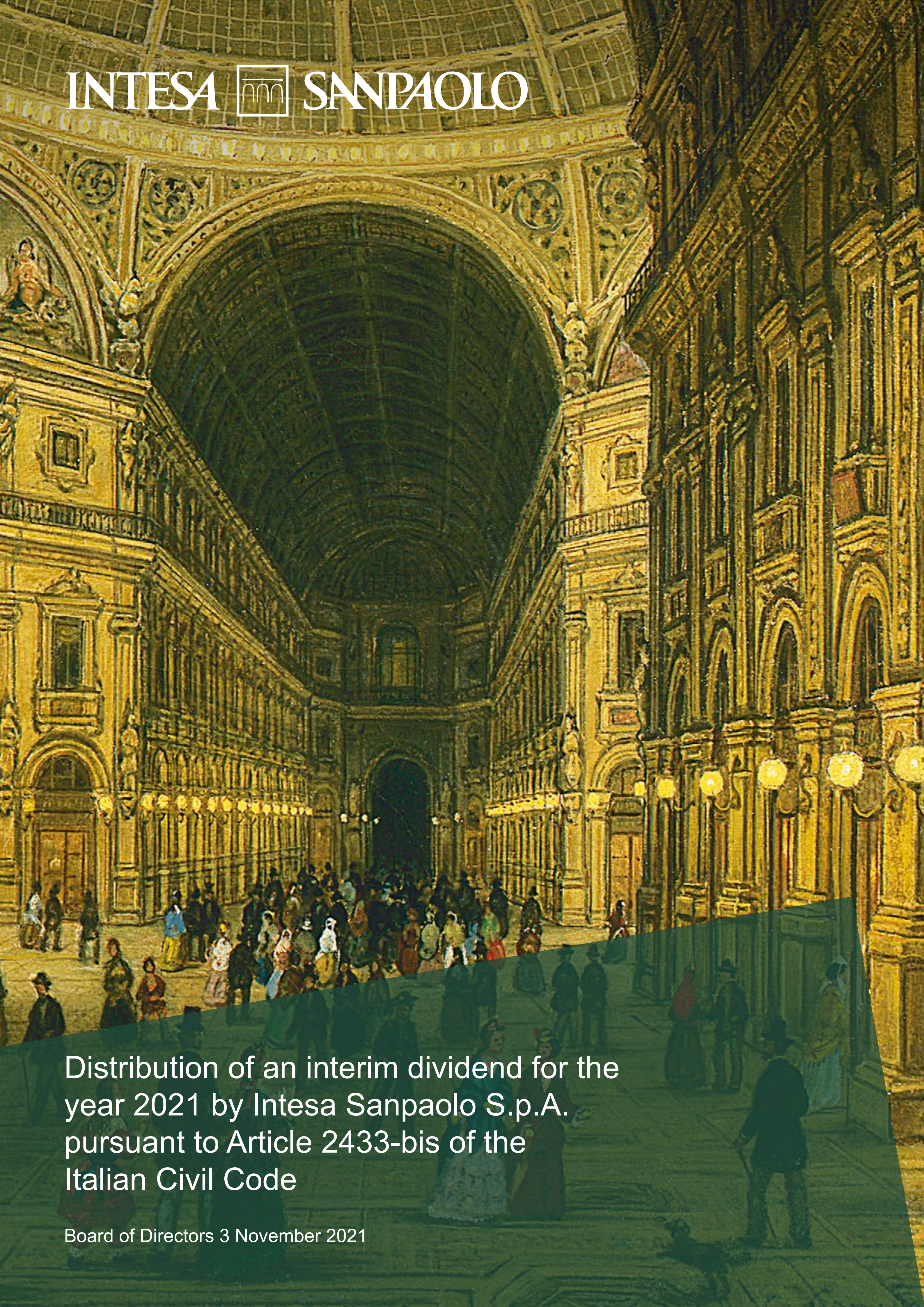


INTESA SANPAOLO

Distribution of an interim dividend for the year 2021 by Intesa Sanpaolo S.p.A. pursuant to Article 2433-bis of the Italian Civil Code

Board of Directors 3 November 2021

This is an English translation of the original Italian document "Distribuzione da parte di Intesa Sanpaolo S.p.A. di un acconto sul dividendo dell'esercizio 2021 ai sensi dell'art. 2433-bis del Codice Civile". In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails. The Italian original is available on group.intesasanpaolo.com.

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

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

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

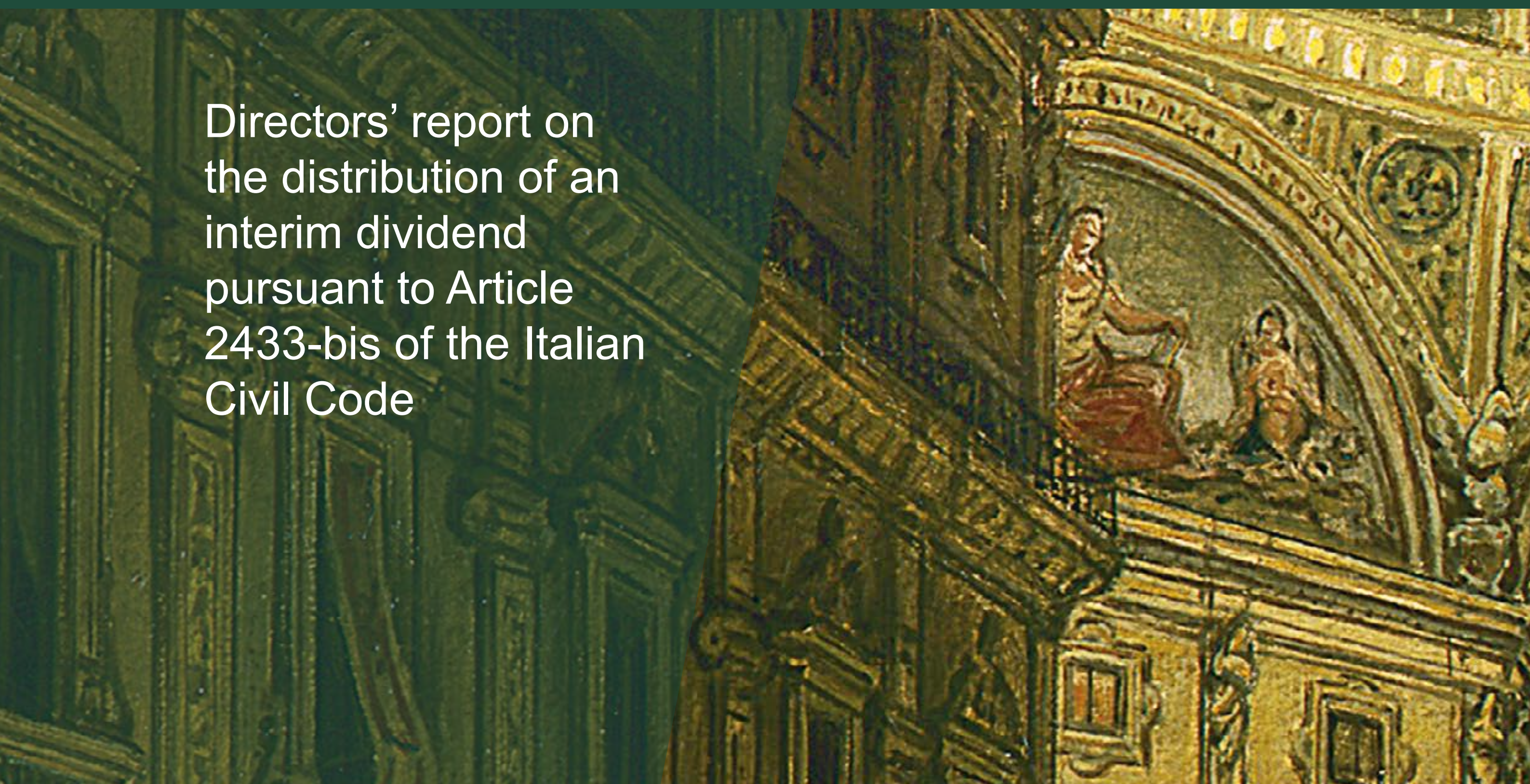
Contents

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

Board of Directors	
Chairman	Gian Maria GROS-PIETRO
Deputy Chairperson	Paolo Andrea COLOMBO
Managing Director and Chief Executive Officer	Carlo MESSINA (a)
Directors	Franco CERUTI Roberto FRANCHINI (1) (*) Anna GATTI Rossella LOCATELLI Maria MAZZARELLA Fabrizio MOSCA (*) Milena Teresa MOTTA (*) Luciano NEBBIA Bruno PICCA Alberto Maria PISANI (**) Livia POMODORO Andrea SIRONI (2) Maria Alessandra STEFANELLI Guglielmo Weber Daniele ZAMBONI Maria Cristina ZOPPO (*)
Manager responsible for preparing the Company's financial reports	Fabrizio DABBENE
Independent Auditors	EY S.p.A.

(a) General Manager
(*) Member of the Management Control Committee
(**) Chairman of the Management Control Committee
(1) Appointed by the Shareholders' Meeting on 27 April 2020 in substitution of the Director Corrado Gatti, no longer in office
(2) Appointed by the Shareholders' Meeting on 27 April 2020 after co-option by the Board of Directors on 2 December 2019

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



Remarks on the distribution of an interim dividend

On 23 July 2021, the ECB indicated that it would not extend beyond 30 September 2021 its recommendation of 15 December 2020 aimed at all the banks to limit the distribution of dividends and the treasury share buy-back programmes. As a consequence the Supervisory Authorities resumed the pre-pandemic supervisory practice, i.e. assess with each bank the evolution of the capital profile and the plans for distribution of dividends or share buy-backs in the context of the regular supervisory cycle.

As already announced, the Intesa Sanpaolo Group, in compliance with these instructions from the Supervisory Authorities and in line with the 2018-2021 Business Plan, envisages the payment, from the 2021 net income, of cash dividends corresponding to a payout ratio of 70%, to be partially distributed as an interim dividend this year.
On 4 August 2021, the Board of Directors preliminarily defined the cash interim dividend to be distributed from the 2021 net income at an amount of 1.4 billion euro, resulting from a unit amount of 7.21 euro cents per ordinary share, in the absence of any inconvenience due to the results of the third quarter 2021 or the expected results for the fourth quarter 2021, and in compliance with the applicable supervisory regulations and the recommendations from the regulators.

Article 2433-bis of the Italian Civil Code establishes that the distribution of interim dividends is permitted for companies whose financial statements are subject to independent audit, if that distribution is envisaged by the Articles of Association and if there is a positive opinion on the financial statements of the previous year from the entity engaged for the independent audit and its approval. It also establishes that the distribution of interim dividends is not permitted when the latest approved financial statements show losses for the year or previous years.
In addition, the distribution must be approved by the Board of Directors on the basis of financial statements and a report by the directors that confirm that the Company's assets and liabilities and financial position allow for the distribution. An opinion on those documents must have been obtained from the external auditor.
With regard to the quantification of the amount of the interim dividend, the regulations establish that the distribution cannot exceed the lower of the amount of profit made from the end of the prior year, less the share to be allocated to the legal or statutory reserve, and the amount of the available reserves.

In view of the above, it is noted that the Financial Statements of Intesa Sanpaolo S.p.A. as at 31 December 2020:
- did not show any losses for the year or for previous years;
- were subject to independent audit by KPMG S.p.A., which issued its positive opinion on 24 March 2021;
- were approved by the Shareholders' Meeting on 28 April 2021.

In addition, Article 29.5 of the Articles of Association of Intesa Sanpaolo S.p.A. establishes that the Board of Directors may approve the distribution of interim dividends.

In the case of Intesa Sanpaolo S.p.A., the distribution of the interim dividend is determined on the basis of the financial statements as at 30 June 2021, prepared in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards – IFRS endorsed by the European Union (IFRS-EU) used for the preparation of the financial statements as at 31 December 2020, to which reference should be made for a more complete description.
The financial statements comprise the income statement for the interim period from 1 January to 30 June 2021, the statement of comprehensive income for that period, the balance sheet as at 30 June 2021, the statement of changes in shareholders' equity for the period 1 January to 30 June 2021 and the statement of cash flows for the period 1 January to 30 June 2021.
The amounts reported are compared with the corresponding amounts for the same period last year, except for the balance sheet, which is compared with the corresponding statement as at 31 December 2020.
The available reserves reported in the balance sheet as at 30 June 2021 amount to 29,578 million euro, already net of the cash distribution of part of the Extraordinary reserve of 1,932 million euro (considering the amount of 3 million euro not distributed in respect of the own shares held by the Bank at the record date,

kept in the Extraordinary reserve) that was distributed to shareholders on 20 October 2021 in accordance with the Shareholders' Meeting resolution of 14 October 2021. The available net income for the period amounts to 2,597 million euro.
In determining the available net income for the period, and therefore the interim dividend distributable, all the items that contribute to this determination, in accordance with the applicable regulations, have been taken into account.
The table below provides a summary of the relevant data for the determination of the interim dividend distributable.

(millions of euro)

Net income of Intesa Sanpaolo S.p.A. for the period 1 January - 30 June 2021	2,597
Amount of net income for the period to be allocated to the legal reserve (a)	-
Amount of net income for the period not distributable pursuant to Article 6, paragraph 1, letter a), of Legislative Decree no. 38/2005	163
Net income for the period available (b)	2,434
Available reserves (c)	29,578
Interim dividend distributable (Article 2433-bis, paragraph 4, Italian Civil Code)	2,434
Interim divided proposed	1,401
Interim dividend per share proposed (euro)	0.0721

(a) The legal reserve, amounting to 2,065 million euro as at 30 June 2021, represents over 20.0% of the share capital.

(b) Net income for the period 1 January - 30 June 2021.

(c) Net of the cash distribution, which took place on 20 October 2021, of part of the Extraordinary reserve for a total amount of 1,935 million euro, in accordance with the Ordinary Shareholders' Meeting resolution of 14 October 2021. The amount deducted has been considered net of the 3 million euro not distributed in respect of the own shares held by the Bank at the record date.

Accordingly, pursuant to Article 2433-bis, paragraph 4 of the Italian Civil Code, the maximum amount distributable as an interim dividend is 2,434 million euro.

In consideration of the above, the interim dividend distribution for the year 2021 shall be allocated to each of the 19,430,463,305 ordinary shares constituting the share capital of Intesa Sanpaolo S.p.A. The undistributed portion relating to treasury shares at the record date will be transferred to the extraordinary reserve.

Given that the above-mentioned conditions set forth in paragraphs 1 to 3 of Article 2433-bis of the Italian Civil Code have been met and in light of the information provided in the chapters below on Intesa Sanpaolo S.p.A.'s operating and financial performance in the first six months of 2021 and the information contained in the paragraphs "Subsequent events" and "Forecast for 2021", the Board of Directors intends to distribute an interim dividend – in compliance with the provisions of paragraph 4 of Article 2433-bis of the Italian Civil Code – totalling 1,400,936,404.29 euro, resulting from a unit amount of 7.21 euro cents for each ordinary share that will be paid on the first available date, namely 24 November 2021 (with coupon presentation on 22 November and record date on 23 November).

Following the distribution of this interim dividend, the Intesa Sanpaolo Group's capital ratios – also taking into account the distribution of reserves approved by the Shareholders' Meeting of 14 October 2021 – will remain well above the minimum required levels. In addition, there are no recommendations by regulators regarding the capital requirements applicable to Intesa Sanpaolo that preclude the proposed distribution of the interim dividend.
Specifically, based on the figures as at 30 June 2021, the consolidated capital requirements – after the distribution of reserves – show a Common Equity Tier 1 ratio of 14.3% phased-in, 13.8% fully loaded and 15.0% pro-forma fully loaded, and a Total Capital Ratio of 19.1% phased-in, 18.8% fully loaded and 20.3% pro-forma fully loaded, both well above the minimum requirements set by the supervisory regulations. The Common Equity Tier 1 Ratio is well above the minimum target of 12% fully loaded and 13% pro-forma fully loaded[1] set by the Group for itself. The capital requirements for the Parent Company are also well above the minimum requirements set.

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

Also on the basis of the figures as at 30 September 2021, the capital requirements, which already take into account the aforementioned distribution of reserves approved by the Shareholders' Meeting of 14 October 2021, are well above the minimum requirements at both consolidated and individual level.

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The sections below describe the operating and financial performance of Intesa Sanpaolo S.p.A. during the first half of the year 2021.
For the background macroeconomic scenario, as well as the analysis of the main impacts on operating results and business activities generated by the ongoing pandemic, see the specific chapters of the Half-Yearly Report as at 30 June 2021, published on the corporate website www.group.intesasanpaolo.com.
The Half-Yearly Report also describes the significant events that affected Intesa Sanpaolo during the period, as well as the initiatives carried out as part of the integration of the UBI Banca Group.

To enable a better understanding of Intesa Sanpaolo S.p.A.'s performance, the half-yearly comments use aggregates and indicators that can be classed as "Alternative Performance Measures", as they are not immediately linked to the financial statements. A description of these measures is provided in the Report on operations accompanying the 2020 Consolidated financial statements and in this document no changes have been made to the measures normally used, except as stated below with regard to the reclassified "redetermined" statements.

Economic results

General aspects

The income statement and balance sheet of the Parent Company Intesa Sanpaolo as at and for the year ended 30 June 2021 are presented below. The income statement is presented in a condensed reclassified format to enable a more immediate interpretation of the results.
In the reclassified income statement, the figures are normally restated, where necessary and if they are material, for ease of comparison. In particular, the amounts are provided as uniformly as possible for the different periods covered, above all in relation to the 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, and through redetermined figures when, at the time of major or particular transactions, it is appropriate to display side-by-side/supplement the restated figures with redetermined figures, possibly also including management information.
To enable like-for-like comparison, in this report the figures for the previous periods have been restated, where necessary, to account for changes in the scope of reference, namely the absorption of Banca IMI (20 July 2020, with accounting and tax effects from 1 January 2020).
In addition, for the same purpose, the income statement figures for the previous periods have been redetermined due to the absorption of UBI Banca S.p.A. (12 April 2021, with accounting and tax effects from 1 January 2021), the latter net of the going concern consisting of 455 branches and 132 operating points sold to BPER on 22 February 2021 (with accounting and tax effects from that date), the "Top Private" and "Service IW Bank" business lines that were partially demerged to Intesa Sanpaolo Private Banking and Banca Fideuram respectively (12 April 2021, with accounting and tax effects from that date) and the going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata (24 May 2021, with accounting and tax effects from that date). Lastly, the income statement figures for the previous periods have also been redetermined due to the sale of 31 branches of the Parent Company to BPER (21 June 2021, with accounting and tax effects from that date) and the absorption of UBI Academy (30 June 2021, with accounting and tax effects from 1 January 2021).
To enhance the comparability of the comparison periods, the redetermined figures have been presented on a like-for-like basis in terms of scope, date of commencement of the income effects (assuming full integration of UBI from 1 January 2020) accounting classification and financial statement presentation. Lastly, to reduce the volatility of the various income statement captions related to the changes in the scope of reference due to the above-mentioned sales/demerges of business lines, the income components of the sold/demerged business lines have been reclassified from the original captions to the caption "Income (Loss) from discontinued operations" from 1 January to the effective date of the transaction, for both 2021 and 2020. Lastly, the income results of the sold/demerged business lines have been determined on the basis of management information.

Breakdowns of restatements and reclassifications made in accordance with the layout established in Bank of Italy Circular 262 are provided in separate tables included in the attachments, as also required by Consob in its Communication 6064293 of 28 July 2006.

In summary, the reclassifications and aggregations are as follows:
- dividends relating to investments carried at equity, as well as those received and paid under the securities lending activities, which have been reallocated to Profits (losses) on financial assets and liabilities designated at fair value;
- differentials on derivatives, classified to the trading book and contracted to hedge transactions in foreign currencies, 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 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 financial assets and liabilities measured at fair value through profit or loss and Profits (losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income and on sale or repurchase of financial liabilities, which have been reallocated to the Profits (losses) on financial assets and liabilities designated at fair value;
- 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 assets and liabilities designated at fair value to Net fee and commission income;
- the recoveries of expenses, taxes and duties have been subtracted from Administrative expenses, instead of being included among Other income;
- Profits and losses on disposal or repurchase of financial assets measured at amortised cost, in the form of loans and debt securities with public entities, non-financial companies and others as counterparties, which have been allocated to Net adjustments to loans;
- Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, the effects on the income statement of the changes in contracts and the net provisions for risks and charges for credit risk relating to commitments and guarantees given, attributed to the single item Net adjustments to loans;
- the reversal in the time value of Employee termination indemnities and Allowances for risks and charges, which has been reclassified to 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;
- Net impairment losses on equity investments in associates, as well as property and equipment and intangible assets (including property and other assets 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, which consequently include – 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, after tax, to Impairment 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 have been reallocated 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 in correlation with trading activity 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 designated at fair value;
- Charges (net of tax) for integration and exit incentives, which have been reclassified from Personnel expenses, Other administrative expenses and, to a lesser extent, other captions of the income statement to a separate caption;
- the Effects of purchase price allocation, net of the tax effect, are indicated in a specific caption. They represent adjustments, impairment losses and effects from realisation for financial assets and liabilities and property and equipment and intangible assets which were measured at fair value as provided for by IFRS 3;
- levies and other charges aimed at maintaining the stability of the banking industry, which have been reclassified, after tax, to the specific caption;
- Impairment losses on goodwill, investments in subsidiaries and impairment losses on other intangible assets, which are shown after tax.

Reclassified income statement – Restated figures

(millions of euro)

	30.06.2021	30.06.2020	changes	
			amount	%
Net interest income	3,026	2,577	449	17.4
Net fee and commission income	2,880	2,143	737	34.4
Profits (Losses) on financial assets and liabilities designated at fair value	1,048	1,149	-101	-8.8
Other operating income (expenses)	1,620	692	928	
Operating income	**8,574**	**6,561**	**2,013**	**30.7**
Personnel expenses	-2,671	-2,193	478	21.8
Other administrative expenses	-1,085	-820	265	32.3
Adjustments to property, equipment and intangible assets	-489	-433	56	12.9
Operating costs	**-4,245**	**-3,446**	**799**	**23.2**
Operating margin	**4,329**	**3,115**	**1,214**	**39.0**
Net adjustments to loans	-772	-1,625	-853	-52.5
Other net provisions and net impairment losses on other assets	-217	-113	104	92.0
Other income (expenses)	-14	-14	-	-
Income (Loss) from discontinued operations	-	1,153	-1,153	
Gross income (loss)	**3,326**	**2,516**	**810**	**32.2**
Taxes on income	-255	-359	-104	-29.0
Charges (net of tax) for integration and exit incentives	-58	-19	39	
Effect of purchase price allocation (net of tax)	-13	-37	-24	-64.9
Levies and other charges concerning the banking industry (net of tax)	-238	-205	33	16.1
Impairment (net of tax) of goodwill, other intangible assets and controlling interests	-165	-32	133	
Net income (loss)	**2,597**	**1,864**	**733**	**39.3**

Figures restated, where necessary and material, considering the changes in the scope of reference. The figures for UBI Banca S.p.A. and UBI Academy S.p.A. have not been restated.

Reclassified income statement – Redetermined figures

(millions of euro)

	30.06.2021	30.06.2020	changes	
			amount	%
Net interest income	2,959	3,034	-75	-2.5
Net fee and commission income	2,757	2,495	262	10.5
Profits (Losses) on financial assets and liabilities designated at fair value	1,047	1,231	-184	-14.9
Other operating income (expenses)	1,623	824	799	97.0
Operating income	**8,386**	**7,584**	**802**	**10.6**
Personnel expenses	-2,598	-2,602	-4	-0.2
Other administrative expenses	-1,070	-1,148	-78	-6.8
Adjustments to property, equipment and intangible assets	-488	-473	15	3.2
Operating costs	**-4,156**	**-4,223**	**-67**	**-1.6**
Operating margin	**4,230**	**3,361**	**869**	**25.9**
Net adjustments to loans	-768	-1,883	-1,115	-59.2
Other net provisions and net impairment losses on other assets	-217	-123	94	76.4
Other income (expenses)	-14	2	-16	
Income (Loss) from discontinued operations	74	1,245	-1,171	-94.1
Gross income (loss)	**3,305**	**2,602**	**703**	**27.0**
Taxes on income	-248	-360	-112	-31.1
Charges (net of tax) for integration and exit incentives	-58	-6	52	
Effect of purchase price allocation (net of tax)	-12	-38	-26	-68.4
Levies and other charges concerning the banking industry (net of tax)	-225	-225	-	-
Impairment (net of tax) of goodwill, other intangible assets and controlling interests	-165	-55	110	
Net income (loss)	**2,597**	**1,918**	**679**	**35.4**

The redetermined figures have been prepared to take into account the inclusion of UBI Banca S.p.A. and UBI Academy S.p.A. for the pre-acquisition period and, based on the management data, the reallocation of the contribution from the business lines object of disposal/demerger to income (loss) from discontinued operations.

The income statement of Intesa Sanpaolo S.p.A. for the first half of 2021 posted **net income** of 2,597 million euro, compared with 1,918 million euro for the corresponding period of 2020 (+679 million euro; +35.4%), while gross income, amounting to 3,305 million euro, was up by 703 million euro (+27%).

Net income (loss)

The change in net income for the first half of 2021 was attributable to:
- higher operating income of 802 million euro (+10.6%), mainly due to the increase in dividends (+811 million euro) and net fee and commission income (+262 million euro; +10.5%), partially offset by lower profits (losses) on trading (-184 million euro; -14.9%) and net interest income (-75 million euro; -2.5%);
- a reduction in operating costs of 67 million euro (-1.6%), mainly due to the reduction in administrative expenses (-78 million euro; -6.8%), partially offset by the increase in depreciation and amortisation (+15 million euro; +3.2%);
- a reduction in net adjustments to loans of 1,115 million euro (-59.2%);
- an increase in net provisions of 120 million euro, included in Other net provisions and net impairment losses on other assets, whose negative balance increased by 94 million euro (+76.4%).

In addition, net income from discontinued operations decreased by 1,171 million euro (-94.1%), because the comparative figure benefited from the 1,100 million euro gain, before tax, on the sale of the acquiring business line to Nexi S.p.A. under the payment systems agreement.
Lastly, the amount recognised for impairment (net of tax) of goodwill, other intangible assets and controlling interests increased by 110 million euro, together with the consequent tax effect related to these changes, accompanied by the benefit from the realignment of the brand name and certain goodwill items, recognised in June 2021.

Net interest income

(millions of euro)

	30.06.2021 Redetermined figures	30.06.2020 Redetermined figures	changes amount	%
Relations with customers	3,148	3,317	-169	-5.1
Securities issued	-825	-985	-160	-16.2
Customer dealing	**2,323**	**2,332**	**-9**	**-0.4**
Instruments measured at amortised cost which do not constitute loans	220	174	46	26.4
Other financial assets and liabilities designated at fair value through profit or loss	-10	37	-47	
Other financial assets designated at fair value through other comprehensive income	155	271	-116	-42.8
Financial assets	**365**	**482**	**-117**	**-24.3**
Relations with banks	**267**	**70**	**197**	
Differentials on hedging derivatives	**-242**	**-228**	**14**	**6.1**
Non-performing assets	**266**	**396**	**-130**	**-32.8**
Other net interest income	**-20**	**-18**	**2**	**11.1**
Net interest income	**2,959**	**3,034**	**-75**	**-2.5**

Net interest income, amounting to 2,959 million euro, was down slightly on the first half of 2020 (-75 million euro; -2.5%). Although the average volume of loans increased compared to the corresponding period of the previous year, the result reflected the fall in interest rates, in line with the market trend, which also affected the average return on the securities portfolio. Customer dealing – taking into account the separate information on the differentials on hedging derivatives, shown in the table above – contributed 2,323 million euro, down by 9 million euro on June 2020 (-0.4%), of which -169 million euro on relations with customers, almost entirely offset by a reduction in interest expense on securities issued of 160 million euro. Interest on non-performing assets also fell by 130 million euro to 266 million euro, due to the reduction in the NPL stock. Interest on financial assets amounted to 365 million euro, down by 117 million euro (-24.3%), compared to 482 million euro in the same period last year. The contribution of interbank transactions was +267 million euro, representing an increase of 197 million euro on the first half of 2020. In particular, there was a greater contribution from the TLTRO refinancing operations with the ECB (+361 million euro), offset by a negative contribution from transactions with negative rates (-221 million euro). Lastly, other net interest income was stable at -20 million euro.

Net fee and commission income

(millions of euro)

	30.06.2021 Redetermined figures	30.06.2020 Redetermined figures	changes amount	changes %
Guarantees given / received	85	78	7	9.0
Collection and payment services	199	180	19	10.6
Current accounts	612	628	-16	-2.5
Credit and debit cards	117	85	32	37.6
Commercial banking activities	**1,013**	**971**	**42**	**4.3**
Dealing and placement of securities	811	629	182	28.9
Currency dealing	2	-2	4	
Portfolio management	62	65	-3	-4.6
Distribution of insurance products	424	429	-5	-1.2
Other	88	74	14	18.9
Management, dealing and consultancy activities	**1,387**	**1,195**	**192**	**16.1**
Other fee and commission income	**357**	**329**	**28**	**8.5**
Total	**2,757**	**2,495**	**262**	**10.5**

Net fee and commission income amounted to 2,757 million euro, up 262 million euro (+10.5%) from 2,495 million euro for the corresponding period of the previous year.
This performance was supported by the recovery of financial markets and the increase in the placement of financial products in this first half of the year, which were reflected in an increase across all the segments and, specifically, commercial banking (+42 million euro; +4.3%), management, dealing and consultancy activities (+192 million euro; +16.1%) and other net fee and commission income (+28 million euro; +8.5%).
In the commercial banking component there was an increase in fees on guarantees given and received (+7 million euro), on collection and payment services (+19 million euro) and on ATM and credit card services (+32 million euro), while fee and commission income on current accounts decreased (-16 million euro, of which -17 million euro due to commitment fees).
The increase in net fee and commission income from management, dealing and consultancy activities was mainly attributable to funds (+162 million euro), securities and derivatives (+21 million euro), currency dealing (+4 million euro) and other management and dealing commissions (+14 million euro). In contrast, there was a decrease in fee and commission income on the placement of insurance products (-5 million euro), on portfolio management schemes (-3 million euro) and receipt and transmission of orders (-1 million euro).
Lastly, within other net fee and commission income, there was a decrease in fee and commission income on land financing (+37.1 million euro) and on other loans (+12.9 million euro).

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

(millions of euro)

	30.06.2021 Redetermined figures	30.06.2020 Redetermined figures	changes amount	changes %
Profits (losses) on trading and on financial instruments under fair value option	337	593	-256	-43.2
Profits (losses) on hedges under hedge accounting	45	-42	87	
Profits (losses) on assets mandatorily measured at fair value through profit or loss	141	-5	146	
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	570	709	-139	-19.6
Profits (losses) on the buyback of financial liabilities	-46	-24	22	91.7
Profits (Losses) on financial assets and liabilities designated at fair value	**1,047**	**1,231**	**-184**	**-14.9**

Profits (Losses) on financial assets and liabilities designated at fair value amounted to 1,047 million euro, compared to 1,231 million euro for the first half of the previous year (-184 million euro; -14.9%). This decrease was mainly attributable to the lower contribution from profits (losses) on trading and financial instruments under fair value option (-256 million euro) and on disposal of assets measured at fair value through other comprehensive income and at amortised cost (-139 million euro), relating to debt securities, mainly government bonds, together with higher losses from the repurchase of financial liabilities (22 million euro). These negative effects were offset by the higher contribution from profits (losses) on assets mandatorily measured at fair value through profit or loss (+146 million euro), mainly attributable to the valuation effect of private equity funds, real estate funds and hedge funds, and from hedge accounting transactions (87 million euro), mainly relating to micro hedges on securities under assets.

Other operating income (expenses)

Other net operating income amounted to 1,623 million euro compared to 824 million euro in June 2020, representing an improvement of 799 million euro. The aggregate includes dividends from investees of 1,518 million euro (707 million euro in the corresponding period of the previous year), with the remainder comprised of sundry operating income. The change in this caption was almost entirely attributable to dividends, which increased by 811 million euro. More specifically, a total of 1,518 million euro of dividends were recognised in the first half of 2021 (Fideuram - Intesa Sanpaolo Private Banking S.p.A., 651 million euro; Eurizon Capital SGR S.p.A., 484 million euro; Intesa Sanpaolo Vita S.p.A., 242 million euro; Pramerica SGR S.p.A., 88 million euro; Intesa Sanpaolo Private Banking S.p.A, 27 million euro; Intrum Italy S.p.A., 11 million euro; and other minor investments, 14 million euro).
Sundry operating income decreased by 12 million euro.

Operating income

As a result of these changes, despite the continued uncertainty due to the pandemic, Operating income amounted to 8,386 million euro, up 802 million euro (+10.6%) on 7,584 million euro for the first half of the previous year.

Operating costs

(millions of euro)

	30.06.2021 Redetermined figures	30.06.2020 Redetermined figures	changes amount	changes %
Wages and salaries	1,759	1,797	-38	-2.1
Social security charges	484	478	6	1.3
Other	355	327	28	8.6
Personnel expenses	**2,598**	**2,602**	**-4**	**-0.2**
Information technology expenses	267	250	17	6.8
Management of real estate assets expenses	126	141	-15	-10.6
General structure costs	153	166	-13	-7.8
Professional and legal expenses	109	146	-37	-25.3
Advertising and promotional expenses	35	42	-7	-16.7
Costs for outsourcing to Group companies	133	149	-16	-10.7
Indirect personnel costs	15	21	-6	-28.6
Other costs	173	194	-21	-10.8
Indirect taxes and duties	75	64	11	17.2
Recovery of expenses and charges	-16	-25	-9	-36.0
Other administrative expenses	**1,070**	**1,148**	**-78**	**-6.8**
Property and equipment	214	213	1	0.5
Intangible assets	274	260	14	5.4
Adjustments	**488**	**473**	**15**	**3.2**
Operating costs	**4,156**	**4,223**	**-67**	**-1.6**

Operating costs amounted to 4,156 million euro, down 1.6% on the first half of 2021, due to the reduction in other administrative expenses, which fell from 1,148 million euro to 1,070 million euro (-6.8%) and the slight fall in personnel expenses, from 2,602 million euro to 2,598 million euro (-0.2%), partially offset by the increase in depreciation and amortisation of property and equipment and intangible assets, which totalled 488 million euro compared to 473 million euro in June 2020 (+3.2%).

With regard to personnel expenses, the reduction of 4 million euro was related to opposing and offsetting effects, including the decrease in ordinary wages and salaries (53 million euro) and related contributions (7 million euro), connected to the downsizing of the workforce, higher costs for variable components of remuneration (29 million euro) and the lower contribution of the net positive difference between recoveries and expenses relating to seconded personnel (21 million euro).

For other administrative expenses, the decrease of 78 million euro was mainly attributable to savings on professional and insurance expenses (-37 million euro) and on services rendered by third parties (-24 million euro).
Administrative expenses included costs of around 11 million euro related to the COVID-19 pandemic (29 million euro as at 30 June 2020), mainly due to higher IT costs related to remote operations required as a result of the continuation of the health emergency, the purchase of PPE and health insurance policies for cover in relation to COVID-19, higher costs related to the sanitisation of premises, and social expenditure in support of local communities.

On the other hand, operating costs included an increase in depreciation and amortisation of property and equipment and intangible assets, from 473 million euro to 488 million euro (+15 million euro; +3.2%). The increase was attributable to intangible assets (+14 million euro; +5.4%) and centred on internally produced software and digital training, which continued the growth already seen during the year. For the property and equipment category, there was a slight increase mainly attributable to rights of use acquired under leases (+2 million euro).

Operating margin

The performance of operating income and costs illustrated above resulted in an Operating margin of 4,230 million euro. On a like-for-like basis, the comparison with the 3,361 million euro for the previous year shows an increase of 869 million euro, or +25.9%.

The cost/income ratio for the first half of 2021 came to 49.6%, an improvement compared to the same period of 2020 (55.7%), reflecting the positive performance of revenues combined with the reduction in costs.

Net adjustments to loans

(millions of euro)

	30.06.2021 Redetermined figures	30.06.2020 Redetermined figures	changes amount	changes %
Bad loans	-351	-491	-140	-28.5
Unlikely to pay	-313	-641	-328	-51.2
Past due loans	-67	-150	-83	-55.3
Stage 3 loans	**-731**	**-1,282**	**-551**	**-43.0**
of which debt securities	*-*	*-*	*-*	*-*
Stage 2 loans	**-53**	**-409**	**-356**	**-87.0**
of which debt securities	*-1*	*8*	*-9*	
Stage 1 loans	**-32**	**-125**	**-93**	**-74.4**
of which debt securities	*8*	*-*	*8*	*-*
Net losses/recoveries on impairment of loans	**-816**	**-1,816**	**-1,000**	**-55.1**
Profits/losses from changes in contracts without derecognition	**-17**	**-24**	**-7**	**-29.2**
Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given	**65**	**-43**	**108**	
Net adjustments to loans for credit risk	**-768**	**-1,883**	**-1,115**	**-59.2**

Net adjustments to loans totalled 768 million euro, down 1,115 million euro (-59.2%) on the same period of the previous year. The decrease was driven – taking into account the separate information on the profit and loss effects of the contractual amendments, as well as the provisions for risks and charges for credit risk relating to commitments and guarantees given, shown in the table above – by lower adjustments to non-performing loans in Stage 3 (-43%; -551 million euro) as well as lower adjustments to loans in Stage 2 (-87%; -356 million euro) and lower adjustments to loans in Stage 1 (-74.4%; -93 million euro). The decline in adjustments to loans in Stage 3 was broken down as follows: -140 million euro to bad loans, -328 million euro to unlikely-to-pay loans and -83 million euro to past-due loans.
For the first half of 2021, the adjustments to non-performing loans, totalling 731 million euro (1,282 million euro as at 30 June 2020), consisted of 48% for bad loans, 42.8% for loans classified as unlikely to pay and 9.2% for non-performing past-due exposures.
With regard to performing loans, the net adjustments as at 30 June 2021 amounted to 85 million euro, compared to adjustments of 534 million euro in the corresponding period of the previous year, which had reflected the significant effect of the revision of the economic scenarios – produced by the ECB and the Bank of Italy – as a result of the COVID-19 pandemic.
Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given decreased by 108 million euro, from provisions of 43 million euro as at 30 June 2020 to releases of 65 million euro as at 30 June 2021. Losses from changes in contracts without derecognition also fell to 17 million euro (-7 million euro; -29.2%).

Other net provisions and net impairment losses on other assets

(millions of euro)

	30.06.2021 Redetermined figures	30.06.2020 Redetermined figures	changes amount	changes %
Other net provisions	-156	-36	120	
Net adjustments on securities measured at amortised cost and on securities measured at fair value through other comprehensive income	2	-13	15	
Net impairment losses on other assets	-63	-74	-11	-14.9
Other net provisions and net impairment losses on other assets	**-217**	**-123**	**94**	**76.4**

Other net provisions and net impairment losses on other assets amounted to 217 million euro, compared to 123 million euro for the first half of 2020. These related to provisions for legal disputes and other charges (156 million euro), net recoveries on debt securities measured at amortised cost not treated as loans and to debt securities measured at fair value through other comprehensive income (2 million euro), net adjustments to other assets (63 million euro), which included the net impairment losses on non-controlling interests (59 million euro).

Other income (expenses)

Other income (expenses) amounted to -14 million euro (+2 million euro as at 30 June 2020).

Income (Loss) from discontinued operations

Income (loss) from discontinued operations showed a profit of 74 million euro and included the restatement of the income effects (from the beginning of the year to the sale date) connected to the going concern sold to BPER on 22 February 2021 (with accounting and tax effects from that date), consisting of 455 branches and 132 operating points, the “Top Private” and “Service IW Bank” business lines that were partially demerged to Intesa Sanpaolo Private Banking and Banca Fideuram respectively (12 April 2021, with accounting and tax effects from that date), the going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata (24 May 2021, with accounting and tax effects from that date) and the going concern of 31 branches of the Parent Company ISP sold to BPER (21 June 2021, effective for accounting and tax purposes from that date). This aggregate compared to an amount of 1,245 million euro in June 2020, where the latter consisted of 92 million euro for the income effects connected to the above-mentioned going concerns sold/demerged, plus 1,153 million euro for the components of the acquiring business line sold to Nexi S.p.A. in June 2020, under the payment systems agreement, including the gain of 1,100 million euro, before tax, from the completion of the sale.

Gross income (loss)

Gross income amounted to 3,305 million euro, compared to 2,602 million euro in June 2020 (+703 million euro; +27%).

Taxes on income

Taxes on income calculated on the components contributing to gross income amounted to -248 million euro, compared to -360 million euro in the same period of the previous year. This caption was impacted by the change in relevance for tax purposes of the components of the income statement, which give rise to the difference compared to the nominal tax rates (IRES 27.5% and IRAP 5.56%). In addition, in both years, there is a considerable difference with respect to the nominal tax rates due to the tax regime for dividends and the profit from discontinued operations.
On 25 June 2021, the Board of Directors authorised the exercise of the option provided for by Article 110, paragraphs 8 and 8-bis, of Law Decree 104/2020 (the “August Decree”) to realign the tax values of the Sanpaolo IMI brand name and three goodwill items of the former Banco di Napoli to the higher carrying amounts recognised in the Parent Company’s financial statements, resulting in the recognition of a net benefit in the income statement of 453 million euro as at 30 June 2021.

Charges (net of tax) for integration and exit incentives

Charges (net of tax) for integration and exit incentives amounted to 58 million euro and mainly consisted of personnel expenses (28 million euro), depreciation and amortisation of property and equipment and intangible assets (27 million euro) and other administrative expenses (6 million euro), partially offset by recoveries from Group companies (4 million euro), compared to a total of 6 million euro for this caption in June 2020, representing an increase of 52 million euro, largely attributable to the personnel expense component.

Effect of purchase price allocation (net of tax)

The Effect of purchase price allocation (net of tax) amounted to -12 million euro, compared to -38 million euro for the first half of 2020 (-26 million euro; -68.4%). 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 investments and/or aggregate assets.

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

Levies and other charges concerning the banking industry amounted to 225 million euro, already net of tax of 108 million euro, and was in line with the first half of 2020. This caption included the amount for the ordinary contribution to the Single Resolution Fund (SRF) net of related tax (contribution of 331.5 million euro, with related tax of 107.2 million euro) and write-downs of the Atlante Fund I and Italian Recovery Fund (1.8 million euro gross, with related tax of 0.6 million euro).

Impairment (net of tax) of goodwill, other intangible assets and controlling interests

The Impairment of goodwill, other intangible assets and controlling investments (net of related tax), amounted to 165 million euro, compared to 55 million euro in June 2020. These related to the write-down of several controlling equity investments (including 156.3 million euro for Intesa Sanpaolo Provis, 5.2 million euro for Risanamento, 1.5 million euro for Oro Italia Trading S.p.A. in liquidation, and 1 million euro for Intesa Sanpaolo Re.o.co).

Balance sheet aggregates

General aspects

As already stated, to enable like-for-like comparison, the balance sheet figures for the previous periods take account of the changes in the scope of reference.
In particular, the reclassified balance sheet as at 31 December 2020 has been restated to include the results of the absorption of UBI Banca S.p.A. (12 April 2021, with accounting and tax effects from 1 January 2021), net of the going concern consisting of 455 branches and 132 operating points sold to BPER on 22 February 2021 (with accounting and tax effects from that date) and the going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata (24 May 2021, with accounting and tax effects from that date). Lastly, the balance sheet figures for the previous periods have also been restated due to the sale of 31 branches of the Parent Company to BPER (21 June 2021, with accounting and tax effects from that date) and the absorption of UBI Academy (30 June 2021, with accounting and tax effects from 1 January 2021). The balance sheet entries relating to the business lines sold have been reported under "Non-current assets held for sale and discontinued operations" and "Liabilities associated with non-current assets held for sale and discontinued operations".

In addition, the reclassified balance sheet as at 31 December 2020 has been redetermined to include the results of the "Top Private" and "Service IW Bank" business lines, which will be partially demerged to Intesa Sanpaolo Private Banking and Banca Fideuram respectively (12 April 2021, with accounting and tax effects from that date).

To ensure greater comparability, the figures subject to comparison – including Shareholders' Equity – have been presented like-for-like in terms of scope, starting date of the income effects (assuming full integration of UBI from 1 January 2020) accounting classification and financial statement presentation.
In particular, as in the case of the income statement, to reduce the volatility of the various balance sheet items related to changes in the scope of reference due to the demergers of business lines, the related balance sheet components, determined on the basis of management information, have been reclassified as at 31 December 2020 from the original captions to the captions "Non-current assets held for sale and discontinued operations" and "Liabilities associated with non-current assets held for sale and discontinued operations".

Breakdowns of restatements, aggregations and reclassifications are provided in separate tables included in the attachments to the income and financial situation, as also required by Consob in its Communication 6064293 of 28 July 2006.

The aggregations 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 presentation of debt securities, equities, quotas of UCI, derivatives held for trading, debt securities designated at fair value, and debt securities, equity securities and quotas of UCI mandatorily measured at fair value, in the caption Financial assets at fair value through profit or loss;
- the inclusion of Cash and cash equivalents in the residual caption Other assets;
- the inclusion of Hedging derivatives and Fair value change of financial assets/liabilities in hedged portfolios under Other assets/liabilities;
- the presentation of Property and equipment and Intangible assets in a single caption;
- the presentation of Due to customers at amortised cost and Securities issued in a single caption;
- the aggregation into one caption (Allowances for risks and charges) of allowances for specific purposes (Employee termination indemnities, Allowances for credit risk associated with commitments and financial

guarantees given, Allowances on other commitments and other guarantees given, Post-employment benefits and Other allowances for risks and charges);
- the reclassification of Lease payables to banks and to customers to a specific sub-caption of Other liabilities;
- the presentation of Reserves as an aggregate and net of any treasury shares.

To provide a more effective presentation of the composition of the aggregates, derivatives recorded in Financial assets/liabilities held for trading are presented on a net basis in the tables and in the related comments.

Reclassified balance sheet – Restated figures

(millions of euro)

Assets	**30.06.2021**	**31.12.2020**	**changes**	
			amount	**%**
Due from banks	147,735	105,520	42,215	40.0
Loans to customers	407,014	408,810	-1,796	*-0.4*
- Loans to customers measured at amortised cost	*405,175*	*407,512*	*-2,337*	*-0.6*
- Loans to customers at fair value through other comprehensive income and through profit or loss	*1,839*	*1,298*	*541*	*41.7*
Financial assets measured at amortised cost which do not constitute loans	38,131	42,580	-4,449	-10.4
Financial assets measured at fair value through profit or loss	59,243	57,658	1,585	2.7
Financial assets measured at fair value through other comprehensive income	52,972	43,978	8,994	20.5
Equity investments	24,132	22,997	1,135	4.9
Property, equipment and intangible assets	11,581	12,032	-451	-3.7
- Assets owned	*10,448*	*10,735*	*-287*	*-2.7*
- Rights of use acquired under leases	*1,133*	*1,297*	*-164*	*-12.6*
Tax assets	17,421	18,001	-580	-3.2
Non-current assets held for sale and discontinued operations	1,261	27,379	-26,118	-95.4
Other assets	13,023	14,031	-1,008	-7.2
Total Assets	**772,513**	**752,986**	**19,527**	**2.6**

Liabilities	**30.06.2021**	**31.12.2020**	**changes**	
			amount	**%**
Due to banks at amortised cost	190,669	144,222	46,447	32.2
Due to customers at amortised cost and securities issued	430,655	427,501	3,154	0.7
Financial liabilities held for trading	58,239	60,686	-2,447	-4.0
Financial liabilities designated at fair value	3,362	3,033	329	10.8
Tax liabilities	692	1,483	-791	-53.3
Liabilities associated with non-current assets held for sale and discontinued operations	53	34,840	-34,787	-99.8
Other liabilities	25,393	18,061	7,332	40.6
of which lease payables	*1,159*	*1,327*	*-168*	*-12.7*
Allowances for risks and charges	5,790	5,899	-109	-1.8
of which allowances for commitments and financial guarantees given	*444*	*526*	*-82*	*-15.6*
Share capital	10,084	10,084	-	-
Reserves	37,580	40,656	-3,076	-7.6
Valuation reserves	1,153	1,173	-20	-1.7
Equity instruments	6,246	7,441	-1,195	-16.1
Net income (loss)	2,597	-2,093	4,690	
Total Liabilities and Shareholders' Equity	**772,513**	**752,986**	**19,527**	**2.6**

Figures restated, where necessary and material, considering the changes in the scope of reference. The figures for the demerged business lines of the former UBI Banca S.p.A. have not been restated.

Reclassified balance sheet – Redetermined figures

(millions of euro)

Assets	30.06.2021	31.12.2020	changes amount	changes %
Due from banks	147,735	105,520	42,215	40.0
Loans to customers	407,014	408,207	-1,193	*-0.3*
- Loans to customers measured at amortised cost	*405,175*	*406,909*	*-1,734*	*-0.4*
- Loans to customers at fair value through other comprehensive income and through profit or loss	*1,839*	*1,298*	*541*	*41.7*
Financial assets measured at amortised cost which do not constitute loans	38,131	42,580	-4,449	-10.4
Financial assets measured at fair value through profit or loss	59,243	57,658	1,585	2.7
Financial assets measured at fair value through other comprehensive income	52,972	43,978	8,994	20.5
Equity investments	24,132	22,890	1,242	5.4
Property, equipment and intangible assets	11,581	12,031	-450	-3.7
- Assets owned	*10,448*	*10,734*	*-286*	*-2.7*
- Rights of use acquired under leases	*1,133*	*1,297*	*-164*	*-12.6*
Tax assets	17,421	18,001	-580	-3.2
Non-current assets held for sale and discontinued operations	1,261	28,090	-26,829	-95.5
Other assets	13,023	14,031	-1,008	-7.2
Total Assets	**772,513**	**752,986**	**19,527**	**2.6**

Liabilities	30.06.2021	31.12.2020	changes amount	changes %
Due to banks at amortised cost	190,669	144,222	46,447	32.2
Due to customers at amortised cost and securities issued	430,655	424,200	6,455	1.5
Financial liabilities held for trading	58,239	60,686	-2,447	-4.0
Financial liabilities designated at fair value	3,362	3,033	329	10.8
Tax liabilities	692	1,483	-791	-53.3
Liabilities associated with non-current assets held for sale and discontinued operations	53	*38,308*	-38,255	-99.9
Other liabilities	25,393	18,058	7,335	40.6
of which lease payables	*1,158*	*1,326*	*-168*	*-12.7*
Allowances for risks and charges	5,790	5,888	-98	-1.7
of which allowances for commitments and financial guarantees given	*444*	*526*	*-82*	*-15.6*
Share capital	10,084	10,084	-	-
Reserves	37,580	40,526	-2,946	-7.3
Valuation reserves	1,153	1,173	-20	-1.7
Equity instruments	6,246	7,441	-1,195	-16.1
Net income (loss)	2,597	-2,116	4,713	
Total Liabilities and Shareholders' Equity	**772,513**	**752,986**	**19,527**	**2.6**

The redetermined figures have been prepared to take account, based on management information, of the reclassification of the demerged business lines of the former UBI Banca S.p.A. to "Non-current assets held for sale and discontinued operations" and "Liabilities associated with non-current assets held for sale and discontinued operations".

Comments are provided below on the main balance sheet aggregates as at 30 June 2021 compared with those as at 31 December 2020, redetermined on a like-for-like basis and including the results for the going concerns sold/demerged.

BANKING BUSINESS

Loans to customers

Loans to customers: breakdown

(millions of euro)

	30.06.2021		31.12.2020		changes	
		% breakdown	Redetermined figures	% breakdown	amount	%
Current accounts	9,712	2.4	10,640	2.6	-928	-8.7
Mortgages	236,409	58.1	238,627	58.5	-2,218	-0.9
Advances and other loans	123,920	30.4	123,491	30.3	429	0.3
Commercial banking loans	**370,041**	**90.9**	**372,758**	**91.3**	**-2,717**	**-0.7**
Repurchase agreements	**21,325**	**5.2**	**18,642**	**4.6**	**2,683**	**14.4**
Loans represented by securities	**6,564**	**1.6**	**6,909**	**1.7**	**-345**	**-5.0**
Non-performing loans	**9,084**	**2.2**	**9,898**	**2.4**	**-814**	**-8.2**
Loans to customers	**407,014**	**100.0**	**408,207**	**100.0**	**-1,193**	**-0.3**

As at 30 June 2021, loans to customers totalled around 407 billion euro, down slightly on 408.2 billion euro for the previous year (-1.2 billion euro; -0.3%).

Loans to customers: credit quality

(millions of euro)

	30.06.2021		31.12.2020 Redetermined figures		Change
	Net exposure	% breakdown	Net exposure	% breakdown	Net exposure
Bad loans	3,463	0.9	3,518	0.9	-55
Unlikely to pay	5,262	1.3	5,973	1.5	-711
Past due loans	359	0.1	407	0.1	-48
Non-Performing Loans	**9,084**	**2.2**	**9,898**	**2.4**	**-814**
Non-performing loans in Stage 3 (subject to impairment)	*8,999*	*2.2*	*9,821*	*2.4*	*-822*
Non-performing loans designated at fair value through profit or loss	*85*	*0.0*	*78*	*0.0*	*7*
Performing loans	**391,346**	**96.2**	**391,378**	**95.9**	**-32**
Stage 2	*59,234*	*14.6*	*60,040*	*14.7*	*-806*
Stage 1	*331,226*	*81.4*	*330,412*	*80.9*	*814*
Performing loans designated at fair value through profit or loss	*886*	*0.2*	*926*	*0.2*	*-40*
Performing loans represented by securities	**6,564**	**1.6**	**6,909**	**1.7**	**-345**
Stage 2	*2,013*	*0.5*	*3,045*	*0.7*	*-1,032*
Stage 1	*4,551*	*1.1*	*3,864*	*0.9*	*687*
Loans held for trading	**20**	**0.0**	**22**	**0.0**	**-2**
Total loans to customers	**407,014**	**100.0**	**408,207**	**100.0**	**-1,193**
of which forborne performing	***6,813***		***4,951***		***1,862***
of which forborne non-performing	***3,321***		***3,428***		***-107***
Loans to customers classified as discontinued operations	**1,177**		**1,707**		**-530**

In terms of loan quality, net non-performing exposures decreased by 8.2% to 9.1 billion euro compared to 9.9 billion euro as at 31 December 2020, as a result of the deleveraging carried out by the Bank.
Of note in this regard was the reclassification to “Assets held for sale”, in the first half of 2021, of portfolios of mainly non-performing loans totalling 1.1 billion euro and several single names amounting to 77 million euro.
The ratio of non-performing loans represented by loans, at gross book value, to total loans to customers (excluding those represented by securities) was 4.34%, a figure already well below the target set at Group Level in the 2018-2021 Business Plan.
The performance of the individual components shows:

– a decrease in bad loans of 1.6% (from 3,518 million euro to 3,463 million euro);
– a reduction in loans classified as “unlikely to pay”, which fell from 5,973 million euro to 5,262 million euro, equal to -11.9%;
– a decrease in past-due loans, which amounted to 359 million euro compared to 407 million euro as at 31 December 2020.

Net performing loans, excluding those represented by securities and intragroup loans, of approximately 12 billion euro, amounted to 379.4 billion euro, compared to 378.6 billion euro as at 31 December 2020, representing an increase of 0.8 billion euro (+0.2%). The related average coverage was 0.61% (Stage 1 at 0.18% and Stage 2 at 2.97%) compared to 0.58% as at 31 December 2020.

Other banking business financial assets and liabilities: breakdown

(millions of euro)

Type of financial instruments	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL financial assets	Financial liabilities held for trading (*)
Debt securities issued by governments					
30.06.2021	27,905	39,657	23,321	**90,883**	X
31.12.2020 Redetermined figures	19,312	32,932	28,267	**80,511**	X
Amount of changes	8,594	6,726	-4,946	**10,373**	X
Change (%)	44.5	20.4	-17.5	**12.9**	X
Other debt securities					
30.06.2021	3,153	9,833	14,810	**27,796**	X
31.12.2020 Redetermined figures	3,792	7,514	14,312	**25,619**	X
Amount of changes	-639	2,319	498	**2,177**	X
Change (%)	-16.9	30.9	3.5	**8.5**	X
Equities					
30.06.2021	1,304	3,481	X	**4,785**	X
31.12.2020 Redetermined figures	1,008	3,532	X	**4,540**	X
Amount of changes	296	-51	X	**245**	X
Change (%)	29.4	-1.4	X	**5.4**	X
Quotas of UCI					
30.06.2021	2,176	X	X	**2,176**	X
31.12.2020 Redetermined figures	2,112	X	X	**2,112**	X
Amount of changes	64	X	X	**64**	X
Change (%)	3.0	X	X	**3.0**	X
Due to banks and customers					
30.06.2021	X	X	X	**X**	-22,011
31.12.2020 Redetermined figures	X	X	X	**X**	-16,034
Amount of changes	X	X	X	**X**	5,977
Change (%)	X	X	X	**X**	37.3
Financial derivatives					
30.06.2021	23,033	X	X	**23,033**	-25,384
31.12.2020 Redetermined figures	29,791	X	X	**29,791**	-33,492
Amount of changes	-6,758	X	X	**-6,758**	-8,109
Change (%)	-22.7	X	X	**-22.7**	-24.2
Credit derivatives					
30.06.2021	1,672	X	X	**1,672**	-1,817
31.12.2020 Redetermined figures	1,643	X	X	**1,643**	-1,744
Amount of changes	28	X	X	**28**	73
Change (%)	1.7	X	X	**1.7**	4.2
TOTAL 30.06.2021	**59,243**	**52,972**	**38,131**	**150,346**	**-49,211**
TOTAL 31.12.2020 Redetermined figures	**57,658**	**43,978**	**42,580**	**144,216**	**-51,270**
Amount of changes	**1,585**	**8,994**	**-4,449**	**6,130**	**-2,059**
Change (%)	**2.7**	**20.5**	**-10.4**	**4.3**	**-4.0**

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

Financial assets measured at amortised cost which do not constitute loans amounted to around 38.1 billion euro, down 4.4 billion euro (-10.4%) compared to the end of the previous year, mainly as a result of the decrease in debt securities with governments, financial companies and insurance companies.

Financial assets 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, already included in the direct deposits. This aggregate posted a positive amount of 10 billion euro, compared to 6.4 billion euro in December 2020. The change was mainly attributable to the increase in financial assets held for trading of 1.6 billion euro, or +2.7%, attributable to the increase in the fair value of debt securities only partially offset by the decrease in the fair value of financial trading derivatives, and the reduction in financial liabilities held for trading of 2.1 billion euro, due to the increase in the fair value of amounts due to banks and customers largely offset by the decrease in the fair value of financial trading derivatives.

Financial assets measured at fair value through other comprehensive income amounted to 53 billion euro. These assets, which consisted of equity investments and private equity interests of 3.5 billion euro and debt securities of 49.5 billion euro, increased by 9 billion euro, primarily due to the latter component.

Debt securities: stage allocation

(millions of euro)

Debt securities: stage allocation	Financial assets at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL
Stage 1			
30.06.2021	48,779	36,455	**85,234**
31.12.2020 Redetermined figures	39,594	39,858	**79,452**
Amount of changes	9,185	-3,403	**5,782**
Change (%)	23.2	-8.5	**7.3**
Stage 2			
30.06.2021	711	1,675	**2,386**
31.12.2020 Redetermined figures	852	2,722	**3,574**
Amount of changes	-141	-1,047	**-1,188**
Change (%)	-16.5	-38.5	**-33.2**
Stage 3			
30.06.2021	-	1	**1**
31.12.2020 Redetermined figures	-	-	**-**
Amount of changes	-	1	**1**
Change (%)	-	-	**-**
TOTAL 30.06.2021	**49,490**	**38,131**	**87,621**
TOTAL 31.12.2020 Redetermined figures	**40,446**	**42,580**	**83,026**
Amount of changes	**9,044**	**-4,449**	**4,595**
Change (%)	**22.4**	**-10.4**	**5.5**

Direct deposits from banking business

(millions of euro)

	30.06.2021	% breakdown	31.12.2020 Redetermined figures	% breakdown	changes amount	changes %
Current accounts and deposits	326,206	73.6	318,429	72.9	7,777	2.4
Repurchase agreements and securities lending	2,729	0.6	897	0.2	1,832	
Bonds	78,377	17.7	81,199	18.6	-2,822	-3.5
Certificates of deposit	63	0.0	993	0.2	-930	-93.7
Subordinated liabilities	12,686	2.9	12,115	2.8	571	4.7
Other deposits	22,984	5.2	23,016	5.3	-32	-0.1
of which: designated at fair value (*)	*12,390*	*2.8*	*12,449*	*2.9*	*-59*	*-0.5*
Direct deposits from banking business	**443,045**	**100.0**	**436,649**	**100.0**	**6,396**	**1.5**

(*) Figures included in the Balance sheet under Financial liabilities held for trading e Financial liabilities designated at fair value.

Direct deposits, consisting of amounts due to customers at amortised cost and securities issued, as well as certificates, which are a form of funding not measured at amortised cost alternative to bonds, totalled 443 billion euro, up 6.4 billion euro (+1.5%) compared to 31 December 2020, of which around 9.6 billion euro attributable to non-securities funding, offset by a decrease of 3.2 billion euro in securities funding.

Net interbank position

Net exposure to banks, consisting of amounts due from banks at amortised cost and held for trading, net of amounts due to banks at amortised cost, amounted to -42.9 billion euro compared to -38.7 billion euro as at 31 December 2020 (-4.2 billion euro). This change was the result of a 42.2 billion euro increase in amounts due from banks, mainly attributable to the reserve requirement, which was more than offset by the increase of 46.4 billion euro in amounts due to banks, mainly due to the increase in T-LTRO refinancing operations with the ECB.

Equity investments

Equity investments, which amounted to 24.1 billion euro, included controlling interests in subsidiaries, associates and companies subject to joint control, and were up 1.2 billion (+5.4%) from the end of the previous year, mainly due to the acquisition of Pramerica SGR S.p.A., Assicurazioni Vita S.p.A. and Lombarda Vita S.p.A.

Property, equipment and intangible assets

Property and equipment and intangible assets amounted to 11.6 billion euro, down 0.4 billion euro (-3.7%). As at 31 December 2020, they amounted to 12 billion euro.

Tax assets

Tax assets, net of tax liabilities, amounted to around 16.7 billion euro, a slight increase of 0.2 billion euro (+1.3%) on 31 December 2020.

Allowances for risks and charges

Provisions for risks and charges amounted to around 5.8 billion euro, down slightly from the end of the previous year (-0.1 billion euro; -1.7%).

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

Non-current assets held for sale and discontinued operations and related associated liabilities contain assets and related liabilities which no longer refer to continuing operations as they are being disposed of. As at 30 June 2021, there were assets/groups of assets held for sale totalling 1.3 billion euro, while the associated liabilities amounted to 53 million euro. This caption mainly includes portfolios of non-performing loans as well as several single names, totalling 1.2 billion euro, forming part of the deleveraging initiatives envisaged in the 2018-2021 Business Plan, as well as several single properties for 44 million euro.

SHAREHOLDERS' EQUITY

Shareholders' equity, including the net income of 2,597 million euro, amounted to 57.7 billion euro compared to 57.1 billion euro as at 31 December 2020.
In addition, the balance of Additional Tier 1 capital instruments decreased by 1.2 billion euro, mainly as a result of the early redemption of a security in January.

In the interest of completeness, a breakdown is provided below of the reserves as at 30 June 2021, including the information required by Article 2427, paragraphs 7-bis and 22-septies, of the Italian Civil Code.

(millions of euro)

	Amount as at 30.06.2021	**Principal**	**Portion of net income**	**Amount subject to a suspended tax regime**	**Portion available (a)**	**Uses in past three years**
Shareholders' equity						
– Share capital	10,084	7,560	739	1,785	-	-
– Equity instruments	6,246	6,280	-34	-	-	-
– Share premium reserve (b)	27,444	12,095	11,679	3,670	A, B, C	161
– Legal reserve	2,065	520	1,545	-	A(1), B, C(1)	-
– Extraordinary reserve	5,360	62	5,298	-	A, B, C	-
– Concentration reserve (Law 218 of 30/07/1990, Article 7, para 3)	232	-	-	232	A, B(2), C(3)	-
– Concentration reserve (Law 218 of 30/7/1990, art. 7)	302	-	-	302	A, B(2), C(3)	-
– Other reserves of which:						
– Legal Reserve international branches	15	-	15	-	A, B, C	-
– Reserve for contribution to LECOIP 2.0/POP incentive plans	590	590	-	-	A	-
– Reserve for POP incentive plan novation agreement	-236	-236	-	-	-	-
– IFRS 2 reserve for employee incentive scheme	78	78	-	-	A	-
– Reserve for AT1 equity instruments coupons	-1,098	-	-1,098	-	-	-
– UBI surplus reserve	2,636	-	2,076	560	A, B, C	-
– Reserves: other	249	-	246	3	A	-
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)	457	-	-	457	A, B(2), C(3)	-
– FVOCI revaluation reserve	-219	-	-219	-	-	-
– Property and equipment and intangible assets valuation reserve	1,496	-	1,496	-	(4)	-
– CFH valuation reserve	-681	-	-681	-	-	-
– Defined benefit plans valuation reserve	-346	-	-346	-	-	-
– Financial liabilities designated at fair value through profit or loss valuation reserve	-94	-	-94	-	-	-
– Treasury shares	-57	-57	-	-	-	-
Total Capital and Reserves	**55,063**	**26,892**	**20,623**	**7,548**	(5)	-
Non-distributable portion (c)	8,059	-	-	-	-	-

(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 relating to business combinations. Pending the issue of legal measures concerning the classification of the reserve recognised in application of that accounting standard, the reserve is considered unavailable up to the amount of goodwill and intangible assets recognised in the financial statements. It should be noted that, solely for the amount classified as suspended tax, if the reserve is used to cover losses, net income cannot be distributed unless the reserve is replenished or correspondingly reduced. In addition, if the suspended tax amount is distributed to shareholders, it contributes to the formation of the company income. The reserve also includes an amount of 3,158 million euro, subject to taxation in the event of distribution, of which 1,685 million euro resulting from the realignment of the tax values to the higher book values of several real estate assets in accordance with Article 1, paragraph 948, of Law 145/2018 and 1,473 million euro resulting from the realignment of the tax values of the brand name and goodwill of the former Banco di Napoli to the higher book values pursuant to Article 110, paragraphs 8 and 8 bis of Law Decree 104/2020.

(c) The non-distributable portion mainly relates to the revaluation reserves, the valuation reserves established as a direct balancing entry to the fair value measurement of property and equipment, the reserve established under the LECOIP 2.0/POP 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 charge, arising from the application of the fair value measurement, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree 38/2005, and the amount of the legal reserve corresponding to one-fifth of the share capital, pursuant to Article 2430 of the Italian Civil Code.

(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) In case of use of the reserve to cover losses, net income may not be distributed unless the reserve is integrated or correspondingly reduced.

(3) The reserve, if it is not recorded under shareholders' equity, may be reduced only in compliance with the provisions of par. 2 and 3 of art. 2445 of the Italian Civil Code. If it is distributed to shareholders, it is recorded in the Company's taxable income.

(4) The reserve is unavailable pursuant to art. 6 of Legislative Decree 38/2005.

(5) Pursuant to art. 47, par. 1 of the Combined Tax Regulations, the portion of net income includes retained earnings reserves for 4,208 million euro classified for tax purposes as capital reserves.

The valuation reserves have been included under retained earnings reserves given that 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, i.e. reserves essentially similar to retained earnings reserves.

OWN FUNDS AND CAPITAL RATIOS

(millions of euro)

Own funds and capital ratios	30.06.2021		31.12.2020
	IFRS9 "Fully Loaded"	IFRS9 "Transitional"	IFRS9 "Transitional"
Own funds			
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	43,720	44,990	44,502
Additional Tier 1 capital (AT1) net of regulatory adjustments	6,240	6,240	7,090
TIER 1 CAPITAL	**49,960**	**51,230**	**51,592**
Tier 2 capital net of regulatory adjustments	10,344	9,489	7,483
TOTAL OWN FUNDS	**60,304**	**60,719**	**59,075**
Risk-weighted assets			
Credit and counterparty risk	303,984	302,595	298,969
Market and settlement risks	15,423	15,423	18,699
Operational risks	18,225	18,225	16,669
Other specific risks (a)	-	-	-
RISK-WEIGHTED ASSETS	**337,632**	**336,243**	**334,337**
% Capital ratios			
Common Equity Tier 1 capital ratio	12.9%	13.4%	13.3%
Tier 1 capital ratio	14.8%	15.2%	15.4%
Total capital ratio	17.9%	18.1%	17.7%

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

Own funds amounted to around 60.7 billion euro. The calculation was carried out using the rules introduced, effective as of 1 January 2014, by European Regulation 575/2013 (CRR) and Directive 2013/36/EU (CRD IV) as part of the new regulatory framework of the European Union for banks and investment firms. Capital ratios remained high, far above the regulatory requirements. In particular, the Common Equity Tier 1 ratio was 13.4% according to the transitional rules in effect for 2021.

Risk management

The information on the role performed by the Parent Company Intesa Sanpaolo to ensure effective and efficient risk management at Group level is provided in the corresponding chapter of the Notes to the Half-yearly condensed consolidated financial statements.

More specifically:

- for **credit risk**, given that Intesa Sanpaolo S.p.A.’s loan portfolio represents approximately 90% of the consolidated portfolio, in addition to the information provided in chapter Accounting Policies of this disclosure, all the details regarding the determination of the Expected Credit Loss (ECL) and the specific management overlays – i.e. the adjustments not captured by the models used – applied to take account of the specific characteristics of the COVID-19 scenario are provided in the notes to the half-yearly condensed consolidated financial statements.
  The half-yearly condensed consolidated financial statements also provide information on **counterparty risk**, a particular type of credit risk involving derivative contracts and transactions in financial instruments, which are of primary importance for the Parent Company, which is authorised to use advanced measurement approaches, and which is present only residually in the other Group banks;
- for **market risks**, and in particular the trading book, the details are again provided in a specific chapter of the consolidated half-yearly report as Intesa Sanpaolo’s portfolio represents the predominant share of the Group’s market risks. For the banking book, the corresponding consolidated disclosures describe the current measurement system that examines the risk profile of balance sheet or off-balance sheet items most closely related to lending and deposit collecting activities, based on two distinct but complementary perspectives: economic value, in the medium to long term, and net interest income, in the shorter term;
- for **liquidity risk**, details are provided in the consolidated half-yearly report, given that the Parent Company performs the functions of monitoring and managing liquidity not only in relation to its own organisation, but also by assessing the Group’s overall transactions and the liquidity risk to which it is exposed;
- for **operational risks**, the half-yearly report published at consolidated level describes the governance framework involving the Organisational Units, with direct responsibility, of both the Parent Company and the other Group Banks and Companies. It also reports, with regard to **legal risk**, on the developments during the first half of the year for certain significant existing disputes.

Lastly, the Half-yearly report on operations for the first half of 2021 contains an update, at Group level, of the impact of the COVID-19 scenario on the dynamics of the types of risks listed above.

Subsequent to June 30, 2021, there were no events such as to negatively affect the risk profile of the Bank and the Group.

Subsequent events

After 30 June 2021, no events have occurred that would adversely affect the Income and Financial Situation of the Bank as at 30 June 2021 or the Consolidated Half-yearly Report as at 30 June 2021.

On today's date, the Board of Directors approved the consolidated interim statement as at 30 September 2021, which closed with a significantly positive result for the period and with a solid capital position, confirming the ability of both the Group and the Parent Company to deal effectively with the complex situation resulting from the COVID-19 epidemic and approve the 2021 interim dividend.
As detailed in the today's press release, the Group closed the first nine months of 2021 with net income of 4,006 million euro, already achieving the 4 billion minimum target net profit expected for the entire current year.
Positive trends were also confirmed for the Parent Company Intesa Sanpaolo.
Taking into account the effect of the distribution of reserves approved by the Ordinary Shareholders' Meeting of 14 October 2021 and the full payout envisaged under the Business Plan, corresponding to 70% of consolidated net income, the consolidated Common Equity Tier 1 Ratio was 14.3% on a phased-in basis for 2021, 13.8% fully loaded and 15.1% pro-forma fully loaded[2].

The main events affecting Intesa Sanpaolo subsequent to the end of the first half of 2021 are summarised below.

Under the partnership entered into with the Tinexta Group, on 21 July 2021 Intesa Sanpaolo completed the transfer of the 100% shareholding of Intesa Sanpaolo Forvalue S.p.A. to Innolva S.p.A. (wholly owned by Tinexta).

On 30 July 2021, the results of the 2021 EU-Wide Stress Test were announced, conducted by the European Banking Authority (EBA), in collaboration with the Bank of Italy, the European Central Bank and the European Systemic Risk Board (ESRB), to which the Intesa Sanpaolo Group was also subject. Intesa Sanpaolo noted the announcements made by the EBA and fully acknowledged the outcomes of the exercise. The fully loaded CET1 ratio for the Intesa Sanpaolo Group resulting from the stress test for 2023, the final year considered in the simulation exercise, was 15.06% under the baseline scenario and 9.38% under the adverse scenario, compared to the starting-point figure of 14.04% recorded as at 31 December 2020.
It should be noted that the 2021 EU-wide stress test does not establish a minimum pass or fail threshold, whereas it constitutes an important source of information for SREP purposes. The results will assist the competent authorities in assessing Intesa Sanpaolo's ability to meet the applicable prudential requirements under stressed scenarios.
Please note that: (i) the adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2021 2023); (ii) the stress test was carried out applying a static balance sheet assumption as of December 2020; therefore, it does not take into account future business strategies and management actions. The fully loaded CET1 ratio in the adverse scenario would be 9.97% restoring the neutrality for the capital ratios which in reality is recorded in relation to the 2018-2021 long-term incentive plan LECOIP 2.0 based on financial instruments, not covered by the static balance sheet assumption in the stress test, and considering the sales transactions regarding the going concerns – related to the acquisition of UBI Banca in 2020 – finalised in the first half of 2021, other things being equal.

In September, Intesa Sanpaolo and SF Consulting, an investee of the former UBI Banca Group, signed an agreement for support and advisory services for the acquisition of the guarantees provided for by Law 662/1996 (SME Public Guarantee Fund) in relation to corporate loans of up to 30 thousand euro (in accordance with the "Liquidità" Law Decree 23 of 8 April 2020, Article 13 letter m, as amended).

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

SF Consulting, based on the experience gained at the former UBI Banca Group in the area of Law 662/96, will support Intesa Sanpaolo in the following phases:
– analysis of the documentation necessary for the guarantee applications to Mediocredito Centrale;
– prior assessment of the feasibility of the 90% guarantee applications from SMEs and non-profit sector entities;
– remote support to branches, through a telephone help desk service, both for specialist advice and for the preparation of documentation.

This partnership will strengthen the support to the Network, while also reducing the operational impact on the Bank's lending area, helping to encourage the use of public guarantee instruments to stimulate the revival of the Italian economy.

On 8 September 2021, Intesa Sanpaolo announced a share buy-back programme – launched on 13 September and completed on 14 September – to service plans for the assignment of Intesa Sanpaolo ordinary shares free of charge to employees of Intesa Sanpaolo and other Group Companies.
The purchases have also been made to grant, when certain conditions occur, severance payments upon early termination of employment.
On the two days of execution of the programme, the Parent Company purchased 16,787,550 shares at an average purchase price of 2.392 euro per share, for a corresponding value of 40,155,587 euro[3].
Purchase transactions were executed in compliance with provisions included in Articles 2357 and following and 2359-bis and following of the Italian Civil Code and within the limits of number of shares and consideration as determined in the resolutions passed by the competent corporate bodies. Specifically, in the case of Intesa Sanpaolo, in accordance with the terms approved by the Shareholders' Meeting of 28 April 2021.

As part of the process of integration following the acquisition of the UBI Banca Group, the mergers into the Parent Company Intesa Sanpaolo were carried out for UBI Sistemi e Servizi S.c.p.a. – with legal effect from 12 July 2021 – and for UBI Factor S.p.A. – with legal effect from 25 October 2021 – in both cases with accounting and tax effects from 1 January 2021.

Lastly, to accelerate the process of reduction of non-performing loans, a portfolio of unlikely-to-pay loans of ISP was identified in September – with a GBV of 1.1 billion euro and a NBV of 0.3 billion euro – for which the preparatory activities have been initiated for its sale in 2022. Applying the conditions, the portfolio was reclassified to non-current assets held for sale as at 30 September 2021.

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As already noted above, on 23 July, the ECB announced that it would not extend its recommendation beyond 30 September 2021 for all banks to limit the distribution of dividends and share buy-backs[4], stating that the Supervisory Authorities would resume the previous supervisory practice of evaluating each bank's capital trajectories and dividend distribution plans as part of the normal supervisory cycle, adopting a prospective approach and taking due account of the results of the 2021 stress test.
In light of this guidance, and in line with the 2018-2021 Business Plan, Intesa Sanpaolo's Board of Directors approved the following on 4 August:
– for the 2020 results, a cash distribution from reserves that, in addition to the dividends already paid in May (694 million euro also in cash), leads to the payment of a total amount corresponding to a payout ratio of 75% of the 3,505 million euro adjusted consolidated net income[5];
– for the 2021 results, the payment of an amount of cash dividends corresponding to a payout ratio of 70%, to be partially distributed as interim dividend this year.

On 13 September 2021, the Board of Directors therefore called the Ordinary Shareholders' Meeting of Intesa Sanpaolo for the following 14 October to resolve on the following items on the agenda:
a) the distribution of part of the Extraordinary Reserve, in the amount of 1,935,274,145.18 euro, from the 2020 net income,

[3] The Intesa Sanpaolo Group purchased a total of 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.

[4] In March 2020, the ECB had asked banks not to pay dividends with the aim of boosting their capacity to absorb losses and to support lending to households, small businesses and corporates during the COVID-19 pandemic. A similar recommendation was made in July, while in December 2020 the ECB reiterated its instruction to banks to exercise extreme caution with respect to dividends and share buy-backs, setting specific limits on the amount that can be distributed and requiring prior discussion with their JST to assess the level of distribution envisaged in terms of prudence.

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

b) the placement of a tax suspension constraint on part of the share premium reserve, in the amount of 1,473,001,006.40 euro, following the tax realignment of certain intangible assets.

With regard to the second point, this is the restriction provided for in Article 14 of Law 342 of 21 November 2000 in relation to the higher accounting values subject to realignment net of the substitute tax due. As detailed in the Half-yearly Report as at 30 June 2021, in June the Board of Directors of Intesa Sanpaolo decided to take advantage of the option for the realignment, in accordance with Article 110, paragraphs 8 and 8-bis, of Law Decree 104 of 14 August 2020 (containing "urgent measures for supporting and relaunching the economy"), of certain intangible assets present in the Intesa Sanpaolo S.p.A. financial statements for a total amount of 1,518,557,738.56 euro (almost entirely attributable to the Sanpaolo IMI brand name, recognised at the time of the merger between Banca Intesa and Sanpaolo in 2007), resulting in a corresponding substitute tax (calculated at the rate of 3%) of 45,556,732.16 euro.

On 14 October 2021, a Shareholders' Meeting of Intesa Sanpaolo was held, which was validly constituted, on single call, to pass resolutions as those in attendance through the appointed representative, in accordance with Article 106 of Law Decree 18 dated 17 March 2020, converted by Law 27 dated 24 April 2020, as amended, counted 3,317 holders of voting rights attached to 10,992,742,757 ordinary shares without nominal value equal to 56.57478% of the share capital.
The Shareholders' Meeting approved the cash distribution, with vote in favour of 99.91781% of the ordinary shares represented, of part of the Extraordinary reserve for a total amount of 1,935,274,145.18 euro to be assigned to the 19,430,463,305 ordinary shares constituting the share capital, corresponding to a unit amount of 9.96 euro cents per share. The distribution approved by the Shareholders' Meeting was made on the first available date after 30 September 2021, namely 20 October 2021 (with coupon presentation on 18 October and record date on 19 October). The amount not distributed in respect of any own shares held by the Bank at the record date was kept in the Extraordinary Reserve, for an amount of 3,118,248.51 euro.
The Shareholders' Meeting also approved, with vote in favour of 99.99058% of the ordinary shares represented, the placing of a tax suspension constraint, for an amount of 1,473,001,006.40 euro, on part of the share premium reserve following the tax realignment of certain intangible assets.

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

In 2021, the Intesa Sanpaolo Group is expected to achieve a full-year net income exceeding 4 billion euro.

In 2021, Intesa Sanpaolo S.p.A. is expected to achieve a full-year net income higher than the semi-annual net income.

As regards the Group's dividend policy, it envisages the distribution of cash dividends corresponding to a payout ratio of 70% for the 2021 results, as indicated in the 2018-2021 Business Plan. In respect of this distribution, the Board of Directors is today expected to approve an interim dividend of 1.4 billion euro payable as of 24 November 2021.

At the end of the year, the capital requirements, both at consolidated and parent company level, based on the currently foreseeable results for the fourth quarter of 2021, are expected to be well above the minimum requirements.

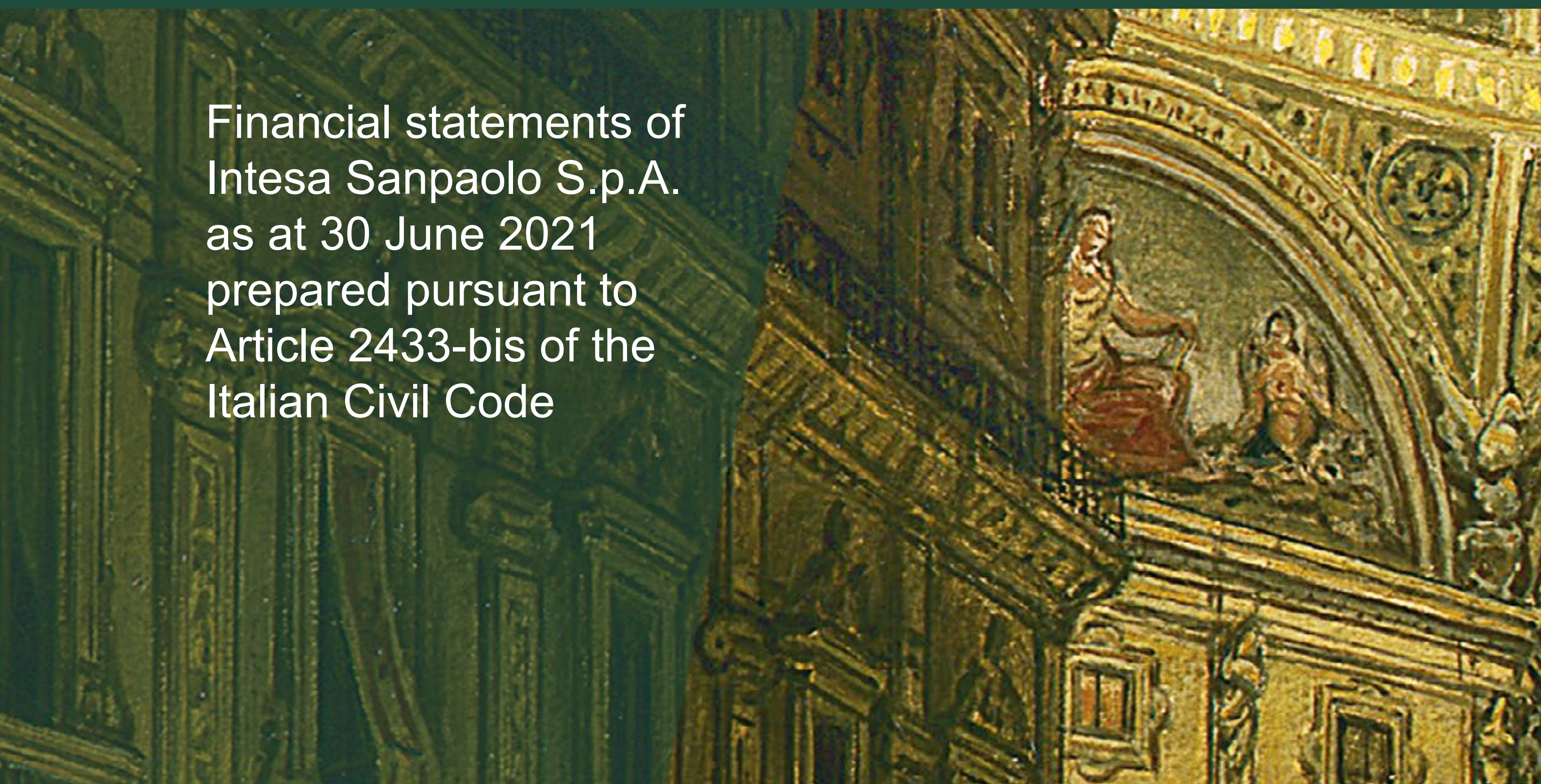
The Board of Directors

Milan, 3 November 2021

* * *

The external auditor EY S.p.A. issued its legally-required opinion during the meeting of the Board of Directors of 3 November 2021, after the approval of this document.

Financial statements of Intesa Sanpaolo S.p.A. as at 30 June 2021 prepared pursuant to Article 2433-bis of the Italian Civil Code



Financial statements

Balance Sheet – Assets

(millions of euro)

Assets		30.06.2021	31.12.2020	Changes	
				amount	%
10.	Cash and cash equivalents	4,865	5,402	-537	-9.9
20.	Financial assets measured at fair value through profit or loss	60,259	57,073	3,186	5.6
	a) financial assets held for trading	*56,100*	*53,738*	*2,362*	*4.4*
	b) financial assets designated at fair value	*1*	*1*	*-*	*-*
	c) other financial assets mandatorily measured at fair value	*4,158*	*3,334*	*824*	*24.7*
30.	Financial assets measured at fair value through other comprehensive income	53,820	40,988	12,832	31.3
40.	Financial assets measured at amortised cost	591,016	470,245	120,771	25.7
	a) due from banks	*149,382*	*90,616*	*58,766*	*64.9*
	b) loans to customers	*441,634*	*379,629*	*62,005*	*16.3*
50.	Hedging derivatives	1,083	1,015	68	6.7
60.	Fair value change of financial assets in hedged portfolios (+/-)	1,200	2,333	-1,133	-48.6
70.	Equity investments	24,132	24,668	-536	-2.2
80.	Property and equipment	7,803	6,558	1,245	19.0
90.	Intangible assets	3,778	3,574	204	5.7
	Of which:				
	- goodwill	*67*	*67*	*-*	*-*
100.	Tax assets	17,421	14,216	3,205	22.5
	a) current	*2,465*	*1,428*	*1,037*	*72.6*
	b) deferred	*14,956*	*12,788*	*2,168*	*17.0*
110.	Non-current assets held for sale and discontinued operations	1,261	1,798	-537	-29.9
120.	Other assets	5,875	3,862	2,013	52.1
Total Assets		**772,513**	**631,732**	**140,781**	**22.3**

Balance Sheet – Liabilities and Shareholders' Equity

(millions of euro)

	Liabilities and Shareholders' Equity	30.06.2021	31.12.2020	Changes	
				amount	%
10.	Financial liabilities measured at amortised cost	622,483	491,393	131,090	26.7
	a) due to banks	*190,675*	*130,654*	*60,021*	*45.9*
	b) due to customers	*340,681*	*288,694*	*51,987*	*18.0*
	c) securities issued	*91,127*	*72,045*	*19,082*	*26.5*
20.	Financial liabilities held for trading	58,239	60,830	-2,591	-4.3
30.	Financial liabilities designated at fair value	3,362	2,810	552	19.6
40.	Hedging derivatives	3,988	5,387	-1,399	-26.0
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	358	721	-363	-50.3
60.	Tax liabilities	692	832	-140	-16.8
	a) current	*70*	*13*	*57*	
	b) deferred	*622*	*819*	*-197*	*-24.1*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	53	2,594	-2,541	-98.0
80.	Other liabilities	19,888	8,000	11,888	
90.	Employee termination indemnities	1,018	927	91	9.8
100.	Allowances for risks and charges	4,772	4,124	648	15.7
	a) commitments and guarantees given	*444*	*404*	*40*	*9.9*
	b) post-employment benefits	*262*	*212*	*50*	*23.6*
	c) other allowances for risks and charges	*4,066*	*3,508*	*558*	*15.9*
110.	Valuation reserves	1,153	1,176	-23	-2.0
120.	Redeemable shares	-	-	-	-
130.	Equity instruments	6,246	7,053	-807	-11.4
140.	Reserves	10,193	7,609	2,584	34.0
150.	Share premium reserve	27,444	27,603	-159	-0.6
160.	Share capital	10,084	10,084	-	-
170.	Treasury shares (-)	-57	-90	-33	-36.7
180.	Net income (loss) (+/-)	2,597	679	1,918	
	Total Liabilities and Shareholders' Equity	**772,513**	**631,732**	**140,781**	**22.3**

Income Statement

(millions of euro)

		30.06.2021	30.06.2020	Changes amount	%
10.	Interest and similar income	4,145	3,292	853	25.9
	of which: interest calculated using the effective interest rate method	*3,965*	*3,437*	*528*	*15.4*
20.	Interest and similar expense	-1,112	-1,179	-67	-5.7
30.	**Interest margin**	**3,033**	**2,113**	**920**	**43.5**
40.	Fee and commission income	3,316	2,354	962	40.9
50.	Fee and commission expense	-442	-326	116	35.6
60.	**Net fee and commission income**	**2,874**	**2,028**	**846**	**41.7**
70.	Dividend and similar income	1,599	692	907	
80.	Profits (Losses) on trading	375	-33	408	
90.	Fair value adjustments in hedge accounting	45	-22	67	
100.	Profits (Losses) on disposal or repurchase of:	482	9	473	
	a) financial assets measured at amortised cost	*105*	*-77*	*182*	
	b) financial assets measured at fair value through other comprehensive income	*406*	*89*	*317*	
	c) financial liabilities	*-29*	*-3*	*26*	
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	76	52	24	46.2
	a) financial assets and liabilities designated at fair value	*-37*	*54*	*-91*	
	b) other financial assets mandatorily measured at fair value	*113*	*-2*	*115*	
120.	**Net interest and other banking income**	**8,484**	**4,839**	**3,645**	**75.3**
130.	Net losses/recoveries for credit risks associated with:	-818	-1,514	-696	-46.0
	a) financial assets measured at amortised cost	*-811*	*-1,507*	*-696*	*-46.2*
	b) financial assets measured at fair value through other comprehensive income	*-7*	*-7*	*-*	*-*
140.	Profits/losses from changes in contracts without derecognition	*-17*	*-7*	*10*	
150.	**Net income from banking activities**	**7,649**	**3,318**	**4,331**	
160.	Administrative expenses:	-4,484	-3,398	1,086	32.0
	a) personnel expenses	*-2,714*	*-2,123*	*591*	*27.8*
	b) other administrative expenses	*-1,770*	*-1,275*	*495*	*38.8*
170	Net provisions for risks and charges	-92	-57	35	61.4
	a) commitments and guarantees given	*64*	*-17*	*81*	
	b) other net provisions	*-156*	*-40*	*116*	
180.	Net adjustments to / recoveries on property and equipment	-226	-188	38	20.2
190.	Net adjustments to / recoveries on intangible assets	-315	-278	37	13.3
200.	Other operating expenses (income)	407	368	39	10.6
210.	**Operating costs**	**-4,710**	**-3,553**	**1,157**	**32.6**
220.	Profits (Losses) on equity investments	-224	-80	144	
230.	Valuation differences on property, equipment and intangible assets measured at fair value	-4	-	4	
240.	Goodwill impairment	-	-	-	-
250.	Profits (Losses) on disposal of investments	-8	-	8	
260.	**Income (Loss) before tax from continuing operations**	**2,703**	**-315**	**3,018**	
270.	Taxes on income from continuing operations	-106	216	-322	
280.	**Income (Loss) after tax from continuing operations**	**2,597**	**-99**	**2,696**	
290.	Income (Loss) after tax from discontinued operations	-	1,126	-1,126	
300.	**Net Income (Loss)**	**2,597**	**1,027**	**1,570**	

Statement of comprehensive income

(millions of euro)

		30.06.2021	30.06.2020	Changes	
				amount	%
10.	**Net Income (Loss)**	**2,597**	**1,027**	**1,570**	
	Other comprehensive income (net of tax) that may not be reclassified to the income statement	**251**	**-150**	**401**	
20.	Equity instruments designated at fair value through other comprehensive income	228	-164	392	
30.	Financial liabilities designated at fair value through profit or loss (change in own credit rating)	5	-	5	
40.	Hedging of equity instruments designated at fair value through other comprehensive income	-	-	-	-
50.	Property and equipment	-6	-1	-5	
60.	Intangible assets	-	-	-	-
70.	Defined benefit plans	24	15	9	60.0
80.	Non-current assets held for sale and discontinued operations	-	-	-	-
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	**-300**	**-178**	**-122**	-68.5
100.	Hedges of foreign investments	-	-	-	-
110.	Foreign exchange differences	-	-	-	-
120.	Cash flow hedges	107	-6	113	
130.	Hedging instruments (non-designated items)	-	-	-	-
140.	Financial assets (other than equities) measured at fair value through other comprehensive income	-407	-172	-235	
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)**	**-49**	**-328**	**279**	**85.1**
180.	**Total comprehensive income (Captions 10 + 170)**	**2,548**	**699**	**1,849**	

Statement of changes in shareholders' equity as at 30 June 2021

(millions of euro)

	30.06.2021									
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Treasury shares	Net Income (Loss)	Shareholders' equity
	ordinary shares	other shares		retained earnings	other					
AMOUNTS AS AT 31.12.2020	10,084	-	27,603	6,620	989	1,176	7,053	-90	679	54,114
Change in opening balances	-	-	-	-	-	-	-	-	-	-
AMOUNTS AS AT 1.1.2021	**10,084**	**-**	**27,603**	**6,620**	**989**	**1,176**	**7,053**	**-90**	**679**	**54,114**
ALLOCATION OF PRIOR YEAR PROFIT										
Reserves				130					-130	-
Dividends and other allocations									-549	-549
CHANGES IN THE PERIOD										-
Changes in reserves			-159	2,431	23	26				2,321
Operations on shareholders' equity										-
Issue of new shares								33		33
Purchase of treasury shares										-
Distribution of dividends										-
Changes in equity instruments							-807			-807
Derivatives on treasury shares										-
Stock options										-
Total comprehensive income for the period	-	-	-	-	-	-49	-	-	2,597	2,548
SHAREHOLDERS' EQUITY AS AT 30.06.2021	**10,084**	**-**	**27,444**	**9,181**	**1,012**	**1,153**	**6,246**	**-57**	**2,597**	**57,660**

Statement of changes in shareholders' equity as at 30 June 2020

(millions of euro)

	30.06.2020									
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Treasury shares	Net Income (Loss)	Shareholders' equity
	ordinary shares	other shares		retained earnings	other					
AMOUNTS AS AT 31.12.2019	**9,086**	**-**	**25,233**	**2,620**	**779**	**1,375**	**4,103**	**-61**	**2,137**	**45,272**
Change in opening balances	-	-	-	-	-	-	-	-	-	-
AMOUNTS AS AT 1.1.2020	**9,086**	**-**	**25,233**	**2,620**	**779**	**1,375**	**4,103**	**-61**	**2,137**	**45,272**
ALLOCATION OF PRIOR YEAR PROFIT										
Reserves				2,124					-2,124	-
Dividends and other allocations				-					-13	-13
CHANGES IN THE PERIOD				**-**						**-**
Changes in reserves			4	-105	104					3
Operations on shareholders' equity										**-**
Issue of new shares								12		12
Purchase of treasury shares										-
Distribution of dividends										-
Changes in equity instruments							1,489			1,489
Derivatives on treasury shares										-
Stock options										-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	-328	-	-	1,027	699
SHAREHOLDERS' EQUITY AS AT 30.06.2020	**9,086**	**-**	**25,237**	**4,639**	**883**	**1,047**	**5,592**	**-49**	**1,027**	**47,462**

Statement of cash flows

(millions of euro)

	30.06.2021	30.06.2020
A. OPERATING ACTIVITIES		
1. Cash flow from operations	**4,235**	**1,773**
Net income (loss) (+/-)	2,597	1,027
Gains/losses on financial assets held for trading and on other assets/liabilities measured at fair value through profit and loss (+/-)	596	-27
Gains/losses on hedging activities (-/+)	-45	22
Net losses/recoveries for credit risk (+/-)	1,094	1,626
Adjustments to/net recoveries on property, equipment and intangible assets (+/-)	541	466
Net provisions for risks and charges and other costs/revenues (+/-)	190	44
Taxes, duties and tax credits to be paid/collected (+/-)	58	-196
Net adjustments to/recoveries on discontinued operations net of tax effect (-/+)	-	-
Other adjustments (+/-)	-796	-1,189
2. Cash flow from / used in financial assets	**-22,465**	**-38,324**
Financial assets held for trading	-1,237	-1,468
Financial assets designated at fair value	-	144
Other financial assets mandatorily measured at fair value	-96	-83
Financial assets measured at fair value through other comprehensive income	-9,908	526
Financial assets measured at amortised cost	-11,811	-36,451
Other assets	587	-992
3. Cash flow from / used in financial liabilities (*)	**19,583**	**32,513**
Financial liabilities measured at amortised cost	16,819	20,232
Financial liabilities held for trading	-3,172	2,898
Financial liabilities designated at fair value	335	-
Other liabilities	5,601	9,383
Net cash flow from (used in) operating activities	**1,353**	**-4,038**
B. INVESTING ACTIVITIES		
1. Cash flow from	**1,548**	**1,609**
Sales of equity investments	30	5
Dividends collected on equity investments	1,518	659
Sales of property and equipment	-	-
Sales of intangible assets	-	-
Sales of subsidiaries and business branches	-	945
2. Cash flow used in	**-1,387**	**-124**
Purchases of equity investments	-1,387	-123
Purchases of property and equipment	-	-1
Purchases of intangible assets	-	-
Purchases of subsidiaries and business branches	-	-
Net cash flow from (used in) investing activities	**161**	**1,485**
C. FINANCING ACTIVITIES		
Issues/purchases of treasury shares	33	11
Share capital increases	-1,375	1,380
Dividend distribution and other	-710	-12
Net cash flow from (used in) financing activities	**-2,052**	**1,379**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-538**	**-1,174**
RECONCILIATION		
Financial statement captions		
Cash and cash equivalents at beginning of period	5,402	6,013
Net increase (decrease) in cash and cash equivalents	-538	-1,174
Cash and cash equivalents: foreign exchange effect	1	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**4,865**	**4,839**

KEY: (+) from (–) used in

(*) With regard to the disclosure required by par. 44 B of IAS 7, the changes in liabilities deriving from financing activities amount to +19.6 billion euro (cash flow generated) and comprise +16.8 billion euro in cash flows, -2.8 billion euro in fair value changes and +5.6 billion euro in other changes.

Notes to the financial statements

Preparation criteria and accounting policies

These financial statements of Intesa Sanpaolo S.p.A. for the period ended 30 June 2021, prepared in accordance with Article 2433-bis of the Italian Civil Code, consist of the financial statements (balance sheet, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows) and these notes. They have been prepared in compliance with the accounting standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRS-IC) and endorsed by the European Commission and in force as at 30 June 2021, as provided for by EU Regulation 1606 of 19 July 2002.

The accounting standards adopted in preparation of these financial statements as at 30 June 2021, with regard to the classification, recognition, measurement and derecognition of the financial assets and liabilities, and the recognition methods for revenues and costs, have not changed compared to those adopted for Intesa Sanpaolo's 2020 Annual Report, which should be referred to for the related details.

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

With regard to the main items subject to estimates, the following should be noted:
- for the quantification of the impairment losses on loans, details are provided in the chapter "The first half of 2021" and the section "Risk management" of the Notes to the Half-yearly Report as at 30 June 2021, and, for the implications of the COVID-19 epidemic, in the paragraph below "The main accounting aspects related to the COVID-19 pandemic and the approach adopted by the Intesa Sanpaolo Group";
- for the models used for the fair value measurement, details are provided in the section "Risk management" in the Notes to the Half-yearly Report as at 30 June 2021;

Details regarding the impact on the macroeconomic scenario and on Intesa Sanpaolo's business environment in the complex situation generated by the COVID-19 epidemic, are also provided in the chapter "The first half of 2021" in the Half-yearly Report as at 30 June 2021.
With reference to changes in the accounting regulations, please note that from 2021, Regulation (EU) 2021/25 of 13 January 2021, endorsing the document "Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16" published by the IASB on 27 August 2020 regarding issues pertaining to the second phase of the interest rate reform project (Interest Rate Benchmark Reform – IBOR Reform), became mandatory and applicable for the first time. The main amendments introduced concern the possible accounting impacts of the application of the new rates (so-called replacement issue), in particular the accounting treatment of amendments to existing contracts and of hedge accounting.
With regard to the first aspect – under IFRS 9, but also similarly in application of IFRS 16 to leases and IFRS 4 to insurance contracts – it is clarified that amendments resulting from the IBOR Reform relating to the replacement of the existing IBOR rate with the new risk-free rate, do not constitute a derecognition event but are to be considered a modification from an accounting standpoint. To this end, a practical expedient has

been introduced allowing such amendments, if made as a direct consequence of the IBOR Reform and applied on equivalent economic bases, to be represented with a prospective adjustment of the effective interest rate, with impacts on net interest income in future periods.
In relation to the hedge accounting, several exceptions have been introduced to IAS 39 (and to IFRS 9 for those who have also adopted it for hedges) that make it possible not to apply 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) in the case of modifications required as a direct consequence of the IBOR Reform and applied on equivalent economic bases.
No impacts on Intesa Sanpaolo are foreseen for the modifications with the characteristics envisaged by the standard, in line with the objective of the amendments introduced by the IASB aimed at preventing distortions in the financial statements as a result of the reform.

Although it is not relevant for the financial statements of Intesa Sanpaolo S.p.A., in the interests of completeness please also note that Regulation 2097/2020 of 15 December 2020, endorsing the extension of the temporary exemption from applying IFRS 9 (amendments to IFRS 4 Insurance Contracts) published by the IASB on 25 June 2020, came into force from 1 January 2021. In view of the IASB's decision to postpone the date of first-time adoption of IFRS 17 until 1 January 2023 – also made on 25 June 2020 – the authorisation to postpone the application of IFRS 9 (the "Deferral Approach") was also extended until 1 January 2023 in order to remedy the temporary accounting consequences of the mismatch between the date of entry into force of IFRS 9 Financial Instruments and that of the future IFRS 17 - Insurance Contracts.

Lastly, on 9 February 2021, ESMA submitted a query to the IFRS Interpretations Committee (IFRS-IC) regarding the methods of accounting of TLTRO III (Targeted Longer Term Refinancing Operations), with particular reference to the following aspects: applicability of the operations in question of IFRS 9 or IAS 20, method for the recognition of interest in the so-called "special interest period" and accounting treatment of the estimation changes (both following contractual amendments and concerning the achievement of benchmarks which provide benefits from improved rates), on which the IFRS-IC has not given a definitive answer yet.
In preparing the accounting figures as at 30 June 2021, given the absence of specific and definitive instructions from the Regulators and considering the sound rationale behind the accounting policy adopted by Intesa Sanpaolo, TLTRO III operations continued to be measured in line with the current practice.
As illustrated in the Accounting Policies of the 2020 Financial Statements, to which reference is made for more details, Intesa Sanpaolo applies the accounting treatment determined in accordance with IFRS 9 to TLTRO III operations, treating the refinancing conditions established by the ECB as floating market rates within the Eurosystem's monetary policy measures.
With reference to the overall exposure of Intesa Sanpaolo, as at 30 June there are advances for 127 billion euro against which, based on the close and constant monitoring of the volumes necessary to reach the benchmarks required by the ECB, interest income totalling 513 million euro was recorded.

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

The assets held for sale include the non-performing loan portfolios of Intesa Sanpaolo, including those from UBI Banca, merged into Intesa Sanpaolo from 12 April 2021, which will be sold mainly during the second half of 2021 as part of the Group's de-risking strategies. Likewise, assets held for sale include single-name non-performing credit exposures subject to already approved transactions expected to be closed after 30 June 2021. Finally, discontinued operations include the shareholding in Intesa Sanpaolo Forvalue, subject to transfer to the Tinexta Group as part of the strategic partnership concerning non-financial services to companies, and the business line dedicated to the acquiring activity within the payment system relating to the scope of the former UBI Banca, which will be transferred to Nexi during the second half of 2021.

These Financial statements of Intesa Sanpaolo S.p.A. are subject, with the accompanying Directors' report, pursuant to the provisions of paragraph 5 of Article 2433-bis of the Italian Civil Code, to an opinion from the independent auditors EY S.p.A. and are accompanied by the certification by the Manager responsible for preparing the Company's financial reports, pursuant to Article 154-bis of the Consolidated Law on Finance.

The main accounting aspects related to the COVID-19 pandemic and the approach adopted by the Intesa Sanpaolo Group

Over a year after the start of the COVID-19 health emergency, the first half of 2021 finally saw the start of the mass vaccination campaigns (at least for the most developed countries), which have now entered in full swing, with the expectation – in the case of Italy – of achieving significant cover by the end of the summer. This should ensure that new waves of the pandemic are contained this autumn, with further positive effects on the real economy, which is currently on the path to a significant, although uneven, recovery across the various sectors.
Although there is a clear sense of optimism, the path to normality is still marked by uncertainties and possible obstacles, mainly related to risks and unexpected events on the health front, primarily consisting of concerns about variants of the virus that could undermine the effectiveness of the vaccination campaigns.
In terms of support for the real economy and the financial markets, governments and central banks are continuing their support initiatives, which have shown that they can effectively contain the effects of the crisis and support businesses and households in the most difficult times in the recession. However, even though they have been reduced, concerns still remain about the ability of many businesses to recover under their own steam when the support measures come to an end. As a result, the regulators have continued their campaign of intensive pressure on supervised intermediaries, which in the first half of the year included a series of interviews and statements aimed at drawing attention to the need to contain possible financial shocks and the related recessionary effects, which may arise when the support measures for the real economy come to an end.

That said, in terms of regulatory measures related to the pandemic, the regulators and standard setters did not issue any further measures in the first half of the year, other than the above-mentioned communications from the authorities and specific national provisions on the economic support measures, with the general framework set out in 2020 therefore remaining largely unchanged.
In this context, on 10 June this year under the Eurosystem coordinated exercise, the European Central Bank published its quarterly update of macroeconomic projections for the Euro Area, which the ECB has repeatedly suggested should be adopted by the banks under its supervision to anchor the macroeconomic forecasts used in the models for determining IFRS 9 expected credit losses.
The update, which includes both the baseline scenario and the alternative scenarios (mild and severe), contains an upward revision of the recovery portrayed by the December 2020 projections, used by the Group, in accordance with the above-mentioned recommendations from the regulators, for the IFRS 9 forward-looking credit assessments carried out for the 2020 Annual Report and confirmed in the Quarterly Report as at 31 March 2021 (the new March ECB forecasts only had small changes – and improvements – compared to December).
The table below summarises the comparison of the baseline and alternative scenarios against the previous ECB projections (March 2021 and December 2020).

			Baseline				Best case				Worst case			
			2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Euro Area	**ECB Jun 21**	*Real GDP EUR*	-6.8%	4.6%	4.7%	2.1%	-6.8%	6.2%	5.5%	2.2%	-6.8%	2.9%	2.3%	2.2%
	ECB Mar 21	*Real GDP EUR*	-6.9%	4.0%	4.1%	2.1%	-6.9%	6.4%	4.5%	2.2%	-6.9%	2.0%	2.2%	2.5%
	ECB Dec 20	*Real GDP EUR*	-7.3%	3.9%	4.2%	2.1%	-7.2%	6.0%	4.3%	2.1%	-7.6%	0.4%	3.0%	2.9%
		Gap Jun-Mar	0.1%	0.6%	0.6%	0.0%	0.1%	-0.2%	1.0%	-0.0%	0.1%	0.9%	0.1%	-0.3%
		Gap Jun-Dec	0.5%	0.7%	0.5%	0.0%	0.4%	0.2%	1.2%	0.1%	0.8%	2.5%	-0.7%	-0.7%
	ECB Jun 21	*HICP inflation*	0.3%	1.9%	1.5%	1.4%	0.3%	1.9%	1.7%	1.7%	0.3%	1.8%	1.2%	1.1%
	ECB Mar 21	*HICP inflation*	0.3%	1.5%	1.2%	1.4%	0.3%	1.6%	1.5%	1.7%	0.3%	1.5%	1.0%	1.1%
	ECB Dec 20	*HICP inflation*	0.2%	1.0%	1.1%	1.4%	0.2%	1.1%	1.3%	1.5%	0.2%	0.7%	0.6%	0.8%
		Gap Jun-Mar	-0.0%	0.4%	0.3%	0.0%	-0.0%	0.3%	0.2%	0.0%	-0.0%	0.3%	0.2%	-0.0%
		Gap Jun-Dec	0.1%	0.9%	0.4%	0.0%	0.1%	0.8%	0.4%	0.2%	0.1%	1.1%	0.6%	0.3%
	ECB Jun 21	*Unemployment rate*	7.8%	8.2%	7.9%	7.4%	7.8%	7.9%	7.1%	6.6%	7.8%	8.4%	9.0%	8.7%
	ECB Mar 21	*Unemployment rate*	7.8%	8.6%	8.1%	7.6%	7.8%	8.2%	7.2%	6.6%	7.8%	9.0%	9.3%	8.7%
	ECB Dec 20	*Unemployment rate*	8.0%	9.3%	8.2%	7.5%	7.9%	8.8%	7.5%	6.9%	8.1%	10.3%	9.9%	9.4%
		Gap Jun-Mar	0.0%	-0.4%	-0.2%	-0.2%	0.0%	-0.3%	-0.1%	-0.0%	0.0%	-0.6%	-0.3%	-0.0%
		Gap Jun-Dec	-0.2%	-1.1%	-0.3%	-0.1%	-0.1%	-0.9%	-0.4%	-0.3%	-0.3%	-1.9%	-0.9%	-0.7%

Overall, the changes from the already more optimistic March forecasts have been revised upwards significantly for 2021 and 2022. In the baseline scenario, average annual GDP growth in the Euro area has been raised from 4.0% to 4.6% in 2021, and the forecast for 2022 has also been revised upwards from 4.1% in March to 4.7%. A further upward revision has been made for inflation, which continues to be a critical factor for the financial markets in connection with the short-term pressure that has emerged on commodity prices, with the forecasts rising from 1.5% to 1.9% in 2021 and from 1.2% to 1.5% in 2022.
The forecasts reflect the assumption that the pandemic may have less of an impact, due to the progress of the vaccination campaigns, additional fiscal policy measures – partly funded by the Next Generation EU programme – and the improved outlook for foreign demand supported by the recent US fiscal policy packages.
With regard to the alternative scenarios, the mild scenario assumes that the health crisis will be resolved by the end of 2021, with only temporary economic losses, while the severe scenario assumes that the health crisis will continue with permanent losses. Compared to the baseline scenario, the mild scenario envisages an even faster roll-out, greater public acceptance and greater effectiveness of the vaccines, also against new variants of the virus. This would enable a more rapid easing of containment measures and their phasing out by the end of 2021.
In contrast, the worst-case (severe) scenario envisages a possible resurgence of the pandemic in the coming months with the emergence of more infectious variants, which would result in a reduction in the effectiveness of vaccines to these mutations and the consequent need to maintain some containment measures until mid-2023. It consequently envisages an inevitable increase in insolvencies and deterioration of creditworthiness, with negative impacts on bank balance sheets and potential repercussions for the credit market.

With regard to Italy, the Bank of Italy also published its "*Macroeconomic projections for the Italian economy*", at the same time as the ECB. The projections are based on information available on 18 May for the technical assumptions and 26 May for the economic data, and therefore do not incorporate the data released by ISTAT on 1 June, in which GDP growth in the first quarter of 2021 was revised upwards by half a percentage point. The Bank of Italy's projections assume that the public health situation will keep improving at national and global level and that the support of monetary and fiscal policy will continue. It is assumed that the vaccination campaign will proceed according to the government's plans, that most of the restrictions to mobility will be lifted by the end of 2021, that the recovery in world trade will translate into robust growth in foreign demand for goods produced in Italy, and that monetary, financial and credit access conditions will continue to be highly accommodative, with long-term yields remaining low.
Under these assumptions, Italian economic growth is projected to strengthen markedly in the second half of this year, to well-above 4% in 2021 as a whole, and to continue to grow at a high rate in the next two years, with pre-pandemic levels of economic activity likely to be regained by the end of next year.

The table below summarises the comparison of the Bank of Italy scenario for the Italy Area with the equivalent and previous projections published in December (note that in the Eurosystem coordinated exercise the Bank of Italy only provides the baseline scenario and not the alternative scenarios).

			Baseline			
			2020	**2021**	**2022**	**2023**
Italy Area	**Bank of Italy Jun 21**	*GDP*	-8.9%	4.4%	4.5%	2.3%
	Bank of Italy Dec 20	*GDP*	-9.0%	3.5%	3.8%	2.3%
		Gap	0.1%	0.9%	0.7%	0.0%
	Bank of Italy Jun 21	*Consumer prices (HICP)*	-0.1%	1.3%	1.2%	1.3%
	Bank of Italy Dec 20	*Consumer prices (HICP)*	-0.2%	0.5%	0.9%	1.2%
		Gap	0.1%	0.8%	0.3%	0.1%
	Bank of Italy Jun 21	*Unemployment rate*	9.3%	10.2%	9.9%	9.5%
	Bank of Italy Dec 20	*Unemployment rate*	9.2%	10.4%	10.0%	9.5%
		Gap	0.1%	-0.2%	-0.1%	0.0%

Even in the light of an improved macroeconomic outlook, uncertainties remain on the health front, as the degree of success of the vaccination campaign, at national and global level, may have an impact on expectations, consumption and investment. The start of the effective implementation of the NRRP projects will also need to be verified.
The continuation of the legislative moratoria initiatives in Italy also needs to be borne in mind in this context. These initiatives constitute an important support to the system in overcoming the most difficult periods of the crisis, but at the same time, for some types of exposures, they also result in a reduction in the ability to fully assess the actual and real possibility of repayment of loans[6]. It is therefore advisable to adopt a cautious approach, also in light of the risk of a potential cliff-edge effect.
In view of the above, the Group has decided, on a prudent basis, not to make any changes to the macroeconomic scenario used in the assessments for the Annual Report as at 31 December 2020, with the option to review this choice during the second half of the year, when the effects of the expiry of the moratoria can be measured more accurately.
Specifically, these forecasts have been used from 30 June 2021, shifting the reference period for the calculation of the ECL in accordance with standard practice. The alternative forward-looking scenarios used in December 2020, shifted to June 2021, have also been maintained.
Below is the scenario used by the Group for the expected credit loss measurements as at 30 June 2021.

[6] With regard to the actions taken by the Group to more fully identify the level of risk of counterparties in the context of the pandemic – including those with active moratoria – see the information provided below.

		Baseline				Best case				Worst case			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Italy	**Average Variation**												
	Real GDP Italy	3.5%	3.8%	2.3%	1.3%	5.8%	4.2%	1.5%	1.1%	2.1%	-0.2%	2.5%	0.5%
	CPI Italy	0.5%	0.9%	1.2%	1.4%	0.6%	1.1%	1.4%	1.7%	0.2%	0.0%	0.9%	1.2%
	Residential Property Italy	-2.0%	0.5%	1.0%	1.8%	-0.6%	2.4%	2.7%	3.3%	-3.0%	-3.3%	-1.7%	-1.7%
	Average level												
	10Y BTP yield	0.82	1.04	1.25	2.14	0.90	1.29	1.97	2.95	1.01	1.21	1.61	2.40
	BTP-Bund Spread 10Y	1.29	1.49	1.65	1.85	1.30	1.46	1.60	1.66	1.63	1.72	2.01	2.24
	Italian Unemployment	10.4	10.0	9.5	9.3	10.3	9.8	9.4	9.3	11.0	11.4	11.6	11.2
Euro Area	**Average Variation**												
	Real GDP EUR	3.9%	4.2%	2.1%	1.4%	5.3%	4.6%	2.6%	1.2%	2.5%	0.3%	2.7%	2.3%
	Equity ESTOXX 50	4.6%	4.0%	2.9%	3.3%	17.0%	0.6%	8.0%	0.3%	0.8%	-7.8%	-5.9%	-3.0%
	Average level												
	Euro/$	1.18	1.18	1.18	1.21	1.17	1.15	1.16	1.20	1.17	1.17	1.18	1.21
	Euribor 3M	-0.53	-0.52	-0.47	-0.09	-0.53	-0.52	-0.33	0.14	-0.89	-1.02	-0.96	-0.70
	EurIRS 10Y	-0.16	-0.05	0.10	0.79	-0.10	0.15	0.64	1.34	-0.32	-0.21	-0.13	0.20
	10Y Bund yield	-0.46	-0.45	-0.39	0.29	-0.40	-0.17	0.37	1.30	-0.62	-0.52	-0.40	0.16
US Area	**Average Variation**												
	Real GDP US	4.2%	2.7%	2.1%	1.7%	4.6%	4.0%	2.8%	2.3%	2.6%	2.6%	1.6%	1.6%
	Equity US	7.3%	-0.4%	-0.6%	-0.2%	24%	13.0%	4.3%	1.7%	1.5%	-8.1%	-5.0%	-2.9%
	Average level												
	US Unemployment	6.5	5.6	4.8	4.3	6.4	5.2	4.3	3.7	7.5	7.7	6.8	5.8

With regard to the IFRS 9 measurements, in line with the guidance from the regulators and the best practices in the market, specific management overlays are also still being used to include ad hoc corrective measures, not captured by the models, to better reflect the particular characteristics of the COVID-19 impacts in the measurement of loans. Therefore, given that the underlying reasons continue to apply in substance, the choices already made at the time of the 2020 Annual Report have been maintained, with further calibrations and refinements made in light of the evolution of the overall health and economic situation.

In particular, with regard to the legislative moratoria, these led to a postponement to 2021 of part of the defaults forecast by the model in 2020 leading to the potential cliff effect. The persistence of this effect is highlighted by the extension of the moratoria to June 2021, together with the low levels of defaults in the first half of 2021. As a result, this behaviour has been recorded in the half-yearly report as follows:

- the downward effect has been extended until the end of the second quarter of 2021, maintaining the parameter used up to now for the reduction of default flows;
- defaults avoided through moratoria in the period May 2020 to June 2021 are assumed to occur (except for a portion that overcomes temporary difficulties and does not default) in the period July 2021 to June 2022, i.e. in the first year of projection for IFRS 9 purposes;
- the parameters relating to the overcoming of difficulties (i.e. defaults actually avoided by moratoria and not just postponed in time) have been maintained.

With regard to government guarantees, given that the satellite models did not capture the mitigating effects on prospective risk introduced in the 2020 Annual Report, these effects have been maintained with the same methodology and limited time effect, even though – based on more up-to-date information, including the Credit Risk Appetite (CRA) analyses updated in February 2021 – the benefit envisaged in terms of decline in expected default rates is lower.

Since the underlying reasons continue to apply, the Group has also substantially maintained the choices already made in the 2020 Annual Report in terms of one-off treatments using extraordinary staging triggers to increase the granularity of the impacts of the scenario considered for the counterparties most penalised by the crisis. These triggers act “downstream” on counterparties not already classified based on the criteria summarised above. Compared to the Annual Report, the criteria adopted for the extraordinary triggers have been refined based on the developments observed in the first half of 2021, relating to the continuation of existing moratoria, the results of the credit risk monitoring conducted, also through specific action plans, and the progress of specific rating updates made to take account of the pandemic situation. The latter have also enabled the refinement of the assessment of the micro-sector vulnerabilities, where relevant, at individual counterparty level and according to the specific characteristics of the models used.

With regard to the classification of credit exposures, in the first half of the year the Italian government implemented further measures on moratoria, which had already been extended from their original expiry date of 31 December 2020 to 30 June 2021, indicating that the choices made by the government are beginning to point towards a gradual exit from the suspension of payments.
In fact, the "*Sostegni bis*" Law Decree has provided the possibility of benefiting from a further extension of legislative moratoria until 31 December 2021, a provision that only applies upon request from businesses – to be made by 15 June – already eligible for a moratorium previously granted under the "*Cura Italia*" Decree (expiring on 30 June). The suspension from 1 July onwards only relates to the principal, while the interest accruing will have to be paid.

The facilitating framework provided by the EBA Guidelines on moratoria expired more than a quarter ago (31 March 2021) and it is therefore no longer possible to take advantage of the simplified prudential treatment allowed for the classification of "EBA compliant" moratoria. In this new context, which also includes the measures for the extension of existing moratoria, the positions need to be analysed individually to see if the extensions are to be considered forbearance measures (i.e. linked to a financial difficulty), resulting in classification as Stage 2. In this respect, the Group's choice – in view of the large number of outstanding moratoria and the consequent potential requests from customers, to be managed in a very short time – has been to identify a small cluster with particularly high credit quality, which the Bank considers not to be subject to financial difficulty and therefore does not meet the conditions for classification as forborne. The cluster has been identified based on both the rating and the granular assessment carried out within the commercial/credit action plans aimed at determining the ability of customers to resume payments. For all positions not included in the cluster, case-by-case checks are being carried out by the relationship managers.

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

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

Milan, 3 November 2021

Fabrizio Dabbene
Manager responsible for preparing
the Company’s financial reports

Attachments

Reconciliation between published financial statements and adjusted financial statements

Reconciliation between the balance sheet as at 31 December 2020 and the adjusted balance sheet as at 31 December 2020

Reconciliation between the income statement for the period ended 30 June 2020 and the adjusted income statement for the period ended 30 June 2020

Reconciliation between adjusted financial statements and restated financial statements

Reconciliation between the adjusted balance sheet as at 31 December 2020 and the restated balance sheet as at 31 December 2020

Reconciliation between the adjusted income statement for the period ended 30 June 2020 and the restated income statement for the period ended 30 June 2020

Restated financial statements

Restated balance sheet

Restated income statement

Reconciliation between restated financial statements and reclassified financial statements

Reconciliation between the restated balance sheet and the reclassified balance sheet

Reconciliation between the restated income statement and the reclassified income statement

Reclassified balance sheet – Reconciliation with reclassified redetermined figures

Reclassified income statement – Reconciliation with reclassified redetermined figures

Reconciliation between published financial statements and adjusted financial statements

Reconciliation between the balance sheet as at 31 December 2020 and the adjusted balance sheet as at 31 December 2020

The published balance sheet as at 31 December 2020 did not require any adjustments.

Reconciliation between the income statement for the period ended 30 June 2020 and the adjusted income statement for the period ended 30 June 2020

The published income statement for the period ending 30 June 2020 did not require any adjustments.

Reconciliation between adjusted financial statements and restated financial statements

Reconciliation between the adjusted balance sheet as at 31 December 2020 and the restated balance sheet as at 31 December 2020

The published balance sheet as at 31 December 2020 did not require any adjustments. Accordingly, only the reconciliation between the published balance sheet and the restated balance sheet is presented below.

(millions of euro)

Assets		31.12.2020 Published	Changing in scope of reference (a)	31.12.2020 Restated
10.	Cash and cash equivalents	5,402	479	5,881
20.	Financial assets measured at fair value through profit or loss	57,073	1,636	58,709
	a) financial assets held for trading	*53,738*	*1,014*	*54,752*
	b) financial assets designated at fair value	*1*	*-*	*1*
	c) other financial assets mandatorily measured at fair value	*3,334*	*622*	*3,956*
30.	Financial assets measured at fair value through other comprehensive income	40,988	3,262	44,250
40.	Financial assets measured at amortised cost	470,245	85,342	555,587
	a) due from banks	*90,616*	*16,576*	*107,192*
	b) loans to customers	*379,629*	*68,766*	*448,395*
50.	Hedging derivatives	1,015	14	1,029
60.	Fair value change of financial assets in hedged portfolios (+/-)	2,333	3	2,336
70.	Equity investments	24,668	-1,671	22,997
80.	Property and equipment	6,558	1,500	8,058
90.	Intangible assets	3,574	400	3,974
	Of which:			
	- goodwill	*67*	*-*	*67*
100.	Tax assets	14,216	3,785	18,001
	a) current	*1,428*	*674*	*2,102*
	b) deferred	*12,788*	*3,111*	*15,899*
110.	Non-current assets held for sale and discontinued operations	1,798	25,581	27,379
120.	Other assets	3,862	923	4,785
Total Assets		**631,732**	**121,254**	**752,986**

(a) Effect connected to the absorption of UBI Banca S.p.A., net of the going concern consisting of 455 branches and 132 operating points sold to BPER and the going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata. The balance sheet figures have also been restated due to the sale of 31 branches of the Parent Company to BPER and the absorption of UBI Academy (30 June 2021, with accounting and tax effects from 1 January 2021). The balance sheet entries relating to the going concerns sold have been reported under “Non-current assets held for sale and discontinued operations” and “Liabilities associated with non-current assets held for sale and discontinued operations”. The figures for the demerged business lines of the former UBI Banca S.p.A. have not been restated.

(millions of euro)

Liabilities and Shareholders' Equity		31.12.2020 Published	Changing in scope of reference (a)	31.12.2020 Restated
10.	Financial liabilities measured at amortised cost	491,393	81,657	573,050
	a) due to banks	*130,654*	*13,572*	*144,226*
	b) due to customers	*288,694*	*45,823*	*334,517*
	c) securities issued	*72,045*	*22,262*	*94,307*
20.	Financial liabilities held for trading	60,830	-144	60,686
30.	Financial liabilities designated at fair value	2,810	223	3,033
40.	Hedging derivatives	5,387	439	5,826
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	721	5	726
60.	Tax liabilities	832	651	1,483
	a) current	*13*	*33*	*46*
	b) deferred	*819*	*618*	*1,437*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	2,594	32,246	34,840
80.	Other liabilities	8,000	2,182	10,182
90.	Employee termination indemnities	927	193	1,120
100.	Allowances for risks and charges	4,124	655	4,779
	a) commitments and guarantees given	*404*	*122*	*526*
	b) post-employment benefits	*212*	*79*	*291*
	c) other allowances for risks and charges	*3,508*	*454*	*3,962*
110.	Valuation reserves	1,176	-3	1,173
120.	Redeemable shares	-	-	-
130.	Equity instruments	7,053	388	7,441
140.	Reserves	7,609	5,534	13,143
150.	Share premium reserve	27,603	-	27,603
160.	Share capital	10,084	-	10,084
170.	Treasury shares (-)	-90	-	-90
180.	Net income (loss) (+/-)	679	-2,772	-2,093
Total Liabilities and Shareholders' Equity		**631,732**	**121,254**	**752,986**

(a) Effect connected to the absorption of UBI Banca S.p.A., net of the going concern consisting of 455 branches and 132 operating points sold to BPER and the going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata. The balance sheet figures have also been restated due to the sale of 31 branches of the Parent Company to BPER and the absorption of UBI Academy (30 June 2021, with accounting and tax effects from 1 January 2021). The balance sheet entries relating to the going concerns sold have been reported under "Non-current assets held for sale and discontinued operations" and "Liabilities associated with non-current assets held for sale and discontinued operations". The figures for the demerged business lines of the former UBI Banca S.p.A. have not been restated.

Reconciliation between adjusted income statement for the period ended 30 June 2020 and restated income statement for the period ended 30 June 2020

The published income statement for the period ending 30 June 2020 did not require any adjustments. Accordingly, only the reconciliation between the published income statement and the restated income statement is presented below.

(millions of euro)

		30.06.2020 Published	Changing in scope of reference (a)	30.06.2020 Restated
10.	Interest and similar income	3,292	343	3,635
	of which: interest income calculated using the effective interest rate method	*3,437*	*357*	*3,794*
20.	Interest and similar expense	-1,179	119	-1,060
30.	**Interest margin**	**2,113**	**462**	**2,575**
40.	Fee and commission income	2,354	161	2,515
50.	Fee and commission expense	-326	-111	-437
60.	**Net fee and commission income**	**2,028**	**50**	**2,078**
70.	Dividend and similar income	692	-34	658
80.	Profits (Losses) on trading	-33	562	529
90.	Fair value adjustments in hedge accounting	-22	-4	-26
100.	Profits (Losses) on disposal or repurchase of:	9	538	547
	a) financial assets measured at amortised cost	*-77*	*36*	*-41*
	b) financial assets measured at fair value through other comprehensive income	*89*	*521*	*610*
	c) financial liabilities	*-3*	*-19*	*-22*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	52	11	63
	a) financial assets and liabilities designated at fair value	*54*	*19*	*73*
	b) other financial assets mandatorily measured at fair value	*-2*	*-8*	*-10*
120.	**Net interest and other banking income**	**4,839**	**1,585**	**6,424**
130.	Net losses/recoveries for credit risks associated with:	-1,514	-21	-1,535
	a) financial assets measured at amortised cost	*-1,507*	*-8*	*-1,515*
	b) financial assets measured at fair value through other comprehensive income	*-7*	*-13*	*-20*
140.	Profits/losses from changes in contracts without derecognition	-7	-	-7
150.	**Net income from banking activities**	**3,318**	**1,564**	**4,882**
160.	Administrative expenses:	-3,398	-189	-3,587
	a) personnel expenses	*-2,123*	*-74*	*-2,197*
	b) other administrative expenses	*-1,275*	*-115*	*-1,390*
170	Net provisions for risks and charges	-57	-20	-77
	a) commitments and guarantees given	*-17*	*-20*	*-37*
	b) other net provisions	*-40*	*-*	*-40*
180.	Net adjustments to / recoveries on property and equipment	-188	-	-188
190.	Net adjustments to / recoveries on intangible assets	-278	-	-278
200.	Other operating expenses (income)	368	-96	272
210.	**Operating costs**	**-3,553**	**-305**	**-3,858**
220.	Profits (Losses) on equity investments	-80	-	-80
230.	Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-
240.	Goodwill impairment	-	-	-
250.	Profits (Losses) on disposal of investments	-	-	-
260.	**Income (Loss) before tax from continuing operations**	**-315**	**1,259**	**944**
270.	Taxes on income from continuing operations	216	-422	-206
280.	**Income (Loss) after tax from continuing operations**	**-99**	**837**	**738**
290.	Income (Loss) after tax from discontinued operations	1,126	-	1,126
300.	**Net Income (Loss)**	**1,027**	**837**	**1,864**

(a) Effects connected to the absorption of Banca IMI (20 July 2020, with accounting and tax effects from 1 January 2020).

Restated financial statements

Restated balance sheet

(millions of euro)

Assets		30.06.2021	31.12.2020 Restated	Changes amount	Changes %
10.	Cash and cash equivalents	4,865	5,881	-1,016	-17.3
20.	Financial assets measured at fair value through profit or loss	60,259	58,709	1,550	2.6
	a) financial assets held for trading	*56,100*	*54,752*	*1,348*	*2.5*
	b) financial assets designated at fair value	*1*	*1*	*-*	*-*
	c) other financial assets mandatorily measured at fair value	*4,158*	*3,956*	*202*	*5.1*
30.	Financial assets measured at fair value through other comprehensive income	53,820	44,250	9,570	21.6
40.	Financial assets measured at amortised cost	591,016	555,587	35,429	6.4
	a) due from banks	*149,382*	*107,192*	*42,190*	*39.4*
	b) loans to customers	*441,634*	*448,395*	*-6,761*	*-1.5*
50.	Hedging derivatives	1,083	1,029	54	5.2
60.	Fair value change of financial assets in hedged portfolios (+/-)	1,200	2,336	-1,136	-48.6
70.	Equity investments	24,132	22,997	1,135	4.9
80.	Property and equipment	7,803	8,058	-255	-3.2
90.	Intangible assets	3,778	3,974	-196	-4.9
	Of which:				
	- goodwill	*67*	*67*	*-*	*-*
100.	Tax assets	17,421	18,001	-580	-3.2
	a) current	*2,465*	*2,102*	*363*	*17.3*
	b) deferred	*14,956*	*15,899*	*-943*	*-5.9*
110.	Non-current assets held for sale and discontinued operations	1,261	27,379	-26,118	-95.4
120.	Other assets	5,875	4,785	1,090	22.8
Total Assets		**772,513**	**752,986**	**19,527**	**2.6**

(millions of euro)

Liabilities and Shareholders' Equity		30.06.2021	31.12.2020	Changes	
			Restated	amount	%
10.	Financial liabilities measured at amortised cost	622,483	573,050	49,433	8.6
	a) due to banks	*190,675*	*144,226*	*46,449*	*32.2*
	b) due to customers	*340,681*	*334,517*	*6,164*	*1.8*
	c) securities issued	*91,127*	*94,307*	*-3,180*	*-3.4*
20.	Financial liabilities held for trading	58,239	*60,686*	-2,447	-4.0
30.	Financial liabilities designated at fair value	3,362	*3,033*	329	10.8
40.	Hedging derivatives	3,988	5,826	-1,838	-31.5
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	358	726	-368	-50.7
60.	Tax liabilities	692	1,483	-791	-53.3
	a) current	*70*	*46*	*24*	*52.2*
	b) deferred	*622*	*1,437*	*-815*	*-56.7*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	53	34,840	-34,787	-99.8
80.	Other liabilities	19,888	10,182	9,706	95.3
90.	Employee termination indemnities	1,018	1,120	-102	-9.1
100.	Allowances for risks and charges	4,772	4,779	-7	-0.1
	a) commitments and guarantees given	*444*	*526*	*-82*	*-15.6*
	b) post-employment benefits	*262*	*291*	*-29*	*-10.0*
	c) other allowances for risks and charges	*4,066*	*3,962*	*104*	*2.6*
110.	Valuation reserves	1,153	1,173	-20	-1.7
120.	Redeemable shares	-	-	-	
130.	Equity instruments	6,246	7,441	-1,195	-16.1
140.	Reserves	10,193	13,143	-2,950	-22.4
150.	Share premium reserve	27,444	27,603	-159	-0.6
160.	Share capital	10,084	10,084	-	-
170.	Treasury shares (-)	-57	-90	-33	-36.7
180.	Net income (loss) (+/-)	2,597	-2,093	4,690	
Total Liabilities and Shareholders' Equity		**772,513**	**752,986**	**19,527**	**2.6**

Restated income statement

(millions of euro)

		30.06.2021	30.06.2020 Restated	Changes amount	%
10.	Interest and similar income	4,145	3,635	510	14.0
	of which: interest income calculated using the effective interest rate method	*3,965*	*3,794*	*171*	*4.5*
20.	Interest and similar expense	-1,112	-1,060	52	4.9
30.	**Interest margin**	**3,033**	**2,575**	**458**	**17.8**
40.	Fee and commission income	3,316	2,515	801	31.8
50.	Fee and commission expense	-442	-437	5	1.1
60.	**Net fee and commission income**	**2,874**	**2,078**	**796**	**38.3**
70.	Dividend and similar income	1,599	658	941	
80.	Profits (Losses) on trading	375	529	-154	-29.1
90.	Fair value adjustments in hedge accounting	45	-26	71	
100.	Profits (Losses) on disposal or repurchase of:	482	547	-65	-11.9
	a) financial assets measured at amortised cost	*105*	*-41*	*146*	
	b) financial assets measured at fair value through other comprehensive income	*406*	*610*	*-204*	*-33.4*
	c) financial liabilities	*-29*	*-22*	*7*	*31.8*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	76	63	13	20.6
	a) financial assets and liabilities designated at fair value	*-37*	*73*	*-110*	
	b) other financial assets mandatorily measured at fair value	*113*	*-10*	*123*	
120.	**Net interest and other banking income**	**8,484**	**6,424**	**2,060**	**32.1**
130.	Net losses/recoveries for credit risks associated with:	-818	-1,535	-717	-46.7
	a) financial assets measured at amortised cost	*-811*	*-1,515*	*-704*	*-46.5*
	b) financial assets measured at fair value through other comprehensive income	*-7*	*-20*	*-13*	*-65.0*
140.	Profits/losses from changes in contracts without derecognition	-17	-7	10	
150.	**Net income from banking activities**	**7,649**	**4,882**	**2,767**	**56.7**
160.	Administrative expenses:	-4,484	-3,587	897	25.0
	a) personnel expenses	*-2,714*	*-2,197*	*517*	*23.5*
	b) other administrative expenses	*-1,770*	*-1,390*	*380*	*27.3*
170	Net provisions for risks and charges	-92	-77	15	19.5
	a) commitments and guarantees given	*64*	*-37*	*101*	
	b) other net provisions	*-156*	*-40*	*116*	
180.	Net adjustments to / recoveries on property and equipment	-226	-188	38	20.2
190.	Net adjustments to / recoveries on intangible assets	-315	-278	37	13.3
200.	Other operating expenses (income)	407	272	135	49.6
210.	**Operating costs**	**-4,710**	**-3,858**	**852**	**22.1**
220.	Profits (Losses) on equity investments	-224	-80	144	
230.	Valuation differences on property, equipment and intangible assets measured at fair value	-4	-	4	
240.	Goodwill impairment	-	-	-	
250.	Profits (Losses) on disposal of investments	-8	-	8	
260.	**Income (Loss) before tax from continuing operations**	**2,703**	**944**	**1,759**	
270.	Taxes on income from continuing operations	-106	-206	-100	-48.5
280.	**Income (Loss) after tax from continuing operations**	**2,597**	**738**	**1,859**	
290.	Income (Loss) after tax from discontinued operations	-	1,126	-1,126	
300.	**Net Income (Loss)**	**2,597**	**1,864**	**733**	**39.3**

Reconciliation between restated financial statements and reclassified financial statements

Reconciliation between the restated balance sheet and the reclassified balance sheet

(millions of euro)

Assets		30.06.2021	31.12.2020 Restated
Due from banks		**147,735**	**105,520**
Caption 40a (partial)	*Financial assets measured at amortised cost - Due from banks*	*147,710*	*105,495*
Caption 20a (partial)	*Financial assets held for trading - Due from banks*	*-*	*-*
Caption 20c (partial)	*Other financial assets mandatorily measured at fair value - Due from banks*	*25*	*25*
Loans to customers		**407,014**	**408,810**
Loans to customers measured at amortised cost		***405,175***	***407,512***
Caption 40b (partial)	*Financial assets measured at amortised cost - Loans to customers*	*398,579*	*400,572*
Caption 40b (partial)	*Financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)*	*6,596*	*6,940*
Loans to customers at fair value through other comprehensive income and through profit or loss		***1,839***	***1,298***
Caption 20a (partial)	*Financial assets held for trading - Loans to customers*	*20*	*23*
Caption 20b (partial)	*Financial assets designated at fair value - Loans to customers*	*-*	*-*
Caption 20c (partial)	*Other financial assets mandatorily measured at fair value - Loans to customers*	*971*	*1,003*
Caption 30 (partial)	*Financial assets measured at fair value through other comprehensive income - Loans to customers*	*848*	*272*
Financial assets measured at amortised cost which do not constitute loans		**38,131**	**42,580**
Caption 40a (partial)	*Financial assets measured at amortised cost - Debt securities with banks*	*1,672*	*1,697*
Caption 40b (partial)	*Financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)*	*36,459*	*40,883*
Financial assets at fair value through profit or loss		**59,243**	**57,658**
Caption 20a (partial)	*Financial assets held for trading*	*56,080*	*54,729*
Caption 20b (partial)	*Financial assets designated at fair value - Debt securities*	*1*	*1*
Caption 20c (partial)	*Other financial assets mandatorily measured at fair value*	*3,162*	*2,928*
Financial assets at fair value through other comprehensive income		**52,972**	**43,978**
Caption 30 (partial)	*Financial assets measured at fair value through other comprehensive income*	*52,972*	*43,978*
Equity investments		**24,132**	**22,997**
Caption 70	*Equity investments*	*24,132*	*22,997*
Property, equipment and intangible assets		**11,581**	**12,032**
Assets owned		***10,448***	***10,735***
Caption 80	*Property and equipment*	*7,803*	*8,058*
Caption 90	*Intangible assets*	*3,778*	*3,974*
- Caption 80 (partial)	*Property and equipment (rights of use acquired under leases)*	*-1,133*	*-1,297*
Rights of use acquired under leases		***1,133***	***1,297***
+ Caption 80 (partial)	*Property and equipment*	*1,133*	*1,297*
Tax assets		**17,421**	**18,001**
Caption 100	*Tax assets*	*17,421*	*18,001*
Non-current assets held for sale and discontinued operations		**1,261**	**27,379**
Caption 110	*Non-current assets held for sale and discontinued operations*	*1,261*	*27,379*
Other assets		**13,023**	**14,031**
Caption 10	*Cash and cash equivalents*	*4,865*	*5,881*
Caption 50	*Hedging derivatives*	*1,083*	*1,029*
Caption 60	*Fair value change of financial assets in hedged portfolios (+/-)*	*1,200*	*2,336*
Caption 120	*Other assets*	*5,875*	*4,785*
Total Assets		**772,513**	**752,986**

Liabilities		30.06.2021	31.12.2020 Restated
			(millions of euro)
Due to banks at amortised cost		**190,669**	**144,222**
Caption 10 a)	*Financial liabilities measured at amortised cost - Due to banks*	*190,675*	*144,226*
Caption 10 a) (partial)	*Due to banks - Lease payables*	*-6*	*-4*
Due to customers at amortised cost and securities issued		**430,655**	**427,501**
Caption 10 b)	*Financial liabilities measured at amortised cost - Due to customers*	*340,681*	*334,517*
Caption 10 c)	*Financial liabilities measured at amortised cost - Securities issued*	*91,127*	*94,307*
Caption 10 b) (partial)	*Due to customers - Lease payables*	*-1,153*	*-1,323*
Financial liabilities held for trading		**58,239**	**60,686**
Caption 20	*Financial liabilities held for trading*	*58,239*	*60,686*
Financial liabilities designated at fair value		**3,362**	**3,033**
Caption 30	*Financial liabilities designated at fair value*	*3,362*	*3,033*
Tax liabilities		**692**	**1,483**
Caption 60	*Tax liabilities*	*692*	*1,483*
Liabilities associated with non-current assets held for sale and discontinued operations		**53**	**34,840**
Caption 70	*Liabilities associated with non-current assets held for sale and discontinued operations*	*53*	*34,840*
Other liabilities		**25,393**	**18,061**
Caption 40	*Hedging derivatives*	*3,988*	*5,826*
Caption 50	*Fair value change of financial liabilities in hedged portfolios (+/-)*	*358*	*726*
Caption 80	*Other liabilities*	*19,888*	*10,182*
Caption 10 a) (partial)	*Due to banks - Lease payables*	*6*	*4*
Caption 10 b) (partial)	*Due to customers - Lease payables*	*1,153*	*1,323*
Allowances for risks and charges		**5,790**	**5,899**
Caption 90	*Employee termination indemnities*	*1,018*	*1,120*
Caption 100 a)	*Allowances for risks and charges - Loan commitments and guarantees given*	*444*	*526*
Caption 100 b)	*Allowances for risks and charges - Post-employment benefits*	*262*	*291*
Caption 100 c)	*Allowances for risks and charges - Other allowances for risks and charges*	*4,066*	*3,962*
Share capital		**10,084**	**10,084**
Caption 160	*Share capital*	*10,084*	*10,084*
Reserves		**37,580**	**40,656**
Caption 140	*Reserves*	*10,193*	*13,143*
Caption 150	*Share premium reserve*	*27,444*	*27,603*
Caption 170	*Own shares*	*-57*	*-90*
Valuation reserves		**1,153**	**1,173**
Caption 110	*Valuation reserves*	*1,153*	*1,173*
Equity instruments		**6,246**	**7,441**
Caption 130	*Equity instruments*	*6,246*	*7,441*
Net income (loss)		**2,597**	**-2,093**
Caption 180	*Net income (loss) (+/-)*	*2,597*	*-2,093*
Total Liabilities and Shareholders’ Equity		**772,513**	**752,986**

Reconciliation between the restated income statement and the reclassified income statement

(millions of euro)

		30.06.2021	30.06.2020 Restated
Net interest income		**3,026**	**2,577**
Caption 30	Interest margin	3,033	2,575
- Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	-9	37
+ Caption 60 (partial)	Fee and commission income at negative rates (holding and management of overdrafts)	28	9
+ Caption 70 (partial)	Interest margin (Dividends received and paid within securities lending operations)	6	-
+ Caption 80 (partial)	Interest margin (Components of profits (losses) on trading relating to net interest)	-31	-41
+ Caption 160 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	-1	-3
+ Caption 170 b) (partial)	Net provisions for risks and charges (Time value allowances for risks and charges)	-	-
Net fee and commission income		**2,880**	**2,143**
Caption 60	Net fee and commission income	2,874	2,078
- Caption 60 (partial)	Components of net fee and commission income relating to profits (losses) on trading	-	87
- Caption 60 (partial)	Fee and commission income at negative rates (holding and management of overdrafts)	-28	-9
+ Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	27	-
+ Caption 110 a) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (Placement of certificates)	24	-
+ Caption 160 b) (partial)	Other administrative expenses (Recovery of other expenses)	-17	-13
Profits (Losses) on financial assets and liabilities designated at fair value		**1,048**	**1,149**
Caption 80	Profits (Losses) on trading	375	529
Caption 90	Fair value adjustments in hedge accounting	45	-26
Caption 100 b)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income	406	610
Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities	-29	-22
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	-37	73
Caption 110 b)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) financial assets mandatorily measured at fair value through profit or loss	113	-10
+ Caption 60 (partial)	Components of net fee and commission income relating to profits (losses) on trading	-	-87
+ 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)	81	58
- Caption 70 (partial)	Interest margin (Dividends received and paid within securities lending operations)	-6	-
- Caption 80 (partial)	Components of profits (losses) on trading relating to net interest	31	41
- Caption 80 (partial)	Profits (Losses) on trading (Valuation effects of derivatives related to equity investments held)	-	-44
- Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	-27	-
- Caption 80 (partial)	Profits (Losses) on trading (Economic effect of purchase price allocation)	12	-
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Effect associated with profits (losses) on trading	154	27
- Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets at FVOCI (Effect of purchase price allocation)	-29	-
- Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation)	-17	-
- Caption 110 a) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (Placement of certificates)	-24	-
- Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) financial assets mandatorily measured at fair value through profit or loss - Charges concerning the banking industry	2	-
+ Caption 200 (partial)	Other operating income (expenses) (Trading and valuation of other assets)	-2	-
Other operating income (expenses)		**1,620**	**692**
Caption 70	Dividend and similar income	1,599	658
Caption 200	Other operating income (expenses)	407	272
- 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)	-81	-58
- Caption 200 (partial)	Other operating income (expenses) (Recovery of expenses and indirect taxes)	-307	-248
- Caption 200 (partial)	Other operating income (expenses) (Valuation effects of other assets)	-	61
- Caption 200 (partial)	Other operating income (expenses) (Trading and valuation of other assets)	2	-
- Caption 200 (partial)	Other operating income (expenses) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	6	14
- Caption 200 (partial)	Other operating income (expenses) (Recovery of costs)	-	-
- Caption 200 (partial)	Other operating income (expenses) (Charges for integration)	-6	-7
+ Caption 220 (partial)	Profits (losses) on equity investments (carried at equity)	-	-
Operating income		**8,574**	**6,561**

(millions of euro)

		30.06.2021	30.06.2020 Restated
Personnel expenses		**-2,671**	**-2,193**
Caption 160 a)	Personnel expenses	-2,714	-2,197
- Caption 160 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	42	1
- Caption 160 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	1	3
+ Caption 200 (partial)	Other operating income (expenses) (Recovery of costs)	-	-
Other administrative expenses		**-1,085**	**-820**
Caption 160 b)	Other administrative expenses	-1,770	-1,390
- Caption 160 b) (partial)	Other administrative expenses (Charges for integration and exit incentives)	10	5
- Caption 160 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	351	304
- Caption 160 b) (partial)	Other administrative expenses (Recovery of other expenses)	17	13
+ Caption 200 (partial)	Other operating income (expenses) (Recovery of expenses and indirect taxes)	307	248
Adjustments to property, equipment and intangible assets		**-489**	**-433**
Caption 180	Net adjustments to / recoveries on property and equipment	-226	-188
Caption 190	Net adjustments to / recoveries on intangible assets	-315	-278
- Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	11	8
- Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	29	21
- Caption 190 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	12	4
Operating costs		**-4,245**	**-3,446**
Operating margin		**4,329**	**3,115**
Net adjustments to loans		**-772**	**-1,625**
Caption 140	Profits/losses from changes in contracts without derecognition	-17	-7
Caption 170 a)	Net provisions for risks and charges for credit risk related to commitments and guarantees given	64	-37
Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans	-49	-68
- Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost (Effect of purchase price allocation)	50	14
Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans	-830	-1,531
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)	7	9
Caption 130 b) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Loans	2	-5
- Caption 170 a) (partial)	Net provisions for risks and charges for credit risk related to commitments and guarantees given	1	-
Other net provisions and net impairment losses on other assets		**-217**	**-113**
Caption 170 b)	Net provisions for risks and charges - Other net provisions	-156	-40
Caption 230	Valuation differences on property, equipment and intangible assets measured at fair value	-4	-
+ Caption 80 (partial)	Profits (Losses) on trading (Valuation effects of derivatives related to equity investments held)	-	44
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)	12	10
- Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost (Charges concerning the banking industry)	-	-3
Caption 130 b) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Debt securities	-9	-15
+ Caption 170 a) (partial)	Net provisions for risks and charges (Net provisions for risks and charges for credit risk related to commitments and guarantees given)	-1	-
- Caption 170 b) (partial)	Net provisions for risks and charges (Time value allowances for risks and charges)	-	-
+ Caption 200 (partial)	Other operating income (expenses) (Valuation effects of other assets)	-	-61
+ Caption 220 (partial)	Profits (Losses) on equity investments (Adjustments/recoveries due to impairment of associates)	-59	-48
Other income (expenses)		**-14**	**-14**
Caption 220	Profits (Losses) on equity investments	-224	-80
Caption 250	Profits (Losses) on disposal of investments	-8	-
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	154	27
- Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Effect associated with profits (losses) on trading	-154	-27
+ Caption 200- (partial)	Other operating income (expenses) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	-6	-14
- Caption 220 (partial)	Profits (Losses) on equity investments (carried at equity)	-	-
- Caption 220 (partial)	Profits (Losses) on equity investments (Adjustments/recoveries due to impairment of associates)	59	48
- Caption 220 (partial)	Profits (Losses) on equity investments (impairment of controlling interests)	165	32
- Caption 250 (partial)	Profits (Losses) on disposal of investments (Effect of purchase price allocation)	-	-

(millions of euro)

		30.06.2021	30.06.2020 Restated
Income (Loss) from discontinued operations		**-**	**1,153**
Caption 290	Income (Loss) after tax from discontinued operations	-	1,126
- Caption 290 (partial)	Income (Loss) after tax from discontinued operations (Tax)	-	27
Gross income (loss)		**3,326**	**2,516**
Taxes on income		**-255**	**-359**
Caption 270	Taxes on income from continuing operations	-106	-206
+ Caption 290 (partial)	Income (Loss) after tax from discontinued operations (Tax)	-	-27
- Caption 270 (partial)	Taxes on income from continuing operations (Charges for integration)	-28	-9
- Caption 270 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	-6	-18
- 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)	-	-
- Caption 270 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	-114	-99
- Caption 270 (partial)	Taxes on income from continuing operations (Impairment losses on financial assets - investments for the stability of the banking system)	-1	-
Charges (net of tax) for integration and exit incentives		**-58**	**-19**
+ Caption 160 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	-42	-1
+ Caption 160 b) (partial)	Other administrative expenses (Charges for integration and exit incentives)	-10	-5
+ Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	-11	-8
+ Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	-29	-21
+ Caption 200 (partial)	Other operating expenses (income) (Recovery of costs from Group Companies)	6	7
+ Caption 270 (partial)	Taxes on income from continuing operations (Charges for integration)	28	9
Effect of purchase price allocation (net of tax)		**-13**	**-37**
+ Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	9	-37
+ Caption 80 (partial)	Profits (Losses) on trading (Economic effect of purchase price allocation)	-12	-
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost (Effect of purchase price allocation)	-50	-14
+ Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets at FVOCI (Effect of purchase price allocation)	29	-
+ Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation)	17	-
+ Caption 190 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	-12	-4
+ 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)	6	18
Levies and other charges concerning the banking industry (net of tax)		**-238**	**-205**
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) financial assets mandatorily measured at fair value through profit or loss - Charges concerning the banking industry	-2	-
+ Caption 160 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	-351	-304
+ Caption 270 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	114	99
+ Caption 270 (partial)	Taxes on income from continuing operations (Impairment losses on financial assets - investments for the stability of the banking system)	1	-
Impairment (net of tax) of goodwill, other intangible assets and controlling interests		**-165**	**-32**
Caption 240	Goodwill impairment	-	-
+ Caption 220 (partial)	Profits (Losses) on equity investments (impairment of controlling interests)	-165	-32
+ Caption 270 (partial)	Taxes on income from continuing operations (Goodwill impairment)	-	-
+ Caption 270 (partial)	Taxes on income from continuing operations (Profits (Losses) on equity investments - Impairment of controlling interests)	-	-
Net income (loss)		**2,597**	**1,864**

Reclassified balance sheet – Reconciliation with reclassified redetermined figures

(millions of euro)

Assets	**30.06.2021**	**31.12.2020 Restated figures**	**Demerger of going concerns (a)**	**31.12.2020 Redetermined figures**
Due from banks	147,735	105,520	-	105,520
Loans to customers	407,014	408,810	-603	408,207
- Loans to customers measured at amortised cost	*405,175*	*407,512*	*-603*	*406,909*
- Loans to customers at fair value through other comprehensive income and through profit or loss	*1,839*	*1,298*	-	*1,298*
Financial assets measured at amortised cost which do not constitute loans	38,131	42,580	-	42,580
Financial assets measured at fair value through profit or loss	59,243	57,658	-	57,658
Financial assets measured at fair value through other comprehensive income	52,972	43,978	-	43,978
Equity investments	24,132	22,997	-107	22,890
Property, equipment and intangible assets	11,581	12,032	-1	12,031
- Assets owned	*10,448*	10,735	-1	*10,734*
- Rights of use acquired under leases	*1,133*	1,297	-	*1,297*
Tax assets	17,421	18,001	-	18,001
Non-current assets held for sale and discontinued operations	1,261	27,379	711	28,090
Other assets	13,023	14,031	-	14,031
Total Assets	**772,513**	**752,986**	**-**	**752,986**

Liabilities	**30.06.2021**	**31.12.2020 Restated figures**	**Demerger of going concerns (a)**	**31.12.2020 Redetermined figures**
Due to banks at amortised cost	190,669	144,222	-	144,222
Due to customers at amortised cost and securities issued	430,655	427,501	-3,301	424,200
Financial liabilities held for trading	58,239	60,686	-	60,686
Financial liabilities designated at fair value	3,362	3,033	-	3,033
Tax liabilities	692	1,483	-	1,483
Liabilities associated with non-current assets held for sale and discontinued operations	53	34,840	3,468	38,308
Other liabilities	25,393	18,061	-3	18,058
of which lease payables	*1,159*	*1,327*	-1	*1,326*
Allowances for risks and charges	5,790	5,899	-11	5,888
of which allowances for commitments and financial guarantees given	*444*	*526*	-	*526*
Share capital	10,084	10,084	-	10,084
Reserves	37,580	40,656	-130	40,526
Valuation reserves	1,153	1,173	-	1,173
Equity instruments	6,246	7,441	-	7,441
Net income (loss)	2,597	-2,093	-23	-2,116
Total Liabilities and Shareholders' Equity	**772,513**	**752,986**	**-**	**752,986**

(a) Effect connected to the demerged going concerns of the former UBI Banca S.p.A.

Reclassified income statement – Reconciliation with reclassified redetermined figures

(millions of euro)

	30.06.2021	Disposal of going concerns (a)	30.06.2021 Redetermined figures	30.06.2020 Restated figures	Inclusion of UBI Banca (b)	Disposal of going concerns (a)	30.06.2020 Redetermined figures
Net interest income	3,026	-67	2,959	2,577	706	-249	3,034
Net fee and commission income	2,880	-123	2,757	2,143	708	-356	2,495
Profits (Losses) on financial assets and liabilities designated at fair value	1,048	-1	1,047	1,149	86	-4	1,231
Other operating income (expenses)	1,620	4	1,624	692	132	-	824
Operating income	**8,574**	**-187**	**8,387**	**6,561**	**1,632**	**-609**	**7,584**
Personnel expenses	-2,671	73	-2,598	-2,193	-595	186	-2,602
Other administrative expenses	-1,085	15	-1,070	-820	-378	50	-1,148
Adjustments to property, equipment and intangible assets	-489	-	-489	-433	-58	18	-473
Operating costs	**-4,245**	**88**	**-4,157**	**-3,446**	**-1,031**	**254**	**-4,223**
Operating margin	**4,329**	**-99**	**4,230**	**3,115**	**601**	**-355**	**3,361**
Net adjustments to loans	-772	4	-768	-1,625	-340	82	-1,883
Other net provisions and net impairment losses on other assets	-217	-	-217	-113	-10	-	-123
Other income (expenses)	-14	-	-14	-14	16	-	2
Income (Loss) from discontinued operations	-	74	74	1,153	-	92	1,245
Gross income (loss)	**3,326**	**-21**	**3,305**	**2,516**	**267**	**-181**	**2,602**
Taxes on income	-255	7	-248	-359	-61	60	-360
Charges (net of tax) for integration and exit incentives	-58	-	-58	-19	13	-	-6
Effect of purchase price allocation (net of tax)	-13	1	-12	-37	-1	-	-38
Levies and other charges concerning the banking industry (net of tax)	-238	13	-225	-205	-39	19	-225
Impairment (net of tax) of goodwill, other intangible assets and controlling interests	-165	-	-165	-32	-23	-	-55
Net income (loss)	**2,597**	**-**	**2,597**	**1,864**	**156**	**-102**	**1,918**

(a) Effect connected to the going concerns of the former UBI Banca S.p.A. that were sold (going concern consisting of 455 branches and 132 operating points and going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata) and the going concern of 31 branches of the Parent Company sold to BPER. It also includes the income results of the "Top Private" and "Service IW Bank" business lines, which will be partially demerged to Intesa Sanpaolo Private Banking and Banca Fideuram respectively.

(b) Effect of the absorption of UBI Banca S.p.A. and the absorption of UBI Academy.

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GALLERIE D'ITALIA.
TRE SEDI MUSEALI, UNA RETE CULTURALE PER IL PAESE.

Con Gallerie d'Italia, Intesa Sanpaolo condivide con la collettività il proprio patrimonio artistico e architettonico: 1.000 opere d'arte esposte in palazzi storici di tre città, a formare una rete museale unica nel suo genere.

Gallerie d'Italia - Piazza Scala a Milano ospitano, in un complesso architettonico di grande valore, una selezione di duecento capolavori dell'Ottocento lombardo provenienti dalle raccolte d'arte della Fondazione Cariplo e di Intesa Sanpaolo e un percorso espositivo dedicato all'arte italiana del Novecento.

Gallerie d'Italia - Palazzo Leoni Montanari a Vicenza espongono testimonianze di arte veneta del Settecento e ceramiche attiche e magnogreche. È qui custodita, inoltre, una tra le più importanti collezioni di icone russe in Occidente.

Gallerie d'Italia - Palazzo Zevallos Stigliano a Napoli accolgono il *Martirio di sant'Orsola*, ultimo dipinto documentato di Caravaggio, e oltre centoventi esemplari della produzione artistica napoletana tra gli inizi del Seicento e i primi del Novecento.

È in corso di realizzazione la quarta sede delle **Gallerie d'Italia in Piazza San Carlo a Torino**, che sarà principalmente dedicata alla fotografia e al mondo digitale.

In copertina:

CARLO CANELLA
(Verona, 1800 - Milano, 1879)
La Nuova Galleria in Milano col passeggio notturno, 1870
olio su tela, 60,90 x 54,50 cm
Collezione Intesa Sanpaolo
Gallerie d'Italia - Piazza Scala, Milano

La Nuova Galleria in Milano col passeggio notturno è opera del pittore Carlo Canella che, dalla metà degli anni Trenta dell'Ottocento, si specializza in vedute prospettiche di diverse città italiane, privilegiando Milano e Verona.
Il dipinto raffigura la Galleria Vittorio Emanuele II pochi anni dopo l'inaugurazione, avvenuta nel 1867. Sin dalla sua apertura divenne il luogo più popolare e gradito ai milanesi. Le cronache ricordano che i primi a frequentarla furono i cantanti, i quali sotto la grande cupola dell'Ottagono provavano la voce improvvisando sfide canore. Al pianterreno fiorirono lussuosi caffè, librerie e numerosi negozi di abbigliamento alla moda.
La tela fu subito apprezzata per la novità del soggetto e per la felice scelta di ambientare la veduta in una galleria che, pur presentando la parte superiore in penombra, sembra illuminata a giorno.

L'opera fa parte della collezione esposta in modo permanente nelle **Gallerie d'Italia - Piazza Scala**, sede museale di Intesa Sanpaolo **a Milano**. Il percorso dedicato all'Ottocento, in particolare, parte dal Neoclassicismo e giunge alle soglie del Novecento, passando attraverso un secolo di pittura italiana rappresentata da dipinti storici, battaglie risorgimentali, vedute e paesaggi, scene di genere e capolavori del Simbolismo.


NOVITA'