptions and adjustments based on past experience) are recognised in the statement of comprehensive income.

[210] Pursuant to IAS 12, taxes on income also include those relating to the tax laws that implement the Global Minimum Tax.
[211] With respect to deferred taxation, it is noted that, under IAS 12, deferred tax assets and liabilities relating to taxes on income under the so-called Global Minimum Tax are not to be recognised or disclosed.

Other allowances

Other allowances for risks and charges record provisions related to legal obligations or connected to labour relationships or to litigations, also of a fiscal nature, originating from a past event for which a disbursement will probably arise to settle the obligations, provided that the amount of the disbursement may be estimated reliably.
Consequently, a provision is recognised when, and only when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date and takes into account the risks and uncertainties that inevitably surround many events and circumstances. Where time value is significant, provisions are discounted using current market rates. Provisions and increases due to time value are recorded in the income statement.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation or when the obligation is settled, the provision should be reversed.

The caption also includes long-term benefits to employees, whose charges are determined with the same actuarial criteria described for post-employment benefits. Actuarial profits and losses are all immediately recognised in the income statement.

12. Financial liabilities measured at amortised cost

Classification criteria

Amounts Due to banks, Due to customers and Securities issued include various forms of funding on the interbank market and with customers, repurchase agreements with commitment to repurchase and funding via certificates of deposit, bonds issued and other funding instruments in circulation, net of any amounts repurchased.
It also includes the payables recorded by the Bank in the capacity of lessee in lease transactions.

Recognition criteria

Initial recognition of these financial liabilities occurs at the date of subscription of the contract, which usually coincides with the time of collection of the sums deposited or the issue of debt securities.
Initial recognition is based on the fair value of the liabilities, normally equal to the amount collected or the issue price, increased by any additional charges/revenues directly attributable to the single funding or issuing transaction. Internal administrative costs are excluded.
Lease payables are recognised at the present value of the future lease payments, discounted using the implicit interest rate of the transaction or, where it cannot be determined, the marginal financing rate.

Measurement criteria

After initial recognition, financial liabilities are measured at amortised cost with the effective interest method.
An exception is made for short-term liabilities, where time value is immaterial, which are stated at collected amount.
Lease payables are remeasured when there is a lease modification (e.g. a change in the contract which is not accounted for/considered as a separate contract); the effect of the remeasurement will be a corresponding adjustment to the right-of-use asset.

Derecognition criteria

Financial liabilities are derecognised from the balance sheet when they have expired or extinguished. Derecognition also occurs for repurchase of previously-issued bonds. The difference between book value of the liability and amount paid for repurchase is recorded in the income statement.
Placement of own securities, after their repurchase, is considered a new issue with recognition at the new placement price.

13. Financial liabilities held for trading

Recognition criteria

These financial instruments are recognised at the subscription or issue date at the fair value of the instrument, without taking into account directly attributable transaction costs or revenues.
This liability category includes, in particular, the negative fair value of trading derivatives, as well as embedded derivatives with a negative fair value separated from liabilities measured at amortised cost.
It also includes liabilities determined by short selling generated by trading of securities and certificates forming part of the trading business model.

Measurement criteria

All financial liabilities held for trading are measured at fair value through profit or loss.

Derecognition criteria

Financial liabilities held for trading are derecognised when the contractual rights to the related cash flows expire or when the financial liability is disposed of with the substantial transfer of all the risks and rewards connected to it.

14. Financial liabilities designated at fair value

Classification criteria
Financial liabilities designated at fair value are recorded under this caption, on the basis of the fair value option given to companies by IFRS 9 and in compliance with the cases contemplated in the reference regulations.

This category of liabilities also includes certificates included in the banking book business model.

Recognition criteria
These liabilities are recorded at fair value as at the date of issue, including the value of any embedded derivatives, net of placement fees paid.

Measurement criteria
These liabilities are measured at fair value according to the following rules established by IFRS 9:
- changes in fair value attributable to changes in own credit risk must be recognised in the statement of comprehensive income (shareholders' equity);
- the remaining changes in fair value must be recognised in the income statement.

The amounts recognised in the statement of comprehensive income are not subsequently recycled to the income statement. This method of accounting must not be applied when recognition of the effects of own credit risk on shareholders' equity results in or accentuates an accounting mismatch in the income statement. In this case, gains and losses associated with the liability, including those resulting from changes in own credit risk, must be recognised in the income statement.

Derecognition criteria
The financial liabilities designated at fair value are derecognised when the contractual rights to the related cash flows expire or when the financial liability is disposed with the substantial transfer of all the risks and rewards connected to it.

15. Foreign currency transactions

Definition
The foreign currency is a currency that is not the functional currency of the entity, which is in turn the currency of the primary economic environment in which the entity operates.

Initial recognition
Foreign currency transactions are recorded, on initial recognition, in the functional currency, by applying to the foreign currency amount the spot exchange rate at the date of the transaction.

Subsequent measurement
At every close of annual or interim financial statements, captions in foreign currency are measured as follows:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction;
- non-monetary items that are measured at fair value in a foreign currency are translated using the closing rates.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised through profit or loss in the period in which they arise.
When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised through profit or loss, any exchange component of that gain or loss is recognised through profit or loss.

16. Other information

Own shares
Any own shares held are directly deducted from equity. Similarly, their original cost and the profits or losses deriving from their subsequent sale are recorded in equity.

Accruals, prepayments and deferrals
Accruals, prepayments and deferrals for the year that include income and charges for the year, accrued on assets and liabilities, are shown in the financial statements as an increase or decrease of the assets and liabilities to which they are related.

Leasehold improvements
The costs sustained for restructuring property belonging to third parties are capitalised in consideration of the fact that for the duration of the rental contract the using company has control of the assets and may receive their future economic benefits. These costs, recorded in Other assets as provided for by the instructions of the Bank of Italy, are amortised over a period which must not exceed the duration of the rental contract.

Employee termination indemnities

Employee termination indemnities qualify as a "post-employment benefit" classified as:

- a "defined contribution plan" to the extent of the portions accruing from 1 January 2007 (the date the reform of the supplementary pension schemes came into force pursuant to Legislative Decree 252 of 5 December 2005) when the employee opted for the complementary pension scheme or decided to allocate such portions to the INPS (the Italian Social Security Institute) Treasury fund. Therefore, the amounts, recorded under personnel expenses, are determined on the basis of amounts due without the application of actuarial calculation;
- a "defined benefit plan" to the extent of the portions of employee termination indemnities accrued until 31 December 2006.
  These amounts are recognised at their actuarial value determined using the "Projected Unit Credit Method", without applying the pro-rata of the service rendered. Indeed, the current service cost of employee termination indemnities is almost entirely accrued and its revaluation in the years to come is not expected to generate significant benefits for employees.

For the purposes of discounting, the rate used is the market yield of high-quality corporate bonds taking into account the average remaining life of the liability, weighted based on the percentage amount paid and advanced, for each maturity, with respect to the total to be paid and advanced until the expiry of the entire obligation.
The plan's costs are recorded under personnel expenses, while actuarial profits and losses are recognised in the statement of comprehensive income.

Share-based payments

Share-based payments are recorded in the income statement, with a corresponding increase in shareholders' equity, on the basis of the fair value of financial instruments attributed at assignment date, dividing the charge over the period set forth by the plan.
In the case of options, the fair value is calculated using a model which considers, in addition to information such as strike price and expiry date of the option, spot price of the shares and their expected volatility, expected dividends and the risk-free interest rate, as well as the specific characteristics of the plan. The pricing model values the option and the probability of realisation of the condition on the basis of which the options have been assigned.
The combination of the two values supplies the fair value of the assigned instrument.
Any decrease in the number of financial instruments granted is accounted for as a cancellation of such instruments.

Employee benefits

Employee benefits are defined as all forms of consideration given by an entity in exchange for service rendered by employees. Employee benefits are divided into:

- short-term benefits (other than termination benefits or equity compensation benefits) that are expected to be paid in full within twelve months after the end of the period in which the employees render the related service and recognised in full through profit or loss when they become due (this category includes, for example, wages, salaries and "extraordinary" benefits);
- post-employment benefits payable after the conclusion of employment that require the entity to provide future benefits to employees. These include employee termination indemnities and pension funds, which are in turn divided into defined contribution plans and defined benefit plans or company pension funds;
- termination benefits, i.e. compensation that the company recognises to the staff members upon termination of the employment agreement, following the company's decision to terminate the employment relationship prior to the normal retirement date;
- long-term benefits, other than those above, that are not expected to be paid in full within twelve months after the end of the period in which the employee rendered their service.

Offsetting of financial instruments

According to IAS 32, paragraph 42, financial assets and financial liabilities are offset and the net amount presented in the financial statements when an entity:

- has a legal enforceable right of set off which is currently exercisable in all circumstances, both in the ordinary course of business or in the event of default, insolvency or bankruptcy of the parties;
- intends to settle the transactions on a net basis or on a gross settlement basis whose substantive effects are equivalent to a net settlement.

For derivative instruments covered by netting agreements that meet the above requirements, Bank of Italy Circular 262 also requires the offsetting to be performed between trading and hedging derivatives, with the mismatches to be presented on a net basis. The net balance is usually allocated to the trading book rather than to the hedging derivatives, based on the actual amount of the mismatch between trading and hedging derivatives.
In compliance with the requirements of IFRS 7, more detailed information is provided in the tables contained in Part B – Other information of these Notes to the financial statements, which present the following:

- the carrying amounts of assets and liabilities that meet the requirements of IAS 32, paragraph 42, before and after offsetting;
- the exposures subject to master netting agreements that have not been offset but have the potential to be offset following specific circumstances;
- the collateral associated with them.

Tax credits related to the "Cura Italia" and "Rilancio" Decree Laws acquired as a result of transfer by direct beneficiaries or previous purchasers (e.g. ecobonus)

Decree Laws no. 18/2020 ("Cura Italia" Decree) and no. 34/2020 ("Rilancio" Decree) introduced tax incentives related to both investment expenditure (e.g. ecobonus and seismicbonus) and current expenditure (e.g. rents for non-residential premises).The government once again intervened on the issue through Decree Law no. 50/2022 ("Decreto Aiuti"), mainly by

remodulating the base of potential re-assignees through Decree Law no. 11/2023 which prohibits, although with certain exceptions, the possibility of opting, instead of directly using the deduction, for the discount on invoices or transfer of credit and, finally, through Decree Law no. 39/2024 which mainly refers to qualified parties (financial intermediaries and insurance companies) and limits the possibility of netting social security against contribution liabilities.
These tax incentives apply to households or businesses, are linked to a percentage of the expenditure incurred (in some cases up to 110%) and are granted in the form of tax credits or tax deductions (with option for conversion into tax credits). The main features of these tax credits are: i) the possibility of using them for offsetting; ii) their transferability to third-party purchasers; and iii) their non-refundability by the Treasury.
The accounting for tax credits acquired from a third party (transferee of the tax credit) is not covered by a specific international accounting standard. IAS 8 requires, in cases where there is a circumstance not explicitly addressed by an IAS/IFRS accounting standard, that management develop an accounting policy to ensure relevant and reliable disclosure of such transactions.
To this end, Intesa Sanpaolo, in view of the guidance provided by the Authorities, in the document "Accounting treatment of tax credits connected with the 'Cura Italia' and 'Rilancio' Decree Laws acquired following the assignment by the direct beneficiaries or previous purchasers" published on 5 January 2021 by the Coordination Committee between the Bank of Italy, Consob and IVASS concerning the application of accounting standards IAS/IFRS has adopted an accounting policy that refers to the accounting rules established by IFRS 9, applying the provisions that are consistent with the characteristics of the transaction.
The Bank attributes:
- to a Hold to Collect business model the loans that are acquired within the limits of its tax capacity, with the objective of holding and using them for future offsetting. Those loans are recognised at amortised cost, representing the remuneration of net interest income over the time frame of recovery;
- to a Hold to Collect and Sell business model the loans that are acquired within the limits of its tax capacity, which may be further reassigned. Those credits are measured at fair value through other comprehensive income. Given the particular nature of these instruments, their fair value fluctuations are linked to the changes in interest rates. The profitability is recognised on a pro-rata basis under net interest income in the income statement;
- to an Other business model, the loans acquired for trading, e.g., in the event of purchases above its tax capacity and the signing of related reassignment agreements. Those loans are measured at fair value through profit or loss. Their fair value fluctuations are linked to the changes in interest rates. The profitability is recognised on a pro-rata basis under net interest income in the income statement.

In all the above cases, the initial recognition value matches the fair value at the date of purchase. Therefore, no day-one profit/loss is recognised.

The accounting framework set out in IFRS 9 for calculating expected credit losses is not deemed applicable to this specific case. The ECL (Expected Credit Loss) need not be calculated on these tax credits, as no refund is expected from the tax authorities, as the extinction of the instrument is linked to the offsetting of the bearer's tax payables. Moreover, in cases where reassignment is planned, the sale will be finalised by collecting the price of the instrument, without recognising a receivable due from the assignee.

Lastly, considering the operating methods implemented by the Bank, the risk of non-use of the tax credits, i.e. the risk that the Bank lacks the tax capacity to achieve the benefits associated with the asset, can be reasonably deemed as inexistent. Specifically:
- with regard to the Hold to Collect and Hold to Collect and Sell business models, the amounts acquired are consistent with the overall tax capacity, so that the Bank can offset its payables;
- with regard to the Other business model, for the loans acquired, reassignment agreements were gradually entered into for excess volumes, binding on the customer, with multiple counterparties, whose tax capacity is verified in advance.

As specified in the joint document from the Authorities, as mentioned above, given that the purchased tax credits do not qualify as tax assets, public subsidies, intangible assets or financial assets under the international accounting standards, the most appropriate classification, for their presentation in the financial statements, is the residual classification under Other Assets in the balance sheet.

Treatment of Irrevocable Payment Commitments (IPC) with the Single Resolution Fund (SRF)
Starting from 2016, the banks from all Eurozone countries joined the Single Resolution Mechanism (SRM) under which the Single Resolution Fund (SRF) was established with the aim of having adequate resources to be used in the event of banking crises. The relevant legislation establishes that the initial target level of the fund - to be achieved over 8 years (2016-2023) - is equal to at least 1% of the covered deposits of all credit institution authorised in the banking union. The contribution, which is determined annually by the Single Resolution Board (SRB) and communicated to the member banks, may be paid in cash and, in part, by entering into Irrevocable Payment Commitments (IPCs), not exceeding 30% of the total contribution and fully backed by collateral of low-risk assets. The use of irrevocable payment commitments is at the discretion of each bank. Intesa Sanpaolo decided to use IPCs - against which off-balance sheet commitments have been recognised - by paying, in this respect, cash collateral in the same amount as a deposit, which is remunerated on the basis of the applicable contractual conditions and consistently applied to all European banks that use the IPC mechanism.
The off-balance sheet commitment - which, for prudential purposes, is fully deducted from CET1 in accordance with the ECB provisions covering the SREP measure - is assessed at each reporting date and/or whenever there is evidence indicating that its enforcement is probable. In this respect, the Bank has activated a specific monitoring mechanism, with the support of a leading research company, in order to verify the absence of critical indicators in member banks that would deem SRF intervention probable and therefore the recall of the IPC. Based on the analyses performed, the risk that the IPCs be called as at 31 December 2024 is deemed remote.
Furthermore, since its establishment in 2016, the Single Resolution Fund has never called the IPCs entered into by the banks, as it did not take any action that involved the use of the funds raised.

Finally, in relation to the contributions requested in the 2016-2023 period, IPCs were entered into by the Parent Company for a total of 367 million euro, against which the Bank set up the cash collateral recognised under Financial assets measured at amortised cost. In 2024, having achieved the minimum capacity envisaged by Regulation (EU) 806/2014, the SRB did not request any further contributions.

Recognition of revenues and costs

Revenues are gross flows of economic benefits deriving from the performance of the company's ordinary business and are recognised when control of the goods or services is transferred to the customer, at an amount that represents the amount of consideration that the company considers it is entitled to. In particular, revenues are recognised by applying a model that must meet the following criteria:

- identification of the contract, defined as an agreement in which the parties are committed to perform their respective obligations;
- identification of the individual performance obligations contained in the contract;
- determination of the transaction price, i.e. the expected consideration for the transfer of the goods or services to the customer;
- allocation of the transaction price to each performance obligation, based on the sale prices of the individual obligation;
- recognition of revenues when (or as) the performance obligation is satisfied by transferring a promised good or service to a customer.

The transaction price is the amount to which an entity expects to be entitled in exchange for the transfer of goods and services promised. It may include fixed or variable amounts or both. Revenues from variable fees are recognised in the income statement if they can be reliably estimated and only if it is highly likely that all or a significant part of this fee will not need to be reversed from the income statement in future periods. Where there is a high level of uncertainty related to the nature of the consideration, it will be recognised only when this uncertainty is resolved.

Revenues may be recognised:

- at a specific point in time, when the entity satisfies a performance obligation by transferring a promised good or service to the customer, or
- over time, as the entity satisfies a performance obligation by transferring a promised good or service to the customer.

The good is transferred when, or in the period when, the customer acquires control of the good.

In particular:

- interest is recognised on accrual on the basis of the contractual interest rate or the effective interest rate in the case of application of amortised cost. Interest income (or interest expense) includes differentials and positive (or negative) margins accrued up to the reporting date, relating to financial derivatives:
  - hedging interest-generating assets and liabilities;
  - classified in the balance sheet in the trading book, though related to financial assets and/or liabilities designated at fair value through profit or loss (fair value option) in management terms;
  - related in management terms to assets and/or liabilities classified in the trading book and providing for the settlement of differentials or margins with different maturities;
- overdue interest, which may be provided for by the relevant contracts is recorded in the income statement solely at the time of collection;
- dividends are posted in the income statement when their distribution is approved, unless this date is not known or the information is not immediately available, in which case they may be recognised when they are collected;
- commission income from services is recorded, on the basis of the existence of contractual agreements, in the period in which the services have been rendered. Commission income included in the amortised cost for the purposes of determining the effective interest rate is recognised under interest;
- profits and losses from securities trading are recognised in the income statement at the date of sale, on the basis of the difference between the consideration paid or collected and the carrying value of such instruments;
- revenues deriving from the sale of non-financial assets are recorded at the date of sale, or when the performance obligation towards the customer is satisfied.

Costs are recognised in the income statement on an accruals basis. Costs relating to the receipt and performance of contracts with customers are recognised in the income statement in the periods when the related revenues are recognised.

Use of estimates and assumptions in preparing financial reports

The preparation of financial reports requires the use of estimates and assumptions that may have a significant effect on the amounts stated in the balance sheet and income statement, and on the contingent assets and liabilities reported in the financial statements. Estimates are based on available information and subjective evaluations, also founded on past experience, which are used to formulate reasonable assumptions in measuring operating events. Given their nature, the estimates and assumptions used may vary from year to year, and hence it cannot be excluded that current amounts carried in the financial statements may differ significantly in future financial years as a result of changes in the subjective evaluations made.

If there are greater uncertainties and/or the assets being measured are particularly material, the valuation is supported by specific fairness opinions from external appraisers/experts.

The main cases for which subjective evaluations are required to be made by corporate management include:

- the measurement of impairment losses on loans, investments, and, generally, other financial assets;
- the use of measurement models for determining the fair value of financial instruments not listed on active markets;
- the evaluation of the appropriateness of amounts stated for goodwill and other intangible assets;
- the fair value measurement of real estate and valuable art assets;
- the measurement of personnel funds and allowances for risks and charges;

– the estimates and assumptions on the collectability of deferred tax assets.

For some of the types listed above, the main factors subject to estimates by the Bank and which determine the carrying value of assets and liabilities in the financial statements can be identified. The following are noted, by way of example:

- to determine the fair value of financial instruments not listed on active markets, if the use of parameters that cannot be obtained from the market is necessary, the main estimates regard, on one hand, development of future cash flows (or even income flows, in the case of equities), possibly conditional on future events and, on the other, the level of specific input parameters not listed on active markets;
- the estimates for the assignment of loans and debt securities classified as Financial assets measured at amortised cost and Financial assets measured at fair value through other comprehensive income to the three credit risk stages required by IFRS 9 and to calculate the related expected credit losses involve:
  - the determination, where applicable, of the parameters for a significant increase in credit risk, essentially based on models for measuring the probability of default (PD) upon origination of the financial assets and at the reporting date;
  - the inclusion of forward-looking factors, including macroeconomic factors, for the determination of the PD and LGD (Loss Given Default);
  - the determination of the likelihood of sale of impaired financial assets, through the realisation of market positions;
- to determine the future cash flow estimates from non-performing loans, a number of items are considered: the expected recovery times, the presumed realisable value of guarantees and the costs to be sustained for the recovery of credit exposure;
- to determine the value in use of intangible assets with an indefinite life (brand name and goodwill) with regard to the Cash-Generating Units (CGU) comprising Intesa Sanpaolo, the future cash flows in the forecasting period of the analysis and the flows used to determine the terminal value, generated by the CGU, are subject to estimate, separately and appropriately discounted. Also the cost of capital is among the items subject to estimate;
- to determine the value in use of intangible assets with a finite life (asset management and insurance portfolios) with regard to the CGUs comprising Intesa Sanpaolo, the useful life is subject to estimate, on the one hand, as well as the future cash flows arising from the asset, on the other. The cost of capital is subject to estimate in the case of intangible assets with a finite life as well;
- the fair value measurement of real estate and valuable art assets is based on valuations prepared by qualified independent firms. Lease rentals, selling prices, discount rates and capitalisation rates are estimated in order to conduct the appraisals of the properties, while to conduct the appraisals on the valuable art assets, the estimate of the value is gathered from the performance of the exchanges of similar works (in terms of technique, size, subject) by the same author or regional movements and schools that are close with regard to style and technique;
- to measure post-employment benefits, the present value of the obligations is subject to estimate, taking into account the flows, appropriately discounted, arising from past time-series analyses and the demographic curve;
- to measure allowances for risks and charges, the amount of outflows necessary to fulfil the obligations is estimated, where possible, taking into account the effective probability of having to utilise resources;
- to determine the value of deferred tax items, the likelihood of an effective future tax burden is estimated (taxable temporary differences) and the level of reasonable certainty – if it exists – of future taxable amounts at the time when the tax deductibility occurs (deductible temporary differences and tax losses carried forward).

Considering that subjective evaluations are also used by management, inter alia, to estimate the useful life of property, equipment and intangible assets subject to the periodic amortisation process, such as owner-occupied properties and software subject to valuation by Intesa Sanpaolo, respectively, according to the revaluation model and at cost, the following should be noted in relation to these assets:

- −with respect to owner-occupied properties, in accordance with internal rules and the IAS/IFRS, the Bank periodically checks the adequacy of the useful life of these assets, also considering the close relationship between the useful life of an asset and the extent of the upgrading and modernisation work aimed at preserving quality and functional levels in line with market standards. The revaluation of the useful life of owner-occupied properties was carried out with the support of independent third-party appraisers and covered, in particular, clusters relating to entire buildings as well as branch buildings which showed suitable conditions for maintaining the original useful life. In consideration of the update of the useful life, a positive impact amounting to approximately 19 million euro due to lower depreciation was recognised in the 2024 income statement under “Net Adjustments to/Recoveries on property and equipment”;
- with respect to software, in the current digital environment, IT resources are becoming an increasingly strategic asset, including in the banking industry, to support corporate business development. Consequently, the investments in digital solutions and/or innovative and transformative information technology systems have become increasingly important in quantitative terms. Based on the above and in line with internal policies and the IAS/IFRS, the estimated useful life of the company's software applications was revised. As a result of the recent investments made in new functionalities and innovative technological developments, some software applications met the conditions for the revision of their useful life. This led to the recognition of a positive impact of approximately 68 million euro generated by lower amortisation on the 2024 income statement under “Net adjustments to/recoveries on intangible assets”.

The classification drivers for financial assets

The classification of the financial assets into the three categories established by the standard depends on two classification drivers: the business model used to manage the financial instruments and the contractual cash flow characteristics of the financial assets (or SPPI Test).

The classification of the financial assets derives from the combined effect of the two drivers mentioned above, as described below:

- Financial assets measured at amortised cost: assets that pass the SPPI test and come under the Hold to Collect (HTC) business model;

- Financial assets measured at fair value through other comprehensive income (FVOCI): assets that pass the SPPI test and come under the Hold to Collect and Sell (HTCS) business model;
- Financial assets measured at fair value through profit or loss (FVTPL): this is a residual category, which includes financial instruments that cannot be classified in the previous categories based on the results of the business model test or the test of the contractual cash flow characteristics (SPPI test not passed).

SPPI test

For a financial asset to be classified as at amortised cost or at FVOCI – in addition to the analysis of the business model – the contractual terms of the asset must also provide, on specified dates, for cash flows that are solely payments of principal and interest (SPPI). This analysis must be carried out for loans and debt securities in particular.
The SPPI test must be carried out on each individual financial instrument at the time of recognition in the balance sheet. After initial recognition, and as long as it is recognised in the balance sheet, the asset is no longer subject to new assessment for the purposes of the SPPI test. If a financial instrument is derecognised and a new financial asset is recognised, the SPPI test must be performed on the new asset.

For the application of the SPPI test, IFRS 9 provides the following definitions:
- Principal: this is the fair value of the financial asset at initial recognition. This value may change over the life of the financial instrument, for example as a result of repayments of part of the principal;
- Interest: this is the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time. It can also include consideration for other basic lending risks and costs and a profit margin.

In assessing whether the contractual flows of a financial asset can be defined as SPPI, IFRS 9 refers to the general concept of a 'basic lending arrangement', which is independent of the legal form of the asset. When contract terms introduce exposure to risks or volatility in the contractual cash flows that is inconsistent with the definition of a basic lending arrangement, such as exposure to changes in share or commodity prices, the contractual cash flows do not meet the definition of SPPI. The application of the classification driver based on contractual cash flows sometimes requires a subjective judgement and, consequently, the establishment of internal application policies.

In cases of modified time value of money – for example, when the interest rate of the financial asset is recalculated periodically, but the frequency of the recalculation or the frequency of payment of the coupons does not reflect the nature of the interest rate (such as when the interest rate is recalculated monthly on the basis of a one-year rate) or when the interest rate is recalculated regularly on the basis of an average of particular short or medium-to-long term rates – an entity should assess, using both quantitative and qualitative information, whether the contractual cash flows still meet the definition of SPPI (benchmark cash flows test). If the test shows that the (undiscounted) contractual cash flows are "significantly different" from the (also undiscounted) cash flows of a benchmark instrument (i.e. without the modified time value element), the contractual cash flows cannot be considered to meet the definition of SPPI.
The standard requires specific analyses ("look through test") to be performed and these are therefore also conducted on multiple contractually linked instruments (CLIs) that create concentrations of credit risk for debt repayment and on non-recourse assets, for example in cases where the loan can only be enforced on specified assets of the debtor or on the cash flows from specified assets.

The presence of contractual clauses that may change the frequency or amount of the contractual cash flows must also be considered to determine whether those cash flows meet the requirements to be considered as SPPIs (e.g. prepayment options, the possibility of deferring contractually agreed cash flows, embedded derivative instruments, subordinated instruments, etc.).
However, as envisaged by IFRS 9, a contractual cash flow characteristic does not affect the classification of the financial asset if it could have only a de minimis effect on the contractual cash flows of the financial asset (in each year and cumulatively). Similarly, if a cash flow characteristic is not genuine, i.e. if it affects the instrument's contractual cash flows only on the occurrence of an event that is extremely rare, highly abnormal and very unlikely to occur, it does not affect the classification of the financial asset.

For operations in debt securities, Intesa Sanpaolo uses the services offered by well-known info-providers for the performance of the SPPI Tests. This choice, on one hand, provides front office staff who deal in securities with an immediate result for the performance of the test, enabling the streamlining of purchasing processes, and, on the other hand, provides access to market approaches shared by numerous operators and audit firms. Only in cases where the securities are not managed by info-providers, the test is carried out manually using a proprietary tool based on an internally developed methodology (decision-making trees).

A proprietary tool based on an internally developed methodology (decision-making trees) has also been developed for carrying out the SPPI test for the lending processes. In particular, given the significant differences in characteristics, the procedure differs between products related to a contractual standard (typically the retail loan portfolio) and tailor-made loans (typically the corporate loan portfolio).
For standard products, the SPPI test is carried out during the structuring of the contractual standard, through the "New Product Coordination" process, and the result of the test is applied to all the individual relationships related to the same catalogue product. For tailor-made products, on the other hand, the SPPI test is carried out for each new credit line/relationship submitted to the decision-making body through the use of the proprietary tool.

The decision-making trees – included in the proprietary tool – have been produced internally (both for debt securities and loans) and capture the possible non-SPPI compliant characteristics. They take account of the instructions provided by IFRS 9, as well as the interpretations of the standard made by Intesa Sanpaolo. The trees are used both for the implementation of the rules of the proprietary tool and for the verification and validation of the methodology adopted by the info-providers.

Business model

With regard to the business models, IFRS 9 identifies three cases relating to the way in which cash flows and sales of financial assets are managed:

- Hold to Collect (HTC): this is a business model whose objective is achieved by collecting the contractual cash flows of the financial assets included in the portfolios associated to it. The inclusion of the portfolio of financial assets in this business model does not necessarily result in the inability to sell the instruments, but the frequency, value and timing of sales in prior periods, the reasons for the sales, and the expectations about future sales, need to be considered;
- Hold to Collect and Sell (HTCS): this is a mixed business model whose objective is achieved by collecting the contractual cash flows of the financial assets in portfolio and (also) through the sale of the financial assets, which is an integral part of the strategy. Both activities (collection of contractual flows and sale) are indispensable for achieving the business model's objective. Accordingly, sales are more frequent and significant than for an HTC business model and are an integral part of the strategies pursued;
- Other/Trading: this is a residual category that includes both financial assets held for trading and financial assets managed with a business model that does not come under the previous categories (Hold to Collect and Hold to Collect and Sell). In general, this classification applies to a portfolio of financial assets whose management and performance are measured based on fair value.

The business model reflects the way in which financial assets are managed to generate cash flows for the benefit of the entity and is defined by top management with the appropriate involvement of the business structures. It is observed by considering the way in which financial assets are managed and, as a consequence, the extent to which the portfolio's cash flows derive from the collection of contractual flows, from the sale of the financial assets, or from both. This assessment is not performed on the basis of scenarios that the entity does not reasonably expect to occur, such as 'worst case' or 'stress case' scenarios. For example, if an entity expects that it will sell a particular portfolio of financial assets only in a stress case scenario, that scenario does not affect the entity's assessment of the business model for those assets if the entity reasonably expects that such a scenario will not occur.

The business model does not depend on management's intentions regarding an individual financial instrument, but refers to the way in which groups of financial assets are managed in order to achieve a specific business objective.

In summary, the business model:

- reflects the way in which financial assets are managed to generate cash flows;
- is defined by top management, with the appropriate involvement of the business structures;
- must be observable by considering the way the financial assets are managed.

In operational terms, the assessment of the business model is carried out in line with the company's organisation, the specialisation of the business functions, the risk cascading model, and the assignment of delegated powers (limits). All relevant factors available at the date of the assessment are used in the assessment of the business model. The above information includes the strategy, the risks and their management, the remuneration policies, the reporting, and the amount of the sales. In the analysis of the business model, the elements investigated must be consistent with each other and, in particular, must be consistent with the strategy pursued. Evidence of activities not in line with the strategy must be analysed and duly justified.
In this regard, and in relation to the business models under which the financial assets are held, a specific set of "Business Model Rules" (approved by the competent levels of governance) has been drafted for the Parent Company and Banking Group companies. It defines and sets out the components of the business model in relation to the financial assets included in the portfolios managed as part of the operations of Intesa Sanpaolo's business structures. In further detail, the mapping of the business model adopted by the various structures through which the Bank operates, with regard to both loans and receivables and debt securities, takes account of the structure of the division model and the Corporate Centre; this structure has been identified as the relevant level for formulating and representing the various business models applied by Intesa Sanpaolo's risk-taking centres.

Within the Chief Risk Officer Area, the Market & Financial Risk Management of the Bank provides high-level supervision of the procedure required for determining the business model within which a given set of assets is held and verifies the need for any updates (to be incorporated, at least annually, in the Business Model Rules document).

Monitoring of the business model

The monitoring of the reference business model of the various structures through which Intesa Sanpaolo operates is performed by the Market & Financial Risk Management structure, which uses indicators intended to verify the consistency of the declared strategy with that pursued within the business models; these indicators, differentiated for the various business models, have been developed in accordance with IFRS 9 and corporate rules and procedures.

For the Hold to Collect portfolios, Intesa Sanpaolo has set limits for frequent but not significant sales to be considered eligible (individually or in aggregate), or for infrequent sales even if their amount is significant, and the parameters have also been established for identifying sales as being consistent with that business model because they relate to an increase in credit risk or for securities nearing maturity.
More specifically, within an HTC business model, sales are allowed:

- in the event of an increase in credit risk, i.e., if the exposure deteriorates or moves to Stage 2 in accordance with the impairment rules under IFRS 9;

- for securities nearing maturity (i.e., according to the Group rules, in the 6 months preceding maturity), provided that the amount collected is close to the current value of the remaining contractual flows;
- when they are frequent but not significant in terms of value or occasional even if significant in terms of value, subject to authorisation assessment by the competent Control bodies. In order to determine these aspects, thresholds of frequency and significance have been set:
  - frequency is defined as the percentage ratio between the number of positions sold over the year and the number of portfolio positions at the beginning of the period considered;
  - significance is defined as the percentage ratio between the nominal value of the sales during the current year and the nominal value of the instruments held in the portfolio at the beginning of the period considered.

With regard to the determination of the "Risks" and the "Reporting" for the HTCS and Trading business models, the provisions of the RAF and Market Risk Charter and of internal policies in the area of market risk controls apply in principle, and measures are concurrently established for monitoring the consistency of the HTCS and Other/Trading business models.

With regard to the HTCS business model, IFRS 9 does not provide for the need for limits on the frequency or the value of the sales. However, Intesa Sanpaolo has established indicators for debt securities only in order to ensure that they are properly assigned to the chosen business model over time. These indicators are:
- The holding period, which measures the time for which a certain instrument has been held in portfolio;
- Turnover rate, which measures the speed with which positions in portfolio turn over during a predefined period of time.

Within the framework of the monitoring of the indicators set out above, limits and early-warning thresholds apply according to the overall strategies pursued by the HTCS portfolio.

Finally, with regard to debt or equity securities held for trading, a measure of the consistency of inclusion in the chosen business model applies, represented by the indicator of "expected average permanence" (so-called Vintage) which measures the observed holding period of all securities in portfolio.

The monitoring measures relating to the various business models are subject to regular reporting through technical committees.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition net of any principal repayments, plus or minus cumulative amortisation, calculated using the effective interest rate method, of any difference between initial amount and amount at maturity and net of any reduction for impairment.

The effective interest rate is the rate that exactly discounts future cash payments or receipts through the expected life of the financial instrument or through the subsequent date for recalculation of the price to the present value of the financial asset or financial liability. In the calculation of the present value, the effective interest rate is applied to the flow of future cash receipts or payments through the entire useful life of the financial asset or liability or for a shorter period when certain conditions recur (for example review of market interest rates).

After initial recognition, amortised cost enables allocation of revenues and costs directly by decreasing or increasing the value of the instrument over its entire expected life via the amortisation process. The determination of amortised cost is different depending on the fact that financial assets/liabilities have fixed or floating rates and – in this last case – if the volatility of the rate is known or not beforehand. For instruments with fixed rate or fixed rate by time bands, future cash flows are quantified on the basis of the known interest rate (sole or floating) over the life of the loan. For financial assets/liabilities with a floating rate, for which the volatility is not known beforehand (for example because it is linked to an index), the determination of cash flows is carried out based on the last rate available. At every revision of the interest rate, the amortisation plan and the effective interest rate for the entire life of the investment, that is, until maturity, are recalculated. Any changes are recorded in the income statement as income or loss.

Measurement at amortised cost is applied for the financial assets measured at amortised cost and for the financial assets measured at fair value through other comprehensive income, as well as the financial liabilities measured at amortised cost.
Financial assets and liabilities traded at market conditions are initially recognised at fair value, which normally corresponds to the amount disbursed or paid including, for instruments measured at amortised cost, transaction costs and any directly attributable fees.
Transaction costs include internal or external marginal costs and income attributable to the issue, the acquisition or the disposal of a financial instrument which are not debited to the customer. These commissions, which must be directly attributable to the single financial asset or liability, modify the original effective return, thereby the effective interest rate associated to the transaction differs from contractual interest rate. Transaction costs do not include costs/income referred to more than one transaction and the components related to events which may occur during the life of the financial instrument, but which are not certain at the time of the initial agreement, such as for example: commissions for retrocession, for non-use, for advance termination. Furthermore, amortised cost does not include costs which would be sustained independently from the transaction (e.g. administrative and communication costs, stationery expenses), those, which though directly attributable to the transaction are part of standard practice for the management of the financing (e.g. activities related to the loan granting process), as well as commissions for services received following structured finance activities which would in any case have been received independently from the subsequent financing of the transaction (e.g. facility and arrangement fees).
With reference to loans, the following costs are considered directly attributable to the financial instrument: fees paid to distribution networks, fees paid for the origination and/or the participation in syndicated loans and lastly, up-front fees correlated to loans disbursed at rates exceeding market rates. Income considered in the calculation of amortised cost includes: up-front fees correlated to loans disbursed at rates below market rates, income for the participation in syndicated loans and brokerage commissions received.

For debt securities not measured at fair value through profit or loss, the following are considered transaction costs: commissions on contracts with brokers operating on the Italian stock exchange, commissions paid to dealers operating on the Italian and foreign stock and bond markets defined on the basis of the commission tables. Stamp duty is not considered in amortised cost since immaterial.
Regarding securities issued, amortised cost considers placement commissions on bond issues paid to third parties, amounts paid to Exchanges and remuneration paid to Independent auditors for the activities performed for each single issue, while amortised cost does not consider commissions paid to rating agencies, legal and advisory/review expenses for the annual update of prospectuses, the costs for the use of indexes and commissions which originate during the life of the bond issue.

Amortised cost is also applied for the measurement of loss incurred by the financial instruments listed above as well as for the measurement of instruments issued or purchased at a value other than fair value. The latter are measured at fair value, instead of the amount collected or paid, by discounting expected future cash flows at a rate equal to the effective rate of return of similar instruments (in terms of credit rating, contractual expiry, currency, etc.), with the simultaneous recognition in the income statement of a financial charge or income; after initial recognition, these are measured at amortised cost with the registration of higher or lower effective interest with respect to nominal interest. Lastly, structured liabilities that are not measured at fair value through profit or loss, for which the embedded derivative has been separated from the financial instrument, are also measured at amortised cost.

As specified by IFRS 9, in some cases, a financial asset is considered credit-impaired at initial recognition because the credit risk is very high, and in the case of a purchase it is purchased at a deep discount (with respect to the initial disbursement value). If these financial assets, based on the application of the classification drivers (SPPI Test and business model), are classified as assets measured at amortised cost or at fair value through other comprehensive income, they are classed as Purchased or Originated Credit Impaired (POCI) assets and are subject to special treatment for the impairment process. In addition, for the financial assets classed as POCI, the credit-adjusted effective interest rate is calculated, at the initial recognition date, which requires the inclusion of the initial expected credit losses in the cash flow estimates. This credit-adjusted effective interest rate is used for the application of the amortised cost and the consequent calculation of interest.
For non-performing loans arising from business combinations, the difference between the initial recognition amount (the fair value determined in the PPA) of the POCIs and the previous carrying amount at the acquired entity is split into two components: one related to the lower recoverable cash flows estimated at fair value, which therefore include the expected credit losses over their entire remaining life, and the other related to the discounting of those lower recoverable cash flows. Please note that the reversal of discounting (connected with the estimate of recoverable cash flows attributed to non-performing loans at the moment of the PPA) is recognised, on a pro-rata basis, among interest income so as to supplement the contractual interest rate with the higher return resulting from the lower value attributed to the recoverable cash flows, which, as mentioned above, take into account the expected losses over the entire remaining life of the POCI assets.

The amortised cost measurement criterion is not applied to hedged financial assets/liabilities for which fair value changes related to the risk hedged are recorded through profit or loss. The financial instrument is again measured at amortised cost in the case of hedge termination; from that moment the fair value changes recorded before are amortised, calculating a new effective interest rate which considers the value of the loan adjusted by the fair value of the hedged part, until the natural expiry of the hedge. Furthermore, as already mentioned in the paragraphs relating to financial assets and liabilities measured at amortised cost, measurement at amortised cost is not applied to short-term assets/liabilities for which the time value is deemed to be immaterial and to loans without a definite maturity or revocable loans.

Impairment of assets

Impairment of financial assets

At each reporting date, pursuant to IFRS 9, financial assets other than those measured at fair value through profit or loss are subject to an assessment aimed at verifying whether there is any evidence that the carrying value of the assets may not be fully recoverable. A similar analysis is also performed for loan commitments and for guarantees given that must be tested for impairment under IFRS 9.
In preparation for the determination of the impairment losses, at each reporting date the financial instruments must be assigned to the following categories (Stage Assignment or Staging):

- Stage 1: comprising financial instruments for which, from their initial recognition up to the reporting date, there is no evidence of a significant increase in credit risk;
- Stage 2: it comprises financial assets that have had a significant increase in credit risk since initial recognition;
- Stage 3: if there is evidence of impairment, these financial assets – in line with any other assets pertaining to the same counterparty – are considered impaired and are therefore included in Stage 3.
  The non-performing exposures consist of financial assets classified in the categories of bad loans, unlikely-to-pay (UTP) loans and exposures past due by more than ninety days, defined in Bank of Italy Circular 272/2008.

Impairment of performing financial assets

For financial assets for which there is no evidence of impairment (unimpaired financial instruments), it is necessary to check whether there are indicators that the credit risk of the individual transaction has increased significantly since initial recognition. This check, in terms of classification (or, more precisely, staging) and measurement, has the following consequences:

- where these indicators exist, the financial asset is included in Stage 2. In this case, in compliance with the IAS/IFRS and despite the absence of an actual impairment, the measurement consists of the recognition of impairment losses equal to the lifetime expected credit losses of the financial instrument. These adjustments are subject to revision at each subsequent reporting date, both to periodically check their consistency with the continuously updated loss estimates and to take account – if the indicators of "significantly increased" credit risk are no longer present – of the change in the forecast period for the calculation of the expected credit loss;

- where these indicators do not exist, the financial asset is included in Stage 1. In this case, in compliance with the IAS/IFRS and despite the absence of an actual impairment, the measurement consists of the recognition of the 12-month expected credit losses for the specific financial instrument. These adjustments are subject to revision at each subsequent reporting date both to periodically check their consistency with the continuously updated loss estimates and to take into account – if there are indicators that the credit risk has "significantly increased" – the change in the forecast period for the calculation of the expected loss.

With regard to the measurement of financial assets and, in particular, the identification of the "significant increase" in credit risk (a necessary and sufficient condition for the classification of the asset being measured as Stage 2), the following factors constitute the key elements to be taken into account, in accordance with the standard and its operational implementation by the Intesa Sanpaolo Group:

- the variation (beyond set thresholds) of the lifetime probabilities of default compared to the time of initial recognition of the financial instrument. This is therefore an assessment made on a "relative" basis, which constitutes the main driver;
- the presence of a past due position that – subject to the materiality thresholds identified by the regulations – has been in that status for at least 30 days. If these circumstances apply, the credit risk of the exposure is considered to have "significantly increased" and the exposure is therefore transferred to Stage 2 (when the exposure was previously included in Stage 1);
- the presence of forbearance measures, which – again on a presumption basis – result in the classification of the exposures under those whose credit risk has "significantly increased" since initial recognition. Activating a forbearance measure implies a minimum probation period of 24 months in Stage 2;
- some of the indicators from the credit monitoring systems are then considered for the purposes of the transfer between "stages". Specifically, reference is made to early warning systems. Where signals of high risk (traffic light results) are identified for at least three consecutive months by such systems, a perimeter of potentially riskier counterparties is defined, to be classified in Stage 2.

Finally, a staging allocation effect was identified in the in-model adjustment linked to the identification of extreme scenarios (described later in this section). This led to the Stage 2 classification of the counterparties deemed most vulnerable to the aforementioned extreme scenarios in relation to the rating assigned.

Focusing on the main trigger out of those referred to above (i.e. the change in the lifetime probability of default), the significant increase in credit risk ("SICR") is determined by comparing the relative change in the lifetime probability of default recorded between the initial recognition date of the relationship and the observation date (lifetime PD Change) with predetermined significance thresholds. The assignment of a lifetime PD to the individual relationships is carried out by allocating the ratings for each segment according to the masterscale at both the initial recognition date and the observation date. Ratings are determined based on internal models, where available, or on business models. If there are no ratings, the Benchmark PDs are assigned to the type of counterparty being assessed.
The significant deterioration is therefore based on the increase in the lifetime PD caused by downgrades of the position from its origination to the reporting (observation) date, as well as the change in the forecast of the future macroeconomic factors.

The above-mentioned "relative" change in lifetime PD is an indicator of the increase or decrease in credit risk during the reporting period. To establish whether, in accordance with IFRS 9, any increase in credit risk can be considered "significant" (and therefore entail a transition between stages), it is necessary to set specific thresholds. Increases in lifetime PD below these thresholds are not considered significant and, consequently, do not result in the transfer of individual credit lines/tranches of debt securities from Stage 1 to Stage 2. However, this transfer is required if there are relative increases in PD above these thresholds. The thresholds used have been estimated based on a process of simulations and optimisations of forecast performance, carried out using granular historical portfolio data. Specific thresholds are set for the Corporate, Retail, Large Corporate and Retail SME models and extended to the other models based on methodological affinity. The thresholds differ in terms of residual maturity, annual granularity and rating class.
The determination of the thresholds has been calibrated to find a suitable balance between the performance indicators relating to the ability of the thresholds to:

- detect Stage 2 positions before their transition to default;
- identify positions for which a return to Stage 1 is due to an actual improvement in credit rating.

To complement the above methodology, a "relative" threshold also exists (tripling of lifetime PD at the observation date compared to the lifetime PD at the initial recognition date), which acts on a residual basis compared to the main methodology. Therefore, if this threshold is exceeded, the position is automatically classified to Stage 2. In order to avoid the "sliding" into Stage 2 of particularly high credit quality positions, the threshold is only triggered for non-investment grade loans and securities.

Some specific considerations apply for the "staging" of the debt securities. Unlike loans, for this type of exposure, sales and purchases after initial recognition (made using the same ISIN) may form part of the ordinary management of the positions (with the consequent need to identify methods to be adopted for identifying the sales and repayments in order to determine the remaining quantities of the individual transactions that need to be allocated a credit quality/rating upon origination to be compared with that parameter at the reporting date). In this regard, the use of the "first-in-first-out" or "FIFO" method (for the recognition of the recorded ECL in the income statement, in the event of sales or repayments) was considered to help in providing a more transparent management of the portfolio, also for the front office operators, while also enabling the continued updating of the credit rating based on new purchases.

Once the allocation of the exposures to the various credit risk stages has been established, the expected credit losses (ECL) are determined at individual transaction or securities tranche level, using the IRB/Business models, based on the parameters

of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), to which appropriate corrections are made to ensure compliance with the specific requirements of IFRS 9.
The following definitions apply for PD, LGD and EAD:
- PD (Probability of Default): likelihood of migrating from performing to non-performing status over the period of one year. In models consistent with supervisory provisions, the PD factor is typically quantified through the rating. In Intesa Sanpaolo, the PD values are derived from internal rating models where available, supplemented by external ratings or segment/portfolio average figures;
- LGD (Loss Given Default): percentage loss in the event of default. In the models consistent with supervisory provisions, it is quantified through the historical experience of discounted recoveries on exposures that have become non-performing;
- EAD (Exposure At Default) or credit equivalent: amount of the exposure at the time of default.

As mentioned above, in order to comply with IFRS 9, specific adjustments had to be made to these factors, including in particular:
- adoption of a Point in Time (PIT) PD compared to the Through the Cycle (TTC) PD used for Basel purposes;
- removal of some additional components from the TTC LGD, such as indirect costs (non-recurring costs) and an additional margin of conservatism specifically introduced for the regulatory models, as well as the component linked to the economic downturn;
- the introduction of specific treatment in relation to the regulatory provisions, in order to estimate the accounting LGD, to include in the modelling (in line with the indications of IFRS 9 on using entity-specific information) the estimates of internal recoveries exceeding the regulatory threshold of the Maximum Recovery Period, i.e., the maximum time limit beyond which the Supervisory Authority assumes that nothing will be recovered;
- the use of PDs and, where necessary, multi-period LGDs, to determine the lifetime expected loss of the financial instrument (Stages 2 and 3);
- the use of the effective interest rate of the individual transaction in the discounting of the expected future cash flows, unlike in the regulatory models, where the individual cash flows are discounted using the discounting rates determined in compliance with the prudential regulations.

In relation to the multi-period EAD, in line with IFRS 9 Intesa Sanpaolo refers to the plans at amortised cost for both loans and receivables and debt securities, regardless of the measurement method used (amortised cost or fair value through other comprehensive income). For loan commitments (margins), on the other hand, the EAD is assumed to be equal to the nominal amount weighted according to a specific Credit Conversion Factor (CCF).

The measurement of the financial assets also reflects the best estimate of the effects of current and future conditions and in particular the economic conditions that affect the forward-looking PDs and LGDs. IFRS 9, also based on the guidance from the international regulators, gives particular importance to information on future macroeconomic scenarios in which the Bank may find itself and which clearly influence the situation of the debtors, with regard both to the "risk" of migration of exposures to lower quality classes (and therefore concerning the staging) and to the recoverable amounts (and therefore concerning the determination of the expected loss on the exposures). In terms of method, various possible alternative approaches designed to take account of these elements have been analysed. Of the various alternatives considered, Intesa Sanpaolo has decided to adopt the "Most Likely scenario+Add-on" approach. According to this approach, the macroeconomic conditioning of PD and LGD is carried out through a baseline scenario ("Most Likely", in line with the approach used for other business purposes such as, for example, the budget and business plans) and then corrected with an Add-On to include any differences compared to downside and upside scenarios. If the overall impact of the Add-On on the risk parameters is positive, the decision has been made to neutralise the effect for both staging and ECL calculation purposes.

The macroeconomic scenario is determined by the Bank's Research structure using forecasting models that are disclosed to the market to determine the consensus. Alternative upside and downside scenarios are determined through stress tests of the input variables of the forecasting models.

In particular, the most likely scenario and alternative scenarios are determined using a set of analytical and stand-alone forecasting instruments that determine the forecast path for several blocks of variables, namely:
- national accounts and inflation of the main Eurozone countries, the United States, the United Kingdom and Japan;
- official rates (ECB, Fed, BoJ), EUR and USD swap rate curves, and several points of the government curves;
- exchange rates for EUR, USD, JPY and GBP;
- stock market indices (DJ Eurostoxx 50 and S&P 500);
- Brent price;
- some specific data for the Italian economy (industrial production, real estate prices, employment, public finance balances).

These forecasts are then processed using the Oxford Economics multi-country structural Global Economic Model, where they replace the forecast paths of the baseline scenario provided by the company with the periodic updating of the database. The model is then solved to derive a consistent global forecasting framework, including variables for which no specific models have been developed, and to obtain a simulation environment that can be used to generate alternative scenarios. This step may require some iterations, particularly if the forecasting framework generated internally is significantly different from the one provided by Oxford Economics. If this is the case, further fine-tuning may be needed for specific secondary variables that the analysts consider to be inconsistent with the forecast scenario or that have an unexplainable quarterly volatility.
The alternative paths are selected using external information. In particular:
- average annual GDP growth rates of several countries: this is the key driver for the simulation and the deviations are determined to replicate the dispersion of the growth estimates published by Consensus Economics in the most recent report available at the date of the simulation, considering the minimum and maximum forecasts (after applying a filter to identify and eliminate possible outliers). If there are outliers, these are discarded and the remaining maximum and minimum values are considered. Since consensus estimates are only available for the first two years of the simulation period, an extrapolation of the deviations identified for the first two years is used for the third year;

- stock market indices (DJ Eurostoxx 50, S&P 500) and US residential real estate prices: the minimum and maximum forecasts of the Thomson Reuters panel are used as a reference;
- Italian residential real estate prices: since no consensus estimates are currently available, the alternative paths are based on the distribution of the historical quarterly changes available from 1980 to the current quarter.

The percentile value identified is used, for the Most Likely scenario, to determine the variations corresponding to a probability gap, calculated through statistical analysis of the historical distribution of the observations. The two (positive and negative) changes with respect to the most likely scenario are then used to calculate the level of the individual identified indices, reconstructing the two alternative paths (one positive and one negative) for each of them that represent the input for the determination of the Add-On. The probability gap used is identified based on the variability characteristics of the series, to obtain a significant deviation from the most likely scenario.

In addition to defining the alternative paths, a map of possible additional factors is maintained, i.e., adverse idiosyncratic events or scenarios, not explicitly incorporated in the time series used for the construction of the most likely scenario or in the alternative paths, which can generate further significant effects on expected losses.

The following is assessed for these events/scenarios:
- the possible time frame;
- the degree of inclusion in the most likely scenario or the alternative paths;
- the potential impact, assessed in qualitative terms.

The map of additional factors also draws on the list of risk factors contained in the forecast reports of the IMF (World Economic Outlook) and the European Commission and may change over time.

Within the assessment of the time frame for the additional factors, note is made if the factor cannot be placed within a specific time period, which makes its incorporation into the Most Likely scenario or alternative paths unfeasible.

The assessments made take account of the fact that the consensus estimates may include forecasts that already incorporate the total or partial realisation of one or more risk factors in their estimates, which means that the alternative paths may already incorporate these additional factors to some extent.

Where there is considerable uncertainty in the national and international macroeconomic forecasts, as well as significant deviations in terms of best-case forecasts with respect to the TTC scenario, prudential factors may be introduced in relation to the deviations in the minimum and maximum values of the variables based on the above-mentioned consensus or historical figures.

The above macroeconomic scenarios (Most Likely and alternative scenarios) are used in internal models to determine the point-in-time (PIT) parameters.

Specifically, the time series of default rates acquired from the Bank of Italy are differentiated over the main economic macro-sectors (e.g. consumer households, family businesses, construction) and, for each of these, specific satellite models establish the relationships with the macroeconomic variables in order to obtain the forecast default rates. In turn, these impact the TTC transition matrices between rating classes and thus provide the PIT transition matrices for each scenario (most likely and alternative scenarios). These give rise to the lifetime conditional PD.

In particular, the TTC matrices are calculated using internal default rates for the Corporate, Retail SME and Retail segments, whereas the Bank of Italy system rates are used for the Low Default segments, because the internal time series data for those segments is less extensive. The forward-looking point-in-time matrices, on the other hand, are calculated using the system default rates for all the segments.

A similar process is used to determine the PIT LGD grids.

Taking account of the repayment plans of the individual loans, their conditional PD and LGD, residual maturity and staging, the impairment of performing financial assets is determined.

Finally, with reference to the estimation methodologies of impairment of performing financial assets, in certain circumstances, the need may arise to make adjustments (valuation increases) to the results of the models adopted. That need may indicatively arise as a result of external events that are unexpected, which the bank cannot control and have potential consequences, also on a large scale, on the measurement of the ECL of the portfolios as a result of elements that otherwise are not adequately captured within the IFRS 9 framework. It must be noted that the IFRS 9 estimation methodologies are founded on experience-based assumptions, and are strongly anchored to historical observations, which are considered over a congruous time horizon and in a sufficiently stable backdrop. Therefore, in order to fully understand the effects of particular conditions of volatility or of possible significant economic deviations from the expected macroeconomic scenarios, also in relation to "emerging risks", a specific reference framework was identified to take action - duly approved by the competent Management Bodies - to factor into ECL calculation further elements that are not yet and/or insufficiently covered by the models in use.

Specifically, the measurement of ECL in such situations is adjusted (increasing) via the following two elements:
- a first impact (in-model adjustment) on the performing positions as a whole, in the case of specific economic times characterised by risks of significant deviation from the expected scenarios, estimated through the forward-looking conditioning model, with an impact on the individual risk parameters (PD and LGD), by identifying "extreme" scenarios, characterised by a probability of occurrence considerably contained and typical only of extreme events (therefore outside the consensus ranges) with respect to the long-term macroeconomic scenario. The approach described also triggers a staging allocation effect with Stage 2 classification of the counterparties deemed most vulnerable to extreme scenarios in relation to the assigned rating;
- an additional impact (post-model adjustment) related to the effects - on "vulnerable" customers and at the same time belonging to subsectors of the loan portfolio, particularly exposed to the consequences of "emerging" risk factors - of the combination of evolving structural risks and new risks. This enhances the information from credit quality monitoring processes. This latter valuation burden is determined for vulnerable customers belonging to higher-risk subsectors, by increasing the ECL in relation to the estimated greater risk. The approach described also triggers a staging allocation effect with Stage 2 classification of the most vulnerable positions.

Impairment of non-performing financial assets

Non-performing loans are represented by bad loans, unlikely to pay and past due positions by more than 90 days.

Non-performing loans classified as bad loans are subject to the following measurement methods:

- analytical-statistical measurement, which is used for exposures of less than 2 million euro and is based on the use of specific LGD grids, plus an Add-On to take account of information linked to the evolution of the current conditions related to management variables highly correlated with the loss performance and forward-looking information relating to the impact of expected future macroeconomic scenarios (as described in the previous paragraphs);
- analytical-specific measurement, which is used for customers with exposures exceeding 2 million euro and is based on the impairment percentages allocated by the manager, following specific analysis and measurements, also based on the evolution of the current conditions, plus an Add-On to take account of forward-looking information, and in particular information relating to the impact of future macroeconomic scenarios (except for bad loans backed by mortgage collateral or relating to property leases for which the impact of future scenarios is included through the method used to determine the haircuts to the value of the properties pledged as collateral).

The measurement of unlikely-to-pay loans (UTPs) is also performed based on different approaches:

- analytical-statistical measurement, for exposures of less than 2 million euro, based on the use of specific LGD grids, plus an Add-On to take account of the already mentioned information linked to the current conditions and the impacts of future macroeconomic scenarios, as well as continuation in the risk status, in order to penalise positions with greater vintage or which have no movements and/or recoveries for a particular period of time;
- analytical-specific measurement, for on-balance sheet exposures of more than 2 million euro, based on the impairment percentages allocated by the manager, following specific analyses and assessments also based on the evolution of the current conditions, plus an Add-On to take account, also in this case, of the impacts of future macroeconomic scenarios and of continuation in the risk status.

Regardless of the division of these exposures between those subject to analytical-statistical measurement and those subject to analytical-specific measurement (as identified above), the add-ons envisaged include the sales scenarios for the disposable non-performing loans if the business plan and the NPL reduction plan envisage sales and those sales do not lead to a reclassification pursuant to IFRS 5. The valuation of the disposable non-performing loans therefore considers the possibility of also realising these loans through their sale.

Non-performing loans classified in the past-due loans category, on the other hand, are subject to analytical measurement based on statistics, regardless of the amount of the exposure. However, also in this case, the adjustment determined based on the LGD statistical grids is supplemented to take account of the Add-On attributable to the effect of the evolution of the current conditions and the future macroeconomic scenarios.

Credit exposures must continue to be carried as non-performing for at least three months after they cease to meet the requirements for being classified as such (the "probation period"). Until the conditions are met for reclassification out of the non-performing category, such exposures are retained in their respective risk classes and measured according to an analytical-statistical or an analytical-specific approach taking account of their lower risk level.

A brief description is provided below of the methods used for the analytical-specific and analytical-statistical measurement:

- the analytical-specific measurement of bad loans and unlikely-to-pay loans above 2 million euro is a measurement performed by the managers of the individual positions based on a qualitative and quantitative analysis of the borrower's financial position, the riskiness of the credit relationship, the targets and strategies for reduction of the non-performing loans, and any mitigating factors (collateral), taking into account the financial impact of the estimated recovery time.
  For bad loans in particular, a series of elements are relevant, which differ according to the characteristics of the positions, and must be thoroughly and prudently assessed, including the following, listed merely as examples:
  - nature of the credit, whether preferential or unsecured;
  - net asset value of the borrowers/third party collateral providers;
  - complexity of existing or potential litigation and/or the underlying legal issues;
  - exposure of the borrowers to the banking system and other creditors;
  - last available financial statements;
  - legal status of the borrowers and any pending insolvency and/or individual proceedings.

  In order to determine the estimated realisable value of loans secured by real estate, and to take into account both the time series of recoveries and the forward-looking information in accordance with IFRS 9, an approach is applied focused on the valuation of real estate based on the expected average auction price and the related reduction in the observed price, with the calculation of average haircuts that differ according to the type of real estate collateral (residential, commercial, industrial and land). Accordingly, to avoid duplications, a macroeconomic Add-On is not used in the analytical-specific measurement for bad mortgage loans, because the forward-looking component is already taken into account through the haircut.
  For real-estate bad loans arising from lease contracts, in view of the particular nature of the product (lack of auctions), the haircut is estimated as the depreciation of the asset with respect to the appraised value observed at the time of classification as non-performing and the actual price of sale.
  In addition, for unlikely-to-pay loans, the measurement is based on a qualitative and quantitative analysis of the borrower's financial position and on precise assessment of the risk situation.
  The calculation of the impairment loss involves the valuation of the future cash flows that the borrower is considered to be able to generate and that will also be used to service the financial debt. This estimate must be made based on two alternative approaches:
  - the going concern approach: the operating cash flows of the borrower (or the beneficial owner) continue to be generated and are used to repay the financial debts contracted. The going concern assumption does not rule out the realisation of collateral, but only to the extent that this can take place without affecting the borrower's ability to

generate future cash flows. The going concern approach is also used in cases where the recoverability of the exposure is based on the possible sale of assets by the borrower or on extraordinary transactions. Similarly to the case of bad loans, haircuts are also used in measuring real-estate collateral for unlikely-to-pay positions. For going-concern positions, these haircuts are determined on the basis of the haircuts applied in the liquidation process (gone-concern bad loan or UTP position), while applying a calibration factor equal to the probability of migration of the UTP positions to the bad loan category;

  - the gone concern approach: applicable in cases when it is believed that the borrower's cash flows will cease. This is a scenario that can apply to positions that are expected to be classified as bad loans. In this context, assuming that shareholders' interventions and/or extraordinary operations to restructure debt in turnaround situations are not reasonably feasible, recovery of the credit is essentially based on the value of the collateral that secures the Bank's credit claim, net of the application of a haircut (determined as for bad loans) and, alternatively, on the realisable value of the assets, taking into account the liabilities and possible pre-emptive claims;

– the analytical-statistical measurement, performed for bad loans and unlikely-to-pay loans of less than 2 million euro and for past-due loans has specific features according to the type of exposure involved.
  With regard to bad loans, the analytical-statistical measurement is based on the Bad Loan LGD grids, where the LGD Defaulted Asset model is mainly characterised by the differentiation of the loss rates that, in addition to the regulatory segment, is based on the continuation in the risk status ("vintage") and the possible activation of legal recovery proceedings. The grids are also differentiated for the other significant analysis axes used in the model estimation (e.g. product type, type of guarantee, geographical area, exposure band, etc.). The recovery time grids are mainly broken down by regulatory segment and by additional significant analysis axes used in the modelling (e.g. recovery procedures, exposure band, product type).
  For unlikely-to-pay loans, the measurement is performed using statistical LGD grids estimated specifically for positions classified as unlikely-to-pay loans, in line with the estimated LGD grids for bad loans. The estimation model for the LGD grid for unlikely-to-pay loans is similar to the one described above for bad loans and calculates the expected loss rate of the relationship being valued according to its characteristics. The LGD for unlikely-to-pay loans is obtained by recalibrating the bad loan LGD using the Danger Rate module. The Danger Rate is a multiplying correction factor to apply to the bad loan LGD, in order to take into account the loss rates that can be recorded in the various default statuses (Unlikely-to-Pay and/or past due). The Danger Rate is estimated using the probability of migration to bad loans for positions already in default, the loss rates observed in the pre-bad loans phase for positions migrating to bad loans, and the loss rates observed in the pre-bad loans phase for positions that return to performing status or are extinguished.
  In addition, for the two subclasses of the "Unlikely-to-Pay Loans" risk status ("Non-Forborne Unlikely-to-Pay Loans" and "Forborne Unlikely-to-Pay Loans"), differentiated grids are estimated to take into account the characteristics of the Forborne loans, which, in addition to having lower average loss levels due to the effect of the Forbearance Measures, are also affected by the regulatory constraints that prevent their return to performing loan status before 12 months from the date of the renegotiation.
  For past-due loans, the methods used to determine the grids are the same as those described for the unlikely-to-pay loans (Framework Danger Rate). In this case, the vintage factor is captured by the introduction of a differentiation based on the duration of the past-due period (Past Due at 90 days/180 days) which produces a significant variation in the loss rates of the grids, which are also differentiated according to regulatory segment and additional analysis axes (e.g. product type, type of guarantee, geographical area, exposure band, etc.) common to the other non-performing loan categories.
  Also in the LGD estimation models used in the analytical-statistical measurement of non-performing exposures, several additional components specifically included for regulatory models are removed, similar to that illustrated for performing exposures.

With regard to the inclusion of current and forward looking information, it should be noted that, for non-performing exposures, a statistically estimated component (Add-On from macroeconomic scenario) linked to the most likely and downside scenarios expected over the period of the next three years is also considered, according to the criteria already described.
In fact, as required by IFRS 9, the effects of the forward-looking scenario on LGD estimates must also be considered and the aforementioned component is aimed at capturing the non-linearity of the relationship between the macroeconomic variables and ECL measurement, by analysing the forecast uncertainty of the variables used for the preparation of the most likely scenario. It is based on the methodological framework that is used for performing loans, but ignores the upside scenario from a prudential perspective and only considers the average downside and most likely scenarios over the period of the next three years.
Furthermore, an additional factor is applied to the analytical/statistical measurement firmly based on internal management variables, in particular the level of past and prospective NPL ratio, which, on the basis of long-term observation, is statistically correlated with the loss performance. This factor makes the LGD estimate more sensitive to changes in the current and future economic/management context.
Also in terms of future scenarios, with regard to the unlikely to pay category, which includes positions that are still performing but show signs of difficulty, both for positions with analytical-specific measurement and those with analytical-statistical measurement, when there are no effective forbearance measures, an additional component shall be applied (in addition to the aforementioned add on from the macroeconomic scenario) to reduce the recoverable amount of the positions based on their vintage in the risk status and the absence of movements and/or recoveries in a specific period of time.

With regard to the alternative recovery scenarios, the Intesa Sanpaolo Group, in relation to the objectives of reducing the stock of outstanding non-performing loans, included in its business plans, and the commitments made to the Supervisory Authorities, with specific regard to the NPL Strategy, considers the sale of particular portfolios as the strategy that, in certain conditions, can maximise the cash flow recovery, also considering the recovery times.
Consequently, the "ordinary" scenario, which assumes a recovery strategy based on the collection of credit, typically through legal actions, mandates to credit recovery companies and the realisation of mortgage collateral, is also been accompanied - where applicable and as an alternative recovery strategy - by the scenario of the sale of the loan.

Where company plans and Bank strategies identify disposal objectives and, as a result, a portfolio of non-performing loans that may be disposed of, until the disposal objectives are reached, the loans and receivables included in that portfolio shall be measured taking account of both the amount recoverable through operating activities and market valuations (based on external appraisals) and/or sales prices, if already defined.
In particular, where a larger loan portfolio that may be sold represented by Group loans that are disposable (thus, for example, positions that are not involved in disputes, as per precise indication by the management structures and which are not subject to synthetic securitisation), in relation to the sales objectives is identified, the book value of said portfolio is determined by weighting the recoverable amount through operating activities with the amount recoverable through sale.
More specifically, the recoverable amount of disposable non-performing loans is quantified as the average between (i) the value in the event of sale (fair value) and (ii) the collection amount, weighted on the basis of the percentage of the loans eligible for sale - determined as the ratio between the target volume of loans to be sold and the respective non bankruptcy-remote portfolios having the same profile, i.e. as a percentage that reflects the probability of sale of the portfolios whose disposal is considered highly probable. The "collection amount" was determined according to the ordinary methods adopted by Intesa Sanpaolo for the impairment of non-performing loans, i.e. based on the individual measurement of the exposures exceeding a defined threshold and based on an analytical-statistical measurement for the others. The measurement of the value in the event of sale is carried out by an external expert, based on market valuations.
However, where the positions to be sold are specifically identified, those positions shall be measured exclusively taking account of the market values established by external experts, based on a specific fairness opinion or, if already defined through a binding agreement with the buyer, the sales price. Those loans are also reclassified as assets held for sale.

As already mentioned, the purchased or originated credit-impaired (POCI) financial assets have specific features in terms of impairment. As a result, value adjustments equal to the lifetime ECL must be recognised on these instruments from their initial recognition date and for their entire lifetime. At each subsequent reporting date, the amount of the lifetime ECL must therefore be adjusted, with the recognition through profit or loss of the amount of any change in lifetime expected credit losses as a gain or an impairment loss. In view of the above, POCI financial assets are initially recognised in Stage 3, subject to the possibility of being subsequently transferred to the performing loans stage, even if an expected loss equal to the lifetime ECL will continue to be recognised.

Lastly, with regard to non-performing loans, it is highlighted that Intesa Sanpaolo uses the – full or partial – write-off/derecognition of unrecoverable accounting positions and, in the following cases, the consequent allocation to loss of the remainder that has not yet been adjusted:
- uncollectability of the debt, as a result of definite and precise elements (such as, for example, untraceability and indigence of the debtor, lack of recovery from realisation of securities and real estate, negative foreclosures, bankruptcy proceedings closed with no full compensation for the Bank, if there are no further guarantees that can be enforced etc.);
- waiver of the credit claim, due to the unilateral cancellation of the debt or residual amount as a result of settlement agreements;
- no waiver of the credit claim. With regard to the full or partial write-offs without waiver of the credit claim, in order to avoid maintaining loans on the balance sheet that have a very low possibility of recovery, despite continuing to be managed by the recovery structures, they are fully or partially written off due to uncollectability even if the legal proceedings have not been closed. The write-off can only involve the portion of the loan covered by provisions and, therefore, each loan can only be written off up to the amount of its net book value. Therefore, on a periodic basis, the Group identifies the bad loan portfolios to be subject to total or partial write-offs with the following macro-characteristics:
  - percentage cover of 100% and a vintage (understood as the period of time in "bad loan" status) of >1 year;
  - percentage cover of >95% and a vintage (understood as the period of time in "bad loan" status) of >5 years or >8 years, respectively, for non-mortgage and mortgage loans.

  Portfolios to be written off can also be identified that have similar characteristics that are different from those indicated above, but that relate to exposures that have a marginal possibility of recovering the amount of the provision, where the minimum amount of the provision (calculated taking into account the accumulated write-offs on the position, according to the same rule established at prudential level by the calendar provisioning framework) is at least equal to the amount needed to bring the value of the exposures up to their fair value estimated based on the prices recorded in the latest sales of bad loans made by the Group.

Impairment of equity investments
At each reporting date the equity investments are subjected to an impairment test to assess whether there is objective evidence to consider that the carrying value of such assets is not fully recoverable.
The process of detection of any impairment involves the verification of the presence of impairment indicators and the determination of any write-down. The impairment indicators are essentially divided into two categories: qualitative and quantitative indicators.
Qualitative indicators include:
- the generation of negative economic results or in any case a significant variance with respect to the targets budgeted or established in the multi-year plans disclosed to the market;
- the announcement/initiation of insolvency proceedings or restructuring plans;
- the downgrading by more than two rating classes;
- failure to discharge payment obligations for debt securities issued fully and in a timely manner;
- use of industrial policy tools aimed at responding to a serious crisis or allowing companies to face restructuring/reorganisation processes.

Quantitative indicators include:
- a reduction in fair value of over 30% below the carrying value or for a period of over 24 months;
- a market capitalisation lower than the company's net book value, in the case of securities listed on active markets, a carrying value of the investment in the Parent Company's financial statements higher than the carrying value in the

consolidated financial statements of the investee's net assets and goodwill, or distribution by the investee of a dividend that is higher than its total income.

The presence of impairment indicators results in the recognition of a write-down to the extent that the recoverable amount is lower than the recognition value.
The recoverable amount consists of the higher of the fair value and the value in use, less costs to sell.
For an illustration of the valuation techniques used to determine fair value, see the specific Section A.4 – Information on fair value.
Value in use is the present value of expected future cash flows from the asset; it reflects estimated expected future cash flows from the asset, the estimate of possible changes in the amount and/or timing of cash flows, time value of money, the price able to repay the risk of the asset and other factors, which may affect the appreciation by market participants of expected future cash flows from the asset.
Value in use is determined by discounting future cash flows.

For controlling investments in subsidiaries, the single equity investments are not individually significant for the purposes of the impairment test in the Parent Company's financial statements, instead they are included in the impairment test of the Cash-Generating Units (CGU) conducted at consolidated level. The CGUs identified are represented in some cases (Banca dei Territori and IMI Corporate & Investment Banking) by operations conducted directly by the Parent Company and some subsidiaries, in other cases (International Banks) by combinations of subsidiaries, and in other cases (Private Banking and Asset Management) they correspond to the associated legal entity. When an equity investment does not produce cash flows that are largely independent of the cash flows from other assets the impairment tests are conducted at CGU level, rather than at the individual investment level. Consequently, when the assets attributable to a subsidiary are included in a CGU that is broader than the equity investment itself, as described in more detail in the following chapter, the impairment test can only be conducted at this level and not at the level of individual subsidiary for which the accurate estimation of a value in use is not possible.

Impairment of non-financial assets
Property, equipment and intangible assets with definite useful life are subject to impairment testing if there is the indication that the book value of the asset may no longer be recovered. The recoverable amount is determined with reference to the fair value of the property and equipment or intangible assets less costs to sell or the value in use, if determinable and if it is higher than fair value.
For property and equipment other than real estate and valuable art assets and intangible assets (other than those recognised following business combinations) it is assumed that the carrying amount normally corresponds to the value in use, since it is determined by a depreciation or amortisation process estimated on the basis of the effective contribution of the asset to the production process and since the determination of fair value is extremely subjective. The two values diverge and lead to impairment in case of damages, exit from the production process or other similar non-recurring circumstances.
As clarified in the discussion of "Property and equipment and intangible assets", Intesa Sanpaolo measures owner-occupied properties and valuable art assets according to the revaluation model; in this case, any impairment loss on a revalued asset must be treated as a decrease in the revaluation up to the relevant amount, after which any difference is taken to the income statement.
As described in the Information on fair value - Fair value of real estate and valuable art assets, for owner-occupied properties each year a scenario analysis is conducted on trends in the real-estate market to assess whether there are any significant deviations in the value of the assets. If significant changes are identified (+ or - 10%), an updated appraisal is prepared to adjust the fair value of the asset to the valuations of the real estate market. If there are no significant differences, the value is redetermined through a new expert appraisal every two years for "trophy assets" (i.e. particularly prestigious properties used by management functions located in the main cities where the bank is based or properties of particular historical and artistic interest because they are listed by the Ministry of Culture) and every three years for other owner-occupied properties.
For the valuable art assets, the revaluation is carried out by means of a new expert appraisal every three years. However, a scenario analysis is carried out annually to identify any appreciable changes in value in order to bring forward the valuation. If the annual monitoring identifies a possible positive or negative value deviation of more than 15% for individual works of artists in the bank's collections and comparable on the basis of objective criteria (size, technique, period of production, etc.), new appraisals are commissioned.
Intangible assets recognised following a business combination and in application of IFRS 3 are subjected to an impairment test at each reporting date to assess whether there is objective evidence that the asset may have been impaired.
Intangible assets with a finite life, represented by the value of the asset management portfolio and the value of the insurance portfolio, in the presence of impairment indicators are subjected to a new valuation process to assess the recoverability of the book values. The recoverable amount is determined on the basis of the value in use, namely the present value estimated using a rate representing the time value of money and the asset's specific risks, of the income margins generated by the existing relations as at the valuation date over a period which expresses their expected residual life.
Intangible assets with an indefinite life, represented by the valuation of the brand name and goodwill, do not have independent cash flows and therefore annually undergo an assessment of the adequacy of the value recorded under the assets with reference to the Cash-Generating Unit (CGU) to which the values are attributed at the time of the business combinations. As CGU identification requires an analysis of the management characteristics and reporting methods used by management, and as the logic for strategic decision-making by management of the Parent Company is that of the Group as a whole and not only that of the Parent Company as an individual entity, the CGUs are identified in the consolidated financial statements.
The CGUs identified are represented in some cases (Banca dei Territori and IMI Corporate & Investment Banking) by operations conducted directly by the Parent Company and some subsidiaries, in other cases (International Banks) by combinations of subsidiaries, and in other cases (Private Banking and Asset Management) they correspond to the associated legal entity. As stated, as these are the same CGUs identified at consolidated level, the assessment of the retention of goodwill and other assets with an indefinite life recorded in the Intesa Sanpaolo Group's financial statements is also valid with

reference to the values recorded in the Parent Company's financial statements. Therefore, the assessment conducted at consolidated level with reference to the individual CGUs is used, after comparing the book value of the assets in the Parent Company's financial statements, without conducting, if the result is positive, a new test in the Parent Company's financial statements.
If, at consolidated financial statement level, an impairment loss needs to be recognised for a particular CGU, this write-down must be assigned to the assets that make up the CGU starting with goodwill. If the need to record an adjustment is found relating to a CGU that does not coincide with the associated legal entity, the write-down is assigned to the banking subsidiaries, after the elimination of the goodwill pertaining to the CGU recorded in the Parent Company's financial statements under a specific caption, on the basis of the respective fair values.
For a description of the criteria for the determination of the recoverable amount of the CGUs see the contents of Part A - Accounting policies, of the consolidated financial statements.
With regard to the intangible asset represented by the brand name, if the reference CGU does not have any goodwill allocated and, as a result, it is not possible to test the recoverable amount of the specific intangible as part of the impairment test of the goodwill based on total cash flows at the level of the CGU, then an independent and specific valuation is made on the basis of the fair value certified by the appraisal of an independent expert.

Business combinations

Business combinations are governed by IFRS 3.
The transfer of control over a company (or over a group of assets managed together as a single business) is considered a business combination.
To this end, control is deemed to have transferred when the investor is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns by exercising its power over the investee.
IFRS 3 requires that an acquirer be identified in any business combination. The acquirer is identified as the combining entity that obtains control of the other combining entities or businesses. If a controlling entity cannot be identified, following the definition of control described above, as for example in the case of exchange of equity investments, the identification of the acquirer must occur considering other factors such as: the entity which has a significantly higher fair value, the entity which pays a cash consideration, the entity which issues new shares.
The acquisition, and therefore the initial consolidation of the acquired entity, must be recognised in the books on the date in which the acquirer effectively obtains control over the acquired company or businesses. When the combination occurs via an exchange of voting ordinary equity instruments, the date of the exchange usually coincides with the date of the acquisition. However, it is always necessary to verify that there are no agreements which may lead to transfer of control prior to the date of the exchange.
The consideration transferred as part of a business combination is equal to the sum of the fair value, at the exchange date, of the transferred assets, the liabilities incurred or assumed and the equity instruments issued by the acquirer in return for control.
In transactions which entail cash consideration (or when payment occurs via cash-equivalent financial instruments), the purchase price is the agreed consideration. When settlement does not occur in the short-term, the fair value of any deferred component is calculated by discounting the amounts payable to their present value; when payment occurs via an instrument other than cash, therefore via the issue of financial instruments, the price is equal to the fair value of such instruments net of the costs directly attributable to their issue. For the determination of fair value of financial instruments, see Section A.4 – Information on fair value and note that, in the case of shares quoted on active markets, fair value is represented by Stock Exchange price at acquisition date or, should that not be available, the last price available.
Purchase price at acquisition date includes any adjustments to the cost contingent on future events, if provided for by the combination agreement and only if the adjustment is probable, can be measured reliably and realised within the twelve months subsequent to the date of acquisition of control. Instead, any restoration related to any loss in the value of the assets used as consideration is not included in purchase price since it is already considered either in the fair value of equity instruments or as a reduction in the premium or an increase in the discount on the initial issue of debt instruments.
Acquisition costs refer to the charges incurred by the acquirer to carry out the business combination, including, for example, professional fees paid to independent auditors, experts, legal advisors, costs for legal opinions and audit of accounts, preparation of information documents required by the law, as well as advisory fees sustained to identify potential acquisition targets if the contract provides for the payment of success fees as well as debt securities' or equities' registration and issue costs.
Acquisition costs must be recognised as charges when incurred and when the related services are provided, except for the costs relating to the issue of debt securities or equities which must be recognised in accordance with IAS 32.
Business combinations must be accounted for using the "acquisition method" whereby identifiable assets acquired (including any intangible assets which had not been previously recognised by the acquired company) or liabilities assumed (including contingent liabilities) are recognised at their fair value at acquisition date.
Moreover, as specifically required by IFRS 3, for each business combination, any minority interest in the acquired company can be recognised at fair value (therefore increasing the consideration transferred) or in proportion to the minority investment in the net identifiable assets of the acquired companies.
If control is achieved in stages, the acquirer recalculates its previous interest in the acquired company at the acquisition date fair value. Any difference with respect to the previous carrying value is taken to income statement.
Excess between the consideration transferred (being the fair value of transferred assets, liabilities incurred and equity instruments issued by the acquirer), increased, where present, by minority interests (determined as above) as well as the fair value of the stakes already held by the acquirer, and the fair value of acquired assets and liabilities should be recognised as goodwill. Conversely, such difference is taken to the income statement when the latter exceed the sum of the consideration, minority interests and the fair value of the stakes already held.
The accounting for business combination can be determined provisionally by the end of the year in which the combination is realised and must be completed within twelve months of the acquisition date.
The following transactions are outside the scope of business combinations: transactions aimed at acquiring control over one or more entities which are not part of the company's business; transactions aimed at acquiring transitory control; transactions

conducted for organisational purposes, therefore between two or more companies or businesses which are already part of the Intesa Sanpaolo Group, and which do not entail changes in control, independently of the extent of minority interests in each of the combining entities before and after the business combinations (business combinations involving entities under common control). These transactions are considered immaterial. Therefore, since there are no specific provisions in IAS/IFRS and in compliance with IAS 8 which requires – in the absence of a specific standard – that the reporting entity must use its judgement in applying an accounting policy that results in information that is relevant, reliable, prudent and that reflects the economic substance of the transaction, these are accounted for safeguarding the continuing values in the financial statements of the acquirer.
Mergers are examples of combinations between companies and represent the most complete business combinations, since they imply the legal and economic unification of the merged entities.

Mergers which entail the establishment of a new legal entity and mergers by incorporation (which entail that an entity is absorbed by another existing entity) are treated according to the criteria illustrated above, that is:
- if the transaction leads to the transfer of control of a company, it is accounted for as a business combination as provided for by IFRS 3;
- if the transaction does not lead to the transfer of control, it is accounted for by privileging the continuity of the values.

A.3 – INFORMATION ON TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

Following the adoption of IFRS 9, the Intesa Sanpaolo Group did not make changes to its business model for managing its financial assets and, therefore, no transfers occurred between portfolios of financial assets.
According to the general rules established by IFRS 9 on the reclassification of financial assets (except for equity instruments, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets. Such changes are expected to be extremely rare and must be decided by the management following significant external or internal changes that can be demonstrated to external parties.

A.3.1 Reclassified financial assets: change in business model, book value and interest income
No disclosure is required since there are no reclassified financial assets recognised under balance sheet assets.

A.3.2 Reclassified financial assets: change in business model, fair value and effects on comprehensive income
No disclosure is required since no transfers were carried out between portfolios of financial assets in 2024.

A.3.3 Reclassified financial assets: change in business model and effective interest rate
No disclosure is required since there are no reclassified financial assets recognised under balance sheet assets.

A.4 – INFORMATION ON FAIR VALUE

FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES, INDEPENDENT PRICE VERIFICATION AND PRUDENT VALUATION

FAIR VALUE, INDEPENDENT PRICE VERIFICATION AND PRUDENT VALUE OF FINANCIAL INSTRUMENTS

The framework of financial measurement at fair value is based on three pillars: fair value measurement according to the IAS/IFRS, independent price verification (IPV) and prudent value measurement. The latter two are established by the Capital Requirements Regulation (CRR). The paragraphs below describe the methods applied by the Bank to implement and use those elements.

General fair value principles

The Bank governs and defines the fair value measurement of financial instruments through the Group Guidelines and Rules for Valuation of Financial Instruments at Fair Value, drawn up by the Market & Financial Risk Management structure.

The "Guidelines for Valuation of Financial Instruments at Fair Value", once a favourable opinion has been given by the Group Financial Risks Committee, are revised and approved at least on an annual basis by the Board of Directors, with the support of the Risks and Sustainability Committee. The "Rules for Valuation of Financial Instruments at Fair Value" are reviewed, revised and approved at least on an annual basis by the Group Financial Risks Committee, which is specifically delegated to do so by the Management Bodies, and which also reviews material changes and updates proposed by Market & Financial Risk Management.

The "Rules for the measurement of unlisted equity investments", drawn up by Group Shareholdings and approved by the Group Financial Risks Committee, govern the fair value measurement of unlisted equities and financial instruments with unlisted equities as their underlying.

IFRS 13, which harmonises the measurement rules and the related disclosure, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e. not as part of the compulsory liquidation or a below-cost sale) as at the measurement date. Fair value is a market measurement criterion, not specifically referring to a single Bank. Underlying the definition of fair value is the assumption that the Bank is carrying out normal operations, without any intention of liquidating its assets, significantly reducing the level of operations or carrying out transactions at unfavourable conditions.
The Bank measures the fair value of an asset or liability by adopting the assumptions that would be used by market participants when pricing an asset or liability, presuming that they act with a view to satisfying their own economic interest in the best way possible. Measurement at fair value presumes that the asset is sold or the liability transferred:
– in the principal active market for the asset or liability;
– in the absence of a major market, in the most advantageous active market for the asset or liability.

The Bank is not required to conduct an exhaustive study of all possible markets to identify the major market or, in the absence of the major market, the most advantageous market, but must take into account all the reasonably available information. If there is no evidence to the contrary, the market that the entity normally operates in to sell the asset or transfer the liability is assumed to be the major market or the most advantageous market, if there is no major market. The Bank considers the principal market of a financial asset or liability to be the market in which the Bank generally operates.

In accordance with IFRS 13, the Bank considers an active market to be a market where transactions in an asset or liability occur with sufficient frequency and volume to provide useful information for determining price on an ongoing basis. More specifically, a financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

In specific cases, governed by the Guidelines and Rules for Valuation of Financial Instruments at Fair Value, and despite being quoted on regulated markets, relevant research is carried out to verify the significance of the official market values. In the event of a significant reduction in the volume or level of operations compared to normal operations for the asset or liability (or for similar assets or liabilities) highlighted by a number of indicators (number of transactions, limited significance of market prices, significant increase in implicit premiums for liquidity risk, widening or increase of the bid-ask spread, reduction or total lack of market for new issuances, limited publicly-available information), analyses of the transactions or of the quoted prices must be carried out. A reduction in the volume or the level of activity alone may not indicate that the price of a transaction or the quoted price does not represent fair value or that the transaction in that market is not ordinary. If an entity determines that a transaction price or quoted price does not represent fair value (e.g., non-ordinary transactions) an adjustment to the transaction prices or listed prices is required if the entity uses those prices as the basis for fair value measurement and that adjustment may be significant with respect to the fair value as a whole.

The fair value of financial instruments

The presence of quoted prices in an active market represents the best evidence of fair value and these prices are therefore the quoted prices to be used on a priority basis for the measurement of financial assets and liabilities. If there is no active market, the fair value is determined using valuation techniques aimed, ultimately, at establishing the price the product would have had, at the measurement date, in an arm's length exchange motivated by normal business considerations.
The choice of the above measurement methods is not optional, because they must be applied in hierarchical order: the availability of a price stated in an active market prevents the use of one of the other measurement approaches.

Inputs of the valuation techniques

The inputs are defined as the assumptions that market participants would have used to determine the price of the asset or the liability, including assumptions regarding risk, such as, for example, the risk relating to a particular valuation technique used to measure fair value or the risk relating to the inputs of the valuation technique. The inputs may be observable or unobservable.
Observable inputs are those produced using market data, such as publicly available information on operations or actual events, which reflect the assumptions that market participants would use in determining the price of the asset or the liability.
Unobservable inputs are those for which no market information is available and that are produced using the best available information regarding the assumptions that market participants would use to determine the price of the asset or the liability.

Fair value hierarchy

IFRS 13 establishes a fair value hierarchy in which inputs to fair value measurement techniques are divided into three levels. That hierarchy assigns top priority to (unadjusted) quoted prices on active markets for identical assets or liabilities (level 1 data) and the lowest priority to unobservable inputs (level 3 data). Specifically:

- fair value level 1 applies when an instrument is measured directly on the basis of (unadjusted) quoted prices on active markets for identical assets or liabilities to which the entity has access on the measurement date;
- fair value level 2 applies when a price has not been found on an active market and the instrument is measured according to valuation techniques, on the basis of observable market parameters, or of the use of parameters that are not observable but are supported and confirmed by market evidence, such as prices, spreads or other inputs (the comparable approach);
- fair value level 3 applies when fair value is measured using various inputs, not all of which are directly drawn from observable market parameters, and which thus entail estimates and assumptions by the valuator.

If various inputs are used to measure the fair value of an asset or liability, classification in the hierarchy is determined on the basis of the lowest-level input used in measurement. When assigning a level in the fair value hierarchy, priority is given to the inputs of the valuation techniques rather than the valuation techniques themselves.
The attachment "Fair Value Hierarchy Rules" to the "Rules for Valuation of Financial Instruments at Fair Value" defines, with regard to the respective financial instrument valuation models/inputs, the basic rules that market inputs must comply with in order to be classified as Level 2, and the significance thresholds which, when overrun, result in the assignment of Level 3.

For level 1 financial instruments, the current bid price is used for financial assets and the current ask price for financial liabilities, struck on the principal active market at the end of the reference period.
For financial instruments with a scarcely significant bid-ask spread or for financial assets and liabilities with offsetting market risks, mid-market prices are used (again referred to the last day of the reference period) instead of the bid or ask price.
The following are considered level 1 financial instruments: contributed bonds (i.e. bonds for which the Composite Bloomberg Bond Trader is available from the Information Provider Bloomberg, or, alternatively, a price on the EuroMTS circuit, or at least three prices available from the Information Provider Bloomberg), contributed equities (i.e., quoted on the official market of reference), contributed UCITS funds (covered by EU directives), spot exchange rates, and derivatives for which prices are available on an active market (for example, exchange traded futures and options) and UCITS hedge funds.
Conversely, all other financial instruments that do not belong to the above-described categories or that do not have the contribution level defined by the Guidelines and Rules for Valuation of Financial Instruments at Fair Value are not considered level 1 instruments.

When no listing on an active market exists or the market is not functioning regularly, that is when the market does not have a sufficient and continuous number of trades, and bid-ask spreads and volatility that are not sufficiently contained, the fair value of the financial instruments is mainly determined through the use of valuation techniques whose objective is the establishment of the price at which, in an orderly transaction, the asset is sold or the liability transferred between market participants, as at the measurement date, under current market conditions.
In the case of instruments classified as level 2, the valuation is based on prices or credit spreads presumed from the official listing of instruments which are similar in terms of risk factors, using a given calculation methodology (valuation model). The use of this approach requires the identification of transactions on active markets in relation to instruments that, in terms of risk factors, are comparable with the instrument to be measured. Level 2 calculation methodologies reproduce prices of financial instruments quoted on active markets (model calibration) and do not contain discretional parameters – parameters for which values may not be inferred from quotations of financial instruments present on active markets or fixed at levels capable of reproducing quotations on active markets – that significantly influence the final measurement.

The following are measured using level 2 input models:
- bonds without official quotations expressed by an active market and whose fair value is determined through the use of an appropriate credit spread which is estimated starting from contributed and liquid financial instruments with similar characteristics;
- loans whose fair value is determined through the use of an appropriate credit spread which is estimated starting from market data of financial instruments with similar characteristics;
- derivatives measured through specific models, fed by input parameters (such as yield, foreign exchange and volatility curves) observed on the market;
- structured credit products (including, among others, ABSs – Asset Backet Securities, CLOs HY - Collateralized Loan Obligations High Yield, CDOs - Collateralized Debt Obligations) for which significant prices are not available and whose fair value is measured using valuation techniques that consider parameters that can be gathered from the market;
- non-contributed equity instruments measured based on direct transactions, that is significant transactions on the stock registered in a time frame considered to be sufficiently short with respect to measurement date and in constant market conditions, or using the "relative" valuation models based on multipliers;
- non-UCITS hedge funds, provided the Level 3 instruments do not exceed a set threshold.

In case of instruments classified as level 3, the calculation of the fair value is based on valuation models which consider input parameters not directly observable on the market, therefore implying estimates and assumptions on the part of the valuator. In particular, the valuation of the financial instrument uses a calculation methodology which is based on specific assumptions of:
- the development of future cash flows, which may be affected by future events that may be attributed probabilities presumed from past experience or on the basis of the assumed behaviour;
- the level of specific input parameters not quoted on active markets, for which information acquired from prices and spreads observed on the market is in any case preferred. Where this is not available, past data on the specific risk of the underlying asset or specialised reports are used (e.g. reports prepared by Rating agencies or primary market players).

The following are measured using this method:
- some transactions in derivatives, bonds, or complex structured credit instruments measured using level 3 inputs;
- hedge funds in which the level 3 assets are above a set limit;
- private equity funds, private debt funds, real estate funds and closed-end funds resulting from sales of non-performing loans valued at NAV (Net Asset Value), with possible discounts;
- shareholdings and other equities measured using models based on discounted cash flows or using equity methods;
- loans whose fair value is determined through the use of a credit spread that does not meet the criteria to be considered level 2;
- loans with underlying equity risk, whose fair value is calculated based on the discounting of expected contractual flows.

The transfer of fair value levels of financial assets and financial liabilities measured at fair value on a recurring basis occurs, as established by IFRS 13, as follows: the transfer between levels 2 and 3 occurs upon a change in the observability or significance of an input to the measurements; and the transfer between levels 1 and 2 or 3 occurs upon a change in the availability of prices in an active market.

For OTC derivatives, the initial choice of the level of fair value hierarchy depends on the degree of observability and significance of the parameters used to determine the risk-free component. The calculation of the counterparty/issuer default risk component may result in a transfer to level 3 when the current exposure is positive for the bank and the counterparty is in non-performing loan status, or when the determination of default risk requires unobservable inputs and the bilateral credit value adjustment (bCVA) component is significant when compared to the overall fair value of the netting set, or when the counterparty's sensitivity to downgrading is significant when compared to the overall fair value of the netting set.

For non-contributed equity instruments, the change of the level occurs:
- when inputs observable on the market (e.g., prices defined based on comparable transactions on the same instrument between independent and informed counterparties) have become available during the period. In this case, Intesa Sanpaolo reclassifies from level 3 to level 2;
- when the directly or indirectly observable elements used as the basis for the valuation cease to exist, or when they are no longer up to date (e.g., comparable transactions that are no longer recent or multiples that are no longer applicable). In this case, Intesa Sanpaolo uses valuation techniques that use unobservable inputs.

Valuation of financial instruments

The valuation of financial instruments entails the following phases:
- identification of the sources for valuation: for each asset class, the Guidelines and Rules for Valuation of Financial Instruments at Fair Value establish the processes that are necessary to identify market parameters and the manner according to which such data must be extracted and used;
- validation and processing of input data for periodic valuation: this stage consists of the accurate verification, at each accounting measurement date, of the market parameters used (verifying the integrity of data contained on the proprietary platform with respect to the source of contribution), reliability tests (consistency of each single figure with similar or comparable figures) and verification of concrete application means;
- certification of the measurement methods: this phase is aimed at verifying the consistency and the adherence of the various measurement techniques used with current market practice, at highlighting any critical aspects in the measurement models used and at determining any adjustments necessary for measurement;
- monitoring and revision of the measurement methods: the monitoring consists of the ongoing checking of the adherence to the market of the valuation model and enables the timely discovery of any gaps, in order to initiate the necessary checks and measures.

Identification, certification and processing of the input data for the measurements

The fair value calculation process and the need to distinguish between products which may be measured on the basis of effective market quotes rather than through the application of measurement techniques, highlight the need to establish univocal principles in the determination of market parameters. To this end, the Guidelines and Rules for Valuation of Financial Instruments at Fair Value establish the processes needed to identify the market parameters, the contribution sources considered appropriate and how the data must be received (cut-offs) and used for the measurement of financial instruments held for any purpose in the proprietary portfolios of the Parent Company and its subsidiaries. The same sources are used in measurements carried out for third parties under Service Level Agreements, entered into in advance. The adequacy of the input data for the measurements is guaranteed by the respect of reference requirements, which are based on comparability, availability and transparency of the data, or the possibility of extracting the figure from one or more info providing systems, measuring the contribution bid-ask, and lastly, for OTC products, verifying the comparability of the contribution sources.
The use of all market parameters in Intesa Sanpaolo is subordinated to their certification by Market & Financial Risk Management, in terms of specific controls (verifying the integrity of data contained on the proprietary platform with respect to the source of contribution), reliability tests (consistency of each single figure with similar or comparable figures) and verification of concrete application means.

Certification of measurement methods

The measurement methods used by the Intesa Sanpaolo Group are certified by IMI CIB Risk Management, with the involvement of all relevant structures. The purpose of the certification is to verify the consistency of the methods with current market practice, to highlight any problems or limitations, and to determine any fair value adjustments, in accordance with the applicable regulations. The certification process considers all aspects of the measurement method (basic assumptions, mathematical derivation, any approximations, numerical algorithms used, inputs and outputs) but also all contextual elements that are relevant to the management, including the characteristics of the associated products (payoffs, early termination clauses, etc.), any ancillary agreements (e.g. netting or collateral agreements), the market where the products are traded, and how they are used by end users (e.g. precision vs. performance, calculation of risk measures, etc.). These aspects are subject to qualitative and quantitative analysis and are duly reported in the internal documentation.
The possibility of independent validation issued by high standing financial service companies is also envisaged in highly-complex cases and/or in presence of market turbulence (market dislocation).
At the end of the certification process, the measurement method is recorded in the Rules for Valuation of Financial Instruments at Fair Value.

Monitoring and review of measurement methods

As required by the applicable regulations, the measurement methods used are subject to ongoing monitoring of their performance with respect to the evolution of financial instruments, markets and methodological innovations developed by the scientific community, in order to ensure their continuous alignment to the market, promptly highlight any inadequacies and initiate the necessary checks and actions. The Rules for Valuation of Financial Instruments at Fair Value detail all elements considered for the periodic monitoring and revision of the measurement methods. The functions involved in the monitoring process are the same as those involved in the process of certification of the measurement methods mentioned above and in the IPV process governed by the Guidelines and Rules on Independent Price Verification.

Valuation risk: fair value adjustments

The Bank defines valuation risk as the risk of losses arising from the valuation uncertainty for the fair value exit price of financial instruments, due to any limitations of the measurement techniques used or particular market conditions.
The main measure of the valuation risk associated with a financial instrument are the fair value adjustments, which are designed to take into account the valuation uncertainty or the difficulty in the disposal of specific financial positions, and may relate to a single financial instrument or to the net position for a particular risk factor. The adjustments may be calculated as add-ons to the valuation or included directly in the valuation. They are regularly reviewed, also considering market trends, or the introduction of new liquid instruments, different calculation methodologies and, in general, methodological advances which may also lead to significant changes in measurement methods chosen and their implementation.
In particular, the Bank envisages fair value adjustments for the following categories of valuation uncertainty:

- uncertainty of input data: any valuation uncertainty related to the input data for the valuation (whether mid, bid or ask) is measured with respect to temporary or structural conditions on the markets or in relation to the size of the values held (in the case of concentration), and where necessary a fair value adjustment is made, quantifying the consequent impact on the valuations;
- illiquidity of the underlying positions or risk factors: similarly to the case above, the market bid-ask spread is measured and, where necessary, a fair value adjustment is made, quantifying the consequent impact on the valuations;
- model risk: this is based on the identification and use of variants of the same model or alternative models, with which to carry out comparison analyses aimed at quantifying the variability of the valuations (in particular any directionality of the price when the model changes) and the behaviour of the model in various market scenarios (stress tests). The quantification of the fair value adjustment is based, where possible, on easily comprehensible and measurable financial variables (e.g. vega, delta, correlation shift). This category includes transactions involving ESG contractual clauses that condition cash flows on the achievement of environmental, social or governance objectives by the counterparty. If these clauses are favourable to the counterparty, a prudential fair value adjustment is made by considering the most unfavourable scenario for the Bank;
- counterparty and funding risk: counterparty and funding risks, collectively referred to as XVA, include Bilateral Credit Value Adjustment (bCVA) and Funding Value Adjustment (FVA). The bCVA takes account of the counterparty risk premium associated with the possibility that the counterparties may not honour their mutual commitments (for example in the event of bankruptcy). This component derives, in turn, from two components: the Credit Value Adjustment (CVA, negative) and the Debt Value Adjustment (DVA, positive), which consider, respectively, the scenarios where the Counterparty goes bankrupt before the Bank (and the Bank has a positive exposure towards the Counterparty), and vice versa the scenarios where the Bank goes bankrupt before the Counterparty (and the Bank has a negative exposure

towards the Counterparty). The Funding Value Adjustment (FVA, negative), on the other hand, takes into consideration the funding risk premium, connected to the costs of funding the cash flows (coupons, dividends, collateral, etc.) generated by the Bank's overall OTC derivatives portfolio. The calculation of the XVAs depends on the overall exposure between the two counterparties, calculated using techniques for simulating the underlying risk factors of the transactions considered, taking into account any counterparty risk mitigation arrangements (in particular netting and collateralisation agreements), as well as any contractual clauses. The calculation of the XVAs also depends on the Loss Given Defaults (LGDs) based on the estimated value of the expected recovery in the event of counterparty default, and the probability of counterparty default (PD). LGDs and PDs are obtained from credit default swap market quotes or are based on internal estimates by sector/rating used for credit risk. In addition, the FVA calculation is based on a funding curve representative of the best market counterparties that the Bank could renegotiate transactions with, in accordance with the most IFRS 13 advantageous market principle, as there is currently no real main market for these transactions.

The management process for fair value adjustments is formalised in the Guidelines and Rules for Valuation of Financial Instruments at Fair Value and the Rules for the Valuation of Unlisted Equity Investments with appropriate calculation methodologies on the basis of the different configurations of the points set out above, and is carried out in the most objective, consistent and systematic manner possible by IMI CIB Risk Management and Group Shareholdings. The introduction and release of the fair value adjustments depend on the factors described above. Such processes are a combination of quantitative elements that are rigidly specified and qualitative elements, valued based on the different configuration over time of the risk factors which generated the adjustments. Thus, the estimates subsequent to initial recognition are always guided by the mitigation or elimination of said risks.

For new products, the decision to apply the adjustments is taken during the new product approval process, upon proposal by IMI CIB Risk Management.

The application of the adjustments is subject to an authorisation procedure that, above a certain warning threshold defined for specific cases, involves both the area of the Chief Risk Officer and the Manager responsible for preparing the Company's financial reports.

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

The sections below provide a summary of the information, by type of financial instrument (securities, derivatives, structured products, hedge funds, and loans), on the valuation models used.

I. Valuation of non-contributed debt securities

The fair value of non-contributed debt securities is measured using the income approach, i.e. by calculating the present value of expected future cash flows using an appropriate risk premium represented by the credit spread, identified on the basis of contributed and liquid financial instruments with similar characteristics. The sources used for this measurement are the following:

- contributed and liquid debt securities of the same issuer;
- credit default swaps on the same reference entity;
- contributed and liquid securities of an issuer with the same rating and belonging to the same sector.

In any case, the different seniority of the security to be priced is considered with regard to the issuer's debt structure.

In the case of Italian public issuers, a rating/maturity matrix is defined on the basis of the spread levels on government issues, to which the spreads among the various rating/maturity classes with respect to public issues (regions, provinces, municipalities, government entities) are applied.

When applying the spread for the pricing of the non-contributed instrument, if the estimated 'fair' credit curve does not respect the same characteristics of the instrument, correction factors are considered.

Also, for bonds that are not quoted on active markets, an extra spread, estimated based on the bid/ask spread recorded on the market, is added to the "fair" credit spread component, to take account of the higher premium demanded by the market compared to similar contributed securities.

Finally, if the instrument includes an optional component, a further adjustment is made to the spread by adding a component designed to capture the hedging costs of the structure and any illiquidity of the underlying assets. This component is calculated based on the type of option, using the corresponding valuation models for derivatives mentioned below.

Similarly, Intesa Sanpaolo's credit spread for the Bank's financial liabilities designated at fair value is determined and measured based on the bonds issued by the Parent Company, with regular, periodic coupons, maturity beyond one year and quoted on an active market in compliance with IAS/IFRS. The implicit credit rating is determined on the basis of market prices and subsequently adjusted through interpolation models which generate credit spread curves by type of coupon, maturity and subordination level. Similarly, the issued certificates are measured at fair value by breaking them down into the following two components: an issued bond, measured as described above, and an option component, measured using the corresponding derivative pricing models described below.

II. Valuation of loans

Loans are measured at fair value through contributions from info providers when available or by calculating the present value of expected future cash flows using an appropriate credit spread, identified starting from the following sources:

- contributed loans on the market;
- sector/rating-specific loan market curves;
- contributed securities of the same issuer;
- credit default swaps on the same reference entity.

In any case, the different seniority of the instrument to be priced is considered with regard to the issuer's debt structure.

When applying the spread for the pricing of the loan, if the estimated 'fair' credit curve does not respect the same characteristics of the instrument, correction factors are considered.

Moreover, where, in determining the credit spread of the loans, reference is made to the curves created through bonds,

a Bond – Loan basis must be applied, to capture the different structure of the market, if any, and the different type of loan.
In order to consider the premium required by the market for illiquid and/or structured instruments, several adjustments are applied to the credit spread.
Loans with an underlying unlisted equity risk (which include financial instruments that, pursuant to IAS 32, cannot be classed as equity, e.g. loans convertible into shares) are usually measured by discounting the cash flows provided for by the contract. Since these are debt securities, the cash flows are normally discounted using a rate consisting of the sum of: a risk free rate, a spread deriving from the CDS or measured on listed securities or similar disbursements, and any additional risk premium.
In the case of non-performing loans, the fair value is determined based on the recoverable amount of the position. This estimate is made taking into account the contractual elements that characterise the loan and may involve, for example, the valuation of the cash flows from the sale of the real estate pledged as collateral or the valuation of any capital instruments that may be acquired following the introduction of an equity conversion clause for the position.

III. Valuation of OTC derivatives

Derivatives, if not traded on regulated markets, are Over The Counter (OTC) instruments, which are bilaterally exchanged with market counterparties and are measured through specific measurement methods and input parameters (such as, for example, interest rate, foreign exchange and volatility curves) observed on the market and subject to the certification and monitoring illustrated above.
The fair value of an OTC derivative is calculated considering the risk premium related to the various underlying risk factors. Specifically, there are two relevant cases, according to whether or not the instrument is subject to collateralisation agreements (CSAs) aimed at mitigating the counterparty and funding risk:

- for CSA transactions with characteristics that reduce counterparty and funding risk to a negligible level, the fair value is calculated according to the non-arbitrage principle, by including the market risk premium related to the risk factors underlying the contract (e.g. interest rates, volatility, etc.), and, in the most significant cases, using the rate of remuneration for the collateral as the discount rate for the future cash flows;
- for transactions without CSAs, or with CSAs with characteristics that do not reduce the counterparty and funding risk to a negligible level (e.g., One Way CSAs, or with non-negligible limits or minimum transfer amounts), the fair value of the instrument may be stated, under appropriate circumstances, as the sum of the reference (or base) value, equal to the price of the corresponding collateralised instrument, and several additional valuation components related to the counterparty and funding risk premium, referred to jointly as XVA (see "Valuation risk: fair value adjustments").

In view of the number and complexity of the OTC derivatives, a systematic reference framework has been developed which represents the common elements (calculation algorithms, processing models, market data used, basic assumptions of the model) that are used for their measurement.

The table below illustrates the main methods used to measure OTC derivatives based on the category of underlying asset.

Underlying class	Valuation models	Market data and input parameters
Interest rate	Net Present Value, Shifted-Black, Shifted-SABR, Libor Market Model, Hull-White, Bivariate log-normal, Hagan exact formula for CMS	Interest rate curves (deposits, FRA, Futures, OIS, swap, basis swap, CMS), cap/floor/swaption option volatility, correlation between interest rates
Foreign exchange rate	Net present Value FX, Garman-Kohlhagen, Mixture, Stochastic Local Volatility, Local Volatility	Interest rate curves, spot and forward FX curves, FX volatility, "quanto" volatility and correlations
Equity	Accrual, Net present Value Equity, Generalised Black-Scholes, Heston, Local Volatility, Jump Diffusion	Interest rate curves, underlying asset spot rate, expected dividends, underlying asset volatility and correlation between underlying assets, "quanto" volatility and correlations
Inflation	Inflation NPV, Inflation SABR, Inflation Jarrow-Yildirim	Nominal and inflation interest rate curves, interest and inflation rate volatility, seasonality ratios of consumer price index, correlation between inflation rates
Commodity	Net present Value Commodity, Black-Scholes Commodity, Independent Forward, Local Volatility, 2-Factors Jump Diffusion	Interest rate curves, spot rate, forwards and futures of underlying assets, underlying asset volatility and correlation between underlying assets, "quanto" volatility and correlations
Loans	Net present Value, CDS Option (or log-normal model), Contingent CDS	Probability of default, Recovery rate, credit index volatility.

As envisaged by IFRS 13, in determining fair value, the Bank also takes into account the effect of non-performance risk. This risk includes changes in the counterparty credit rating and changes in the issuer's own credit risk.

IV. Valuation model for structured credit products

With regard to asset-backed securities (ABSs), if significant prices are not available, valuation techniques are used that take into account parameters that can be gathered from an active market (level 2 inputs) or, where parameters cannot be observed, estimated parameters (level 2 or 3 inputs, where immaterial or material).

In this case, the cash flows are obtained from infoproviders or specialised platforms, where available, or are taken from the business plan of the transaction, supplemented with periodic reporting, such as the case of Non-Performing Loans (NPLs) and Unlikely to Pay (UTP); the spreads are gathered from prices available on the market/market info provider, further strengthened by a qualitative analysis relative to the performance of the underlying assets presumed from periodic investor reports and aimed at highlighting structural aspects that are not (or not fully) encompassed by the analyses described above, relating to the actual future ability to pay the expected cash flows and analyses of relative value with respect to other similar structures.

In the case of securitised high-yield loans to European corporate borrowers (HY CLO), valuation techniques call for calculation of the net present value of the expected cash flows, determined through specialised platforms, discounted using market spreads. When modelling expected future flows, account is taken of all contractual aspects of the HY CLOs that may influence the waterfall, i.e. the distribution of cash flows from the collateral on the notes.

After this valuation, credit analyses on underlying assets are fine-tuned to incorporate further valuation elements not included in the quantitative models. In particular, a Qualitative Credit Review is provided for and entails an accurate analysis of credit aspects referred to the specific structure of the HY CLO and to the collateral present. This is to identify any present or future weaknesses which emerge from the characteristics of the underlying assets, which could have been missed by rating agencies and as such not fully considered in the valuations described in the previous point.

V. Valuation of non-contributed equities

Level 2 equities include:

- equities measured based on direct transactions, that is significant transactions on the stock registered in a time frame considered to be sufficiently short with respect to measurement date and in constant market conditions;
- equities measured using relative methods, based on multipliers: implied multiples in transactions in comparable listed or unlisted companies, within a time frame deemed sufficiently short with respect to the time of measurement and under constant market conditions (M&A multiples) or implicit multiples in the stock market prices of a sample of comparable companies (stock market multiples).

Level 3 equities for which the "relative" models described above are not applicable in significant terms, and, therefore, "absolute" valuation models are used, include:

- equities for which analytical models based on flows are used, which determine the value through estimates of the cash or income flows that the company is expected to generate over time, discounted using an appropriate rate based on the level of risk of the instrument;
- equities measured based on net worth criteria such as NAV or Adjusted Net Asset Value (ANAV), which estimates the fair value of the various components of the assets of the investee.

Any values deemed representative of the fair value of the equity instrument deriving from contractual clauses (for example, options) are classified in level 2 or 3 of the fair value hierarchy, according to the observability of the inputs used in the valuation. Specifically, if the negotiation of the clause resulted in strike prices or pre-defined algorithms and multiples, the instrument is classified in level 2.

The cost criterion as estimate of fair value is used to a lesser extent, where none of the previous methods are applicable due to lack of sufficient information, and in the cases where there is a wide range of possible fair value measurements and it is not possible to identify the most appropriate value among these.

This case also includes Equity Instruments which, in accordance with IAS 32, have the characteristics to be considered as equities.

VI. The valuation of hedge funds

The fair value of a hedge fund corresponds to the Net Asset Value (NAV) provided by the fund administrator, to which an adjustment can be applied, deriving from a measurement process aimed at capturing the main risk factors that the management of the funds is subject to, which consist of the following two types:

- counterparty (broker) risk, i.e. the risk that the assets of the fund are exposed to when a single service provider is entrusted with prime brokerage or custodian activities, subject to the risk of default;
- illiquidity risk, i.e. the risk that the assets of the fund are illiquid due to the limited prices available or due to a lack of information on the assessment policies used by the fund.

These risks are assessed on the basis of the information contained in the documentation received periodically from the fund managers or administrators.

The fair value hierarchy level is Level 2, provided the Level 3 instruments do not exceed a set threshold.

VII. The valuation of private debt funds

For Private Debt Funds, the investment authorisation process involves an initial due diligence to verify the consistency between each fund's asset valuation policy and the Guidelines and Rules for Valuation of Financial Instruments at Fair Value. The fund is subsequently valued at NAV. The fair value hierarchy level is Level 3.

VIII. Valuation of closed-end private equity funds, real estate funds and closed-end funds resulting from sales of non-performing loans

Closed-end private equity funds are usually valued using the latest Net Asset Value approved by the asset management company (published half yearly or quarterly), adjusted solely to take into account events that have not yet occurred at the reference date of the NAV, such as:

- a material transaction on a portfolio company;
- the bankruptcy or liquidation of a portfolio company;
- the alignment of any listed assets to current prices;
- draw downs and distributions by the fund.

Closed-end real estate funds are valued using the last available Net Asset Value, adjusted for any subsequent call ups or distributions and, where considered necessary, applying a discount calculated using an internal model, with the aid of an independent expert. Specifically, this model enables the calculation of a discount on the Net Asset Value based on five different factors: (i) the size of the asset management company that manages the fund; (ii) the number of subscribers; (iii) the fund's historical return; (iv) the fund's return for the period; and (v) the level of debt. These factors are calibrated differently based on the business model and the fund's resulting risk profile, distinguishing between core, value added and opportunistic funds.

With regard to closed-end funds resulting from sales of non-performing loans, where an information set is available that makes it possible to conduct an analysis of the business plan of the positions held by the fund, individually or by uniform cluster, to determine the fair value of the units of the fund, in general the Bank uses the support of an independent expert, who, among other duties, carries out a comparison of performance of the business plans of the underlying exposures, and states in its report, that the fair value determined by the expert complies with the indications from the main regulators[212].

Where it is not possible to apply the approach mentioned above, for each fund a comparison is made between the expected return of the fund and a benchmark rate, defined using a model that factors in various elements, such as: i) the fund's valuation policies, verifying whether they are compliant with criteria consistent with the definition of fair value pursuant to IFRS 13, ii) verification that there is an updated business plan and of the performance of the fund compared to the available business plan, iii) the characteristics of the fund's assets, iv) the level of the cost of funding on the market for issuing liquid instruments, v) the completeness and extensiveness of the information provided by the fund, and vi) the fund management methods. Where the expected return of the fund is higher than the defined benchmark rate, the NAV communicated by the asset management company is used as the fair value measure. Where, instead, the benchmark rate is higher than the expected return of the fund, the fair value is determined based on the NAV minus a discount, which takes account of the spread between the benchmark rate and the expected return of the fund and the average residual life of the fund (Weighted Average Life or WAL).

Valuation of financial assets and liabilities not measured at fair value on a recurring basis

Finally, for asset and liability financial instruments measured at amortised cost, whose fair value is determined solely for the purposes of disclosure in the notes to the financial statements, the following is noted:

- the fair value of the bonds is calculated using the methods described above;
- the fair value measurement of the other medium- and long-term asset and liability financial instruments is performed by discounting future cash flows using the discount rate adjustment approach, which requires credit risk factors to be taken into account in the discount rate for future cash flows;
- for short-term assets and liabilities, the book value is assumed to be a reasonable approximation of fair value.

For more information see paragraph A.4.5.4.

[212] See Bank of Italy/Consob/Ivass Document no. 8 "Treatment in the financial statements of sales without recourse of unlikely-to-pay loans in exchange for units of investment funds", published in April 2020.

As required by IFRS 13, the table below highlights, for financial assets and liabilities measured at level 3 fair value, quantitative information on the significant, unobservable inputs used in the fair value measurement.

(thousands of euro)

Financial assets/ liabilities	Valuation technique	Main non-observable input	Minimum value of range of changes	Maximum value of range of changes	Unit	Favourable changes in FV	Unfavourable changes in FV
Securities and loans	Discounting Cash Flows	Credit Spread	-2	2	%	994	-1,205
Structured securities and loans	JD model	JD parameters	-46	14	%	281	-611
Structured securities and loans	Two-factor model	Correlation	-77	35	%	85	-21
ABSs	Discounting Cash Flows	Credit Spread	-2	2	%	468	-516
CLOs Cash	Discounting Cash Flows	Credit Spread	-6	6	%	240	-250
OTC derivatives subject to FV adjustment for CVA/DVA	CVA	Loss Given Default Rate (LGD)	0	100	%	433	-1,338
OTC derivatives subject to FV adjustment for CVA/DVA	CVA	Probability of default (PD) based on counterparty's internal rating	CCC	A	Internal rating	775	-690
OTC Derivatives - Equity basket option	Black - Scholes model	Equity basket correlation	92	99	%	12	-9
OTC Derivatives - Equity Option	Black - Scholes model	Historical volatility	8	37	%	544	-1,732
OTC Derivatives - Equity Option	Marshall Olkin Model	Historical correlation	4	67	%	63	-44
Fondi hedge	Discounting Cash Flows	Net Asset Value	-1	2	%	70	-48
Uncontributed Equity Securities	Net present value	Cost of Equity	-100	100	bp	6,245	-5,027
Uncontributed Equity Securities	Various	Carrying Amount/Net Asset Value	-0.89	0.89	%	4,540	-4,540
UCI units deriving from sales of non-performing loans and similar assets	Adjusted NAV on IRR Basis/Net Present Value	IRR benchmark / Cost of Equity	-100	100	bp	40,388	-42,375
UCI units not deriving from sales of non-performing loans and similar assets	Net Asset Value	Net Asset Value	-1	1	%	15,593	-15,593

A.4.2 Valuation processes and sensitivity

For a description of the valuation processes used by the Group for instruments measured at level 3 in a recurring and non-recurring manner, see paragraphs A.4.1 and A.4.5 respectively.

As required by IFRS 13, for the financial assets and liabilities measured at level 3 fair value, the following table lists the effects of a change in one or more significant non-observable parameters used in the valuation techniques adopted to determine the fair value. Note that only the total material effects at the end of the year are shown in the table.

Financial assets/liabilities	Non-observable parameters	Sensitivity (thousands of euro)	Change in non-observable parameter
FVTPL and FVTOCI securities and loans	Credit spread	-60	1 bp
FVTPL and FVTOCI securities and loans	JD parameters	-23	1%
FVTPL and FVTOCI securities and loans	Correlation	-281	1%
OTC Derivatives - Equity	Correlation between underlying equity baskets	-32	10%
OTC Derivatives - Equity	Historical volatility	825	10%
OTC Derivatives - Equity CPPI	Historical correlation	-17	10%
Fondi Hedge	Net Asset Value	42	1%

For tax credits held under the Hold to Collect and Sell and Other/Trading business models, which are initially recognised and subsequently measured at fair value, note that the fluctuations in fair value are mainly due to the trends in risk-free rates. Specifically, an increase (decrease) in interest rates of 1 basis point is estimated to correspond to a negative (positive) fluctuation of:

- 1,304 thousand euro for tax credits classified under the Other/Trading business model;
- 546 thousand euro for tax credits classified under the Hold to Collect and Sell business model.

A.4.3 Fair value hierarchy (transfers between the different levels)

A description of the policy for determining when transfers occur between the different levels of fair value hierarchy (see IFRS 13, par. 95) is provided above (see "Fair value hierarchy").

A.4.4 Other information

In calculating the bCVA, the Bank considers the net positions in derivatives of each counterparty (see paragraph A.4.1 above for further details on the measurement of derivatives). For other cases, the Bank does not make use of the option provided in paragraph 48 of IFRS 13, which permits an entity "to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or paid to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions".

General Independent Price Verification principles

The Bank governs and defines the independent price verification process through the Group Guidelines and Rules on Independent Price Verification, documents that are coordinated by Market & Financial Risk Management and applied by the Parent Company and all consolidated subsidiaries of the Banking Group.

The "Guidelines on Independent Price Verification", once a favourable opinion has been given by the Group Financial Risk Committee, are revised and approved at least on an annual basis by the Board of Directors, with the support of the Risks and Sustainability Committee. The level I and II "Rules on Independent Price Verification" are revised and approved at least on an annual basis by the Group Financial Risks Committee, which is specifically delegated to do so by the Management Bodies, and which also reviews material changes and updates proposed by Market & Financial Risk Management.

According to the provisions of Regulation (EU) 575/2013 (Capital Requirement Regulation – CRR), Article 4, par. 1.70 and Article 105, par. 8, the Bank governs the Independent Price Verification (IPV) process, which consists of the regular verification of the accuracy and independence of market prices or the data input in pricing models, carried out by an organisational unit independent from the business functions, at a frequency commensurate with the trading carried out and the nature of the market.

The Bank has set up an IPV process with 3 levels of control in line with the provisions of Bank of Italy Circular 285/2013 (Supervisory regulations for banks), incorporated into the Integrated Internal Control System, which requires the risk management processes to be incorporated in the processes and methods for valuing the company activities, also for accounting purposes.

Within the IPV, the level I, II and III control functions have the following main responsibilities:

- the level I control function participates in the definition of the related methodological framework and carries out the level I implementations and controls, reporting the results to the business function and the level II control functions;
- the level II control function defines the methodological and control framework, ensures alignment with current regulations and consistency between the IPV controls, accounting valuations and additional valuation adjustments (AVA) (carried out, respectively, on the basis of the Guidelines and Rules for Valuation of Financial Instruments at Fair Value and the Guidelines and Rules for Prudent Valuation of Financial Instruments at Fair Value) and supervises the level I controls and performs the level II controls;
- the level III control function carries out internal audit controls to identify breaches of procedures and regulations, as well as to periodically assess the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the organisational structure of the other components of the internal control system and the IT system at Bank level, at scheduled deadlines in relation to the nature and intensity of the risks.

The level I and II IPV controls are qualitative and quantitative controls and are distinguished according to the type of instruments subject to control. They are applied consistently to both the input data underlying the valuations and the valuations themselves, and ensure consistency between the management valuations and the accounting valuations carried out in the various systems. They are characterised by completeness and suitability of application, absence of overlaps, sequentiality and complementarity in execution. The IPV control instruments use, as far as possible, specific applications or IT procedures, which enable extensive data analysis on a daily basis. In particular:

- the level I controls are aimed at ensuring the validation of the market data entered into the systems and are based on an in-depth analysis of the data obtained from external providers. If the level I controls detect that certain thresholds have been exceeded for the data contained in the systems, or the data is not considered correct by the level I control functions, a comparison process (challenge) is activated with the involvement of the business function and the level II control functions, in line with the degree of complexity of the report;
- the level II controls are characterized by sequentiality and complementarity in execution with the level I controls and are designed to ensure alignment between management and accounting valuations, based on an in-depth analysis of consensus or counterparty data and, where these are not available, through the application of pricing models associated with the respective instruments.

The results of the IPV process are analysed, assessed and coordinated by the Financial Measurements Working Group, a technical body set up specifically for this purpose, with the aim of facilitating integration and comparison between the business functions and the control functions.

General prudent value principles

The framework of financial measurements is completed with the prudent valuation of financial instruments measured at fair value, which involves the calculation of additional valuation adjustments for prudential purposes, without impacts on the fair value calculated for accounting purposes in accordance with the IFRS.
The Bank governs and defines the prudent value measurement of financial instruments through the Group Guidelines and Rules for Prudent Valuation of Financial Instruments at Fair Value, prepared by Market & Financial Risk Management and applied by the Parent Company and all the consolidated subsidiaries of the Banking Group.
The "Guidelines on Prudent Valuation of Financial Instruments", once a favourable opinion has been given by the Group Financial Risks Committee, are revised and approved at least on an annual basis by the Board of Directors, with the support of the Risks and Sustainability Committee. The "Rules for Prudent Valuation of Financial Instruments" are revised and approved at least on an annual basis by the Group Financial Risks Committee, which is specifically delegated to do so by the Management Bodies, and which also reviews material changes and updates proposed by Market & Financial Risk Management.
In accordance with the provisions of Regulation (EU) 575/2013 (Capital Requirements Regulation – CRR), prudent valuation entails the calculation of specific additional valuation adjustments (AVAs) for the financial instruments measured at fair value, aimed at capturing different sources of valuation uncertainty and ensuring the achievement of a suitable level of certainty in the measurement of the positions. The total value of the AVAs is deducted from the Common Equity Tier 1 capital, without impacts on accounting fair values.
The Bank, in line with the criteria indicated in Delegated Regulation (EU) 101/2016, is subject to the application of the core approach for the determination of AVAs both at individual and at consolidated level for all the positions measured at fair value. In particular the following AVAs are considered:

- market price uncertainty: this reflects the uncertainty of the market prices, calculated at valuation exposure level;
- close-out costs: it reflects the uncertainty of the exit price calculated at valuation exposure level;
- model risks: it considers the valuation model risk which arises due to the potential existence of a range of different models or model calibrations, which are used by market participants, and the lack of a firm exit price for the specific product being valued;
- unearned credit spreads: it reflects the valuation uncertainty in the adjustment necessary according to the applicable accounting framework to include the current value of expected losses due to counterparty default on derivative positions;
- investment and funding costs: it represents the valuation uncertainty in the funding costs used when assessing the exit price according to the applicable accounting framework;
- concentrated positions: it reflects the uncertainty relating to the exit price of the positions defined as concentrated;
- future administrative costs: it considers administrative costs and future hedging costs over the expected life of the valuation exposures for which a direct exit price is not applied for the close-out costs AVAs for concentrated positions;
- early termination: it considers the potential losses arising from non-contractual early terminations of customer trades;
- operational risks: it considers the potential losses which may be incurred consequently to the operational risks connected to the valuation processes.

The prudent value corresponds to the exit price from the position with a level of certainty equal to 90%. Where possible, this value is determined on the basis of a distribution of exit prices observed on the market. In all the other cases, an expert-based approach is used, referring to the qualitative and quantitative information available.
The AVA value associated to the single position and to the single source of uncertainty in valuation thus corresponds to the difference between the prudent value and the fair value. The total AVA is obtained by aggregating the single AVAs, taking into account the corresponding weighting ratios.
The "Rules for Prudent Valuation of Financial Instruments" outline, for each AVA, the definition and interpretation, the scope of application, the input data and the detailed calculation method for each class of financial instrument.

FAIR VALUE OF REAL ESTATE AND VALUABLE ART ASSETS

Fair value of real estate assets

As extensively illustrated in the first part regarding the accounting policies, the Group has adopted the revaluation model as the basis of measurement for the owner-occupied properties accounted for according to IAS 16 and fair value for the investment properties accounted for according to IAS 40.

Measurement of real estate assets

The revaluation model applied to owner-occupied properties envisages that property and equipment, whose fair value can be reliably determined, is recorded at a revalued amount, equal to its fair value at the date of the revaluation, net of depreciation and any accumulated impairment losses.
For the properties held for investment, the Intesa Sanpaolo Group has chosen the fair value method, according to which, after initial recognition, all investment properties are measured at fair value.

Valuation approach

IFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".
The valuation approach has been defined on the basis of the business relevance and plan for the use of the properties, which consists of three main groups:

- "trophy assets", i.e. particularly prestigious properties used by management functions located in the main cities where the Bank is based or properties of particular historical and artistic interest because they are listed by the Ministry for Culture;
- "owner-occupied properties";
- "investment properties".

The properties are valued individually asset-by-asset without considering any discount, or premium, that may be agreed during commercial negotiations if all or part of the portfolio is sold in bulk or in lots.
The Intesa Sanpaolo Group has chosen to assign the valuation activity to professionally qualified external companies with an international structure, able to provide property valuations based on the RICS Valuation standards[213] which guarantee:

- determination of the value consistent with the fair value configuration indicated in the IAS/IFRS;
- compliance with the professional, ethical and independence requirements for experts, in line with the provisions of international and European standards.

To determine the value of the assets, the following valuation methods are used based on the characteristics of the asset and the conditions of the market of reference; the valuer determines the most suitable method for each individual property:

- The Discounted Cash Flow Method: the discounted cash flow method is based on the discounting (for a variable period based on the rental/occupational situation of the property and its subsequent optimisation) of the future net proceeds from the rental or sale of the property. At the end of this period, the value of the property is assumed to be the sale price obtained by capitalising the income of the last year at a market rate for investments similar to the object of the estimate or through a split sale. This method is used for the valuation of all the owner-occupied properties or real estate leased to third parties, located in Italy.
- Comparative or Market Method: the comparative or market method is based on the comparison between the assets examined and similar assets recently sold/purchased or offered on the same market or in competitive environments. This criterion is based on a comparison with properties that have recently been sold or offered on the open market and, if possible, have the same characteristics. In the absence of observations directly related to the property examined, cases are used that are as similar as possible to the property examined, making the necessary adjustments. This method, which also represents the basis for other valuation methods, can be adopted in particular for non-owner-occupied assets and/or, in any case, for unrestricted and available assets in Italy and abroad.
- Direct capitalisation income approach: the income approach is based on the current value of the potential market income of a property, obtained by capitalising the income at a market rate. This approach is applied mainly to owner-occupied properties abroad, where a prolonged stay within the building is envisaged.
- Investment Value (Worth): the Investment Value (Worth) is defined by the International Valuation Standard as: "the value of an asset to a particular owner or prospective owner for individual investment or operational objectives". This definition is consistent with the provisions of the latest edition of the "RICS Valuation - Global Standards" of the Royal Institution of Chartered Surveyors of the United Kingdom, where the Investment Value is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives".
  The Investment Value is applicable to properties built by the entity or properties with a strong business relevance subject to significant investments for technological, construction and functional adaptation.
  The Investment Value of these properties is determined on the basis of a 12+6 year plan for business use without break options, whose annual rent is determined by applying an appropriate gross rate of return to the amount of direct and indirect costs capitalised by the owner, including the costs of purchasing the land.

For the purposes of the valuation, where applicable and relevant, the assumptions include considerations relating to specific legislation (for example on safety, accessibility, and the removal of architectural barriers) as well as sustainability considerations connected to climate change factors and energy efficiency. In conclusion, based on the assessments conducted by the independent expert, it can be confirmed that at present the climate variables have not led to any significant impacts on the 2024 Financial Statements.

[213] Standards set out in the Royal Institution of Chartered Surveyors of the United Kingdom document "RICS Valuation – Global Standard" (also known as the "Red Book"): the version in force as at 31 December 2024 was issued in November 2021 and took effect on 31 January 2022.

Frequency of valuation

Revaluations must be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

The frequency of revaluations depends upon the changes in fair values of the property and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required.

Specifically, based on the market trends, different valuation frequencies have been identified that, according to the characteristics of the assets and their location, are considered capable of capturing the significant changes in the value of the assets.

The following distinction is made for owner-occupied properties:

– for trophy assets, the revaluation is carried out by verifying the value through a scenario analysis (market trend analysis) every year and with a new appraisal every two years;
– for the other owner-occupied properties, the revaluation is carried out through scenario analysis (market trend analysis) every year and through a new appraisal every three years.

If the scenario analysis identifies significant changes (+/- 10%), specific and updated appraisals must be carried out to adjust the fair value of the asset to the valuations of the real estate market.

For investment properties, the value is determined on the basis of new appraisals each year.

Based on the rules mentioned above, in 2024, the investment properties and the owner-occupied properties, for which the scenario analysis identified changes with respect to the threshold set, were subject to periodic valuation.

Scenario analysis

As part of the annual update of the fair value of the owner-occupied properties, in the years when a revaluation of the property is not envisaged, a scenario analysis (market trend analysis) is carried out using the best information sources available for the various countries in which the properties are located, in order to identify deviations, using databases, in the market values between the analysis period and the previous period.

In particular, for real estate located in Italy, the changes are defined using at least 3 different sources. The main source is that provided by the Italian Revenue Agency, based on the specific OMI (Real Estate Market Monitor) zones. The second publication source is Nomisma for which, for the related zoning, the same queries are conducted as those for the OMI (main database).

Lastly, the third source is based on the analyses of the changes during the year surveyed in terms of the offers present on the real estate market.

Accordingly, the experts identify the annual deviations in rents and/or prices by related asset class for each property.

Real estate located abroad is grouped, for each country, into different clusters based on location and asset class. Specific market analyses are conducted based on local and national knowledge of the particular target real estate market.

The market study also takes account of the following macroeconomic drivers:

– analysis of economic data (unemployment rate, GDP per capita, inflation and consumer price index); these macroeconomic factors constitute the first economic analysis, supporting the real estate market forecasts;
– movement in average yield;
– movement in market rents;
– range of movement in unit values.

The above-mentioned market survey, together with a qualitative weighting of the macroeconomic key drivers is used to determine a range of percentage deviation from the last assessment carried out, which is compared with the target threshold set, identifying a synthetic percentage factor for each individual property, included in a single worksheet.

This activity is carried out close to the end of the year in order to produce a range of deviations within a reference threshold and to enable the timely planning of the updating of the specific appraisals for the properties whose deviation exceeds the threshold.

The permitted variation threshold is +/-10%.

If the deviations identified exceed this threshold, a new valuation will be carried out before the end of the year.

Sensitivity of valuations

Just as for financial instruments, level 3 non-financial assets and liabilities measured at fair value for which, due to the valuation model used to determine the fair value, execution is possible, and whose results are significant, are subject to sensitivity analysis. The analysis essentially concerned the properties of the Parent Company Intesa Sanpaolo, which represent the Core perimeter of the Group's real estate assets.

It is noted that the sensitivity analysis was conducted by identifying the most important variables in the valuation model used to value the various classes of real estate, represented by the discounted cash flow method. Specifically, taking account of the trend recorded in the various asset classes of the real estate market and the parameters featuring greater volatility/variability, for owner-occupied properties, reference was made to the net capitalisation rate (yield) and the average medium/long-term inflation rate, while for investment properties, to the exit value. In compliance with the estimate assumptions applied to real estate assets, for the purpose of the analysis, variation ranges were used that were consistent with the potential trends in the market at the reporting date. For owner-occupied properties, a change of +/- 25 bps for the net capitalisation rate and a concurrent change of -/+20% for the inflation rate were assumed, in relation to which average deviations of fair value of +4.4% and -3.8% were recorded. For investment properties, a change of +/- 5% in the exit value was assumed, in relation to which there were average deviations of fair value of +4.5% and -4.4%.

Fair value of valuable art assets

The Bank's valuable art assets are also valued using the revaluation model, which envisages that property and equipment, whose fair value can be reliably determined, is recorded at a revalued amount, equal to its fair value at the date of the revaluation.

Works of art included in the asset class "valuable art assets" are works of particular importance, recognised for their historic and artistic value by experts and in line with the ministerial guidelines, and particularly those set out in Ministerial Decree 537 of 6 December 2017 on the exportation of works of art, such as: the state of preservation, the historical importance of the artist, the importance of the work in terms of art criticism/history, illustrious origin, certain quality and attribution and the declaration of interest by the Italian government.

Valuation approach

The valuation is carried out by determining the value through external appraisals, entrusted to qualified independent experts.
These values are obtained from online databases such as Artnet and Artprice, which list over 100 million works of art and monitor the results of leading Italian and international auction houses. These are objective parameters that are compared with the market as a whole, in an analysis that also involves monitoring galleries and art fairs.
In particular, the factors considered for the fair value measurement include objective factors relating to the historical-critical-artistic value of the author, state of preservation, execution technique, size and quality of the artwork, importance of the artwork in the production by the artist, publication of the artwork in specialist catalogues, period of execution of the artwork, international exposure of the artworks by the artist, distinguished provenance, certainty of attribution, guarantee of authenticity of an artwork, as well as other factors (which may change over time, depending on the evolution and tastes of the market), such as the reputation of the museum hosting the artwork by the artist, the prestige of fairs/exhibitions/galleries/auction houses that handle the artwork, the reputation of its critics and collectors, and the quality of the communications concerning the artist's work.
Once these factors have been identified, the fair value is determined comparing them firstly with artworks similar to those examined (in terms of period of production/year, technique, size, type of subject and state of preservation), by the same artist and from the same period, if available (this is more feasible for modern and contemporary works) and, secondly, with works by artists or schools and areas that are close in style, philosophy and importance in the same historical period. Where several similar artworks are available, average values are used to take account of price volatility.
In addition to considering the trends in auction trading, starting from the most recent trading and also including unsold items in the analysis, which are a possible indicator of the loss of market value for the artwork/artist, the valuation also considers the current market interest in an artwork or an artist, measured by the number and quality of temporary exhibitions held in internationally important museum spaces and accompanied by specific publications.
The valuations also take into account any declarations of historical-artistic interest formally expressed by the Italian Ministry for Culture (commonly referred to as "notifications"), which tie part of the artworks in the collection to Italy's heritage and restrict their circulation to the country's territory, reducing the price obtainable on the international market.
The pricing is also influenced by the importance of the buyers/sellers (e.g. prices paid by famous collectors or known investors may be more significant).
The valuation approach is based on the monitoring of the objective market values of the artworks included in the category examined, which follows three methodological approaches:

- prudent basis, analysing the average values of a variety of different information sources, based on robust, updated and statistically representative databases: in a market of "unique" artworks, often without transactions for decades, this approach ensures the periodic identification of any outlier values and avoids following speculative trends;
- comparison, monitoring the transactions that have taken place at a global level in a variety of distribution channels, in order to avoid considering only certain forms of transaction and the related financial values: in a global market with global demand, this approach enables verification of the presence of any geographical arbitrage or specific appreciation/depreciation phenomena with potential impacts;
- recurrence, since it updates and monitors price trends over the shortest period of time that the specific features of the market allow, i.e. the half year: in a market in which there are no public trades monitored daily, the shortness of the measurement period ensures maximum attention and timeliness of any changes.

This approach is applied to all the "valuable art assets".

Frequency of valuation

For valuable art assets, the revaluation is carried out by means of an expert appraisal every three years. However, a scenario analysis is carried out annually to identify any appreciable changes in value in order to bring forward the valuation.
Based on the rules mentioned above, in 2024, the artworks, for which the scenario analysis identified changes with respect to the threshold set, were subject to valuation.

Scenario analysis

In order to identify and determine the changes in the market of the artworks being valued, market trends are monitored to detect signs of significant change that require appraisals to be made in advance with respect to the frequency established.
This monitoring is carried out on a two-fold basis:

- Monitoring of the market prices of the top artworks in terms of value held in Intesa Sanpaolo's collections, which represent 75% of the total value of the artworks included in the "valuable art assets" class, by verifying both the results of the main international auctions (which are based on a calendar of precise seasonal deadlines) and the reports of the two main world databases (Artprice and Artnet), whose analytics provide useful tools for monitoring prices;
- Monitoring the performance of the art market in general, to identify trends and changes with respect to Intesa Sanpaolo's "valuable art assets", verifying both the results of the main international auctions (which are based on a calendar of precise seasonal deadlines), and the reports of the two main world databases (Artprice and Artnet); since the works of many artists in the Intesa Sanpaolo's collection very rarely go up for auction due to the limited number of items left in the market, it is important to monitor the trend of similar artists or works; accordingly, the monitoring is not just limited to the works held and their artists, but also extends to the authors and artworks related to the same area, to take into account trend data.

If the annual monitoring identifies a potential, positive or negative, value deviation of more than 15% for individual artworks/collections of artists in Intesa Sanpaolo's collections and comparable on the basis of objective criteria (such as period of production/year, size, technique, period of production, etc.), the appraisals are commissioned according to the usual internal procedures in order to align the carrying amount.

Quantitative information

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: fair value by level

(millions of euro)

Assets / liabilities at fair value	31.12.2024			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	14,794	28,654	3,847	11,514	28,787	3,484
a) Financial assets held for trading	14,622	27,755	152	11,379	27,998	129
of which: Equities	*7,588*	-	-	*1,892*	-	*23*
of which: quotas of UCI	*440*	-	*37*	*444*	-	*6*
b) Financial assets designated at fair value	-	2	-	-	1	-
'c) Other financial assets mandatorily measured at fair value	172	897	3,695	135	788	3,355
of which: Equities	*172*	*295*	*13*	*134*	*204*	*128*
of which: quotas of UCI	-	*200*	*3,482*	*1*	*171*	*2,988*
2. Financial assets measured at fair value through other comprehensive income	54,167	3,718	727	47,684	3,936	446
'of which: Equities	*542*	*99*	*637*	*455*	*474*	*339*
3. Hedging derivatives	-	5,782	-	-	6,225	-
4. Property and equipment	-	-	5,458	-	-	6,020
5. Intangible assets	-	-	-	-	-	-
Total	**68,961**	**38,154**	**10,032**	**59,198**	**38,948**	**9,950**
1. Financial liabilities held for trading	6,883	37,399	9	7,825	37,170	50
2. Financial liabilities designated at fair value	1,488	21,875	77	91	21,223	31
3. Hedging derivatives	-	3,741	-	-	4,336	-
Total	**8,371**	**63,015**	**86**	**7,916**	**62,729**	**81**

Pursuant to IFRS 13, par. 93(c), during 2024 transfers were carried out from level 1 to level 2 of assets for 74 million euro and of liabilities for 76 million euro, in addition to transfers from level 2 to level 1 of assets for 102 million euro, and of liabilities for 1,494 million euro. In particular:

- from level 1 to level 2
  - Financial assets held for trading under debt securities of 56 million euro;
  - Financial assets measured at fair value through other comprehensive income under debt securities of 18 million euro;
  - Financial liabilities designated at fair value under debt securities of 76 million euro;
- from level 2 to level 1
  - Financial assets held for trading under debt securities of 101 million euro, and under financial derivatives of 1 million euro;
  - Financial liabilities held for trading under financial derivatives of 6 million euro;
  - Financial liabilities designated at fair value under debt securities of 1,488 million euro;

The transfers between fair value levels are determined by the trends in the observability of prices or market data used to measure the financial instruments and by the materiality of the unobservable inputs.
The transition from level 1 to level 2 is a consequence of the disappearance of an active market, assessed by analysing the reliability and the reciprocal consistency of the available prices according to the provisions of the Rules for Valuation of Financial Instruments at Fair Value. Conversely, financial instruments for which a mark-to-model measurement is performed using inputs that can be observed on the market – classified, therefore, as level 2 – are transferred to level 1 when the existence of an active market is identified.

As at 31 December 2024, the impact of non-performance risk (Credit Value Adjustment and Debt Value Adjustment) in the determination of the fair value of derivative contracts amounted to a reduction of 101 million euro in positive fair value and a reduction of 2 million euro in negative fair value.
The impact of the Funding Value Adjustment in reducing the fair value amounted to 43 million euro, equal to the cost of funding the cash flows generated by the Bank's overall portfolio of OTC derivatives.
Determining the quantity of those adjustments is irrespective of the effects of the correlated operational hedging strategies, where present.

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 8.6% on total assets (9.2% as at 31 December 2023). The level 3 financial assets mainly relate to quotas of UCIs, of which, under Financial assets mandatorily measured at fair value, 196 million euro is represented by units of the Atlante Fund and the Italian Recovery Fund put in place as part of the regulations to support the banking system.
Property and equipment measured at level 3 fair value includes real estate assets and valuable art assets, which represent 56.5% of the balance sheet assets at level 3 fair value.

Lastly, the caption "Other assets", not directly included in the table above, comprised tax credits recognised and measured at fair value for 11.2 billion euro as at 31 December 2024, of which 3.3 billion euro held under the Hold to Collect and Sell business model and 7.9 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").

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

(millions of euro)

	Financial assets measured at fair value through profit or loss				**Financial assets measured at fair value through other comprehensive income**	**Hedging derivatives**	**Property and equipment**	**Intangible assets**
	TOTAL	*of which: a) financial assets held for trading*	*of which: b) financial assets designated at fair value*	*of which: c) Other financial assets mandatorily measured at fair value*				
1. Initial amount	**3,484**	**129**	**-**	**3,355**	**446**	**-**	**6,020**	**-**
2. Increases	**1,186**	**58**	**-**	**1,128**	**536**	**-**	**239**	**-**
2.1. Purchases	691	37	-	654	34	-	103	-
2.2 Gains recognised in:	134	10	-	124	8	-	20	-
2.2.1. Income statement	134	10	-	124	-	-	6	-
- of which capital gains	*119*	*8*	-	*111*	-	-	*6*	-
2.2.2 Shareholders' equity	-	X	X	X	8	-	14	-
2.3. Transfers from other levels	13	11	-	2	371	-	-	-
2.4 Other increases	348	-	-	348	123	-	116	-
3. Decreases	**-823**	**-35**	**-**	**-788**	**-255**	**-**	**-801**	**-**
3.1. Sales	-467	-19	-	-448	-8	-	-10	-
3.2 Reimbursements	-7	-1	-	-6	-43	-	-	-
3.3 Losses recognized in:	-201	-9	-	-192	-25	-	-119	-
3.3.1. Income statement	-201	-9	-	-192	-2	-	-112	-
- of which capital losses	*-198*	*-9*	-	*-189*	*-2*	-	*-29*	-
3.3.2 Shareholders' equity	-	X	X	X	-23	-	-7	-
3.4. Transfers from other levels	-7	-6	-	-1	-10	-	-	-
3.5 Other decreases	-141	-	-	-141	-169	-	-672	-
4. Final amount	**3,847**	**152**	**-**	**3,695**	**727**	**-**	**5,458**	**-**

The captions of transfers between levels of Financial assets measured at fair value through profit or loss refer to transfers from level 3, decreasing by 7 million euro and to level 3, increasing by 13 million euro.
The former are transfers of Financial assets held for trading from level 3 to level 2 involving debt securities for 4 million euro and financial derivatives for 2 million euro, in addition to transfers of Financial assets mandatorily measured at fair value from level 3 to level 2 involving loans for 1 million euro.
The latter are transfers of Financial assets held for trading from level 2 to level 3 involving loans for 9 million euro and financial derivatives for 2 million euro, in addition to transfers of Financial assets mandatorily measured at fair value from level 2 to level 3 involving debt securities and loans for 1 million euro each.

For Financial assets measured at fair value through other comprehensive income, we note decreasing transfers from level 3 to level 2 of equity instruments for 10 million euro, against increasing transfers from level 2 to level 3 of equity instruments for 371 million euro, mainly attributable to stakes in the capital of the Bank of Italy.
Transfers between levels of debt securities from level 3 to level 2 occurred as a result of the use in the fair value measurement as at 31 December 2024 of parameters observable on the market, without including discretionary parameters in compliance with the Guidelines and Rules for Valuation of Financial Instruments at Fair Value.

The increasing transfers between levels of equities to level 3 refer to the stake in the Bank of Italy, measured – as there are no direct transactions on the stakes – using a method based on discounting future flows of dividends deriving from the investment (DDM - Dividend Discounted Model). Transfers from level 3 to level 2 refer to non-contributed equity instruments measured based on direct transactions or using relative methods based on multipliers.
The level transfers of loans are attributable to the change in observability or the materiality of the input for the valuations. Level 2 fair value was determined using an appropriate credit spread identified starting with market evidence of financial instruments with similar characteristics, while fair value was assigned level 3 if input parameters were used that are not directly observable on the market or if the counterparties are impaired.
Transfers of derivative contracts from level 3 are due to the changes in counterparty risk, considering that derivatives with non-performing counterparties are classified in level 3 of the fair value hierarchy.
Transfers between fair value levels were carried out in accordance with the guidelines described in paragraph A.4.3 - Fair value hierarchy.

During the year, the value of investment properties measures at fair value was also updated. Moreover, based on the results of the scenario analysis, owner-occupied properties and valuable art assets were subject to appraisal, valued using the revaluation criterion. That adjustment resulted in the recognition of gains and losses, both through profit and loss and equity, posted under sub-captions 2.2 and 3.3, respectively. Caption 3.3 also includes amortisation and depreciation.

Other increases and Other decreases of Financial assets mandatorily measured at fair value and Financial assets at fair value through other comprehensive income comprise payments made and the reimbursements received by the Bank, with no change in the quotas of UCIs held.
With regard to Property and equipment, the captions mainly include transfers of these assets from investment to operations and vice versa and the reclassification to Non-current assets held for sale.

A.4.5.3 Annual changes in financial liabilities measured at fair value on a recurring basis (level 3)

(millions of euro)

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Initial amount	**50**	**31**	**-**
2. Increases	**4**	**53**	**-**
2.1 Issues	1	51	-
2.2 Losses recognised in:	-	2	-
2.2.1. Income statement	-	2	-
- of which capital losses	*-*	*2*	-
2.2.2 Shareholders' equity	X	-	-
2.3 Transfers from other levels	3	-	-
2.4 Other increases	-	-	-
3. Decreases	**-45**	**-7**	**-**
3.1 Reimbursements	-	-	-
3.2. Repurchases	-	-7	-
3.3 Gains recognised in:	-1	-	-
3.3.1. Income statement	-1	-	-
- of which capital gains	*-1*	-	-
3.3.2 Shareholders' equity	X	-	-
3.4. Trasferts to other levels	-44	-	-
3.5 Other decreases	-	-	-
4. Final amount	**9**	**77**	**-**

The Final amount of Level 3 Financial liabilities held for trading refer entirely to derivative contracts with a negative fair value. Transfers from level 3 totalling 44 million euro, refer certificates, with characteristics similar to derivative instruments, for 42 million euro and to financial derivatives for 2 million euro, while transfers to level 3, per 3 million euro, fully refer to financial derivatives.
The Final amount of Financial liabilities designated at fair value level 3 refers to certificates which provide for partial or full redemption of the premiums paid on maturity, pursuant to Bank of Italy Communication of 21 October 2014 (certificates with guaranteed or protected capital), classified in that accounting category if issued after 1 January 2020.

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: fair value by level

(millions of euro)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31.12.2024				31.12.2023			
	Book value	Level 1	Level 2	Level 3	**Book value**	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	446,605	42,718	262,638	131,253	451,755	37,540	262,561	140,449
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	577	-	-	577	178	-	-	178
Total	**447,182**	**42,718**	**262,638**	**131,830**	**451,933**	**37,540**	**262,561**	**140,627**
1. Financial liabilities measured at amortised cost	519,596	59,609	428,002	33,928	561,074	60,539	470,637	30,198
2. Liabilities associated with non-current assets	5	-	-	5	2	-	-	2
Total	**519,601**	**59,609**	**428,002**	**33,933**	**561,076**	**60,539**	**470,637**	**30,200**

Financial assets and liabilities

For financial assets and liabilities not measured at fair value (loans and loans represented by securities, amounts due to customers and securities issued), the Bank measures fair value by calculating the present value of future cash flows at a rate that incorporates the estimate of the main risks and uncertainties associated with the financial instrument to be measured (discount rate adjustment approach).

In particular, the interest rate used to discount the future cash flows is determined by taking into account the following risk factors:

– interest rate risk, which represents the rate offered by the market for each unit of capital provided to risk-free counterparties;
– credit risk, which is the premium for having provided capital to counterparties with insolvency risk.

For fixed-rate instruments, the cash flows are those envisaged by the contracts. For floating-rate instruments, the future cash flows are determined based on forward rates, implicit in the zero-coupon interest rate curves observed at the various fixing dates and differentiated by indexation type.

The value of the risk premium (credit spread) is determined per individual position, through acquisition of the risk class (LGD) and rating (PD). These amounts, together with the average residual financial life, constitute the guideline for acquisition of the credit spread. For securities issued by Intesa Sanpaolo, the construction of the spread curve follows the rules set out in the Rules for Valuation of Financial Instruments at Fair Value.

The following assumptions were used in determining the fair values indicated in table A.4.5.4:

– for loans represented by securities, the same rules envisaged for the fair value measurement of other categories of securities are used;
– for securities issued, the rules used are the same as those applied to securities under assets;
– the book value is calculated as the reasonable approximation of fair value for:
  - demand financial items (assets and liabilities) or financial items with an original maturity equal to or shorter than 12 months and residual maturity equal to or shorter than 12 months: in the table, the column corresponding to level 2 of the fair value hierarchy presents the short-term financial items and cash collateral for financial operations, while the column corresponding to level 3 of the fair value hierarchy presents demand loans;
  - non-performing assets which in the table are included in the column corresponding to level 3 of the fair value hierarchy.

A.5 – INFORMATION ON "DAY ONE PROFIT/LOSS"

Under IFRS 9, financial instruments shall be initially recognised at fair value. The fair value of a financial instrument at initial recognition is normally the "transaction price", i.e. the fair value of the consideration given or received in relation to, respectively, financial assets and liabilities. The fact that, upon initial recognition, the fair value of a financial instrument normally coincides with the transaction price is usually intuitively verifiable in the case of transactions falling under level 1 of the fair value hierarchy. Any differences between the price and the fair value are usually attributable to the so-called commercial margins, which are considered as not falling within the scope of Day One Profit (DOP). Therefore, commercial margins are taken to the income statement on the first subsequent measurement of the financial instrument. Also in the case of level 2, which is based on quotes that can be derived indirectly from the market (Comparable Approach), the fair value and the price often coincide upon initial recognition. Any residual differences, as in the previous case, are usually attributable to the commercial margins. With respect to level 3 instruments, no definite reference benchmark is available to compare the transaction price with, since there is more discretion in fair value measurement. For the same reason, the calculation of any commercial margin to be taken to the income statement is also difficult. In this event, the instrument is always initially recognised at the transaction cost, irrespective of whether it is possible to identify commercial margins. Subsequent measurement shall not include the difference between cost and fair value identified upon initial recognition (also defined as DOP). This difference shall be recognised in the income statement only when it arises from changes to the factors over which market participants base their valuations when fixing prices (including the time effect). Where unobservable inputs used to estimate the fair value become observable, the residual deferred DOPs are recognised in the income statement. Similarly, in the event of "on the book" transactions falling under the investment division's activities, the DOPs earned on transactions – included in the above on the book management – are taken to the income statement when transactions are carried out which substantially eliminate the risks linked to unobservable parameters of the instrument which generated the DOP.
At the end of 2024, the amount of the DOPs deferred in the balance sheet had been fully released to the income statement, following the closing of the associated transactions.

Part B – Information on the Parent Company's balance sheet

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS - CAPTION 10

1.1 Cash and cash equivalents: breakdown

(millions of euro)

	31.12.2024	31.12.2023
a) Cash	2,416	2,184
b) Current accounts and on demand deposits with Central Banks	22,277	69,260
c) Current accounts and on demand deposits with banks	1,508	1,385
Total	**26,201**	**72,829**

Sub-caption b) Current accounts and on-demand deposits with Central Banks mainly refers to (overnight) on-demand deposits for an amount of 17,507 million euro, down on the amount of 64,021 million euro as at 31 December 2023. That change mainly reflects the decrease in "Financial liabilities measured at amortised cost" due to the repayment of TLTRO III operations during the year.

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS – CAPTION 20

2.1 Financial assets held for trading: breakdown

(millions of euro)

Captions	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	6,471	1,285	81	8,929	1,044	67
1.1 Structured securities	*31*	*4*	*-*	*775*	*-*	*-*
1.2 Other debt securities	*6,440*	*1,281*	*81*	*8,154*	*1,044*	*67*
2. Equities	7,588	-	-	1,892	-	23
3. Quotas of UCI	440	-	37	444	-	6
4. Loans	-	64	9	-	95	-
4.1 Repurchase agreements	*-*	*-*	*-*	*-*	*-*	*-*
4.2 Other	*-*	*64*	*9*	*-*	*95*	*-*
Total (A)	**14,499**	**1,349**	**127**	**11,265**	**1,139**	**96**
B. Derivatives						
1. Financial derivatives	123	23,336	25	114	25,560	33
1.1 trading	*123*	*23,333*	*25*	*114*	*25,559*	*33*
1.2 fair value option	*-*	*-*	*-*	*-*	*-*	*-*
1.3 other	*-*	*3*	*-*	*-*	*1*	*-*
2. Credit derivatives	-	3,070	-	-	1,299	-
2.1 trading	*-*	*3,070*	*-*	*-*	*1,299*	*-*
2.2 fair value option	*-*	*-*	*-*	*-*	*-*	*-*
2.3 other	*-*	*-*	*-*	*-*	*-*	*-*
Total (B)	**123**	**26,406**	**25**	**114**	**26,859**	**33**
Total (A+B)	**14,622**	**27,755**	**152**	**11,379**	**27,998**	**129**

Structured securities as at 31 December 2024 consist of 19 million euro of debt securities convertible into shares and 16 million euro of fixed-rate debt securities indexed to inflation, as an additional component.

Other debt securities are made up of the securities connected with securitisation transactions for a total amount of 1,017 million euro (962 million euro Level 2 and 55 million euro Level 3), of which 832 million euro is senior, 177 million euro is mezzanine and 8 million euro is junior.

Equity instruments as at 31 December 2024 include investments correlated with financial trading derivatives on equity instruments and stock indices.

As the gross positive fair value of the derivative instruments implemented with the legal clearing agent LCH Ltd. meets the requirements set out for offsetting between gross positive and negative balances pursuant to IAS 32, paragraph 42, it was subject to offsetting, with recognition of the net fair value under Financial liabilities held for trading and Financial assets held for trading, respectively.

2.2 Financial assets held for trading: borrower/issuer/counterparty breakdown

(millions of euro)

Captions	31.12.2024	31.12.2023
A. Cash Assets		
1. Debt securities	**7,837**	**10,040**
a) Central Banks	220	76
b) Public administration	3,216	5,774
c) Banks	2,348	2,562
d) Other financial companies	1,664	1,295
of which: insurance companies	*166*	*146*
e) Non financial companies	389	333
2. Equities	**7,588**	**1,915**
a) Banks	399	64
b) Other financial companies	1,200	243
of which: insurance companies	*173*	*132*
c) Non financial companies	5,989	1,608
d) Other issuers	-	-
3. Quotas of UCI	**477**	**450**
4. Loans	**73**	**95**
a) Central Banks	-	-
b) Public administration	-	-
c) Banks	-	-
d) Other financial companies	6	34
of which: insurance companies	-	-
e) Non financial companies	67	61
f) Households	-	-
Total A	**15,975**	**12,500**
B. Derivatives		
a) Central counterparties	5,722	7,619
b) Other	20,832	19,387
Total B	**26,554**	**27,006**
TOTAL (A+B)	**42,529**	**39,506**

Quotas of UCI held at the end of the year mainly included hedge funds for 245 million euro.

2.3 Financial assets designated at fair value: breakdown

(millions of euro)

Captions	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1.Debt securities	**-**	**2**	**-**	**-**	**1**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	2	-	-	1	-
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	-	-
2.2 Others	-	-	-	-	-	-
Total	**-**	**2**	**-**	**-**	**1**	**-**

The Bank has included in this category debt securities linked to financial instruments measured at fair value through profit and loss, such as financial derivatives. On the basis of the debt securities, no hedges were arranged through credit derivatives or similar instruments to mitigate the relevant credit risk.
The fair value change attributable to the measurement of credit risk of financial assets designated at fair value was insignificant, both during the year and in cumulative terms.

2.4 Financial assets designated at fair value: borrower/issuer breakdown

(millions of euro)

Captions	31.12.2024	31.12.2023
1. Debt securities	**2**	**1**
a) Central Banks	-	-
b) Public administration	2	1
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
2. Loans	**-**	**-**
a) Central Banks	-	-
b) Public administration	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
f) Households	-	-
Total	**2**	**1**

2.5 Other financial assets mandatorily measured at fair value: breakdown

(millions of euro)

Captions	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**-**	**33**	**57**	**-**	**50**	**84**
1.1 Structured securities	-	-	-	-	5	-
1.2 Other debt securities	-	33	57	-	45	84
2. Equities	**172**	**295**	**13**	**134**	**204**	**128**
3. Quotas of UCI	**-**	**200**	**3,482**	**1**	**171**	**2,988**
4. Loans	**-**	**369**	**143**	**-**	**363**	**155**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	369	143	-	363	155
Total	**172**	**897**	**3,695**	**135**	**788**	**3,355**

Other debt securities include the securities connected with securitisation transactions for a total amount of 74 million euro (17 million euro Level 2 and 57 million euro Level 3), of which 11 million euro is senior, 45 million euro is mezzanine and 18 million euro is junior.

2.6 Other financial assets mandatorily measured at fair value: borrower/issuer breakdown

(millions of euro)

Captions	31.12.2024	31.12.2023
1. Equities	**480**	**466**
of which: banks	-	-
of which: other financial companies	*210*	*132*
of which: non financial companies	*270*	*334*
2. Debt securities	**90**	**134**
a) Central Banks	-	-
b) Public administration	-	-
c) Banks	-	-
d) Other financial companies	90	130
of which: insurance companies	-	-
e) Non financial companies	-	4
3. Quotas of UCI	**3,682**	**3,160**
4. Loans	**512**	**518**
a) Central Banks	-	-
b) Public administration	-	-
c) Banks	64	42
d) Other financial companies	116	148
of which: insurance companies	*10*	*64*
e) Non financial companies	327	324
f) Households	5	4
Total	**4,764**	**4,278**

Quotas of UCI refer to real estate funds for 1,129 million euro, private equity funds for 1,049 million euro, private debt funds for 776 million euro, infrastructure funds for 219 million euro, hedge funds for 204 million euro, venture capital funds for 105 million euro and other equity funds for 4 million euro. The caption also includes 196 million euro in interests held by the bank in the Atlante Fund and in the Italian Recovery Fund (formerly Atlante Fund II), as alternative investment funds to support Italian banks in their recapitalisation transactions and in the management of the bad loans in the sector.

Loans include credit exposures classified among financial assets mandatorily measured at fair value as they failed the test on the contractual characteristics of cash flows (SPPI Test) required by IFRS 9.

SECTION 3 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CAPTION 30

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

(millions of euro)

Captions	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**53,625**	**2,787**	**8**	**47,229**	**2,657**	**10**
1.1 Structured securities	964	-	-	654	-	-
1.2 Other debt securities	52,661	2,787	8	46,575	2,657	10
2. Equities	**542**	**99**	**637**	**455**	**474**	**339**
3. Loans	**-**	**832**	**82**	**-**	**805**	**97**
Total	**54,167**	**3,718**	**727**	**47,684**	**3,936**	**446**

Loans, as illustrated in Part A – Accounting policies, refer to portions of syndicated loans underwritten and destined to be subsequently sold.

Structured securities as at 31 December 2024 consist entirely of fixed-rate debt securities indexed to inflation, as an additional component.
Other debt securities include the securities connected with securitisations for a total amount of 2,203 million euro (entirely Level 2), of which 2,152 million euro is senior and 51 million euro is mezzanine.

Financial assets measured at fair value through other comprehensive income (caption 2. Equities) include the stakes in the capital of the Bank of Italy for an amount of 368 million euro, amounting to 4.91% of the share capital and lower than the 5% limit, beyond which there is a limitation on the receipt of dividends in compliance with Article 3, paragraph 4 of the Articles of Association of the Bank of Italy. In this regard, lacking recent direct transactions on the stakes, the method based on the discounting of future dividends deriving from the investment (DDM – "Dividend Discount Model") was used to value the stake as at 31 December 2024, with classification at Level 3 of the fair value hierarchy, instead of to Level 2 as in the 2023 Financial Statements.

Equity instruments deriving from the recovery of impaired financial assets amounted to 11 million euro.

3.2 Financial assets measured at fair value through other comprehensive income: borrower/issuer breakdown

(millions of euro)

Captions	31.12.2024	31.12.2023
1. Debt securities	**56,420**	**49,896**
a) Central Banks	-	-
b) Public administration	43,271	37,400
c) Banks	6,878	6,651
d) Other financial companies	4,376	3,995
of which: insurance companies	-	-
e) Non financial companies	1,895	1,850
2. Equities	**1,278**	**1,268**
a) Banks	740	611
b) Other issuers:	538	657
- other financial companies	200	245
of which: insurance companies	*3*	*3*
- non financial companies	338	412
- other	-	-
3. Loans	**914**	**902**
a) Central Banks	-	-
b) Public administration	-	-
c) Banks	-	-
d) Other financial companies	249	162
of which: insurance companies	-	-
e) Non financial companies	665	740
f) Household	-	-
Total	**58,612**	**52,066**

3.3 Financial assets measured at fair value through other comprehensive income: gross amount and total adjustments

(millions of euro)

	Gross amount					Total adjustments				Total partial write-offs
	Stage 1	*of which: Instruments with low credit risk*	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
Debt securities	56,130	*291*	311	36	-	-10	-11	-36	-	-
Loans	867	-	46	11	-	-3	-3	-4	-	-
Total 31.12.2024	**56,997**	***291***	**357**	**47**	**-**	**-13**	**-14**	**-40**	**-**	**-**
Total 31.12.2023	**50,199**	***142***	**659**	**36**	**-**	**-19**	**-41**	**-36**	**-**	**-**

For the approach used to represent the gross value and the total adjustments to impaired financial assets, see the illustration provided in Part A – Accounting policies.

SECTION 4 - FINANCIAL ASSETS MEASURED AT AMORTISED COST – CAPTION 40

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

(millions of euro)

Transaction type/Amount	31.12.2024						31.12.2023					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3
A. Due from Central Banks	**3,865**	**-**	**-**	**-**	**3,865**	**-**	**4,287**	**-**	**-**	**-**	**4,287**	**-**
1. Time deposits	204	-	-	X	X	X	103	-	-	X	X	X
2. Reserve requirement	3,661	-	-	X	X	X	4,184	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Due from banks	**34,556**	**9**	**-**	**1,956**	**24,378**	**8,250**	**28,965**	**23**	**-**	**1,413**	**17,998**	**9,502**
1. Loans	32,524	9	-	-	24,349	8,228	27,476	23	-	-	17,978	9,485
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	8,618	-	-	X	X	X	7,784	-	-	X	X	X
1.3 Other loans:	23,906	9	-	X	X	X	19,692	23	-	X	X	X
- Reverse repurchase agreements	*13,466*	-	-	*X*	*X*	*X*	*9,125*	-	-	*X*	*X*	*X*
- Finance leases	*4*	-	-	*X*	*X*	*X*	*4*	-	-	*X*	*X*	*X*
- Other	*10,436*	*9*	-	*X*	*X*	*X*	*10,563*	*23*	-	*X*	*X*	*X*
2. Debt securities	2,032	-	-	1,956	29	22	1,489	-	-	1,413	20	17
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other	2,032	-	-	1,956	29	22	1,489	-	-	1,413	20	17
Total	**38,421**	**9**	**-**	**1,956**	**28,243**	**8,250**	**33,252**	**23**	**-**	**1,413**	**22,285**	**9,502**

The sub-caption Other loans – Other includes operating loans, i.e. loans for operations connected to the provision of activities and financial services, with no credit facilities, for an amount of 5 million euro (5 million euro also as at 31 December 2023). Insignificant recoveries were recorded on those exposures classified as Stage 1.

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

(millions of euro)

Transaction type/Amount	31.12.2024						31.12.2023					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3
1. Loans	**343,539**	**4,183**	**175**	**-**	**218,209**	**122,405**	**356,156**	**4,195**	**202**	**-**	**222,666**	**129,425**
1.1.Current accounts	8,488	371	4	X	X	X	8,762	375	7	X	X	X
1.2. Reverse repurchase agreements	17,991	-	-	X	X	X	16,635	-	-	X	X	X
1.3. Mortgages	197,540	2,740	87	X	X	X	208,525	2,698	114	X	X	X
1.4. Credit card loans, personal loans and transfer of one fifth of salaries	11,630	156	1	X	X	X	11,948	181	1	X	X	X
1.5. Finance leases	5,486	215	79	X	X	X	6,216	241	75	X	X	X
1.6. Factoring	9,803	61	-	X	X	X	9,763	58	-	X	X	X
1.7. Other loans	92,601	640	4	X	X	X	94,307	642	5	X	X	X
2. Debt securities	**60,261**	**17**	**-**	**40,762**	**16,186**	**598**	**57,908**	**19**	**-**	**36,127**	**17,610**	**1,522**
2.1. Structured securities	3,778	-	-	2,270	930	49	4,922	-	-	3,363	320	632
2.2. Other debt securities	56,483	17	-	38,492	15,256	549	52,986	19	-	32,764	17,290	890
Total	**403,800**	**4,200**	**175**	**40,762**	**234,395**	**123,003**	**414,064**	**4,214**	**202**	**36,127**	**240,276**	**130,947**

Other loans include loans disbursed on public funds under administration for which the Bank holds the risk in the amount of 49 million euro.

Other debt securities include the securities connected with securitisations for a total amount of 7,720 million euro, of which 7,704 million euro is senior and 16 million euro is mezzanine.

They also include debt securities of 5,180 million euro, connected with the securitisation of the vehicle Romulus Funding Corporation, included in the Group's scope of consolidation.

The amount of Debt securities - Structured securities, under sub-caption 2.1, consists entirely of fixed-rate debt securities indexed to inflation, as an additional component.

The sub-caption Other loans includes operating loans, i.e. loans for operations connected to the provision of activities and financial services, with no credit facilities, for an amount of 731 million euro (562 million euro as at 31 December 2023). Value adjustments of 3 million euro were recorded on those exposures, mainly classified as Stage 1.

4.3 Financial assets measured at amortised cost: breakdown by borrower/issuer of loans to customers

(millions of euro)

Transaction type/Amount	31.12.2024			31.12.2023		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired
1. Debt securities	**60,261**	**17**	**-**	**57,908**	**19**	**-**
a) Public administration	42,148	7	-	38,025	8	-
b) Other financial companies	15,011	-	-	17,195	-	-
of which: insurance companies	*23*	-	-	*2*	-	-
c) Non financial companies	3,102	10	-	2,688	11	-
2. Loans:	**343,539**	**4,183**	**175**	**356,156**	**4,195**	**202**
a) Public administration	11,547	194	-	12,163	217	-
b) Other financial companies	52,566	130	1	51,591	117	-
of which: insurance companies	*1,142*	-	-	*527*	-	-
c) Non financial companies	139,946	2,649	112	152,469	2,584	127
d) Households	139,480	1,210	62	139,933	1,277	75
TOTAL	**403,800**	**4,200**	**175**	**414,064**	**4,214**	**202**

4.4 Financial assets measured at amortised cost: gross amount and total adjustments

(millions of euro)

		Gross amount					Total adjustments				Total partial write-offs
		Stage 1	*of which: Instruments with low credit risk*	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
Debt securities		58,370	*5,180*	4,029	70	-	-17	-89	-53	-	**-**
Loans		356,318	*17,842*	25,056	8,029	272	-373	-1,073	-3,837	-97	**1,477**
Total	**31.12.2024**	**414,688**	***23,022***	**29,085**	**8,099**	**272**	**-390**	**-1,162**	**-3,890**	**-97**	**1,477**
Total	**31.12.2023**	**416,745**	***23,389***	**32,303**	**8,174**	**320**	**-518**	**-1,214**	**-3,937**	**-118**	**1,724**

For the approach used to represent the gross value and the total adjustments to impaired financial assets, see the illustration provided in Part A – Accounting policies.

On 16 December 2022, the EBA repealed the Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis, contained in EBA/GL/2020/07, with effect from 1 January 2023, following the change in the scenario related to the pandemic. However, the Bank of Italy, in the communication dated 14 March 2023, requested that certain financial statement disclosures be maintained on loans subject to public guarantees, in free format at the bottom of this table.

In this regard, it should be noted that the gross value of the loans subject to public guarantees issued in response to the COVID-19 situation as at 31 December 2024 amounted to 15,038 million euro, of which 12,120 million euro in Stage 1, 1,954 million euro in Stage 2, and 964 million euro in Stage 3.
The total adjustments amounted to 402 million euro, of which 12 million euro related to Stage 1, 28 million euro to Stage 2, and 362 million euro to Stage 3.

SECTION 5 - HEDGING DERIVATIVES – CAPTION 50

Concerning the objectives and the strategies underlying hedging transactions see the information provided in Part E – Information on risks and relative hedging policies, Section 2 – Market risks.

5.1 Hedging derivatives: breakdown by type of hedge and level

(millions of euro)

	Fair value 31.12.2024			Notional amount	Fair value 31.12.2023			Notional amount
	Level 1	Level 2	Level 3	31.12.2024	Level 1	Level 2	Level 3	31.12.2023
A. Financial derivatives								
1. Fair Value	-	5,686	-	282,730	-	6,185	-	199,530
2. Cash flows	-	96	-	16,860	-	40	-	1,086
3. Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**5,782**	**-**	**299,590**	**-**	**6,225**	**-**	**200,616**

As the gross positive fair value of Hedging derivatives implemented with the legal clearing agent LCH Ltd. meets the requirements set out for offsetting between gross positive and negative balances pursuant to IAS 32, paragraph 42, it was subject to offsetting, with recognition of the net fair value under Hedging derivatives.
The total positive fair value of hedging derivatives gross of on-balance sheet offsetting would amount to 11,798 million euro (of which 11,675 million euro hedging fair value and 123 million euro hedging cash flows).

5.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

(millions of euro)

Transactions / Type of hedge	Fair Value							Cash-flow hedges		Foreign investm
	Specific						Generic	Specific	Generic	
	debt securities and interest rates	equities and stock indices	foreign exchange rates and gold	credit risk	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	476	-	162	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	1,233	X	1	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	2,031	X	87	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**1,709**	**-**	**163**	**-**	**-**	**-**	**2,031**	**-**	**87**	**-**
1. Financial liabilities	449	X	92	-	-	-	X	9	X	X
2. Portfolio	X	X	X	X	X	X	1,242	X	-	X
Total liabilities	**449**	**-**	**92**	**-**	**-**	**-**	**1,242**	**9**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	-	X	-	-

The table indicates positive fair values of hedging derivatives, broken down in relation to asset or liability hedged and type of hedge.
Considering the values gross of netting in the financial statements, these continued to refer mainly to macro fair value hedges of loans disbursed and liabilities represented by core deposits, as well as micro fair value hedges of debt securities under assets.

SECTION 6 – FAIR VALUE CHANGE OF FINANCIAL ASSETS IN HEDGED PORTFOLIOS – CAPTION 60

6.1 Fair value change of hedged assets: breakdown by hedged portfolios

(millions of euro)

Fair value change of hedged assets / Amount	31.12.2024	31.12.2023
1. Positive fair value change	**1,284**	**-**
1.1 of specific portfolios:	1,284	-
a) financial assets measured at amortised cost	*1,284*	-
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 overall	-	-
2. Negative fair value change	**-4,856**	**-5,573**
2.1 of specific portfolios:	-4,856	-5,573
a) financial assets measured at amortised cost	*-4,856*	*-5,573*
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 overall	-	-
Total	**-3,572**	**-5,573**

The balance of the changes in value of assets subject to macrohedging against interest rate risk is recorded in this caption. For the application the Bank took advantage of the option envisaged by IFRS 9 to continue to apply the provisions permitted by the IAS 39 carve out.

The lower negative balance compared to 31 December 2023 of the fair value change of financial assets in hedged portfolios from interest rate risk was due to the reduction in interest rates in 2024.

SECTION 7 – EQUITY INVESTMENTS – CAPTION 70

7.1 Equity investments: information on equity interests

	Companies	Registered office	Place of business	% held	% votes available (a)
	A. WHOLLY OWNED SUBSIDIARIES				
1	ACANTUS S.P.A.	Milan	Milan	80.00	
2	ANTI FINANCIAL CRIME DIGITAL HUB S.C.A.R.L.	Turin	Turin	60.00	
3	BANCA COMERCIALA EXIMBANK S.A.	Chișinău	Chișinău	100.00	
4	BANK OF ALEXANDRIA S.A.E. (ALEXBANK)	Cairo	Cairo	80.00	
5	BANKA INTESA SANPAOLO D.D. (b)	Koper	Koper	48.13	
6	CENTAI INSTITUTE S.P.A. (c)	Turin	Turin	49.00	
7	CIB BANK LTD	Budapest	Budapest	100.00	
8	COLLINE E OLTRE S.P.A.	Pavia	Pavia	51.00	
9	CONSORZIO STUDI E RICERCHE FISCALI GRUPPO INTESA SANPAOLO	Rome	Rome	80.00	
10	EURIZON CAPITAL SGR S.P.A.	Milan	Milan	100.00	
11	EXETRA S.P.A. (d)	Milan	Milan	85.00	
12	FIDEURAM - INTESA SANPAOLO PRIVATE BANKING S.P.A.	Turin	Rome	100.00	
13	FIDEURAM VITA S.P.A.	Rome	Rome	80.01	
14	FIRST BANK S.A.	Luxembourg	Luxembourg	99.98	
15	IMI INVESTMENTS S.A.	Luxembourg	Luxembourg	100.00	
16	IMMIT - IMMOBILI ITALIANI S.R.L.	Bergamo	Bergamo	100.00	
17	INTESA SANPAOLO (QINGDAO) SERVICE COMPANY LIMITED	Qingdao	Qingdao	100.00	
18	INTESA SANPAOLO ASSICURAZIONI S.P.A.	Turin	Milan	99.99	
19	INTESA SANPAOLO BANK ALBANIA SH.A.	Tirana	Tirana	100.00	
20	INTESA SANPAOLO BANK IRELAND PLC	Dublin	Dublin	100.00	
21	INTESA SANPAOLO BRASIL S.A. - BANCO MULTIPLO	Sao Paulo	Sao Paulo	99.90	
22	INTESA SANPAOLO EXPO INSTITUTIONAL CONTACT S.R.L.	Milan	Milan	100.00	
23	INTESA SANPAOLO FUNDING LLC	Wilmington Delaware	New York	100.00	
24	INTESA SANPAOLO HIGHLINE S.R.L.	Turin	Turin	100.00	
25	INTESA SANPAOLO HOLDING INTERNATIONAL S.A.	Luxembourg	Luxembourg	100.00	
26	INTESA SANPAOLO INNOVATION CENTER S.P.A.	Turin	Turin	99.99	
27	INTESA SANPAOLO RE.O.CO. S.P.A.	Milan	Milan	100.00	
28	INTESA SANPAOLO RENT FORYOU S.P.A.	Turin	Turin	100.00	
29	INTESA SANPAOLO ROMANIA S.A.	Bucarest	Bucarest	99.73	
30	INTESA SANPAOLO SERVICOS E EMPRENDIMENTOS LTDA EM LIQUIDACAO	Sao Paulo	Sao Paulo	100.00	
31	ISP CB IPOTECARIO S.R.L. (e)	Milan	Milan	60.00	
32	ISP CB PUBBLICO S.R.L. (e)	Milan	Milan	100.00	
33	ISP OBG S.R.L. (e)	Milan	Milan	60.00	
34	ISYBANK S.P.A.	Milan	Milan	100.00	
35	JOINT STOCK COMPANY BANCA INTESA (c)	Moscow	Moscow	46.98	
36	NEVA II	Turin	Turin	94.85	
37	NEVA II ITALIA	Turin	Turin	99.00	
38	ORO ITALIA TRADING S.P.A. - IN LIQUIDAZIONE	Arezzo	Arezzo	100.00	
39	PORTA NUOVA GIOIA (f)	Milan	Milan	90.00	
40	PRAVEX BANK JOINT-STOCK COMPANY	Kyiv	Kyiv	100.00	
41	PRESTITALIA S.P.A.	Bergamo	Bergamo	100.00	
42	PRIVATE EQUITY INTERNATIONAL S.A.	Luxembourg	Luxembourg	100.00	
43	QINGDAO YICAI FUND DISTRIBUTION CO. LTD.	Qingdao	Qingdao	100.00	
44	RISANAMENTO S.P.A. (c) (g)	Milan	Milan	48.88	
45	SOCIETA' BENEFIT CIMAROSA 1 S.P.A. (h)	Milan	Milan	100.00	
46	SRM STUDI E RICERCHE PER IL MEZZOGIORNO (i)	Naples	Naples	60.00	14.29 (*)
47	UBI FINANCE S.R.L. (e)	Milan	Milan	60.00	

	Companies	Registered office	Place of business	% held	% votes available (a)
	B. COMPANIES SUBJECT TO JOINT CONTROL				
1	APSIDE S.P.A. (h)	Turin	Turin	50.00	
2	AUGUSTO S.R.L.	Milan	Milan	5.00	
3	DIOCLEZIANO S.R.L.	Milan	Milan	5.00	
	C. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE				
1	BACK2BONIS	Milan	Milan	42.47	35.00 (*)
2	BRERA SEC S.R.L. (j)	Conegliano	Conegliano	5.00	
3	CAMFIN S.P.A. (k)	Milan	Milan	4.60	8.53 (*)
4	CASSA DI RISPARMIO DI FERMO S.P.A.	Fermo	Fermo	33.33	
5	CLARA SEC. S.R.L. (j)	Conegliano	Conegliano	5.00	
6	COMPAGNIA AEREA ITALIANA S.P.A.	Rome	Fiumicino	27.49	
7	DESTINATION GUSTO S.R.L. (h)	Milan	Milan	49.00	
8	DIGIT'ED HOLDING S.P.A. (l)	Milan	Milan	19.04	19.40 (*)
9	ECRA PRIVATE DEBT FUND	Milan	Milan	9.64	
10	EFESTO	Conegliano	Conegliano	43.19	
11	EQUITER S.P.A.	Turin	Turin	32.88	
12	EUROPROGETTI & FINANZA S.R.L. - IN LIQUIDAZIONE	Rome	Rome	15.97	
13	EUSEBI HOLDINGS B.V.	Amsterdam	Amsterdam	47.00	
14	FI.NAV. COMPARTO A - CREDITI (m)	Rome	Rome	50.54	
15	FONDO BASKET EQUE	Milan	Milan	24.39	
16	FONDO DI RIGENERAZIONE URBANA SICILIA S.R.L. (n)	Palermo	Turin	100.00	
17	FONDO PER LA RICERCA E L'INNOVAZIONE S.R.L. RIF (n)	Turin	Turin	100.00	
18	FONDO SARDEGNA ENERGIA S.R.L. (n)	Cagliari	Turin	100.00	
19	FONDO TEMATICO PIANI URBANI INTEGRATI S.R.L. (n)	Turin	Turin	100.00	
20	FONDO TEMATICO TURISMO S.R.L. (n)	Turin	Turin	100.00	
21	FONDO UTP ITALIA - COMPARTO CREDITI	Milan	Milan	55.02	35.00 (*)
22	GIADA SEC. S.R.L. (j)	Conegliano	Conegliano	5.00	
23	IDEA CCR (CORPORATE CREDIT RECOVERY) II COMPARTO CREDITI	Milan	Milan	35.23	
24	INDACO VENTURE PARTNERS SGR S.P.A.	Milan	Milan	24.50	
25	INIZIATIVE IMMOBILIARI INDUSTRIALI S.P.A. - IN LIQUIDAZIONE	Arquà Polesine	Arquà Polesine	20.00	
26	INTRUM ITALY S.P.A.	Milan	Milan	49.00	
27	ISM INVESTIMENTI S.P.A.	Mantua	Mantua	27.36	
28	LENDLEASE MSG HEARTBEAT	Milan	Milan	56.80	40.00 (*)
29	LEONARDO TECHNOLOGY S.R.L. - IN LIQUIDAZIONE	Turin	Turin	26.60	
30	MARKETWALL S.R.L.	Milan	Milan	33.00	
31	MATERIAS S.R.L.	Napoli	Napoli	13.66	
32	MONTEFELTRO SVILUPPO SOC. CONS. A R.L.	Urbania	Urbania	26.37	
33	NETWORK IMPRESA S.P.A. IN CONCORDATO PREVENTIVO	Limena	Limena	28.95	
34	RCN FINANZIARIA S.P.A.	Mantua	Mantua	23.96	
35	RETAIL & LEISURE FUND (m)	Rome	Rome	68.30	
36	REXER S.P.A. (o)	Monza	Monza	48.98	49.17 (*)

	Companies	Registered office	Place of business	% held	% votes available (a)
37	RSCT FUND - COMPARTO CREDITI (m)	Milan	Milan	70.07	
38	S.F. CONSULTING S.R.L.	Bergamo	Bergamo	35.00	
39	SICILY INVESTMENTS S.A.R.L.	Luxembourg	Luxembourg	25.20	
40	SOCIETA' EDITRICE ALLEMANDI A R.L.	Turin	Turin	49.00	
41	SVILUPPO COMO - COMONEXT S.P.A.	Como	Lomazzo (Como)	25.16	
42	SVILUPPO INDUSTRIALE S.P.A. - IN LIQUIDAZIONE	Pistoia	Pistoia	28.27	
43	TRINACRIA CAPITAL S.A.R.L.	Luxembourg	Luxembourg	25.20	
44	UTP RESTRUCTURING CORPORATE	Milan	Milan	58.07	35.00 (*)
45	WARRANT HUB S.P.A.	Correggio	Correggio	9.52	

(a) Where different from the % portion of the equity investment, the actual availability of votes in the Ordinary Shareholders' Meeting is indicated, distinguishing between the effective and potential voting rights, where applicable: (*) Effective voting rights (**) Potential voting rights.

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

(c) Companies included under significant equity investments as, on the whole, the Group holds a controlling interest or the conditions set out in IFRS 10 are met.

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

(f) Vehicles used for covered bond issues.

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

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

(h) Intesa Sanpaolo S.p.A. also holds 100% of the equity instruments issued by the investee.

(i) The member structure totals 7 members with identical per capita voting rights, pursuant to Article 6 of the Articles of Association (Compagnia di Sanpaolo, Intesa Sanpaolo S.p.A., Bank of Alexandria S.A.E., Intesa Sanpaolo Rent Foryou S.p.A., Intesa Sanpaolo Innovation Center S.p.A., Privredna Banka Zagreb D.D. and Intesa Sanpaolo Bank Albania SH.A.)

(j) These are vehicles used for securitisation transactions within the Group. The put&call options are exercisable in the half year following the closing date of the securitisation.

(k) the different value between the actual share and the number of votes in the Shareholders' Meeting is linked to the presence of various categories of shares (A and B). Only category A shares (also held by Intesa Sanpaolo) grant rights to vote in the Shareholders' Meeting.

(l) the different value between the actual share and the number of votes in the Shareholders' Meeting is linked to the presence of various categories of shares (A, B, D, MO, M). Category M shares (held by managers) do not attribute the right to vote in the Shareholders' Meeting, but only in the Special Meeting (pursuant to Art. 2766 of the Italian Civil Code).

(m) the interest is included under Companies subject to significant influence because, even though it represents a more complex situation than that typical of an ordinary non-controlling interest, the absence has been confirmed of the conditions for exercise of control envisaged by IFRS 10 on the basis of the corporate governance provisions in the articles of association/regulations.

(n) EIB Funds: the economic effects of the investments in equity and loans underlying the fund's operations will be borne in full by the EIB.

(o) the different value between the actual share and the number of votes in the Shareholders' Meeting is linked to the presence of a category of shares (B) lacking the right to vote in the Shareholders' Meeting.

The illustration of the criteria and the methods for the definition of the scope of consolidation and the reasons which determine that a company is subject to joint control or significant influence is contained in Part A – Accounting policies, to which reference should be made.

The fair value as at 31 December 2024 of the only listed equity investment, Risanamento S.p.A., amounted to 26 million euro.

7.2 Individually material equity investments: book value, fair value and dividends received

For the information relating to this paragraph, reference should be made to the relevant section of the Notes to the consolidated financial statements.

7.3 Individually material equity investments: financial information

For the information relating to this paragraph, reference should be made to the relevant section of the Notes to the consolidated financial statements.

7.4 Individually immaterial equity investments: financial information

For the information relating to this paragraph, reference should be made to the relevant section of the Notes to the consolidated financial statements.

7.5 Equity investments: annual changes

(millions of euro)

	31.12.2024	31.12.2023
A. Initial amount	**24,055**	**23,646**
B. Increases	**2,057**	**790**
B.1 purchases	715	313
of which business combinations	-	-
B.2 write-backs	34	26
B.3 revaluations	-	-
B.4 other changes	1,308	451
C. Decreases	**-453**	**-381**
C.1 sales	-35	-56
of which business combinations	-	*-56*
C.2 impairment losses	-220	-140
C.3 write-downs	-	-
C.4 other changes	-198	-185
D. Final amount	**25,659**	**24,055**
E. Total revaluations	**-**	**-**
F. Total impairment losses	**-7,607**	**-7,504**

Sub-caption B.1 Purchases primarily relates to the following transactions:

- increase in the value of the equity investment in the Efesto fund for 194 million euro following the contribution of a portfolio of non-performing loans in exchange for units of the fund;
- purchase of an investment of 99.98% in First Bank S.A. for 144 million euro;
- purchase of an investment in the UTP Restructuring Corporate fund for 137 million euro, following the contribution of a non-performing loan portfolio in exchange for units of the fund;
- purchase of an investment in the Retail & Leisure Fund for 126 million euro, following the contribution of a non-performing loan portfolio in exchange for units of the fund;
- increase in the value of the equity investment in the UTP Italia Fund - Loans Sub-Fund for 82 million euro following the contribution of a portfolio of non-performing loans in exchange for units of the fund;
- subscription of a share capital increase in favour of Pravex Bank Joint-Stock Company for 26 million euro;

Sub-caption B.2 Recoveries refers to the equity investments in UTP Italia Fund Loans Sub-Fund for 18 million euro, FI.NAV. Sub-Fund A – Loans for 8 million euro, and other minor equity investments for 8 million euro.

Sub-caption B.4 Other changes essentially refers to:

- the capitalisation of 1,000 million euro in favour of Fideuram – Intesa Sanpaolo Private Banking S.p.A.;
- the reclassification of the IDEA CCR (Corporate Credit Recovery) II Fund – Loans Sub-Fund for 235 million euro, from the Financial assets mandatorily measured at fair value portfolio;
- the income of Bancomat S.p.A. for 18 million euro;
- the capitalisation of Intesa Sanpaolo Innovation Center S.p.A. for 16 million euro;

The sub-caption C.1 Sales mainly relates to the sale of 10% of Porta Nuova Gioia for 23 million euro and the repayment of units of Porta Nuova Gioia for 10 million euro.

Sub-caption C.2 “Impairment losses” refers to the impairment losses on the equity investments in: Lendlease MSG Heartbeat for 80 million euro, Intrum Italy S.p.A. for 42 million euro, Pravex Bank Joint-Stock Company for 26 million euro, Risanamento S.p.A. for 24 million euro, Back2Bonis for 17 million euro, Qingdao Yicai Fund Distribution Co. Ltd. for 10 million euro, IDEA CCR (Corporate Credit Recovery) II Comparto Crediti for 9 million euro and other minor investments for 12 million euro.

Sub-caption C.4 Other changes essentially includes:

- the reimbursement of the funds: FI.NAV Sub-Fund A - Loans for 101 million euro, Efesto for 27 million euro, UTP Italia Fund - Loans Sub-Fund for 25 million euro and RSCT Fund - Loans Sub-Fund for 7 million euro;
- the reclassification of Bancomat S.p.A. for 32 million euro to the Financial assets mandatorily measured at fair value portfolio.

7.6 Commitments referred to investments in companies subject to joint control

For the information relating to this paragraph, reference should be made to the relevant section of the Notes to the consolidated financial statements.

7.7 Commitments referred to investments in companies subject to significant influence

For the information relating to this paragraph, reference should be made to the relevant section of the Notes to the consolidated financial statements.

7.8 Significant restrictions

For the information relating to this paragraph, reference should be made to the relevant section of the Notes to the consolidated financial statements.

7.9 Other information

For the information relating to this paragraph, reference should be made to the relevant section of the Notes to the consolidated financial statements.

Impairment tests of equity investments

As required under IAS/IFRS, equity investments are subjected to impairment testing to assess whether there is objective evidence to consider that the carrying value of the assets is not fully recoverable. With reference to equity investments, the process of detection of any impairment involves verification of the presence of impairment indicators and the determination of any write-down. The impairment indicators are essentially divided into two categories: qualitative indicators, such as the generation of negative economic results or in any case a significant variance with respect to the targets budgeted or established in the multi-year plans disclosed to the market, the announcement/start-up of insolvency proceedings or restructuring plans, and the downgrading by more than two classes of the rating; quantitative indicators, represented by a reduction in fair value of over 30% below the carrying value or for a period of over 24 months, by market capitalisation lower than the company's net book value, in the case of securities listed on active markets or by a carrying value of the investment in the Parent Company's financial statements higher than the carrying value in the consolidated financial statements of the investee's net assets and goodwill or by distribution by the latter of a dividend that is higher than its total income. If impairment indicators are detected, the recoverable amount, represented by the higher of the fair value less costs to sell and the value in use, is calculated and if it proves lower than the carrying value, impairment is recognised. If, subsequently, the recoverable amount is higher than the new carrying amount and the reasons for the impairment no longer apply following an event subsequent to the recognition of the impairment, write-backs are recognised, through profit or loss, up to the amount of the adjustment previously recognised.

In particular, where impairment indicators were recorded with respect to investments in associates or companies subject to joint control, analyses were carried out based, as a priority, on market methodologies (direct or comparable transactions and market multiples) or alternatively on "fundamental" analyses mainly based on an estimate of the expected discounted cash flows or on the adjusted net asset value (ANAV). The results of these assessments led to the need to recognise adjustments, mainly referring to the equity investments in Lendlease MSG Heartbeat (80 million euro), Intrum Italy S.p.A. (42 million euro), Back2Bonis (17 million euro), IDEA CCR (Corporate Credit Recovery) II Comparto Crediti (9 million euro), Efesto (5 million euro) and other minor investments for 7 million euro. The valuation of investments in associates or companies subject to joint control also led to the recognition of a write-backs of the equity investments in UTP Italia Fund Loans Sub-Fund (18 million euro), FI.NAV. Sub-Fund A - Loans (8 million euro) and other minor investments for 8 million euro.

Individual investments in subsidiaries, while material as individual assets from an accounting standpoint, do not present independent cash flow generation and governance capacity, given the organisational model, which calls for CGUs larger than the individual legal entities. Accordingly, investments in subsidiaries are not individually material for the purposes of conducting impairment tests in the financial statements of the Parent Company, but rather are aggregated (along with the operating activities conducted directly by the Parent Company) into CGUs consistent with those identified at the level of the consolidated financial statements. This approach is tied to the organisational model applied by the Group. According to that model, individual investments belonging to a given CGU are not capable of generating cash flows independently from the other investments. Therefore, their recoverable amounts cannot be calculated individually, as required by IAS 36.

In view of the consistency that must be preserved between the impairment tests conducted in the consolidated financial statements and the Parent Company's financial statements, in addition to the homogeneity of the composition of CGUs, the correlation between the items tested in the two sets of financial statements must be carefully considered: the goodwill attributed to the various CGUs in the consolidated financial statements and the Parent Company's financial statements partly reflects the goodwill associated solely with the Parent Company and partly the carrying amounts of investments in subsidiaries. The goodwill associated with the latter is implicit in the carrying amounts of the equity investments in the financial statements of the Parent Company and emerges in the consolidated financial statements following the consolidation process on the basis of the values determined during the purchase process pursuant to IFRS 3.

If a need to recognise an impairment loss on goodwill attributable to a given CGU is identified at the level of the consolidated financial statements, in the Parent Company's financial statements that impairment loss is attributed to the assets pertaining to the same CGU not subject to testing individually, namely goodwill, the brand name and investments in subsidiaries. As described in Part B – Information on the consolidated balance sheet - Assets, impairment tests on Cash Generating Units did not lead to the need to recognise in the consolidated financial statements impairment of goodwill. Accordingly, no impairment losses were recognised in relation to investments in subsidiaries.

Investments in subsidiaries that did not present goodwill values in the consolidated financial statements but that closed 2024 with a loss were treated differently. For such companies, it was prudentially verified that the latter result was due to contingent or structural factors; from this analysis the need emerged to make some adjustments, aligning the carrying amount of the

investment to the proportional share of equity of the subsidiaries. The impairment refers to the equity investments held in Pravex Bank Joint-Stock Company for 26 million euro, Risanamento S.p.A. for 24 million euro and Qingdao Yicai Fund Distribution Co. Ltd. for 10 million euro. The write-down in the interest in Pravex Bank Joint-Stock Company offset the increase in the equity investment of the same amount, deriving from the payment of 26 million euro made in the second half of 2024 as a capital increase of the subsidiary.
Moreover, following the outbreak of the Russia-Ukraine conflict, in 2022 the value of the investments in the capital of the subsidiaries in Russia (Joint-Stock Company Banca Intesa) and Ukraine (Pravex Bank) was written off during the year for 68 million euro and 48 million euro, respectively. In addition to that impairment, a provision was recognised for 71 million euro, required to cover indirect risks regarding the controlling investment held in Pravex Bank in relation to the ongoing conflict. That provision, of which 44 million euro was partially released in 2023 to align the values with the contribution of the subsidiary to the Consolidated financial statements, was fully released in 2024 (the remaining 27 million euro).

SECTION 8 – PROPERTY AND EQUIPMENT – CAPTION 80

(millions of euro)

	31.12.2024	31.12.2023
1. Property and equipment used in operations measured at cost	1,657	1,831
Of which - Property and equipment used in operations - Rights of use acquired under leases	*928*	*1,057*
2. Investment property measured at cost	-	-
3. Property and equipment used in operations, revalued	4,731	5,187
Of which - Property and equipment used in operations, revalued - Rights of use acquired under leases	-	-
4. Investment property measured at fair value	727	833
Of which - Investment property - Rights of use acquired under leases	-	-
5. Inventories of property and equipment governed by IAS 2	140	132
Total Property and equipment - Caption 80	**7,255**	**7,983**

8.1 Property and equipment used in operations: breakdown of assets measured at cost

(millions of euro)

Assets/Amounts	31.12.2024	31.12.2023
1. Property and equipment owned	**729**	**774**
a) land	-	-
b) buildings	-	-
c) furniture	175	172
d) electronic equipment	552	601
e) other	2	1
2. Rights of use acquired through the lease	**928**	**1,057**
a) land	1	1
b) buildings	868	1,026
c) furniture	-	-
d) electronic equipment	33	7
e) other	26	23
Total	**1,657**	**1,831**
of which: resulting from the enforcement of guarantees	-	-

8.2 Investment property: breakdown of assets measured at cost

There was no investment property measured at cost.

8.3 Property and equipment used in operations: breakdown of revalued assets

(millions of euro)

Assets/Amounts	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Property and equipment owned	**-**	**-**	**4,731**	**-**	**-**	**5,187**
a) land	-	-	1,936	-	-	2,226
b) buildings	-	-	2,498	-	-	2,660
c) valuable art assets	-	-	297	-	-	301
d) electronic equipment	-	-	-	-	-	-
e) other	-	-	-	-	-	-
2. Rights of use acquired through the lease	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
c) furniture	-	-	-	-	-	-
d) electronic equipment	-	-	-	-	-	-
e) other	-	-	-	-	-	-
Total	**-**	**-**	**4,731**	**-**	**-**	**5,187**
of which: resulting from the enforcement of guarantees	*-*	*-*	*2*	*-*	*-*	*-*

8.4 Investment property: breakdown of assets measured at fair value

(millions of euro)

Assets/Amounts	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Property and equipment owned	**-**	**-**	**727**	**-**	**-**	**833**
a) land	-	-	227	-	-	293
b) buildings	-	-	500	-	-	540
2. Rights of use acquired through the lease	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
Total	**-**	**-**	**727**	**-**	**-**	**833**
of which: resulting from the enforcement of guarantees	*-*	*-*	*57*	*-*	*-*	*90*

With regard to the provisions of IAS 40, paragraph 75, letters c), g) and h), there was no information worth mentioning.

8.5 Inventories of property and equipment governed by IAS 2: breakdown

(millions of euro)

Captions	31.12.2024	31.12.2023
1. Inventories of property and equipment resulting from the enforcement of guarantees	**129**	**121**
a) land	-	-
b) buildings	129	121
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
2. Other inventories of property and equipment	**11**	**11**
Total	**140**	**132**
of which: measured at fair value less cost to sell	*-*	*-*

8.6 Property and equipment used in operations: annual changes

(millions of euro)

	Land	Buildings	Furniture	Electronic equipment	Valuable art assets	Other	Total
A. Gross initial carrying amount	**2,227**	**4,276**	**1,942**	**6,358**	**301**	**118**	**15,222**
A.1 Total net adjustments	-	-590	-1,770	-5,750	-	-94	-8,204
A. Net initial carrying amount	**2,227**	**3,686**	**172**	**608**	**301**	**24**	**7,018**
B. Increases:	**28**	**399**	**32**	**163**	**-**	**17**	**639**
B.1 Purchases	8	29	32	163	-	16	248
of which: business combinations	-	-	-	-	-	-	-
B.2 Capitalised improvement costs	-	63	-	-	-	-	63
B.3 Recoveries	-	-	-	-	-	-	-
B.4 Positive fair value differences recognised in	13	1	-	-	-	-	14
a) net equity	*13*	*1*	-	-	-	-	*14*
b) income statement	-	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	1	-	-	-	-	1
B.6 Transfer from investment property	7	21	X	X	X	X	28
B.7 Other changes	-	284	-	-	-	1	285
C. Decreases:	**-318**	**-719**	**-29**	**-186**	**-4**	**-13**	**-1,269**
C.1 Sales	-	-	-	-	-	-	-
of which: business combinations	-	-	-	-	-	-	-
C.2 Depreciation	-	-225	-25	-182	-	-12	-444
C.3 Impairment losses recognised in	-	-	-1	-	-	-	-1
a) shareholders' equity	-	-	-	-	-	-	-
b) income statement	-	-	*-1*	-	-	-	*-1*
C.4 Negative fair value differences recognised in	-4	-5	-	-	-4	-	-13
a) shareholders' equity	-	*-4*	-	-	*-3*	-	*-7*
b) income statement	*-4*	*-1*	-	-	*-1*	-	*-6*
C.5 Negative foreign exchange differences	-	-	-	-	-	-	-
C.6 Transfer to:	-314	-172	-	-	-	-	-486
a) investment property	*-27*	*-58*	*X*	*X*	*X*	*X*	*-85*
b) non-current assets held for sale and discontinued operations	*-287*	*-114*	-	-	-	-	*-401*
C.7 Other changes	-	-317	-3	-4	-	-1	-325
D. Net final carrying amount	**1,937**	**3,366**	**175**	**585**	**297**	**28**	**6,388**
D.1 Total net adjustments	-	-756	-1,798	-5,861	-	-95	**-8,510**
D.2 Gross final carrying amount	**1,937**	**4,122**	**1,973**	**6,446**	**297**	**123**	**14,898**
E. Measurement at cost	**1,259**	**1,628**	**-**	**-**	**115**	**-**	**3,002**

As explained in Part A – Fair value of real estate and valuable art assets, in accordance with the rules on valuation frequencies, the properties classified as owner-occupied assets and the valuable art assets were valued during the scenario analyses, through external appraisals, entrusted to qualified and independent experts.
Sub-captions B.4 and C.4 respectively report the positive and negative changes in fair value relating to owner-occupied real estate (land and buildings) and valuable art assets, for which the Bank applies the revaluation model. The Other changes, both increases and decreases, refer mainly to renegotiations and early terminations during the year of leases (IFRS 16) and, only regarding decreases, to amortisation and depreciation recorded during the year on assets deriving from the acquisition of business lines of the former Venetian banks, covered using the allowance for risks and charges specifically allocated at the time.
Sub-caption E. Measurement at cost only contains property and equipment measured according to the revaluation model.

8.6 bis Of which - Property and equipment used in operations - Rights of use acquired under leases: annual changes

(millions of euro)

	Land	Buildings	Furniture	Electronic equipment	Valuable art assets	Other	Total
A. Gross initial carrying amount	1	1,577	-	11	-	48	1,637
A.1 Total net adjustments	-	-551	-	-4	-	-25	-580
A. Net initial carrying amount	**1**	**1,026**	**-**	**7**	**-**	**23**	**1,057**
B. Increases:	**-**	**303**	**-**	**38**	**-**	**16**	**357**
B.1 Purchases	-	19	-	38	-	15	72
of which: business combinations	-	-	-	-	-	-	-
B.2 Capitalised improvement costs	-	-	-	-	-	-	-
B.3 Recoveries	-	-	-	-	-	-	-
B.4 Positive fair value differences recognised in	-	-	-	-	-	-	-
a) net equity	-	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	1	-	-	-	-	1
B.6 Transfer from investment property	-	-	X	X	X	X	-
B.7 Other changes	-	283	-	-	-	1	284
C. Decreases:	**-**	**-461**	**-**	**-12**	**-**	**-13**	**-486**
C.1 Sales	-	-	-	-	-	-	-
of which: business combinations	-	-	-	-	-	-	-
C.2 Depreciation	-	-144	-	-12	-	-12	-168
C.3 Impairment losses recognised in	-	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-	-
C.4 Negative fair value differences recognised in	-	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-	-
C.6 Transfer to:	-	-	-	-	-	-	-
a) investment property	-	-	*X*	*X*	*X*	*X*	-
b) non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-
C.7 Other changes	-	-317	-	-	-	-1	-318
D. Net final carrying amount	**1**	**868**	**-**	**33**	**-**	**26**	**928**
D.1 Total net adjustments	-	-639	-	-15	-	-26	**-680**
D.2 Gross final carrying amount	**1**	**1,507**	**-**	**48**	**-**	**52**	**1,608**
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**

8.7 Investment property: annual changes

(millions of euro)

	Lands	Buildings
A. Initial carrying amount	**293**	**540**
B. Increases	**36**	**79**
B.1 Purchases	6	5
of which: business combinations	-	-
B.2 Capitalised improvement costs	-	11
B.3 Positive fair value differences	3	3
B.4 Recoveries	-	-
B.5 Positive foreign exchange differences	-	-
B.6 Transfer from property used in operations	27	58
B.7 Other changes	-	2
C. Decreases	**-102**	**-119**
C.1 Sales	-4	-6
of which: business combinations	-	-
C.2 Depreciation	-	-
C.3 Negative fair value differences	-5	-18
C.4 Impairment losses	-	-
C5 Negative foreign exchange differences	-	-
C.6 Transfer to:	-89	-85
a) property used in operations	*-7*	*-21*
b) non-current assets held for sale and discontinued operations	*-82*	*-64*
C.7 Other changes	-4	-10
D. Final amount	**227**	**500**
E. Fair value measurement	**-**	**-**

Investment property, comprised of land and buildings, is measured at fair value, in compliance with IAS 40.
Sub-captions B.3 Positive fair value differences and C.3 Negative fair value differences reflect the recognition of the effects of the update of the appraisals for the investment properties. See Part A - Information on fair value - Fair value of real estate and valuable art assets for more information on the measurement criteria.

8.7 bis Of which - Investment property - Rights of use acquired under leases: annual changes

As at 31 December 2024, the amount for Investment property - Rights of use acquired under leases was immaterial.

8.8 Inventories of property and equipment governed by IAS 2: annual changes

(millions of euro)

	Inventories of tangible assets arising from the recovery of guarantees received					Other inventories of tangible assets	Total
	Lands	Buildings	Furniture	Electronic systems	Other		
A. Opening balance	**-**	**121**	**-**	**-**	**-**	**11**	**132**
B. Increase	**-**	**14**	**-**	**-**	**-**	**1**	**15**
B.1 Purchasing	-	-	-	-	-	-	-
- of which: business combinations	-	-	-	-	-	-	-
B.2 Write-backs	-	-	-	-	-	-	-
B.3 Positive exchange differences	-	-	-	-	-	-	-
B.4 Other adjustment	-	14	-	-	-	1	15
C. Decrease	**-**	**-6**	**-**	**-**	**-**	**-1**	**-7**
C.1 Sales	-	-	-	-	-	-	-
- of which: business combinations	-	-	-	-	-	-	-
C.2 Impairment losses	-	-4	-	-	-	-	-4
C.3 Negative exchange difference	-	-	-	-	-	-	-
C.4 Other changes	-	-2	-	-	-	-1	-3
D. Closing balance	**-**	**129**	**-**	**-**	**-**	**11**	**140**

8.9 Commitments to purchase property and equipment

Commitments to purchase property and equipment in existence as at 31 December 2024 amounted to approximately 2 million euro, mainly relating to efficiency improvement measures implemented on the systems installations in the head office buildings.

SECTION 9 - INTANGIBLE ASSETS - CAPTION 90

9.1 Intangible assets: breakdown by type of asset

(millions of euro)

Activities/Values	31.12.2024		31.12.2023	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	**X**	**67**	**X**	**67**
A.2 Other intangible assets	**3,220**	**1,507**	**2,932**	**1,507**
of which: Software	*2,957*	*-*	*2,649*	*-*
A.2.1 Assets measured at cost	3,220	1,507	2,932	1,507
a) internally generated intangible assets	2,143	-	2,096	-
b) other assets	1,077	1,507	836	1,507
A.2.2 Assets measured at fair value	-	-	-	-
a) internally generated intangible assets	-	-	-	-
b) other assets	-	-	-	-
Total	**3,220**	**1,574**	**2,932**	**1,574**

Other intangible assets and Goodwill with an indefinite useful life essentially reflect components from the purchase price allocation process, as per IFRS 3, as part of the merger by incorporation of Sanpaolo IMI into Banca Intesa finalised on 1 January 2007 and the subsequent business combinations under common control.

The sub-caption A.2.1 a) "internally-generated intangible assets" with a finite useful life refers to software developed internally. Sub-caption A.2.1 b) other assets, on the other hand, comprises the software licenses purchased from external suppliers, in addition to the intangible assets identified under the purchase price allocation of the price paid for business combinations. IFRS 3 requires that an acquisition that is part of a business combination must be recognised using the purchase method and that the price paid must be allocated to the assets acquired and the liabilities assumed, measured at their respective fair values. The intangibles identified, which express the value of the relationships acquired, are amortised over the estimated duration of their benefit.

9.2 Intangible assets: annual changes

(millions of euro)

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	
A. Initial carrying amount	**7,220**	**6,790**	**-**	**3,155**	**2,009**	**19,174**
A.1 Total net adjustments	-7,153	-4,694	-	-2,319	-502	-14,668
A.2 Net initial carrying amount	**67**	**2,096**	**-**	**836**	**1,507**	**4,506**
B. Increases	**-**	**755**	**-**	**460**	**-**	**1,215**
B.1 Purchases	-	-	-	460	-	460
- of which: business combinations	-	-	-	-	-	-
B.2 Increases of internally generated intangible assets	X	755	-	-	-	755
B.3 Recoveries	X	-	-	-	-	-
B.4 Positive fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	*X*	-	-	-	-	-
- income statement	*X*	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-708**	**-**	**-219**	**-**	**-927**
C.1 Sales	-	-	-	-	-	-
- of which: business combinations	-	-	-	-	-	-
C.2 Impairment losses	-	-708	-	-219	-	-927
- Amortisation	*X*	*-692*	-	*-216*	-	*-908*
- Write-downs recognised in	-	*-16*	-	*-3*	-	*-19*
+ shareholders' equity	*X*	-	-	-	-	-
+ income statement	-	*-16*	-	*-3*	-	*-19*
C.3 Negative fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	*X*	-	-	-	-	-
- income statement	*X*	-	-	-	-	-
C.4 Transfer to non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Net final carrying amount	**67**	**2,143**	**-**	**1,077**	**1,507**	**4,794**
D.1 Total net adjustments	-7,153	-2,587	-	-2,102	-502	-12,344
E. Gross final carrying amount	**7,220**	**4,730**	**-**	**3,179**	**2,009**	**17,138**
F. Measurement at cost	-	-	-	-	-	-

9.3 Intangible assets: other information

As at 31 December 2024, the commitments relating to investments in intangible assets, essentially software, amounted to around 73 million euro.

Information on intangible assets and goodwill

Intangible assets and goodwill recognised into the Intesa Sanpaolo financial statements derive mainly from the merger between Banca Intesa and Sanpaolo IMI completed on 1 January 2007, and subsequent mergers of the network banks and the merger by incorporation of UBI Banca, completed in 2021.

Reference should be made to Part B – Information on the consolidated balance sheet – Assets of the consolidated financial statements for further details of the various components and measurement criteria.
The following table summarises the recorded values of intangible assets, with their changes recorded in the Parent Company's Financial Statements during 2024.

(millions of euro)

	2023 financial statements	Amortisation	2024 financial statements
BANCA DEI TERRITORI DIVISION	**1,790**	**-21**	**1,769**
- Asset management intangible assets - distribution	173	-15	158
- Insurance intangible assets - distribution	97	-5	92
- Intangible under administration - distribution	13	-1	12
- Brand name intangible	1,507	-	1,507
IMI CORPORATE & INVESTMENT BANKING DIVISION	**67**	**-**	**67**
- Intangible brand name	-	-	**-**
- Goodwill	67	-	67
CGU TOTAL	**1,857**	**-21**	**1,836**
- Asset management intangible assets - distribution	173	-15	158
- Insurance intangible assets - distribution	97	-5	92
- Intangible under administration - distribution	13	-1	12
- Brand name intangible	1,507	-	1,507
- Goodwill	67	-	67

The intangible assets with finite useful lives shown in the table above refer to assets linked to customer relationships and are represented by the insurance portfolio and asset management accounts for the value components attributable to distribution activities.
For the intangible assets with a finite useful life, the amortisation for the year was recognised to the income statement (under "190. Net adjustments to/recoveries on intangible assets") for a total of 21 million euro.

The brand name, an intangible asset linked to marketing, was also measured. This asset is considered to have an indefinite life since it is expected to contribute for an indefinite period of time to the formation of income flows.

Based on IAS 36, both intangible assets with an indefinite useful life and goodwill are submitted to impairment testing on an annual basis to verify recoverability of their value. For intangible assets with a finite useful life, impairment must be calculated each time there is evidence of impairment indicators. The recoverable amount consists of the higher of the fair value and the value in use, less costs to sell.

With regard to the intangible assets with finite useful lives, specific impairment tests were conducted, which did not identify any problems. Moreover, consideration should be given to the amortisation process that had reduced their carrying amounts compared to their initial book values and in addition to the fact that the standard requires that the recoverable amount be determined by referring to the contractual relationships of the entire CGU at the reporting date and not only to the residual assets for which the initial value of the intangible asset was determined. In that regard, it should be mentioned that IAS 36, for the purpose of calculating the value in use of intangibles subject to impairment testing, states that reference must be made to cash flows for the intangible asset in its current condition (as at the impairment test date), with no distinction between cash flows arising from the asset initially recognised according to IFRS 3 and those deriving from later changes, improvements or developments since its acquisition. This because it would be difficult, especially with regard to extraordinary transactions between businesses or changes in the asset following significant turnover in volumes, customers or contracts, to separate flows relating to the original asset from others.
This concept can also be applied in impairment testing of goodwill to calculate the Value in use of the CGUs, for which the cash flows have to be considered with regard to all assets and liabilities of that CGU and not only the assets and liabilities for which goodwill was recognised on application of IFRS 3.

Pursuant to IAS 36, the recoverable amount consists of the higher of the fair value and the value in use, less costs to sell. As previously implemented in prior financial statements, to calculate the recoverable amount, the Value in Use that represents the present value of net future cash flows from the asset (or business) being valued was used also in the impairment tests for the 2024 Financial Statements.
As previously specified in relation to the consolidated situation, there were no critical issues in terms of impairment of either the goodwill allocated to the Corporate & Investment Banking CGU or the brand name allocated to the Banca dei Territori CGU, whose recoverable amount, in terms of fair value, was confirmed by a specific valuation drawn up by an independent expert.
Furthermore, the methods and assumptions of the impairment test procedures for intangible assets and goodwill defined by management were approved by the Board of Directors prior to approval of the draft financial statements for 2024.

Impairment testing of intangibles

Insurance portfolio

As previously specified, as part of the merger by incorporation of UBI Banca into Intesa Sanpaolo, finalised in April 2021, the intangible assets referring to the component of the insurance business linked to the distribution activities were valued. The value of that intangible asset is represented by the capacity of contracts with customers (insurance policies) in force at the time of acquisition to generate revenues over the useful life of acquired relationships. For the 2024 financial statements the amortisation of the asset for the year, calculated on a variable basis corresponding to the residual life of the policies, amounting to 5 million euro gross of the tax effect, was recognised to the income statement.
The analyses conducted during the year on the main impairment indicators were updated and extended for this type of intangible. However, a thorough recalculation of value of the intangible asset was not performed since the trend of the insurance business did not present any particular critical issues in 2024 to place into doubt the accuracy of the carrying amount.

Portfolio of assets under management and under administration

As part of the acquisition of certain assets and liabilities of Banca Popolare di Vicenza in compulsory administrative liquidation and Veneto Banca in compulsory administrative liquidation, in 2017 the intangible assets linked to assets under administration and management (AUM) deriving from the acquired Aggregate Set were calculated, represented by the capacity of the relationships existing at the acquisition date to generate cash flows over the residual useful life of those relationships. That type of intangible asset increased during 2019 due to the incorporation of Banca Apulia, and during 2021 due to the merger by incorporation of UBI Banca into Intesa Sanpaolo. Both transactions were recorded maintaining consistency with the values of the merged companies deriving from the Group's consolidated financial statements.
For the purpose of the impairment test as at 31 December 2024, no problems arose in relation to the strength of the value recorded, considering the performance of assets during the year and taking account of the fact, also specified above, that possible valuation for the purpose of impairment testing should not be limited only to the cash flows deriving from the asset acquired, but should also take account of all the cash flows linked to the assets of the specific CGU.
For more details, reference is made to Part B - Information on the Consolidated balance sheet – Assets.

Brand name

IFRS 3 considers the "brand name" a potential, marketing-related intangible asset, which may be recorded in the purchase price allocation process for business combinations.
For this purpose, please note that the term "brand" is used in accounting standards with an extensive meaning and not as a synonym of "logo" or "name". It is considered a general marketing term which defines a set of complementary intangible assets (in addition to the name and the logo, also the competencies, consumer trust, service quality, etc.) which concur to form brand equity.
The value recorded in the Intesa Sanpaolo financial statements refers to the Sanpaolo IMI brand recognised at the time of the Banca Intesa-Sanpaolo IMI merger, and is allocated to the Banca dei Territori CGU.
In general, the brand name is considered an intangible asset that has no independent cash flows and, thus, to be subject to impairment testing as part of the verification of the retention of goodwill for the various CGUs. For the purposes of this impairment test, it was considered that the Banca dei Territori CGU did not have any goodwill allocated and, in line with that carried out for the previous financial statements, it was decided to conduct a specific, autonomous valuation of the specific intangible based on the fair value resulting from the dedicated appraisal commissioned from a third party expert.
For more details, reference is made to Part B - Information on the Consolidated balance sheet – Assets.

Impairment testing of CGUs and goodwill

For impairment testing purposes, the estimation of the value in use relating to intangible assets with an indefinite life (including goodwill) that do not generate cash flows unless jointly with other business, as per IAS 36, requires the preliminary assignment of such intangible assets to relatively independent business units, able to generate cash flows strongly independent of those produced in other business areas, but interdependent within the business unit generating them. In IAS/IFRS terminology, such business units are known as Cash Generating Units (CGUs).
Specifically, the allocation of goodwill as at the date of the business combination takes into account the benefits produced by the synergies expected from the combination.
As CGU identification requires an analysis of the management characteristics and reporting methods used by management, and as the logic for strategic decision-making by management of the Parent Company is that of the Group as a whole and not only that of the Parent Company as an individual entity, the CGUs are identified in the consolidated financial statements. At the Intesa Sanpaolo Group level, the following CGUs have been identified:

- Banca dei Territori;
- IMI Corporate & Investment Banking;
- Insurance;
- Asset Management;
- Private Banking;
- International Banks;
- Bank of Alexandria;
- Pravex Bank.

For a description of the criteria relating to the definition of the Group's CGUs reference is made to Part B - Information on the Consolidated balance sheet – Assets. More specifically, goodwill recognised to the Intesa Sanpaolo financial statements has been allocated to the IMI Corporate & Investment Banking CGU.
Furthermore, as illustrated in the Accounting Policies, investments in subsidiaries are not treated, for impairment test purposes, as single assets to be individually subjected to testing. Considering the organisational model adopted by Intesa Sanpaolo, CGUs are defined without regard to the structure of legal entities, inasmuch as investments are aggregated, along

with the operating activities performed directly by the Parent Company, into CGUs of greater size or different structure. Accordingly, the impairment test performed at the consolidated level is also relevant at the Parent Company's financial statements level.
For an illustration of impairment tests for this caption, reference should be made to Part B - Information on the consolidated balance sheet - Assets.
If a need to recognise an impairment loss on goodwill attributable to a given CGU is identified at the level of the consolidated financial statements, in the Parent Company's financial statements that impairment loss is attributed to the assets pertaining to the same CGU not subject to testing individually, namely goodwill and investments in subsidiaries. As described in Part B – Information on the consolidated balance sheet – Assets, no value adjustments were identified at the CGU level in the consolidated financial statements. Therefore, on the basis of the results of the impairment test conducted at the level of the consolidated financial statements, there was no need for adjustments to the goodwill recognised in the Parent Company's financial statements.

SECTION 10 – TAX ASSETS AND LIABILITIES – CAPTION 100 OF ASSETS AND CAPTION 60 OF LIABILITIES

10.1 Deferred tax assets: breakdown

(millions of euro)

	31.12.2024		31.12.2023	
Corresponding caption in income statement	**IRES (27.5%)**	**IRAP (5.56%)**	**IRES (27.5%)**	**IRAP (5.56%)**
A. Temporary deductible differences				
Adjustment to/Impairment of loans deductible in future years	1,335	194	2,239	310
of which pertaining to countries of foreign branches	*12*	-	*4*	-
Provisions for future charges	585	80	616	81
Higher tax value of equity investments, securities and other assets	187	50	179	61
Extraordinary charges for incentive-driven exit plans	274	54	249	49
Goodwill, trademarks and other intangible assets	2,729	562	3,241	665
Other	3,105	9	3,198	11
of which pertaining to countries of foreign branches	*3*	-	*24*	-
B. Taxable temporary differences offset				
Costs deducted off balance sheet	-	-	-	-
Capital gains in instalments	-	-	-	-
Lower tax value of equity investments, securities and other assets	-150	-	-128	-
Other	-	-	-	-
TOTAL (A+B)	**8,065**	**949**	**9,594**	**1,177**
Corresponding caption in Shareholders' equity	**IRES (27.5%)**	**IRAP (5.56%)**	**IRES (27.5%)**	**IRAP (5.56%)**
Cash flow hedge	128	25	176	35
Recognition of actuarial gains/losses	68	2	72	3
Financial assets measured at fair value	805	159	630	124
Property and equipment	21	4	22	4
Offset against deferred tax liabilities recorded in equity	-67	-14	-68	-15
TOTAL	**955**	**176**	**832**	**151**
Total deferred tax assets	**9,020**	**1,125**	**10,426**	**1,328**

Deductible temporary differences - "Other" include losses carried forward of 2,983 million euro.

10.2 Deferred tax liabilities: breakdown

(millions of euro)

	31.12.2024		31.12.2023	
Corresponding caption in income statement	**IRES (27.5%)**	**IRAP (5.56%)**	**IRES (27.5%)**	**IRAP (5.56%)**
A. Taxable temporary differences				
Costs deducted off balance sheet	34	7	26	6
Lower tax value of securities and other assets	264	27	251	29
of which pertaining to countries of foreign branches	-	-	-	-
Other	2	-	6	-
B. Deductible temporary differences offset				
Adjustment to/Impairment of loans deductible in future years	-	-	-	-
Higher tax value of securities and other assets	-110	-	-95	-
Other	-	-	-	-
TOTAL (A+B)	**190**	**34**	**188**	**35**
Corresponding caption in Shareholders' equity	**IRES (27.5%)**	**IRAP (5.56%)**	**IRES (27.5%)**	**IRAP (5.56%)**
Cash flow hedge	56	11	46	9
Recognition of actuarial gains/losses	-	-	-	-
Financial assets measured at fair value	11	3	22	6
Property and equipment	199	39	188	37
Offset against deferred tax assets recorded in equity	-67	-14	-68	-15
Offset against deferred tax assets (through profit and loss)	-40	-	-33	-
TOTAL	**159**	**39**	**155**	**37**
Total deferred tax liabilities	**349**	**73**	**343**	**72**

10.3 Changes in deferred tax assets (through profit or loss)

(millions of euro)

	31.12.2024	31.12.2023
1. Initial amount	**10,771**	**12,111**
2. Increases	**903**	**1,232**
2.1 Deferred tax assets recognised in the period	775	1,094
a) related to previous years	*336*	*363*
b) due to changes in accounting criteria	-	-
c) recoveries	-	-
d) other	*439*	*731*
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	128	103
2.4 Business combinations	-	35
3. Decreases	**-2,660**	**-2,572**
3.1 Deferred tax assets eliminated in the period	-2,027	-2,009
a) reversals	*-2,027*	*-2,008*
b) write-offs	-	-
c) due to changes in accounting criteria	-	-
d) other	-	*-1*
3.2 Tax rate reductions	-	-
3.3 Other decreases:	-633	-563
a) changes into tax credits pursuant to Law no. 214/2011	*-470*	*-391*
b) other	*-163*	*-172*
3.4 Business combinations	-	-
4. Final amount	**9,014**	**10,771**

Among Increases, sub-caption a) relating to previous years comprises 336 million euro referring to the recognition of deferred tax assets on tax losses carried forward pertaining to the merged company UBI Banca, as well as on tax losses and Aid for Economic Growth (ACE) surpluses of the merged company Intesa Sanpaolo Provis.
Again, among Increases, sub-caption d) other refers mainly to the recognition of convertible deferred tax assets on the portion of the tax loss that is attributable to the reversal of accumulated adjustments to loans and goodwill (60 million euro) and the deductible temporary differences arising during the year, connected to provisions for risks and charges (348 million euro).
Other increases refers to the reversal of netting against deferred tax liabilities, applied as at 31 December 2023, amounting to 128 million euro, of which 95 million euro against deferred tax liabilities through profit and loss and 33 million euro against deferred tax liabilities recorded in equity.
Among Decreases, sub-caption a) reversals mainly refer to the elimination of deferred tax assets pursuant to Law no. 214/2011 (1,488 million euro) and deferred tax assets previously recorded in relation to provisions for risks and charges, as a result of their use during the year (342 million euro).
Among Other decreases, sub-caption a) changes into tax credits pursuant to Law no. 214/2011 refers to the information set out in Part C, table 19.1.
Again among Other decreases, sub-caption b) other includes 150 million euro relating to the netting with deferred tax liabilities for the year, of which 110 million euro against deferred tax liabilities through profit and loss and 40 million euro against deferred tax liabilities recorded in equity.

10.3bis Changes in deferred tax assets pursuant to Law 214/2011

(millions of euro)

	31.12.2024	31.12.2023
1. Initial amount	**6,125**	**7,525**
2. Increases	**60**	**470**
- of which: business combinations	-	-
3. Decreases	**-1,958**	**-1,870**
3.1 Reversals	-1,488	-1,479
3.2 Changes into tax credits	-470	-391
a) from losses for the year	-	-
b) from fiscal losses	-470	-391
3.3 Other decreases	-	-
4. Final amount	**4,227**	**6,125**

10.4 Changes in deferred tax liabilities (through profit or loss)

(millions of euro)

	31.12.2024	31.12.2023
1. Initial amount	**223**	**198**
2. Increases	**146**	**144**
2.1 Deferred tax liabilities recognised in the period	51	58
a) related to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	*51*	*58*
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	95	81
2.4 Business combinations	-	5
3. Decreases	**-145**	**-119**
3.1 Deferred tax liabilities eliminated in the period	-9	-24
a) reversals	*-9*	*-24*
b) due to changes in accounting criteria	-	-
c) other	-	-
3.2 Tax rate reductions	-	-
3.3 Other decreases:	-136	-95
3.4 Business combinations	-	-
4. Final amount	**224**	**223**

Increases c) other refers mainly to temporary taxable differences arising during the year relating to equity investments (6 million euro), financial assets measured at fair value (34 million euro) and the tax amortisation of the brand name (10 million euro).
Other increases refer to the write-off of netting against deferred tax assets through profit or loss applied as at 31 December 2023, amounting to 95 million euro.
Other decreases mainly include the netting against deferred tax assets through profit or loss for the year, amounting to 110 million euro.

10.5 Changes in deferred tax assets (recorded in equity)

(millions of euro)

	31.12.2024	31.12.2023
1. Initial amount	**983**	**1,135**
2. Increases	**430**	**288**
2.1 Deferred tax assets recognised in the period	345	192
a) related to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	*345*	*192*
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	85	96
2.4 Business combinations	-	-
3. Decreases	**-282**	**-440**
3.1 Deferred tax assets eliminated in the period	-188	-357
a) reversals	*-188*	*-357*
b) write-offs	-	-
c) due to changes in accounting criteria	-	-
d) other	-	-
3.2 Tax rate reductions	-	-
3.3 Other decreases:	-94	-83
3.4 Business combinations	-	-
4. Final amount	**1,131**	**983**

Among Increases, sub-caption c) other mainly refers to deductible temporary differences arising during the year, connected with the results of financial assets measured at fair value through other comprehensive income (329 million euro) and cash flow hedging derivatives (16 million euro).
Other increases comprise 83 million euro for the write-off of netting against deferred tax liabilities recorded in equity, applied as at 31 December 2023.
Among Decreases, sub-caption a) reversals mainly refers to the elimination of deferred tax assets previously recorded in relation to the fair value measurement of cash flow hedging derivatives (60 million euro) and financial assets measured at fair value through other comprehensive income (121 million euro) following the adjustment of the valuation effects or the related realisation during the year.
Other decreases comprise 81 million euro relating to the netting against deferred tax liabilities recorded in equity.

10.6 Changes in deferred tax liabilities (recorded in equity)

(millions of euro)

	31.12.2024	31.12.2023
1. Initial amount	**192**	**159**
2. Increases	**275**	**269**
2.1 Deferred tax liabilities recognised in the period	146	148
a) related to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	*146*	*148*
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	129	121
2.4 Business combinations	-	-
3. Decreases	**-269**	**-236**
3.1 Deferred tax liabilities eliminated in the period	-136	-120
a) reversals	*-136*	*-120*
b) due to changes in accounting criteria	-	-
c) other	-	-
3.2 Tax rate reductions	-	-
3.3 Other decreases:	-133	-116
3.4 Business combinations	-	-
4. Final amount	**198**	**192**

Increases c) other refers to taxable temporary differences arising during the year connected with the measurement of financial assets measured at fair value through other comprehensive income (94 million euro) as well as the fair value measurement of property and equipment (12 million euro) and cash flow hedging derivatives (38 million euro).
Other increases consist of the write-off of netting against deferred tax assets as at 31 December 2023 for 116 million euro, of which 83 million euro refers to deferred tax assets recorded in equity and 33 million euro to deferred tax assets through profit or loss.
Decreases a) reversals refer to the discharge of deferred tax liabilities previously recorded in relation to the valuation of financial assets measured at fair value through other comprehensive income (110 million euro) as well as the fair value measurement of property and equipment (14 million euro) and cash flow hedging derivatives (12 million euro).
Other decreases comprise the netting against deferred tax assets recorded during the year, of which 81 million euro against deferred tax assets recorded in equity and 40 million euro against deferred tax assets through profit or loss.
As indicated in the accounting policies, with regard to current and deferred taxation, no provision is made in the financial statements for reserves subject to latent taxation only in the event of distribution, since the size of the available reserves which have already been taxed leads to the belief that the Bank will not undertake any transactions which may cause taxation of those untaxed reserves.

Probability test on deferred taxation

For information concerning the probability test on deferred taxation, refer to the contents of Part B – Assets of the Notes to the consolidated financial statements.
The test performed at Group and Parent Company levels showed a taxable base that was sufficient and adequate to allow recovery of the deferred taxes carried in the financial statements as at 31 December 2024.

10.7 Other information

There is no other information to be provided in addition to that already contained in this Section.

SECTION 11 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES - CAPTION 110 OF ASSETS AND 70 OF LIABILITIES

11.1 Non-current assets held for sale and discontinued operations: breakdown by type of asset

(millions of euro)

Captions	31.12.2024	31.12.2023
A. Non-current assets held for sale		
A.1 Financial assets	42	139
A.2 Equity investments	-	-
A.3 Property and equipment	535	39
of which: resulting from the enforcement of guarantees	8	-
A.4 Intangible assets	-	-
A.5 Other	-	-
Total A	**577**	**178**
of which measured at cost	***42***	***151***
of which Fair value level 1	***-***	***-***
of which Fair value level 2	***-***	***-***
of which Fair value level 3	***535***	***27***
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated at fair value	-	-
- Other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property and equipment	-	-
of which: resulting from the enforcement of guarantees	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total B	**-**	**-**
of which measured at cost	***-***	***-***
of which Fair value level 1	***-***	***-***
of which Fair value level 2	***-***	***-***
of which Fair value level 3	***-***	***-***
C. Liabilities associated with non-current assets held for sale		
C.1 Debts	-	-
C.2 Securities	-	-
C.3 Other	-5	-2
Total C	**-5**	**-2**
of which measured at cost	***-5***	***-2***
of which Fair value level 1	***-***	***-***
of which Fair value level 2	***-***	***-***
of which Fair value level 3	***-***	***-***
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Allowances	-	-
D.5 Other	-	-
Total D	**-**	**-**
of which measured at cost	***-***	***-***
of which Fair value level 1	***-***	***-***
of which Fair value level 2	***-***	***-***
of which Fair value level 3	***-***	***-***

The table above contains assets and related liabilities which no longer refer to continuing operations as they are being disposed of.

Caption A.1 Financial assets, amounting to 42 million euro net, in addition to 3 million euro in caption C.3 Other liabilities, consists of non-performing loans (329 million euro gross) which will be disposed of as part of operations planned for 2025.

A.3 Property and equipment comprise properties to be sold to the Coima Funds for 506 million euro, as part of a wider agreement finalised between the Bank and Coima, as well as of single properties held for sale for 29 million euro.

Liabilities associated with assets held for sale are entirely comprised of liabilities associated with the sale of the loans mentioned above.

11.2 Other information

There is no other significant information to note as at 31 December 2024.

SECTION 12 – OTHER ASSETS – CAPTION 120

12.1 Other assets: breakdown

(millions of euro)

Captions		
Amounts to tax authorities		24,446
Amounts to be credited and items under processing		901
Invoices to be issued		694
Bank cheques drawn on third parties to be settled		268
Accruals, prepayments and deferrals to be allocated		178
Cheques and other instruments held		126
Leasehold improvements		88
Due from Group companies on fiscal consolidation		79
Balance illiquid in portfolio		-
Other		925
TOTAL	**31.12.2024**	**27,705**
TOTAL	**31.12.2023**	**25,980**

The sub-caption Amounts due from tax authorities includes 22.5 billion euro in tax credits acquired from customers, of which 11.3 billion euro under the Hold to Collect business model, 3.3 billion euro under the Hold to Collect and Sell business model and 7.9 billion euro under the Other business model.

As required by paragraph 116 et. seq. of IFRS 15, assets arising from contracts with customers, which are included under the sub-caption "Other" and "Invoices to be issued" amounted to 340 million euro (323 million euro at the end of 2023).

LIABILITIES

SECTION 1 – FINANCIAL LIABILITIES MEASURED AT AMORTISED COST – CAPTION 10

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

(millions of euro)

Transaction type/Amount	31.12.2024				31.12.2023			
	Book value	Fair Value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Due to central banks	**783**	**X**	**X**	**X**	**47,460**	**X**	**X**	**X**
2. Due to banks	**69,674**	**X**	**X**	**X**	**67,972**	**X**	**X**	**X**
2.1 Current accounts and on demand deposits	9,364	X	X	X	7,973	X	X	X
2.2 Time deposits	22,113	X	X	X	21,793	X	X	X
2.3 Loans	28,812	X	X	X	27,353	X	X	X
2.3.1 Repurchase agreements	*25,203*	*X*	*X*	*X*	*22,919*	*X*	*X*	*X*
2.3.2 Other	*3,609*	*X*	*X*	*X*	*4,434*	*X*	*X*	*X*
2.4 Debts for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	5	X	X	X	6	X	X	X
2.6 Other debts	9,380	X	X	X	10,847	X	X	X
Total	**70,457**	**-**	**46,795**	**23,676**	**115,432**	**-**	**94,590**	**20,710**

The illustration of the criteria used to determine the fair value is contained in Part A – Accounting policies.
Amounts due to Central Banks as at 31 December 2023 included loans received from the European Central Bank as part of the TLTRO programme, for a total of 45 billion euro, fully attributable to the "TLTRO III" operation.
Repurchase agreements related to financial assets sold not derecognised are detailed in Part E – Section E Sales of the Notes to the financial statements.

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

(millions of euro)

Transaction type/Amount	31.12.2024				31.12.2023			
	Book value	Fair Value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Current accounts and on demand deposits	**284,972**	**X**	**X**	**X**	**292,981**	**X**	**X**	**X**
2. Time deposits	**20,663**	**X**	**X**	**X**	**17,739**	**X**	**X**	**X**
3. Loans	**20,819**	**X**	**X**	**X**	**17,040**	**X**	**X**	**X**
3.1 Repurchase agreements	*15,637*	*X*	*X*	*X*	13,003	X	X	X
3.2 Other	*5,182*	*X*	*X*	*X*	4,037	X	X	X
4. Debts for commitments to repurchase own equity instruments	**-**	**X**	**X**	**X**	**-**	**X**	**X**	**X**
5. Lease liabilities	**950**	**X**	**X**	**X**	**1,075**	**X**	**X**	**X**
6. Other debts	**10,781**	**X**	**X**	**X**	**12,717**	**X**	**X**	**X**
Total	**338,185**	**-**	**327,701**	**10,249**	**341,552**	**-**	**331,907**	**9,485**

Repurchase agreements related to financial assets sold not derecognised are detailed in Part E – Section E Sales of the Notes to the financial statements.

1.3 Financial liabilities measured at amortised cost: breakdown of securities issued

(millions of euro)

Transaction type/Amount	31.12.2024				31.12.2023			
	Book value	Fair Value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. bonds	109,803	59,609	52,358	-	103,858	60,539	43,911	-
1.1 structured	*797*	*182*	*626*	-	*1,055*	*109*	*954*	-
1.2 other	*109,006*	*59,427*	*51,732*	-	*102,803*	*60,430*	*42,957*	-
2. other	1,151	-	1,148	3	232	-	229	3
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	*1,151*	-	*1,148*	*3*	*232*	-	*229*	*3*
Total	**110,954**	**59,609**	**53,506**	**3**	**104,090**	**60,539**	**44,140**	**3**

1.4 Details of subordinated debts/securities
There were no subordinated debts with banks and customers as at 31 December 2024.
At the reporting date, Intesa Sanpaolo has subordinated securities issued for 11,800 million euro.

1.5 Details of structured debts
At the reporting date, Intesa Sanpaolo has structured debts with banks totalling 82 million euro.

1.6 Lease payables
As at 31 December 2024, Intesa Sanpaolo has lease payables of 955 million euro, of which 168 million euro maturing within one year, 460 million euro maturing within 1 to 5 years and 327 million euro maturing in over 5 years.
Lease payables comprise 950 million euro referring to customer counterparties and 5 million euro to bank counterparties.

SECTION 2 – FINANCIAL LIABILITIES HELD FOR TRADING – CAPTION 20

2.1 Financial liabilities held for trading: breakdown

(millions of euro)

Transaction type/Amount	31.12.2024					31.12.2023				
	Nominal or notional amount	Fair value			Fair Value (*)	Nominal or notional value	Fair value			Fair Value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. Cash liabilities										
1. Due to banks	**4,276**	**4,321**	**15**	**-**	**4,336**	**5,367**	**4,569**	**671**	**-**	**5,239**
2. Due to customers	**2,953**	**2,255**	**673**	**-**	**2,928**	**3,513**	**3,141**	**333**	**-**	**3,474**
3. Debt securities	**1,431**	**-**	**1,392**	**-**	**X**	**2,362**	**-**	**2,262**	**-**	**X**
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Structured	-	-	-	-	*X*	-	-	-	-	*X*
3.1.2 Other bonds	-	-	-	-	*X*	-	-	-	-	*X*
3.2 Other	1,431	-	1,392	-	X	2,362	-	2,262	-	X
3.2.1 Structured	*1,431*	-	*1,392*	-	*X*	*2,362*	-	*2,262*	-	*X*
3.2.2 Other	-	-	-	-	*X*	-	-	-	-	*X*
Total A	**8,660**	**6,576**	**2,080**	**-**	**7,264**	**11,242**	**7,710**	**3,266**	**-**	**8,713**
B. Derivatives										
1. Financial derivatives	**X**	**307**	**32,266**	**9**	**X**	**X**	**115**	**32,764**	**50**	**X**
1.1 Trading	X	307	32,234	9	X	X	115	32,726	50	X
1.2 Fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	32	-	X	X	-	38	-	X
2. Credit derivatives	**X**	**-**	**3,053**	**-**	**X**	**X**	**-**	**1,140**	**-**	**X**
2.1 Trading	X	-	3,053	-	X	X	-	1,140	-	X
2.2 Fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**307**	**35,319**	**9**	**X**	**X**	**115**	**33,904**	**50**	**X**
Total (A+B)	**8,660**	**6,883**	**37,399**	**9**	**X**	**11,242**	**7,825**	**37,170**	**50**	**X**

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

Amounts due to banks and customers consist entirely of short selling of securities.
Sub-caption 3.2.1 Other structured securities under Debt securities entirely consist of certificates which provide for partial or full redemption of the premiums paid on maturity, pursuant to Bank of Italy Communication of 21 October 2014.
Derivative instruments include 7,650 million euro in certificates with characteristics similar to financial derivative instruments due to the prevalence of market risk in relation to the return of the premiums paid.

The changes in fair value recorded during the year due to the change in its own credit rating were negative overall by 5 million euro and related to Derivatives and Debt securities - Other.

The values of derivative instruments as at 31 December 2024 include the results of the offsetting of accounts between positive and negative gross balances of trading derivatives undertaken with the legal clearing agent LCH Ltd. as they meet the requirements set out in IAS 32, paragraph 42.

2.2 Breakdown of "Financial liabilities held for trading": subordinated liabilities
The aggregate Financial liabilities held for trading includes subordinated liabilities represented by Due to banks for 383 million euro and Due to customers for 46 million euro.

2.3 Breakdown of "Financial liabilities held for trading": structured debts
As at 31 December 2024, structured debts classified under Financial liabilities held for trading amounted to 9 million euro due to banks and 1 million euro due to customers, attributable to 4 million euro of short selling of fixed-rate bonds indexed to inflation, as an additional component, and 6 million euro of short-selling of convertible bonds.

SECTION 3 – FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE – CAPTION 30

3.1 Financial liabilities designated at fair value: breakdown

(millions of euro)

Transaction type/Amount	31.12.2024					31.12.2023				
	Nominal value	Fair value			Fair value (*)	Nominal value	Fair value			Fair value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
1. Due to banks	**1**	**-**	**2**	**-**	**2**	**1**	**-**	**1**	**-**	**1**
1.1 Structured	1	-	2	-	X	1	-	1	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- commitments to disburse funds	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
- financial guarantees given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
2. Due to customers	**6**	**-**	**6**	**-**	**6**	**5**	**-**	**4**	**-**	**4**
2.1 Structured	6	-	6	-	X	5	-	4	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- commitments to disburse funds	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
- financial guarantees given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
3. Debt securities	**23,404**	**1,488**	**21,867**	**77**	**23,159**	**21,725**	**91**	**21,218**	**31**	**21,165**
3.1 Structured	23,404	1,488	21,867	77	X	21,725	91	21,218	31	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	**23,411**	**1,488**	**21,875**	**77**	**23,167**	**21,731**	**91**	**21,223**	**31**	**21,170**

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

The Bank has classified the LECOIP 3.0 for the employment agreements, terminated early, of employees of Group companies and life policies connected to social initiatives, managed by the Bank based on fair value, under Amounts due to customers.

Sub-caption 3.1 Debt securities – Structured comprised certificates which provide for partial or full redemption of the premiums paid on maturity, pursuant to Bank of Italy Communication of 21 October 2014 (certificates with guaranteed or protected capital). As they were issued after 1 January 2020, these are classified under Financial liabilities designated at fair value (Fair Value Option), as a result of the Bank's implementation of a business model based on a banking book approach, with the goal of generating stable inflows.
Certificates representing Financial liabilities designated at fair value record the related changes in fair value attributable to changes in own credit risk in the statement of comprehensive income (shareholders' equity). Changes in fair value attributable to the change in the Bank's own credit rating during the year were negative by 98 million euro.

3.2 Breakdown of "Financial liabilities designated at fair value": subordinated liabilities
Intesa Sanpaolo has no subordinated liabilities classified under Financial liabilities designated at fair value.

SECTION 4 – HEDGING DERIVATIVES – CAPTION 40

4.1 Hedging derivatives: breakdown by type of hedge and level

(millions of euro)

	31.12.2024				31.12.2023			
	Fair value			Notional value	Fair value			Notional value
	Level 1	Level 2	Level 3	31.12.2024	Level 1	Level 2	Level 3	31.12.2023
A. Financial derivatives	**-**	**3,741**	**-**	**199,503**	**-**	**4,336**	**-**	**214,932**
1) Fair value	-	3,549	-	188,988	-	4,140	-	201,528
2) Cash flows	-	192	-	10,515	-	196	-	13,404
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**3,741**	**-**	**199,503**	**-**	**4,336**	**-**	**214,932**

The values of Financial Derivatives as at 31 December 2024 include the results of the offsetting of accounts between positive and negative gross balances of hedging derivatives undertaken with the legal clearing agent LCH Ltd. as they meet the requirements set out in IAS 32, paragraph 42.
The total negative fair value of hedging derivatives gross of on-balance sheet offsetting would amount to 9,757 million euro (of which 9,112 million euro hedging fair value and 645 million euro hedging cash flows).

4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

(millions of euro)

Transactions/Type of hedge	Fair Value							Cash flow		Foreign invest.
	Specific						Generic	Specific	Generic	
	debt securities and interest rates	equities and stock indices	Foreign exchange rates and gold	credit risk	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	539	-	20	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	766	X	171	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	890	X	3	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**1,305**	**-**	**191**	**-**	**-**	**-**	**890**	**-**	**3**	**-**
1. Financial liabilities	174	X	287	-	-	-	X	144	X	X
2. Portfolio	X	X	X	X	X	X	702	X	45	X
Total liabilities	**174**	**-**	**287**	**-**	**-**	**-**	**702**	**144**	**45**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	-	X	-	-

The table indicates negative fair values of hedging derivatives, broken down in relation to asset or liability hedged and type of hedge.
Considering the values gross of netting in the financial statements, these continue to refer mainly to macro fair value hedges of core deposits as well as micro-hedges of debt securities under assets and liabilities issued. Cash flow hedges relate to floating-rate loans and funding, with the latter including the macro hedges of cash flows on securities issued to the extent they fund fixed-rate loans.

SECTION 5 – FAIR VALUE CHANGE OF FINANCIAL LIABILITIES IN HEDGED PORTFOLIOS – CAPTION 50

5.1 Fair value change of hedged liabilities: breakdown by hedged portfolios

(millions of euro)

Fair value change of hedged liabilities/Group members	31.12.2024	31.12.2023
1. Positive fair value change of financial liabilities	1,591	-
2. Negative fair value change of financial liabilities	-3,394	-3,907
Total	**-1,803**	**-3,907**

The balance of the changes in value of liabilities subject to macrohedging against interest rate risk is recorded in this caption. For the application the Bank took advantage of the option envisaged by IFRS 9 to continue to apply the provisions permitted by the IAS 39 carve out.
The lower negative balance compared to 31 December 2023 of the fair value change of financial liabilities in macro-hedged portfolios from interest rate risk was due to the reduction in interest rates in 2024.

SECTION 6 – TAX LIABILITIES – CAPTION 60

For information on this section, see Section 10 of Assets.

SECTION 7 – LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS – CAPTION 70

For information on this section, see Section 11 of Assets.

SECTION 8 – OTHER LIABILITIES – CAPTION 80

8.1 Other liabilities: breakdown

(millions of euro)

Captions		
Amounts to be credited and items under processing		3,081
Illiquid portfolio transaction items		2,404
Due to tax authorities		1,739
Due to suppliers		1,360
Amounts due to third parties		264
Due to Group companies on fiscal consolidation		233
Accruals, prepayments and deferrals not allocated		221
Due to social security entities		204
Personnel charges		85
Other		900
TOTAL	**31.12.2024**	**10,491**
TOTAL	**31.12.2023**	**8,945**

As required by paragraph 116 a) of IFRS 15, liabilities arising from contracts with customers, which are included under the sub-caption Accruals, prepayments and deferrals not allocated, amounted to 129 million euro, while at the end of 2023 they amounted to 118 million euro.

SECTION 9 – EMPLOYEE TERMINATION INDEMNITIES – CAPTION 90

9.1 Employee termination indemnities: annual changes

(millions of euro)

	31.12.2024	31.12.2023
A. Initial amount	**717**	**797**
B. Increases	**55**	**61**
B.1 Provisions in the year	25	28
B.2 Other	30	33
- of which business combinations	-	-
C. Decreases	**-120**	**-141**
C.1 Benefits paid	-80	-94
C.2 Other	-40	-47
- of which business combinations	-	-
D. Final amount	**652**	**717**
Total	**652**	**717**

C.1 refers to benefits paid during the year.
For greater detail on actuarial calculations, see Section 10.5 – Post employment defined benefit plans.

9.2 Other information

The present value of employee termination indemnities qualifying as unfunded defined benefit plans totalled 652 million euro as at 31 December 2024, while at the end of 2023 it amounted to 717 million euro.

SECTION 10 – ALLOWANCES FOR RISKS AND CHARGES – CAPTION 100

10.1 Allowances for risks and charges: breakdown

(millions of euro)

Captions/Components	31.12.2024	31.12.2023
1. Allowances for credit risk associated with commitments and financial guarantees given	**427**	**407**
2. Allowances on other commitments and other guarantees given	**-**	**-**
3. Post-employment benefits	**60**	**76**
4. Other allowances for risks and charges	**2,733**	**2,797**
4.1 legal disputes	595	663
4.2 personnel charges	1,867	1,772
4.3 other	271	362
Total	**3,220**	**3,280**

There are no cases classifiable under caption 2. Allowances on other commitments and other guarantees given.
The contents of caption 4. Other allowances for risks and charges are illustrated in point 10.6 below.

10.2 Allowances for risks and charges: annual changes

(millions of euro)

	Allowances on other commitments and other guarantees given	Post-employment benefits	Other allowances for risks and charges	Total
A. Initial amount	**-**	**76**	**2,797**	**2,873**
B. Increases	**-**	**5**	**1,494**	**1,499**
B.1 Provisions in the year	-	3	1,441	1,444
B.2 Time value changes	-	2	35	37
B.3 Changes due to discount rate variations	-	-	14	14
B.4 Other	-	-	4	4
- of which business combinations	-	-	-	-
C. Decreases	**-**	**-21**	**-1,558**	**-1,579**
C.1 Uses in the year	-	-3	-1,543	-1,546
C.2 Changes due to discount rate variations	-	-	-	-
C.3 Other	-	-18	-15	-33
- of which business combinations	-	-	-	-
D. Final amount	**-**	**60**	**2,733**	**2,793**

Other allowances for risks and charges include net provisions of 86 million euro to caption 170, letter b) of the income statement and net provisions to other income statement captions, for the residual amount. The latter included the provision made following the personnel exit incentives agreement signed with the trade unions on 23 October 2024.

10.3 Allowances for credit risk associated with commitments and financial guarantees given

(millions of euro)

	Allowances for credit risk associated with commitments and financial guarantees given				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	**Total**
1. Commitments to disburse funds	41	28	32	-	101
2. Financial guarantees given	19	36	271	-	326
Total	**60**	**64**	**303**	**-**	**427**

10.4 Allowances on other commitments and other guarantees given

As at 31 December 2024, there were no allowances on other commitments and guarantees given.

10.5 Post-employment defined benefit plans

1. Illustration of the characteristics of the funds and related risks

As already illustrated in Part A – Accounting policies, for defined benefit plans, the liability of the Bank, according to IAS 19 "Employee Benefits", is determined via the "projected unit credit method" by an independent actuary. The liability is recognised net of any plan assets of each Pension Fund and the actuarial gains and losses calculated in the valuation process for the plans are recognised in the statement of comprehensive income and, therefore, in shareholders' equity.
The defined benefit plans, in which Intesa Sanpaolo S.p.A. is jointly responsible, can be distinguished in:
– internal funds;
– external funds.

Internal funds include:
– Three defined benefit plans in force for the London branch, relating to the former Cariplo, Banca Commerciale Italiana and Banco Ambrosiano Veneto branches. The private pension funds have been set up by the UK employers to integrate the levels of the local state pension, which has always been very low. The London branches of Cariplo, Banca Commerciale Italiana and Banco Ambrosiano Veneto set up defined benefit plans for their employees at the time of their opening, under the form of Trusts incorporated under English law and managed by Boards of Trustees, appointed partly by the employers and partly by beneficiaries. Such funds are operational for employees hired until the end of 1999 for Banco Ambrosiano Veneto and Cariplo and until the end of 2000 for Banca Commerciale Italiana. In general, all funds guarantee a pension payable when the beneficiary turns 65 and the benefit is determined, with different rules for the various funds, on the basis of the annual gross wage received in the last year of service.

External funds include:
- the Intesa Sanpaolo Group Defined-Benefit Fund "Fondo Pensione a Prestazione definita del Gruppo Intesa Sanpaolo", the name given to the former Supplementary Pension Fund for the Employees of Banco di Napoli "Fondo Pensione Complementare per il Personale del Banco di Napoli – Sezione A", identified as a collector of other "defined benefit" forms under the reorganisation and rationalisation of the existing pension schemes within the Intesa Sanpaolo Group, with protection of the rights of the (active and retired) subscribers. To this end, the "Fund" – in the virtually separated sections – has been assigned the asset captions contained in the financial statements of the pre-existing pension schemes, in order to ensure full coverage of the supplementary benefits. For that reason, with regard to this Pension Fund, liabilities to be recorded in the financial statements (net of the plan assets) are calculated section by section, considering the specific characteristics of each base. The Fund, which is a legal entity with independently managed assets, includes the following: employees enrolled in the plan and other beneficiaries from former Banco di Napoli; retired employees receiving Supplementary Pension Cheques, formerly the Sanpaolo IMI internal fund; retired employees from the former Banca Nazionale delle Comunicazioni; current and retired employees of Cassa di Risparmio in Bologna, formerly enrolled in the Complementary pension fund for the employees of said bank, transferred to the Fund in question in 2004; retired employees of the Complementary pension fund of the former Fin.Opi, transferred to the Fund in question on 1 June 2005; current and retired employees of the former Banca Popolare dell'Adriatico, formerly enrolled in the Pension fund for the employees of Banca Popolare dell'Adriatico, transferred to the Fund in question on 30 June 2006; retired employees of Cassa di Risparmio di Udine e Pordenone, formerly enrolled in the Complementary pension fund for the employees of said bank, transferred to the Fund in question in 2006; retired employees of Cassa di Risparmio di Forlì, formerly enrolled in the Complementary pension fund for the employees of said bank, transferred to the Fund in question on 1 January 2007; retired employees of the former Carive internal Fund, transferred to the Fund in question on 1 January 2008; retired employees of the former CR Firenze FIP internal fund, transferred to the Fund in question on 1 January 2010; retired employees of Cassa di Risparmio di Pistoia e Pescia internal fund, transferred to the Fund in question on 1 September 2012; retired tax-collection personnel of the Supplementary pension fund for tax-collection personnel formerly employed by Cariplo, transferred to the Fund in question on 1 January 2015; retired employees formerly enrolled in the Supplementary pension fund for employees of Mediocredito Lombardo S.p.A., transferred to the Fund in question on 1 January 2015; retired employees formerly enrolled in the Pension Fund for key Managers, former Key Managers and entitled parties of former Comit, transferred to the Fund in question on 1 January 2015; retired employees formerly enrolled in the "Casse del Centro" Pension Funds, in particular those enrolled in the Supplementary INPS benefits fund for the compulsory insurance for invalidity, old-age and survivors for personnel of Cassa di Risparmio di Città di Castello, Supplementary INPS benefits fund for the compulsory insurance for invalidity, old-age and survivors for personnel of Cassa di Risparmio di Foligno, Company supplementary pension AGO fund for employees of Cassa di Risparmio di Spoleto, Supplementary/complementary pension fund for the mandatory pension for employees of Cassa di Risparmio di Rieti, Pension fund for the Employees of Cassa di Risparmio della Provincia di Viterbo and Company supplementary pension fund for employees of Cassa di Risparmio di Ascoli Piceno, transferred to the Fund in question on 1 January 2015; retired employees formerly enrolled in the Company supplementary pension fund of INPS benefits for employees of Cassa di Risparmio di Civitavecchia, transferred to the Fund in question on 1 January 2015; retired employees formerly enrolled in the supplementary fund of SIL – Società Italiana Leasing S.p.A., transferred to the Fund in question on 1 January 2015; retired employees formerly enrolled in the Supplementary Pension Fund for the personnel of Banca Monte Parma, transferred to the Fund in question on 1 January 2016; employees and retired employees formerly enrolled in the Pension Fund for the personnel of the former Crediop hired before 30 September 1989, transferred to the Fund in question on 1 January 2016; retired employees formerly enrolled in the Supplementary Pension Fund for the personnel of Cassa di Risparmio di Mirandola, transferred to the Fund in question on 1 April 2016; retired employees formerly enrolled in the Pension Fund for the Personnel of the former Cassa di Risparmio di Prato transferred to the Fund in question on 1 May 2018; retired employees formerly enrolled in the Defined Benefit Plan of the former Cassa di Risparmio di Fabriano e Cupramontana transferred to the Fund in question on 1 May 2018; current and retired employees of the Supplementary pension fund for the personnel of Istituto Bancario Sanpaolo di Torino, transferred to the Fund in question on 1 January 2019; retired employees of the Supplementary pension fund for the

personnel of Cassa di Risparmio di Padova e Rovigo, transferred to the Fund in question on 1 July 2019; employees and retired employees formerly enrolled in the former UBI Banca internal Funds - which include the Funds relating to the former Centrobanca (former Supplementary Pension Fund for employees of Centrobanca - former Banca Centrale di Credito Popolare S.p.A.), former Banca Regionale Europea (former Fund for the personnel of Banca Regionale Europea from the former Banca del Monte di Lombardia and the former Cassa di Risparmio di Cuneo), former Carime (former Fund of the former Cassa di Risparmio di Calabria e Lucania, Fund of the former Cassa di Risparmio di Puglia, Fund of the former Cassa di Risparmio Salernitana) and former Banca Adriatica (former Retirement Fund for the personnel of the loans business line of the former Cassa di Risparmio di Macerata S.p.A., Retirement Fund for the personnel of the former Banca Ca.Ri.Ma. transferred to Se.Ri.Ma - now Equitalia Servizi di Riscossione S.p.A., Retirement Fund for the personnel of the former Mediocredito Fondiario Centro Italia S.p.A., Retirement Fund for personnel in the tax-collection segment of the former Cassa di Risparmio di Pesaro, Retirement Fund for the personnel of the former Cassa di Risparmio di Jesi, Retirement Fund for personnel in the tax-collection segment of the former Cassa di Risparmio di Pesaro S.p.A. transferred to the former SE.RI.T. S.p.A.) - transferred to the Fund in question on 1 July 2022; retired employees formerly enrolled in the Pension Fund of the former UBI Banca Group of the former Banca Popolare di Bergamo and its subsidiaries, transferred to the Fund in question on 1 September 2022; and retired employees formerly enrolled in the Pension Fund for the Personnel of the former Banca Popolare di Ancona and its subsidiaries, transferred to the fund in question on 1 September 2022; employees and retired employees formerly enrolled in the former Retirement Fund of the Cassa di Risparmio di Firenze, transferred to the Fund in question on 1 January 2023.
It should be clarified that the Articles of Association of the Defined-Benefit Fund of the Intesa Sanpaolo Group provide for the immediate settlement by the co-obligated Banks, if sections of the Fund present a technical imbalance determined according to the statutory methodology (without prejudice to provisions to the contrary in trade union agreements). Any outlays to settle the technical imbalance to be made in the next year will be determined at the time the financial statements of the Fund are approved, which is scheduled for June;

- Pension fund for the employees of Cariplo, a fund with legal status and full economic independence, whose aim is to guarantee supplementary pension treatment in addition to AGO cheques to former Cariplo employees already retired on 30 June 1998;
- a defined benefit plan at the New York branch: the fund was established in 1977 by the branch of Banca Commerciale Italiana and guarantees a pension treatment to all the employees resident in the United States who have been in service at the Bank for at least 5 years. The benefit is considered to be accrued even if the employment relationship ceases in advance. The benefit is calculated based on the highest average wage considering three consecutive years out of the last 10 years of service, or, if the employment relationship ceases before, based on the average wage in the last three years of service. The fund is fully managed by Prudential.

On 5 December 2017, Intesa Sanpaolo S.p.A., also in its capacity as Parent Company, signed an agreement with the Trade Unions, as Fund Founders, for the integration of the Supplementary Pension Fund for the Personnel of Istituto Bancario San Paolo di Torino into the former Supplementary Pension Fund for the Personnel of Banco di Napoli (now, as previously indicated, the "Fondo pensione a prestazione definita del Gruppo Intesa Sanpaolo"). This agreement also provided for the formulation of an individual capitalisation offer for the supplementary benefits to be made to the participants, which was carried out in the second half of 2018. The subscriptions received over time led to a decrease in the obligation, which, in the current year, amounted to around 2 million euro, partly covered by the Fund's assets and partly through the use of Funds set up specifically for this purpose by the Bank, under the guarantee given.

With regard to the investment and integrated risk management policies, the Funds verify the level of coverage and the possible outcomes under various scenarios. For this purpose, various investment configurations and portfolio mixes and allocations are defined, in order to satisfy the pension and profitability objectives as adequately as possible.

2. Changes in the year of net liabilities (assets) with defined benefits and redemption rights

(millions of euro)

Pension plan liabilities defined benefit obligations	31.12.2024			31.12.2023		
	Employee termination indemnities	Internal plans	External plans	Employee termination indemnities	Internal plans	External plans
Initial amount	**717**	**94**	**925**	**797**	**103**	**1.004**
Current service costs	3	1	2	3	2	1
Recognised past service costs	-	-	-	-	-	-
Interest expense	22	5	29	25	5	32
Actuarial losses due to changes in financial assumptions	9	-	11	-	-	-
Actuarial losses due to changes in demographic assumptions	1	-	-	-	-	21
Actuarial losses based on past experience	-	15	9	-	2	-
Positive exchange differences	-	5	1	-	2	-
Increases - business combinations	-	-	-	-	-	-
Participants' contributions	X	-	-	X	-	-
Actuarial profits due to changes in financial assumptions	-	-	-2	-17	-17	-31
Actuarial profits due to changes in demographic assumptions	-	-1	-21	-	-	-
Actuarial profits based on past experience	-6	-	-21	-8	-	-2
Negative exchange differences	-	-	-	-	-	-1
Benefits paid	-80	-3	-97	-94	-3	-100
Decreases - business combinations	-	-	-	-	-	-
Curtailments of the fund	X	-	-	X	-	-
Settlements of the fund	X	-	-	X	-	-
Other increases	20	-	2	33	-	1
Other decreases	-34	-	-	-22	-	-
Final amount	**652**	**116**	**838**	**717**	**94**	**925**

Pension plan liabilities defined benefit obligations	31.12.2024			31.12.2023		
	Employee termination indemnities	Internal plans	External plans	Employee termination indemnities	Internal plans	External plans
Unfunded plans	652	-	-	717	-	-
Partly funded plans	-	-	-	-	-	-
Wholly funded plans	-	116	838	-	94	925

The actuarial gains recognised due to changes in demographic assumptions mainly depend on the updating of mortality rates of the general population of Italy. Actuarial losses recognised due to changes in financial assumptions are mainly due to the decrease in the discount rate.
On the basis of actuarial calculations, the present value of the defined benefit obligations, excluding Employee termination indemnities, was as follows.

Internal plans
– as said before, the final amount refers to defined benefit plans at the London branch, entirely contributed by Intesa Sanpaolo S.p.A.

External plans
– 487 million euro referred to the Intesa Sanpaolo Group Defined-Benefit Fund (of which 482 million euro pertaining to Intesa Sanpaolo S.p.A.);
– 328 million euro referred to the Pension fund for employees of Cariplo, entirely contributed by Intesa Sanpaolo S.p.A.;
– 23 million euro referred to defined benefit plans at the New York branch, entirely contributed by Intesa Sanpaolo S.p.A.

3. Information on the fair value of plan assets

The following tables show the changes in plan assets for certain defined benefit plans and their composition.

(millions of euro)

Plan assets	31.12.2024		31.12.2023	
	Internal plans	External plans	Internal plans	External plans
Initial amount	**124**	**928**	**137**	**927**
Return on assets net of interest	-3	48	-22	35
Interest income	5	27	4	28
Positive exchange differences	6	1	3	-
Increases - business combinations	-	-	-	-
Employer contributions	2	2	3	34
Participants' contributions	-	-	-	-
Negative exchange differences	-	-	-	-1
Decreases - business combinations	-	-	-	-
Benefits paid	-3	-97	-3	-100
Curtailments of the fund	-	-	-	-
Settlements of the fund	-	-	-	-
Other changes	1	4	2	5
Final amount	**132**	**913**	**124**	**928**

The final amount of the internal plans refers to defined benefit plans at the London branch.

The final amount of external plans was broken down as follows:
- 549 million euro relating to the Intesa Sanpaolo Group Defined-Benefit Fund;
- 343 million euro referred to the Pension fund for employees of Cariplo;
- 21 million euro referred to defined benefit plans at the New York branch.

(millions of euro)

Plan assets: additional information	31.12.2024				31.12.2023			
	Internal plans	%	External plans	%	Internal plans	%	External plans	%
Equities	**-**	**-**	**241**	**26.4**	**-**	**-**	**269**	**29.0**
- of which level 1 fair value	-		212		-		240	
Mutual funds	**-**	**-**	**72**	**7.9**	**-**	**-**	**65**	**7.0**
- of which level 1 fair value	-		30		-		17	
Debt securities	**132**	**100.0**	**327**	**35.8**	**121**	**97.6**	**257**	**27.7**
- of which level 1 fair value	132		327		121		257	
Real estate assets and investments in real estate companies	**-**	**-**	**203**	**22.2**	**-**	**-**	**253**	**27.3**
- of which level 1 fair value	-		-		-		-	
Insurance business	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- of which level 1 fair value	-		-		-		-	
Other assets	**-**	**-**	**70**	**7.7**	**3**	**2.4**	**84**	**9.0**
- of which level 1 fair value	-		-		-		-	
TOTAL	**132**	**100.0**	**913**	**100.0**	**124**	**100.0**	**928**	**100.0**

(millions of euro)

Plan assets: additional information	31.12.2024				31.12.2023			
	Internal plans	%	External plans	%	Internal plans	%	External plans	%
Equities	**-**	**-**	**241**	**26.4**	**-**	**-**	**269**	**29.0**
- of which financial companies	-		69		-		59	
- of which non financial companies	-		172		-		210	
Mutual funds	**-**	**-**	**72**	**7.9**	**-**	**-**	**65**	**7.0**
Debt securities	**132**	**100.0**	**327**	**35.8**	**121**	**97.6**	**257**	**27.7**
Government bonds	100		210		81		163	
- of which investment grade	*100*		*210*		*81*		*163*	
- of which speculative grade	-		-		-		-	
Financial companies	32		72		40		47	
- of which investment grade	*32*		*69*		*40*		*46*	
- of which speculative grade	-		*3*		-		*1*	
Non Financial companies	-		45		-		47	
- of which investment grade	-		*41*		-		*40*	
- of which speculative grade	-		*4*		-		*7*	
Real estate assets and investments in real estate companies	**-**	**-**	**203**	**22.2**	**-**	**-**	**253**	**27.3**
Insurance business	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets	**-**	**-**	**70**	**7.7**	**3**	**2.4**	**84**	**9.0**
TOTAL ASSETS	**132**	**100.0**	**913**	**100.0**	**124**	**100.0**	**928**	**100.0**

The difference between net defined benefit liabilities (see the previous disclosure, Table 10.5, point 2) and the plan assets (see the previous disclosure, Table 10.5, point 3) is recognised, based on the criteria illustrated in paragraph 10.5, point 1) above, under the company post-employment plans.
The internal plans are subject to the effect of the limitation of the asset ceiling determined pursuant to IFRIC 14, amounting to 16 million euro as at 31 December 2024 (30 million euro as at 31 December 2023).

4. Description of the main actuarial assumptions

The table below indicates the actuarial assumptions and interest rates used by the various funds.

Actuarial assumptions	31.12.2024				31.12.2023			
	Discount rate	Expected rate of return	Expected rate of wage rises (a)	Annual inflation rate	Discount rate	Expected rate of return	Expected rate of wage rises (a)	Annual inflation rate
EMPLOYEE TERMINATION INDEMNITIES	2.9%	X	2.6%	1.9%	3.2%	X	2.8%	2.1%
INTERNAL PLANS	5.3%	0.0%	2.9%	2.9%	5.3%	0.0%	2.9%	2.9%
EXTERNAL PLANS	3.7%	4.7%	2.7%	2.0%	3.8%	5.1%	3.2%	2.4%

(a) Net of career developments.

The discount rate of external plans for 2024 was 5% for the New York branch (5% also for 2023) and varies from 2.9% to 3.1% for Italian Funds (the range was 3.1% to 3.4% in 2023).

The Intesa Sanpaolo Group primarily uses the Eur Composite AA rate as its discounting rate, weighted by the ratio of payments and advances referring to each maturity, on the one hand, and the total amount of payments and advances to be made for the final fulfilment of the entire obligation, on the other. In the case of defined-benefit plans in particular, the rate used is the average rate that reflects the market parameters covered by the plan. The Eur Composite AA curve is obtained daily from the Bloomberg's information provider and refers to a basket of securities issued by investment-grade corporate issuers included in the AA rating class, residing in the Eurozone and belonging to various sectors.

Likewise, the Intesa Sanpaolo Group mainly uses the European Zero-Coupon Inflation-Indexed Swap rate curve, weighted on the basis of the ratio of the amount paid for each maturity and the total amount to be paid until the obligation is finally discharged in full, as the inflation rate.

5. Information on amount, timing and uncertainty of cash flows

(millions of euro)

Sensitivity analysis	31.12.2024					
	EMPLOYEE TERMINATION INDEMNITIES		INTERNAL PLANS		EXTERNAL PLANS	
	+100 bp	-100 bp	+100 bp	-100 bp	+100 bp	-100 bp
Discount rate	611	697	101	133	778	907
Rate of wage rises	652	652	126	107	845	831
Inflation rate	680	626	120	111	887	792

The sensitivity analysis is not conducted on the expected rate of return as it has no effect on the calculation of the liabilities.

The sensitivity analysis was carried out on the net defined benefit liabilities pursuant to the previous disclosure, 10.5, point 2.
The absolute values of the data presented indicate the possible amount of net defined benefit liabilities in the event of a change in rate of +/-100 basis points.
The average duration of the defined benefit obligation is 9.20 years for pension funds and 6.80 years for employee termination indemnities.

6. Multi-employer plans

The Bank has the following defined benefit plans regarding more than one employer:

- Pension Fund for the employees of the former Crediop hired before 30 September 1989, which on 1 January 2016 was transferred to the former Supplementary Pension Fund for the Employees of Banco di Napoli (now the Intesa Sanpaolo Group Defined-Benefit Fund "Fondo Pensione a Prestazione Definita del Gruppo Intesa Sanpaolo"). The commitments of Crediop S.p.A. (now Dexia-Crediop) and the former Sanpaolo IMI (now Intesa Sanpaolo S.p.A.) with regard to the Fund are governed by the agreement entered into between the parties on 28 May 1999. Its transfer into the Intesa Sanpaolo Group Defined-Benefit Fund "Fondo Pensione a Prestazione Definita del Gruppo Intesa Sanpaolo" did not modify the guarantees and commitments undertaken by the parties in the past;
- Retirement Fund for former employees of Banca Ca.Ri.Ma., transferred to Se.Ri.Ma. (now Equitalia Servizi di Riscossione S.p.A.), whose tax collection services were transferred on 1 January 1990 to the former Equitalia Marche S.p.A. (currently Agenzia delle Entrate - Riscossione) which was transferred to the Intesa Sanpaolo Group Defined-Benefit Fund on 1 July 2022. The trade union agreement and agreements between subscribers of the operation sanctioned that the then-parent company Ca.Ri.Ma. (then former Banca Marche S.p.A., then former Nuova Banca Marche S.p.A. and subsequently former Banca Adriatica S.p.A., then merged into former UBI Banca, in turn merged into Intesa Sanpaolo S.p.A.) would continue to allocate in its financial statements the mathematical reserves pertaining to personnel hired before the operation was finalised;
- Pension Fund for the Personnel of the former Banca Popolare di Ancona and its subsidiaries, transferred on 1 September 2022 to the Intesa Sanpaolo Group Defined-Benefit Fund, which provides a guarantee of settlement of the respective shares of the subscribers by Intesa Sanpaolo S.p.A. (former UBI Banca) and Credito Valtellinese.

7. Defined benefit plans that share risks among entities under joint control

The Intesa Sanpaolo Group Defined-Benefit Fund is a defined-benefit plan that shares the risks amongst the various Group companies. These companies issue a joint guarantee for their registered employees and pensioners with respect to the subject pension entities.
The liabilities of each jointly responsible Company are determined by an Independent Actuary through the "projected unit credit method" and are recorded in the financial statements net of the plan assets. Similarly, the current service cost, which represents the average present value at the measurement date of the benefits accrued by workers in service during the year, is calculated for each Company by said Actuary.
Each jointly responsible Company reports in this section, for each table, the total liabilities/assets of the Funds for which it is jointly responsible, highlighting at the bottom of said tables the liability/asset amount under their responsibility.

10.6 Allowances for risks and charges – Other allowances

(millions of euro)

Captions/Components	31.12.2024	31.12.2023
Other allowances		
1. legal and tax disputes	595	663
2. personnel charges	1,867	1,772
incentive-driven exit plans	*999*	*905*
employee seniority bonuses	*21*	*87*
other personnel expenses	*847*	*780*
3. other risks and charges	271	362
Total	**2,733**	**2,797**

Other allowances refers to:

– Legal and tax disputes: the allowance was set up mainly to cover expected outlay for litigation, revocatory action and tax disputes;
– Personnel charges: the allowance includes charges for incentive-driven exit plans, employee seniority bonuses (calculated on the basis of actuarial assumptions) and provisions for bonuses and other charges relating to employees; the charges for exit incentives during 2024 included those relating to the agreement signed with the trade unions on 23 October 2024;
– Other risks and charges: these mainly refer to charges connected with the sale of portfolios of NPLs and other charges relating to sundry obligations.

SECTION 11 – REDEEMABLE SHARES – CAPTION 120

11.1 Redeemable shares: breakdown

These are not present in Intesa Sanpaolo.

SECTION 12 – PARENT COMPANY'S SHAREHOLDERS' EQUITY – CAPTIONS 110, 130, 140, 145, 150, 160, 170 AND 180

12.1 Share capital and Treasury shares: breakdown

As at 31 December 2024, the Bank's portfolio amounted to 25,629,058 treasury shares fully paid in. The treasury shares have no par value and represent 0.14% of the share capital.
For information on this section, see point 12.3 below.

12.2 Share capital – Parent Company's number of shares: annual changes

Captions/Type	Ordinary
A. Initial number of shares	**18,282,798,989**
- fully paid-in	*18,282,798,989*
- not fully paid-in	-
A.1 Treasury shares (-)	-25,946,143
A.2 Shares outstanding: initial number	**18,256,852,846**
B. Increases	**18,289,439**
B.1 New issues	-
- for consideration:	-
- business combinations	-
- conversion of bonds	-
- exercise of warrants	-
- other	-
- for free:	-
- in favour of employees	-
- in favour of directors	-
- other	-
B.2 Sale of treasury shares	18,289,439
B.3 Other	-
C. Decreases	**-497,100,842**
C.1 Annulment	-479,128,488
C.2 Purchase of treasury shares	-17,972,354
C.3 Disposal of companies	-
C.4 Other	-
D. Shares outstanding: final number	**17,778,041,443**
D.1 Treasury shares (+)	25,629,058
D.2 Final number of shares	17,803,670,501
- fully paid-in	*17,803,670,501*
- not fully paid-in	-

In 2024, capital was affected by the annulment of 479,128,488 ordinary shares following the purchase of own shares in the period from 3 June to 18 October 2024 in execution of the buyback plan announced to the market on 27 May 2024. During that period, a total of 479,128,488 shares with no par value were purchased, equal to around 2.62% of the pre-annulment share capital, at an average purchase price per share of 3.5481 euro, for a total value of 1,699,999,992.53 euro. The shares were annulled on 23 October. As a result of the annulments, the share capital changed its composition, due to the reduction in the number of shares constituting it, while its amount remained unchanged at 10,368,870,930.08 euro.

The caption "Purchase of own shares" includes purchases to service the free assignment plans for personnel. The programme was launched on 9 September 2024 and ended on 11 September 2024, resulting in the purchase of 10,301,330 ordinary shares of the Bank at an average purchase price per share of 3.7146 euro for a total amount of 38,265,555.39 euro. The purchase transactions were executed in compliance with the provisions included in Articles 2357 and following and 2359-bis and following of the Italian Civil Code and within the limits determined in the resolutions passed by the Shareholders' Meeting of Intesa Sanpaolo of 24 April 2024.

12.3 Share capital: other information

The share capital of the Bank as at 31 December 2024 amounted to 10,369 million euro, divided into 17,803,670,501 ordinary shares, with no par value. Each ordinary share gives the right to one vote in the Shareholders' Meeting. The share capital is fully paid-in.
There are no liens or pledges on the Bank's shares and, as regards the constraints on the distribution of dividends and the redemption of capital, please refer to the statement containing a summary of shareholders' equity captions broken down by origin and with an indication of the possibility of use and distributability pursuant to Article 2427, paragraph 1, no.7-bis of the Italian Civil Code set out in point 12.4.
Entries made in accordance with IFRS 3 regarding the merger between Banca Intesa and Sanpaolo IMI, finalised on 1 January 2007, generated a reserve of 23,734 million euro as at 31 December 2024, equal to the difference between the acquisition cost of the Sanpaolo IMI Group and the nominal value of the shares issued to service the exchange. In the 2007 financial statements, it was reported under share premium reserve, based on the opinions expressed by legal experts. This reserve will be reported differently should the Law or Supervisory Authorities indicate a different solution.
For completeness, please note that during the year there was positive change in the share premium reserve of 4,136,160 euro related to the sale and assignment of treasury shares.

12.4 Reserves from retained earnings: other information

Reserves amounted to 5,024 million euro and included legal reserve, extraordinary reserve, concentration reserves (Law 218 of 30 July 1990, Art. 7, par. 3, and Law 218 of 30 July 1990, Art. 7) and other reserves.
The legal reserve, set up as provided for by law, must be at least one fifth of share capital; in the past it was set up by allocating each year at least one twentieth of net income for the year. Should the reserve decrease, it must be reintegrated through mandatory allocation of at least one twentieth of net income for the year.
Concentration reserves under Law 218 of 30 July 1990 were set up at the time of reorganisations or concentrations carried out pursuant to the aforementioned law.
Other reserves included reserves pertaining to international branches and other reserves set up in the past following specific legal provisions. They also include the reserve established pursuant to Article 26, paragraph 5-bis of Decree Law no. 104 of 10 August 2023, converted with amendments by Law no. 136 of 9 October 2023.

Valuation reserves amounted to 26 million euro and included reserves of financial assets measured at fair value through other comprehensive income, reserves for cash flow hedging derivatives, financial liabilities designated at fair value through profit or loss (changes in the Bank's own credit rating) and revaluations of net defined benefit liabilities (assets), as well as legally-required revaluation reserves and revaluation reserves of properties and valuable art assets.

In 2024, the reserves underwent the following changes:

- allocation of the 1,991,446,276 euro to the reserve established pursuant to Article 26, paragraph 5-bis of Decree Law No. 104 of 10 August 2023, converted with amendments by Law No. 136 of 9 October 2023 and allocation of the remaining 2023 net income of 838,999 euro to the extraordinary reserve, as per the resolution of the ordinary Shareholders' Meeting of 24 April 2024; on the same date, through reversal from the extraordinary reserve, the share of the 2023 net income corresponding to the capital gains recognised in the income statement of 275,743,258 euro was recognised in an unavailable reserve pursuant to Article 6, paragraph 1, letter a), of Legislative Decree No. 38/2005;
- reduction of the extraordinary reserve of 1,699,999,993 euro resulting from the annulment of the own shares under the buyback programme;
- allocation to other reserves of the total net negative amount of 400,819,796 euro for the coupons paid to subscribers of the Additional Tier 1 instruments, net of the related taxes;
- adjustment of the reserves for the Equity Settled Share Based Payment plans (named "LECOIP 3.0" and targeted to all employees), the Performance Share Plan (known as the PSP and aimed at all of the Group's Management, including the Managing Director and CEO, the remaining Top Risk Takers and the Other Risk Takers of the Group, both in Italy and abroad), for a total positive amount of 156,369,896 euro;
- allocation to other reserves of the total net negative amount of 79,222,140 euro for the realisation component of certificates measured under the fair value option;
- recognition in other reserves of the valuation reserves for the gains/losses realised on financial assets measured at fair value through other comprehensive income, for a total net negative amount of 40,167,517 euro;
- recognition in other reserves pursuant to IFRS 2 of the fair value of the shares to be granted to Top Management under the equity settled plans reserved for them for a total net positive amount of 19,265,028 euro;
- allocation to other reserves of the total net negative amount of 5,305,045 euro for repurchases of own Additional Tier 1 instruments;
- transfer to other reserves of the valuation reserves for the gains/losses realised on property and equipment measured at fair value, for a total net positive amount of 5,078,188 euro;
- transfer on 31 December 2024 from unavailable reserve, pursuant to Article 6, paragraph 3, of Legislative Decree No. 38/2005, to extraordinary reserve of 306,523,455 euro, attributable to the realisation of capital gains or the recognition of capital losses for the year;
- other effects, for a total net positive amount of 5,729,149 euro.

(millions of euro)

	Amount as at 31.12.2024	Principal	Portion of net income	Portion subject to a suspended tax regime	Portion available (a)	Uses in the past three years
Shareholders' equity						
– Share capital	10,369	7,824	759	1,786	-	-
– Equity instruments	8,688	8,732	-44	-	-	-
– Share premium reserve (b)	27,760	13,043	11,048	3,669	A, B, C	639
– Legal reserve	2,125	520	1,605	-	A(1), B, C(1)	-
– Extraordinary reserve	1,740	320	1,420	-	A, B, C	-
– Concentration reserve (Law 218 of 30/7/1990, art. 7, par. 3)	302	-	-	302	A, B(2), C(3)	-
– Concentration reserve (Law 218 of 30/7/1990, art. 7, par 2)	366	-	-	366	A, B(2), C(3)	-
– Other reserves, of which:						
Legal Reserve Branches abroad	*12*	-	*12*	-	*A, B, C*	-
Reserve for contribution to LECOIP 3.0 / PSP incentive plans	*394*	*385*	*9*	-	*A*	-
IFRS 2 reserve for employee incentive scheme	*77*	*77*	-	-	*A*	-
Reserve for AT1 equity instruments coupons	*-2,255*	-	*-2,255*	-	-	-
Suspended tax reserve former UBI Banca	*421*	-	-	*421*	*A, B,C*	-
Unavailable net income reserve pursuant to Article 6 of Legislative Decree 38/2005	*544*	-	*544*	-	*B*	-
Net income reserve pursuant to Law 136 of 9/10/2023 (d)	*1,991*	-	*1,991*	-	*A(4), B(5)*	-
Stock option plans reserve	*42*	-	*42*	-	*A*	-
Reserves: other	*-735*	-	*-739*	*4*	-	-
– Valuation reserves						
Revaluation reserve (Law 576 of 2/12/1975)	*4*	-	-	*4*	*A, B(2), C(3)*	-
Revaluation reserve (Law 72 of 19/3/1983)	*146*	-	-	*146*	*A, B(2), C(3)*	-
Revaluation reserve (Law 408 of 29/12/1990)	*9*	-	-	*9*	*A, B(2), C(3)*	-
Revaluation reserve (Law 413 of 30/12/1991)	*380*	-	-	*380*	*A, B(2), C(3)*	-
Revaluation reserve (Law 342 of 22/11/2000)	*460*	-	-	*460*	*A, B(2), C(3)*	-
FVOCI valuation reserve	*-2,201*	-	*-2,201*	-	-	-
Property and equipment and intangible assets valuation reserve	*1,771*	-	*1,771*	-	*(6)*	-
CFH valuation reserve	*-176*	-	*-176*	-	-	-
Defined benefit plans valuation reserve	*-177*	-	*-177*	-	-	-
Financial liabilities designated at fair value through profit or loss valuation reserve	*-190*	-	*-190*	-	-	-
– Treasury shares	-80	-80	-	-	-	-
– Interim dividend	-3,022	-	-3,022	-	-	-
Total Capital and Reserves	**48,765**	**30,821**	**10,397**	**7,547**	(7)	-
Non-distributable portion (e)	9,946	-	-	-	-	-

(a) A = capital increase; B = loss coverage; C = distribution to shareholders.

(b) This reserve includes 23,734 million euro originating from the merger between Banca Intesa and Sanpaolo IMI, as a result of the application of IFRS 3 concerning business combinations.
Pending the issue of legal measures concerning the classification of the reserve recognised in application of that accounting standard, this reserve is considered unavailable up to the amount of goodwill and intangible assets recognised in the financial statements. It should be noted that, solely for the amount classified as suspended tax, if the reserve is used to cover losses, net income cannot be distributed unless the reserve is replenished or reduced by the corresponding amount. In addition, if the suspended tax amount is distributed to shareholders, it contributes to the formation of the company income. The portion of profits subject to tax suspension, equal to 3,669 million euro, includes 1,685 million euro relating to the realignment of the tax values to the higher carrying amounts of several real estate assets in accordance with Article 1, paragraph 948, of Law 145/2018 and 1,473 million euro relating to the realignment of the tax values of the brand name and other intangible assets to the higher carrying amounts pursuant to Article 110, paragraphs 8 and 8 bis of Decree Law 104/2020.

(c) This reserve originates from the resolution approving the 2023 Financial Statements which provided for the allocation of around 1,991 million euro to the non-distributable reserve (corresponding to 2.5 times the one-off tax), in accordance with Article 26 paragraph 5-bis of Decree Law no. 104 of 10 August 2023, converted with amendments by Law no. 136 of 9 October 2023.

(d) The non-distributable portion mainly relates to the revaluation reserves, the valuation reserves established as a direct offsetting entry to the fair value measurement of property and equipment, the reserve established under the long-term incentive plans, a portion of the share premium reserve, the other suspended tax reserves, the share of net income corresponding to the capital gains recognised in the income statement of the previous year, net of the related tax expense, arising from the application of the fair value measurement, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree 38/2005, the amount of the legal reserve corresponding to one-fifth of the share capital pursuant to Article 2430 of the Italian Civil Code, as well as the reserve established pursuant to Article 26 paragraph 5-bis of Decree Law no. 104 of 10 August 2023, converted with amendments by Law no. 136 of 9 October 2023.

(1) May be used to increase capital (A) and for distribution to shareholders (C) for the portion exceeding one fifth of the share capital.

(2) If the reserve is used to cover losses, net income cannot be distributed unless the reserve is replenished or reduced by the corresponding amount.

(3) If this reserve is not recorded under shareholders' equity it may only be reduced in accordance with the provisions of paragraphs 2 and 3 of Article 2445 of the Italian Civil Code. If it is distributed to shareholders, it contributes to forming the taxable income of the company.

(4) The use of the reserve for share capital increase without payment and subsequent repayment of the share capital to the shareholders, for any reason, including for a minimum amount, triggers the payment of the entire one-off tax, plus interest in the amount provided for by Decree Law no. 104 of 10 August 2023.

(5) If this reserve is used to cover losses, and there are other available reserves, the non-distributability constraint will be transferred to the other available earnings and/or capital reserves, for the amount of the reserve used, and, in any event, up to the extent of those available reserves; no distribution of net income may be made until the reserve is replenished.

(6) This reserve is unavailable pursuant to Article 6 of Legislative Decree 38/2005.

(7) Pursuant to Article 47, paragraph 1 of the Combined Tax Regulations, the portion of net income includes retained earnings reserves of 4,208 million euro classified as capital reserves for tax purposes.

The valuation reserves have been included under retained earnings reserves because these are either reserves destined to be reversed to the income statement at the time of sale or discharge of the corresponding assets or liabilities, or they are reserves substantially equivalent to retained earnings reserves.

12.5 Equity instruments: breakdowns and annual changes

This caption consists entirely of Additional Tier 1 bond issuance placed between 2015 and 2024, net of related issuance costs, totalling 8,688 million euro.
In 2024, the early repurchase was completed for 247 million euro of a perpetual bond issued in 2017 (the bond had an original total nominal value of 750 million euro and had already been partially bought back during 2023 for 503 million euro), and a new issuance was placed with a nominal value of 1 billion euro.
For more details, see the relevant section of the Notes to the consolidated financial statements.

12.6 Other information

Pursuant to Art. 2433-bis, paragraph 4, of the Italian Civil Code, Intesa Sanpaolo distributed an interim dividend for 2024 to each of the 17,803,670,501 ordinary shares comprising the share capital. The total amount disbursed was 3,022,396,312.63 euro[214], corresponding to a unit dividend of 17.00 euro cents per ordinary share. The dividend was paid out on 20 November 2024 (with coupon presentation on 18 November and record date on 19 November).

See the specific chapter of these Financial Statements for information regarding the allocation of the net income for the year.

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[214] It does not include the interim dividend on the 24,868,662 own shares held at the record date, equal to 4,227,672.54 euro.

OTHER INFORMATION

1. Commitments and financial guarantees given (other than those designated at fair value)

(millions of euro)

	Commitments and financial guarantees given - nominal amount				31.12.2024	31.12.2023
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
1. Commitments to disburse funds	**291,146**	**12,138**	**774**	**1**	**304,059**	**300,652**
a) Central Banks	1,239	23	-	-	1,262	1,181
b) Public Administration	11,103	679	4	-	11,786	11,152
c) Banks	68,350	401	12	-	68,763	72,603
d) Other financial companies	64,743	3,394	14	-	68,151	62,190
e) Non-financial companies	138,661	7,310	722	1	146,694	145,905
f) Households	7,050	331	22	-	7,403	7,621
2. Financial guarantees given	**50,230**	**2,850**	**1,149**	**-**	**54,229**	**54,586**
a) Central Banks	-	-	-	-	-	-
b) Public Administration	376	13	-	-	389	370
c) Banks	9,908	49	1	-	9,958	11,244
d) Other financial companies	2,122	478	2	-	2,602	2,774
e) Non-financial companies	37,548	2,290	1,143	-	40,981	39,906
f) Households	276	20	3	-	299	292

The commitments to disburse funds include the commitments that can give rise to credit risk subject to the rules for determining the expected loss in accordance with IFRS 9, including revocable margins available on credit lines granted to customers and banks (for a total amount of 217,424 million euro in 2024).

2. Other commitments and other guarantees given

These are not present in Intesa Sanpaolo.

3. Assets pledged as collateral of liabilities and commitments

(millions of euro)

Portfolios	31.12.2024	31.12.2023
1. Financial assets measured at fair value through profit or loss	1,893	1,717
2. Financial assets measured at fair value through other comprehensive income	16,603	16,667
3. Financial assets measured at amortised cost	187,284	199,984
4. Property and equipment	-	-
of which: property and equipment that constitute inventories	-	-

4. Management and dealing on behalf of third parties

(millions of euro)

Type of service	31.12.2024
1. Trading on behalf of customers	
a) Purchases	397,328
1. settled	397,328
2. to be settled	-
b) Sales	392,635
1. settled	392,635
2. to be settled	-
2. Portfolio management	
a) individual	-
b) collective	-
3. Custody and afministration of securities	
a) third party securities held in deposit: related to depositary bank activities (excluding portfolio management)	-
1. securities issued by companies included in the consolidation area	-
2. other securities	-
b) third party securities held in deposit	738,604
1. securities issued by companies included in the consolidation area	82,095
2. other securities	656,509
c) third party securities deposited with third parties	732,007
d) portfolio securities deposited with third parties	207,431
4. Other	**533,795**

Sub-caption 4. Other transactions relates to receipt and transmission of orders and to placement activities.

Note regarding contractual clauses of financial payables

For details, reference should be made to the relevant section of the Notes to the consolidated financial statements.

5. Financial assets subject to offsetting in the financial statements or subject to master netting arrangements or similar agreements

(millions of euro)

Types	Gross amount of financial assets (a)	Amount of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c = a-b)	Related amounts not subject to offsetting in the balance sheet		Net amount 31.12.2024 (f=c-d-e)	Net amount 31.12.2023
				Financial instruments (d)	Cash collateral (e)		
1. Derivatives	82,737	-56,468	26,269	15,965	9,626	678	973
2. Repurchase agreements	31,488	-	31,488	31,285	80	123	134
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
TOTAL 31.12.2024	**114,225**	**-56,468**	**57,757**	**47,250**	**9,706**	**801**	**X**
TOTAL 31.12.2023	**118,197**	**-63,337**	**54,860**	**44,137**	**9,616**	**X**	**1,107**

6. Financial liabilities subject to offsetting in the financial statements or subject to master netting arrangements or similar agreements

(millions of euro)

Types	Gross amount of financial liabilities (a)	Amount of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c=a-b)	Related amounts not subject to offsetting in the balance sheet		Net amount 31.12.2024 (f=c-d-e)	Net amount 31.12.2023
				Financial instruments (d)	Cash deposits pledged as collateral		
1. Derivatives	82,856	56,468	26,388	16,941	8,796	651	1,037
2. Repurchase agreements	40,870	-	40,870	40,404	-	466	170
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
TOTAL 31.12.2024	**123,726**	**56,468**	**67,258**	**57,345**	**8,796**	**1,117**	**X**
TOTAL 31.12.2023	**126,994**	**63,337**	**63,657**	**54,061**	**8,389**	**X**	**1,207**

IFRS 7, amended in 2013, requires specific disclosure for financial instruments that have been offset in the Balance Sheet pursuant to IAS 32 or that may be potentially offset, upon occurrence of specific conditions, but are recognised in the Balance Sheet without any netting since they are regulated by "master netting arrangements or similar agreements" that do not respect all of the criteria set forth by IAS 32, paragraph 42.
In this respect, Intesa Sanpaolo has netting arrangements in force that meet the requirements envisaged by IAS 32, paragraph 42, for netting in the financial statements.
In terms of instruments that may be potentially offset upon occurrence of such events and to be presented in Tables 5 and 6, it is noted that Intesa Sanpaolo uses bilateral netting arrangements that allow, in the event of counterparty default, the netting of claims and obligations in relation to financial and credit derivatives, as well as securities financing transactions (SFTs). In particular, there are ISDA agreements (for transactions in derivatives), GMRAs (for repurchase agreements) and GMSLAs (for securities lending).

With regard to securities lending transactions, only those transactions that require the payment of a cash guarantee fully available to the lender must be reported in tables 5 and 6, as this is the only type of transaction recognised in the Balance Sheet. Intesa Sanpaolo did not have any such transactions as at 31 December 2024.

For the purposes of preparing the tables and in compliance with the provisions of IFRS 7 and the provisions that govern the financial statements of banks, the following are noted:
- the effects of the potential offsetting of the balance sheet values of financial assets and liabilities are indicated under column (d) "Financial instruments", together with the fair value of financial collateral consisting of securities;
- the effects of the potential offsetting of the exposure with the relative cash collateral are included under column (e) Cash deposits pledged as collateral;
- repurchase agreement transactions are recognised in the tables based on the amortised cost measurement criterion, while the relative collateral is measured at fair value;
- derivatives transactions are recognised at fair value.

These effects are calculated for each individual counterparty included in a master netting arrangement, to the extent of the exposure indicated in column (c).

Based on the preparation methods indicated above, the netting arrangements between financial instruments and the relative collateral permit a significant reduction in credit/debt exposure to the counterparty, as indicated under column (f) Net amount.

7. Securities lending transactions

The securities lending accessory banking service, offered by Intesa Sanpaolo to its customers (natural persons, legal entities and commercial entities), is worth mentioning. The contract envisages transfer of the ownership exclusively of government bonds and equity instruments, with the obligation for Intesa Sanpaolo to return them, paying a consideration amount as remuneration for their availability. The transaction has no speculative purposes.
As at 31 December 2024, the collateral of transactions amounted to 13 million euro.

8. Disclosure on joint-control assets

The Bank is not required to provide information on joint-control assets. For the information relating to this paragraph, reference should be made to the relevant section of the Notes to the consolidated financial statements.

Part C – Information on the Parent Company's income statement

SECTION 1 – INTEREST – CAPTIONS 10 AND 20

1.1 Interest and similar income: breakdown

(millions of euro)

Captions/Types	Debt securities	Loans	Other transactions	2024	2023
1. Financial assets measured at fair value through profit or loss	**153**	**26**	**-**	**179**	**217**
1.1 Financial assets held for trading	116	5	-	121	160
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	37	21	-	58	57
2. Financial assets measured at fair value through other comprehensive income	**1,679**	**78**	**X**	**1,757**	**1,118**
3. Financial assets measured at amortised cost	**1,736**	**18,232**	**X**	**19,968**	**20,281**
3.1 Due from banks	56	3,336	X	3,392	4,540
3.2 Loans to customers	1,680	14,896	X	16,576	15,741
4. Hedging derivatives	**X**	**X**	**3,144**	**3,144**	**2,606**
5. Other assets	**X**	**X**	**1,277**	**1,277**	**764**
6. Financial liabilities	**X**	**X**	**X**	**2**	**1**
Total	**3,568**	**18,336**	**4,421**	**26,327**	**24,987**
of which: interest income on impaired financial assets	*1*	*475*	*-*	*476*	*429*
of which: interest income on financial lease	*X*	*368*	*X*	*368*	*387*

Interest income also includes interest on debt securities used in repurchase agreements.
Interest income on impaired financial assets relate almost entirely to loans to customers and also include interest due to the passing of time, equal to 165 million euro (time value).
The caption Financial assets measured at amortised cost, sub-caption Due from banks, includes interest on "on demand" loans due from banks and central banks classified in the balance sheet to the caption Cash and cash equivalents.
The caption Hedging derivatives includes the differentials on hedging transactions, which adjust interest income recognised on hedged financial instruments.
"Financial liabilities" include residual interest on funding transactions with negative rates.

1.2 Interest and similar income: other information

1.2.1 Interest income on foreign currency financial assets

As at 31 December 2024, interest income on foreign currency financial assets amounted to 3,399 million euro.

1.3 Interest and similar expense: breakdown

(millions of euro)

Captions/Types	Debts	Securities	Other transactions	2024	2023
1. Financial liabilities measured at amortised cost	**7,145**	**4,382**	**X**	**11,527**	**10,897**
1.1 Due to Central Banks	647	X	X	647	2,042
1.2 Due to banks	3,632	X	X	3,632	3,192
1.3 Due to customers	2,866	X	X	2,866	2,438
1.4 Securities issued	X	4,382	X	4,382	3,225
2. Financial liabilities held for trading	**1**	**-**	**-**	**1**	**1**
3. Financial liabilities designated at fair value	**-**	**-**	**-**	**-**	**-**
4. Other liabilities and allowances	**X**	**X**	**153**	**153**	**86**
5. Hedging derivatives	**X**	**X**	**3,413**	**3,413**	**3,470**
6. Financial assets	**X**	**X**	**X**	**12**	**16**
Total	**7,146**	**4,382**	**3,566**	**15,106**	**14,470**
of which: interest expense on lease liabilities	*25*	*X*	*X*	*25*	*18*

As at 31 December 2024, the caption Amounts due to central banks included interest expense of 524 million euro on TLTRO refinancing operations, compared to 1,956 million euro as at 31 December 2023, also as a result of the progressive repayment of all the existing operations in 2024.
Due to banks and Due to customers include interest expense on repurchase agreements, even if the transaction referred to securities recorded under assets.
The caption Hedging derivatives includes the differentials on hedging transactions, which adjust interest expense recognised on hedged financial instruments.
"Financial assets" include residual interest on lending transactions with negative rates.

1.4 Interest and similar expense: other information

1.4.1 Interest expense on foreign currency financial liabilities

As at 31 December 2024, interest expense on foreign currency financial liabilities amounted to 2,654 million euro.

1.5 Differentials on hedging transactions

(millions of euro)

Captions	2024	2023
A. Positive differentials on hedging transactions	8,256	8,141
B. Negative differentials on hedging transactions	-8,525	-9,005
C. Balance (A-B)	**-269**	**-864**

SECTION 2 – NET FEE AND COMMISSION INCOME - CAPTIONS 40 AND 50

2.1 Fee and commission income: breakdown

(millions of euro)

Type of service/Amounts	2024	2023
a) Financial instruments	**1,467**	**1,206**
1. Placement of securities	1,277	1,033
1.1 Through underwriting and/or on a firm commitment basis	2	28
1.2 Without firm commitment	1,275	1,005
2. Reception and transmission of orders and execution of orders on behalf of customers	190	173
2.1 Reception and transmission of orders for one or more financial instruments	63	57
2.2 Execution of orders on behalf of customers	127	116
3. Other fee and commission income related to activities connected to financial instruments	-	-
of which: dealing on own account	-	-
of which: individual portfolio management	-	-
b) Corporate Finance	**1**	**1**
1. M&A advisory	1	1
2. Treasury services	-	-
3. Other fee and commission income related to corporate finance services	-	-
c) Investment advice	**222**	**166**
d) Clearing and settlement	**-**	**-**
e) Custody and administration	**53**	**48**
1. Depositary bank	-	-
2. Other fee and commission income related to custody and administration services	53	48
f) Central administrative services for collective portfolio management	**-**	**-**
g) Fiduciary services	**-**	**-**
h) Payment services	**2,440**	**2,437**
1. Current accounts	1,140	1,193
2. Credit cards	490	458
3. Debit cards and other payment cards	206	208
4. Credit transfers and other payment orders	294	283
5. Other fee and commission income related to payment services	310	295
i) Distribution of third-party services	**1,010**	**960**
1. Collective portfolio management	-	-
2. Insurance products	841	809
3. Other products	169	151
of which: individual portfolio management	*91*	*86*
j) Structured finance	**82**	**76**
k) Servicing related to securitisations	**4**	**5**
l) Commitments to disburse funds	**-**	**-**
m) Financial guarantees given	**462**	**438**
of which: credit derivatives	-	-
n) Financing transactions	**825**	**710**
of which: for factoring transactions	*75*	*76*
o) Currency dealing	**10**	**8**
p) Commodities	**-**	**-**
q) Other fee and commission income	**124**	**125**
of which: for management of multilateral trading facilities	-	-
of which: for management of organised trading facilities	-	-
Total	**6,700**	**6,180**

As required by IFRS 15, paragraph 116 b), it is noted that fee and commission income includes the revenues recognised during the year included in the opening balance of liabilities deriving from contracts with customers. In line with paragraph 116 c) of IFRS 15, revenues deriving from performance obligations satisfied in the previous years are included, amounting to 2 million euro.

2.2 Fee and commission income: distribution channels of products and services

(millions of euro)

Channels/Amounts	2024	2023
a) Group branches	**2,199**	**1,920**
1. portfolio management	-	-
2. placement of securities	1,231	1,000
3. third party services and products	968	920
b) "Out-of-Branch" offer	**86**	**69**
1. portfolio management	-	-
2. placement of securities	44	29
3. third party services and products	42	40
c) Other distribution channels	**2**	**4**
1. portfolio management	-	-
2. placement of securities	2	4
3. third party services and products	-	-

2.3 Fee and commission expense: breakdown

(millions of euro)

	2024	2023
a) Financial instruments	**92**	**92**
of which: trading in financial instruments	*30*	*33*
of which: placement of financial instruments	*62*	*59*
of which: individual portfolio management	-	-
- Own portfolio	-	-
- Third-party portfolio	-	-
b) Clearing and settlement	**33**	**34**
c) Custody and administration	**71**	**56**
d) Collection and payment services	**405**	**391**
of which: credit cards, debit cards and other payment cards	*308*	*293*
e) Servicing related to securitisations	**-**	**-**
f) Commitments to receive funds	**-**	**-**
g) Financial guarantees received	**333**	**340**
of which: credit derivatives	*20*	*21*
h) "Out-of-branch" offer of financial instruments, products and services	**42**	**31**
i) Currency dealing	**5**	**5**
j) Other fee and commission expense	**152**	**157**
Total	**1,133**	**1,106**

As required by IFRS 15, paragraph 116 b), it is noted that fee and commission income includes the revenues recognised during the year included in the opening balance of liabilities deriving from contracts with customers in the amount of 62 million euro.
In line with paragraph 116 c) of IFRS 15, revenues deriving from performance obligations satisfied in the previous years are included, amounting to 8 million euro.

SECTION 3 – DIVIDEND AND SIMILAR INCOME - CAPTION 70

3.1 Dividend and similar income: breakdown

(millions of euro)

Captions/Income	2024		2023	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	69	3	32	-
B. Other financial assets mandatorily measured at fair value	8	141	6	100
C. Financial assets measured at fair value through other comprehensive income	57	3	62	-
D. Equity investments	1,822	4	4,069	-
Total	**1,956**	**151**	**4,169**	**100**

Sub-caption B. Other financial assets mandatorily measured at fair value includes 8 million euro of dividends on equities and 141 million euro of income on quotas of UCIs.

Sub-caption D. Equity investments includes the dividends and income distributed by the subsidiaries and associates:
– Intesa Sanpaolo Assicurazioni S.p.A. for 550 million euro;
– Intesa Sanpaolo Holding International S.A. for 500 million euro;
– Eurizon Capital SGR S.p.A. for 464 million euro;
– Intesa Sanpaolo Bank Ireland Plc for 107 million euro;
– CIB Bank Ltd for 79 million euro;
– Intesa Sanpaolo Bank Albania Sh.A. for 44 million euro;
– other equity investments for 82 million euro.

SECTION 4 – PROFITS (LOSSES) ON TRADING - CAPTION 80

4.1 Profits (Losses) on trading: breakdown

(millions of euro)

Transactions/Income components	Revaluations	Profits on trading	Write-downs	Losses on trading	Net result
1. Financial trading assets	**439**	**612**	**-300**	**-561**	**190**
1.1 Debt securities	67	321	-43	-372	-27
1.2 Equities	229	241	-229	-186	55
1.3 Quotas of UCI	43	48	-1	-3	87
1.4 Loans	-	2	-2	-	-
1.5 Other	100	-	-25	-	75
2. Financial liabilities held for trading	**68**	**8**	**-114**	**-38**	**-76**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	53	-	-45	-	8
2.3 Other	15	8	-69	-38	-84
3. Financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**500**
4. Derivatives	**27,798**	**60,599**	**-30,952**	**-57,477**	**-425**
4.1 Financial derivatives:	25,119	58,215	-28,321	-55,347	-727
- on debt securities and interest rates	*24,268*	*48,162*	*-24,583*	*-48,155*	*-308*
- on equities and stock indexes	*414*	*8,941*	*-3,401*	*-6,001*	*-47*
- on currencies and gold	*X*	*X*	*X*	*X*	*-393*
- other	*437*	*1,112*	*-337*	*-1,191*	*21*
4.2 Credit derivatives	2,679	2,384	-2,631	-2,130	302
of which: natural hedging associated with the fair value option	*X*	*X*	*X*	*X*	*-*
Total	**28,305**	**61,219**	**-31,366**	**-58,076**	**189**

Profits and losses on Financial assets held for trading include the results of both long and short positions.
"Net result" includes profits, losses, revaluations and write-downs on currency transactions and currency and gold derivatives.

The net result of the exchange differences on Financial assets and liabilities, reported in sub-caption 3, is connected to the result of sub-caption 4.1 relating to Derivatives - Financial derivatives on currencies and gold, which includes the results of the related operational hedges taken out by the Bank on foreign exchange risk using financial trading derivatives. Similarly, the result in Financial derivatives on debt securities and interest rates should be viewed in conjunction with the results of the Financial assets held for trading in Debt securities and Financial liabilities held for trading in Payables (short selling of securities) respectively, as these transactions are operationally linked to each other.

SECTION 5 – FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING - CAPTION 90

5.1 Fair value adjustments in hedge accounting: breakdown

(millions of euro)

Income component/Amount	2024	2023
A. Income from:		
A.1 fair value hedge derivatives	4,057	6,819
A.2 financial assets hedged (fair value)	2,639	6,572
A.3 financial liabilities hedged (fair value)	205	-
A.4 cash flow hedge: derivatives	-	-
A.5 currency assets and liabilities	-	-
Total income from hedging (A)	**6,901**	**13,391**
B. Expenses for		
B.1 fair value hedge derivatives	-3,627	-7,219
B.2 financial assets hedged (fair value)	-765	-21
B.3 financial liabilities hedged (fair value)	-2,499	-6,208
B.4 cash flow hedge: derivatives	-	-
B.5 currency assets and liabilities	-1	-
Total expense from hedging (B)	**-6,892**	**-13,448**
C. Fair value adjustments in hedge accounting (A - B)	**9**	**-57**
of which: fair value adjustments in hedge accounting on net positions	-	-

Intesa Sanpaolo has exercised the option, provided for on the introduction of IFRS 9, of continuing to fully apply the provisions of IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for each type of hedge (both for micro hedges and macro hedges). For this reason, table 5.1 Fair value adjustments in hedge accounting: breakdown, contains no amounts in the row "of which: profits (losses) on hedges of net positions" envisaged for parties that apply IFRS 9 also to hedges.

SECTION 6 – PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE - CAPTION 100

6.1 Profits (Losses) on disposal or repurchase: breakdown

(millions of euro)

Captions/Income components	2024			2023		
	Profits	Losses	Net result	Profits	Losses	Net result
A. Financial assets						
1. Financial assets measured at amortised cost	172	-129	43	183	-259	-76
1.1 Due from banks	*7*	*-16*	*-9*	*3*	*-*	*3*
1.2 Loans to customers	*165*	*-113*	*52*	*180*	*-259*	*-79*
2. Financial assets measured at fair value through other comprehensive income	297	-68	229	289	-105	184
2.1 Debt securities	*297*	*-66*	*231*	*289*	*-69*	*220*
2.2 Loans	*-*	*-2*	*-2*	*-*	*-36*	*-36*
Total assets	**469**	**-197**	**272**	**472**	**-364**	**108**
B. Financial liabilities measured at amortised cost						
1. Due to banks	26	-25	1	1	-1	-
2. Due to customers	-	-7	-7	-	-	-
3. Securities issued	87	-84	3	50	-14	36
Total liabilities	**113**	**-116**	**-3**	**51**	**-15**	**36**

The Net result on Financial assets measured at amortised cost in sub-caption 1.2 Loans to customers - Profits mainly relates to the sale on the market of government debt securities. Sub-caption 1.2 Loans to customers - Losses relates almost entirely to loans.

The Net result on Financial assets measured at fair value through other comprehensive income in sub-caption 2.1 Debt securities relates to profits and losses mainly deriving from the sale of government debt securities.

SECTION 7 – PROFITS (LOSSES) ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CAPTION 110

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

(millions of euro)

Transactions/Income components	Revaluations	Gains on disposal	Write-downs	Losses on trading	Net result
1. Financial assets	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Loans	-	-	-	-	-
2. Financial liabilities	**161**	**2**	**-427**	**-718**	**-982**
2.1 Securities issued	161	2	-427	-718	-982
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Foreign currency financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**-28**
Total	**161**	**2**	**-427**	**-718**	**-1,010**

Sub-caption 2.1 Financial liabilities - Securities issued, reports the net result of the certificates which provide for partial or full redemption of the premiums paid on maturity, pursuant to Bank of Italy Communication of 21 October 2014 (certificates with guaranteed or protected capital), issued after 1 January 2020. The revaluations and write-downs shown in the table refer to the fair value measurement of these financial instruments, calculated excluding the changes in value due to the change in own credit rating recognised in the Statement of comprehensive income (Shareholders' equity). For information on the methods used to measure counterparty risk, reference should be made to Part A.4 - Information on fair value of the Notes to the financial statements.
The Realised gains and losses relate to disbursement made to the holders of certificates where contractually provided for, as well as repurchases of certificates made by the issuer as market maker.

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

(millions of euro)

Transactions/Income components	Revaluations	Gains on disposal	Write-downs	Losses on trading	Net result
1. Financial assets	**255**	**64**	**-202**	**-10**	**107**
1.1 Debt securities	4	2	-51	-1	-46
1.2 Equities	75	5	-	-2	78
1.3 Quotas of UCI	120	3	-140	-1	-18
1.4 Loans	56	54	-11	-6	93
2. Financial assets: foreign exchange differences	**X**	**X**	**X**	**X**	**48**
Total	**255**	**64**	**-202**	**-10**	**155**

SECTION 8 – NET LOSSES/RECOVERIES FOR CREDIT RISK – CAPTION 130

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

(millions of euro)

Transactions/Income components	IMPAIRMENT LOSSES						RECOVERIES				2024	2023
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			Write-off	Other	Write-off	Other						
A. Credit to banks	**-30**	**-**	**-**	**-**	**-**	**-**	**2**	**2**	**3**	**-**	**-23**	**15**
- Loans	-30	-	-	-	-	-	2	1	3	-	-24	14
- Debt securities	-	-	-	-	-	-	-	1	-	-	1	1
B. Credit to clients	**-101**	**-539**	**-47**	**-1,721**	**-4**	**-8**	**244**	**566**	**510**	**31**	**-1,069**	**-1,252**
- Loans	-96	-512	-47	-1,719	-4	-8	219	559	509	31	-1,068	-1,193
- Debt securities	-5	-27	-	-2	-	-	25	7	1	-	-1	-59
Total	**-131**	**-539**	**-47**	**-1,721**	**-4**	**-8**	**246**	**568**	**513**	**31**	**-1,092**	**-1,237**

8.2 Net adjustments for credit risk associated with financial assets measured at fair value through other comprehensive income: breakdown

(millions of euro)

Transactions/Income components	IMPAIRMENT LOSSES						RECOVERIES				2024	2023
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			Write-off	Other	Write-off	Other						
A. Debt securities	**-5**	**-8**	**-**	**-**	**-**	**-**	**4**	**1**	**-**	**-**	**-8**	**-28**
B. Loans	**-7**	**-4**	**-**	**-4**	**-**	**-**	**6**	**10**	**-**	**-**	**1**	**13**
- to customers	-7	-4	-	-4	-	-	6	10	-	-	1	13
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-12**	**-12**	**-**	**-4**	**-**	**-**	**10**	**11**	**-**	**-**	**-7**	**-15**

SECTION 9 – PROFITS/LOSSES FROM CHANGES IN CONTRACTS WITHOUT DERECOGNITION – CAPTION 140

9.1 Profits (Losses) from changes in contracts: breakdown

Within profits (losses) from changes in contracts without derecognition, losses of 8 million euro were recognised (gains of 24 million euro as at 31 December 2023).

SECTION 10 - ADMINISTRATIVE EXPENSES - CAPTION 160

10.1 Personnel expenses: breakdown

(millions of euro)

Type of expense	2024	2023
1) Employees	**6,137**	**5,646**
a) wages and salaries	3,876	3,849
b) social security charges	1,038	1,034
c) termination indemnities	31	43
d) supplementary benefits	-	-
e) provisions for termination indemnities	25	28
f) provisions for post employment benefits	5	8
- defined contribution plans	-	-
- defined benefit plans	*5*	*8*
g) payments to external pension funds	371	339
- defined contribution plans	*371*	*339*
- defined benefit plans	-	-
h) costs from share based payments	142	149
i) other benefits in favour of employees	649	196
2) Other non-retired personnel	**9**	**9**
3) Directors and statutory auditors	**7**	**7**
4) Early retirement costs	**-**	**-**
5) Recovery of expenses for employees seconded to other companies	**-78**	**-74**
6) Reimbursement of expenses for third party employees seconded to the company	**11**	**11**
Total	**6,086**	**5,599**

Provisions to employee termination indemnities - sub-caption 1) Employees e) - determined on the basis of Article 2120 of the Italian Civil Code amounted to 17 million euro.

10.2 Average number of employees by categories

	2024	2023
Personnel employed	**59,223**	**59,972**
a) managers	1,038	1,012
b) total officers	25,945	26,095
c) other employees	32,240	32,865
Other personnel	**31**	**26**
TOTAL	**59,254**	**59,998**

10.3 Post-employment defined benefit plans: costs and revenues

(millions of euro)

	2024			2023		
	Employee Termination Indemnities	**Internal plans**	**External plans**	**Employee Termination Indemnities**	**Internal plans**	**External plans**
Current service cost	-3	-1	-2	-3	-2	-1
Interest expense	-22	-5	-29	-25	-5	-32
Interest income	-	5	27	-	4	28
Reimbursement from third parties	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
Curtailment of the fund	X	-	-	X	-	-
Settlement of the fund	X	-	-	X	-	-

This table illustrates the economic components referred to Employee termination indemnities – caption 90 of Balance sheet liabilities and Allowances for risks and charges - post employment benefits – caption 100b of Balance sheet liabilities.

10.4 Other benefits in favour of employees

The other benefits in favour of employees as at 31 December 2024 amounted to 649 million euro and mainly related to charges for exit incentives for personnel including those relating to the agreement signed with the trade unions on 23 October 2024. The caption also includes healthcare contributions, the canteen contributions including meal vouchers, as well as the adjustment of seniority bonuses.

10.5 Other administrative expenses: breakdown

(millions of euro)

Type of expense/Amount	2024	2023
Expenses for maintenance of information technology and electronic equipment	576	617
Telephonic, teletransmission and transmission expenses	41	40
Information technology expenses	**617**	**657**
Rentals and service charges - real estate	27	33
Security services	28	24
Cleaning of premises	33	35
Expenses for maintenance of real estate assets furniture and equipment	63	61
Energy costs	110	148
Property costs	5	6
Management of real estate assets expenses	**266**	**307**
Printing, stationery and consumables expenses	11	11
Transport and related services expenses (including counting of valuables)	73	70
Information expenses	200	189
Postal and telegraphic expenses	32	32
General structure costs	**316**	**302**
Expenses for consultancy fees	119	88
Legal and judiciary expenses	83	98
Insurance premiums - banks and customers	50	50
Professional and legal expenses	**252**	**236**
Advertising and promotional expenses	**160**	**153**
Services rendered by third parties	**302**	**294**
Indirect personnel costs	**141**	**139**
Other costs	**29**	**30**
Other costs	**85**	**85**
Contributions to resolution funds and guarantee schemes	**325**	**612**
Taxes and duties	**806**	**759**
Recovery of other expenses	**-21**	**-19**
Total	**3,278**	**3,555**

The amount of the sub-caption Rentals and service charges - real estate relates to contracts with a total lease term of 12 months or less and to contracts with a value of the underlying asset, when new, of 5,000 euro or less ("low value"). In such cases, as allowed by IFRS 16, the lease payments for these leases are recognised as an expense on a straight-line basis for the contract term.

The sub-caption "Contributions to resolution funds and guarantee schemes" includes around 10 million euro of contributions to the formation of the Insurance Guarantee Fund for life insurance policies in line with Law no. 213 of 30 December 2023, accounted for according to IFRIC 21 "Levies" as per the guidance provided by IVASS in the letter to the market dated 18 December 2024. As at 31 December 2023, the amount included 287 million euro in charges related to the European Resolution Fund. This fund for the banking union EU countries is currently in funded status.

SECTION 11 - NET PROVISIONS FOR RISKS AND CHARGES - CAPTION 170

11.1 Net provisions for credit risk associated with loan commitments and financial guarantees given: breakdown

(millions of euro)

	Provision	Reallocations	Net provision
Stage1	-15	26	11
Stage2	-33	54	21
Stage3	-100	48	-52
Total	**-148**	**128**	**-20**

11.2 Net provisions associated with other commitments and other guarantees given: breakdown

This case was not present.

11.3 Net provisions for other risks and charges: breakdown

(millions of euro)

	Provisions	Reallocations	Net provision
Net provisions for legal and tax disputes	-129	48	-81
Net provisions for other personnel charges	-	-	-
Net provisions for risks and charges	-63	58	-5
Total	**-192**	**106**	**-86**

"Net provisions for risks and charges", which amounted to a negative 86 million euro, recorded the provisions attributable to the year relating to legal and tax disputes and other risks and charges, net of reallocations.

In particular, the sub-caption Net provisions for legal disputes includes provisions for legal disputes, including bankruptcy claw-back actions and other disputes, net of releases for the year.

The sub-caption Other net provisions for risks and charges mainly includes, among provisions, charges relating to prize competitions of 17 million euro, and, among reallocations, the partial release, amounting to 27 million euro, of the provision for indirect risks associated with the equity investment in Pravex Bank Joint-Stock Company in relation to the ongoing conflict, in order to align the values to the investee's contribution to the consolidated financial statements.

SECTION 12 – NET ADJUSTMENTS TO/RECOVERIES ON PROPERTY AND EQUIPMENT - CAPTION 180

12.1 Net adjustments to property and equipment: breakdown

(millions of euro)

Assets/Income components	Depreciation	Impairment losses	Recoveries	Net result
A. Property and equipment				
A.1 Used in operations	-444	-1	-	-445
- Owned	*-276*	*-1*	-	*-277*
- Licenses acquired through lease	*-168*	-	-	*-168*
A.2 Investment property	-	-	-	-
- Owned	-	-	-	-
- Licenses acquired through lease	-	-	-	-
A.3 Inventories	X	-4	-	-4
B. Non-current assets held for sale	X	-	-	-
Total	**-444**	**-5**	**-**	**-449**

Depreciation of rights of use acquired under leases is associated with application of the accounting standard IFRS 16, which entered into effect on 1 January 2019. As at 31 December 2024 the analysis of factors internal and external to the Company did not indicate any impairment of rights of use (RoUs). See the description provided in Part A – Accounting policies of the Notes to the financial statements in paragraph "17. Other information - Use of estimates and assumptions in preparing financial reports".

SECTION 13 – NET ADJUSTMENTS TO/RECOVERIES ON INTANGIBLE ASSETS - CAPTION 190

13.1 Net adjustments to intangible assets: breakdown

(millions of euro)

Assets/Income components	Amortisation	Impairment losses	Recoveries	Net result
A. Intangible assets				
of which: software	*-888*	*-19*	-	*-907*
A.1 Owned	-908	-19	-	-927
- Internally generated	-692	-16	-	-708
- Others	-216	-3	-	-219
A.2 Rights of use acquired through the lease	-	-	-	-
B. Non-current assets held for sale	**X**	**-**	**-**	**-**
Total	**-908**	**-19**	**-**	**-927**

With regard to the method of the impairment testing for intangible assets and related impairment recognised to the income statement, see Part B – Section 9 – Intangible Assets in these Notes to the financial statements.

With regard to the revision of the useful life of intangible assets, see the description provided in Part A – Accounting policies of the Notes to the financial statements in paragraph "17. Other information - Use of estimates and assumptions in preparing financial reports".

SECTION 14 – OTHER OPERATING EXPENSES (INCOME) - CAPTION 200

14.1 Other operating expenses: breakdown

(millions of euro)

Type of expense/Amount	
Amortisation of leasehold improvements	29
Other expenses for consumer credit and leasing transactions	14
Settlements for legal disputes	6
Other	324
Total 2024	**373**
Total 2023	**262**

The sub-caption Other expenses includes around 53 million euro of losses arising from the trading of precious metals and gold and the results of their valuation, in addition to the amount paid to the National Resolution Fund recorded as Profit Sharing under the settlement agreement entered into by Intesa Sanpaolo S.p.A. (as the incorporating entity of UBI Banca S.p.A.) and the Bank of Italy of 130 million euro.

14.2 Other operating income: breakdown

(millions of euro)

Type of expense/Amount	
Recovery of taxes and duties	656
Recovery of services rendered to third parties	258
Rentals and recovery of expenses on real estate	64
Income related to consumer credit and leasing	29
Recovery of other expenses	18
Recovery of insurance costs	5
Other	323
Total 2024	**1,353**
Total 2023	**1,051**

The sub-caption Other income includes the gains from the trading of precious metals and gold and the results of their valuation of approximately 73 million euro, as well as income relating to commercial agreements signed by the Bank.

As required by paragraph 116 c) of IFRS 15, revenues deriving from performance obligations satisfied in the previous years are included, amounting to 19 million euro.

SECTION 15 – PROFITS (LOSSES) ON EQUITY INVESTMENTS - CAPTION 220

15.1 Profits (Losses) on equity investments: breakdown

(millions of euro)

Income component/Amount	2024	2023
A. Revenues	**59**	**260**
1. Revaluations	-	-
2. Profits on disposal	25	234
3. Recoveries	34	26
4. Other	-	-
B. Charges	**-220**	**-140**
1. Write-downs	-	-
2. Impairment losses	-220	-140
3. Losses on disposal	-	-
4. Other	-	-
Net result	**-161**	**120**

Sub-caption A.2. Profits on disposal refers to Bancomat S.p.A. for 18 million euro and other minor equity investments for 7 million euro. As at 31 December 2023, this mainly related to the profit on disposal of Zhong Ou Asset Management Company Ltd.

Sub-caption A.3. Recoveries refers to the equity investments in UTP Italia Fund Loans Sub-Fund for 18 million euro, FI.NAV. Sub-Fund A – Loans for 8 million euro, and other minor equity investments for 8 million euro.

Sub-caption B.2 Impairment losses mainly relates to the impairment losses on the following interests in:
- Lendlease MSG Heartbeat for 80 million euro;
- Intrum Italy S.p.A. for 42 million euro;
- Pravex Bank Joint-Stock Company for 26 million euro;
- Risanamento S.p.A. per 24 million euro;
- Back2bonis for 17 million euro;
- Qingdao Yicai Fund Distribution Co. Ltd for 10 million euro;
- IDEA CCR (Corporate Credit Recovery) II Loans Sub-Fund for 9 million euro.

SECTION 16 - VALUATION DIFFERENCES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED AT FAIR VALUE – CAPTION 230

16.1 Valuation differences on property, equipment and intangible assets measured at fair value or estimated realisable value: breakdown

(millions of euro)

Assets/Income component	Revalutations	Write-downs	Foreign exchange differences		Net result
			Positive	Negative	
A. Property and equipment	**6**	**-29**	**-**	**-**	**-23**
A.1 Used in operations:	-	-6	-	-	-6
- Owned	-	*-6*	-	-	*-6*
- Licenses acquired through lease	-	-	-	-	-
A.2 Investment:	6	-23	-	-	-17
- Owned	*6*	*-23*	-	-	*-17*
- Licenses acquired through lease	-	-	-	-	-
A.3 Inventories	-	-	-	-	-
B. Intangible assets	**-**	**-**	**-**	**-**	**-**
B.1 Owned:	-	-	-	-	-
B.1.1 Internally generated	-	-	-	-	-
B.1.2 Other	-	-	-	-	-
B.2 Licenses acquired through lease	-	-	-	-	-
Total	**6**	**-29**	**-**	**-**	**-23**

SECTION 17 – GOODWILL IMPAIRMENT - CAPTION 240

17.1 Goodwill impairment: breakdown

During the year, no impairment of goodwill was recognised. For a description of the impairment testing methods for goodwill, reference should be made to Part B - Assets - Section 9 - Intangible Assets.

SECTION 18 – PROFITS (LOSSES) ON DISPOSAL OF INVESTMENTS - CAPTION 250

18.1 Profits (Losses) on disposal of investments: breakdown

(millions of euro)

Income component/Amount	2024	2023
A. Real estate assets	**-3**	**-1**
- profits on disposal	-	1
- losses on disposal	-3	-2
B. Other assets	**-**	**-**
- profits on disposal	-	-
- losses on disposal	-	-
Net result	**-3**	**-1**

SECTION 19 - TAXES ON INCOME FROM CONTINUING OPERATIONS - CAPTION 270

19.1 Taxes on income from continuing operations: breakdown

(millions of euro)

Income component/Amount	2024	2023
1. Current taxes (-)	-518	-489
2. Changes in current taxes of previous years (+/-)	65	87
3. Reduction in current taxes of the year (+)	4	-
3. bis Reduction in current taxes of the year for tax credits pursuant to Law no. 214/2011 (+)	470	391
4. Changes in deferred tax assets (+/-)	-1,722	-1,306
5. Changes in deferred tax liabilities (+/-)	-42	-34
6. Taxes on income for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**-1,743**	**-1,351**

The current taxes for the year include 3 million euro pertaining to the Top-up Tax payable by ISP as Ultimate Parent Entity under the Global Minimum Tax rules established by Directive (EU) 2022/2523 and transposed by Legislative Decree 209/2023.
The reduction in current taxes for the year, measured at 470 million euro, as required by the "Roneata" Letter from the Bank of Italy of 7 August 2012, shows the transformation into tax credits of the deferred tax assets pursuant to Law 214/2011 due to the tax loss of Intesa Sanpaolo S.p.A. in relation to 2024. This effect is entirely offset by the corresponding decrease in the caption Changes in deferred tax assets with the ensuing nil impact on the income statement.

Sub-caption 4. Changes in deferred tax assets, as at 31 December 2024, included an increase of 206 million euro, which took place in the fourth quarter, relating to losses carried forward pertaining to the merged UBI Banca and Provis (there were similar losses totalling 352 million euro pertaining to UBI Banca, UBI Leasing, and UBI Factor as at 31 December 2023). This caption also includes additional deferred tax assets of 130 million euro, recognised in June 2024, connected to the payment (non-tax deductible) of the same amount to the National Resolution Fund, recognised under Other operating expenses.

19.2 Reconciliation of theoretical tax charge to total income tax expense for the period

(millions of euro)

	2024	2023
Income (Loss) before tax from continuing operations	7,347	8,643
Income (Loss) before tax from discontinued operations	-	-
Theoretical taxable income	**7,347**	**8,643**

	Taxes (a)	Impact (%) on theoretical taxable income
Income taxes - theoretical tax expense (income) (b)	**2,429**	**33.1**
Increases of taxes	**184**	**2.5**
Non-deductible cost	70	1.0
Loss on investments	26	0.3
Other	88	1.2
Decreases of taxes	**-870**	**-11.9**
Lower IRAP taxable income	-7	-0.1
Non-taxed capital gains on equity investments	-25	-0.4
Tax-exempt portion of dividends	-485	-6.6
Other	-353	-4.8
Total change in taxes	**-686**	**-9.4**
Total tax expense (income) for the period	**1,743**	**23.7**
of which: - effective tax expense (income) from continuing operations	**1,743**	**23.7**
- effective tax expense (income) from discontinued operations	**-**	**-**

(a) Tax expenses are indicated with a positive sign and tax income with a negative sign.

(b) Includes IRES ordinary tax 24%, IRES additional rate 3.5% and IRAP weighted average rate 5.56%.

SECTION 20 – INCOME (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS - CAPTION 290

This case was not present for the Bank.

SECTION 21 – OTHER INFORMATION

There is no information further to that already provided in the previous sections.

SECTION 22 – EARNINGS PER SHARE

For details, reference should be made to the relevant section of the Notes to the consolidated financial statements.

Part D – Comprehensive income

(millions of euro)

	Statement of comprehensive income	2024	2023
10	**Net income (loss)**	**5,604**	**7,292**
	Other comprehensive income that may not be reclassified to the income statement	**161**	**-159**
20	Equity instruments measured at fair value through other comprehensive income	236	-259
	a) fair value changes	*169*	*-254*
	b) transfer to other components of shareholders' equity	*67*	*-5*
30	Financial liabilities designated at fair value through profit or loss (change in own credit rating)	-98	-119
	a) fair value changes	*-98*	*-119*
	b) transfer to other components of shareholders' equity	-	-
40	Hedging of equity instruments measured at fair value through other comprehensive income	-	-
	a) fair value changes (hedged instrument)	-	-
	b) fair value changes (hedging instrument)	-	-
50	Property and equipment	14	136
60	Intangible assets	-	-
70	Defined benefit plans	15	77
80	Non-current assets held for sale and discontinued operations	-	-
90	Share of valuation reserves connected with investments carried at equity	-	-
100	Income taxes associated with other comprehensive income that may not be reclassified to the income statement	-6	6
	Other comprehensive income that may be reclassified to the income statement	**-311**	**253**
110	Hedges of foreign investments:	-	-
	a) fair value changes	-	-
	b) reclassification to the income statement	-	-
	c) other changes	-	-
120	Foreign exchange differences:	-	-
	a) value change	-	-
	b) reclassification to the income statement	-	-
	c) other changes	-	-
130	Cash flow hedges:	212	136
	a) fair value changes	*351*	*120*
	b) reclassification to the income statement	*-139*	*16*
	c) other changes	-	-
	of which: gains (losses) on net positions	-	-
140	Hedging instruments (not designated elements)	-	-
	a) value change	-	-
	b) reclassification to the income statement	-	-
	c) other changes	-	-
150	Financial assets (other than equities) measured at fair value through other comprehensive income	-676	241
	a) fair value changes	*-454*	*427*
	b) reclassification to the income statement	*-222*	*-186*
	- adjustments for credit risk	*7*	*14*
	- gains/losses on disposals	*-229*	*-200*
	c) other changes	-	-
160	Non-current assets held for sale and discontinued operations	-	-
	a) fair value changes	-	-
	b) reclassification to the income statement	-	-
	c) other changes	-	-
170	Share of valuation reserves connected with investments carried at equity:	-	-
	a) fair value changes	-	-
	b) reclassification to the income statement	-	-
	- impairment losses	-	-
	- gains/losses on disposals	-	-
	c) other changes	-	-
180	Income taxes associated with other comprehensive income that may be reclassified to the income statement	153	-124
190	**Total other comprehensive income**	**-150**	**94**
200	**Comprehensive income (Captions 10+190)**	**5,454**	**7,386**

Part E – Information on risks and relative hedging policies

INTRODUCTION

This part of the Notes to the Parent Company's financial statements provides the quantitative information on risks relative to the Parent Company, Intesa Sanpaolo. For qualitative information regarding the methods whereby risks are managed and monitored, the organisation of the Bank's risk governance, the associated processes and key functions, the culture of risk-awareness at the Bank and the methods whereby it is ensured that this culture is spread, the main risks associated with the Bank's business model, the risk appetite and the methods whereby such risks are managed and the use of stress tests within risk governance strategies, refer to Part E of the Notes to the consolidated financial statements.
The qualitative and quantitative disclosure is presented according to the order established by Bank of Italy Circular 262, which specifically regulates not only the format of the tables but also the sequence of the various topics, except for the section relating to market risks in relation to the application of internal models.

SECTION 1 – CREDIT RISK

QUALITATIVE INFORMATION

Qualitative information on Intesa Sanpaolo's credit quality is contained in Part E of the Notes to the consolidated financial statements.

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

For the purposes of quantitative information about credit quality, the term "credit exposures" is understood to exclude equities and quotas of UCI.
The term "on-balance sheet credit exposures" refers to all the on-balance sheet financial assets due from banks or customers, irrespective of the accounting portfolio they are allocated to (measured at fair value through profit or loss, measured at fair value through other comprehensive income, measured at amortised cost, or discontinued financial assets). Although on demand receivables due from banks and central banks come under the definition of on-balance sheet exposures, by convention they are not included in the tables in Section 1, except in cases specifically identified by Bank of Italy Circular 262, where they must be considered.
The term "off-balance sheet exposures" refers to all the financial transactions that are not on the balance sheet (guarantees given, revocable and irrevocable commitments, derivatives, etc.) but entail the assumption of credit risk, regardless of the purpose of those transactions (trading, hedging, etc.). The off-balance sheet credit exposures also include the counterparty risk associated with any securities lending transactions. Where necessary, the counterparty risk associated with exposures relating to repurchase agreements, transactions involving the granting or assumption of goods on loan, and loans with margins falling within the notion of securities financing transactions defined by the prudential regulations, is also reported.
Non-performing credit exposures (on-balance sheet and off-balance sheet) do not include financial assets held for trading and hedging derivatives, which are therefore normally recognised as performing credit exposures.

A.1 Performing and non-performing credit exposures: amounts, adjustments, changes, and economic breakdown

A.1.1 Breakdown of financial assets by portfolio classification and credit quality (book values)

(millions of euro)

Portfolios/quality		Bad loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	TOTAL
1. Financial assets measured at amortised cost		948	3,091	278	2,160	440,128	446,605
2. Financial assets measured at fair value through other comprehensive income		-	7	-	-	57,327	57,334
3. Financial assets designated at fair value		-	-	-	-	2	2
4. Other financial assets mandatorily measured at fair value		3	26	-	18	555	602
5. Non-current financial assets held for sale		34	8	-	-	-	42
Total	**31.12.2024**	**985**	**3,132**	**278**	**2,178**	**498,012**	**504,585**
Total	**31.12.2023**	**774**	**3,388**	**369**	**2,613**	**496,201**	**503,345**

A.1.2 Breakdown of financial assets by portfolio classification and credit quality (gross and net values)

(millions of euro)

Portfolios/quality		NON-PERFORMING ASSETS				PERFORMING ASSETS			TOTAL (net exposure)
		Gross exposure	Total adjustments	Net exposure	Overall partial write-off	Gross exposure	Total adjustments	Net exposure	
1. Financial assets valued to amortized cos		8,300	-3,983	4,317	1,477	443,844	-1,556	442,288	446,605
2. Financial assets valued to fair value with impact on overall profitability		47	-40	7	-	57,354	-27	57,327	57,334
3. Financial assets designated to fair value		-	-	-	-	X	X	2	2
4. Other financial assets mandatorily valuated to fair value		65	-36	29	-	X	X	573	602
5. Financial assets as held for sale		330	-288	42	-	-	-	-	42
Total	**31.12.2024**	**8,742**	**-4,347**	**4,395**	**1,477**	**501,198**	**-1,583**	**500,190**	**504,585**
Total	**31.12.2023**	**8,687**	**-4,156**	**4,531**	**1,724**	**500,007**	**-1,799**	**498,814**	**503,345**

(millions of euro)

Portfolios/quality		ASSETS OF EVIDENTLY LOW CREDIT QUALITY		OTHER ASSETS
		Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading		-15	19	34,445
2. Hedging derivatives		-	-	5,782
Total	**31.12.2024**	**-15**	**19**	**40,227**
Total	**31.12.2023**	**-19**	**17**	**43,349**

A.1.3 Breakdown of financial assets by past-due brackets (book value)

(millions of euro)

Portfolios/risk stages		STAGE 1			STAGE 2			STAGE 3			PURCHASED OR ORIGINATED CREDIT-IMPAIRED		
		Between 1 and 30 days	Between 30 and 90 days	Over 90 days	Between 1 and 30 days	Between 30 and 90 days	Over 90 days	Between 1 and 30 days	Between 30 and 90 days	Over 90 days	Between 1 and 30 days	Between 30 and 90 days	Over 90 days
1. Financial assets measured at amortised cost		940	165	241	460	235	116	125	141	2,514	7	1	86
2. Financial assets measured at fair value through other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
3. Non-current financial assets held for sale		-	-	-	-	-	-	-	-	33	-	-	-
Total	**31.12.2024**	**940**	**165**	**241**	**460**	**235**	**116**	**125**	**141**	**2,547**	**7**	**1**	**86**
Total	**31.12.2023**	**1,083**	**159**	**193**	**555**	**486**	**133**	**101**	**172**	**2,554**	**3**	**2**	**104**

The values of assets more than 90 days past due, relating to exposures classified in Stage 1 and 2 refer to loans that do not meet the conditions to be classified under non-performing past due exposures (below the materiality threshold).

A.1.4 Financial assets, commitments to disburse funds and financial guarantees given: changes in total adjustments and total provisions

(millions of euro)

Reasons/risk stages	**TOTAL ADJUSTMENTS**											
	Stage 1 assets						**Stage 2 assets**					
	On demand due from banks and Central Banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Non-current financial assets held for sale	*of which: individual impairment losses*	*of which: collective impairment losses*	On demand due from banks and Central Banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Non-current financial assets held for sale	*of which: individual impairment losses*	*of which: collective impairment losses*
Total opening adjustments	**2**	**518**	**19**	**-**	***539***	**-**	**-**	**1,214**	**41**	**1**	***1,256***	**-**
Changes in increase from financial assets acquired or originated	-	174	3	-	*177*	-	-	-	-	-	-	-
Cancellations other than write-offs	-	-93	-9	-	*-102*	-	-	-80	-29	-1	*-110*	-
Net value adjustments / write-backs for credit risk	-	-211	-	-	*-211*	-	-	-	1	-	*1*	-
Contractual changes without cancellations	-	-	-	-	-	-	-	25	-	-	*25*	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs non recorded directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-
Other variations	-	-	-	-	-	-	-	3	1	-	*4*	-
Total closing adjustments	**2**	**388**	**13**	**-**	***403***	**-**	**-**	**1,162**	**14**	**-**	***1,176***	**-**
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recorded directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-

(millions of euro)

Reasons/risk stages	**TOTAL ADJUSTMENTS**										
	Stage 3 assets						**Purchased or originated credit-impaired financial assets**				
	On demand due from banks and Central Banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Non-current financial assets held for sale	*of which: individual impairment losses*	*of which: collective impairment losses*	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Non-current financial assets held for sale	*of which: individual impairment losses*	*of which: collective impairment losses*
Total opening adjustments	**-**	**3,937**	**36**	**41**	***4,014***	**-**	**118**	**-**	**-**	***118***	**-**
Changes in increase from financial assets acquired or originated	-	-	-	-	-	-	X	X	X	*X*	*X*
Cancellations other than write-offs	-	-783	-	-41	*-824*	-	-8	-	-	*-8*	-
Net value adjustments / write-backs for credit risk	-	1,176	4	-	*1,180*	-	-11	-	-	*-11*	-
Contractual changes without cancellations	-	5	-	-	*5*	-	-3	-	-	*-3*	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-
Write-offs non recorded directly in the income statement	-	-486	-	-	*-486*	-	-14	-	-	*-14*	-
Other variations	-	41	-	287	*328*	-	15	-	1	*16*	-
Total closing adjustments	**-**	**3,890**	**40**	**287**	***4,217***	**-**	**97**	**-**	**1**	***98***	**-**
Recoveries from financial assets subject to write-off	-	23	-	-	*23*	-	-	-	-	-	-
Write-offs recorded directly in the income statement	-	-47	-	-	*-47*	-	-4	-	-	*-4*	-

A.1.4 Financial assets, commitments to disburse funds and financial guarantees given: changes in total adjustments and total provisions – continued –

(millions of euro)

Reasons/risk stages	TOTAL PROVISIONS ON COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN				TOTAL
	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees given impaired purchased or originated	
Total opening adjustments	**70**	**86**	**251**	**-**	**6,334**
Changes in increase from financial assets acquired or originated	4	-	-	-	**181**
Cancellations other than write-offs	-3	-4	-	-	**-1,051**
Net value adjustments / write-backs for credit risk	-11	-17	52	-	**983**
Contractual changes without cancellations	-	-	-	-	**27**
Changes in the estimation methodology	-	-	-	-	**-**
Write-offs non recorded directly in the income statement	-	-	-	-	**-500**
Other variations	-	-1	-	-	**347**
Total closing adjustments	**60**	**64**	**303**	**-**	**6,321**
Recoveries from financial assets subject to write-off	-	-	-	-	**23**
Write-offs recorded directly in the income statement	-	-	-	-	**-51**

Intesa Sanpaolo does not use the simplified method for the valuation of the loss allowance in relation to trade receivables, contract assets and lease receivables (method envisaged by IFRS 9, paragraph 5.5.15).

A.1.5 Financial assets, commitments to disburse funds and financial guarantees given: transfers between stages of credit risk (gross and nominal amounts)

(millions of euro)

Portfolios/risk stages	GROSS AMOUNTS/NOMINAL VALUE					
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
1. Financial assets measured at amortised cost	14,422	6,967	1,081	288	1,274	40
2. Financial assets measured at fair value through other comprehensive income	129	60	8	-	-	-
3. Non-current financial assets held for sale	-	-	-	-	-	-
4. Commitments to provide funds and financial guarantees issued	9,207	4,130	312	9	298	7
Total 31.12.2024	**23,758**	**11,157**	**1,401**	**297**	**1,572**	**47**
Total 31.12.2023	**27,438**	**17,486**	**1,244**	**440**	**1,439**	**69**

On 16 December 2022, the EBA repealed the Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis, contained in EBA/GL/2020/07, with effect from 1 January 2023, following the change in the scenario related to the pandemic. However, the Bank of Italy, in the communication dated 14 March 2023, requested that certain financial statement disclosures be maintained, in free format, on transfers between the various credit risk stages which involved the loans subject to public guarantees issued in response to the COVID-19 situation.
In that regard, it is noted that the loans subject to COVID-19 public guarantees measured at amortised cost that were transferred from Stage 1 to Stage 2 in 2024 amounted to 1,204 million euro, while those transferred from Stage 2 to Stage 1 amounted to 464 million euro. Transfers from Stage 2 to Stage 3 amounted to 157 million euro, from Stage 3 to Stage 2 amounted to 12 million euro, from Stage 1 to Stage 3 amounted to 317 million euro and, lastly, from Stage 3 to Stage 1 amounted to 3 million euro.

A.1.6 On- and off-balance sheet credit exposures to banks: gross and net values

(millions of euro)

Type of exposure/amounts	Gross exposure					Total adjustments and total provisions for credit risk					Net exposure	Total partial write-offs
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. ON-BALANCE SHEET EXPOSURES												
A.1 ON DEMAND	**23,787**	**23,766**	**21**	**-**	**-**	**-2**	**-2**	**-**	**-**	**-**	**23,785**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	23,787	23,766	21	X	-	-2	-2	-	X	-	23,785	-
A.2 OTHERS	**47,992**	**45,241**	**99**	**20**	**-**	**-52**	**-34**	**-7**	**-11**	**-**	**47,940**	**-**
a) Bad loans	4	X	-	4	-	-4	X	-	-4	-	-	-
- of which: forborne exposures	*-*	*X*	*-*	*-*	*-*	*-*	*X*	*-*	*-*	*-*	*-*	*-*
b) Unlikely to pay	16	X	-	16	-	-7	X	-	-7	-	9	-
- of which: forborne exposures	*15*	*X*	*-*	*15*	*-*	*-7*	*X*	*-*	*-7*	*-*	*8*	*-*
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	*-*	*X*	*-*	*-*	*-*	*-*	*X*	*-*	*-*	*-*	*-*	*-*
d) Performing past due exposures	31	31	-	X	-	-	-	-	X	-	31	-
- of which: forborne exposures	*-*	*-*	*-*	*X*	*-*	*-*	*-*	*-*	*X*	*-*	*-*	*-*
e) Other performing exposures	47,941	45,210	99	X	-	-41	-34	-7	X	-	47,900	-
- of which: forborne exposures	*-*	*-*	*-*	*X*	*-*	*-*	*-*	*-*	*X*	*-*	*-*	*-*
TOTAL (A)	**71,779**	**69,007**	**120**	**20**	**-**	**-54**	**-36**	**-7**	**-11**	**-**	**71,725**	**-**
B. OFF-BALANCE SHEET EXPOSURES												
a) Non-performing	13	X	-	13	-	-	X	-	-	-	13	-
b) Performing	125,269	79,404	473	X	-	-2	-2	-	X	-	125,267	-
TOTAL (B)	**125,282**	**79,404**	**473**	**13**	**-**	**-2**	**-2**	**-**	**-**	**-**	**125,280**	**-**
TOTAL (A+B)	**197,061**	**148,411**	**593**	**33**	**-**	**-56**	**-38**	**-7**	**-11**	**-**	**197,005**	**-**

A.1.7 On- and off-balance sheet credit exposures to customers: gross and net values

(millions of euro)

Type of exposure/Amounts	**Gross exposure**					**Total adjustments and total provisions for credit risk**					**Net Exposure**	**Total partial write-offs**
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. ON-BALANCE SHEET EXPOSURES												
a) Bad loans	3,192	X	-	3,051	132	-2,207	X	-	-2,134	-68	985	1,140
- of which: forborne exposures	*787*	*X*	*-*	*744*	*43*	*-523*	*X*	*-*	*-498*	*-25*	*264*	*134*
b) Unlikely to pay	5,167	X	-	5,040	70	-2,044	X	-	-1,987	-26	3,123	337
- of which: forborne exposures	*2,002*	*X*	*-*	*1,945*	*41*	*-726*	*X*	*-*	*-713*	*-11*	*1,276*	*76*
c) Non-performing past due exposures	363	X	-	362	1	-85	X	-	-85	-	278	-
- of which: forborne exposures	*42*	*X*	*-*	*42*	*-*	*-10*	*X*	*-*	*-10*	*-*	*32*	*-*
d) Performing past due exposures	2,223	1,321	881	X	3	-76	-6	-70	X	-	2,147	-
- of which: forborne exposures	*180*	*-*	*180*	*X*	*-*	*-18*	*-*	*-18*	*X*	*-*	*162*	*-*
e) Other performing exposures	459,486	425,122	28,463	X	68	-1,464	-361	-1,099	X	-4	458,022	-
- of which: forborne exposures	*3,902*	*-*	*3,862*	*X*	*21*	*-241*	*-*	*-239*	*X*	*-2*	*3,661*	*-*
TOTAL (A)	**470,431**	**426,443**	**29,344**	**8,453**	**274**	**-5,876**	**-367**	**-1,169**	**-4,206**	**-98**	**464,555**	**1,477**
B. OFF-BALANCE SHEET EXPOSURES												
a) Non-performing	1,910	X	-	1,910	-	-303	X	-	-302	-	1,607	-
b) Performing	402,384	261,164	14,514	X	1	-122	-58	-64	X	-	402,262	-
TOTAL (B)	**404,294**	**261,164**	**14,514**	**1,910**	**1**	**-425**	**-58**	**-64**	**-302**	**-**	**403,869**	**-**
TOTAL (A+B)	**874,725**	**687,607**	**43,858**	**10,363**	**275**	**-6,301**	**-425**	**-1,233**	**-4,508**	**-98**	**868,424**	**1,477**

Purchased or originated credit-impaired financial assets mainly include financial assets purchased "through business combinations".
The exposures also include financial assets allocated to the assets held for sale accounting portfolio.

The On- and off-balance sheet credit exposures to customers classified as Stage 2 mainly include the positions for which a change (behind specific thresholds) was found in the lifetime probability of default compared to the time of initial recognition of the financial instrument in the financial statements. For the purpose of classification in Stage 2 – without prejudice to the materiality thresholds identified by the regulations – exposures that are past due by at 30 days or subject to forbearance measures are important. Activating a forbearance measure implies a minimum probation period of 24 months in Stage 2. Moreover, some of the indicators from the credit monitoring systems are now considered for the purposes of the transfer between stages (early warning systems). Where signals of high risk (traffic light results) are identified for at least three consecutive months by such systems, a perimeter of potentially riskier counterparties is defined, to be classified in Stage 2.

To complement the above methodology, a "relative" threshold has also been established (tripling of lifetime PD at the observation date compared to the lifetime PD at the initial recognition date), which acts on a residual basis compared to the main methodology, i.e. the change in the lifetime probability of default. Therefore, if this threshold is exceeded, the position is automatically classified to Stage 2. In order to avoid the "sliding" into Stage 2 of particularly high credit quality positions, the threshold is only triggered for non-investment grade loans and securities, identified considering the definitions within the Group.

Finally, a staging allocation effect was identified in the in-model adjustment linked to the identification of extreme scenarios. This led to the Stage 2 classification of the counterparties deemed most vulnerable to the aforementioned extreme scenarios in relation to the rating assigned.

The gross amount of loans subject to COVID-19 public guarantees as at 31 December 2024 came to 15,082 million euro. The aggregate comprised performing exposures of 14,074 million euro gross, with 41 million euro in adjustments and non-performing exposures of 1,008 million euro gross, with 395 million euro in adjustments.
Performing exposures are broken down into (i) performing past due loans for 140 million euro gross, with 3 million euro in adjustments and (ii) performing loans not past due for 13,934 million euro gross, with 38 million euro in adjustments.

A.1.8 On-balance sheet credit exposures to banks: changes in gross non-performing exposures

(millions of euro)

Reasons/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Initial gross exposure	**4**	**33**	**-**
- of which: exposures sold not derecognised	-	-	-
B. Increases	**-**	**2**	**-**
B.1 inflows from performing exposures	-	-	-
B.2 inflows from purchased or originated credit-impaired financial assets	-	-	-
B.3 transfers from other non-performing exposures categories	-	-	-
B.4 changes in contracts without derecognition	-	-	-
B.5 other increases	-	2	-
C. Decreases	**-**	**-19**	**-**
C.1 outflows to performing exposures	-	-	-
C.2 write-offs	-	-	-
C.3 collections	-	-19	-
C.4 profits on disposal	-	-	-
C.5 losses on disposal	-	-	-
C.6 transfers to other non-performing exposure categories	-	-	-
C.7 changes in contracts without derecognition	-	-	-
C.8 other decreases	-	-	-
D. Final gross exposure	**4**	**16**	**-**
- of which: exposures sold not derecognised	-	-	-

A.1.8 Bis On-balance sheet credit exposures to banks: changes in gross forborne exposures broken down by credit quality

(millions of euro)

Description/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Initial gross exposure	**32**	**-**
- of which: exposures sold not derecognised	-	-
B. Increases	**-**	**-**
B.1 inflows from performing not forborne exposures	-	-
B.2. inflows from performing forborne exposures	-	X
B.3. inflows from impaired forborne exposures	X	-
B.4 inflows from non-performing non-forborne exposures	-	-
B.5 other increases	-	-
C. Decreases	**-17**	**-**
C.1 outflows to performing not forborne exposures	X	-
C.2 outflows to performing forborne exposures	-	X
C.3 outflows to exposures subject to impaired concessions	X	-
C.4 write-offs	-	-
C.5 collections	-17	-
C.6 profits on disposal	-	-
C.7 losses on disposal	-	-
C.8 other decreases	-	-
D. Final gross exposure	**15**	**-**
- of which: exposures sold not derecognised	-	-

A.1.9 On-balance sheet credit exposures to customers: changes in gross non-performing exposures

(millions of euro)

Reasons/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Initial gross exposure	**2,664**	**5,508**	**478**
- of which: exposures sold not derecognised	*87*	*530*	*230*
B. Increases	**1,620**	**3,152**	**396**
B.1 inflows from performing exposures	253	2,557	379
B.2 inflows from purchased or originated credit-impaired financial assets	-	-	-
B.3 transfers from other non-performing exposures categories	1,178	302	2
B.4 changes in contracts without derecognition	-	9	-
B.5 other increases	189	284	15
C. Decreases	**-1,092**	**-3,493**	**-511**
C.1 outflows to performing exposures	-1	-314	-53
C.2 write-offs	-399	-151	-1
C.3 collections	-480	-921	-58
C.4 profits on disposal	-21	-735	-12
C.5 losses on disposal	-1	-13	-
C.6 transfers to other non-performing exposure categories	-4	-1,096	-382
C.7 changes in contracts without derecognition	-	-23	-
C.8 other decreases	-186	-240	-5
D. Final gross exposure	**3,192**	**5,167**	**363**
- of which: exposures sold not derecognised	*21*	*285*	*148*

The other increases mainly include the increases in the amounts for charges and the increase in the amounts in foreign currency due to changes in the exchange rate.
The other decreases mainly include the portfolio of loans classified as "bad loans" and "unlikely to pay" sold during the year.

A.1.9 Bis On-balance sheet credit exposures to customers: changes in gross forborne exposures broken down by credit quality

(millions of euro)

Reasons/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Opening balance (gross amount)	**2,999**	**4,645**
- Sold but not derecognised	*196*	*862*
B. Increases	**1,287**	**1,945**
B.1 transfers from performing not forborne exposures	252	1,574
B.2.transfers from performing forborne exposures	591	X
B.3. transfers from impaired forborne exposures	X	262
B.4 inflows from forborne non-performing exposures	163	2
B.5 other increases	281	107
C. Decreases	**-1,455**	**-2,508**
C.1 Transfers to performing not forborne exposures	X	-1,112
C.2 Transfers to performing forborne exposures	-262	X
C.3 transfers to impaired exposures not forborne	X	-591
C.4 write-offs	-150	-
C.5 recoveries	-461	-805
C.6 sales proceeds	-409	-
C.7 losses on disposals	-7	-
C.8 other decreases	-166	-
D. Closing balance (gross amounts)	**2,831**	**4,082**
- Sold but not derecognised	*93*	*820*

The other increases mainly include the increases in the amounts for charges.
The other decreases mainly include the portfolios sold during the year.

A.1.10 On-balance sheet non-performing credit exposures to banks: changes in total adjustments

(millions of euro)

Reasons/Categories	BAD LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE EXPOSURES	
	Total	*of which: forborne exposures*	Total	*of which: forborne exposures*	Total	*of which: forborne exposures*
A. Initial total adjustments	**4**	**-**	**10**	***10***	**-**	**-**
- of which: exposures sold not derecognised	-	-	-	-	-	-
B. Increases	**-**	**-**	**-**	**-**	**-**	**-**
B.1 adjustments to purchased or originated credit-impaired assets	-	*X*	-	*X*	-	*X*
B.2 other value adjustments	-	-	-	-	-	-
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfers from other non-performing exposures categories	-	-	-	-	-	-
B.5 changes in contracts without derecognition	-	-	-	-	-	-
B.6 other increases	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-3**	***-3***	**-**	**-**
C.1 recoveries on impairment losses	-	-	-	-	-	-
C.2 recoveries on repayments	-	-	-3	*-3*	-	-
C.3 profits on disposal	-	-	-	-	-	-
C.4 write-offs	-	-	-	-	-	-
C.5 transfers to other non-performing exposure categories	-	-	-	-	-	-
C.6 changes in contracts without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	-	-	-	-
D. Final total adjustments	**4**	**-**	**7**	***7***	**-**	**-**
- of which: exposures sold not derecognised	-	-	-	-	-	-

A.1.11 On-balance sheet non-performing credit exposures to customers: changes in total adjustments

(millions of euro)

Description/Category	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE EXPOSURES	
	Total	*of which: forborne exposures*	Total	*of which: forborne exposures*	Total	*of which: forborne exposures*
A. Opening balance overall amount of writedowns	**1,890**	***414***	**2,143**	***796***	**109**	***15***
- Sold but not derecognised	*59*	*2*	*148*	*37*	*48*	*7*
B. Increases	**1,170**	***281***	**1,191**	***409***	**89**	***10***
B.1 impairment losses on acquired or originated assets	-	*X*	-	*X*	-	*X*
B.2 other value adjustments	620	*146*	1,060	*345*	86	*10*
B.3 losses on disposal	1	-	14	*6*	-	-
B.4 transfer from other impaired exposure	508	*133*	76	*13*	-	-
B.5 contractual changes without cancellations	-	-	32	*32*	-	-
B.6 other increases	41	*2*	9	13	3	-
C. Reductions	**-853**	***-172***	**-1,290**	***-479***	**-113**	***-15***
C.1 write-backs from assessments	-92	*-22*	-210	*-101*	-9	-
C.2 write-backs from recoveries	-109	*-12*	-78	*-30*	-2	-
C.3 gains on disposal	-	-	-1	*-1*	-	-
C.4 write-offs	-399	*-100*	-151	*-50*	-1	-
C.5 transfers to other impaired exposures	-2	*-1*	-486	*-131*	-96	*-14*
C.6 contractual changes without cancellations	-	-	-27	*-27*	-	-
C.7 other decreases	-251	*-37*	-337	*-139*	-5	*-1*
D. Closing overall amount of writedowns	**2,207**	***523***	**2,044**	***726***	**85**	***10***
- Sold but not derecognised	*14*	*2*	*103*	*20*	*35*	*5*

The other increases mainly include the collections of loans already derecognised in full (through "recoveries on repayments") and increases in the balances of allowances in foreign currency due to changes in the exchange rate.
The other decreases mainly include the portfolio of loans classified as "bad loans" and "unlikely to pay" sold during the year. This caption also includes the collections of overdue interest applied in previous years, losses on disposal not covered by the allowance, the decrease in allowances in foreign currency due to changes in the exchange rate and the reduction in the allowances for adjustment due to the passing of time.

A.2 Classification of financial assets, commitments to disburse funds and financial guarantees given based on internal and external rating

A.2.1 Breakdown of financial assets, commitments to disburse funds and financial guarantees given by external rating classes (gross amounts)

Intesa Sanpaolo uses the ratings supplied by the following external rating agencies for portfolios subject to supervisory reporting: S&P Global Ratings, Moody's, Fitch Ratings and Morningstar DBRS.
In compliance with the regulations, if there are two ratings for the same customer, the most prudential of the two is used, when three ratings are available, the middle rating is adopted, and when all ratings are available, the second-best is taken.
For the mapping of the risk classes and agency ratings employed, see the corresponding section of the Notes to the consolidated financial statements.

(millions of euro)

Exposures	EXTERNAL RATING CLASSES						UNRATED	TOTAL
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost	**24,738**	**21,950**	**84,058**	**7,843**	**1,335**	**129**	**312,091**	**452,144**
- Stage 1	24,724	21,764	83,074	7,549	1,000	37	276,540	414,688
- Stage 2	14	186	984	292	241	43	27,325	29,085
- Stage 3	-	-	-	-	94	49	7,956	8,099
- Purchased or originated credit-impaired	-	-	-	2	-	-	270	272
B.Financial assets measured at fair value through other comprehensive income	**29,433**	**15,825**	**10,488**	**592**	**61**	**52**	**950**	**57,401**
- Stage 1	29,382	15,796	10,354	563	25	5	872	56,997
- Stage 2	51	29	134	29	36	32	46	357
- Stage 3	-	-	-	-	-	15	32	47
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
C. Non-current financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**330**	**330**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	329	329
- Purchased or originated credit-impaired	-	-	-	-	-	-	1	1
Total (A+B+C)	**54,171**	**37,775**	**94,546**	**8,435**	**1,396**	**181**	**313,371**	**509,875**
D. Commitments to disburse funds and financial guarantees given								
- Stage 1	11,176	24,036	151,848	14,044	2,052	83	138,137	341,376
- Stage 2	271	399	1,227	781	297	91	11,922	14,988
- Stage 3	-	-	-	-	7	-	1,916	1,923
- Purchased or originated credit-impaired	-	-	-	-	-	-	1	1
Total (D)	**11,447**	**24,435**	**153,075**	**14,825**	**2,356**	**174**	**151,976**	**358,288**
Total (A+B+C+D)	**65,618**	**62,210**	**247,621**	**23,260**	**3,752**	**355**	**465,347**	**868,163**

A.2.2 Breakdown of financial assets, commitments to disburse funds and financial guarantees given by internal rating classes (gross amounts)

The breakdown of exposures by internal rating classes shown in the following table is based on all ratings available in the credit risk management and control system, in addition to ratings for validated models. These ratings include credit ratings assigned by external agencies for counterparties in customer segments for which an internal model is not available.

(millions of euro)

Exposures	Internal rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortized cost	**89,780**	**39,993**	**163,089**	**102,873**	**26,369**	**4,002**	**26,038**	**452,144**
- Stage 1	89,670	39,936	161,348	94,867	10,418	218	18,231	414,688
- Stage 2	108	57	1,728	7,953	11,930	1,418	5,891	29,085
- Stage 3	-	-	-	-	3,889	2,324	1,886	8,099
- Purchased or originated credit-impaired	2	-	13	53	132	42	30	272
B. Financial assets measured at fair value through other comprehensive income	**26,938**	**16,201**	**9,853**	**1,330**	**237**	**201**	**2,641**	**57,401**
- Stage 1	26,927	16,155	9,717	1,292	143	158	2,605	56,997
- Stage 2	11	46	136	38	73	32	21	357
- Stage 3	-	-	-	-	21	11	15	47
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
C. Non-current financial assets held for sale	**-**	**-**	**-**	**-**	**188**	**82**	**60**	**330**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	187	82	60	329
- Purchased or originated credit-impaired	-	-	-	-	1	-	-	1
Total (A+B+C)	**116,718**	**56,194**	**172,942**	**104,203**	**26,794**	**4,285**	**28,739**	**509,875**
D. Commitments and financial guarantees given								
- Stage 1	24,090	32,366	215,942	51,803	6,266	197	10,712	341,376
- Stage 2	315	264	2,191	5,078	3,861	688	2,591	14,988
- Stage 3	-	-	-	-	510	880	533	1,923
- Purchased or originated credit-impaired	-	-	-	-	1	-	-	1
Total (D)	**24,405**	**32,630**	**218,133**	**56,881**	**10,638**	**1,765**	**13,836**	**358,288**
Total (A+B+C+D)	**141,123**	**88,824**	**391,075**	**161,084**	**37,432**	**6,050**	**42,575**	**868,163**

A.3 Breakdown of guaranteed credit exposures by type of guarantee

A.3.1 Guaranteed on- and off-balance sheet credit exposures to banks

(millions of euro)

	Gross exposure	Net exposure	Collaterals (*) (1)				Personal guarantees (2) Credit derivatives	
			Real estate assets - mortgages	Real estate assets - finance leases	Securities	Other	CLN	Other derivatives: Central counterparties
1. Guaranteed on-balance sheet credit exposures:	**13,753**	**13,752**	**-**	**4**	**13,330**	**-**	**-**	**-**
1.1 totally guaranteed	13,512	13,511	-	4	13,330	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
1.2 partly guaranteed	241	241	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**15,926**	**15,926**	**-**	**-**	**1,306**	**7,651**	**-**	**-**
2.1 totally guaranteed	13,513	13,513	-	-	1,305	6,166	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2 partly guaranteed	2,413	2,413	-	-	1	1,485	-	-
- of which non-performing	-	-	-	-	-	-	-	-

(*) Fair value of the guarantee or, if difficult to determine, its contractual value; as required by the regulations, the latter is stated up to the net exposure value.

(millions of euro)

	Personal guarantees (*) (2)							Total
	Credit derivatives – Other derivatives			Commitments				
	Banks	Other financial companies	Other counterparties	Public Administration	Banks	Other financial companies	Other counterparties	(1)+(2)
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**20**	**179**	**-**	**-**	**13,533**
1.1 totally guaranteed	-	-	-	20	4	-	-	13,358
- of which non-performing	-	-	-	-	-	-	-	-
1.2 partly guaranteed	-	-	-	-	175	-	-	175
- of which non-performing	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**-**	**-**	**-**	**27**	**50**	**-**	**-**	**9,034**
2.1 totally guaranteed	-	-	-	8	40	-	-	7,519
- of which non-performing	-	-	-	-	-	-	-	-
2.2 partly guaranteed	-	-	-	19	10	-	-	1,515
- of which non-performing	-	-	-	-	-	-	-	-

(*) Fair value of the guarantee or, if difficult to determine, contractual value, the latter stated - as required by the regulations - up to the net exposure value.

A.3.2 Guaranteed on- and off-balance sheet credit exposures to customers

(millions of euro)

	Gross exposure	Net exposures	Collaterals (*) (1)				Guarantees (*) (2)	
							Credit derivatives	
			Property, Mortgages	Financial leases	Securities	Other assets	CLN	Other derivatives
								Central counterparties
1. Guaranteed on-balance sheet credit exposures:	**251,667**	**247,926**	**137,078**	**3,944**	**18,641**	**5,348**	**-**	**-**
1.1 totally guaranteed	201,041	198,136	136,431	3,800	18,542	3,718	-	-
- of which non-performing	*4,687*	*2,698*	*1,465*	*238*	*5*	*36*	-	-
1.2 partly guaranteed	50,626	49,790	647	144	99	1,630	-	-
- of which non-performing	*1,503*	*800*	*98*	*9*	*4*	*32*	-	-
2. Guaranteed off-balance sheet credit exposures:	**46,934**	**46,856**	**1,225**	**3**	**8,615**	**2,890**	**-**	**-**
2.1 totally guaranteed	37,375	37,321	1,062	2	8,513	1,667	-	-
- of which non-performing	*201*	*173*	*16*	-	*2*	*5*	-	-
2.2. partly guaranteed	9,559	9,535	163	1	102	1,223	-	-
- of which non-performing	*125*	*105*	*7*	-	-	*6*	-	-

(*) Fair value of the guarantee or, if difficult to determine, its contractual value; as required by the regulations, the latter is stated up to the net exposure value.

(millions of euro)

	Personal guarantees (*) (2)							Total
	Credit derivatives			Commitments				
	Other derivatives			Public administration	Banks	Other financial companies	Other counterparties	(1)+(2)
	Banks	Other financial companies	Other counterparties					
1. Guaranteed on-balance sheet credit exposures	**-**	**-**	**-**	**34,114**	**340**	**1,050**	**20,946**	**221,461**
1.1 totally guaranteed	-	-	-	17,193	134	849	17,032	197,699
- of which non-performing	-	-	-	*586*	*2*	*15*	*349*	*2,696*
1.2 partly guaranteed	-	-	-	16,921	206	201	3,914	23,762
- of which non-performing	-	-	-	*470*	-	*3*	*60*	*676*
2. Guaranteed off-balance sheet credit exposures:	**117**	**-**	**-**	**3,780**	**908**	**742**	**24,748**	**43,028**
2.1 totally guaranteed	117	-	-	2,793	632	707	21,320	36,813
- of which non-performing	-	-	-	*32*	*1*	*1*	*115*	*172*
2.2. partly guaranteed	-	-	-	987	276	35	3,428	6,215
- of which non-performing	-	-	-	*28*	-	-	*19*	*60*

(*) Fair value of the guarantee or, if difficult to determine, its contractual value; as required by the regulations, the latter is stated up to the net exposure value.

A.4 Financial assets and non-financial assets resulting from the enforcement of guarantees

(millions of euro)

	Derecognised credit exposure	Gross amount	Total adjustments	Book value	of which obtained during the year
A. Property and equipment	**271**	**243**	**-55**	**188**	**3**
A.1 Used in operations	2	2	-	2	2
A.2. Investment	74	69	-12	57	1
A.3 Inventories	195	172	-43	129	-
B. Equities and debt securities	**325**	**325**	**-180**	**145**	**2**
C. Other assets	**-**	**-**	**-**	**-**	**-**
D. Non-current assets held for sale and discontinued operations	**10**	**8**	**-**	**8**	**-**
D.1 Property and equipment	10	8	-	8	-
D.2. Other assets	-	-	-	-	-
Total 31.12.2024	**606**	**576**	**-235**	**341**	**5**
Total 31.12.2023	**724**	**727**	**-275**	**452**	**113**

As at 31 December 2024, there were financial assets and non-financial assets resulting from the enforcement of guarantees.

The Property and equipment related to assets acquired upon closure of non-performing credit exposures on finance lease contracts, connected to seized assets consisting of: 2 million euro for a property used in operations; 57 million euro for investment properties (43 million euro in buildings and 14 million euro in land); and 129 million euro for real estate stock (essentially buildings).

The equities and debt securities, with a carrying amount of 145 million euro (1 million euro as Equity investments, 109 million euro as Financial assets mandatorily measured at fair value and 35 million euro as Financial assets measured at fair value through other comprehensive income) represent financial assets not previously provided by the borrower as security for pre-existing loans, but acquired under bilateral agreements with the borrower, following which the Bank derecognised the related credit exposure.

B. BREAKDOWN AND CONCENTRATION OF CREDIT EXPOSURES

B.1 Breakdown of on- and off-balance sheet credit exposures to customers by sector

(millions of euro)

Exposures/Counterparties		Public administration		Financial companies		Financial companies (of which: insurance companies)	
		Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures							
A.1 Bad loans		70	-174	4	-24	-	-
- of which: forborne exposures		-	-	-	-	-	-
A.2 Unlikely to pay		130	-16	125	-176	-	-
- of wich: forborne exposures		*19*	*-8*	*122*	*-116*	-	-
A.3 Non-performing past due exposures		-	-	1	-	-	-
- of which: forborne exposures		-	-	-	-	-	-
A.4 Performing exposures		100,182	-42	74,080	-151	1,341	-
- of wich: forborne exposures		*39*	*-1*	*159*	*-10*	-	-
Total (A)		**100,382**	**-232**	**74,210**	**-351**	**1,341**	**-**
B. Off-balance sheet exposures							
B.1 Non-performing exposures		4	-	15	-1	-	-
B.2 Performing exposures		25,402	-1	112,542	-25	11,409	-
Total (B)		**25,406**	**-1**	**112,557**	**-26**	**11,409**	**-**
Total (A+B)	**31.12.2024**	**125,788**	**-233**	**186,767**	**-377**	**12,750**	**-**
Total (A+B)	**31.12.2023**	**119,851**	**-317**	**159,029**	**-368**	**4,853**	**-**

(millions of euro)

Exposures/Counterparties		Non-financial companies		Households	
		Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures					
A.1 Bad loans		674	-1,517	237	-492
- of which: forborne exposures		*201*	*-436*	*63*	*-87*
A.2 Unlikely to pay		2,038	-1,402	830	-450
- of which: forborne exposuress		*739*	*-482*	*396*	*-120*
A.3 Non-performing past due exposures		102	-36	175	-49
- of which: forborne exposures		*8*	*-3*	*24*	*-7*
A.4 Performing exposures		146,385	-902	139,522	-445
- of which: forborne exposures		*2,542*	*-176*	*1,083*	*-72*
Total (A)		**149,199**	**-3,857**	**140,764**	**-1,436**
B. Off-balance sheet exposures					
B.1 Non-performing exposures		1,568	-296	20	-6
B.2 Performing exposures		254,146	-88	9,328	-8
Total (B)		**255,714**	**-384**	**9,348**	**-14**
Total (A+B)	**31.12.2024**	**404,913**	**-4,241**	**150,112**	**-1,450**
Total (A+B)	**31.12.2023**	**361,078**	**-4,146**	**149,447**	**-1,496**

B.2 Breakdown of on- and off-balance sheet credit exposures to customers by geographical area

(millions of euro)

Exposures/Geographical areas		Italy		Other european countries	
		Net exposures	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures					
A.1 Non-performing loans		969	-2,020	2	-53
A.2 Unlikely to pay		2,872	-1,975	109	-49
A.3 Non-performing past due exposures		278	-85	-	-
A.4 Performing exposures		323,258	-1,349	44,640	-129
Total (A)		**327,377**	**-5,429**	**44,751**	**-231**
B. Off-balance sheet exposure					
B.1 Non-performing exposures		1,581	-302	11	-1
B.2 Performing exposures		170,962	-83	145,374	-33
Total (B)		**172,543**	**-385**	**145,385**	**-34**
Total (A+B)	**31.12.2024**	**499,920**	**-5,814**	**190,136**	**-265**
Total (A+B)	**31.12.2023**	**509,252**	**-5,677**	**150,516**	**-316**

(millions of euro)

Exposures/Geographical areas		America		Asia		Rest of the world	
		Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures							
A.1 Non-performing loans		6	-84	7	-50	1	-
A.2 Unlikely to pay		21	-7	11	-4	110	-9
A.3 Non-performing past due exposures		-	-	-	-	-	-
A.4 Performing exposures		33,227	-32	16,013	-7	43,031	-23
Total (A)		**33,254**	**-123**	**16,031**	**-61**	**43,142**	**-32**
B. Off-balance sheet credit exposures							
B.1 Non-performing exposures		1	-	13	-	1	-
B.2 Performing exposures		72,586	-5	9,611	-1	2,885	-
Total (B)		**72,587**	**-5**	**9,624**	**-1**	**2,886**	**-**
Total (A+B)	**31.12.2024**	**105,841**	**-128**	**25,655**	**-62**	**46,028**	**-32**
Total (A+B)	**31.12.2023**	**98,635**	**-186**	**22,342**	**-110**	**8,660**	**-38**

B.2 bis Breakdown of relations with customers resident in Italy by geographical area

(millions of euro)

Exposures/Geographical areas		North West		North East		Centre		South and islands	
		Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures									
A.1 Bad loans		270	-573	138	-302	246	-461	315	-684
A.2 Unlikely to pay		990	-647	510	-396	722	-490	650	-442
A.3 Non-performing past due exposures		76	-22	40	-14	71	-20	91	-29
A.4 Performing exposures		113,526	-466	55,386	-243	103,730	-335	50,616	-305
Total A		**114,862**	**-1,708**	**56,074**	**-955**	**104,769**	**-1,306**	**51,672**	**-1,460**
B. Off-balance sheet exposures									
B.1 Non-performing exposures		413	-61	823	-161	230	-63	115	-17
B.2 Performing exposures		73,157	-46	29,236	-13	56,262	-13	12,307	-11
Total B		**73,570**	**-107**	**30,059**	**-174**	**56,492**	**-76**	**12,422**	**-28**
Total (A+B)	**31.12.2024**	**188,432**	**-1,815**	**86,133**	**-1,129**	**161,261**	**-1,382**	**64,094**	**-1,488**
Total (A+B)	**31.12.2023**	**194,999**	**-1,781**	**92,147**	**-1,043**	**154,645**	**-1,416**	**67,461**	**-1,437**

B.3 Breakdown of on- and off-balance sheet credit exposures to banks by geographical area

(millions of euro)

Exposures / Geographical Areas		Italy		Other european countries	
		Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures					
A.1 Bad loans		-	-	-	-1
A.2 Unlikely to pay		-	-	-	-
A.3 Non-performing past due exposures		-	-	-	-
A.4 Performing exposures		35,401	-2	25,331	-35
Total (A)		**35,401**	**-2**	**25,331**	**-36**
B. Off-balance sheet exposures					
B.1 Non-performing exposures		-	-	-	-
B.2 Performing exposures		12,702	-	92,174	-1
Total (B)		**12,702**	**-**	**92,174**	**-1**
Total (A+B)	**31.12.2024**	**48,103**	**-2**	**117,505**	**-37**
Total (A+B)	**31.12.2023**	**89,381**	**-2**	**104,798**	**-18**

(millions of euro)

Exposures / Geographical Areas		America		Asia		Rest of the world	
		Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures							
A.1 Bad loans		-	-	-	-3	-	-
A.2 Unlikely to pay		9	-7	-	-	-	-
A.3 Non-performing past due exposures		-	-	-	-	-	-
A.4 Performing exposures		6,861	-	2,400	-1	1,723	-5
Total (A)		**6,870**	**-7**	**2,400**	**-4**	**1,723**	**-5**
B. Off-balance sheet exposures							
B.1 Non-performing exposures		12	-	-	-	1	-
B.2 Performing exposures		6,970	-	9,425	-	2,415	-1
Total (B)		**6,982**	**-**	**9,425**	**-**	**2,416**	**-1**
Total (A+B)	**31.12.2024**	**13,852**	**-7**	**11,825**	**-4**	**4,139**	**-6**
Total (A+B)	**31.12.2023**	**14,787**	**-10**	**12,337**	**-3**	**3,890**	**-6**

B.3 bis Breakdown of relations with banks resident in Italy by geographical area

(millions of euro)

Exposures/Geographical areas	NORTH WEST		NORTH EAST		CENTRE		SOUTH AND ISLANDS	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures								
A.1 Bad loans	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-
A.4 Performing exposures	8,924	-1	1,542	-	24,929	-1	6	-
TOTAL A	**8,924**	**-1**	**1,542**	**-**	**24,929**	**-1**	**6**	**-**
B. Off-balance sheet exposures								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	10,391	-	577	-	1,732	-	2	-
TOTAL B	**10,391**	**-**	**577**	**-**	**1,732**	**-**	**2**	**-**
TOTAL (A+B) 31.12.2024	**19,315**	**-1**	**2,119**	**-**	**26,661**	**-1**	**8**	**-**
TOTAL (A+B) 31.12.2023	**14,196**	**-2**	**2,712**	**-**	**72,463**	**-**	**10**	**-**

B.4 Large exposures

Large exposures	
a) Book value (millions of euro)	322,942
b) Weighted value (millions of euro)	24,334
c) Number	12

Based on regulatory provisions, the number of "Large exposures" presented in the table was determined by the reference to unweighted "exposures" in excess of 10% of Tier 1 Capital as defined by the new Regulation (EU) 876/2019 (CRR2). The "exposures" are defined as the sum of on-balance sheet assets at risk and off-balance sheet transactions (excluding those deducted from Tier 1 Capital) with a customer or a group of connected customers, without applying risk weighting factors.
These presentation criteria result in the inclusion among "Large exposures" of entities that – even with a weighting of 0% – present an unweighted exposure in excess of 10% of Tier 1 Capital of the entity. In that regard, it is noted that the table above includes exposures to Intesa Sanpaolo Group companies, whose book value amounted to 118,754 million euro which, in line with prudential regulations, have a weighted value of zero.

Lastly, it should be noted that in accordance with the provisions of the EBA document "Guidelines on connected clients under Article 4(1)(39) of Regulation (EU) 575/2013", the supervisory reports have standard methods of presentation of groups of connected clients that (in the case of silos) require exposures to the central governments to be repeated within each corresponding economic group directly controlled by a central government or connected to it by economic dependence. However, the amounts shown in points a) and b) and the number shown in point c) in the table above include the exposure to the various central governments, to which the Intesa Sanpaolo Group is exposed, only once.

C. SECURITISATIONS

This section does not include securitisations where the originator is the Bank and all the liabilities (e.g. ABS securities, loans at the warehousing stage) issued by the vehicle companies are subscribed at the time of issue by the Bank. For a description of these types of transactions, see the section on liquidity risk in Part E of the Notes to the Parent Company's financial statements.

Qualitative information

The qualitative information is contained in Part E of the Notes to the consolidated financial statements.

Quantitative information

C.1 Breakdown of exposures deriving from the main "originated" securitisations by type of securitised asset and by type of exposure

On-balance sheet

(millions of euro)

Type of securitised asset/ Exposure	ON-BALANCE SHEET EXPOSURES					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
A. Fully derecognised	**4,649**	**-18**	**33**	**-2**	**18**	**-**
- Loans to businesses (including SMEs) (a)	2,155	-19	23	-1	6	1
- Leases (b)	2,134	3	10	-	12	-1
- Residential mortgage loans (a)	360	-2	-	-1	-	-
B. Partly derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not derecognised	**34,187**	**-15**	**48**	**-28**	**798**	**-**
- Loans to businesses (including SMEs) (c) (d)	26,813	-13	42	-28	675	-
- Residential mortgage loans (d)	3,075	-	-	-	68	-
- Leases (d)	2,232	-1	-	-	30	-
- Commercial mortgage loans (d)	2,067	-1	6	-	25	-
TOTAL	**38,836**	**-33**	**81**	**-30**	**816**	**-**

(a) The entire amount relates to non-performing financial assets.
The Loans to businesses (including SMEs) relate to the Savoy, Kerma, Yoda and Sirio, Grogu and Kerdos, Organa and Anakin securitisations (see the 2018, 2019, 2020, 2021, 2022 and 2023 Consolidated Financial Statements, respectively, for details about the transactions). Residential mortgage loans relate to the Maior and Iseo securitisations.

(b) The amounts refer to the Portland securitisation relating to non-performing financial assets for amounts of 3 million euro – senior and 4 million euro – mezzanine, respectively (see the 2021 Consolidated Financial Statements for details of the transaction) and the Teseo transaction relating to performing financial assets (see the 2022 Consolidated Financial Statements for details of the transaction).

(c) The exposures include non-performing financial assets amounting to 18 million euro mezzanine (net of adjustments). The performing exposures include the Chewbecca securitisation (see the 2023 Consolidated Financial Statements for details of the transaction).

(d) The captions also include performing amounts associated with the synthetic securitisations originated by the Bank.

Off-balance sheet

This type of exposure did not exist as at 31 December 2024.

C.2 Breakdown of exposures deriving from main "third-party" securitisations by type of securitised asset and by type of exposure

On-balance sheet

(millions of euro)

Type of underlying assets/Exposures	ON-BALANCE SHEET EXPOSURES					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
Loans to businesses (including SMEs)	2,956	11	147	2	1	-
Consumer credit	1,553	-3	9	-	-	-
Residential mortgage loans	576	3	41	-	-	-
Leases	541	-	-	-	-	-
Trade receivables	327	-	2	-	7	-
Commercial mortgage loans	134	3	16	-	-	-
Covered bonds	68	-	21	-	-	-
Securitisations	65	-	-	-	-	-
Other assets (a)	7,943	19	1	-	-	-
TOTAL	**14,163**	**33**	**237**	**2**	**8**	**-**

(a) The amount also includes the Romulus securities for 5,180 million euro, held by the Bank, shown under third-party securitisations, as well as loans to the vehicle Duomo Funding Plc for 2,495 million euro as a result of the use of credit lines. For more information regarding the type of underlying assets, see Section 4 – Risks of other companies, of Part E of the Notes to the consolidated financial statements.

Off-balance sheet

(millions of euro)

Type of underlying assets/Exposures	GUARANTEES GIVEN						CREDIT LINES					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries
Duomo ABCP Conduit transactions (a)	-	-	-	-	-	-	(a)	(a)	-	-	-	-
Loans to businesses including SMEs	-	-	-	-	-	-	191	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**191**	**-**	**-**	**-**	**-**	**-**

(a) With regard to the transactions carried out through Duomo Funding Plc and funded by ABCP, the Bank has granted liquidity facilities (amounting to 5,944 million euro in terms of net exposures and 1 million euro of recoveries) to secure the assets included under Other assets in Table C.2 on-balance sheet exposures.

C.3 Securitisation vehicles

(millions of euro)

-	REGISTERED OFFICE	CONSOLIDATION (a)	ASSETS (b)			LIABILITIES (b)		
			Loans	Debt securities	Other	Senior	Mezzanine	Junior
Augusto S.r.l. (d)	Milan	(e)	-	-	2	13	-	-
Brera Sec S.r.l. (c)	Conegliano Veneto (TV)	(e)	10,868	-	349	9,404	-	1,585
Clara Sec S.r.l. (c)	Conegliano Veneto (TV)	(e)	6,260	-	2,347	6,350	-	824
Diocleziano S.r.l. (d)	Milan	(e)	2	-	1	48	-	-
Giada Sec S.r.l. (c)	Conegliano Veneto (TV)	(e)	17,370	-	9,211	16,860	-	8,425
ISP CB Ipotecario S.r.l. (f)	Milan	(e)	30,029	-	5,648	-	33,421	-
ISP OBG S.r.l. (f)	Milan	(e)	38,664	-	5,789	-	43,979	-
UBI Finance S.r.l. (f)	Milan	(e)	6,426	-	680	-	7,061	-

(a) Consolidation method relating to the "prudential" scope applied in the Group's financial statements.

(b) The amounts shown under assets and liabilities refer to the total values reported in the financial statements of the special purpose vehicles.

(c) Self-securitisation vehicle described in paragraph 2 of the quantitative information in Section 4 - Liquidity Risk of these Notes to the financial statements.

(d) The amounts shown under assets and liabilities relate to the latest financial statement data available (31 December 2023).

(e) Vehicle consolidated using the equity method.

(f) Vehicle used for covered bond issues. For more information, see Section E.4. Covered bond transactions in Part E of these Notes to the financial statements.

The securitisations structured by Intesa Sanpaolo on its own assets include those named Towers, K-Equity, Savoy, Kerma, Yoda, Maior, Iseo, Sirio, Kerdos, Grogu, Portland, Organa, Andor, Teseo and Chewbecca, for which special purpose vehicles were used that are third-party and independent entities with respect to the Bank, and in which the Bank does not hold any investments. For that reason, these vehicles are not shown in the table above.

C.4 Unconsolidated securitisation vehicles

The information set out in this section is not provided by the banks that draw up consolidated financial statements pursuant to Bank of Italy Circular 262.

C.5 Servicer activities – originated securitisations: collection of securitised loans and repayment of securities issued by the securitisation vehicle

SPECIAL PURPOSE VEHICLE	SECURITISED ASSETS (end-of-period figure) (millions of euro)		COLLECTIONS OF LOANS IN THE YEAR (millions of euro)		PERCENTAGE OF REIMBURSED SECURITIES (period-end figure)					
					Senior		Mezzanine		Junior	
	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing
Teseo SPV S.r.l. (a)	51	2,427	4	708	0%	34%	0%	34%	0%	16%
Total	**51**	**2,427**	**4**	**708**						

(a) Vehicle used for the traditional securitisation of performing lease receivables described in the 2022 Consolidated Financial Statements.

D. INFORMATION ON STRUCTURED ENTITIES NOT CONSOLIDATED IN THE ACCOUNTS (OTHER THAN SECURITISATION VEHICLES)

The qualitative and quantitative information set out in this section is not provided by the banks that draw up consolidated financial statements pursuant to Bank of Italy Circular 262.

E. SALES

A. Financial assets sold not fully derecognised

Qualitative information

For a description of the operations shown in tables E.1, E.2 and E.3, reference is made to the information shown below the relevant tables.
For operations in debt securities against medium/long-term repurchase agreements, reference is made to the information in Part B of the Notes to the consolidated financial statements.

Quantitative information

E.1 Financial assets sold fully recognised and related financial liabilities: book values

(millions of euro)

	Financial assets sold fully recognised				Related financial liabilities		
	Book value	*of which: securitisations*	*of which: subject to sales contracts with repurchase clauses*	*of which: non-performing*	Book value	*of which: securitisations*	*of which: subject to sales contracts with repurchase clauses*
A. Financial assets held for trading	**1,435**	**-**	***1,435***	***X***	**1,400**	**-**	***1,400***
1. Debt securities	247	-	*247*	*X*	246	-	*246*
2. Equities	1,188	-	*1,188*	*X*	1,154	-	*1,154*
3. Loans	-	-	-	*X*	-	-	-
4. Derivatives	-	-	-	*X*	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equities	-	-	-	*X*	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**15,904**	**-**	***15,904***	**-**	**15,926**	**-**	***15,926***
1. Debt securities	15,904	-	*15,904*	-	15,926	-	*15,926*
2. Equities	-	-	-	*X*	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	**16,910**	**-**	***16,910***	**-**	**16,415**	**-**	***16,415***
1. Debt securities	16,910	-	*16,910*	-	16,415	-	*16,415*
2. Loans	-	-	-	-	-	-	-
TOTAL 31.12.2024	**34,249**	**-**	***34,249***	**-**	**33,741**	**-**	***33,741***
TOTAL 31.12.2023	**32,709**	**-**	***32,709***	**-**	**30,394**	**-**	***30,394***

The table above does not include covered bond transactions in which the Bank is both the originator and lender for the vehicle issuing the debt securities.

The aggregates of the sales contracts with repurchase clauses relate to repurchase agreements entered into the by Bank for assets sold and not derecognised. However, repurchase agreements relating to securities received under reverse repurchase agreements are not included in the related financial liabilities.

E.2 Financial assets sold partly recognised and related financial liabilities: book values

These are not present in Intesa Sanpaolo.

E.3 Sales with liabilities having recourse exclusively on the assets sold and not fully derecognised: fair value

(millions of euro)

	Fully recognised	Partly recognised	31.12.2024	31.12.2023
A. Financial assets held for trading	**1,435**	**-**	**1,435**	**1,568**
1. Debt securities	247	-	247	1,320
2. Equities	1,188	-	1,188	248
3. Loans	-	-	-	-
4. Derivatives	-	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equities	-	-	-	-
3. Loans	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**15,904**	**-**	**15,904**	**15,857**
1. Debt securities	15,904	-	15,904	15,857
2. Equities	-	-	-	-
3. Loans	-	-	-	-
E. Financial assets measured at amortised cost (fair value)	**15,779**	**-**	**15,779**	**14,205**
1. Debt securities	15,779	-	15,779	14,205
2. Loans	-	-	-	-
Total financial assets	**33,118**	**-**	**33,118**	**31,630**
Total related financial liabilities	**33,741**	**-**	**33,741**	**30,394**
Net value 31.12.2024	**-623**	**-**	**-623**	**X**
Net value 31.12.2023	**1,236**	**-**	**X**	**1,236**

The table above does not include covered bond transactions in which the Bank is both the originator and lender for the vehicle issuing the debt securities.

B. Financial assets sold fully derecognised with recognition of continuing involvement

These are not present in Intesa Sanpaolo.

C. Financial assets sold and fully derecognised

Qualitative information

The disclosure is provided below regarding the multi-originator sale transactions involving loan portfolios – classified as unlikely to pay in particular – attributable to the sale of loans to a mutual investment fund with the assignment of the units in the fund to the selling intermediaries.

Back2Bonis Fund

In implementation of the derisking envisaged in the previous 2018-2021 Business Plan and the current 2022-2025 Business Plan, in the third quarter of 2020 the Intesa Sanpaolo Group begun the deconsolidation of a portfolio of credit exposures (including real estate assets and contracts) classified as unlikely to pay with real estate underlying held by the Bank, accompanied by their conversion into units of the securities fund called Back2Bonis. The transaction, the closing of which took place at the end of 2020, took the form for the Bank (including the transactions undertaken in 2019 and 2020 by UBI Banca, merged in 2021) of the sale of a portfolio of loans, short-term legal relationships and legal relationships and assets from lease receivables for a total gross amount of 351 million euro and net exposure of 164 million euro, accompanied by the subscription of the units of the Back2Bonis fund for an amount of 164 million euro, substantially in line with the net value of the loans and receivables sold. The transaction was completed through: (i) the sale to the securitisation vehicle Ampre S.r.l. of the bank receivables and the lease receivables; (ii) the sale to Ampre LeaseCo S.r.l. of the legal relationships and assets arising from the leases; (iii) the sale of the short-term revolving contracts and the related legal relationships and receivables of

Intesa Sanpaolo, together with the medium/long-term contracts with residual disbursements and the related legal relationships, other than the lease relationships and assets through the fronting bank provided by Banca Finanziaria Internazionale S.p.A.; (iv) the subscription by the Back2Bonis Fund of all the securities issued by the securitisation vehicle; and (v) the acquisition by Intesa Sanpaolo of the units of the Fund in exchange for the loans and receivables sold. In 2022, additional loans were sold, for a gross amount of 1 billion euro and net exposure of 216 million euro, accompanied by the subscription of units of the Back2Bonis fund, for an amount of 216 million euro, with the sale price offset against the subscription price of the Fund's units, without significant effects on the income statement for 2022.
The Back2Bonis fund, established in the form of a closed-end mutual fund whose units can only be subscribed by professional investors, is a multi-originator platform for the management of Real Estate Small & Medium Size loans classified as UTP, deriving from loans and credit lines granted to companies operating in the real estate sector or to real estate funds (including those not fully disbursed/drawn down at the time of sale). Following the completion of the transfer of the loans and receivables to the platform, Intesa Sanpaolo had deconsolidated the loans and receivables and recognised the Fund's units in place of those loans and receivables. The breakdown of the assigned debtors by economic sector was mainly concentrated in the following sectors:

- "Production companies" at 79.9%;
- "Construction companies" at 12.9%;
- "Real estate business" at 3.5%;
- "Financial and insurance business" at 2.6%;
- and a residual amount in other business sectors (Services, Transport and Manufacturing Activities).

The assets of the assigned debtors were broken down as follows by geographical area:

- 92.2% North-West;
- 3.5% North-East;
- 3.2% South and Islands;
- 1.1% Centre.

At 31 December 2024, the Bank held a 42.47% stake (with voting rights limited to 35%) in the Back2Bonis Fund, classified among investments subject to significant influence, for a book value of 344 million euro. The measurement of the Back2Bonis Fund yielded an overall negative effect for the year of 16 million euro.

FI.NAV. Fund SUB-FUND A - LOANS

In pursuit of the de-risking activities provided for in the previous 2018-2021 Business Plan and the current 2022-2025 Business Plan, in the fourth quarter of 2018 the Intesa Sanpaolo Group had launched the contribution to the FI.NAV. fund (a closed-end Italian securities umbrella fund) of a portfolio of non-performing secured and unsecured loans attributable to the shipping sector. The Fund, reserved for institutional investors, is managed by the asset management company IQ EQ Fund Management (Ireland) Limited, not a member of the Intesa Sanpaolo Group, based in Ireland, and is divided into two autonomous sub-funds: FI.NAV. Sub-Fund A – Loans, dedicated to including the loans contributed by the Intesa Sanpaolo Group and Unicredit, and FI.NAV. Sub-fund B - New Finance, dedicated to including the capital of third-party investors to relaunch the repossessed ships. The transaction, formulated in 2018, was closed in 2019 through a sale of receivables without recourse for total gross consideration of 155 million euro and a net exposure of 102 million euro, equal to the sale price, set off against the price of subscription of the Fund units and, therefore, without any effects on the income statement for 2019. In the first quarter of 2020, a further tranche was sold without recourse for a gross amount of 37 million euro and a net value of 34 million euro, in line with the sale price and, therefore, with no impact on the income statement for 2020. Pursuant to IFRS 9, for the Intesa Sanpaolo Group the transaction entailed the derecognition of the loans sold since the Fund has become solely responsible for managing them following the sale; the Intesa Sanpaolo Group had therefore derecognised the loans concerned, while recognising the corresponding fair value of the units of the Fund assigned. The Group companies involved in the transaction were the Parent Company Intesa Sanpaolo and some of its subsidiaries merged in 2019 and 2020 (Cassa di Risparmio in Bologna and Mediocredito, both merged in 2019, and Banca IMI, merged in 2020). In December 2022 the sale of a loan portfolio was finalised for a gross amount of 74 million euro and net exposure of 37 million euro, accompanied by the subscription of the units of the fund for an amount essentially in line with the value of the exposure sold, without significant effects on the income statement for 2022. The economic sector of the assigned debtors was mainly concentrated in Transport. The transferred financial assets are primarily in the South and Islands area.
In 2024, two distributions were made by the Fund for an overall total of 200 million euro. Intesa Sanpaolo's *pro rata* share was 101 million euro.
As at 31 December 2024, the Bank held a 50.54% stake in the FI.NAV. fund, classified among investments subject to significant influence[215], for a book value of 48 million euro. The measurement of the FI.NAV fund yielded a positive effect for the year of 8 million euro.

[215] The interest is included under Companies subject to significant influence because, even though it represents a more complex situation than that typical of an ordinary non-controlling interest, the absence has been confirmed of the conditions for exercise of control envisaged by IFRS 10 on the basis of the corporate governance provisions in the articles of association/regulations.

RSCT Fund – Loans Sub-Fund

As part of the derisking envisaged in the previous 2018-2021 Business Plan and the current 2022-2025 Business Plan, the Intesa Sanpaolo Group had identified the opportunity to transfer assets (loans and securities) relating to non-performing positions to the closed-end RSCT Fund, in exchange for units of the fund. The project was managed by Pillarstone, which had selected a portfolio of industrial and commercial companies with the objective of helping each of them to identify a strategy for maximising the potential for debt recovery, also through injections of new finance. The transaction took place in May 2020 with the transfer of a portfolio of loans with 18 companies originated by the Group (Intesa Sanpaolo and Banca IMI, subsequently merged into Intesa Sanpaolo on 20 July 2020), Unicredit, BPER Banca and Crédit Agricole to the newly established closed-end alternative investment RSCT Fund, managed by IQ EQ Fund Management (Ireland) Limited, an alternative fund manager authorised by the Central Bank of Ireland. The RSCT Fund is made up of two separate sub-funds: sub-fund A for the management of loans acquired from the selling banks and sub-fund B for the management of the new finance. The May 2020 sale involved a portfolio of loans, Sirti notes and PS Reti equity instruments for a gross amount of 339 million euro (Intesa Sanpaolo and Banca IMI) at a net value of 255 million euro, substantially in line with the sale price. In July 2020, a further sale was completed of a loan position for a gross amount of 6.3 million euro at a value of 4.5 million euro, with the sale price offset against the subscription price of the Fund's units. In February 2021, a sale was completed of a loan position for a gross amount of 21.3 million euro at a value of 13.9 million euro, with the sale price offset against the subscription price of the Fund's units. In March 2021, a sale was completed of a loan position deriving from the absorption of UBI Banca for a gross amount of 3.1 million euro and a net exposure of 1.2 million euro, with the concurrent subscription of units of the RSCT Fund for 1.3 million euro, essentially aligned with the net value of the transferred loans. In June 2021, a further sale was completed of a loan position for a gross amount of 0.4 million euro at a value of 0.1 million euro, with the sale price offset against the subscription price of the Fund's units. By economic sector, the assigned debtors are 72% concentrated in "Companies that install electrical equipment", 18% in "Amusement and theme parks" and 10% in "Retail sale of footwear and accessories".
In 2024, a distribution was made by the Fund for a total of 10 million euro with a *pro rata* share in favour of Intesa Sanpaolo of 7 million euro.
The transferred financial assets are primarily in the North-west area.
As at 31 December 2024, the Bank held a 70.07%[216] stake in the RSCT fund, classified among investments subject to significant influence, for a book value of 257 million euro. The measurement of the RSCT fund yielded an overall positive effect for the year of 3 million euro.

IDEA CCR Corporate Credit Recovery II Fund - Loans Sub-fund

In 2018, the Intesa Sanpaolo Group (specifically Intesa Sanpaolo and the banks subsequently merged into Intesa Sanpaolo: Cassa di Risparmio del Veneto, Cassa di Risparmio di Firenze, Cassa di Risparmio del Friuli-Venezia Giulia, Cassa di Risparmio in Bologna, and Mediocredito) participated in the closed-end Italian fund IDEA CCR Corporate Credit Recovery II - Loans Sub-Fund, managed by Dea Capital Alternative Funds S.G.R. S.p.A. and dedicated to the recovery of mid-size Italian companies in situations of financial tension but with solid industrial fundamentals. The transaction, which was completed in 2018, was undertaken by contributing non-performing loans with a nominal value of 59 million euro and a net exposure to the sale price of 39.2 million euro, with the price of sale offset against the subscription price, of equal amount, of the units of the IDEA CCR Corporate Credit Recovery II fund - Loans Sub-Fund. In 2021, the Bank's investment in the IDEA CCR fund increased further, due to the merger of UBI Banca, which had sold loan positions to the IDEA CCR Corporate Credit Recovery II fund, Loans Sub-fund, managed by Dea Capital Alternative Funds SGR, in 2020, 2019, 2018 and 2017 for a total gross amount of 231 million euro and a net exposure of 144 million euro, with concurrent subscription of the units of the IDEA CCR fund for an amount of 148 million euro, with the price of sale offset against the price of subscription of the Fund units.
In 2022, the investment of the Bank in the IDEA CCR fund changed due to: i) the inclusion of the stake held by UBI Leasing S.p.A., merged into Intesa Sanpaolo in May 2022, which had sold loan positions to the IDEA CCR Corporate Credit Recovery II Fund - Loans Sub-Fund in 2019 for a total gross amount of 5 million euro and a net exposure of 3 million euro, with the sale price offset against the subscription price, in the same amount, of the Fund units, and ii) the sale of A1 units held by Intesa Sanpaolo in the Fund to Banca Nazionale del Lavoro S.p.A. The receivable held by Intesa Sanpaolo in relation to the sale was settled by offsetting with the purchase of units of Back2Bonis. In the second half of 2024, Intesa Sanpaolo transferred a loan portfolio for a total gross amount of 232 million euro, with payment of the price through the subscription of fund units recognised at an initial recognition amount of 201 million euro, with no significant impact on the 2024 income statement.
The breakdown of the assigned debtors by economic sector was mainly concentrated in the following sectors:
– "Production Companies" at 70.7%;
– "Other collective investments undertakings" at 10.3%;
– "Non-financial companies of non-EU countries" at 10.1%;
– and, to a residual extent, other business sectors.

The assets of the assigned debtors were broken down as follows by geographical area:
– 33.3% Centre;
– 19.3% North-East;
– 18.1% South and Islands;
– 16.7% North-West;
– 12.6% Outside Italy.

Following this transaction, Intesa Sanpaolo increased its holding in the Fund and reclassified the interest from financial assets mandatorily measured at fair value to interests subject to significant influence. As at 31 December 2024, the Bank held a 35.23% stake in the IDEA CCR Corporate Credit Recovery II fund, Loans Sub-Fund, classified among interests subject to significant influence, for a book value of 226 million euro. The measurement of the IDEA CCR Corporate Credit Recovery II fund - Loans Sub-Fund yielded a negative effect of 9 million euro during the year.

[216] The interest is included under Companies subject to significant influence because, even though it represents a more complex situation than that typical of an ordinary non-controlling interest, the absence has been confirmed of the conditions for exercise of control envisaged by IFRS 10 on the basis of the corporate governance provisions in the articles of association/regulations.

UTP Italia Fund – Loans Sub-Fund

The UTP Italia fund is an alternative closed-end Italian securities umbrella fund (AIF) in charge of managing loans classified as unlikely-to-pay (UTP) and whose target is credit exposures to small and medium-sized enterprises and individuals. In November 2022, the Bank finalised the sale of a loan portfolio (mainly UTP) to the UTP Italia fund managed by Sagitta S.G.R., with Intrum Italy S.p.A. as special servicer. Specifically, the transaction entailed: i) the sale of loans owed to the Bank for a gross amount at the cut-off date of 42 million euro and net exposure of 25 million euro, to Finn SPV S.r.l. (SPV 130), without significant effects on the income statement for 2022; ii) the recognition of the receivable of 25 million euro from the SPV 130; iii) the contribution to the UTP Italia fund of the receivable from the SPV 130 in exchange for units of the fund by way of price; and iv) issue of Asset-Backed Securities (ABS) by the vehicle, subscribed by the Fund, derecognising the receivable from the SPV 130. Effective 20 March 2023, Intesa Sanpaolo finalised the sale of a loan portfolio with gross exposure of 366 million euro and net exposure of 147 million euro to the securitisation vehicle Finn SPV S.r.l., with the sale price netting the subscription price of the fund units. Following this transaction, Intesa Sanpaolo had increased its holding in the Fund and had reclassified the interest from financial assets mandatorily measured at fair value to interests subject to significant influence.

In the second half of 2024, Intesa Sanpaolo transferred a loan portfolio for a total gross amount of 180 million euro, with payment of the price through the subscription of Fund units recognised at an amount of 82 million euro, with no significant impact on the 2024 income statement.

Two distributions were made during the year for an overall total of 50 million euro. Intesa Sanpaolo's share was 25 million euro.

The breakdown of the assigned debtors by economic sector was mainly concentrated in the following sectors:

– "Consumer Households" at 67.2%;
– "Production Companies" at 12.7%;
– and, to a residual extent, other business sectors.

The assets of the assigned debtors were broken down as follows by geographical area:

– 34.8% South and Islands;
– 29.4% North-West;
– 21.7% Centre;
– 14.1% North-East.

As at 31 December 2024, the Bank held a 55.02% stake (with voting rights limited to 35%) in the UTP Italia fund for a book value of 229 million euro. The measurement of the UTP Italia fund yielded a positive effect for the year of 18 million euro.

Efesto

Efesto is an alternative closed-end Italian securities fund (AIF). In July 2022, the sale of loans was finalised for a gross amount of 17 million euro and net exposure of 9 million euro, accompanied by the subscription of the units of the fund for an amount of 7 million euro, without significant effects on the income statement for 2022.

Effective 20 March 2023, Intesa Sanpaolo finalised the sale of a loan portfolio with gross exposure of 320 million euro and net exposure of 181 million euro to the securitisation vehicle Esino SPV S.r.l., with the sale price netting the price of subscription of the Fund units. Following this transaction, Intesa Sanpaolo had increased its holding in the fund and had reclassified the interest from financial assets mandatorily measured at fair value to interests subject to significant influence.

In the second half of 2024, Intesa Sanpaolo transferred a loan portfolio for a total gross amount of 223 million euro, with payment of the price through the subscription of fund units recognised at an amount of 194 million euro, with no significant impact on the 2024 income statement.

Four distributions were made during 2024 for an overall total of 80 million euro. Intesa Sanpaolo's share was 27 million euro.

The breakdown of the assigned debtors by economic sector was mainly concentrated in the following sectors:

– "Consumer Households" at 51.9%;
– "Production Companies" at 38.4%;
– and, to a residual extent, other business sectors.

The assets of the assigned debtors were broken down as follows by geographical area:

– 31.7% North-West;
– 30.5% South and Islands;
– 27.8% Centre;
– 10% North-East.

As at 31 December 2024, the Bank held a 43.19% stake in the Efesto fund for a book value of 336 million euro. The measurement of the Efesto Fund yielded an overall negative effect for the year of 4 million euro.

Lendlease MSG Heartbeat

In 2022, a complex operation regarding the Risanamento Group was launched, as part of the "Starfighter Project", to: i) develop the real estate project in the Milano Santa Giulia area; ii) enable the company to cover the commitments assumed with public and private parties, and iii) deconsolidate the on-balance sheet exposure due to the banks involved from Risanamento.

The Board of Directors of Intesa Sanpaolo approved the transaction on 2 February 2023, which was completed on 30 June 2023 following the fulfilment of the conditions precedent attached to the Term Sheet General Framework Agreement.

The complex transaction aimed at the financial and corporate restructuring of the Risanamento Group included:

– the establishment of a closed-end Alternative Real Estate Investment Fund;
– the commitment by Intesa Sanpaolo and the other banks involved, and by the other stakeholders involved in the transaction, to subscribe to the units of the Fund;
– the deconsolidation of Intesa Sanpaolo's credit exposure and shareholders' loan with the Risanamento Group through the discharge by the Fund and simultaneous offsetting of the related loans, due to Intesa Sanpaolo and the other banks, with the commitments made by the banks towards the Fund against the subscription of units;
– the disbursement of new performing loans to the Fund;
– the maintenance of Risanamento's business operations.

The economic sector of the assigned debtors was mainly concentrated in "Non-financial companies". The transferred financial assets are primarily in the North-West area.
The Bank's credit exposure to the Risanamento Group was offset against the latter's commitments made in exchange for the subscription of class A1 and B2 units of the Lendlease MSG Heartbeat fund. Therefore, at the closing completed on 30 June 2023, Intesa Sanpaolo derecognised the loans due from Risanamento, including the shareholders' loan, recognising respectively the B2 and A1 units of the fund received at fair value, at a value substantially aligned with the net value of the loans sold.
As at 31 December 2024, the Bank held a 56.80% stake (with voting rights limited to 40%) in the Lendlease MSG Heartbeat Fund, classified among investments subject to significant influence, for a book value of 132 million euro. The measurement of the Lendlease MSG Heartbeat Fund yielded a negative effect for the year of 80 million euro.

Retail & Leisure fund

As part of the de-risking, in 2024 Intesa Sanpaolo sold a loan portfolio for a total gross amount of 165 million euro with underlying real estate assets, owed by seven counterparties operating in the mall & hospitality sector with unsatisfactory performance, lack of available equity to support the relaunch plan, and consequent situation of substantial stalemate and difficulty in formulating sustainable financial measures. The "Retail & Leisure" fund is an Alternative Investment Fund, focused on acquiring and managing high-risk and non-performing credit exposures, primarily backed by real estate, and owed by companies in temporary financial distress operating in the mall & hospitality segments (shopping centres). The Fund is managed by IQ-EQ Fund Management with the support of the advisor Pillarstone, which is tasked managing the positions and the underlying assets. Upon the initial subscription, in exchange for the sale, Intesa Sanpaolo received shares representing 68% of the Fund, which, based on the economic and governance rights, were classified under interests subject to significant influence for a total of 126 million euro.
The breakdown of the assigned debtors by economic sector was mainly concentrated in the following sectors:
– "Production Companies" at 51%;
– "Other collective investments undertakings" at 44%;
– and, to a residual extent, other business sectors.
The assets of the assigned debtors were broken down as follows by geographical area:
– 67% North-West;
– 33% Centre.
As at 31 December 2024, the Bank held a 68.30%[217] stake in the Retail & Leisure fund, classified among investments subject to significant influence, for a book value of 124 million euro. The measurement of the Retail & Leisure fund yielded a negative effect for the year of 2 million euro.

UTP Restructuring Corporate

As part of the de-risking, in 2024, Intesa Sanpaolo sold a loan portfolio for a total gross amount of 160 million euro to the newly established fund managed by Arrow (UTP Restructuring Corporate), with payment of the price through the subscription of fund units recognised at an amount of 137 million euro, with no significant impact on the 2024 income statement. The Fund is an Alternative closed-end Italian securities Fund (AIF), reserved for professional investors. The purpose of the Fund is to carry out professional management aimed at maximising the value of the assets forming part of the Fund's portfolio. This involves actively participating in turnaround procedures and/or restructuring agreements and/or debtor balance plans; managing and exercising of rights related to equity investments and holding other financial instruments issued by the debtors, also through M&A or refinancing transactions; repossessions; and credit collection.
The breakdown of the assigned debtors by economic sector was concentrated in the following sector:
– "Production Companies" at 100%;
The assets of the assigned debtors were broken down as follows by geographical area:
– 55% North-East;
– 45% North-West.
As at 31 December 2024, the Bank held a 58.07% stake (with voting rights limited to 35%) in the UTP Restructuring Corporate Fund, classified among investments subject to significant influence, for a book value of 136 million euro. The measurement of the UTP Restructuring Corporate Fund yielded a negative effect for the year of 1 million euro.

Clessidra Restructuring Fund

Clessidra Restructuring Fund (CRF Fund) is a closed-ended Alternative Investment Fund reserved for institutional investors, dedicated to investing in loans classified as unlikely to pay to previously identified industrial companies. In September 2019, UBI Banca, which during 2021 was merged into Intesa Sanpaolo, had sold loans to five borrowers with a total gross amount of 17 million euro and a net exposure of 11 million euro, with concurrent subscription of the units of the CRF Fund for an amount essentially in line with the net value of the transferred loans. The economic sector of the assigned debtors was mainly concentrated in "Manufacture of wooden doors and manufacture of furniture". The transferred financial assets are primarily in the North-West area.
As at 31 December 2024, the Bank held a 4.34% stake in the CRF fund, classified among Financial assets mandatorily measured at fair value, for a book value of 8 million euro. The fair value measurement of the Clessidra Restructuring Fund yielded an immaterial positive effect during the year.

[217] The interest is included under Companies subject to significant influence because, even though it represents a more complex situation than that typical of an ordinary non-controlling interest, the absence has been confirmed of the conditions for exercise of control envisaged by IFRS 10 on the basis of the corporate governance provisions in the articles of association/regulations.

IDEA CCR Corporate Credit Recovery II Fund - Shipping Sub-fund

The Shipping Loans Sub-Fund refers to single-name, unlikely-to-pay non-performing loans with a sector focus on shipping companies. The Fund consists of three sub-funds: loans, new finance and shipping. Following the incorporation of UBI Banca in 2021, Intesa Sanpaolo also has a holding in the Shipping Sub-Fund against the sale of UBI loans with a total gross amount of 45 million euro and a net exposure of 31 million euro. As at 31 December 2024, the Bank held a 20.37% stake in the IDEA CCR II fund - Shipping Sub-Fund, classified among Financial assets mandatorily measured at fair value, with an immaterial book value.

Other information

For completeness, it should be noted that during the second half of 2023 Intesa Sanpaolo completed a transaction for the sale of performing on-balance sheet exposures (amounting to around 800 million euro in terms of Gross Book Value) to the Italian Commercial Real Estate sector, with a substantially neutral effect on the income statement. In summary, the transaction involved i) the transfer of part of the credit exposure to two Real Estate Funds, in exchange for units of the transferee funds, and ii) the conversion of the remaining exposure into newly issued Equity Instruments.
Lastly, in the first half of 2024 Intesa Sanpaolo completed a transaction for the sale of performing on-balance sheet exposures (amounting to around 80 million euro in terms of Gross Book Value) and Equity Instruments, with a substantially neutral effect on the income statement, by means of transfer of the Instruments to a Real Estate Fund in exchange for units of that fund.

E.4 Covered bond transactions

Covered bond transactions where the selling bank and the lending bank are the same must be reported under this section. Intesa Sanpaolo uses covered bonds mainly as a type of funding through securities guaranteed by assets originated by Intesa Sanpaolo or by other companies of the Group.
Intesa Sanpaolo has three programmes for the issuance of Covered Bonds (CB).

The first Programme, launched in 2009, had a maximum amount of 20 billion euro (the original maximum amount was 10 billion euro) and was closed in 2024. The guarantor of the Covered Bonds is the vehicle ISP CB Pubblico, to which a portfolio of performing loans and securities to the public sector, originated by the former subsidiary Banca Infrastrutture Innovazione e Sviluppo, now Intesa Sanpaolo, was transferred. The Bank gradually sold the vehicle assets with a total original nominal value of 13.2 billion euro (net of retrocessions of assets of 1.7 billion euro). The last sale (amounting to 1 billion euro) took place in April 2013.
At the end of November 2023, Intesa Sanpaolo had repurchased the entire portfolio of bonds segregated in the vehicle for an amount of 1.1 billion euro, while the remaining loan portfolio still segregated in the vehicle was repurchased in March 2024 for a total amount of 1.85 billion euro. The programme was closed on 2 April, at the final payment date.
Against these sales of the assets to the vehicle, Intesa Sanpaolo carried out issuances of Covered Bonds, over time, for a total nominal value of 25.2 billion euro (of which 21.7 billion euro relating to issues acquired in full by the Bank and subject to early redemption or matured and 3.5 billion euro relating to an exchange offer to investors during 2012, of which 2 billion euro that matured in the second quarter of 2017 and the remaining 1.5 billion euro in January 2021).
As at 31 December 2023, a total residual nominal amount of 1.85 billion euro of issues made as part of the Covered Bond programme of the vehicle ISP CB Pubblico was outstanding, fully subscribed by the Bank.
In January 2024, the 13th and 14th series (both retained) were subject to total early redemption for an overall nominal amount of 1.85 billion euro, thereby eliminating all the Covered Bonds issued under the programme.

In the second Programme, launched in 2010, amounting to a maximum of 35 billion euro (the original maximum amount was 20 billion euro), the guarantor of the Covered Bonds is the vehicle ISP CB Ipotecario, to which Italian residential mortgage loans and, initially bonds issued by Adriano Finance S.r.l., originated by Intesa Sanpaolo, were transferred.
The Bank gradually sold the vehicle mortgage loans with an original total nominal value of 56.8 billion euro (net of retrocessions).
In 2024, the following transactions were completed:
- in February, sale for an amount of 5.8 billion euro;
- in May, sales for an amount of 4.2 billion euro;
- in September, buyback of non-performing loans for 48.6 million euro.

As at 31 December 2024, the loans sold to the vehicle had a book value of 30 billion euro.
Over time, against the sale of assets to the vehicle, Intesa Sanpaolo has carried out issues of Covered Bonds for a total nominal value of 48 billion euro (of which a total of 25.1 billion euro subject to early redemption or matured at 31 December 2024).
As at 31 December 2023, a total nominal amount of 18.9 billion euro of issues made as part of the covered bond programme of the vehicle ISP CB Ipotecario was outstanding, of which 8.4 billion euro placed with third party investors and 10.5 billion euro subscribed by Intesa Sanpaolo. Part of the latter was used in repurchase agreements for an amount of 5.8 billion euro.
In March 2024, the 25th series matured for an amount of 1 billion euro, and in May the 21st retained series was redeemed early for an amount of 1.2 billion euro. In addition, five issuances of covered bonds were made for a total amount of 6.3 billion euro:
- in March the 34th retained series was issued for 1 billion euro, with a floating rate and a 5-year maturity;
- three retained series were issued in May:
  - the 36th for 1.4 billion euro, with a floating rate and a 4-year maturity;
  - the 37th for 1.7 billion euro, with a floating rate and a 9-year maturity;
  - the 38th for 1.7 billion euro, with a floating rate and an 11-year maturity;
- in June, the 35th series was issued, consisting of a private placement for 500 million euro, with a floating rate and a 6-year maturity.

Accordingly, as at 31 December 2024, a total nominal amount of 23 billion euro of issues made as part of the covered bond programme of the vehicle ISP CB Ipotecario was outstanding, of which 7.9 billion euro placed with third party investors and 15.1 billion euro subscribed by Intesa Sanpaolo. Part of the latter is being used in repurchase agreements for an amount of 12.9 billion euro.
All the securities issued under the programme are listed on the Luxembourg Stock Exchange and have a Moody's Aa3 rating.

The third multi-originator Covered Bond issue Programme, launched in 2012, has the vehicle ISP OBG S.r.l. as the guarantor of its securities. This programme is secured by mortgages for a maximum amount of 55 billion euro (the original maximum amount was 30 billion euro) and is aimed at realising the retained issues.
The portfolio used to collateralise the issues of Covered Bonds is composed of mortgages originated by Intesa Sanpaolo, Banco di Napoli, Cassa di Risparmio del Veneto, Cassa di Risparmio in Bologna and Banca CR Firenze (merged by incorporation into Intesa Sanpaolo between July 2018 and February 2019).
Over time, the Bank has sold mortgages to the vehicle for an original total nominal value of 89.2 billion euro (net of retrocessions).
In 2024, Intesa Sanpaolo did not sell any mortgage loans to the vehicle, while the following were repurchased:
– in January, non-performing loans for 22.6 million euro;
– in September, non-performing loans for 171.4 million euro.
As at 31 December 2024, the loans sold to the vehicle by Intesa Sanpaolo had a book value of 38.7 billion euro.
Over time, against the sale of these assets, Intesa Sanpaolo has carried out issues of Covered Bonds for a total nominal value of approximately 86.3 billion euro (of which 48.93 billion euro subject to early redemption or matured at 31 December 2024).
As at 31 December 2023, there were issuances made under the programme guaranteed by the vehicle ISP OBG for a total nominal amount of 41.8 billion euro, fully subscribed by Intesa Sanpaolo, a part of which was subsequently used in repurchase agreements for an amount of 5.8 billion euro.
In February 2024, the 32nd retained series matured for an amount of 1.65 billion euro. In June, the 21st retained series was partially redeemed for 500 million euro and subsequently matured in August for the remaining amount of 1.25 billion euro, and the 25th retained series was partially redeemed in June for 50 million euro and in December for an additional 1.2 billion euro.
Therefore, as at 31 December 2024, there were issuances made under the programme guaranteed by the vehicle ISP OBG for a total nominal amount of 37.15 billion euro, fully subscribed by Intesa Sanpaolo, part of which is being used in repurchase agreements for an amount of 5.8 billion euro.
All the securities issued as part of the programme are listed on the Luxembourg Stock Exchange and have a Morningstar DBRS A rating.

The fourth programme was launched by the former UBI Banca Group in 2008.
UBI Banca, merged into Intesa Sanpaolo S.p.A. during 2021, included two covered bond programmes, run by two special purpose vehicles named UBI Finance S.r.l. and UBI Finance CB2 S.r.l., respectively. The latter was closed in January 2021.
The programme still provides Intesa Sanpaolo with the right to issue securities, targeted to institutional investors, for a maximum amount of 15 billion euro. The Programme includes residential mortgage loans assigned by the former UBI Group's network banks. These banks participated in the programme as Originator Banks and Lending Banks.
Following the incorporation of UBI Banca, Intesa Sanpaolo sold mortgage loans to the vehicle for an original total nominal value of 628 million euro (net of retrocessions).
In 2024, Intesa Sanpaolo did not sell any mortgage loans to the vehicle, while the following were repurchased:
– in January, non-performing loans for 22.7 million euro;
– in September, non-performing loans for 42.8 million euro.
As at 31 December 2024, the loans sold to the vehicle had a book value of 6.4 billion euro.
As at 31 December 2023 a total nominal amount of 6.45 billion euro of issues made as part of the covered bond programme of the vehicle UBI Finance was outstanding, of which 6.25 billion euro placed with third party investors and 0.2 billion euro retained.
In 2024, the 14th series matured in February for an amount of 1 billion euro and the 24th series matured in July for an amount of 750 million euro.
As at 31 December 2024 a total nominal amount of 4.7 billion euro of issues made as part of the covered bond programme of the vehicle UBI Finance was outstanding, of which 4.5 billion euro placed with third party investors and 0.2 billion euro retained.
As at 31 December 2024, the bonds under the programme were assigned an Aa3 rating from Moody's and AA (Low) from Morningstar DBRS.

VEHICLE	NAME	TYPE OF UNDERLYING ASSET	ISSUE	MATURITY	RATING	VEHICLE DATA		SUBORDINATED FINANCING (1)	COVERED BOND ISSUED			
						Total assets	Cumulated write-downs to the securitised portfolio	amount	nominal amount (2)	book value (2)	IAS classification	Valuation
ISP CB IPOTECARIO						35,677	40	33,421	20,848	19,793		
	Intesa Sanpaolo 11/26 5,25%	Residential mortgage loans	17/02/2011	17/02/2026	Moody's Aa3				100	106	Securities outstanding	Am. Cost
	Intesa Sanpaolo 11/31 5,375%	Residential mortgage loans	17/02/2011	17/02/2031	Moody's Aa3				300	335	Securities outstanding	Am. Cost
	Intesa Sanpaolo 11/27 5,25%	Residential mortgage loans	16/09/2011	16/09/2027	Moody's Aa3				210	216	Securities outstanding	Am. Cost
	Intesa Sanpaolo 13/25 3,375%	Residential mortgage loans	24/01/2013	24/01/2025	Moody's Aa3				999	1,030	Securities outstanding	Am. Cost
	Intesa Sanpaolo 14/26 3,25%	Residential mortgage loans	10/02/2014	10/02/2026	Moody's Aa3				1,250	1,291	Securities outstanding	Am. Cost
	Intesa Sanpaolo 15/25 1,375%	Residential mortgage loans	18/12/2015	18/12/2025	Moody's Aa3				1,250	1,223	Securities outstanding	Am. Cost
	Intesa Sanpaolo 17/27 1,125%	Residential mortgage loans	16/06/2017	16/06/2027	Moody's Aa3				1,000	952	Securities outstanding	Am. Cost
	Intesa Sanpaolo 07/25 1,125%	Residential mortgage loans	13/07/2018	14/07/2025	Moody's Aa3				1,000	994	Securities outstanding	Am. Cost
	Intesa Sanpaolo 04/30 FRN	Residential mortgage loans	16/02/2018	12/04/2030	Moody's Aa3				2,000	1,789	Securities outstanding	Am. Cost
	Intesa Sanpaolo 10/31 FRN	Residential mortgage loans	27/01/2020	12/10/2031	Moody's Aa3				750	664	Securities outstanding	Am. Cost
	Intesa Sanpaolo 04/29 FRN	Residential mortgage loans	03/02/2022	12/04/2029	Moody's Aa3				1,000	895	Securities outstanding	Am. Cost
	Intesa Sanpaolo 06/28 3,625%	Residential mortgage loans	30/06/2023	30/06/2028	Moody's Aa3				1,250	1,308	Securities outstanding	Am. Cost
	Intesa Sanpaolo 12/43 3,943%	Residential mortgage loans	15/12/2023	15/12/2043	Moody's Aa3				50	50	Securities outstanding	Am. Cost
	Intesa Sanpaolo 07/26 FRN	Residential mortgage loans	12/10/2023	12/07/2026	Moody's Aa3				749	740	Securities outstanding	Am. Cost
	Intesa Sanpaolo 01/28 FRN	Residential mortgage loans	12/10/2023	12/01/2028	Moody's Aa3				1,984	1,775	Securities outstanding	Am. Cost
	Intesa Sanpaolo 10/32 FRN	Residential mortgage loans	12/10/2023	12/10/2032	Moody's Aa3				1,745	1,551	Securities outstanding	Am. Cost
	Intesa Sanpaolo 04/30 FRN	Residential mortgage loans	04/06/2024	12/04/2030	Moody's Aa3				500	504	Securities outstanding	Am. Cost
	Intesa Sanpaolo 10/29 FRN	Residential mortgage loans	27/03/2024	12/10/2029	Moody's Aa3				962	908	Securities outstanding	Am. Cost
	Intesa Sanpaolo 10/28 FRN	Residential mortgage loans	22/05/2024	12/10/2028	Moody's Aa3				1,104	1,004	Securities outstanding	Am. Cost
	Intesa Sanpaolo 07/33 FRN	Residential mortgage loans	22/05/2024	12/07/2033	Moody's Aa3				1,552	1,469	Securities outstanding	Am. Cost
	Intesa Sanpaolo 01/35 FRN	Residential mortgage loans	22/05/2024	12/01/2035	Moody's Aa3				1,093	989	Securities outstanding	Am. Cost

(millions of euro)

VEHICLE	NAME	TYPE OF UNDERLYING ASSET	ISSUE	MATURITY	RATING	VEHICLE DATA		SUBORDINATED FINANCING (1)	COVERED BOND ISSUED			
						Total assets	Cumulated write-downs to the securitised portfolio	amount	nominal amount (2)	book value (2)	IAS classification	Valuation
ISP OBG						44,453	114	43,979	5,848	5,491		
	Intesa Sanpaolo 08/27 FRN	Residential mortgage loans	17/02/2017	20/08/2027	Morningstar DBRS A				1,088	1,001	Securities outstanding	Am. Cost
	Intesa Sanpaolo 08/28 FRN	Residential mortgage loans	09/03/2018	20/08/2028	Morningstar DBRS A				608	548	Securities outstanding	Am. Cost
	Intesa Sanpaolo 05/30 FRN	Residential mortgage loans	21/09/2018	20/05/2030	Morningstar DBRS A				295	284	Securities outstanding	Am. Cost
	Intesa Sanpaolo 08/29 FRN	Residential mortgage loans	21/09/2018	20/08/2029	Morningstar DBRS A				343	319	Securities outstanding	Am. Cost
	Intesa Sanpaolo 02/31 FRN	Residential mortgage loans	22/11/2018	20/02/2031	Morningstar DBRS A				290	284	Securities outstanding	Am. Cost
	Intesa Sanpaolo 08/26 FRN	Residential mortgage loans	22/11/2018	20/08/2026	Morningstar DBRS A				207	201	Securities outstanding	Am. Cost
	Intesa Sanpaolo 08/31 FRN	Residential mortgage loans	18/12/2018	20/08/2031	Morningstar DBRS A				210	203	Securities outstanding	Am. Cost
	Intesa Sanpaolo 05/32 FRN	Residential mortgage loans	20/02/2019	20/05/2032	Morningstar DBRS A				321	309	Securities outstanding	Am. Cost
	Intesa Sanpaolo 02/33 FRN	Residential mortgage loans	24/06/2019	20/02/2033	Morningstar DBRS A				172	169	Securities outstanding	Am. Cost
	Intesa Sanpaolo 02/27 FRN	Residential mortgage loans	24/06/2019	20/02/2027	Morningstar DBRS A				309	282	Securities outstanding	Am. Cost
	Intesa Sanpaolo 08/32 FRN	Residential mortgage loans	16/12/2019	20/08/2032	Morningstar DBRS A				178	166	Securities outstanding	Am. Cost
	Intesa Sanpaolo 08/33 FRN	Residential mortgage loans	17/02/2020	20/08/2033	Morningstar DBRS A				514	495	Securities outstanding	Am. Cost
	Intesa Sanpaolo 02/34 FRN	Residential mortgage loans	17/02/2020	20/02/2034	Morningstar DBRS A				138	125	Securities outstanding	Am. Cost
	Intesa Sanpaolo 08/34 FRN	Residential mortgage loans	17/02/2020	20/08/2034	Morningstar DBRS A				133	125	Securities outstanding	Am. Cost
	Intesa Sanpaolo 02/28 FRN	Residential mortgage loans	24/06/2020	20/02/2028	Morningstar DBRS A				1,042	980	Securities outstanding	Am. Cost
UBI FINANCE						7,106	40	7,061	4,497	4,392		
	Intesa Sanpaolo 14/25 1,25%	Residential mortgage loans	07/11/2014	07/02/2025	Moody's Aa3 Morningstar DBRS AA (Low)				999	1,008	Securities outstanding	Am. Cost
	Intesa Sanpaolo 16/26 0,375%	Residential mortgage loans	14/09/2016	14/09/2026	Moody's Aa3 Morningstar DBRS AA (Low)				1,000	965	Securities outstanding	Am. Cost
	Intesa Sanpaolo 17/27 1,125%	Residential mortgage loans	04/10/2017	04/10/2027	Moody's Aa3 Morningstar DBRS AA (Low)				1,250	1,209	Securities outstanding	Am. Cost
	Intesa Sanpaolo 18/30 1,25%	Residential mortgage loans	15/01/2018	15/01/2030	Moody's Aa3 Morningstar DBRS AA (Low)				500	476	Securities outstanding	Am. Cost
	Intesa Sanpaolo 18/33 1,78%	Residential mortgage loans	23/02/2018	23/02/2033	Moody's Aa3 Morningstar DBRS AA (Low)				90	87	Securities outstanding	Am. Cost
	Intesa Sanpaolo 18/33 1.75%	Residential mortgage loans	26/02/2018	25/02/2033	Moody's Aa3 Morningstar DBRS AA (Low)				160	154	Securities outstanding	Am. Cost
	Intesa Sanpaolo 19/25 1%	Residential mortgage loans	25/02/2019	25/09/2025	Moody's Aa3 Morningstar DBRS AA (Low)				498	493	Securities outstanding	Am. Cost

(1) This caption includes the subordinated loan granted by Intesa Sanpaolo to the vehicles to finance the purchase of the portfolio used to collateralise the covered bonds. This loan is subject to derecognition in the separate IAS-compliant financial statements. The amount of the loan relates to the issuance already made under an issuance programme of a higher maximum amount.

(2) The nominal amount and carrying amount are net of the repurchased securities.

The additional information required by IFRS 12 is not provided by banks that draw up consolidated financial statements pursuant to Bank of Italy Circular 262.

F. MODELS FOR THE MEASUREMENT OF CREDIT RISK

As of 31 December 2024, the expected loss on performing loans to customers (which takes into account cash and unsecured loans) was 0.28%, down from 0.31% in 2023. The decrease was attributable to the improvement in the quality of the loan portfolio.

For the companies included in the roll out plan, the internal rating (PD), LGD and EAD models are subject to a second level control process carried out by the Validation function on the adequacy of the existing methodological framework, on an annual basis in accordance with the rules established by the Supervisory Authority, and a level three control by the Internal Audit Function. The control functions produce annual reports for the Supervisory Authority on the compliance of the models with the supervisory regulations, which also includes a verification on the deviations between estimates made and the actual figures, and they issue a compliance opinion when material model changes are made to the models. These reports, approved by the Board of Directors of Intesa Sanpaolo, confirm the compliance to the regulatory requirements.

SECTION 2 – MARKET RISKS

REGULATORY TRADING BOOK

2.1 INTEREST RATE RISK AND PRICE RISK

Qualitative information

Qualitative information on the measurement of financial risks of Intesa Sanpaolo's regulatory trading book is contained in Part E of the Notes to the consolidated financial statements.

Quantitative information

Operational quantitative information on Intesa Sanpaolo's market risks is contained in Part E of the Notes to the consolidated financial statements.

BANKING BOOK

2.2 INTEREST RATE RISK AND PRICE RISK

Qualitative information

Qualitative information on the measurement of financial risks in Intesa Sanpaolo's banking book is contained in Part E of the Notes to the consolidated financial statements.

Quantitative information

Banking book - internal models and other sensitivity analysis methodologies

The sensitivity of net interest income – assuming a +50, -50 and +100 basis point change in interest rates – amounted to -93 million euro, +77 million euro and -228 million euro, respectively, at the end of 2024.

The latter figure was down (-552 million euro) on the amount at the end of 2023, reflecting the implementation of the strategy to protect the net interest income against falling interest rates, mainly achieved through hedging derivatives on demand deposits. The repricing of floating rate assets also contributed to the change in the measure. In all the scenarios reported, the changes in net interest income are very small, thanks to the already mentioned net interest income stabilisation strategies implemented by the Bank. The lack of symmetry between the upward and downward rate shocks is due to the presence of contractual floors on demand deposits, reflected in the use of estimation parameters (betas) that predict an increase in reactivity as rates rise, and consequently in the cost of funding.

Interest rate risk, generated by Intesa Sanpaolo's banking book, measured through the value sensitivity (sensitivity of portfolio value to a parallel and uniform shift in the yield curve of +100 basis points), recorded an average of -1,843 million euro during 2024 and amounted to -2,198 million euro at year-end. The increase in sensitivity recorded in December 2024 compared to December 2023 (-1,320 million euro), reflected the phenomena already described in relation to the sensitivity of the net interest income, namely the implementation of a strategy to protect the net interest income from expected interest rate declines and the repricing of the floating-rate assets, as well as the increase in the exposure of the HTCS portfolio, which mainly occurred during the first half of 2024.

Interest rate risk, measured in terms of VaR (99% confidence level, 10-day holding period), amounted to an average of 527 million euro during 2024, with a maximum value of 663 million euro and a minimum value of 301 million euro. In December 2024 VaR was 488 million euro, up by 239 million euro compared to the figure at the end of December 2023. This change was due to the increase in the exposure recorded in 2024.

Price risk generated by minority stakes in listed companies, mostly held in the portfolios of Assets at fair value through other comprehensive income (FVOCI) and measured in terms of VaR, recorded an average level during 2024 of 52 million euro, with minimum and maximum values of 34 million euro and 77 million euro, respectively, with the latter coinciding with the value at the end of 2024 (39 million euro at the end of 2023). This change was mainly due to the increase in the price volatility of the equity portfolio.

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 for the above-mentioned quoted assets.

Price risk: impact on Shareholders' Equity

(millions of euro)

		Impact on shareholders' equity at 31.12.2024	Impact on shareholders' equity at 30.09.2024	Impact on shareholders' equity at 30.06.2024	Impact on shareholders' equity at 31.03.2024	Impact on shareholders' equity at 31.12.2023
Price shock	10%	74	75	70	57	52
Price shock	-10%	-74	-75	-70	-57	-52

2.3 FOREIGN EXCHANGE RISK

Qualitative information

Qualitative information, including hedging activities of foreign exchange risk, is contained in Part E of the Notes to the consolidated financial statements.

Quantitative information

1. Breakdown by currency of assets and liabilities and of derivatives

(millions of euro)

	CURRENCIES					
	US dollar	GB pound	Yen	Swiss franc	Australian dollar	Other currencies
A. FINANCIAL ASSETS	**45,990**	**5,222**	**4,217**	**1,546**	**3,163**	**4,320**
A.1 Debt securities	17,192	2,491	3,645	29	1,959	711
A.2 Equities	1,898	95	1	30	-	633
A.3 Loans to banks	7,343	296	40	946	81	1,919
A.4 Loans to customers	19,557	2,340	531	541	1,123	1,057
A.5 Other financial assets	-	-	-	-	-	-
B. OTHER ASSETS	**5,115**	**1,198**	**275**	**28**	**243**	**1,113**
C. FINANCIAL LIABILITIES	**41,126**	**2,231**	**1,078**	**292**	**1,579**	**1,681**
C.1 Due to banks	21,169	1,460	412	181	828	1,476
C.2 Due to customers	5,416	118	1	82	550	110
C.3 Debt securities	14,541	653	665	29	201	95
C.4 Other financial liabilities	-	-	-	-	-	-
D. OTHER LIABILITIES	**3,866**	**113**	**468**	**88**	**495**	**2,141**
E. FINANCIAL DERIVATIVES						
- Options						
long positions	*3,782*	*248*	*528*	*315*	*18*	*594*
short positions	*4,316*	*213*	*476*	*295*	*38*	*728*
- Other derivatives						
long positions	*54,576*	*12,611*	*2,433*	*2,730*	*608*	*13,147*
short positions	*61,046*	*16,741*	*5,482*	*3,969*	*1,975*	*14,498*
TOTAL ASSETS	**109,463**	**19,279**	**7,453**	**4,619**	**4,032**	**19,174**
TOTAL LIABILITIES	**110,354**	**19,298**	**7,504**	**4,644**	**4,087**	**19,048**
DIFFERENCE (+/-)	**-891**	**-19**	**-51**	**-25**	**-55**	**126**

As of 31 December 2022, the presentation of the "Breakdown by currency of assets and liabilities and of derivatives" has been aligned with the prudential approach in compliance with the new methodological framework introduced by the EBA Guidelines on the treatment of structural FX under Article 352(2) of Regulation (EU) No 575/2013 (CRR).

2. Internal models and other sensitivity analysis methodologies

As already noted, the management of Transaction Foreign Exchange Risk relating to trading activities is included in the operating procedures and in the estimation methodologies of the managerial VaR.
Foreign exchange risk expressed by equity investments in foreign currency (banking book) originated a VaR (99% confidence level, 10-day holding period) amounting to 84 million euro as at 31 December 2024. This potential impact would only be reflected in the Shareholders' Equity.

SECTION 3 – DERIVATIVES AND HEDGING POLICIES

The Bank is authorised to use EPE (Expected Positive Exposure) internal models to determine the capital requirement for counterparty risk. These models are used for almost the entire derivatives portfolio (as shown in the table below, as at 31 December 2024 approximately 97% of the total EAD of financial and credit derivatives is measured using EPE models).
Derivatives whose counterparty risk is measured using approaches other than internal models represent a residual portion of the portfolio (as at 31 December 2024 accounting for approximately 3% of overall EAD) and refer to types not included in the calculation model, in compliance with the immateriality thresholds set by the EBA.
As a result of the entry into force of the Basel 3 rules, the scope of counterparty risk also includes Exchange Traded Derivatives (ETD) and contracts with central counterparties (CCP).
The table below shows the overall EAD of exposures in financial and credit derivatives, broken down by measurement approach.

(millions of euro)

Transaction categories	Exposure at default (EAD)			
	31.12.2024		31.12.2023	
	Standardised models	Internal Method (EPE)	Standardised models	Internal Method (EPE)
Derivative contracts	311	10,924	212	10,364

Using the EPE internal model, it is possible to consider the collateral collected to mitigate credit exposure and any excess collateral paid in the simulation. The value of the guarantees received and included in the calculation of the EAD amounts to approximately 16.3 billion euro for Intesa Sanpaolo, while the collateral provided to counterparties amounts to around 16.4 billion euro (these amounts include the initial margins posted in connection with transactions with central counterparties and those received from bilateral counterparties and clearing service customers).

3.1 Trading derivatives

A. FINANCIAL DERIVATIVES

A.1 Financial trading derivatives: period-end notional amounts

(millions of euro)

Underlying asset/Type of derivatives	31.12.2024				31.12.2023			
	Over the counter			Organised markets	Over the counter			Organized markets
	Central Counterparties	Without central counterparties			Central Counterparts	without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rate	**3,190,423**	**547,480**	**79,762**	**110,403**	**2,965,132**	**438,844**	**79,517**	**90,114**
a) Options	-	286,299	9,850	690	-	208,296	10,529	304
b) Swaps	3,190,423	261,181	68,807	-	2,965,132	230,548	68,125	-
c) Forwards	-	-	1,080	-	-	-	609	-
d) Futures	-	-	25	109,713	-	-	254	89,810
e) Other	-	-	-	-	-	-	-	-
2. Equities and stock indices	**-**	**18,659**	**30,035**	**6,654**	**-**	**13,705**	**24,953**	**5,022**
a) Options	-	10,870	30,026	1,670	-	9,021	24,944	1,561
b) Swaps	-	7,789	9	-	-	4,684	9	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	4,984	-	-	-	3,461
e) Other	-	-	-	-	-	-	-	-
3. Foreign exchange rates and gold	**-**	**171,592**	**20,980**	**20**	**-**	**127,847**	**21,330**	**81**
a) Options	-	45,636	3,745	-	-	25,378	2,280	-
b) Swaps	-	37,279	2,305	-	-	32,126	2,619	-
c) Forwards	-	88,316	13,917	-	-	70,021	15,606	-
d) Futures	-	-	-	20	-	-	-	81
e) Other	-	361	1,013	-	-	322	825	-
4. Commodities	**-**	**3,272**	**1,583**	**2,770**	**-**	**3,207**	**1,450**	**1,606**
5. Other underlying assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,190,423**	**741,003**	**132,360**	**119,847**	**2,965,132**	**583,603**	**127,250**	**96,823**

The notional amounts shown as at 31 December 2024 in the column "Over the counter" with central counterparties relate to interest rate derivatives settled through legal clearing for a total of 3,190 billion euro.

A.2 Financial trading derivatives: gross positive and negative fair value – breakdown by product

(millions of euro)

Type of derivative	31.12.2024				31.12.2023			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options	-	2,142	740	123	-	2,255	737	114
b) Interest rate swaps	55,593	10,469	2,071	-	63,447	10,400	2,124	-
c) Cross currency swaps	-	919	214	-	-	913	200	-
d) Equity swaps	-	63	-	-	-	12	-	-
e) Forwards	-	951	218	-	-	1,019	188	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	226	191	-	-	331	96	-
Total	**55,593**	**14,770**	**3,434**	**123**	**63,447**	**14,930**	**3,345**	**114**
2. Negative fair value								
a) Options	-	2,760	8,645	125	-	2,788	7,381	115
b) Interest rate swaps	58,054	8,131	1,378	-	64,302	9,369	2,142	-
c) Cross currency swaps	-	1,928	39	-	-	1,554	176	-
d) Equity swaps	-	68	8	-	-	13	1	-
e) Forwards	-	1,336	270	-	-	677	198	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	174	121	-	-	337	111	-
Total	**58,054**	**14,397**	**10,461**	**125**	**64,302**	**14,738**	**10,009**	**115**

This table shows the fair value of all the unmargined contracts, both on regulated markets and with central counterparties.

The amounts shown in the column "Over the counter" with central counterparties relate to the gross fair value of the over-the-counter (OTC) derivatives settled through legal clearing, including LCH Ltd.

The fair value of the over-the-counter (OTC) trading derivatives held with the legal clearing agent LCH Ltd., considered to have met the requirements of IAS 32, paragraph 42, was offset in the financial statements (Part B of the Notes to financial statements) with a total negative difference for financial derivatives held for trading of 4,525 million euro (positive fair value of 50,975 million euro and negative fair value of 55,500 million euro). The difference relates to transactions originated by customers and Group companies for a positive clearing amount of 523 million euro (positive fair value of 2,373 million euro and negative fair value of 1,850 million euro), shown under financial assets held for trading, and to transactions on own account for a negative clearing amount of 5,048 million euro (positive fair value of 48,602 million euro and negative fair value of 53,650 million euro), shown under financial liabilities held for trading.

A.3 Over the counter financial trading derivatives: notional amounts, gross positive and negative fair value by counterparty

(millions of euro)

Underlying asset	Central Counterparties	Banks	Other financial companies	Other counterparties
Contracts not included under netting agreements				
1) Debt securities and interest rates				
- notional amount	X	5,312	18,635	55,815
- positive fair value	X	74	467	1,562
- negative fair value	X	-82	-244	-1,442
2) Equities and stock indices				
- notional amount	X	18,360	3,736	7,939
- positive fair value	X	552	106	3
- negative fair value	X	-696	-180	-7,368
3) Foreign exchange rates and gold				
- notional amount	X	1,182	1,881	17,917
- positive fair value	X	5	20	469
- negative fair value	X	-21	-47	-287
4) Commodities				
- notional amount	X	-	9	1,574
- positive fair value	X	-	-	176
- negative fair value	X	-	-	-94
5) Other				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included under netting agreements				
1) Debt securities and interest rates				
- notional amount	3,190,423	399,299	134,940	13,241
- positive fair value	55,593	7,930	3,450	330
- negative fair value	-58,054	-7,948	-1,308	-464
2) Equities and stock indices				
- notional amount	-	6,746	11,898	15
- positive fair value	-	402	231	14
- negative fair value	-	-93	-768	-
3) Foreign exchange rates and gold				
- notional amount	-	129,443	32,966	9,183
- positive fair value	-	1,330	598	265
- negative fair value	-	-2,689	-667	-291
4) Commodities				
- notional amount	-	176	789	2,307
- positive fair value	-	6	69	145
- negative fair value	-	-9	-41	-119
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual maturity of over the counter financial derivatives: notional amounts

(millions of euro)

Underlying/Residual maturity	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	1,315,442	1,627,187	875,036	3,817,665
A.2 Financial derivatives on equities and stock indices	19,968	25,088	3,638	48,694
A.3 Financial derivatives on foreign exchange rates and gold	138,539	38,944	15,089	192,572
A.4 Financial derivatives on commodities	2,438	2,413	4	4,855
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2024	**1,476,387**	**1,693,632**	**893,767**	**4,063,786**
Total 31.12.2023	**1,364,130**	**1,509,856**	**801,999**	**3,675,985**

B. CREDIT DERIVATIVES

B.1 Credit trading derivatives: period-end notional amounts

(millions of euro)

Categories of transactions	Trading derivatives	
	single counterparty	more counterparties (basket)
1. Protection purchases		
a) Credit default products	6,373	127,636
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total 31.12.2024	**6,373**	**127,636**
Total 31.12.2023	**6,306**	**33,306**
2. Protection sales		
a) Credit default products	6,704	125,213
b) Credit spread products	-	-
c) Total rate of return swap	3,119	-
d) Other	-	-
Total 31.12.2024	**9,823**	**125,213**
Total 31.12.2023	**11,855**	**29,419**

As at 31 December 2024, none of the contracts shown in the table were included within the disclosure on structured credit products reported in the chapter on market risks in the Notes to the consolidated financial statements.

B.2 Credit trading derivatives: gross positive and negative fair value – breakdown by product

(millions of euro)

Type of derivative	Total 31.12.2024	Total 31.12.2023
1. Positive fair value		
a) Credit default products	2,975	1,086
b) Credit spread products	-	-
c) Total rate of return swap	95	213
d) Other	-	-
Total	**3,070**	**1,299**
2. Negative fair value		
a) Credit default products	3,028	1,140
b) Credit spread products	-	-
c) Total rate of return swap	25	-
d) Other	-	-
Total	**3,053**	**1,140**

As at 31 December 2024, none of the contracts shown in the table were included within the disclosure on structured credit products reported in the chapter on market risks in the Notes to the consolidated financial statements.

The Total Rate of Return Swap (TRS) refers to protection sales operationally correlated with short positions in debt securities represented under Financial liabilities held for trading.

B.3 Over the counter credit trading derivatives: notional amounts, gross positive and negative fair value by counterparty

(millions of euro)

	Central counterparties	Banks	Other financial companies	Other counterparties
Contracts not included under netting agreements				
1) Protection purchases				
− notional amount	X	-	102,080	342
− positive fair value	X	-	-	17
− negative fair value	X	-	-	-2,343
2) Protection sales				
− notional amount	X	-	99,986	-
− positive fair value	X	-	2,302	-
− negative fair value	X	-	-	-
Contracts included under netting agreements				
1) Protection purchases				
− notional amount	17,338	5,982	8,267	-
− positive fair value	16	26	35	-
− negative fair value	-480	-57	-50	-
2) Protection sales				
− notional amount	16,179	7,422	11,449	-
− positive fair value	443	66	165	-
− negative fair value	-25	-33	-65	-

As at 31 December 2024, none of the contracts shown in the table were included within the disclosure on structured credit products reported in the chapter on market risks in the Notes to the consolidated financial statements.

B.4 Residual maturity of over the counter credit trading derivatives: notional amounts

(millions of euro)

Underlying/Residual maturity	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
1. Protection sales	6,212	127,205	1,619	135,036
2. Protection purchases	4,401	128,358	1,250	134,009
Total 31.12.2024	**10,613**	**255,563**	**2,869**	**269,045**
Total 31.12.2023	**14,330**	**65,392**	**1,164**	**80,886**

B.5 Credit derivatives associated with the fair value option: annual changes

Intesa Sanpaolo does not hold credit derivatives associated with the fair value option.

3.2 Accounting hedges

Qualitative information

On first-time adoption of IFRS 9, the Intesa Sanpaolo Group exercised its option under the standard to continue to fully apply the rules of IAS 39 for all types of hedges (micro and macro hedges). As a result, the provisions of IFRS 9 on hedging do not apply.

A. Fair value hedging

The hedging carried out by the Bank is aimed at protecting the banking book from variations in the fair value of loans and deposits due to movements in the interest rate curve (interest rate risk).

The Bank uses both micro fair value hedges and macro fair value hedges.
The micro fair value hedges mainly hedge bonds issued, debt securities under assets and loans to customers.
The macro fair value hedges are used for:

- core deposits, based on the applicable standards in the carved-out version of IAS 39;
- the already fixed portion of floating-rate loans, in which the macro fair value hedge is used to hedge the interest rate risk inherent in the floating-rate coupons of the loans granted, when the coupon rate is set;
- a portion of fixed-rate loans; for this type, in line with the carved-out version of IAS 39, an open-portfolio macrohedging model has been adopted according to a bottom-layer approach that, in accordance with the interest rate risk measurement method involving modelling of the prepayment phenomenon, is more closely correlated with risk management activity and asset dynamics.

The main types of derivative contracts used are plain and structured interest rate swaps (IRS), overnight index swaps (OIS), cross-currency swaps (CCS), forward sales and options on interest rates stipulated with market counterparties.
The derivatives are not listed on regulated markets but are traded in OTC (over the counter) circuits. The OTC contracts also include contracts entered into through clearing houses, which account for the majority of derivatives.

B. Cash flow hedging

The hedging carried out by the Bank is aimed at protecting it from the exposure to changes in future cash flows attributable to movements in the interest rate curve, associated with a particular asset/liability, such as variable future interest payments on a debt/loan or a highly probable expected future transaction.

The Bank uses both micro cash flow hedges and macro cash flow hedges. The micro cash flow hedges mainly hedge bonds issued.
The macro cash flow hedges are used for:

- floating-rate funding when it is used to finance fixed-rate loans;
- floating-rate loans hedging fixed-rate funding.

The derivatives used are interest rate swaps (IRS) with market counterparties.
The derivatives are not listed on regulated markets but are traded in OTC (over the counter) circuits. The OTC contracts also include contracts entered into through clearing houses, which account for the majority of derivatives.

C. Hedging of foreign investments

The Bank takes out foreign exchange hedges against the foreign exchange risk on the cost of funding in foreign currency and on foreign currency gains generated by the Parent Company's international branches. These are operational hedges, which are therefore not recognised as accounting hedges covered by this section.

D. Hedging instruments

The main causes of ineffectiveness of the model adopted by the Bank for verifying the effectiveness of the hedges are attributable to the following:

- misalignment between the notional value of the derivative and the hedged underlying recognised at the time of initial designation or generated subsequently, such as in the case of partial repayments of loans or the repurchase of bonds;
- application of different curves respectively on the hedging derivative and hedged item for the effectiveness test on fair value hedges. In the derivatives, normally collateralised or entered into through clearing houses, the cash flows are discounted on the overnight curves, while the hedged items are discounted on the indexing curve of the cash flows of the hedging instrument;
- inclusion in the effectiveness test of the value of the floating-rate cash flows of the hedging derivative, for fair value hedges.

The ineffectiveness of the hedge is promptly determined for the purposes of:

- the determination of the impact to be recognised in the income statement;
- the assessment of the possibility of continuing to apply the hedge accounting rules.

The Bank does not use dynamic hedges, as defined in IFRS 7, paragraph 23C.

E. Hedged items

The main types of hedged items are:

- debt securities under assets;
- debt securities issued and non-securities funding;
- fixed-rate loans;
- floating-rate loans;
- optional embedded component of floating-rate mortgages;
- already set coupon of floating-rate loans;
- modelled on demand deposits.

E.1 Debt securities under assets

The debt securities under assets are hedged by micro fair value hedges, involving the use of IRS (interest rate swaps), OIS (overnight index swaps) and CCS (cross-currency swaps) as hedging instruments.
The interest rate risk is usually hedged for the entire portfolio holding period of the debt instrument.
The Dollar Offset Method is used to verify the hedge effectiveness. This method is based on the ratio between the cumulative changes (from the inception of the hedge) in the fair value of the hedging instrument, attributable to the hedged risk, and cumulative changes in the fair value of the hedged item (fair value change), net of the accrual component of the earned interest.
Micro fair value hedges also include forward sales on debt securities held under Financial assets at fair value through other comprehensive income (HTCS), carried out to hedge risks of fair value changes connected to movements in credit spreads and interest rates. With regard to the forward sale contract, which is a derivative because it is a non-regular way transaction, the spot component is separated from the interest component by designating only the spot component as the hedging instrument in a fair value hedging relationship.

E.2 Debt securities issued and non-securities funding

The Bank establishes micro fair value hedges in place on fixed-rate funding and micro cash flow hedges or macro cash flow hedges on floating-rate funding, using IRS (interest rate swaps), OIS (overnight index swaps) and CCS (cross-currency swaps) as hedging instruments.
The interest rate risk is usually hedged throughout the life of the bond.
For the micro hedges, the hedge effectiveness is verified using the Dollar Offset Method. This method is based on the ratio between the cumulative changes (from the inception of the hedge) in the fair value or the cash flows of the hedging instrument, attributable to the hedged risk, and cumulative changes in the fair value or the cash flows of the hedged item (fair value change), net of the accrual component of the earned interest.
For the macro hedges, the hedge effectiveness is verified by means of a capacity test. This test involves a comparison of the consistency between the hedged items, referring to existing or expected floating-rate funding (highly probable future transactions), and the hedging instruments, and must be performed throughout the life of the hedging relationship and for each time band. In this case, the hedged item is represented by the expected cash flows from funding that will arise over the life of the funding. The estimate of the expected upcoming and highly probable funding is subject to annual approval by the Group Financial Risks Committee.

E.3 Fixed-interest loans

The Bank establishes micro fair value hedges for fixed-rate loans and macro fair value hedges for mortgage loans disbursed to retail counterparties of the Bank, mainly using IRS (interest rate swaps) as hedging instruments.
The interest rate risk is usually hedged throughout the life of the underlying.
For the micro hedges, the hedge effectiveness is verified using the Dollar Offset Method.
For the macro hedges, the loan portfolio hedged is open, i.e. it is dynamically composed of fixed-loans hedged, at aggregate

level, through hedging derivatives entered into over time.
The effectiveness of the macro hedges on fixed-rate loans is periodically verified through specific prospective and retrospective tests aimed at demonstrating that the hedged portfolio contains an amount of assets whose sensitivity profile and changes in fair value due to interest rate risk reflect those of the derivatives used for the hedge.

E.4 Floating-rate loans

The Bank establishes macro cash flow hedges on floating-rate loans, mainly using interest rates swaps (IRSs) as hedging instruments.
The hedge effectiveness is verified by means of a capacity test. This test, which involves a comparison of the consistency between the hedged items, referring to the floating-rate loans outstanding, and the hedging instruments, must be performed throughout the life of the hedging relationship and for each time band. In this case, the hedged item is represented by the expected cash flows originating from the loans that will arise over the life of the assets.

E.5 Optional embedded component of floating-rate mortgages

The Bank hedges the optional embedded components (interest rate options) of floating-rate mortgages through micro fair value hedges, using options (cap, floor, collar) as hedging instruments.
The underlying assets may be partially or totally hedged, over time and in terms of amount.
The hedge effectiveness is verified using the Dollar Offset Method.

E.6 Already set coupon of floating-rate loans

The Bank establishes macro fair value hedges on coupons already set for floating-rate loans using OIS (overnight index swaps) as hedging instruments.
The purpose of this type of hedge is to neutralise the interest rate risk generated by the coupons already fixed.
The Dollar Offset Method is used to verify the hedge effectiveness, while the actual consistency of the hedged items is verified through a capacity test.

E.7 Modelled on demand deposits

Modelled on demand deposits are hedged by macro fair value hedges, as required by the "carve out" of IAS 39, using IRS (interest rate swaps) and OIS (overnight index swaps) as hedging instruments.
The purpose of the hedge is to protect net interest income from possible falls in interest rates that reduce the spread generated by the Bank's core deposits.
The model is subject to continuous monitoring and verification by Market & Financial Risk Management, in order to promptly incorporate changes in the main characteristics of the model (volumes, stability, reactivity) and make the necessary adjustments where appropriate.
The hedge effectiveness is verified using the Dollar Offset Method.

E.8 Equity investments

The Bank establishes micro fair value hedges on equity interests in foreign currency measured at cost using foreign exchange outright derivatives as hedges.
The purpose of the hedging is to neutralise the exchange rate fluctuations in equity investments.
The Dollar Offset Method is used to verify the hedge effectiveness assuming that the changes in fair value relate exclusively to foreign exchange risk.

Quantitative information

A. Financial hedging derivatives

A.1 Financial hedging derivatives: period-end notional amounts

(millions of euro)

Underlying asset/Type of derivative	31.12.2024				31.12.2023			
	Over the counter			Organised markets	Over the counter			Organized markets
	Central Counterparties	Without central counterparties			Central Counterparts	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreement	
1. Debt securities and interest rates	**467,803**	**13,644**	**6,794**	**-**	**387,112**	**12,996**	**6,262**	**-**
a) Options	-	532	-	-	-	1,073	-	-
b) Swaps	467,803	13,112	5,993	-	387,112	11,923	4,959	-
c) Forwards	-	-	801	-	-	-	1,303	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equities and stock indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign exchange rates and gold	**-**	**10,852**	**-**	**-**	**-**	**9,178**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	10,498	-	-	-	9,178	-	-
c) Forwards	-	354	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**467,803**	**24,496**	**6,794**	**-**	**387,112**	**22,174**	**6,262**	**-**

The average notional amount in the year of the financial hedging derivatives was 461 billion euro.
The notional amounts shown as at 31 December 2024 in the column "Over the counter" with central counterparties relate to notional amounts of the financial hedging derivatives settled through legal clearing for a total of 468 billion euro.

A.2 Financial hedging derivatives: gross positive and negative fair value – breakdown by product

(millions of euro)

Type of derivative	Positive and negative fair value								Change in value used to calculate hedge effectiveness	
	Total 31.12.2024				Total 31.12.2023				Total	Total
	Over the counter			Organized markets	Over the counter			Organized markets	31.12.2024	31.12.2023
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties				
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements			
Positive fair value										
a) Options	-	9	-	-	-	32	-	-	-30	-51
b) Interest rate swap	10,778	587	158	-	12,268	696	204	-	10,519	12,421
c) Cross currency swap	-	256	-	-	-	204	-	-	-92	49
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	1	10	-	-	-	2	-	1	-2
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**10,778**	**853**	**168**	**-**	**12,268**	**932**	**206**	**-**	**10,398**	**12,417**
Negative fair value										
a) Options	-	1	-	-	-	1	-	-	-	-
b) Interest rate swap	8,161	1,072	46	-	9,549	989	51	-	8,769	10,224
c) Cross currency swap	-	478	-	-	-	822	-	-	775	966
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	26	-	-	27
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**8,161**	**1,551**	**46**	**-**	**9,549**	**1,812**	**77**	**-**	**9,544**	**11,217**

The amounts shown as at 31 December 2024 in the column "Over the counter" with central counterparties relate to the gross fair value of the over-the-counter (OTC) financial hedging derivatives settled through legal clearing, including LCH Ltd.
The fair value of the over-the-counter (OTC) financial hedging derivatives held with the legal clearing agent LCH Ltd., considered to have met the requirements of IAS 32, paragraph 42, was offset in the financial statements (Part B of the Notes to the financial statements) with a total negative difference of 11 million euro (positive fair value of 6,016 million euro and negative fair value of 6,027 million euro), shown in liabilities under financial hedging derivatives.

A.3 Over the counter financial hedging derivatives: notional amounts, gross positive and negative fair values by counterparty

(millions of euro)

Underlying asset	Central counterparties	Banks	Other financial companies	Other counterparties
Contracts not included under netting agreements				
1) Debt securities and interest rates				
- notional amount	X	675	6,119	-
- positive fair value	X	6	162	-
- negative fair value	X	-	-46	-
2) Equities and stock indices				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign exchange rates and gold				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included under netting agreements				
1) Debt securities and interest rates				
- notional amount	467,803	12,410	1,234	-
- positive fair value	10,778	584	13	-
- negative fair value	-8,161	-627	-446	-
2) Equities and stock indices				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Foreign exchange rates and gold				
- notional amount	-	7,551	3,301	-
- positive fair value	-	186	70	-
- negative fair value	-	-223	-255	-
4) Commodities				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual maturity of over the counter financial hedging derivatives: notional amounts

(millions of euro)

Underlying/Residual maturity	Up to 1 year	Between 1 and 5 years	Over 5 year	Total
A.1 Financial derivatives on debt securities and interest rates	124,479	196,376	167,386	488,241
A.2 Financial derivatives on equities and stock indices	-	-	-	-
A.3 Financial derivatives on foreign exchange rates and gold	499	4,982	5,371	10,852
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2024	**124,978**	**201,358**	**172,757**	**499,093**
Total 31.12.2023	**98,121**	**166,650**	**150,777**	**415,548**

B. Credit hedging derivatives

B.1 Credit hedging derivatives: period-end notional amounts

B.2 Credit hedging derivatives: gross positive and negative fair value - breakdown by product

B.3 Over the counter credit hedging derivatives: notional amounts, gross positive and negative fair values by counterparty

B.4 Residual maturity of over the counter credit hedging derivatives: notional amounts
Intesa Sanpaolo does not hold credit derivatives classified as hedges in its portfolio.

C. Non-derivative hedging instruments

C.1 Non-derivative hedging instruments: breakdown by accounting portfolio and type of hedge
Intesa Sanpaolo has exercised the option, provided for on the introduction of IFRS 9, of continuing to fully apply the provisions of IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for each type of hedge (both for micro hedges and macro hedges). For this reason, the Bank does not hold financial instruments to be shown in table "C.1 Non-derivative hedging instruments: breakdown by accounting portfolio and type of hedge".

D. Hedged items

Intesa Sanpaolo has exercised the option, provided for on the introduction of IFRS 9, of continuing to fully apply the provisions of IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for each type of hedge (both for micro hedges and macro hedges).

D.1 Fair value hedges

(millions of euro)

	Micro-hedges: book value	**Micro-hedges – net positions: book value of assets and liabilities (prior to netting)**	**Micro-hedges**			**Macro-hedges: book value**
			Cumulative fair value changes (hedged instrument)	Termination of hedging: residual cumulative fair value changes	Changes in value used to assess hedge ineffectiveness	
A. Assets						
1. Financial assets designated at fair value through other comprehensive income – hedging of:	**45,280**	**-**	**-372**	**-321**	**-285**	**-**
1.1 Debt securities and interest rates	41,554	-	-343	-316	-257	x
1.2 Equities and stock indices	-	-	-	-	-	x
1.3 Foreign exchange rates and gold	-	-	-	-	-	x
1.4 Loans	-	-	-	-	-	x
1.5 Other	3,726	-	-29	-5	-28	x
2. Financial assets measured at amortised cost - hedging of:	**47,056**	**-**	**-608**	**-466**	**-311**	**116,017**
1.1 Debt securities and interest rates	46,617	-	-788	-466	-522	x
1.2 Equities and stock indices	-	-	-	-	-	x
1.3 Foreign exchange rates and gold	-	-	-	-	-	x
1.4 Loans	-	-	-	-	-	x
1.5 Other	439	-	180	-	211	x
Total 31.12.2024	**92,336**	**-**	**-980**	**-787**	**-596**	**116,017**
Total 31.12.2023	**85,178**	**-**	**-1,680**	**-3,043**	**-1,398**	**105,307**
B. Liabilities						
1. Financial liabilities measured at amortised cost - hedging of:	**58,548**	**-**	**-1,242**	**-**	**-1,227**	**202,412**
1.1 Debt securities and interest rates	52,982	-	-693	-	-744	x
1.2 Foreign exchange rates and gold	-	-	-	-	-	x
1.3 Other	5,566	-	-549	-	-483	x
Total 31.12.2024	**58,548**	**-**	**-1,242**	**-**	**-1,227**	**202,412**
Total 31.12.2023	**62,306**	**-**	**-1,528**	**-41**	**-1,518**	**144,651**

D.2 Cash flow hedges and hedges of foreign investments

(millions of euro)

		Change in value used to assess hedge ineffectiveness	Hedging reserves	Termination of hedging: residual cumulative value of the hedging reserves
A. Cash flow hedge				
1. Assets		**156**	**-35**	**-**
1.1 Debt securities and interest rates		156	-35	-
1.2 Equities and stock indices		-	-	-
1.3 Foreign exchange rates and gold		-	-	-
1.4 Loans		-	-	-
1.5 Other		-	-	-
2. Liabilities		**21**	**-141**	**-**
1.1 Debt securities and interest rates		21	-141	-
1.2 Foreign exchange rates and gold		-	-	-
1.3 Other		-	-	-
Total (A)	**31.12.2024**	**177**	**-176**	**-**
Total (A)	**31.12.2023**	**299**	**-318**	**-**
B. Hedges of foreign investments		X	-	-
Total (A+B)	**31.12.2024**	**177**	**-176**	**-**
Total (A+B)	**31.12.2023**	**299**	**-318**	**-**

E. Effects of hedging on shareholders' equity

E.1 Reconciliation of components of shareholders' equity

(millions of euro)

	Cash flow hedging reserve					Reserve for hedging of foreign investments				
	Debt securities and interest rates	Equities and stock indices	Foreign exchange rates and gold	Loans	Other	Debt securities and interest rates	Equities and stock indices	Foreign exchange rates and gold	Loans	Other
Initial amount	**-318**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fair value changes (effective portion)	142	-	-	-	-	-	-	-	-	-
Reclassification to the income statement	-	-	-	-	-	-	-	-	-	-
of which: future transactions no longer expected	-	-	-	-	-	*X*	*X*	*X*	*X*	*X*
Other changes	-	-	-	-	-	-	-	-	-	-
of which: transfer to the initial book value of the hedged instruments	-	-	-	-	-	*X*	*X*	*X*	*X*	*X*
Final amount	**-176**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The category "Hedging instruments (non-designated items)" is not present, because Intesa Sanpaolo has exercised the option, provided for on the introduction of IFRS 9, of continuing to fully apply the provisions of IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for each type of hedge (both for micro hedges and macro hedges).

3.3 Other information on derivative instruments (trading and hedging)

A. Credit and financial derivatives

A.1 Over the counter credit and financial derivatives: net fair values by counterparty

(millions of euro)

	Central counterparties	Banks	Other financial companies	Other counterparties
A. Financial derivatives				
1) Debt securities and interest rates				
- notional amount	2,518,720	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-4,536	-	-	-
2) Equities and stock indices				
- notional amount	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-
3) Foreign exchange rates and gold				
- notional amount	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-
4) Commodities				
- notional amount	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-
B. Credit derivatives				
1) Protection purchases				
- notional amount	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-
2) Protection sales				
- notional amount	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-

The table shows the values resulting from the offsetting in the balance sheet for the derivatives whose netting agreements meet the criteria set out in IAS 32 paragraph 42.
In particular, the above refers to over-the-counter (OTC) trading and hedging financial and credit in place with the legal clearing agent LCH Ltd., for which the fair values attributable to transactions on own account and transactions on behalf of customers and Group companies have been offset separately in the financial statements.
The clearing amount, which had a total net negative value of 4,536 million euro (positive fair value of 56,991 million euro and negative fair value of 61,527 million euro), attributable to a negative result of 4,525 million euro from trading derivatives and a negative result of 11 million euro from hedging derivatives, is presented in Part B of the Notes to the financial statements for operations on behalf of customers and Group Companies (trading derivatives) under financial assets held for trading for 523 million euro, for operations on own account under financial liabilities held for trading for 5,048 million euro and in liabilities under financial hedging derivatives for 11 million euro.

SECTION 4 - LIQUIDITY RISK

QUALITATIVE INFORMATION

The qualitative information is contained in Part E of the Notes to the consolidated financial statements.

QUANTITATIVE INFORMATION

1. Breakdown by contractual residual maturity of financial assets and liabilities

The breakdown by maturity of financial assets and liabilities is shown in the tables below according to the rules set forth in the financial statement regulations (Bank of Italy Circular 262 and related clarifications issued by the Supervisory Authority), using accounting information organised by contractual residual maturity.

Therefore, no operational data was used that would require, for example, the modelling of core deposits and the representation of on-balance sheet items according to their level of liquidability.

Currency of denomination: Euro

(millions of euro)

Type/Residual maturity	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
A. Cash assets	**55,066**	**9,744**	**6,271**	**17,783**	**20,507**	**22,892**	**30,630**	**135,337**	**186,298**	**3,689**
A.1 Government bonds	2	-	32	123	330	401	449	13,767	48,882	-
A.2 Other debt securities	210	354	954	3,849	430	447	654	8,588	23,762	-
A.3 Quotas of UCI	3,275	-	-	-	-	-	-	-	-	-
A.4 Loans	51,579	9,390	5,285	13,811	19,747	22,044	29,527	112,982	113,654	3,689
- Banks	24,953	1,055	242	1,478	3,229	3,790	2,675	8,195	2,199	3,632
- Customers	26,626	8,335	5,043	12,333	16,518	18,254	26,852	104,787	111,455	57
B. Cash liabilities	**313,962**	**17,796**	**5,452**	**5,782**	**15,166**	**14,929**	**19,547**	**77,872**	**38,375**	**-**
B.1 Deposits and current accounts	288,914	2,693	4,498	4,258	8,235	7,455	6,109	4,381	1,237	-
- Banks	8,478	932	1,177	816	2,937	4,566	4,988	4,213	1,122	-
- Customers	280,436	1,761	3,321	3,442	5,298	2,889	1,121	168	115	-
B.2 Debt securities	10	-	70	1,107	4,229	5,790	10,579	66,826	31,839	-
B.3 Other liabilities	25,038	15,103	884	417	2,702	1,684	2,859	6,665	5,299	-
C. Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	355	12,269	5,453	5,973	26,708	6,457	7,035	16,723	12,371	-
- Short positions	446	8,722	3,245	4,603	12,295	3,698	5,789	12,912	17,958	-
C.2 Financial derivatives without exchange of capital										
- Long positions	17,180	128	2	44	1,390	1,486	2,320	-	-	-
- Short positions	21,108	22	15	153	326	580	854	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	46,553	-	-	-	-	-	-	-	-	-
- Short positions	-	45,949	48	103	-	369	-	12	72	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	13,395	2,310	714	200	2,115	4,160	21,343	838	-
- Short positions	45,075	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	33	-	-	-	-	-	-	20	1	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	11	300	422	670	-
- Short positions	-	-	-	-	-	11	300	422	670	-
C.8 Credit derivatives without exchange of capital										
- Long positions	2,761	-	-	-	-	-	-	-	-	-
- Short positions	2,717	-	-	-	-	-	-	-	-	-

Currency of denomination: Other currencies

(millions of euro)

Type/Residual maturity	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
A. Cash assets	**9,179**	**3,523**	**2,236**	**3,535**	**4,473**	**2,296**	**2,227**	**19,209**	**23,294**	**53**
A.1 Government bonds	-	5	33	11	130	97	329	6,428	17,033	-
A.2 Other debt securities	282	47	144	73	184	102	214	3,906	2,939	-
A.3 Quotas of UCI	883	-	-	-	-	-	-	-	-	-
A.4 Loans	8,014	3,471	2,059	3,451	4,159	2,097	1,684	8,875	3,322	53
- Banks	6,065	521	838	129	499	689	170	337	133	29
- Customers	1,949	2,950	1,221	3,322	3,660	1,408	1,514	8,538	3,189	24
B. Cash liabilities	**8,442**	**9,592**	**2,325**	**907**	**1,776**	**942**	**2,287**	**6,739**	**15,138**	**-**
B.1 Deposits and current accounts	5,982	830	548	532	989	526	529	159	57	-
- Banks	1,210	296	360	213	355	133	115	159	57	-
- Customers	4,772	534	188	319	634	393	414	-	-	-
B.2 Debt securities	144	49	118	66	323	384	1,449	5,028	11,992	-
B.3 Other liabilities	2,316	8,713	1,659	309	464	32	309	1,552	3,089	-
C. Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	159	17,834	4,901	7,499	15,108	6,085	10,714	19,388	11,865	-
- Short positions	224	21,608	6,846	8,455	28,466	8,293	11,045	23,762	7,293	-
C.2 Financial derivatives without exchange of capital										
- Long positions	3,450	-	-	-	-	-	-	-	-	-
- Short positions	7,088	-	-	-	9	8	17	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	725	-	-	-	-	-	-	-	-	-
- Short positions	-	21	15	9	5	-	-	364	311	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	-	23	21	288	1,303	1,138	14,358	2,082	-
- Short positions	19,058	154	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	1	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	10	-	-	-	-
- Short positions	-	-	-	-	-	10	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	302	-	-	-	-	-	-	-	-	-
- Short positions	318	-	-	-	-	-	-	-	-	-

2. Self-securitisations

A brief illustration of the securitisations originated by Intesa Sanpaolo outstanding as at 31 December 2024 is shown below, in which the Bank subscribed all the securities issued by the related vehicle (self-securitisations), and which need not be shown in the tables of Part E, section C "Securitisations" of the Notes to the financial statements.

Brera Sec S.r.l. (SEC 2)

In September 2019, a self-securitisation was structured, implemented through the sale of a loan portfolio originated by Intesa Sanpaolo to the vehicle company Brera Sec S.r.l. This transaction is the Group's second Residential Mortgage Backed Security ("RMBS") securitisation (the first Brera Sec S.r.l. securitisation was closed during the year).
Intesa Sanpaolo has acquired a minority interest (5%) in the newly established vehicle, purchased on the market, and control (95%) is held by a corporate entity outside the Group (Dutch-registered foundation known as a Stichting).
Intesa Sanpaolo takes care of the accounting management for the vehicle, whereas the corporate administration will be carried out by Securitisation Services S.p.A.
The transaction involved the issuance by the vehicle company of two tranches of securities: a senior tranche listed on the Luxembourg Stock Exchange, with a rating assigned by two rating agencies (Moody's and Morningstar DBRS) and an unlisted junior tranche without rating.
Both the senior security and the junior security were subscribed by Intesa Sanpaolo.
The senior security issued through the transaction, with a Moody's Aa3 and a Morningstar DBRS A (High) rating, can be used as collateral for refinancing operations in the Eurosystem.
The total sale consideration was 7.5 billion euro. The sale price of the portfolio was settled through the issuance of securities on 27 November 2019 for a total of 7.5 billion euro.

As at 31 December 2024, the value of the outstanding securities was 3,644 million euro for the senior securities and 860 million euro for the junior securities.
The transaction is due to be extinguished in the first quarter of 2025, with the full repurchase of the loan portfolio at the end of January for 4.4 billion euro, with completion of the closure on the payment date of 17 March 2025.

Brera Sec S.r.l. (SEC 3)
In October 2021, an additional self-securitisation was structured, implemented through the sale of a loan portfolio, originated by Intesa Sanpaolo, to the vehicle company Brera Sec S.r.l. This transaction is the Group's third Residential Mortgage Backed Security ("RMBS") securitisation.
Intesa Sanpaolo takes care of the accounting management for the vehicle, whereas the corporate administration will be carried out by Securitisation Services S.p.A.
The transaction involved the issuance by the vehicle company of two tranches of securities: a listed senior tranche, with a rating assigned by two rating agencies (Moody's and Morningstar DBRS) and an unlisted junior tranche without rating.
Both the senior security and the junior security were subscribed by Intesa Sanpaolo.
The senior security issued through the transaction, with a Moody's Aa3 and a Morningstar DBRS A (High) rating, can be used as collateral for refinancing operations in the Eurosystem.
The total sale consideration was 7.7 billion euro. The sale price of the portfolio was settled through the issuance of securities on 1 December 2021 for a total of 7.7 billion euro.
As at 31 December 2024, the value of the outstanding securities was 5,760 million euro for the senior securities and 725 million euro for the junior securities.

Clara Sec S.r.l.
In 2020, a self-securitisation was structured involving receivables arising from performing personal loans within the consumer credit area and disbursed to consumer households, originated by Intesa Sanpaolo to the vehicle company Clara Sec S.r.l.
The securitisation is a revolving transaction and Intesa Sanpaolo has the option to sell the vehicle further loan portfolios with similar characteristics and quality, which the Vehicle will purchase by drawing on the receipts generated by the portfolio segregated over time.
Intesa Sanpaolo has acquired a minority interest (5%) in the newly established vehicle, which was purchased on the market, and control (95%) will remain with an entity from outside the Group (Dutch-registered foundation known as a Stichting).
Intesa Sanpaolo takes care of the accounting management for the vehicle, whereas the corporate administration will be carried out by Securitisation Services S.p.A.
The transaction involved the issuance by the vehicle company of two tranches of securities: a listed senior tranche, with a rating assigned by two rating agencies (Moody's and Morningstar DBRS) and an unlisted junior tranche without rating.
Both the senior security and the junior security were subscribed by Intesa Sanpaolo.
The senior security issued through the transaction, with a Moody's A1 and a Morningstar DBRS AA (Low) rating, can be used as collateral for refinancing operations in the Eurosystem.
The total sale consideration was 7.6 billion euro. The sale price of the portfolio was settled through the issuance of securities on 23 June 2020 for a total of 7.2 billion euro.
In 2024, the following transactions were completed:
- in January, buyback of non-performing loans for 8 million euro;
- in April, sale for an amount of 1.1 billion euro;
- in November, sale for an amount of 1.2 billion euro.

As at 31 December 2024, the value of the outstanding securities was 6,350 million euro for the senior securities and 824 million euro for the junior securities.

Giada Sec S.r.l.
In November 2020, a self-securitisation was structured, implemented through the sale of a portfolio of loans, disbursed to companies belonging to the small business, SME and Corporate segment and originated by Intesa Sanpaolo, to the vehicle company Giada Sec S.r.l.
The securitisation is a revolving transaction and Intesa Sanpaolo has the option to sell the vehicle further loan portfolios with similar characteristics and quality, which the Vehicle will purchase by drawing on the receipts generated by the portfolio segregated over time.
Intesa Sanpaolo has acquired a minority interest (5%) in the newly established vehicle, purchased on the market, and control (95%) is held by a corporate entity outside the Group (Dutch-registered foundation known as a Stichting).
Intesa Sanpaolo takes care of the accounting management for the vehicle, whereas the corporate administration will be carried out by Securitisation Services S.p.A.
The transaction involved the issuance by the vehicle company of two tranches of securities: a listed senior tranche, with a rating assigned by two rating agencies (Moody's and Morningstar DBRS) and an unlisted junior tranche without rating.
Both the senior security and the junior security were subscribed by Intesa Sanpaolo.
The senior security issued through the transaction, with a Moody's A1 and a Morningstar DBRS A (High) rating, can be used as collateral for refinancing operations in the Eurosystem.
The total sale consideration was 10.1 billion euro. The sale price of the portfolio was settled through the issuance of securities on 21 December 2020 for the same amount.
In 2024, the following transactions were completed:
- in January, buyback of non-performing loans for 13.4 million euro;
- in June, sale for an amount of 1.3 billion euro;
- in September, buyback of non-performing loans for 113.6 million euro;
- in October, sale for an amount of 1.6 billion euro.

As at 31 December 2024, the value of the outstanding securities was 6,610 million euro for the senior securities and 3,485 million euro for the junior securities.

Giada Sec S.r.l. (GIADA BIS)

In October 2022, a new self-securitisation was structured, implemented through the sale of a loan portfolio originated by Intesa Sanpaolo, disbursed to small and medium enterprises ("SMEs"), including sole proprietorships and loans granted to corporate customers not belonging to the large corporate segment, to the special purpose vehicle Giada Sec S.r.l.
The securitisation is a revolving transaction and Intesa Sanpaolo has the option to sell the vehicle further loan portfolios with similar characteristics and quality, which the Vehicle will purchase by drawing on the receipts generated by the portfolio segregated over time.
Intesa Sanpaolo takes care of the accounting management for the vehicle, whereas the corporate administration will be carried out by Securitisation Services S.p.A.
The transaction involved the issuance by the vehicle company of two tranches of securities: a listed senior tranche, with a rating assigned by two rating agencies (Moody's and Morningstar DBRS) and an unlisted junior tranche without rating.
Both the senior security and the junior security were subscribed by Intesa Sanpaolo.
The senior security issued through the transaction, with a Moody's A1 and a Morningstar DBRS A (High) rating, can be used as collateral for refinancing operations in the Eurosystem.
The total sale consideration was 15.2 billion euro. The sale price of the portfolio was settled through the issuance of securities on 5 December 2022 for a total of 15.2 billion euro.
In 2024, the following transactions were completed:

- in January, buyback of non-performing loans for 45 million euro;
- in April, sale for an amount of 1.6 billion euro;
- in September, buyback of non-performing loans for 228 million euro;
- in November, sale for an amount of 891 million euro.

As at 31 December 2024, the value of the outstanding securities was 10,250 million euro for the senior securities and 4,940 million euro for the junior securities.

(millions of euro)

Vehicle		Type of security issued	Type of asset securitised	External rating	Principal as at 31.12.2024
BRERA SEC S.r.l. (SEC 2)					
of which issued in euro					**4,504**
	Class A RMBS F/R Notes	Senior	Residential mortgage loans	Moody's Aa3 / Morningstar DBRS AH	3,644
	Class B RMBS Fixed Rate and Additional Return Notes	Junior	Residential mortgage loans	no rating	860
BRERA SEC S.r.l. (SEC 3)					
of which issued in euro					**6,485**
	Class A RMBS F/R Notes	Senior	Residential mortgage loans	Moody's Aa3 / Morningstar DBRS AH	5,760
	Class B RMBS Fixed Rate and Additional Return Notes	Junior	Residential mortgage loans	no rating	725
CLARA SEC S.r.l.					
of which issued in euro					**7,174**
	Class A Asset Backed F/R Notes	Senior	Personal loans	Moody's A1 / Morningstar DBRS AAL	6,350
	Class B Asset Backed F/R Notes	Junior	Personal loans	no rating	824
GIADA SEC S.r.l.					
of which issued in euro					**10,095**
	Class A Asset Backed F/R Notes	Senior	Receivables from Smal business, SME and corporate customers	Moody's A1 / Morningstar DBRS AH	6,610
	Class B Asset Backed F/R Notes	Junior	Receivables from Smal business, SME and corporate customers	no rating	3,485
GIADA SEC S.r.l. (Giada BIS)					
of which issued in euro					**15,190**
	Class A Asset Backed F/R Notes	Senior	Receivables from Smal business, SME and corporate customers	Moody's A1 / Morningstar DBRS AH	10,250
	Class B Asset Backed F/R Notes	Junior	Receivables from Smal business, SME and corporate customers	no rating	4,940
TOTAL					**43,448**

During 2024, the Brera Sec S.r.l. self-securitisation structured in 2017 was extinguished.

SECTION 5 – OPERATIONAL RISK

QUALITATIVE INFORMATION

The qualitative information, including legal risk and the tax disputes, is contained in Part E of the Notes to the consolidated financial statements.

QUANTITATIVE INFORMATION

From 31 December 2010, Intesa Sanpaolo has been using the full AMA Method to determine its capital requirements, and the resulting capital absorption amounted to 1,742 million euro as at 31 December 2024.

Part F – Information on capital

SECTION 1 – PARENT COMPANY'S SHAREHOLDERS' EQUITY

A. Qualitative information

Qualitative information on capital and capital management policies is contained in Part F of the Notes to the consolidated financial statements.

Own Funds, risk-weighted assets (RWAs) and solvency ratios as at 31 December 2024 were calculated according to the harmonised rules and regulations for banks and investment firms contained in Directive 2013/36/EU (CRD) and in Regulation (EU) 575/2013 (CRR) as amended, which transpose into the European Union the standards defined by the Basel Committee on Banking Supervision (the Basel Framework), and on the basis of Bank of Italy Circular 285.
The CRR, as cited above, was supplemented by Commission Delegated Regulation (EU) 241/2014 with regard to regulatory technical standards for own funds requirements for institutions, in turn amended first by Commission Delegated Regulation (EU) 2015/923 on indirect and synthetic holdings and then by Commission Delegated Regulation (EU) 2020/2176 on the prudential treatment of software assets, illustrated below.
On 19 June 2024, Regulation (EU) 2024/1623 (also known as CRR3) amending Regulation (EU) 575/2013 (CRR) as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor was published in the Official Journal of the European Union. The Regulation will apply generally commencing as of 1 January 2025, with the exception of some provisions of lesser import, for which their application was brought forward to 9 July 2024 (the date the Regulation itself came into force) and the provisions on the FRTB framework concerning market risk, which instead will apply as of 1 January 2026.

As is now well-known, with regard to IFRS 9, the transitional period (2018-2022) provided for by Regulation (EU) 2017/2395 to mitigate the capital impacts of its introduction ended on 31 December 2022. Moreover, from June 2020 the Intesa Sanpaolo Group has not applied either the new transitional IFRS 9 rules (in force up to 31 December 2024), or the FVOCI prudential filter (ended on 31 December 2022), which were both introduced by Regulation (EU) no. 2020/873 (CRR Quick Fix) in the context of the pandemic.

Regulation (EU) 2019/630 of 17 April 2019 amending the CRR has been in effect since 26 April 2019; the Regulation introduces a deduction from CET 1 in the event of insufficient minimum coverage of the losses on non-performing exposures (minimum loss coverage), determined on the basis of differentiated provisioning percentages for guaranteed and non-guaranteed exposures, as well as a pre-established calendar by which to achieve this coverage objective (calendar provisioning).

With effect from 30 September 2019, following permission from the ECB, Intesa Sanpaolo calculates capital ratios applying the so-called Danish Compromise - under which insurance investments are risk weighted instead of being deducted from capital.

Finally, with effect from December 2020, Intesa Sanpaolo has applied Commission Delegated Regulation (EU) 2020/2176, which amends Commission Delegated Regulation (EU) 241/2014 as regards the deduction of software assets from Common Equity Tier 1 items. The above Regulation, which is intended to support the transition to a more digitalised banking sector, introduced the concept of prudential amortisation applied to all software assets over a three-year period, regardless of their estimated useful lives for accounting purposes.

B. Quantitative information

B.1 Parent Company's shareholders' equity: breakdown

(millions of euro)

Captions/Amounts	31.12.2024	31.12.2023
1. Share capital	10,369	10,369
2. Share premium reserve	27,760	28,162
3. Reserves	5,024	4,807
retained earnings:	3,723	3,677
a) legal reserve	*1,605*	*1,605*
b) statutory reserve	-	-
c) treasury shares	-	-
d) other	*2,118*	*2,072*
other	1,301	1,130
3.5 Interim dividend (-)	-3,022	-2,629
4. Equity instruments	8,688	7,925
5. (Treasury shares)	-80	-61
6. Valuation reserves	26	175
- Equity instruments measured at fair value through other comprehensive income	-277	-481
- Hedges of equity instruments measured at fair value through other comprehensive income	-	-
- Financial assets (other than equities) measured at fair value through other comprehensive income	-1,924	-1,471
- Property and equipment	1,771	1,758
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	-176	-318
- Hedging instruments (not designated elements)	-	-
- Foreign exchange differences	-	-
- Non-current assets held for sale and discontinued operations	-	-
- Financial liabilities designated at fair value through profit or loss (change in own credit rating)	-190	-125
- Actuarial gains (losses) on defined benefit plans	-177	-187
- Share of valuation reserves connected with investments carried at equity	-	-
- Legally-required revaluations	999	999
7. Net income (loss)	5,604	7,292
Total	**54,369**	**56,040**

B.2 Valuation reserves of financial assets measured at fair value through other comprehensive income: breakdown

(millions of euro)

Assets/values	Total 31.12.2024		Total 31.12.2023	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	17	-1,933	47	-1,499
2. Equity securities	131	-408	89	-570
3. Loans	10	-18	10	-29
Total	**158**	**-2,359**	**146**	**-2,098**

B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: annual changes

(millions of euro)

	Debt securities	Equity securities	Loans
1. Opening balance	**-1,452**	**-481**	**-19**
2. Positive changes	**407**	**239**	**30**
2.1. Fair value increases	354	170	27
2.2. Value adjustments for credit risk	9	X	-
2.3. Transfer to the income statement of negative reserves to be realized	44	X	2
2.4. Transfers to other equity (capital securities)	-	47	-
2.5. Other changes	-	22	1
3. Negative changes	**-871**	**-35**	**-19**
3.1. Fair value reductions	-669	-33	-17
3.2. Write-backs for credit risk	-3	-	-1
3.3. Reclassification throught profit or loss of positive reserves: following disposal	-199	X	-
3.4. Transfers to other equity (capital securities)	-	-2	-
3.5. Other changes	-	-	-1
4. Closing balance	**-1,916**	**-277**	**-8**

B.4 Valuation reserves relating to the defined benefit plans: annual changes

During the year, these reserves recorded a positive change in items taken to the Statement of comprehensive income of 10 million euro (of which a positive change of 13 million euro relating to pension funds and a negative change of 3 million euro relating to employee termination indemnities). As at 31 December 2024 there was an overall negative reserve equal to 177 million euro for defined benefit plans.

SECTION 2 – OWN FUNDS AND CAPITAL RATIOS

Reference is made to the Intesa Sanpaolo Group's "Basel 3 Pillar 3" public disclosure as at 31 December 2024 for the disclosure on own funds and capital adequacy.

Part G – Business combinations

SECTION 1 – TRANSACTIONS CARRIED OUT IN THE YEAR

During the year, no business combinations were undertaken, pursuant to IFRS 3, involving the acquisition of control over businesses or legal entities.

Annual changes in goodwill

(millions of euro)

	31.12.2024
Initial goodwill	**67**
Increases	**-**
- Goodwill recorded in the year	-
- Positive foreign exchange differences and other changes	-
Decreases	**-**
- Impairment recorded in the year	-
- Disinvestments	-
- Negative foreign exchange differences and other changes (reclassified among assets held for sale)	-
Final goodwill	**67**

It is worth mentioning here, in the interest of completeness of information only, the corporate transaction which involved the contribution of a business line by Intesa Sanpaolo in the first quarter of 2024. This transaction – which, it should be noted, was therefore not a business combination, narrowly defined nor within the scope of IFRS 3 as it was between legal entities belonging to the same Group – took the form, more specifically, of the contribution of a business line mainly consisting of customer relationships from Intesa Sanpaolo to Isybank.

SECTION 2 – TRANSACTIONS CARRIED OUT AFTER THE END OF THE YEAR

No business combinations within the scope of IFRS 3 have been undertaken since the end of 2024.

SECTION 3 – RETROSPECTIVE ADJUSTMENTS

No adjustments are recognised in the current year that relate to business combinations that occurred in previous reporting periods.

Part H – Transactions with related parties

A) TRANSACTIONS WITH RELATED PARTIES

1. Procedural features

The Board of Directors of Intesa Sanpaolo S.p.A. adopted, in compliance with the procedures set out by regulations, the Group Procedures regulating the conduct of Transactions with Related Parties of Intesa Sanpaolo S.p.A., Associated Entities of the Group and Relevant Parties pursuant to Art. 136 of the Consolidated Law on Banking.
These Procedures, most recently updated in December 2024, take into account both the rules issued by Consob, pursuant to Article 2391-bis of the Italian Civil Code, and the supervisory provisions introduced by the Bank of Italy on 12 December 2011 in terms of risk assets and conflicts of interest of banks and banking groups with respect to "Associated Entities", issued in accordance with Article 53, paragraphs 4 et seq. of the Consolidated Law on Banking and ICRC (Interdepartmental Committee for Credit and Savings) Resolution 277 of 29 July 2008, as well as the rules established by Article 136 of the Consolidated Law on Banking.

The Procedures apply to the entire Intesa Sanpaolo Group with respect to the following aspects:
- the criteria for identifying Related Parties and Associated Entities;
- the process of analysis, decision-making and information for corporate bodies in connection with transactions with Related Parties and Associated Entities;
- market disclosure for transactions with Related Parties;
- the prudential limits and periodic reporting obligations towards the Bank of Italy for at-risk assets in respect of Associated Entities;
- the rules governing organisational controls and safeguards;
- the general rules for disclosure and abstention about the management of the personal interests by management body members, employees and company staff, including other than Associated Entities.

Pursuant to the Procedures, the following are considered Related Parties of Intesa Sanpaolo: parties that exercise significant control or influence, subsidiaries and associates, joint ventures, pension funds of the Group, Management Body Members and Key Managers of Intesa Sanpaolo and their close family members and significant shareholdings.
The set of Associated Entities of the Group consists of the Associated Entities of each bank of the Group (including the Parent Company) and each monitored significant intermediary with own funds greater than 2% of the total of consolidated own funds. The following are considered to be Associated Entities for each bank or monitored significant intermediary of the Group: i) shareholders that exercise control, significant influence or that are required to request authorisation pursuant to Article 19 of the Consolidated Law on Banking or that may appoint a member of the management or strategic supervisory body and the relative corporate groups; ii) subsidiaries, associated companies subject to joint control and associates, as well as the companies they control, also jointly with others; iii) management body members and their relative close family members up to the second degree and significant shareholdings.

As a form of self-regulation, the Bank has extended the regulations on transactions with Related Parties, as well as on risk assets and conflicts of interest with Associated Entities to:
- Intesa Sanpaolo shareholders and their groups that hold an equity investment in the share capital with voting rights of the Bank that exceeds the minimum threshold set out in regulations on the communication of significant equity investments in listed companies, calculated considering only shares owned or under management, as well as entities jointly controlled by them with others;
- companies in which management body members of Intesa Sanpaolo or their close family members i) hold executive offices or the office of chair of the management body; ii) hold a qualifying equity investment equal to or exceeding 10% of the capital or voting rights of that entity, or a position of significant influence;
- companies which the Group has notable investments in and financial links with, attributable to at least two of the following indicators:
  - the counterparty holds an equity investment in Intesa Sanpaolo's capital between 1% and the minimum threshold set out in regulations on the communication of significant equity investments in listed companies;
  - an entity of the Intesa Sanpaolo Group holds an equity investment in the counterparty exceeding 10% of the voting rights;
  - significant credit exposure of the Group to the counterparty.

This approach allows closer monitoring of transactions with the main entities in potential conflict of interest risk.

The Procedures set forth the assessment process that must be followed by the Parent Company and subsidiary companies when carrying out transactions with Related Parties of Intesa Sanpaolo, Associated Entities of the Group and Relevant Parties pursuant to Art. 136 of the Consolidated Law on Banking, to ensure appropriateness of the transactions. The Procedures also require detailed examination of the reasons and interests behind the transaction, their effects on financials and the terms of the transaction.

In line with the regulations implemented by Consob and by the Bank of Italy, a regime of full or partial exemptions from the application of the regulations is also envisaged.
With regard to the decision-making for transactions with Related Parties of Intesa Sanpaolo and Associated Entities of the Group, the procedure distinguishes between:

- transactions involving smaller amounts: with a value of less than or equal to 250 thousand euro for individuals and 1 million euro for persons other than natural persons (excluded from application of the regulations);
- less significant transactions: with a value higher than the small-amount thresholds (250 thousand euro for individuals and 1 million euro for persons other than natural persons) but lower than or equal to the most significant thresholds indicated below;
- most significant transactions: with a value higher than the threshold of 5% of the indicators defined by Consob and by the Bank of Italy (approximately 2.8 billion euro for the Intesa Sanpaolo Group);
- transactions attributed to the shareholders' meeting, in accordance with the law or with the Articles of Association.

The process for the approval of transactions with Related Parties of Intesa Sanpaolo and Associated Entities of the Group reserves an important role for the Committee for Transactions with Related Parties, which meets the independence requirements laid down in the Corporate Governance Code for Listed Companies and Article 148 of the Consolidated Law on Finance, as well as the independence requirements contemplated by applicable laws and regulations, including those specific to the banking sector (Italian Ministerial Decree 169/2020). The Committee for Transactions with Related Parties can make use of independent experts, where considered appropriate, according to the degree of importance of the transaction, its specific economic or structural characteristics and the nature of the related party or associated entity.
For most significant transactions, the Committee must be promptly involved in the analysis and negotiation phases, receiving a complete and timely flow of information, with the right of the Committee to request additional information and make observations.
All transactions – that are not exempt based on the Procedures – undertaken by the Parent Company with one of its related parties or associated entities are subject to approval by the Board, after consulting the Committee for Transactions with Related Parties.
The Procedures set out specific controls in the event that a less significant or most significant transaction is approved in spite of a negative opinion of the Committee for Transactions with Related Parties.

Transactions undertaken by subsidiaries with Related Parties of Intesa Sanpaolo and Associated Entities of the Group must be approved by the Board of Directors of the subsidiaries concerned, subject to prior authorisation from the Parent Company released in accordance with the procedure described above.

The Procedures also define the general criteria for the information to be provided, at least quarterly – also pursuant to Article 150 of the Consolidated Law on Finance – to the directors and the control body regarding transactions with Related Parties and Associated Entities completed in the reference period by the Parent Company or by its subsidiaries. All of the above is aimed at providing a complete overview of the transactions of greater importance, as well as the volumes and the main features of all those delegated. Reports must include all transactions, even if exempt from the decision-making procedure, for amounts greater than the small-amount thresholds. Transactions of less significant importance in the form of intragroup loans and bank funding are excluded from this requirement (provided they do not regard a subsidiary with significant interests of another Related Party or Associated Entity and are not carried out at market or standard conditions). For ordinary intragroup less significant transactions carried out at market conditions, reporting is on an aggregate annual basis.

Transactions undertaken by Italian subsidiary banks with Related Parties and Associated Entities of the Group that have not been considered exempt must, subject to authorisation by the Parent Company, be approved by the relative Board of Directors, upon obtaining the opinion of a Committee of independent directors set up within the Board of Directors of the bank itself. Furthermore, specific reporting rules apply to transactions by the Bank's Bodies.

The Procedures also apply to transactions with Relevant Persons pursuant to Art. 136 of the Consolidated Law on Banking, which must be applied by all the Italian Banks of the Intesa Sanpaolo Group, including the Parent Company. This provision requires the adoption of a more thorough decision-making procedure (unanimous decision by the management body, excluding the vote of the interested member, and favourable vote of members of the control body) in order to allow the bank management body members to contract obligations, directly or indirectly, with the bank of which they act as management body members.
Furthermore, the requirements envisaged by the Italian Civil Code (Article 2391) and Article 53 of the Consolidated Law on Banking governing directors' personal interests are confirmed.
In particular, Article 2391 of the Italian Civil Code requires each Board Member to report every interest held, in his/her own name or on behalf of third parties, that may be significant in carrying out his/her management function, with reference to a specific transaction. In accordance with the abovementioned provision, the Board has jurisdiction over decisions regarding transactions – including those with Related Parties – in which the Managing Director possesses an interest on his/her own account or through a third party and must therefore abstain from the decision, entrusting the Board as per Article 2391 of the Italian Civil Code.
In addition, Article 53 of the Consolidated Law on Banking requires banks' directors to abstain from voting on resolutions where they have a conflict of interest on their own behalf or on behalf of third parties.
Finally, the Procedures set forth the documentation and disclosure requirements vis-a-vis competent authorities for information on loans provided to related parties by Group banks headquartered in a European Member State, as governed by European regulations (Article 88 of Directive 2013/36, as amended).

2. Information on balances with related parties

Receivable and payable balances with related parties as at 31 December 2024 – other than those intragroup – amount to a total that is insignificant compared to the size of the Bank's capital base. Likewise, the weight of income and charges with related parties on the Parent Company's operating margin is insignificant.

	31.12.2024	
	Amount (millions of euro)	**Impact (%)**
Total financial assets [1]	54,475	9.0
Total other assets [2]	498	1.6
Total financial liabilities [3]	40,569	6.9
Total other liabilities [4]	634	3.9

(1) Including captions 10, 20, 30, 40 and 70 of the Balance sheet assets

(2) Including captions 50, 60, 110 and 120 of the Balance sheet assets

(3) Including captions 10, 20, and 30 of the Balance sheet liabilities

(4) Including captions 40, 50, 70, 80, 90 and 100 of the Balance sheet liabilities

	31.12.2024	
	Amount (millions of euro)	**Impact (%)**
Total interest income	940	3.6
Total interest expense	1,486	9.8
Total fee and commission income	2,251	33.6
Total fee and commission expense	89	7.9
Total operating costs [1]	274	2.9

(1) Including caption 160 of the Income statement

The table below reports the main terms of reference of transactions with each category of related party, as classified by IAS 24 (referring to the subsequent paragraph for information relating to compensation to the members of the management and control bodies), with the category of Significant Shareholders of Intesa Sanpaolo and their corporate groups (subsidiaries also controlled jointly with others, parent companies and companies subject to joint control) with an equity investment with voting rights in the Bank greater than the minimum threshold set out in regulations on communications of significant equity investments in listed companies calculated only based on shares owned or under management, as well as with the additional subjects included in the scope set as a form of self-regulation.
With regard to Equity Investments, please see the tables in the Notes to the Parent Company's financial statements – Part B – Information on the Parent Company's balance sheet – Assets – Section 7.
The following table does not show the impact of related party transactions on the Group's cash flows, as this was not significant.
For greater clarity and in line with the reports sent to the Supervisory Authorities, note that the off-balance sheet items were detailed on two separate columns by grouping on one side the guarantees/commitments given and on the other the guarantees/commitments received. The first category also includes the revocable commitments issued totalling 81 billion euro, almost entirely to subsidiaries.

(millions of euro)

	SUBSIDIARIES				Companies subject to joint control and their subsidiaries	Associates and their subsidiaries	Board Members and General Managers, Key Managers and their related	Pension funds	TOTAL	Shareholders (*)	Companies which the Group has notable investments in and financial links with (**)	Other companies linked to Board Members and General Managers (***)
	100%-owned subsidiaries belonging to the banking group	*subsidiaries not 100%-owned and belonging to the banking group*	*subsidiaries not belonging to the banking group*	*TOTAL*								
Cash and cash equivalents	192	95	-	287	-	1	-	-	288	-	120	-
Financial assets measured at fair value through profit or loss	848	261	45	1,154	2	9	-	-	1,165	-	2,396	-
a) financial assets held for trading	*848*	*261*	*42*	*1,151*	*2*	-	-	-	*1,153*	-	*2,308*	-
b) financial assets designated at fair value	-	-	-	-	-	-	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	*3*	*3*	-	*9*	-	-	*12*	-	*88*	-
Financial assets measured at fair value through other comprehensive income	241	-	-	241	-	-	-	-	241	-	-	-
Financial assets measured at amortised cost	12,287	1,612	9,086	22,985	40	360	27	-	23,412	-	1,187	7
a) due from banks	8,763	1,597	-	10,360	-	-	-	-	10,360	-	1,105	-
b) loans to customers	3,524	15	9,086	12,625	40	360	27	-	13,052	-	82	7
Other assets	257	64	76	397	-	26	-	-	423	-	75	-
Equity investments	16,787	1,143	5,395	23,325	2	2,332	-	-	25,659	-	-	-
Financial liabilities measured at amortised cost	28,775	2,659	2,485	33,919	85	751	26	32	34,813	65	3,697	8
a) due to banks	*26,964*	*2,639*	-	*29,603*	-	*3*	-	-	*29,606*	-	*3,539*	-
b) due to customers	*1,811*	*20*	*2,485*	*4,316*	*85*	*748*	*26*	*32*	*5,207*	*65*	*158*	*8*
Financial liabilities held for trading	668	171	23	862	-	-	-	-	862	-	1,122	-
Financial liabilities designated at fair value	2	-	-	2	-	-	-	-	2	-	-	-
Other financial liabilities	165	5	236	406	-	37	-	1	444	10	180	-
Guarantees and committments given	82,041	4,867	7,645	94,553	75	535	3	-	95,166	49	367	1
Guarantees and committments received	39	350	101	490	16	8	2	-	516	-	44	-

(*) As a form of self-regulation, shareholders and their groups that hold a stake in the share capital that exceeds the minimum threshold set out in regulations on the communication of significant shareholdings in listed companies, calculated considering only shares owned or under management, as well as entities jointly controlled by them.

(**) As a form of self-regulation, companies that meet the conditions of at least two of these indicators: i) the counterparty holds a stake in Intesa Sanpaolo's capital with an amount between 1% and the minimum threshold set out in regulations on the communication of significant shareholdings in listed companies; ii) an entity of the ISP Group holds a stake in the counterparty exceeding 10% of the voting rights; iii) significant credit exposure of the Group to the counterparty. The amounts shown largely refer to the companies of the JP Morgan Group.

(***) As a form of self-regulation, companies in which management body members of Intesa Sanpaolo or their close family members i) hold executive offices or the office of chair of the management body; ii) hold a qualifying holding equal to or exceeding 10% of the capital or voting rights of that entity, or on which those persons may exercise a significant influence.

For the illustration of the associated companies and companies under joint control - and the companies controlled by them - that are most significant at Group level, see the description in the corresponding paragraph of the Notes to the consolidated financial statements.

3. Information on transactions with related parties

Most significant transactions

During the year, the Parent Company did not carry out any transactions that qualified as non-ordinary "most significant transactions" and/or at non-market or non-standard conditions subject – in accordance with the Group Procedures regulating the conduct of Transactions with Related Parties of Intesa Sanpaolo S.p.A., Associated Entities of the Group and Relevant Parties pursuant to Art. 136 of the Consolidated Law on Banking – to the obligation to publish a market disclosure document.

Transactions exempt from this obligation include the early closure of the Brera SEC – a company subject to significant influence from Intesa Sanpaolo – securitisation resolved upon by the Board of Directors of Intesa Sanpaolo and previously submitted to the Committee for Transactions with Related Parties, which provided a favourable opinion.

Please note that the most significant transactions during the year are those that exceed the threshold of 5% of Own Funds at consolidated level (approximately 2.8 billion) or of the other indicators defined by the Consob regulation.

Most significant intragroup transactions

With regard to the most significant intragroup transactions – exempt pursuant to the above internal Procedures from the strict decision-making procedure and the obligation to publish a market disclosure document, unless other related parties hold significant interests in the subsidiary – the sale by Intesa Sanpaolo of the assets and loan under the ISP CB Ipotecario programme to increase the amount of the Ipotecario issuance was completed during the year.

Other significant transactions

The transactions entered into with related parties fall within the scope of Intesa Sanpaolo's ordinary activities and are usually performed at market or standard conditions, based on valuations of mutual economic convenience, in line with the internal procedures mentioned above.

With respect to transactions with Shareholders – which hold equity investments with voting rights greater than the minimum threshold set out in regulations on communications of significant equity investments in listed companies calculated only based on shares owned or under management – and with entities with significant shareholding or financial relationships (to which the provisions governing transactions with related parties have been extended as a form of self-regulation), these mainly consisted of ordinary transactions in financial instruments and the signing of supply contracts at market conditions.
These included the following in particular:
- transactions in OTC financial instruments carried out by Intesa Sanpaolo S.p.A., as part of its ordinary operations, with the companies of the JP Morgan Chase & Co. and BlackRock Inc. groups, as well as Compagnia di Sanpaolo, Cassa di Risparmio di Firenze and Cassa di Risparmio in Bologna;
- service agreements with companies of the BlackRock Inc. group, under ESG-impact projects (for a total value of approximately 2 million euro) and in the NZBA sector (for a total value of approximately 2.5 million euro);
- subscription of a commitment in the closed-end Global Renewable Power fund managed by Blackrock group companies for an amount of approximately 90 million euro;
- signing of a shareholders' agreement with the shareholders of Redo Sgr including Fondazione Cariplo as part of the corporate reorganisation of Redo Sgr;
- ordinary credit facilities in favour of BlackRock Inc. and the Compagnia di Sanpaolo and Cassa di Risparmio in Bologna foundations.

Relations between Intesa Sanpaolo and the management body members, key managers and parties associated to them refer to the Group's normal business activities and are defined applying, where conditions recur, the terms reserved to all employees, in full respect and transparency of terms applied.

With regard to the transactions with jointly-controlled subsidiaries and associates, as well as with significant investees due to the presence of important equity and financial ties, mention should be made of:
- the signing of a commercial agreement with Bancomat S.p.A., under the broader project aimed at the acquisition of an interest in Bancomat S.p.A. by Fondo Strategico Italiano with consequent dilution of the shareholding in Bancomat S.p.A. from 31.6% to 18%;
- sales of a portfolio of UTP loans to the UTP Italia Fund and a portfolio of non-performing loans to the Efesto Fund;
- ordinary credit transactions in favour of ISM Investimenti S.p.A., Intermarine S.p.A., Euromilano S.p.A., Digit'ed S.p.A. and two companies of the Camfin group;
- the signing of commercial agreements and supply contracts with Mooney S.p.A.;
- the extension of the duration of an existing commercial agreement with Forvalue S.p.A. until 31/12/2027;
- transactions in OTC financial instruments with Cassa di Risparmio di Fermo S.p.A.;
- the signing of supply contracts with Destination Gusto S.r.l. and an application management contract with Marketwall S.r.l.

Concerning the transactions with subsidiaries carried out in 2024, please note that these are normal internal business activities of a multifunctional banking group. They are usually regulated at the conditions at which the Parent Company accesses the reference markets, which are not necessarily the same conditions that would be applicable if the Group's counterparties operated independently. These conditions are, in any case, applied in compliance with the reputation and fairness criteria and with the aim of creating value for the Group.

Among intragroup transactions and with other entities consolidated line by line, attention should be drawn to:
- the support given by the Parent Company to the financial needs of the other Group companies by providing risk capital and loans and by subscribing securities issued by the subsidiaries;
- the channelling of foreign funding by specialist Group companies in favour of the Parent Company and, in part, of other subsidiaries;
- the Parent Company's investment of subsidiaries' liquidity;
- the structured finance transactions carried out within the Group;
- outsourcing arrangements, which govern services of an auxiliary nature rendered by the Parent Company to other Group companies;
- the agreements with Group companies on the distribution of products and/or services or, more generally, intragroup support and consultancy;
- the conclusion of the ISP CB Pubblico programme;
- an insurance distribution agreement and a service agreement with Intesa Sanpaolo Assicurazioni S.p.A.

Intragroup transactions included:
- a capital contribution payment of 1 billion euro and a loan for a maximum amount of 1.25 billion euro in favour of Fideuram – Intesa Sanpaolo Private Banking S.p.A., as part of the capital strengthening plan for the Private Banking Division, as well as a subordinated loan in favour of Intesa Sanpaolo Assicurazioni S.p.A. as part of the strengthening of the own funds of Fideuram Vita S.p.A.;
- the subscription of a share capital increase of 26 million euro in favour of Pravex Bank Joint-Stock Company;
- the recapitalisation of Intesa Sanpaolo Innovation Center S.p.A. for a total of 11 million euro;

- the subscription of units of the ECRA private debt alternative investment fund established by Eurizon Capital Real Asset SGR for 3 million euro, with a remaining commitment of around 12 million euro;
- the subscription of a commitment for a total of 200 million euro in the newly established Neva II and Neva II Italia funds, which will invest in companies with a strong ESG/Climate focus;
- the completion, with the second business line, of the contribution of business lines by Intesa Sanpaolo S.p.A. to Isybank S.p.A.

Additional information on the Intesa Sanpaolo Group's reorganisation operations is provided in Part G of the Notes to the consolidated financial statements and of the Notes to the Parent Company's financial statements. For more information on changes in the Parent Company's equity investment portfolio, see Section 7 of the Notes to the financial statements – Part B – Information on the balance sheet – Assets.

The operations with pension funds included transactions in OTC financial instruments carried out by Intesa Sanpaolo S.p.A., as part of its ordinary operations, with the Fondo Pensioni per il Personale Cariplo.

For information on the operations with the Special Purpose Entities over which the Group exercises control even in the absence of an equity investment, consolidated in accordance with IFRS 10, see the Notes to the consolidated financial statements - Part E – Information on risks and the relative hedging policies.

Other significant information

With reference to the equity investments in associates or companies subject to joint control, value adjustments/impairment losses were recognised for a total of 160 million euro, mainly attributable to Lendlease Msg Heartbeat for 80 million euro, Intrum Italy S.p.A. for 42 million euro, Back2Bonis for 17 million euro, Idea CCR Comparto Crediti for 9 million euro, Efesto for 5 million euro, RSCT Fund Comparto Crediti for 3 million euro, Retail & Leisure Fund for 2 million euro, and other minor items for 2 million euro.

For Pension Funds in which Intesa Sanpaolo is co-obliged by virtue of guarantees given, during the year uses were made related to the individual capitalisation offers for the supplementary benefits and the streamlining of the Pension Funds, as indicated in the Notes to the financial statements – Part B – Information on the Balance Sheet – Liabilities, Post employment defined benefit plans, to which reference is made.

Other significant subsequent events

There were no significant events after the end of the reporting period.

B) INFORMATION REGARDING COMPENSATION OF THE MEMBERS OF MANAGEMENT AND CONTROL BODIES AND KEY MANAGERS

In accordance with the provisions of IAS 24, within the current organisational structure of the Parent Company, the following – in addition to the members of the Board of Directors (including the members of the Management Control Committee and the Managing Director and CEO) – are considered "Key Managers": the Manager responsible for preparing the Company's financial reports, the Heads of the Divisions, the Chief Officers responsible for Governance or Control Areas, the Deputy of the Head of the IMI Corporate & Investment Banking Business Division, and the Heads of the Head Office Departments reporting directly to the Managing Director and CEO or the Chair of the Board of Directors.

The following table shows the amounts of the main benefits paid in 2024 to members of the Management and Control Bodies, as well as to other Key Managers who fall within the notion of "related party". This also includes the maximum amounts of the variable portion of remuneration which shall be paid in cash and/or shares of the Parent Company, based on the Group's remuneration and incentive policy, subject to the verification of achievement of the assigned targets and the decisions of the competent bodies of the Parent Company.

(millions of euro)

	MANAGEMENT BODIES/ CONTROL BODIES (1)		OTHER MANAGERS (2)		TOTAL as at 31.12.2024	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Short-term benefits (3)	7	7	33	26	40	33
Post-employment benefits (4)	-	-	2	2	2	2
Other long-term benefits (5)	-	-	7	-	7	-
Termination benefits (6)	-	-	3	-	3	-
Share-based payments (7)	-	-	21	-	21	-
Total	**7**	**7**	**66**	**28**	**73**	**35**

(1) Includes 19 members.

(2) Includes 26 members.

(3) Includes fixed and variable remuneration of Directors that may be treated as equivalent to labour cost and social security charges paid by the company for its employees.

(4) Includes company contribution to pension funds and provisions for employee termination indemnities pursuant to law and company regulations.

(5) Includes an estimate of provisions for employee seniority bonuses.

(6) Includes benefits due under the employment contract for termination of employment and non-competition agreements.

(7) Includes the cost referring to the variable portion of short-/long-term remuneration to be paid in Intesa Sanpaolo shares.

As previously noted in Part H of the Notes to the consolidated financial statements, detailed information on remuneration policies, pursuant to Art. 123 ter of the Consolidated Law on Finance, is published annually in the "Report on Remuneration", which includes:

- a detailed indication of the compensation paid to the members of the management and control bodies and, in aggregate, the Key Managers, as well as the stock option plans reserved for the members of the Board of Directors and Key Managers;
- the details and the evolution of the stock option plans relative to Key Managers;
- the shares of the Parent Company and subsidiaries held by the members of the Management and Control bodies, Key Managers and other associated entities.

Part I – Share-based payments

A. QUALITATIVE INFORMATION

Description of share-based payments

Annual incentive plan based on financial instruments

The Supervisory Provisions regarding remuneration and incentive policies and practices in banks and in banking groups, issued on 30 March 2011 (now integrated in Circular 285 of the Bank of Italy) required, inter alia, that a portion of annual incentives paid to "Risk Takers" be granted through the assignment of financial instruments, over a multi-year time horizon. As a result, the Intesa Sanpaolo Group sets up annual incentive plans linked to performance. In fulfilment of these plans:

- with regard to the results for 2019, and in implementation of the Shareholders' Meeting resolution of 27 April 2020, on 16, 17 and 18 November 2020 the Group totally purchased - through its IMI Corporate & Investment Banking Division, in charge of the programme execution - 25,400,000 Intesa Sanpaolo ordinary shares (representing approximately 0.13% of the share capital of the Parent Company) at an average purchase price of 1.852 euro per share, for a total value of 47,046,279 euro. In addition, the purchase programme has been implemented in service of the 2018-2021 Incentive Plan for financial advisors of the Fideuram – Intesa Sanpaolo Private Banking and Sanpaolo Invest networks and to grant severance payments to Risk Takers upon early termination of employment, as envisaged by the Supervisory Provisions;
- with regard to the results for 2020, and in implementation of the Shareholders' Meeting resolution of 28 April 2021, on 13 and 14 September 2021 the Group totally purchased - through its IMI Corporate & Investment Banking Division, in charge of the programme execution - 20,000,000 Intesa Sanpaolo ordinary shares (representing approximately 0.10% of the share capital of the Parent Company) at an average purchase price of 2.391 euro per share, for a total value of 47,822,401 euro. In addition, the purchase programme has been implemented in service of the former UBI Banca Group's shared-based payment incentive system for Risk Takers in regard to 2020 and residual shares from the former UBI Banca Group's incentive systems for previous years, as well as to grant severance payments to Risk Takers upon early termination of employment, as envisaged by the Supervisory Provisions;
- with regard to the results for 2021, and in implementation of the Shareholders' Meeting resolution of 29 April 2022, from 12 to 14 September 2022 the Group totally purchased – through its IMI Corporate & Investment Banking Division, in charge of the programme execution – 46,216,652 Intesa Sanpaolo ordinary shares (representing approximately 0.24% of the share capital of the Parent Company[218]) at an average purchase price of 1.8932 euro per share, for a total value of 87,496,321.48 euro. In addition, the purchase programme has been implemented in service of the Privredna Banka Zagreb (PBZ) Group's shared-based payment incentive system in regard to 2021 and the residual portions in financial instruments from previous plans, the Long-Term Incentive Plans reserved for the Financial Advisors of the Networks of the Fideuram - Intesa Sanpaolo Private Banking Group, as well as to grant severance payments upon early termination of employment;
- with regard to the results for 2022, and in implementation of the Shareholders' Meeting resolution of 28 April 2023, from 11 to 13 September 2023 the Group totally purchased – through its IMI Corporate & Investment Banking Division, in charge of the programme execution – 32,000,000 Intesa Sanpaolo ordinary shares (representing approximately 0.18% of the share capital of the Parent Company) at an average purchase price of 2.4697 euro per share, for a total value of 79,031,462.67 euro. The purchase programme has also been implemented in service of the incentive systems of several subsidiaries (i.e. the 2022 Incentive System of the Private Banking Network belonging to the Italy Network of Intesa Sanpaolo Private Banking; the 2022 Incentive System of the Relationship Managers belonging to the International Commercial Networks of the Fideuram – Intesa Sanpaolo Private Banking Group; and the 2022 Incentive System of the non-employee Financial Advisors belonging to the Commercial Networks of the Fideuram – Intesa Sanpaolo Private Banking Group) and any payment of consideration granted in conjunction with early termination of employment (severance).
- with regard to the results for 2023, and in implementation of the Shareholders' Meeting resolution of 24 April 2024, from 9 to 11 September 2024 the Group totally purchased – through its IMI Corporate & Investment Banking Division, in charge of the programme execution – 21,000,000 Intesa Sanpaolo ordinary shares (representing approximately 0.11% of the share capital of the Parent Company) at an average purchase price of 3.7154 euro per share, for a total value of 78,023,430.57 euro. The purchase programme has also been implemented in service of the incentive systems of several subsidiaries (i.e. the 2023 Incentive System of the Private Banking Network belonging to the Italy Network of Intesa Sanpaolo Private Banking; the 2023 Incentive System of the Relationship Managers belonging to the International Commercial Networks of the Fideuram – Intesa Sanpaolo Private Banking Group; and the 2023 Incentive System of the non-employee Financial Advisors belonging to the Commercial Networks of the Fideuram – Intesa Sanpaolo Private Banking Group) and any payment of consideration granted in conjunction with early termination of employment (severance).

[218] The percentage has been calculated, in compliance with the terms of the resolution approved at the Intesa Sanpaolo Shareholders' Meeting of 29 April 2022, on the 19,430,463,305 ordinary shares without nominal value composing the share capital of 10,084,445,147.92 euro before the execution, on 30 June 2022, of the capital increase under the 2022-2025 LECOIP 3.0 Long-term Incentive Plan based on financial instruments (which raised the share capital to 10,368,870,930.08 euro divided into 19,977,435,963 shares) and, then, the annulment of the own shares purchased in execution of the buyback programme disclosed to the market on 24 June 2022 and launched on 4 July 2022 (the share capital composition changed following the reduction in the number of its constituent shares, while its amount remained unchanged at 10,368,870,930.08 euro). The shares purchased represented around 0.24% of the share capital when considering the 19,267,277,397 constituent shares at the time of purchase.

The above Shareholders' Meetings also authorised the sale on the regulated market of any shares exceeding requirements, or their retention for any future incentive plans.
The above shares shall be assigned to the beneficiaries in compliance with the implementing regulations set forth in the above incentive systems. Generally, according to these regulations, the beneficiaries must remain in service up to the time the shares are actually delivered to them, and the deferred portion (either in cash or in financial instruments) of the incentive is subject to an ex post correction mechanism – the "malus condition" – according to which the relative amount paid and the number of shares assigned, if any, may be reduced by the level of achievement, in the year to which the deferred portion refers, of specific income statement-balance sheet targets which measure the sustainability of the results achieved over time.

Long-Term Incentive Plans 2022-2025: Performance Share Plan and LECOIP 3.0 Plan

At the time of launching the 2022-2025 Business Plan, two new long-term incentive plans were launched targeting different clusters of employees:

- Performance Share Plan (PSP) reserved for the Group Management, including the Managing Director and CEO, the remaining Group Top Risk Takers and other Group Risk Takers (in Italy and abroad);
- LECOIP 3.0 Plan reserved for all the Professionals employed by the Group in Italy.

With regard to Management, Intesa Sanpaolo has adopted a plan specifically linked to the achievement of the Business Plan targets and with an adequate risk/return profile in respect of the role held and the levels of ambition and challenge of the Business Plan, and which envisages the adoption of Performance Shares as a financial instrument. Participation in the PSP was also offered until 31 December 2023 to newly hired managers and in the event of promotions to recognise career advancement.
In detail, the Performance Share Plan provides for the assignment of new Intesa Sanpaolo ordinary shares deriving from a capital increase without payment, upon achievement of key performance conditions of the Business Plan, subject to the application of de-multipliers based on sustainability targets, as well as subordinated to gateway conditions and individual access (compliance breach).
Any shares accrued will be paid out over a 4/5-year time horizon according to payout schedules established depending on the sub-cluster of the beneficiary, the amount of the total variable remuneration, and its weight compared to the fixed remuneration. The deferred portions are also subject to the verification of malus conditions, defined in a mirrored manner to the gateway conditions.
For Professionals, basically in line with the LECOIP 2.0 Plan, a retention plan called "LECOIP 3.0" has been structured with the aim of continuing the work of strengthening the personnel's identity and sense of belonging, consistently with the Group's inclusive organisational culture.
The LECOIP 3.0 Plan is assigned as certificates issued by JP Morgan, i.e. share-based financial instruments, and envisages:

- the assignment of newly issued ordinary shares of Intesa Sanpaolo deriving from a share capital increase without payment (Free Shares) for an amount equivalent to the Variable Result Bonus advance for 2022 (employees may opt to receive the advance in cash and, therefore, not to participate in LECOIP 3.0);
- the assignment, free of charge, of additional shares in exchange for the same share capital increase without payment (Matching Shares) based on the role held and seniority, and the subscription, in set proportions with respect to the free shares received, of newly issued ordinary Intesa Sanpaolo shares deriving from a share capital increase with payment reserved for employees, at a discounted issue price (Discounted Shares) against market value.

The Certificates reflect the terms of certain options that have Intesa Sanpaolo ordinary shares as their underlying instruments, and will allow employees to receive, at maturity, in the absence of trigger events, an amount in cash (or in Intesa Sanpaolo ordinary shares) that is equal to the original market value of the Free Shares and the Matching Shares, plus a portion of any appreciation, compared to the original market value, related to the amount of the Free Shares, Matching Shares and Discounted Shares.
In residual cases, the amount will be paid according to specific payout schedules that provide for deferral and payment of part of the bonus in financial instruments. These schedules are differentiated according to the cluster the beneficiaries belong to when the bonus is accrued, as well as the amount of the total variable remuneration, and its weight compared to the fixed remuneration.
The Performance Share Plan and the LECOIP 3.0 Plan were subject to the approval of the ordinary Shareholders' Meeting of 29 April 2022.
The extraordinary session of the Shareholders' Meeting resolved on granting a power of attorney to the Board of Directors to increase the share capital pursuant to Article 2443 of the Italian Civil Code, conducive to the implementation of the plans.
On 21 June 2022, ISP's Board of Directors exercised the authority granted to it by the Shareholders' Meeting for capital increases in favour of the Group's employees to service the implementation of the 2022-2025 LECOIP 3.0 Plan.
Both the long-term incentive plans in question (the Performance Share Plan and the LECOIP 3.0) fall within the scope of IFRS 2 and qualify as equity-settled share-based payment plans.
For the Performance Share Plan, the fair value of the equity instruments that are subject to the plan is calculated at the assignment date. The Plan envisages the presence of service and performance conditions, which must be considered in order to determine the number of shares for the measurement of the cost of the plan. These estimates will be subject to review during the accrual period and until the expiry. Additionally, the determination of the fair value of the plan needs to take into account the presence of "market" performance conditions.
The cost of the plan, so defined, is attributed to the income statement (as labour costs) pro rata temporis along the accrual period of the benefit, as a balancing entry for a specific shareholders' equity reserve. Upon the occurrence of the events that imply the loss of the rights to the benefits of the plan (performance targets, gateway conditions and the discontinuation of employment) for the employees, if the estimate made previously needs to be adjusted, ISP changes the cost of the plan with a corresponding adjustment to Shareholders' Equity.
With regard to the LECOIP 3.0 Plan, at the assignment date, the fair value of the equity instruments that are subject to the plan is calculated (equivalent to the sum of the fair value of the shares assigned free of charge and the fair value of the discount for the paid shares) and no longer modified.

The Plan envisages the presence of non-market service and performance conditions (trigger events), which must be considered in order to determine the number of shares for the measurement of the cost of the plan. These estimates will be subject to review during the vesting period and until the expiry. The cost of the plan, so defined, is attributed to the income statement (as labour costs) pro rata temporis along the period of accrual of the benefit, as a balancing entry for a specific shareholders' equity reserve.
Upon the occurrence of the events that imply the loss of the rights to the benefits of the LECOIP 3.0. Certificate (trigger events and the discontinuation of employment) for the employees, Intesa Sanpaolo recognises a financial asset (the "transferred receivable" representing the Certificates) as a balancing entry in Shareholders' Equity. In particular, the Certificates entered in the Group's financial statements are classified, in accordance with the provisions of IFRS 9, under caption 20.c) Financial assets measured at fair value through profit or loss: Other financial assets mandatorily measured at fair value. At the same time, if the estimate made previously needs to be adjusted, the cost of the plan is changed with a corresponding adjustment to Shareholders' Equity.

B. QUANTITATIVE INFORMATION

Evolution of the annual incentive plans based on financial instruments in 2024

	Number of shares	Average strike price (euro)	Residual life
Financial instruments outstanding as at 31 December 2023	23,031,915	-	2024/2028
Financial instruments granted during the year (a)	18,536,077	-	2024/2028
Financial instruments no longer assignable (b)	31,180	-	-
Financial instruments vested during the year and assigned	14,114,526	-	-
Financial instruments outstanding as at 31 December 2024	27,422,286	-	2025/2029
of which: vested and assigned as at 31 December 2024	-	-	-

(a) Including the shares deriving from corporate transactions.
(b) Shares no longer deliverable to the beneficiaries following the related employment agreement ceasing and/or due to the application of the so-called malus conditions.

In addition to the shares specified above, in accordance with the Provisions of the Bank of Italy regarding remuneration and the Remuneration and Incentive Policies of the Group, during 2024, 897,237 shares were assigned with reference to remuneration granted in the event of early termination (severance). The retention period of those shares, assigned over a multi-year time horizon, ends between April 2025 and January 2030.

Breakdown by residual life

Residual life (a)	Number of shares
2025	5,537,379
2026	9,721,979
2027	6,757,256
2028	3,890,103
2029	1,515,569

(a) Fine retention period.

Evolution of long-term share-based instruments: Performance Share Plan (PSP) and LECOIP 3.0

	PERFORMANCE SHARE PLAN (PSP)			
	Number of Performance Share at 31.12.2023	**Changes in the year (a)**	**Number of Performance Share at 31.12.2024**	**Fair value**
Total beneficiaries (all the Management, including the Managing Director and CEO, the other Group Top Risk Takers and the remaining Group Risk Takers – both Italian and foreign perimeter)	119,708,524	-3,218,660	116,489,864	1.0195

(a) Number of Performance Shares awarded that will not be awarded to employees due to failure to meet tenure or other vesting conditions.

	LECOIP PLAN 3.0												
	Free Shares at June 2022		**Matching Shares at June 2022**		**Discounted Shares at June 2022**		**Sell to cover shares at June 2022 (a)**		**Total number of shares assigned at June 2022**	**Number of LECOIP Certificates at 31.12.2023**	**Changes in the year (c)**	**Number of LECOIP Certificates at 31.12.2024**	**Average fair value 31.12.2024**
	Number of shares	Average unit fair value	Number of shares	Average unit fair value	Number of shares	Average unit fair value (b)	Number of shares	Average unit fair value (b)					
Total employees	30,964,490	1.7800	34,286,674	1.7800	344,304,070	0.3409	75,951,342	1.7800	485,506,576	63,549,942	-861,325	62,688,617	7.5200

(a) Assigned shares allocated to cover the payment relating to the employee's tax burden.

(b) Fair value of the subscription discount.

(c) Number of Certificates for which Intesa Sanpaolo shall take over the rights that would have been recognised to the employees by virtue of the Certificates due to failure to comply with the condition of continuation of employment for the duration of the Plan and other vesting conditions.

Part L – Segment reporting

Segment reporting is provided in the consolidated financial statements.

Part M – Disclosure of leases

This section provides the information required by IFRS 16 that is not included in other parts of the financial statements, divided between lessee and lessor.

SECTION 1 - LESSEE

QUALITATIVE INFORMATION

Intesa Sanpaolo essentially has real estate and company car lease contracts in place. There are also other types of lease contracts, for residual non-material amounts, mainly relating to hardware.
As at 31 December 2024, there were 5,441 lease contracts (5,614 as at 31 December 2023), 2,886 of which (3,052 as at 31 December 2023) relating to real estate leases, for a total value of rights of use of 928 million euro (1,057 million euro as at 31 December 2023). The decrease in the number of contracts was due to the activities aimed at optimising the use of spaces, which resulted in the termination of several leases.

Real estate lease contracts mainly include properties designated for use as offices or bank branches. The contracts within Italy normally have a term of more than 12 months and typically have renewal and termination options that can be exercised by the lessor and the lessee in accordance with the law or specific contractual provisions. Generally, these contracts do not include the option to purchase at the end of the lease or significant restoration costs for the Bank. The lease contracts typically include an option for early release prior to the contractual maturity, and, in such cases, they do not impose any penalties on the Bank. On the basis of the characteristics of the Italian lease contracts and the provisions of Law 392/1978, in the event of the signing of a new lease contract with a contractual term of six years and the option to automatically renew the contract after six years for another six years, the total term of the lease will be set at twelve years. This general rule is superseded if there are new elements or specific contractual provisions.
The contracts relating to other leases mainly involve motor vehicles. These are long-term rental contracts relating to the company fleet made available to employees (mixed use) or to the organisational structures of the individual companies. These contracts generally have a four-year term, with monthly payments, no renewal option and do not include the option to purchase the asset. The contract may be extended depending on the management of the car fleet and there may be a penalty in the event of early termination.

No sale or leaseback transactions were entered into during the year.

Several sub-leasing transactions are in place, mainly with Group companies.

The Bank makes use of the exemptions allowed by IFRS 16 for short-term leases (i.e. with a term of less than or equal to 12 months) or leases of low value assets (i.e. with a value of 5 thousand euro or less). The related costs are shown in Table 10.5 “Other administrative expenses: breakdown”.

QUANTITATIVE DISCLOSURES

Part B – Assets in the Notes to the financial statements contains information on the rights of use acquired through leases (Table 8.1 – Property and equipment used in operations: breakdown of assets measured at cost and Table 8.4 – Investment property: breakdown of assets measured at fair value) and Part B – Liabilities contains information on the Lease payables (Table 1.1 – Financial liabilities measured at amortised cost: breakdown of amounts due to banks, Table 1.2 – Financial liabilities measured at amortised cost: breakdown of amounts due to customers and Table 1.6 Lease payables).
In particular, as at 31 December 2024 the rights of use acquired through leases amounted to 928 million euro (1,057 million euro as at 31 December 2023), of which 869 million euro (1,027 million euro as at 31 December 2023) relating to real estate leases. As at 31 December 2024 lease payables amounted to 955 million euro (1,081 million euro as at 31 December 2023).
See the above sections for more details.

Part C of the Notes to the financial statements contains information on the interest expense on lease payables and other charges connected to rights of use acquired through leases, and on the income from sub-leasing transactions.
The table below provides a breakdown of the amortisation and depreciation charges for assets consisting of the right of use among the various categories, in line with the disclosure of property and equipment.

(millions of euro)

Captions	31.12.2024	31.12.2023
Depreciation charges by asset class		
Property and equipment used in operations	**168**	**162**
a) buildings	144	137
b) forniture	-	-
c) electronic equipment	12	14
d) other	12	11
Property and equipment for investment	**-**	**-**
a) buildings	-	-
TOTAL	**168**	**162**

As at 31 December 2024, there was no property and equipment relating to commitments for lease agreements not yet commenced.

SECTION 2 - LESSOR

QUALITATIVE INFORMATION

The Bank operates mainly in finance leasing of industrial and commercial real estate, both already built and to be built. The Bank is also present on the market with lease products relating to capital goods, industrial vehicles, boats and pleasure craft. The risks associated with the ownership rights to the leased assets are managed through the compulsory subscription of an all-risk insurance policy, either offered through concessionary agreements or taken out directly by the customer with their insurer.
Operating leases are exclusively related to the leasing of owned real estate assets.

QUANTITATIVE DISCLOSURES

The Notes to the financial statements report the following:
- finance leases (Part B - Assets - Table 4.1 – Financial assets measured at amortised cost: breakdown of amounts due from banks and Table 4.2 – Financial assets measured at amortised cost: breakdown of loans to customers);
- assets leased under operating leases contained in caption 80 Property and equipment and described in Part B - Assets (Table 8.4 - Investment property: breakdown of assets measured at fair value); this consists of real estate no longer used in operations by the Bank, which is leased to third parties or held for possible appreciation in value.

Part C of the Notes to the financial statements contains information on interest income on finance leases and other income from finance and operating leases.

2. Finance leases

2.1. Breakdown by time bands of payments to be received and reconciliation with finance leases recorded as assets

This table provides the breakdown by time bands of lease payments to be received and the reconciliation between lease payments to be received and finance leases in accordance with IFRS 16, paragraph 94. In particular, the lease payments to be received, representing the sum of the minimum payments due as principal and interest, are shown net of the adjustment allowances and the unguaranteed residual value due to the lessor. The reconciliation with finance leases, shown in the financial statements under financial assets measured at amortised cost, is performed by subtracting the unearned finance income and adding the unguaranteed residual value.

(millions of euro)

Time bands	31.12.2024	31.12.2023
	Payments to be received	Payments to be received
Up to 1 year	1,352	1,533
Between 1 and 2 years	1,096	1,263
Between 2 and 3 years	909	1,055
Between 3 and 4 years	717	858
Between 4 and 5 years	529	659
Over 5 years	1,341	1,704
Total lease payments to be received	**5,944**	**7,072**
Reconciliation with loans	160	536
Not accrued gains (+)	1,270	1,740
Unguaranteed residual value (-)	-1,110	-1,204
Loans for leases	**5,784**	**6,536**

2.2. Other information

2.2.1 Classification of finance leases by type of leased asset

The table shows the classification of finance leases by credit quality (performing and non-performing) and by type of leased asset. The amounts are shown net of adjustments.

(millions of euro)

Finance leases	Performing exposures	Non-performing exposures
A. Real estate assets	**4,226**	**259**
B. Operating assets	**882**	**12**
C. Movable assets	**401**	**4**
- Motor vehicles	202	2
- Aircraft and rolling stock	199	2
- Other	-	-
D. Intangible assets	**-**	**-**
- Trademarks	-	-
- Software	-	-
- Other	-	-

2.2.2 Classification of assets under finance leases

The table below provides a breakdown by category of leased asset (not yet transferred to property and equipment) relating to lease receivables, net of adjustments.

(millions of euro)

	Unexercised assets	Assets withdrawn following termination	Other assets
A. Real estate assets	**-**	**5**	**4,480**
B. Operating assets	**-**	**-**	**894**
C. Movable assets	**-**	**-**	**405**
- Motor vehicles	-	-	204
- Aircraft and rolling stock	-	-	201
- Other	-	-	-
D. Intangible assets	**-**	**-**	**-**
- Trademarks	-	-	-
- Software	-	-	-
- Other	-	-	-
TOTAL	**-**	**5**	**5,779**

Unexercised assets are assets still held by customers, for which the repurchase option has not been exercised, related to positions that do not show any deterioration in credit quality. Assets withdrawn following termination relate to terminated contracts, where the customer has not yet been released from the contractual obligations, despite having returned the asset covered by the lease contract. The category Other assets includes the assets underlying the other lease receivables not included in the previous columns.

3. Operating lease

This refers to lease instalments to be received for owned real estate assets.

3.1. Breakdown of payments to be received by time bands

(millions of euro)

Time bands	31.12.2024 Payments to be received for leases	31.12.2023 Payments to be received for leases
Up to one year	3	3
Over one year up to 2 years	2	5
Over 2 years up to 3 years	3	4
Over 3 years up to 4 years	7	7
Over 4 years up to 5 years	8	6
For over 5 years	35	19
Total	**58**	**44**

3.2. Other information

There is no other information that needs to be reported in addition to that already contained in this section.

Certification of the Parent Company's financial statements pursuant to Art. 154 bis of Legislative Decree 58/1998

1. The undersigned Carlo Messina (as Managing Director and CEO) and Elisabetta Stegher (as Manager responsible for preparing the Company's financial reports) of Intesa Sanpaolo, taking into account the provisions of Article 154 bis, par. 3 and 4 of Legislative Decree 58 of 24 February 1998, do hereby certify to:
   - the adequacy in relations to the Company's features and
   - the actual application of the administrative and accounting procedures employed to draw up the Parent Company's financial statements during 2024.

2. Verification of the appropriateness and effective application of the administrative and accounting procedures employed to draw up the Parent Company's financial statements as at 31 December 2024 was based on methods defined by Intesa Sanpaolo consistently with the COSO and – as to the IT component – COBIT models, which are internationally accepted frameworks for internal control systems[219].

3. The undersigned also certify that:

   3.1 The Parent Company's financial statements as at 31 December 2024:
   - have been prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation 1606/2002 of 19 July 2002;
   - correspond to the results of the books and accounts;
   - give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the issuer.

   3.2 The report on operations includes a fair review of the development and operating margin, as well as of the position of the issuer, together with a description of the main risks and uncertainties.

27 February 2025

Carlo Messina Managing Director and CEO	Elisabetta Stegher Manager responsible for preparing the Company's financial reports

[219] The COSO Framework was prepared by the Committee of Sponsoring Organizations of the Treadway Commission, the U.S. organisation dedicated to improving the quality of financial reporting through ethical standards and an effective system for corporate governance and organisation. The COBIT Framework - Control OBjectives for IT and related technology is a set of rules prepared by the IT Governance Institute, the U.S. organisation whose aim is to define and improve the standards of corporate IT.

Independent Auditors' Report on the Parent Company's financial statements

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Independent auditor's report pursuant to article 14 of Legislative Decree no. 39, dated 27 January 2010 and article 10 of EU Regulation no. 537/2014

(Translation from the original Italian text)

To the Shareholders of
Intesa Sanpaolo S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Intesa Sanpaolo S.p.A. (the "Bank"), which comprise the balance sheet as at 31 December 2024, the income statement, the statement of comprehensive income, the changes in shareholders' equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards as issued by the International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree no. 38/2005 and article 43 of Legislative Decree no. 136/2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Intesa Sanpaolo S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
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We identified the following key audit matters:

Key Audit Matters	Audit Responses
Classification and measurement of loans to customers (loans) measured at amortised cost	
Loans to customers (loans) measured at amortised cost recorded in the financial assets, line item 40 b) (the "Loans"), amount to Euro 347,897 million as at 31 December 2024 and represent approximately 52.8% of total assets in the balance sheet. The breakdown of such loans is included in tables 4.2 and 4.3 in Part B, section 4, of the notes to the financial statements. The disclosure of the changes in the quality of the Loans, the classification and measurement criteria adopted is provided in the notes to the financial statements in Part A – Accounting policies, in Part B – Information on the Parent Company's balance sheet, in Part C – Information on the Parent Company's income statement and in Part E – Information on risks and relative hedging policies. The classification of the Loans in the appropriate stage and the related measurement are relevant for the audit both because the amount of such loans is significant to the financial statements as a whole and because they are determined by the Directors through the use of estimates. These estimates have a high degree of complexity and subjectivity, involve internally developed models and include subjective elements in order to identify and measure exposures that show evidence of a significant increase in credit risk since the date of initial recognition or evidence of impairment. The processes for the classification and the measurement of the Loans consider both internal and external information, including the historical performance of exposures and related collection histories, the borrowers' overall exposure to the banking system, expected cash flows and related estimated collection dates, the assessment of any guarantees, the impact	In relation to this matter, our audit procedures included, among others: - gaining an understanding of the policies, valuation models, processes and controls applied by the Bank; - the assessment of the configuration and implementation of key controls, including those relating to the relevant IT applications, and the execution of tests of controls to test their operational effectiveness; - the analysis of the changes in the breakdown of the Loans compared to the previous year and the discussion of the results with management; - the performance of substantive procedures to verify, on a sample basis, the correct classification and measurement of credit exposures; - the assessment of the adequacy of the disclosures provided in the notes to the financial statements. The aforementioned procedures have been performed also with the support of our risk management, valuation, modelling and economics and information technology specialists.

of macroeconomic variables, any emerging risks, and future scenarios, also related to Loans' sales and risks of the Bank's customers' operating sectors.	
Classification and measurement of financial assets and liabilities at fair value on a recurring basis (levels 2 and 3)	
Financial instruments measured at fair value on a recurring basis, classified as level 2 and level 3 of the fair value hierarchy, amount to a total assets balance of Euro 42,728 million and a total liabilities balance of Euro 63,101 million as at 31 December 2024. The related breakdown is included in table A.4.5.1, Part A of the notes to the financial statements. The disclosures on the classification and measurement is provided in the notes to the consolidated financial statements in Part A - Accounting policies, in Part B - Information on the Parent Company's balance sheet, in Part C - Information on the Parent Company's income statement and in Part E - Information on risks and relative hedging policies. The measurement of such financial instruments is relevant to the audit because their amount is significant to the financial statements as a whole and because of the multiplicity and complexity of the valuation models and parameters used as well as and for the subjective estimation elements considered by the Directors. The valuation of these financial instruments is performed by the Bank through the use of complex models, consistent with the prevailing valuation practices, which are fed by directly observable inputs or, when not observable in the market, estimated internally based on qualitative and quantitative assumptions.	In relation to this matter, our audit procedures included, among others: - gaining an understanding of the policies, valuation models, processes and controls applied by the Bank; - the assessment of the configuration and implementation of key controls, including those relating to the relevant IT applications, and the execution of tests of controls in order to verify their operational effectiveness; - the comparative analysis of the portfolio composition against the previous year and the discussion of the results with management; - the performance of substantive procedures to verify, on a sample basis, the correct classification and measurement; - the assessment of the adequacy of the disclosures provided in the notes to the financial statements. The aforementioned procedures have been performed also with the support of our risk management, valuation, modelling and economics and information technology specialists.

Responsibilities of Directors and of the Management Control Committee for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS accounting standards as issued by the International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree no. 38/2005 and article 43 of Legislative Decree no. 136/2015 and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Bank's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The Management Control Committee is responsible, within the terms provided by the law, for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation no. 537/2014

The Shareholders of Intesa Sanpaolo S.p.A., in the general meeting held on 30 April 2019, engaged us to perform the audits of the financial statements for each of the years ending 31 December 2021 to 31 December 2029.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation no. 537/2014, and that we have remained independent of the Bank in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the Management Control Committee in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation no. 537/2014.

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Report on Compliance with other Legal and Regulatory Requirements

Opinion on the Compliance with Delegated Regulation (EU) no. 815/2019

The Directors of Intesa Sanpaolo S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) no. 815/2019 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements as at 31 December 2024, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia no. 700B, in order to express an opinion on the compliance of the financial statements as at 31 December 2024 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at 31 December 2024 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion and statement pursuant to article 14, paragraph 2, subparagraphs e), e-bis) and e-ter) of Legislative Decree no. 39, dated 27 January 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree no. 58, dated 24 February 1998

The Directors of Intesa Sanpaolo S.p.A. are responsible for the preparation of the report on operations and of the report on corporate governance and ownership structure of Intesa Sanpaolo S.p.A. as at 31 December 2024, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia no. 720B, in order to:

- express an opinion on the consistency of the report on operations and of specific information included in the report on corporate governance and ownership structure as provided for by article 123-bis, paragraph 4, of Legislative Decree no. 58/1998, with the financial statements;
- express an opinion on the compliance with the applicable laws and regulations of the report on operations, excluding the section related to the consolidated sustainability statement contained in the report on operations of the consolidated financial statements, and the above mentioned specific information included in the report on corporate governance and ownership structure pursuant article 123-bis, paragraph 4, of Legislative Decree no. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the report on operations and in certain specific information contained in the report on corporate governance and ownership structure pursuant article 123-bis, paragraph 4, of Legislative Decree no. 58, dated 24 February 1998.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure pursuant article 123-bis, paragraph 4, of Legislative Decree no. 58, dated 24 February 1998, are consistent with the consolidated financial statements of the Intesa Sanpaolo Group as at 31 December 2024.

Furthermore, in our opinion, the report on operations, excluding the section related to the consolidated sustainability statement contained in the report on operations of the consolidated financial statements, and the specific information contained in the report on corporate governance and ownership structure pursuant article 123-bis, paragraph 4, of Legislative Decree no. 58, dated 24 February 1998, comply with the applicable laws and regulations.

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With reference to the statement required by article 14, paragraph 2, subparagraph *e-ter)*, of Legislative Decree no. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with applicable laws and regulations does not extend to the section of the Report on Operations related to consolidated sustainability statement. The conclusion on the compliance of this section with the applicable standards governing its preparation criteria and the compliance with the disclosure requirements pursuant to article 8 of (EU) Regulation 852/2020 are formulated by us in the attestation report pursuant to article 14-bis of Legislative Decree no. 39, dated 27 January 2010.

Milan, 20 March 2025

EY S.p.A.
Signed by: Massimo Testa, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Attachments to the Financial statements

Intesa Sanpaolo reconciliation statements

Reconciliation between published financial statements and adjusted financial statements

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

Reconciliation between published income statement for 2023 and adjusted income statement for 2023

Reconciliation between published/adjusted financial statements and restated financial statements

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

Reconciliation between published income statement for 2023 and restated income statement for 2023

Financial statements

Intesa Sanpaolo balance sheet

Intesa Sanpaolo income statement

Reconciliation between financial statements and reclassified financial statements

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

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

Reconciliation between published financial statements and adjusted financial statements

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

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

Reconciliation between published income statement for 2023 and adjusted income statement for 2023

The published income statement for 2023 did not require any adjustments.

Reconciliation between published/adjusted financial statements and restated financial statements

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

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

Reconciliation between published income statement for 2023 and restated income statement for 2023

The published income statement for 2023 did not require any adjustments.

Financial statements

Intesa Sanpaolo balance sheet

(millions of euro)

Assets		31.12.2024	31.12.2023	Changes amount	Changes %
10.	Cash and cash equivalents	26,201	72,829	-46,628	-64.0
20.	Financial assets measured at fair value through profit or loss	47,295	43,785	3,510	8.0
	a) financial assets held for trading	*42,529*	*39,506*	*3,023*	*7.7*
	b) financial assets designated at fair value	*2*	*1*	*1*	
	c) other financial assets mandatorily measured at fair value	*4,764*	*4,278*	*486*	*11.4*
30.	Financial assets measured at fair value through other comprehensive income	58,612	52,066	6,546	12.6
40.	Financial assets measured at amortised cost	446,605	451,755	-5,150	-1.1
	a) due from banks	*38,430*	*33,275*	*5,155*	*15.5*
	b) loans to customers	*408,175*	*418,480*	*-10,305*	*-2.5*
50.	Hedging derivatives	5,782	6,225	-443	-7.1
60.	Fair value change of financial assets in hedged portfolios (+/-)	-3,572	-5,573	-2,001	-35.9
70.	Equity investments	25,659	24,055	1,604	6.7
80.	Property and equipment	7,255	7,983	-728	-9.1
90.	Intangible assets	4,794	4,506	288	6.4
	of which:				
	- goodwill	*67*	*67*	*-*	*-*
100.	Tax assets	11,617	13,564	-1,947	-14.4
	a) current	*1,472*	*1,810*	*-338*	*-18.7*
	b) deferred	*10,145*	*11,754*	*-1,609*	*-13.7*
110.	Non-current assets held for sale and discontinued operations	577	178	399	
120.	Other assets	27,705	25,981	1,724	6.6
Total assets		**658,530**	**697,354**	**-38,824**	**-5.6**

(millions of euro)

	Liabilities and Shareholders' Equity	31.12.2024	31.12.2023	Changes amount	Changes %
10.	Financial liabilities measured at amortised cost	519,596	561,074	-41,478	-7.4
	a) due to banks	*70,457*	*115,432*	*-44,975*	*-39.0*
	b) due to customers	*338,185*	*341,552*	*-3,367*	*-1.0*
	c) securities issued	*110,954*	*104,090*	*6,864*	*6.6*
20.	Financial liabilities held for trading	44,291	45,045	-754	-1.7
30.	Financial liabilities designated at fair value	23,440	21,345	2,095	9.8
40.	Hedging derivatives	3,741	4,336	-595	-13.7
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-1,803	-3,907	-2,104	-53.9
60.	Tax liabilities	529	477	52	10.9
	a) current	*107*	*62*	*45*	*72.6*
	b) deferred	*422*	*415*	*7*	*1.7*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	5	2	3	
80.	Other liabilities	10,490	8,945	1,545	17.3
90.	Employee termination indemnities	652	717	-65	-9.1
100.	Allowances for risks and charges	3,220	3,280	-60	-1.8
	a) commitments and guarantees given	*427*	*407*	*20*	*4.9*
	b) post-employment benefits	*60*	*76*	*-16*	*-21.1*
	c) other allowances for risks and charges	*2,733*	*2,797*	*-64*	*-2.3*
110.	Valuation reserves	26	175	-149	-85.1
120.	Redeemable shares	-	-	-	
130.	Equity instruments	8,688	7,925	763	9.6
140.	Reserves	5,024	4,807	217	4.5
145.	Interim dividend (-)	-3,022	-2,629	393	14.9
150.	Share premium reserve	27,760	28,162	-402	-1.4
160.	Share capital	10,369	10,369	-	-
170.	Treasury shares (-)	-80	-61	19	31.1
180.	Net income (loss) (+/-)	5,604	7,292	-1,688	-23.1
Total liabilities and shareholders' equity		**658,530**	**697,354**	**-38,824**	**-5.6**

Intesa Sanpaolo income statement

(millions of euro)

		2024	2023	Changes amount	Changes %
10.	Interest and similar income	26,327	24,987	1,340	5.4
	of which: interest income calculated using the effective interest rate method	*21,724*	*21,399*	*325*	*1.5*
20.	Interest and similar expense	-15,105	-14,471	634	4.4
30.	**Interest margin**	**11,222**	**10,516**	**706**	**6.7**
40.	Fee and commission income	6,700	6,180	520	8.4
50.	Fee and commission expense	-1,133	-1,106	27	2.4
60.	**Net fee and commission income**	**5,567**	**5,074**	**493**	**9.7**
70.	Dividend and similar income	2,107	4,269	-2,162	-50.6
80.	Profits (Losses) on trading	189	457	-268	-58.6
90.	Fair value adjustments in hedge accounting	9	-57	66	
100.	Profits (Losses) on disposal or repurchase of:	269	144	125	86.8
	a) financial assets measured at amortised cost	*43*	*-76*	*119*	
	b) financial assets measured at fair value through other comprehensive income	*229*	*184*	*45*	*24.5*
	c) financial liabilities	*-3*	*36*	*-39*	
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	-855	-933	-78	-8.4
	a) financial assets and liabilities designated at fair value	*-1,010*	*-806*	*204*	*25.3*
	b) other financial assets mandatorily measured at fair value	*155*	*-127*	*282*	
120.	**Net interest and other banking income**	**18,508**	**19,470**	**-962**	**-4.9**
130.	Net losses/recoveries for credit risks associated with:	-1,099	-1,252	-153	-12.2
	a) financial assets measured at amortised cost	*-1,092*	*-1,237*	*-145*	*-11.7*
	b) financial assets measured at fair value through other comprehensive income	*-7*	*-15*	*-8*	*-53.3*
140.	Profits (Losses) on changes in contracts without derecognition	-8	24	-32	
150.	**Net income from banking activities**	**17,401**	**18,242**	**-841**	**-4.6**
160.	Administrative expenses:	-9,364	-9,154	210	2.3
	a) personnel expenses	*-6,086*	*-5,599*	*487*	*8.7*
	b) other administrative expenses	*-3,278*	*-3,555*	*-277*	*-7.8*
170.	Net provisions for risks and charges	-107	-46	61	
	a) commitments and guarantees given	*-20*	*18*	*-38*	
	b) other net provisions	*-87*	*-64*	*23*	*35.9*
180.	Net adjustments to / recoveries on property and equipment	-449	-475	-26	-5.5
190.	Net adjustments to / recoveries on intangible assets	-927	-821	106	12.9
200.	Other operating expenses (income)	980	789	191	24.2
210.	**Operating expenses**	**-9,867**	**-9,707**	**160**	**1.6**
220.	Profits (Losses) on equity investments	-161	120	-281	
230.	Valuation differences on property, equipment and intangible assets measured at fair value	-23	-11	12	
240.	Goodwill impairment	-	-	-	
250.	Profits (Losses) on disposal of investments	-3	-1	2	
260.	**Income (Loss) before tax from continuing operations**	**7,347**	**8,643**	**-1,296**	**-15.0**
270.	Taxes on income from continuing operations	-1,743	-1,351	392	29.0
280.	**Income (Loss) after tax from continuing operations**	**5,604**	**7,292**	**-1,688**	**-23.1**
290.	Income (Loss) after tax from discontinued operations	-	-	-	
300.	**Net income (loss)**	**5,604**	**7,292**	**-1,688**	**-23.1**

Reconciliation between financial statements and reclassified financial statements

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

(millions of euro)

Assets		31.12.2024	31.12.2023
Cash and cash equivalents		**26,201**	**72,829**
Caption 10	Cash and cash equivalents	26,201	72,829
Due from banks		**36,462**	**31,828**
Caption 40 a) (partial)	Financial assets measured at amortised cost - Due from banks	36,398	31,786
Caption 20 a) (partial)	Financial assets held for trading - Due from banks	-	-
Caption 20 c) (partial)	Other financial assets mandatorily measured at fair value - Due from banks	64	42
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income - Due from banks	-	-
Loans to customers		**355,103**	**367,492**
Loans to customers measured at amortised cost		***353,667***	***366,019***
Caption 40 b) (partial)	Financial assets measured at amortised cost - Loans to customers	347,897	360,553
Caption 40 b) (partial)	Financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	5,770	5,466
Loans to customers measured at fair value through other comprehensive income and through profit or loss		***1,436***	***1,473***
Caption 20 a) (partial)	Financial assets held for trading - Non-bank loans	73	95
Caption 20 b) (partial)	Financial assets designated at fair value through profit or loss - Non-bank loans	-	-
Caption 20 c) (partial)	Other financial assets mandatorily measured at fair value through profit or loss - Non-bank loans	449	476
Caption 30 (partial)	Financial assets at fair value through other comprehensive income - Non-bank loans	914	902
Financial assets measured at amortised cost which do not constitute loans		**56,540**	**53,950**
Caption 40 a) (partial)	Financial assets measured at amortised cost - Debt securities (Banks)	2,032	1,489
Caption 40 b) (partial)	Financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	54,508	52,461
Financial assets at fair value through profit or loss		**46,709**	**43,172**
Caption 20a (partial)	Financial assets held for trading	42,456	39,411
Caption 20b (partial)	Financial assets designated at fair value - Debt securities	2	1
Caption 20c (partial)	Other financial assets mandatorily measured at fair value	4,251	3,760
Financial assets at fair value through other comprehensive income		**57,698**	**51,164**
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income	57,698	51,164
Equity investments		**25,659**	**24,055**
Caption 70	Equity investments	25,659	24,055
Property, equipment and intangible assets		**12,049**	**12,489**
Assets owned		***11,121***	***11,433***
Caption 80 (partial)	Property and equipment	6,327	6,927
Caption 90	Intangible assets	4,794	4,506
Rights of use acquired under leases		***928***	***1,056***
Caption 80 (partial)	Property and equipment	928	1,056
Tax assets		**11,617**	**13,564**
Caption 100	Tax assets	11,617	13,564
Non-current assets held for sale and discontinued operations		**577**	**178**
Caption 110	Non-current assets held for sale and discontinued operations	577	178
Other assets		**29,915**	**26,633**
Caption 50	Hedging derivatives	5,782	6,225
Caption 60	Fair value change of financial assets in hedged portfolios (+/-)	-3,572	-5,573
Caption 120	Other assets	27,705	25,981
Total assets		**658,530**	**697,354**

(millions of euro)

Liabilities		31.12.2024	31.12.2023
Due to banks at amortised cost		**70,452**	**115,426**
Caption 10 a)	Financial liabilities measured at amortised cost - Due to banks	70,457	115,432
- Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables)	-5	-6
Due to customers at amortised cost and securities issued		**448,189**	**444,567**
Caption 10 b)	Financial liabilities measured at amortised cost - Due to customers	338,185	341,552
Caption 10 c)	Financial liabilities measured at amortised cost - Securities issued	110,954	104,090
- Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables)	-950	-1,075
Financial liabilities held for trading		**44,291**	**45,045**
Caption 20	Financial liabilities held for trading	44,291	45,045
Financial liabilities designated at fair value		**23,440**	**21,345**
Caption 30	Financial liabilities designated at fair value	23,440	21,345
Tax liabilities		**529**	**477**
Caption 60	Tax liabilities	529	477
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		**13,383**	**10,455**
Caption 40	Hedging derivatives	3,741	4,336
Caption 50	Fair value change of financial liabilities in hedged portfolios (+/-)	-1,803	-3,907
Caption 80	Other liabilities	10,490	8,945
Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables)	5	6
Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables)	950	1,075
Allowances for risks and charges		**3,872**	**3,997**
Caption 90	Employee termination indemnities	652	717
Caption 100 a)	Allowances for risks and charges - Loan commitments and guarantees given	427	407
Caption 100 b)	Allowances for risks and charges - Post-employment benefits	60	76
Caption 100 c)	Allowances for risks and charges - Other allowances	2,733	2,797
Share capital		**10,369**	**10,369**
Caption 160	Share capital	10,369	10,369
Reserves		**32,704**	**32,908**
Caption 140	Reserves	5,024	4,807
Caption 150	Share premium reserve	27,760	28,162
Caption 170	Treasury shares (-)	-80	-61
Valuation reserves		**26**	**175**
Caption 110	Valuation reserves	26	175
Interim dividend		**-3,022**	**-2,629**
Caption 145	Interim dividend (-)	-3,022	-2,629
Equity instruments		**8,688**	**7,925**
Caption 130	Equity instruments	8,688	7,925
Net income (loss)		**5,604**	**7,292**
Caption 180	Net income (loss) (+/-)	5,604	7,292
Total Liabilities and Shareholders' Equity		**658,530**	**697,354**

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

(millions of euro)

		2024	2023
Net interest income		**11,103**	**10,342**
Caption 30	Interest margin	11,222	10,516
- Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	38	71
- Caption 30 (partial)	Components of net interest income relating to Profits (losses) on trading (Dividends received and paid within securities lending operations)	-1	8
+ Caption 60 (partial)	Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates)	3	5
+ Caption 80 (partial)	Profits (losses) on trading (Components of profits (losses) on trading relating to net interest income)	-118	-208
+ Caption 160 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	-26	-34
+ Caption 160 b) (partial)	Other administrative expenses (Amounts attributed to net interest income - For Funding initiative)	-1	-
+ Caption 170 b) (partial)	Net provisions for risks and charges: b) other net provisions (Time value allowances for risks and charges)	-14	-16
Net fee and commission income		**5,700**	**5,252**
Caption 60	Net fee and commission income	5,567	5,074
- Caption 60 (partial)	Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates)	-3	-5
+ Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	64	55
+ 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)	186	213
+ Caption 160 a) (partial)	Personnel expenses (Charges for incentive systems for employees of the distribution networks)	-39	-29
+ Caption 160 b) (partial)	Other administrative expenses (Recovery of other expenses)	-75	-56
Profits (Losses) on financial assets and liabilities at fair value		**-102**	**107**
Caption 80	Profits (Losses) on trading	189	457
Caption 90	Fair value adjustments in hedge accounting	9	-57
Caption 100 b)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income	229	184
Caption 100 c)	Profits (Losses) on disposal or repurchase of financial liabilities	-3	36
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	-1,010	-806
Caption 110 b)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value through profit or loss	155	-127
+ Caption 30 (partial)	Components of net interest income relating to Profits (losses) on trading (Dividends received and paid within securities lending operations)	1	-8
+ 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)	281	200
- Caption 80 (partial)	Profits (losses) on trading (Components of profits (losses) on trading relating to net interest income)	118	208
- Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	-64	-55
- Caption 80 (partial)	Profits (Losses) on trading (Economic effect of purchase price allocation)	-	-
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies) - Effect associated with profits (losses) on trading	133	122
+ Caption 100 a) (partial)	Profits (losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) - Effect associated with profits (losses) on trading	6	3
- Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Effect of purchase price allocation)	-	-
- Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Charges concerning the banking industry)	-	-
- Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation)	-	-1
- Caption 110 a) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (a) financial assets and liabilities designated at fair value (Placement of Certificates)	-186	-213
- Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value through profit or loss (Charges concerning the banking industry)	47	-15
- Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities designated at fair value (b) other financial assets mandatorily measured at fair value (Amounts attributed to net adjustments to loans)	-	172
+ Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Provisions/Releases linked to Profits (losses) on financial assets and liabilities at fair value)	-	-
+ Caption 200 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	-7	7
Other operating income (expenses)		**2,120**	**4,311**
Caption 70	Dividend and similar income	2,107	4,269
Caption 200	Other operating expenses (income)	980	789
- 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)	-281	-200
- Caption 200 (partial)	Other operating expenses (income) (Recovery of expenses and indirect taxes)	-680	-626
- Caption 200 (partial)	Other operating expenses (income) (Valuation effects of other assets)	18	67
- Caption 200 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	7	-7
- Caption 200 (partial)	Other operating expenses (income) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	-161	21
- Caption 200 (partial)	Other operating expenses (income) (Recovery of expenses)	-1	-
- Caption 200 (partial)	Other operating expenses (income) (Charges/revenues from integration)	1	-2
- Caption 200 (partial)	Other operating expenses (income) (National Resolution Fund settlement agreement)	130	-
+ Caption 220 (partial)	Profits (losses) on equity investments (Carried at equity)	-	-
Operating income		**18,821**	**20,012**

(millions of euro)

		2024	2023
Personnel expenses		**-5,586**	**-5,508**
Caption 160 a)	Personnel expenses	-6,086	-5,599
- Caption 160 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	434	28
- Caption 160 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	26	34
- Caption 160 a) (partial)	Personnel expenses (Charges for incentive systems for employees of the distribution networks)	39	29
- Caption 160 a) (partial)	Personnel expenses (Donations to personnel)	-	-
+ Caption 200 (partial)	Other operating expenses (income) (Recovery of expenses)	1	-
Other administrative expenses		**-2,167**	**-2,235**
Caption 160 b)	Other administrative expenses	-3,278	-3,555
- Caption 160 b) (partial)	Other administrative expenses (Charges for integration)	31	25
- Caption 160 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	324	613
- Caption 160 b) (partial)	Other administrative expenses (Recovery of other expenses)	75	56
- Caption 160 b) (partial)	Other administrative expenses (Amounts attributed to net interest income - For Funding initiative)	1	-
- Caption 160 b) (partial)	Other administrative expenses (Derisking charges)	-	-
+ Caption 200 (partial)	Other operating expenses (income) (Recovery of expenses and indirect taxes)	680	626
Adjustments to property, equipment and intangible assets		**-1,142**	**-1,097**
Caption 180	Net adjustments to / recoveries on property and equipment	-449	-475
Caption 190	Net adjustments to / recoveries on intangible assets	-927	-821
- Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	43	47
- Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	5	11
- Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	148	114
- Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	17	6
- Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Effect of purchase price allocation)	21	21
Operating costs		**-8,895**	**-8,840**
Operating margin		**9,926**	**11,172**
Net adjustments to loans		**-1,158**	**-1,411**
Caption 140	Profits/losses from changes in contracts without derecognition	-8	24
Caption 170 a)	Net provisions for risks and charges (a) commitments and guarantees given	-20	18
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans	-104	-218
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	8	17
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans (Effect of purchase price allocation)	44	73
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities designated at fair value (b) other financial assets mandatorily measured at fair value (Amounts attributed to net adjustments to loans)	-	-172
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans	-1,093	-1,180
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans (Amounts attributed to other net provisions and net impairment losses on other assets)	2	5
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	5	5
+ Caption 130 b) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Loans	1	14
+ Caption 160 b) (partial)	Other administrative expenses (Derisking charges)	-	-
- Caption 170 a) (partial)	Net provisions for risks and charges (a) commitments and guarantees given (provisions for credit risk related to commitments and guarantees given)	-1	1
+ Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Provisions for non-recurring expenses)	8	2
Other net provisions and net impairment losses on other assets		**-310**	**-374**
Caption 170 b)	Net provisions for risks and charges (b) other net provisions	-87	-64
Caption 230	Valuation differences on property, equipment and intangible assets measured at fair value	-23	-11
Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	-5	-62
Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (banks)	1	-
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans (Amounts attributed to other net provisions and net impairment losses on other assets)	-2	-5
- Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (banks) (Charges concerning the banking industry)	-	-
Caption 130 b) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Debt securities	-8	-29
+ Caption 170 a) (partial)	Net provisions for risks and charges (a) commitments and guarantees given (provisions for credit risk related to commitments and guarantees given)	1	-1
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Time value allowances for risks and charges)	14	16
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Charges for integration)	-	-5
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Provisions/Releases linked to Profits (losses) on financial assets and liabilities at fair value)	-	-
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Provisions for non-recurring expenses)	-8	-2
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Effect of purchase price allocation)	-	-
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Future charges on controlling interests)	-27	-44
+ Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	-5	-11
+ Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	-17	-6
+ Caption 200 (partial)	Other operating expenses (income) (Valuation effects of other assets)	-18	-67
+ Caption 220 (partial)	Profits (Losses) on equity investments (Adjustments/Recoveries due to impairment of associates)	-126	-83

(millions of euro)

		2024	2023
Other income (expenses)		**183**	**212**
Caption 220	Profits (Losses) on equity investments	-161	120
Caption 250	Profits (Losses) on disposal of investments	-3	-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)	133	122
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks)	6	3
- Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies) - Effect associated with profits (losses) on trading	-133	-122
- Caption 100 a) (partial)	Profits (losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) - Effect associated with profits (losses) on trading	-6	-3
+ Caption 160 a) (partial)	Personnel expenses (Donations to personnel)	-	-
+ Caption 200 (partial)	Other operating expenses (income) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	161	-21
- Caption 220 (partial)	-	-	-
- Caption 220 (partial)	Profits (Losses) on equity investments (Adjustments/Recoveries due to impairment of associates)	126	83
- Caption 220 (partial)	Profits (Losses) on equity investments (Impairment of controlling interests)	60	31
- Caption 250 (partial)	Profits (Losses) on disposal of investments (Effect of purchase price allocation)	-	-
Income (Loss) from discontinued operations		**-**	**-**
Caption 290	Income (Loss) after tax from discontinued operations	-	-
- Caption 290 (partial)	Income (Loss) after tax from discontinued operations (Taxes)	-	-
Gross income (loss)		**8,641**	**9,599**
Taxes on income		**-2,246**	**-1,668**
Caption 270	Taxes on income from continuing operations	-1,743	-1,351
+ Caption 200 (partial)	Other operating expenses (income) (National Resolution Fund settlement agreement)	-130	-
+ Caption 290 (partial)	Income (Loss) after tax from discontinued operations (Taxes)	-	-
- Caption 270 (partial)	Taxes on income from continuing operations (Charges for integration)	-215	-68
- Caption 270 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	-35	-54
- Caption 270 (partial)	Taxes on income from continuing operations (Goodwill impairment)	-	-
- Caption 270 (partial)	Taxes on income from continuing operations (Profits (Losses) on equity investments - Impairment of controlling interests)	-1	-
- Caption 270 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme and Life Insurance Guarantee Fund)	-107	-200
- Caption 270 (partial)	Taxes on income from continuing operations (Impairment losses on financial assets - Investments for the stability of the banking system)	-15	5
Charges (net of tax) for integration and exit incentives		**-442**	**-139**
+ Caption 160 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	-434	-28
+ Caption 160 b) (partial)	Other administrative expenses (Charges for integration)	-31	-25
+ Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Charges for integration)	-	5
+ Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	-43	-47
+ Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	-148	-114
+ Caption 200 (partial)	Other operating expenses (income) (Charges/revenues from integration)	-1	2
+ Caption 270 (partial)	Taxes on income from continuing operations (Charges for integration)	215	68
Effect of purchase price allocation (net of tax)		**-68**	**-110**
+ Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	-38	-71
+ Caption 80 (partial)	Profits (Losses) on trading (Economic effect of purchase price allocation)	-	-
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans (Effect of purchase price allocation)	-44	-73
+ Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Effect of purchase price allocation)	-	-
+ Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation)	-	1
+ Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Effect of purchase price allocation)	-	-
+ Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Effect of purchase price allocation)	-21	-21
+ Caption 250 (partial)	Profits (Losses) on disposal of investments (Effect of purchase price allocation)	-	-
+ Caption 270 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	35	54

(millions of euro)

		2024	2023
Levies and other charges concerning the banking and insurance industry (net of tax)		**-249**	**-403**
+ Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Charges concerning the banking industry)	-	-
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value through profit or loss (Charges concerning the banking industry)	-47	15
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (banks) (Charges concerning the banking industry)	-	-
+ Caption 160 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme and and Life Insurance Guarantee Fund)	-324	-613
+ Caption 270 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme and Life Insurance Guarantee Fund)	107	200
+ Caption 270 (partial)	Taxes on income from continuing operations (Impairment losses on financial assets - Investments for the stability of the banking industry)	15	-5
Impairment (net of tax) of goodwill, other intangible assets and controlling interests		**-32**	**13**
Caption 240	Goodwill impairment	-	-
+ Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Future charges on controlling interests)	27	44
+ Caption 220 (partial)	Profits (Losses) on equity investments (impairment of controlling interests)	-60	-31
+ Caption 270 (partial)	Taxes on income from continuing operations (Goodwill impairment)	-	-
+ Caption 270 (partial)	Taxes on income from continuing operations (Profits (Losses) on equity investments - Impairment of controlling interests)	1	-
Net income (loss)		**5,604**	**7,292**

Other attachments

Fees for auditing and services other than auditing pursuant to Article 149 duodecies of Consob Regulation 11971

(millions of euro)

Type of service	INTESA SANPAOLO		GROUP COMPANIES(*)	
	EY	EY Network	EY	EY Network
Independent audit (**)	10.05	-	10.79	-
Release of attestations (***)	2.74	-	3.81	-
Other services:				
Agreed audit procedures	*0.08*	-	*0.30*	-
Consolidated Sustainability Statement	*1.32*	-	*0.26*	-
TOTAL	**14.19**	**-**	**15.16**	**-**

(*) Group companies and other consolidated subsidiaries.

(**) Including costs for statutory audit and voluntary audit. Costs for audit of funds for about 11.6 million euro are not included.

(***) Including audit costs, on a voluntary basis, for "Pillar 3" disclosure.

Amounts net of VAT and reimbursed expenses and Consob contribution.

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Financial calendar

Approval of the Interim Statement as at 31 March 2025:	6 May 2025
Approval of the half-yearly report as at 30 June 2025:	30 July 2025
Approval of the Interim Statement as at 30 September 2025 and resolution with regard to the distribution of an interim dividend:	31 October 2025