INTESA SANPAOLO

Basel 3 Pillar 3

Disclosure as at 30 June 2022

This is an English translation of the original Italian document "Terzo Pilastro di Basilea 3 Informativa al pubblico al 30 giugno 2022". In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails. The Italian original is available on group.intesasanpaolo.com.

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

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

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

Basel 3 Pillar 3

Disclosure as at 30 June 2022

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

Contents

Introduction

Notes to the Basel 3 Pillar 3 disclosure

With effect from 1 January 2014, the reforms of the accord by the Basel Committee (“Basel 3”) were implemented in the EU legal framework. Their aim is to improve the banking sector’s ability to absorb shocks arising from financial and economic stress, whatever the source, improve risk management and governance, and increase banks’ transparency and disclosures. In doing so, the Committee maintained the approach founded on three Pillars, underlying the previous capital accord, known as “Basel 2”, supplementing and strengthening it to increase the quantity and quality of intermediaries’ available capital as well as introducing counter-cyclical regulatory instruments, provisions on liquidity risk management and financial leverage containment.
In particular, with the aim of better regulating the market, Pillar 3 identifies a set of public disclosure obligations on capital adequacy, the composition of regulatory capital, the methods used by banks to calculate their capital ratios, and on risk exposure and the general characteristics of related management and control systems.

That said, the content of “Basel 3” was incorporated into two EU legislative acts:

– Regulation (EU) 575/2013 of 26 June 2013 (Capital Requirements Regulation - CRR), as amended, applicable from 1 January 2014, which governs the prudential supervision requirements of Pillar 1 and public disclosure requirements (Pillar 3);
– Directive 2013/36/EU of 26 June 2013 (CRD IV, Capital Requirement Directive) as amended, which, among other things, deals with the access to the activity of credit institutions, freedom of establishment, freedom to provide services, supervisory review process, and additional capital buffers.

On 7 June 2019, following the publication in the Official Journal of the European Union of Regulation (EU) 2019/876 (CRR II), which was part of the broader package of regulatory reforms, also referred to as the Risk Reduction Measures (RRM), which also include the CRD V (Capital Requirements Directive), the BRRD II (Banking Recovery and Resolution Directive) and the SRMR II (Single Resolution Mechanism Regulation), significant changes were introduced to the EU framework established by the two above-mentioned regulations.

EU legislation is complemented by the provisions issued by the Bank of Italy, in particular with Circular 285 of 17 December 2013, as subsequently amended, which contains the prudential supervision regulations applicable to Italian banks and banking groups, reviewed and updated to adjust the internal regulations to the new elements of the international regulatory framework, with special reference to the new regulatory and institutional structure of banking supervision of the European Union and taking into account the needs detected while supervising banks and other intermediaries.

The public disclosure by institutions (Pillar 3) is therefore directly governed by:

– CRR, Part Eight “Disclosure by Institutions” (Articles 431-455), as amended by Regulation (EU) 2019/876 (CRR II), applicable from 28 June 2021;
– the Regulations of the European Commission that transpose the regulatory or implementing technical standards drawn up by the EBA. Of particular importance in this respect is Regulation (EU) 2021/637 of 15 March 2021, applicable from 28 June 2021, discussed further below;
– the Guidelines issued by the EBA – in line with the mandate entrusted to it by Regulation (EU) 1093/2010, which created it – for the purpose of establishing uniform templates for the publication of various types of information.

In line with the regulatory changes introduced by CRR II, the above-mentioned Implementing Regulation (EU) 2021/637, stemming from the mandate given to the EBA by Article 434a CRR II (“Uniform disclosure formats”), was published on 21 April 2021, with the aim of streamlining and harmonising the periodic disclosures to the market by providing institutions with a complete integrated set of formats, templates and tables for uniform disclosures (the single framework), able to ensure high quality disclosure and a consistent framework aligned to international standards. This Regulation, applicable from 28 June 2021, establishes implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of the CRR.
In addition, to facilitate the application of the disclosure requirements by institutions and strengthen their consistency and comparability, the EBA also has made a mapping tool available to institutions, consisting of a file that links most of the quantitative public disclosure templates with those in the prudential supervisory reports.
From the reporting date of 30 June 2021, the Intesa Sanpaolo Group will publish disclosures on the basis of the provisions contained in the above-mentioned Regulation.

In addition, the requirement established by Article 448 CRR II (paragraph 1, points a) and b)), relating to the disclosure of exposures to interest rate risk on positions not held in the trading book (IRRBB – Interest Rate Risk in the Banking Book) has also been applicable from June 2021. The forms and instructions to fulfil those obligations of disclosure to the public are set out in Implementing Regulation (EU) 2022/631 of the Commission of 13 April 2022, which - in endorsing the implementing technical standards (ITS) drawn up by the EBA, and in compliance with which the Intesa Sanpaolo Group, starting from the reporting date of 30 June 2021, publishes that detailed disclosure - amends Implementing Regulation (EU) 2021/637.

With regard to the Pillar 3 instructions provided by the EBA through the Guidelines, the reference standards are:
- EBA/GL/2014/14 on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 CRR;
- EBA/GL/2018/01 regarding the templates for the publication of information relating to the impacts on own funds resulting from the introduction of the Regulation (EU) 2017/2395, containing "Transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds". As the Intesa Sanpaolo Group opted for the transitional arrangement through the "static" approach to mitigate this impact, it is also required to provide market disclosure on the amounts of its fully loaded own funds, Common Equity Tier 1 Capital, Tier 1 Capital, CET1 ratio, Tier 1 ratio, Total ratio and Leverage ratio, as if it had not adopted this transitional arrangement. As explained below in this introduction, these guidelines were amended by the Guidelines EBA/GL/2020/12, cited below, as part of the measures introduced as a result of the COVID-19 pandemic.

As part of the context linked to the COVID-19 pandemic, in order to mitigate the possible negative effects of the current crisis generated by the COVID-19 pandemic and ensure disclosure regarding the areas affected by the containment measures adopted for that purpose, thereby promoting sufficient and suitable understanding of the risk profile of supervised institutions, on 2 June 2020, the EBA published the final version of the document "*Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis*" (EBA/GL/2020/07), which contains the guidelines for reporting and disclosure of exposures subject to the measures applied in response to the COVID-19 crisis, whose first-time application, for disclosure purposes, started on 30 June 2020.
From that date, therefore, the three templates required by the above-mentioned Guidelines have been added to the Intesa Sanpaolo Group's public disclosure – "Credit risk: credit quality" Section.
Also within the emergency scenario mentioned above, Regulation (EU) 2020/873 of 24 June 2020, amending Regulations (EU) 575/2013 and Regulation (EU) 2019/876 containing temporary support provisions in terms of capital and liquidity, was published with an accelerated approval procedure (the "quick-fix").
The Regulation establishes that institutions that decide to apply the provisions of the new transitional IFRS 9 rules relating to adjustments to loans after 31 December 2019, amending the rules introduced by Regulation (EU) 2017/2395, and/or the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic (the prudential filter for exposures to central governments classified as FVOCI), in addition to disclosing the information required in Part Eight of the CRR, they are required to disclose the amounts of own funds, Common Equity Tier 1 capital and Tier 1 capital, the total capital ratio, the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio, and the leverage ratio they would have in case they did not apply that treatment.
To complete the regulatory framework developed for the pandemic crisis, following the adoption of the CRR 'quick-fix', the EBA clarified the disclosure requirements for temporary treatments introduced with the quick-fix ("Guidelines amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR 'quick-fix' in response to the COVID-19 pandemic" - EBA/GL/2020/12).
With regard to the various provisions set out in Regulation (EU) 2020/873, the Intesa Sanpaolo Group does not make use either of the changes to the transitional regime for the application of IFRS 9 (Article 473a CRR) or the FVOCI prudential filter (Article 468 CRR) for the purpose of calculating own funds, in line with the approach adopted starting from 30 June 2020.

With regard to the growing importance that the monitoring of social, environmental and governance risks (ESG risks) is assuming in the European regulatory framework, it is worth noting the publication by the EBA in January 2022 of the final version of the implementing technical standards (ITS) on Pillar 3 disclosure requirements for these risks, developed in accordance with the mandate given to the EBA by Article 449a CRR and intended for large institutions that have issued securities traded on a regulated market in any Member State. Based on the current proposal, those provisions shall enter into force on 28 June 2022 and the banks shall provide initial disclosure in December 2022 and then every six months, gradually applying the disclosure obligations (phase-in period from December 2022 to June 2024).

With regard to the impacts for the Intesa Sanpaolo Group of the military conflict between Russia and Ukraine and the impacts of the scenario resulting from the COVID-19 pandemic, refer to that described in detail in the Half-yearly Report as at 30 June 2022 and the 2021 Annual Report of the Group.

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In accordance with the above-mentioned provisions, this document has been prepared on a consolidated basis with reference to a "prudential" scope of consolidation, essentially corresponding to the definition of Banking Group for Regulatory purposes (integrated by the proportional consolidation of the jointly controlled entities).

With respect to 31 December 2021, the changes in the line-by-line accounting scope of consolidation involved the entry of:
- Newco TPA S.p.A., a newly-incorporated company in the Insurance Group, 100%-owned by ISP Vita;
- Compagnie de Banque Privée Quilvest (CBPQ), 100%-owned by Fideuram Bank (Luxembourg) S.A.;
- VUB Operating Leasing A.S., previously consolidated using the equity method;

and the exit of:
- Intesa Sanpaolo Private Bank (Suisse) Morval, merged by incorporation into Reyl & Cie;
- Vub Leasing, which was discontinued following its demerger into Vseobecna Uverova Banka for finance leasing and into Vub Operating Leasing (mentioned above) for operating leasing;
- UBI Leasing, merged by incorporation into Intesa Sanpaolo;
- PBZ Stambena Stedionica, merged by incorporation into PBZ – Privredna Banka Zagreb;
- Intesa Sanpaolo (Qingdao) Service Company Limited, which is now consolidated using the equity method in view of the fact that its balance sheet contains small amounts.

The changes in the prudential scope of consolidation with respect to 31 December 2021 were the same as those indicated in the section above for the accounting scope of consolidation, except for Newco TPA (which is an insurance entity and therefore not included in the prudential scope).

With regard to how the Group's two subsidiaries present in Ukraine and Russia, respectively Pravex Bank Joint-Stock Company (below: Pravex) and Banca Intesa Joint-Stock Company (below: Banca Intesa Russia), contribute to the preparation of the consolidated financial statements as at 30 June 2022 – as already described in the Half-yearly Report as at 30 June 2022, to which reference is made for more details – the following should be noted:

- given the Parent Company's continued control over Pravex, the subsidiary's balance sheet has been fully consolidated on the basis of the reporting package as at 31 December 2021 updated to the exchange rate of 30 June 2022, making central adjustments in connection with the write-down of the bank's assets. The decision to use last 31 December's reporting package, in continuity with the approach adopted as at 31 March 2022, was based on the following joint considerations:
  - the low materiality of and lack of change in the balance sheet and, basically, income statement of the subsidiary, with respect to the Group's consolidated figures;
  - the obvious logistical and execution difficulties for the Ukrainian bank's administrative structures, also in terms of available IT channels, after having assessed the actual operational possibilities and the high risk of incurring major operational difficulties that could have significantly affected the process of closing the period accounts;
- having verified the maintenance of control over Banca Intesa Russia, similar considerations were also adopted for the consolidation of this investee company, for which the balance sheet and income statement figures of the reporting package as at 31 March 2022 updated to the exchange rate of 30 June 2022 have been adopted, making central adjustments – also in this case – in connection with the additional write-downs of the Bank's assets. This decision was prompted by the worsening of the situation, also with respect to the extreme relevance of the IT security issues, and the investee's low materiality.

For both entities, Pravex and Banca Intesa Russia, the above consolidation methods are also supported by the balance sheet "management" data as at 30 June, which do not show – in the overall aggregates – any significant differences from those presented as at 31 December 2021 for Pravex and as at 31 March 2022 for Banca Intesa Russia, with the sole exception of a decrease of around 30% in loans to customers of the latter as a result of the block on new operations.

In line with the related supervisory reports, the comparative data relating to previous periods were not restated to take account of the changes in the scope of consolidation.

In accordance with Article 433 of the CRR II, banks publish the Pillar 3 Disclosures required by European regulations at the same time as the financial statements or as soon as possible after that date. The frequency of publication of disclosures by large institutions (the category the Intesa Sanpaolo Group belongs to) is specifically regulated by Article 433a CRR II ("Disclosures by large institutions").

In relation to the scope of application of the provisions of the CRR, which refers - as previously indicated - to a "prudential" consolidation scope, and the provisions of the CRR, this document does not illustrate all the types of risk that the Intesa Sanpaolo Group is exposed to. For more details, see the Group's Half-yearly Report as at 30 June 2022 and 2021 Annual Report.

All the amounts reported in this disclosure, unless otherwise specified, are stated in millions of euro.

The preparation of the Pillar 3 disclosure on capital adequacy, risk exposure and the general characteristics of the related management and control systems of Intesa Sanpaolo is governed, in compliance with the applicable regulations, by the "Guidelines on the disclosure of Financial information to the Market", approved by the Board of Directors. The governance of the Pillar 3 disclosure requires the Chief Risk Officer to ensure that the risk information provided therein complies with the prudential regulation and is consistent with Group risk management guidelines and policies and with the measurement and control of the Group's exposure to the different risk categories.

Furthermore, as regards public disclosure, the document is accompanied by the declaration of the Manager responsible for preparing the Company's financial reports, pursuant to paragraph 2 of Art. 154-bis of the Consolidated Law on Finance, which confirms that the accounting information contained in the document corresponds to the supporting documentation, ledgers and other accounting records.
The preparation of Financial disclosures to the Market is one of the processes subject to assessment under the Group "Administrative and Financial Governance Guidelines", which were also approved by the Board of Directors.

Lastly, as required by the G-SIBs assessment exercise conducted by the EBA, the Group's website publishes information, upon the required deadlines, on the value of the indicators of global systemic importance (Governance\Risk management Section of the website: "Indicators of the assessment methodology to identify the global systemically important banks").

References to the regulatory disclosure requirements

The table below provides a summary of the location of the market disclosure, in accordance with the regulatory requirements governed by the European regulations and in particular CRR II Part Eight and related Regulation (EU) 2021/637.

In accordance with the above regulatory requirements, the quantitative information in table and text form that requires quarterly or half yearly disclosure has been published in the document as at 30 June 2022 for Own Funds, Capital Requirements, Liquidity Risk, Credit Risk (standardised approach, IRB models and mitigation techniques), Counterparty Risk, Market Risk, Operational Risk, Securitisations and Leverage Ratio.

CRR II Article	Pillar 3 Section Reference as at 30 June 2022	Frequency of publishing Pillar 3 disclosures
435 - Disclosure of the risk management objectives and policies	-	▪ Annual
436 - Disclosure of the scope of application	-	▪ Annual
437 – Disclosure of own funds	▪ Own Funds ▪ Attachment 1 - Own funds: Main features of regulatory own funds instruments issued during the half year (EU CCA Reg. 2021/637) ▪ Attachment 2 - Own funds: Composition of regulatory own funds (EU CC1 Reg. 2021/637)	▪ Quarterly (except “EU CC2 Reconciliation” table half-yearly) ▪ Quarterly (instruments issued in the period) / Annual (full disclosure) ▪ Quarterly
437a - Disclosure of own funds and eligible liabilities	-	N/A for ISP Group
438 - Disclosure of own funds requirements and risk-weighted exposure amounts	▪ Capital Requirements ▪ Credit risk: disclosures on portfolios subject to IRB approaches	▪ Quarterly (summary) / Annual (full)
439 - Disclosure of exposures to counterparty credit risk	▪ Counterparty risk	▪ Half-yearly (summary) / Annual (full)
440 - Disclosure of countercyclical capital buffers	▪ Capital Requirements	▪ Quarterly (summary) / Half-yearly (full)
441 - Disclosure of indicators of global systemic importance	-	N/A for ISP Group
442 - Disclosure of exposures to credit risk and dilution risk	▪ Credit risk: credit quality	▪ Half-yearly (summary) / Annual (full)
443 - Disclosure of encumbered and unencumbered assets	-	▪ Annual
444 - Disclosure of the use of the Standardised Approach	▪ Credit risk: disclosures on portfolios subject to the standardised approach ▪ Counterparty risk	▪ Half-yearly (summary) / Annual (full)
445 - Disclosure of exposure to market risk	▪ Market risk	▪ Half-yearly
446 - Disclosure of operational risk management	▪ Operational risk	▪ Half-yearly (summary) / Annual (full)
447 - Disclosure of key metrics	▪ Capital Requirements	▪ Quarterly
448 - Disclosure of exposures to interest rate risk on positions not held in the trading book	▪ Interest rate risk on positions not included in the trading book	▪ Half-yearly (summary) / Annual (full)
449 - Disclosure of exposures to securitisation positions	▪ Securitisations	▪ Half-yearly (summary) / Annual (full)
449a - Disclosure of environmental, social and governance risks (ESG risks)	-	N/A – Applicable from 31 December 2022
450 - Disclosure of remuneration policy	-	▪ Annual
451 - Disclosure of the leverage ratio	▪ Leverage ratio	▪ Quarterly (summary) / Annual (full)
451a - Disclosure of liquidity requirements	▪ Liquidity risk	▪ Quarterly (summary) / Annual (full)
452 - Disclosure of the use of the IRB Approach to credit risk	▪ Credit risk: disclosures on portfolios subject to IRB approaches ▪ Counterparty risk	▪ Half-yearly (summary) / Annual (full)
453 - Disclosure of the use of credit risk mitigation techniques	▪ Credit risk: disclosures on portfolios subject to the standardised approach ▪ Credit risk: disclosures on portfolios subject to IRB approaches ▪ Credit risk mitigation techniques	▪ Half-yearly (summary) / Annual (full)
454 - Disclosure of the use of the Advanced Measurement Approaches to operational risk	▪ Operational risk	▪ Half-yearly (summary) / Annual (full)
455 - Use of Internal Market Risk Models	▪ Market risk	▪ Quarterly (summary) / Annual (full)

Reference to the requirements of Regulation 2021/637, EBA GL 2020/07 and EBA GL 2020/12

The table below shows the location in the Pillar 3 document of the disclosure requirements introduced by Regulation (EU) 2021/637 applicable from June 2021 containing the implementing technical standards for the publication by institutions of the information required by Part Eight CRR II, in addition to what is already required by EBA GL 2020/07 on the disclosure of exposures subject to the measures applied in response to the COVID-19 crisis and EBA GL 2020/12 on disclosure in the IFRS 9 transition period.

Table	Table Description	Publication frequency	Pillar 3 Section (annual document)
EU OVA	Institution risk management approach	Annual	Section 1 – General requirements
EU OVB	Disclosure on governance arrangements	Annual	
EU LI3	Outline of the differences in the scopes of consolidation (entity by entity)	Annual	Section 2 – Scope of application
EU LI1	Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories	Annual	
EU LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements	Annual	
EU LIA	Explanations of differences between accounting and regulatory exposure amounts	Annual	
EU LIB	Other qualitative information on the scope of application	Annual	
EU CC2	Reconciliation of regulatory own funds to balance sheet in the audited financial statements	Half-yearly	Section 3 - Own Funds
EU OVC	ICAAP information	Annual	Section 4 - Capital Requirements
EU OV1	Overview of total risk exposure amounts	Quarterly	
EU KM1	Key metrics	Quarterly	
EU CR8	RWEA flow statements of credit risk exposures under the IRB approach	Quarterly	
EU CCR7	RWEA flow statements of CCR exposures under the IMM	Quarterly	
EU MR2-B	RWEA flow statements of market risk exposures under the IMA	Quarterly	
EU CCyB2	Amount of the institution-specific countercyclical capital buffer	Quarterly	
EU CCyB1	Geographic distribution of the relevant credit exposures for the purpose of calculating the countercyclical capital buffer	Half-yearly	
EU INS1	Insurance participations	Half-yearly	
EU INS2	Financial conglomerates information on own funds and capital adequacy ratio	Annual	
EU IFRS 9-FL*	Comparison of own funds, capital ratios and leverage ratio with and without the application of transitional provisions for IFRS 9	Quarterly	
EU LIQA	Liquidity risk management	Half-yearly (summary) / Annual (full)	Section 5 – Liquidity Risk
EU LIQB	Qualitative information on LCR, which complements template EU LIQ1	Quarterly	
EU LIQ1	Quantitative information of LCR (Liquidity Coverage Ratio)	Quarterly	
EU LIQ2	Net Stable Funding Ratio (NSFR)	Half-yearly	
EU CRA	General qualitative information about credit risk	Annual	Section 6 – Credit risk: General disclosure
EU CRB	Additional disclosure related to the credit quality of assets	Annual	Section 7 – Credit risk: Credit quality
EU CR1	Performing and non-performing exposures and related impairment and provisions	Half-yearly	
EU CR1-A	Maturity of exposures	Half-yearly	
EU CR2	Changes in the stock of non-performing loans and advances	Half-yearly	
EU CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	N/A**	
EU CQ3	Credit quality of performing and non-performing exposures by past-due days	Half-yearly	
EU CQ4	Quality of non-performing exposures by geography	Half-yearly	
EU CQ5	Credit quality of loans and advances to non-financial corporations by industry	Half-yearly	
EU CQ1	Credit quality of forborne exposures	Half-yearly	
EU CQ2	Quality of forbearance	N/A**	
EU CQ6	Collateral valuation – loans and advances	N/A**	
EU CQ7	Collateral obtained by taking possession and execution processes	Half-yearly	

EU CQ8	Collateral obtained by taking possession and execution processes - vintage breakdown	N/A**	
Table 1***	Information on loans and advances subject to legislative and non-legislative moratoria	Half-yearly	
Table 2***	Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria	Half-yearly	
Table 3***	Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis	Half-yearly	
EU CRD	Qualitative disclosure requirements related to standardised approach	Annual	Section 8 – Credit risk: Disclosures on portfolios subject to the standardised approach
EU CR4	Standardised approach – Credit risk exposure and CRM effects	Half-yearly	
EU CR5	Standardised approach - Exposures post CCF and CRM	Half-yearly	
EU CR5 bis	Standardised approach - Exposures before CCF and CRM	Half-yearly	
EU CRE	Qualitative disclosure requirements related to IRB approach	Annual	Section 9 – Credit risk: Disclosures on portfolios subject to IRB approaches
EU CR6-A	Scope of the use of IRB and SA approaches	Annual	
EU CR7	IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	Half-yearly	
EU CR6	IRB approach – Credit risk exposures by exposure class and PD range	Half-yearly	
EU CR10	Specialised lending and equity exposures under the simple risk weight approach	Half-yearly	
EU CR7-A	IRB approach – Disclosure of the extent of the use of CRM techniques	Half-yearly	
EU CR9	IRB approach – Back-testing of PD per exposure class (fixed PD scale)	Annual	
EU CR9.1	IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)	N/A	
EU CRC	Qualitative disclosure requirements related to CRM techniques	Annual	Section 10 – Credit risk mitigation techniques
EU CR3	CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	Half-yearly	
EU CCRA	Qualitative disclosure related to CCR	Annual	Section 11 – Counterparty risk
EU CCR1	Analysis of CCR exposure by approach	Half-yearly	
EU CCR2	Transactions subject to own funds requirements for CVA risk	Half-yearly	
EU CCR3	Standardised approach – CCR exposures by regulatory exposure class and risk weights	Half-yearly	
EU CCR3 bis	Standardised approach – CCR exposures by regulatory exposure class and risk weights – Amounts without risk mitigation	Half-yearly	
EU CCR4	IRB approach – CCR exposures by exposure class and PD scale	Half-yearly	
EU CCR5	Composition of collateral for CCR exposures	Half-yearly	
EU CCR6	Credit derivatives exposures	Half-yearly	
EU CCR8	Exposures to CCPs	Half-yearly	
EU SECA	Qualitative disclosure requirements related to securitisation exposures	Annual	Section 12 – Securitisations
EU SEC1	Securitisation exposures in the non-trading book	Half-yearly	
EU SEC2	Securitisation exposures in the trading book	Half-yearly	
EU SEC3	Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor	Half-yearly	
EU SEC4	Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor	Half-yearly	
EU SEC5	Exposures securitised by the institution – Exposures in default and specific credit risk adjustments	Half-yearly	
EU MRA	Qualitative disclosure requirements related to market risk	Annual	Section 13 – Market risk
EU MRB	Qualitative disclosure requirements for institutions using the internal Market Risk Models	Annual	
EU MR1	Market risk under the standardised approach	Half-yearly	
EU MR2-A	Market risk under the Internal Model Approach (IMA)	Half-yearly	
EU MR3	IMA values for trading portfolios	Half-yearly	
EU MR4	Comparison of VaR estimates with gains/losses	Half-yearly	
EU PV1	Prudent valuation adjustments (PVA)	Annual	
EU ORA	Qualitative information on operational risk	Annual	Section 14 – Operational Risk
EU OR1	Operational risk own funds requirements and risk-weighted exposure amounts	Annual	

EU IRRBBA	Qualitative information on interest rate risk of non-trading book activities	Annual	Section 16 - Interest rate risk on positions not included in the trading book
EU IRRBB1	Interest rate risk of non-trading book activities	Half-yearly	
EU AE1	Encumbered and unencumbered assets	Annual	Section 17 – Encumbered and unencumbered assets
EU AE2	Collateral received and own debt securities issued	Annual	
EU AE3	Sources of encumbrance	Annual	
EU AE4	Accompanying narrative information	Annual	
EU LRA	Disclosure of LR qualitative information	Half-yearly	Section 18 - Leverage ratio
EU LR2	LRCom – Leverage ratio common disclosure	Half-yearly	
EU LR1	LRSum – Summary reconciliation of accounting assets and leverage ratio exposure	Half-yearly	
EU LR3	LRSpl – Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	Half-yearly	
EU REMA	Remuneration policy	Annual	Section 19 – Remuneration policy
EU REM1	Remuneration awarded for the financial year	Annual	
EU REM2	Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Annual	
EU REM3	Deferred remuneration	Annual	
EU REM4	Remuneration of 1 million EUR or more per year	Annual	
EU REM5	Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Annual	
EU CCA	Own Funds: Main features of regulatory own funds instruments	Quarterly (instruments issued in the period)	Attachment 1
EU CC1	Own Funds: Composition of regulatory own funds	Quarterly	Attachment 2

* EBA GL 2020/12 "Guidelines amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of the CRR to ensure compliance with the CRR 'quick fix'".
** As at 30 June 2022 not applicable for the Intesa Sanpaolo Group because NPL ratio < 5%.
*** EBA GL 2020/07 "Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis".

Own funds

Qualitative disclosure

Introduction

As previously mentioned, the harmonised rules for banks and investment companies contained in Directive 2013/36/EU (CRD IV) and in Regulation (EU) 575/2013 (CRR) of 26 June 2013 and amended respectively by Directive 2019/878/EU (CRD V) and Regulation (EU) 2019/876 (CRR II), which transpose the banking supervision standards defined by the Basel Committee on Banking Supervision (the Basel 3 Framework) into European Union laws, became applicable from 1 January 2014.

The above provisions have been incorporated into the following two regulations:
- Bank of Italy Circular 285: "Supervisory regulations for banks" which renders the above-mentioned provisions operational;
- Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) 575/2013 with regard to supervisory reporting of institutions and repealing Commission Implementing Regulation (EU) 680/2014.

These provisions are supplemented by the European Commission Delegated Regulations and the ECB Decisions on the definition of Own Funds, listed below:
- Commission Delegated Regulation (EU) 342/2014 of 21 January 2014, supplementing Directive 2002/87/EC of the European Parliament and of the Council and Regulation (EU) 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the application of the calculation methods of capital adequacy requirements for financial conglomerates;
- Commission Delegated Regulation (EU) 2015/923 of 11 March 2015, amending Delegated Regulation (EU) 241/2014 supplementing Regulation (EU) 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions;
- Commission Delegated Regulation (EU) 2016/101 of 26 October 2015 supplementing Regulation (EU) 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for prudent valuation;
- Decision No. 2015/656 of the European Central Bank of 4 February 2015 on the conditions under which credit institutions are permitted to include interim or year-end profits in Common Equity Tier 1 capital;
- Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017, amending Regulation (EU) 575/2013, through the addition of the new Article 473a ("Introduction of IFRS 9"), in relation to the transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State. The above article was amended in turn by Regulation (EU) 2020/873 of 24 June 2020 (so-called "CRR quick fix"), which makes adjustments in response to the COVID-19 pandemic;
- Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) 575/2013 as regards minimum loss coverage for non-performing exposures;
- Commission Delegated Regulation (EU) 2020/2176 of 12 November 2020 amending Commission Delegated Regulation (EU) 241/2014 as regards the deduction of software assets from Common Equity Tier 1 items.

This regulatory framework requires that Own Funds (or regulatory capital) are made up of the following tiers of capital:
- Tier 1 Capital, in turn composed of:
  - Common Equity Tier 1 Capital (CET1);
  - Additional Tier 1 Capital (AT1);
- Tier 2 Capital (T2).

Tier 1's predominant element is Common Equity, mainly composed of equity instruments (e.g. ordinary shares net of treasury shares), share premium reserves, retained earnings reserves, undistributed income for the period, valuation reserves, eligible minority interests, net of the deducted items.
In order to be eligible for Common Equity, the equity instruments issued must guarantee absorption of losses on going concern, by satisfying the following characteristics:
- maximum level of subordination;
- option for suspending the payment of dividends/coupons at the full discretion of the issuer and in a non-cumulative manner;
- unredeemability;
- absence of redemption incentives.

At present, with reference to the Intesa Sanpaolo Group, no equity instrument other than ordinary shares is eligible for inclusion in Common Equity.
A number of prudential filters are also envisaged with effects on Common Equity:
- filter on profits associated with future margins deriving from securitisations;
- filter on cash flow hedge (CFH) reserves;
- filter on profits or losses on liabilities designated at fair value (derivatives or otherwise) associated with changes in own credit risk (DVA);
- adjustments to fair value assets associated with the "prudent valuation".

The regulation also envisages a series of elements to be deducted from Common Equity Tier 1:
- losses for the current year;
- goodwill, intangible assets and residual intangible assets;
- deferred tax assets (DTA) associated with future income not deriving from temporary differences (e.g. DTA on losses carried forward);
- expected losses exceeding total credit risk adjustments (the shortfall reserve) for exposures weighted according to IRB approaches;
- net assets deriving from defined benefit plans;
- direct, indirect or synthetic holdings of the entity in Common Equity Tier 1 Capital instruments;
- exposures for which it is decided to opt for deduction rather than a 1,250% weighting among RWA;
- non-significant investments in CET1 instruments issued by companies operating in the financial sector (less the amount exceeding the thresholds envisaged in the regulations);
- deferred tax assets (DTA) that rely on future profitability and arise from temporary differences (deducted for the amount exceeding the thresholds envisaged in the regulation);
- significant investments in CET1 instruments issued by companies operating in the financial sector (deducted for the amount exceeding the thresholds envisaged in the regulation);
- the applicable amount of insufficient coverage for non-performing exposures, as governed by Regulation (EU) 2019/630 (minimum loss coverage);
- any negative difference between the current market value of the units or shares in CIUs held by retail customers and the present value of the minimum amount that the institution has committed as a guarantee for those customers (minimum value commitment).

The AT1 category includes equity instruments other than ordinary shares (which are eligible for Common Equity), which meet the regulatory requirements for inclusion in that level of own funds (e.g. savings shares or AT1 equity instruments), once the deductions of items and exemptions provided for in Regulation (EU) 575/2013 (CRR) and amended by Regulation (EU) 2019/876 (CRR II) have been applied.

Tier 2 Capital is mainly composed of items such as eligible subordinated liabilities and any excess of credit risk adjustments over and above expected losses (the excess reserve) for exposures weighted according to IRB approaches, once the deductions of items and exemptions provided for in Regulation (EU) 575/2013 (CRR) have been applied. Following the issue of Regulation (EU) 2019/876 (CRR II), the eligibility of Tier 2 instruments with a residual maturity of less than five years (being amortised) is determined based on the carrying amount instead of the nominal value.

The transitional period (2018-2022), also aimed at mitigating the capital impacts linked to the introduction of the new financial reporting standard IFRS 9, started from 1 January 2018. The Intesa Sanpaolo Group has exercised the option provided in the above-mentioned Regulation (EU) 2017/2395 of adopting the "static" approach that allows the neutralisation of a progressively decreasing amount of the impact of IFRS 9 in its CET1 solely for the FTA component of the impairment.
In particular, the result from the comparison between the IAS 39 adjustments at 31 December 2017 and the IFRS 9 adjustments at 1 January 2018 – relating to performing loans and securities (stage 1 and 2) and adjustments to NPLs (stage 3), net of tax and having eliminated any shortfall reserve – is re-included in the capital according to phase-in percentages of 95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021, and 25% in 2022. During the transitional period, the possibility of electing to change this approach is only allowed once, subject to authorisation from the Supervisory Authority, moving from the "static" approach to the "dynamic" approach or suspending the application of the transitional treatment in favour of the fully loaded regime. During 2018, two EBA Q&As were published (2018_3784, 2018_4113) which specified that, during the transitional period, any Deferred Tax Assets (DTAs) connected to IFRS 9 FTA-related adjustments should not be considered as deductions from CET1 as envisaged by the CRR.
Considering that the approval of Law 145 of 30 December 2018 (2019 Budget Act) led to the recognition of DTAs linked to the deferred deductibility, over 10 financial years starting from 2018, of the value adjustments recognised in shareholders' equity because they are related to the first-time adoption of IFRS 9, as envisaged by the aforementioned Regulation and the subsequent EBA Q&As, those DTAs have been neutralised for the purposes of CET 1 Capital during the transitional period established for the IFRS 9 impact (which extends until 2022) limited to the complementary portion of the phase-in percentages detailed above. Law 160 of 27 December 2019 (2020 Budget Act), like the previous Law, deferred the deduction of the portions pertaining to 2019 of the above value adjustments to the tax period 2028.

In November 2019, Q&A 2018_4302 was published which allows the amount of net deferred tax assets that rely on future profitability to be treated for prudential purposes, within the deductions from the CET1 items provided for in the CRR, independently and distinctly from the accounting framework applied to them. In this respect, the EBA clarified that for the deduction of the above-mentioned DTAs from CET1 items, the netting rules established by the CRR apply and that therefore the amount of the DTAs – calculated for prudential purposes – may differ from the related net balance reported in the periodic reports and determined according to the applicable accounting rules.

The above-mentioned Regulation (EU) 2019/876 (CRR II), in Article 494b "Grandfathering of Own Funds instruments and eligible liabilities instruments", introduced a new transitional regime, applicable until 28 June 2025, which allows Own Funds instruments – issued before 27 June 2019 (the date of entry into force of CRR II) – which do not meet the specific conditions set out in points p), q) and r) of Article 52 ("Additional Tier 1 instruments"), as amended by Article 1 point 23) of CRR II, and in points n), o) and p) of Article 63 ("Tier 2 instruments"), as amended by Article 1 point 27) of CRR II – to qualify as AT1 and T2 instruments. Since July 2020, the Intesa Sanpaolo Group has no longer held any subordinated instruments subject to the above-mentioned transitional rules.
In addition, as already mentioned in the introduction to this document, since June 2020 the Intesa Sanpaolo Group has not adopted the new IFRS 9 transitional rules relating to adjustments to loans after 31 December 2019 or the reintroduction of the

prudential filter for exposures to central governments classified to the FVOCI category, both introduced by the European Commission in Regulation (EU) 2020/873 of 24 June 2020 (quick fix).

Lastly, since December 2020, the Intesa Sanpaolo Group has applied Commission Delegated Regulation (EU) 2020/2176, which entered into force on 23 December 2020 and amends Commission Delegated Regulation (EU) 241/2014 as regards the deduction of software assets from Common Equity Tier 1 items. The Regulation introduced the criterion of prudential amortisation applied to all software assets over a three-year period, regardless of their estimated useful lives for accounting purposes. Specifically, the difference, where positive, between prudential cumulative amortisation and accounting cumulative amortisation (including impairment losses) is fully deducted from CET1. The remainder, i.e. the portion of the net carrying amount of each software asset not deducted as a result of the prudential treatment, is included in the RWAs with a 100% risk weight.

Quantitative disclosure

Breakdown of Own Funds

The structure of the Intesa Sanpaolo Group's Own Funds as at 30 June 2022 is summarised in the table below.

(millions of euro)

	30.06.2022	31.12.2021
A. Common Equity Tier 1 (CET1) before the application of prudential filters	**55,063**	**55,955**
of which CET1 instruments subject to transitional adjustments	-	-
B. CET1 prudential filters (+ / -)	**-114**	**492**
C. CET1 before items to be deducted and effects of transitional period (A +/- B)	**54,949**	**56,447**
D. Items to be deducted from CET1	**-14,383**	**-10,712**
E. Transitional period - Impact on CET1 (+/-)	**755**	**1,512**
F. Total Common Equity Tier 1 (CET1) (C-D +/-E)	**41,321**	**47,247**
G. Additional Tier 1 (AT1) before items to be deducted and effects of transitional period	**7,207**	**6,264**
of which AT1 instruments subject to transitional adjustments	-	-
H. Items to be deducted from AT1	**-**	**-**
I. Transitional period - Impact on AT1 (+/-)	**-**	**-**
L. Total Additional Tier 1 (AT1) (G - H +/- I)	**7,207**	**6,264**
M. Total Tier 1 (T1) (F + L)	**48,528**	**53,511**
N. Tier 2 (T2) before items to be deducted and effects of transitional period	**8,594**	**9,164**
of which T2 instruments subject to transitional adjustments	-	-
O. Items to be deducted from T2	**-277**	**-223**
P. Transitional period - Impact on T2 (+ / -)	**-**	**-**
Q. Total Tier 2 (T2) (N - O +/- P)	**8,317**	**8,941**
R. Total own funds (F + L + Q)	**56,845**	**62,452**

The tables below provide a detailed summary of the various capital levels before regulatory adjustments and transitional regime adjustments, together with the reconciliation between Common Equity Tier 1 and net book value and the changes in own funds in the period. As also described below, as at 30 June 2022, own funds take account of the deduction following the authorisation from the ECB to buyback own shares for their cancellation, as approved by the Shareholders' Meeting on 29 April 2022, for the amount of 3.4 billion euro.

The own funds disclosure required by the above-mentioned Regulation (EU) 2021/637, applicable from June 2021, is provided:

– at the end of this Section: template EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements;
– Attachment 1, which contains details of the terms and conditions of the Additional Tier 1 instruments issued during the first half of 2022, in line with the template EU CCA of Regulation (EU) 2021/637;
– Attachment 2: template EU CC1 – Composition of regulatory own funds.

The full terms and conditions of all the other Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments have been reported in Attachment 1 to the Basel 3 Pillar 3 - Disclosure as at 31 December 2021.

Reconciliation of net book value and Common Equity Tier 1 Capital

(millions of euro)

Captions	30.06.2022	31.12.2021
Group Shareholders' equity	64,017	63,775
Minority interests	248	291
Shareholders' equity as per the Balance Sheet	**64,265**	**64,066**
Interim dividend [(a)]	-	1,399
Adjustments for instruments eligible for inclusion in AT1 or T2 and net income for the period		
- Other equity instruments eligible for inclusion in AT1	-7,207	-6,263
- Minority interests eligible for inclusion in AT1	-	-1
- Minority interests eligible for inclusion in T2	-	-1
- Ineligible minority interests on full phase-in	-248	-286
- Ineligible net income for the period [(b)]	-1,748	-3,031
- Treasury shares included under regulatory adjustments [(c)]	3,552	266
- Buyback of own shares [(d)]	-3,400	-
- Other ineligible components on full phase-in	-151	-194
Common Equity Tier 1 capital (CET1) before regulatory adjustments	**55,063**	**55,955**
Regulatory adjustments (including transitional adjustments) [(e)]	**-13,742**	**-8,708**
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	**41,321**	**47,247**

(a) The Shareholders' Equity as per the Balance Sheet does not include the interim dividend paid on 24 November 2021 of 1,399 million euro (net of the amount not distributed in respect of own shares held at the record date, of around 2 million euro).

(b) Common Equity Tier 1 capital as at 30 June 2022 includes the net income for the first half of 2022, less the related dividend, calculated considering a payout of 70%, equal to that envisaged in the 2022-2025 Business Plan and other foreseeable charges (accrued coupon on Additional Tier 1 instruments, net of the tax effects).

(c) The amount as at 30 June 2022 includes, in addition to the book value of own shares, also the amounts for which the Group received authorisation for buyback.

(d) The amount as at 30 June 2022 refers to the sterilisation of the amount of the buyback of own shares, subject to ECB authorisation of 24 June 2022.

(e) Adjustments for the transitional period as at 30 June 2022 take account of the prudential filter, which allows re-inclusion in Common Equity of a portion of the impact of IFRS 9 (25% in 2022) set to decrease progressively until 2022.

Common Equity Tier 1 Capital (CET1)

(millions of euro)

Information	30.06.2022	31.12.2021
Common Equity Tier 1 capital (CET1)		
Share capital - ordinary shares	10,369	10,084
Share premium reserve	28,056	27,286
Reserves (a)	18,158	17,662
Accumulated other comprehensive income (b)	-2,126	-234
Net income (loss) for the period	2,354	4,185
Net income (loss) for the period not eligible (c)	-1,748	-
Dividends and other foreseeable charges (d)	-	-3,031
Minority interests	-	3
Common Equity Tier 1 capital (CET1) before regulatory adjustments	**55,063**	**55,955**
Common Equity Tier 1 capital (CET1): Regulatory adjustments		
Treasury shares	-3,552	-266
Goodwill	-4,257	-4,146
Other intangible assets	-3,875	-3,609
Deferred tax assets that rely on future profitability and do not arise from temporary differences	-1,924	-1,914
Negative amounts resulting from the calculation of expected losses (shortfall reserve)	-293	-318
Defined benefit pension funds assets	-	-
Prudential filters	-114	492
- of which Cash Flow Hedge Reserve	*414*	*602*
- of which Gains or Losses due to changes in own credit risk (DVA)	*-292*	*125*
- of which Prudent valuation adjustments	*-236*	*-235*
- of which Other prudential filters	-	-
Exposures to securitisations deducted rather than risk weighted at 1,250%	-110	-155
CET1 instruments of financial sector entities where the institution does not have a significant investment, held directly, indirectly and synthetically, which exceed the threshold of 10% of Common Equity	-	-
Deductions with 10% threshold (e)	-	-
- of which Deferred tax assets (DTA) that rely on future profitability and arise from temporary differences	-	-
- of which CET1 instruments of financial sector entities where the institution has a significant investment, held directly, indirectly and synthetically	-	-
Deductions with threshold of 17.65% (e)	-	-
Positive or negative elements - other (f)	-372	-304
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**-14,497**	**-10,220**
Total adjustments in the transitional period (CET1)	**755**	**1,512**
Common Equity Tier 1 (CET1) - Total	**41,321**	**47,247**

(a) Amount included in CET1, includes a negative effect of about 3,265 million euro deriving from the adoption of IFRS 9, in addition to the 2021 income allocated to reserves.

(b) The caption "Accumulated other comprehensive income" includes a positive effect of about 328 million euro deriving from the adoption of IFRS 9.

(c) Common Equity Tier 1 capital as at 30 June 2022 includes the net income for the first half of 2022, less the related dividend, calculated considering a payout of 70%, equal to that envisaged in the 2022-2025 Business Plan and other foreseeable charges (accrued coupon on Additional Tier 1 instruments, net of the tax effects).

(d) As at 31 December 2021, the figure considers the dividends on 2021 results, the portion of the remuneration of the AT1 instruments issued at that date and the portion of 2021 income allocated to charity, net of the tax effect.

(e) See the specific table for the details of the calculation of the deduction thresholds.

(f) The caption includes also "Foreseeable tax charges relating to CET1 items".

As at 30 June 2022, own funds take account of the deduction following the authorisation from the ECB to buyback own shares for their annulment, as approved by the Shareholders' Meeting on 29 April 2022, for the amount of 3.4 billion euro.
For the purposes of calculating own funds as at 30 June 2022 the net income for the first half of the year was considered, less the related dividend, calculated taking account of the payout ratio envisaged in the 2022-2025 Business Plan (70%) and other foreseeable charges.

As envisaged by Article 36 (1)(k)(ii) of Regulation (EU) 575/2013 which governs this circumstance, in place of the weighting of the positions towards securitisations that meet the requirements to receive a weighting of 1,250%, it was chosen to proceed with the direct deduction of these exposures from the Own Funds.
The amount of such deduction as at 30 June 2022 is equal to 110 million euro.

Additional Tier 1 Capital (AT1)

(millions of euro)

Information	30.06.2022	31.12.2021
Additional Tier 1 capital (AT1)		
AT1 instruments	7,207	6,263
Minority interests	-	1
Additional Tier 1 capital (AT1) before regulatory adjustments	**7,207**	**6,264**
Regulatory adjustments to Additional Tier 1 (AT1)	**-**	**-**
Adjustments in the transitional period, including minority interests (AT1)	**-**	**-**
Additional Tier 1 (AT1) - Total	**7,207**	**6,264**

Additional Tier 1 (AT1) equity instruments

Issuer	Interest rate	Step-up	Issue date	Expiry date	Early redemption as of	Currency	Subject to grandfather-ing	Original amount in currency	Contribution to the own funds (millions of euro)
Intesa Sanpaolo	7.70% fixed rate	NO	17-Sep-2015	perpetual	17-Sep-2025	USD	NO	1,000,000,000	867
Intesa Sanpaolo	6.25% fixed rate	NO	16-May-2017	perpetual	16-May-2024	Eur	NO	750,000,000	741
Intesa Sanpaolo	7.75% fixed rate	NO	11-Jan-2017	perpetual	11-Jan-2027	Eur	NO	1,250,000,000	1,234
Intesa Sanpaolo	3.75% fixed rate	NO	27-Feb-2020	perpetual	27-Feb-2025	Eur	NO	750,000,000	746
Intesa Sanpaolo	4.125% fixed rate	NO	27-Feb-2020	perpetual	27-Feb-2030	Eur	NO	750,000,000	746
Intesa Sanpaolo	5.875% fixed rate (payable semi-annually)	NO	01-Sep-2020	perpetual	01-Sep-2031	Eur	NO	750,000,000	744
Intesa Sanpaolo	5.5% fixed rate (payable semi-annually)	NO	01-Sep-2020	perpetual	01-Mar-2028	Eur	NO	750,000,000	742
Intesa Sanpaolo	5.875% fixed rate (payable semi-annually)	NO	20-Jan-2020	perpetual	20-Jan-2025	Eur	NO	400,000,000	383
Intesa Sanpaolo	6.375% fixed rate (payable semi-annually)	NO	30-Mar-2022	perpetual	30-Sep-2028	Eur	NO	1,000,000,000	981
REYL & Cie SA	4.75%	NO	30-Nov-2019	perpetual	30-Nov-2024	CHF	NO	15,000,000	13
REYL & Cie SA	4.75%	NO	30-Nov-2018	perpetual	30-Nov-2023	CHF	NO	12,000,000	10
Total Additional Tier 1 equity instruments									**7,207**

Tier 2 capital (T2)

(millions of euro)

	30.06.2022	31.12.2021
Tier 2 Capital (T2)		
T2 Instruments	8,416	9,163
Minority interests	-	1
Excess of provisions over expected losses eligible (excess reserve)	178	-
Tier 2 capital before regulatory adjustments	**8,594**	**9,164**
Tier 2 Capital (T2): Regulatory adjustments		
T2 instruments of financial sector entities where the institution does not have a significant investment, held directly, indirectly and synthetically	-	-
T2 instruments of financial sector entities where the institution has a significant investment, held directly, indirectly and synthetically	-277	-223
Positive or negative items - other	-	-
Total regulatory adjustments to Tier 2 (T2)	**-277**	**-223**
Total adjustments in the transitional period, including minority interests (T2)	**-**	**-**
Tier 2 Capital (T2) - Total	**8,317**	**8,941**

Tier 2 (T2) equity instruments

Issuer	Interest rate	Step-up	Issue date	Expiry date	Early redemption as of	Currency	Subject to grandfathering	Original amount in currency	Contribution to the own funds (millions of euro)
Intesa Sanpaolo	6.625% fixed rate	NO	13-Sep-2013	13-Sep-2023	NO	Eur	NO	1,445,656,000	373
Intesa Sanpaolo	5.017% fixed rate	NO	26-Jun-2014	26-Jun-2024	NO	USD	NO	2,000,000,000	758
Intesa Sanpaolo	3.928% fixed rate	NO	15-Sep-2014	15-Sep-2026	NO	Eur	NO	1,000,000,000	856
Intesa Sanpaolo	2.855% fixed rate	NO	23-Apr-2015	23-Apr-2025	NO	Eur	NO	500,000,000	274
Intesa Sanpaolo	5.71% fixed rate	NO	15-Jan-2016	15-Jan-2026	NO	USD	NO	1,500,000,000	1,011
Intesa Sanpaolo	4.45% fixed rate	NO	15-Mar-2017	15-Sep-2027	15-Sep-2022	Eur	NO	500,000,000	0
Intesa Sanpaolo	3-month Euribor + 1.9%/4	NO	26-Sep-2017	26-Sep-2024	NO	Eur	NO	723,700,000	323
Intesa Sanpaolo	5.875% fixed rate	NO	04-Mar-2019	04-Mar-2029	04-Mar-2024	Eur	NO	500,000,000	517
Intesa Sanpaolo	4.375% fixed rate	NO	12-Jul-2019	12-Jul-2029	12-Jul-2024	Eur	NO	300,000,000	311
Intesa Sanpaolo	1.98% fixed rate	NO	11-Dec-2019	11-Dec-2026	NO	Eur	NO	160,250,000	131
Intesa Sanpaolo	3-month Euribor + 206 bps/4	NO	11-Dec-2019	11-Dec-2026	NO	Eur	NO	188,000,000	166
Intesa Sanpaolo	5.148% fixed rate	NO	10-Jun-2020	10-Jun-2030	NO	GBP	NO	350,000,000	339
Intesa Sanpaolo	3.75% fixed rate	NO	29-Jun-2020	29-Jun-2027	NO	Eur	NO	309,250,000	270
Intesa Sanpaolo	3-month Euribor + 405 bps/4	NO	29-Jun-2020	29-Jun-2027	NO	Eur	NO	590,500,000	539
Intesa Sanpaolo	2.925% fixed rate	NO	14-Oct-2020	14-Oct-2030	NO	Eur	NO	500,000,000	444
Intesa Sanpaolo	4.198% fixed rate	NO	01-Jun-2021	01-Jun-2032	01-Jun-2031	USD	NO	750,000,000	640
Intesa Sanpaolo	4.95% fixed rate	NO	01-Jun-2021	01-Jun-2042	01-Jun-2041	USD	NO	750,000,000	636
Intesa Sanpaolo	3-month Euribor + 345 bps/4	NO	16-Jun-2022	16-Jun-2032	NO	Eur	NO	861,800,000	828
Total Tier 2 instruments									**8,416**

Deduction thresholds for DTAs and investments in companies operating in the financial sector

(millions of euro)

	30.06.2022	31.12.2021
A. Threshold of 10% for CET1 instruments of financial sector entities where the institution does not have a significant investment	4,060	4,576
B. Threshold of 10% for CET1 instruments of financial sector entities where the institution has a significant investment and for DTA that rely on future profitability and arise from temporary differences	4,060	4,576
C. Threshold of 17.65% for significant investments and DTA not deducted in the threshold described under point B	6,381	7,268

The regulations envisage that for certain regulatory adjustments, such as those for DTAs based on future income and deriving from temporary differences, and for significant and minor investments in CET1 instruments issued by companies in the financial sector, certain thresholds or “deductibles” are specified, calculated on Common Equity estimated using different approaches:

– for minor investments in CET1 instruments issued by companies in the financial sector, the deduction of amounts exceeding 10% of CET1 prior to deductions deriving from exceeding the thresholds is envisaged;
– for significant investments in CET1 instruments and DTAs, on the other hand, the following is envisaged:
  - an initial threshold for deductions, calculated as 10% of CET1 prior to deductions deriving from exceeding the thresholds, adjusted to take into account any excess over the threshold described in the previous point;
  - a further threshold is indicated, calculated on 17.65% of Common Equity (calculated in the same way as the point above, minus the DTAs that are dependent on future profitability and arise from temporary differences and significant investments in CET1 instruments issued by financial sector entities), to be applied in aggregate on amounts not deducted using the first threshold.

All amounts not deducted must be weighted among risk-weighted assets at 250%.

Changes in Own Funds

The changes in Own Funds during the half year are shown below.

OWN FUNDS	**01.01.2022 - 30.06.2022**
Common Equity Tier 1 capital (CET1)	
Amount 31.12.2021	**47,247**
Changes of IFRS 9 filter	-757
Initial amount 01.01.2022	**46,490**
Shares issued during the period and relates share premium [a]	1,055
Changes in reserves [b]	-658
Accumulated other comprehensive income [c]	-1,892
Net income for the period (net of foreseeable dividends) [d]	606
Minority interests	-3
Regulatory adjustments	
Prudential filters [e]	-606
Own CET1 instruments [f]	-3,286
Goodwill and other intangible assets [g]	-377
Deferred tax assets that rely on future profitability and do not arise from temporary differences	-10
Deferred tax assets that rely on future profitability and arise from temporary differences	-
Significant and non-significant investments in CET1 instruments of the financial sector	-
Amount by which expected losses exceed total impairment provisions on IRB positions	25
Deductions deriving from securitisations	45
Other deductions	-68
Final amount 30.06.2022	**41,321**
Additional Tier 1 (AT1)	
Initial amount 01.01.2022	**6,264**
Issues/redemptions of AT1 instruments [h]	944
Minority interests	-1
Regulatory adjustments	
Own AT1 instruments	-
Non-significant investments in AT1 instruments of the financial sector	-
Significant investments in AT1 instruments of the financial sector	-
Transitional adjustments and instruments eligible for grandfathering	-
Final amount 30.06.2022	**7,207**
Tier 2 (T2)	
Initial amount 01.01.2022	**8,941**
Issues/redemptions of T2 instruments [i]	-747
Minority interests	-1
Excess adjustments over expected losses (excess reserve)	178
Regulatory adjustments	
Own T2 instruments	-
Non-significant investments in T2 instruments of the financial sector	-
Significant investments in T2 instruments of the financial sector	-54
Transitional adjustments and instruments eligible for grandfathering	-
Final amount 30.06.2022	**8,317**
Total Own Funds at the end of the reporting period	**56,845**

Below is a summary analysis of the main changes in Own Funds during the period.

Common Equity Tier 1 capital (CET1)

a) The increase in Share Capital and Share Premium Reserve was mainly attributable to the share capital increase, without payment and with payment, to service the LECOIP 3.0 incentive plan;
b) the reduction in reserves was mainly attributable to the utilisation for the share capital increase without payment to service the LECOIP 3.0 incentive plan and other minor effects;
c) the change in accumulated other comprehensive income was due to:
   - the decrease in the AFS reserve for the insurance companies of -1,066 million euro;
   - the deterioration in the reserve for equity and debt securities measured at fair value of -1,590 million euro;
   - the improvement in the CFH reserve of 189 million euro, of which 67 million euro related to the insurance segment;
   - the increase in the reserve for property, equipment and investment property of 168 million euro;
   - the improvement in the financial liabilities designated at fair value through profit or loss valuation reserve (DVA) of 190 million;
   - the improvement in the IAS 19 reserve (+159 million euro), the exchange rate reserve (+43 million euro) and other minor effects (+15 million euro);
d) the consolidated net income for the period ended 30 June 2022, amounting to 2,354 million euro, was recognised in Own Funds for 606 million euro, due, as already mentioned above, to the regulatory conditions having been met for its inclusion, net of dividends (1,748 million euro as at 30 June 2022);
e) the variance was mainly due to the change in the Filter on the CFH Reserve (-188 million euro) and the change in the Group's own credit rating (DVA) (-417 million euro);
f) the variance was mainly due to the buyback of shares for their cancellation for 3,400 million euro, partially offset by the reduction in the authorised ceilings;
g) the increase in the deduction was attributable to:
   - new goodwill, which arose mainly as a result of the acquisition of Compagnie de Banque Privée Quilvest S.A. (CBPQ);
   - the increase in other intangible assets due to the reduction in DTLs as a result of the realignment of the tax values of certain intangible assets, in addition to the reduction in the benefit related to the prudential treatment of software introduced by Regulation (EU) 2020/2176.

Additional Tier 1 (AT1)

h) The change was mainly due to the issuance of an equity instrument during the first half of the year.

Tier 2 (T2)

i) The movements during the half year consisted of: the issuance of a new T2 instrument and a reduction following the authorisation for the buyback of a security, in addition to the period amortisation for instruments with a maturity of less than 5 years and other minor changes.

Reconciliation of regulatory own funds to balance sheet in the audited financial statements (EU CC2 Reg. 2021/637)

(millions of euro)

Row		Financial statements scope	Prudential scope	Relevant amount for the purpose of own funds	See table "EU CC1 - Composition of regulatory own funds"
	TOTAL ACCOUNTING DATA, OF WHICH			**58,246**	
	Assets				
1	70. Investments in associates and companies subject to joint control	1,902	8,672	-584	8, 18, 19
1.1	*of which: implicit goodwill in associated companies IAS 28-31*	*584*	*1,561*	*-584*	*8*
2	100. Intangible assets	9,310	7,736	-7,612	8
2.1	*of which: goodwill*	*3,673*	*2,696*	*-3,673*	*8*
2.2	*of which: other intangible assets*	*5,637*	*5,040*	*-3,939*	*8*
3	110. Tax assets	18,745	17,803	-1,924	10, 25
3.1	*of which: tax assets that rely on future profitability and do not arise from temporary differences net of the related deferred tax liability*	*2,106*	*2,106*	*-2,106*	*10*
	Liabilities				
4	10. Securities issued	77,906	79,031	8,416	46, 52
4.1	*of which: subordinated instruments subject to transitional arrangements*	-	-	-	*46, 52*
4.2	*of which: subordinated instruments not subject to transitional arrangements*	-	*8,416*	*8,416*	*46, 52*
5	60. Tax liabilities	2,806	940	64	8
5.1	a) Current tax liabilities	301	281	N.A.	
5.2	b) Deferred tax liabilities	2,505	659	N.A.	
5.2.1	*of which: tax liabilities related to goodwill and other intangible assets*	-	-	*64*	*8*
6	120. Valuation reserves	-2,126	-2,126	-1,712	3, 11
6.1	*of which: valuation reserves on securities available for sale*	*-523*	-	*-596*	
6.2	*of which: valuation reserves on financial assets measured at fair value through other comprehensive income*	*-2,064*	*-2,659*	*-2,063*	
6.3	*of which: valuation reserves on cash flow hedges*	*-486*	*-414*	-	*11*
6.4	*of which: foreign exchange differences*	*-977*	*-977*	*-977*	*3*
6.5	*of which: legally-required revaluations*	*2,077*	*2,077*	*2,077*	*3*
6.6	*of which: valuation reserves on net actuarial losses*	*-258*	*-258*	*-258*	*3*
6.7	*of which: other*	*105*	*105*	*105*	
7	140 Equity instruments	7,204	6,282	7,207	30
8	150. Reserves	18,208	17,706	18,912	2
8.1	*of which: impact of the adoption of IFRS 9 net of transitional arrangements*		-	*755*	*27a*
	155. Interim dividend (-)	-	-	-	
9	160. Share premium reserve	28,056	28,056	28,056	1
10	170. Share capital	10,369	10,369	10,369	1
10.1	*of which: ordinary shares*	*10,369*	*10,369*	*10,369*	*1*
11	180. Treasury shares (-)	*-48*	*-48*	*-3,552*	16
12	190. Minority interests (+/-)	248	197	-	5, 34, 48
12.1	*of which CET1 compliant*		-	-	*5*
12.2	*of which AT1 compliant*		-	-	*34*
12.3	*of which T2 compliant*		-	-	*48*
13	200. Net income (loss) for the period (+/-)	2,354	2,354	606	5a
13.1	*of which net income (loss) for the period, net of the dividend in distribution on the net income (loss) for the period*			*606*	*5a*
	OTHER COMPONENTS OF OWN FUNDS, OF WHICH:			**-1,401**	
14	Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities			-292	14, 27a
15	Value adjustments due to the requirements for prudent valuation			-236	7
16	Exposures to securitisations deducted rather than risk weighted at 1250%			-110	20a, 20c
17	IRB shortfall of credit risk adjustments to expected losses			-293	12
18	IRB Excess of provisions over expected losses eligible			178	50
19	Filter on unrealised capital gains on real properties			-	27a
20	Direct and indirect holdings of Tier 2 instruments of financial sector entities where the institution has a significant investment			-277	55
21	Indirect investments and irrevocable payment commitments			-371	25b, 27a
	Total own funds as at 30 June 2022			**56,845**	

Capital requirements

Qualitative and quantitative disclosure

According to the regulations for the prudential supervision of banks (Bank of Italy Circular 285 of 17 December 2013 and subsequent amendments), which adopt the provisions on capital measurement and capital ratios (Basel 3), the Banking Group's total own funds must amount to at least 13.08% of total risk-weighted assets (total capital ratio including the minimum requirement for Pillar 1, the additional Pillar 2 requirement of 1.79%, the capital conservation buffer of 2.5% on a fully-loaded basis already from 2019, the additional O-SII Buffer (Other Systemically Important Institutions Buffer) of 0.75% on a fully-loaded basis from 2021, and the institution-specific countercyclical capital buffer of 0.04% in the second quarter of 2022) arising from the risks typically associated with banking and financial activity (credit, counterparty, market and operational risk), weighted according to the regulatory segmentation of borrowers and considering credit risk mitigation techniques and the decrease in operational risks as a result of insurance coverage. The competent authorities, as part of the Supervisory Review and Evaluation Process (SREP), may require higher capital requirements compared to those resulting from the application of the regulatory provisions.

As already illustrated in the Section on "Own Funds", the total regulatory capital is made up of the algebraic sum of the elements specified below:

– Tier 1 Capital (capable of absorbing losses under going concern conditions). This capital is divided into Common Equity Tier 1 Capital and Additional Tier 1 Capital;
– Tier 2 Capital (capable of absorbing losses in the event of a crisis).

The elements indicated above are subject to the following limits:

– Common Equity Tier 1 must at all times be equal to at least 4.5% of risk-weighted assets;
– Tier 1 Capital must at all times be equal to at least 6% of risk-weighted assets;
– Own Funds (i.e. the total regulatory capital), equal to Tier 1 plus Tier 2 Capital, must at all times be equal to at least 8.0% of risk-weighted assets.

Following the Supervisory Review and Evaluation Process (SREP), the ECB annually makes a final decision on the capital requirement that Intesa Sanpaolo must comply with at consolidated level.

On 3 February 2022, Intesa Sanpaolo announced that it had received notification of the ECB's final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 March 2022, following the results of the Supervisory Review and Evaluation Process (SREP). The overall requirement to be met in terms of Common Equity Tier 1 ratio is currently 8.91%.
This is the result of:

– the SREP requirement in terms of Total Capital ratio of 9.79% comprising a minimum Pillar 1 capital requirement of 8%, of which 4.5% is CET1, and an additional Pillar 2 capital requirement of 1.79%, of which 1.01% is CET1 applying the regulatory amendment introduced by the ECB and effective from 12 March 2020[1];
– additional requirements, entirely in terms of Common Equity Tier 1 ratio, relating to:
  - a Capital Conservation Buffer of 2.5%,
  - an O-SII Buffer (Other Systemically Important Institutions Buffer) of 0.75%,
  - a Countercyclical Capital Buffer of 0.15%[2].

With regard to credit risks, there were no changes in the scope of application compared to 31 December 2021.

With regard to counterparty risk, compared to 31 December 2021, also in relation to specific discussions with the ECB, the following changes were made to the model:

– alignment with art. 162 (par. 2(d)) CRR in determining the maturity used in calculating the requirement for exposures deriving from SFTs, relating to the scope of the internal model;
– removal of eligibility criteria linked to the liquidity and credit rating for securities underlying SFTs, not binding for positions handled in the area of Counterparty Credit Risk pursuant to art. 271 (par. 2) CRR;
– calibration of the expected value of the distributions for exchange rates with the Euro, so that they match the forward prices of those rates.

With regard to operational risk, the Group obtained authorisation to use the Advanced Measurement Approach (AMA – internal model) to determine the associated capital requirement for regulatory purposes, with effect from the report as at 31 December 2009. As at 30 June 2022, the scope of the Advanced Measurement Approach (AMA) is comprised of Intesa Sanpaolo (including the former Banks and Companies deriving from the UBI Banca Group, incorporated into Intesa Sanpaolo

[1] The regulatory change establishes that the capital instruments not qualifying as Common Equity Tier 1 may be partially used to meet the Pillar 2 requirement.

[2] Countercyclical Capital Buffer calculated taking into account the exposure as at 30 June 2022 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating to 2023, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for the first nine months of 2022).

during 2021 and the first half of 2022) and the main banks and companies in the Private Banking and Asset Management Divisions, as well as of VUB Bank and PBZ Banka.
The annual Internal Capital Adequacy Assessment Process (ICAAP) Report, based on the extensive use of internal risk measurement methodologies, internal capital and total capital available, was approved and sent to the ECB in April 2022.

Overview of total risk exposure amounts (EU OV1 Reg. 2021/637)

(millions of euro)

		Total risk exposure amounts (TREA)		Total own funds requirements
		30.06.2022	31.03.2022	30.06.2022
1	**Credit risk (excluding CCR)**	**270,212**	**274,272**	**21,616**
2	*Of which the standardised approach*	*87,376*	*87,074*	*6,990*
3	*Of which the Foundation IRB (F-IRB) approach*	*1,330*	*1,300*	*106*
4	*Of which slotting approach*	*1,033*	*1,046*	*83*
EU 4a	*Of which equities under the simple riskweighted approach*	*25,921*	*27,910*	*2,074*
5	*Of which the Advanced IRB (A-IRB) approach*	*148,668*	*151,374*	*11,893*
6	**Counterparty credit risk - CCR**	**5,038**	**5,707**	**403**
7	*Of which the standardised approach*	*770*	*581*	*62*
8	*Of which internal model method (IMM)*	*3,211*	*3,730*	*257*
EU 8a	*Of which exposures to a CCP*	*234*	*299*	*19*
EU 8b	*Of which credit valuation adjustment - CVA*	*554*	*527*	*44*
9	*Of which other CCR*	*269*	*570*	*21*
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap) (*)**	**9,559**	**9,789**	**765**
17	*Of which SEC-IRBA approach*	*4,601*	*4,785*	*368*
18	*Of which SEC-ERBA (including IAA)*	*110*	*122*	*9*
19	*Of which SEC-SA approach*	*4,848*	*4,882*	*388*
EU 19a	*Of which 1250%*	*-*	*-*	*-*
20	**Position, foreign exchange and commodities risks (Market risk)**	**14,197**	**15,441**	**1,136**
21	*Of which the standardised approach*	*3,843*	*4,100*	*308*
22	*Of which IMA*	*10,354*	*11,341*	*828*
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**26,335**	**25,305**	**2,107**
EU 23a	*Of which basic indicator approach*	*598*	*598*	*48*
EU 23b	*Of which standardised approach*	*2,661*	*2,907*	*213*
EU 23c	*Of which advanced measurement approach*	*23,076*	*21,800*	*1,846*
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (**)	10,511	10,412	841
29	**TOTAL**	**325,341**	**330,514**	**26,027**

(*) Memo item: deducted securitisations equivalent to 1,344 million euro of RWEAs and 108 million euro of requirement.

(**) The amount is shown for information purposes only, as these exposures are already included in row 1 (Credit risk) and related “of which”.

The total amount of risk-weighted exposures recorded as at 30 June 2022 was 325.3 billion euro, a decrease of around 5.2 billion euro compared to March 2022. In particular, please note the following:

- for credit risk (-4.1 billion euro compared to the previous quarter, excluding counterparty risk and including the amount below the thresholds for deduction), the decrease was mainly attributable to de-risking implemented through securitisations and the positive performance of the portfolio, as well as the reduction in the value of insurance equity investments due to the deterioration in market conditions. With regard to the impact of the Russian-Ukrainian conflict, there was a decrease in cross-border exposures to counterparties resident in Russia, partially offset by the effect of the rouble's appreciation against the euro;
- for counterparty risk (-0.7 billion euro compared to the previous quarter), the decrease was entirely attributable to the default risk component following reductions in the exposure in derivatives (due to portfolio changes and an increase in medium/long-term interest rates) and in SFTs (due to the introduction of changes to the Group's rules on eligibility of underlyings);
- with regard to the securitisation exposures in the non-trading book (-0.2 billion euro compared to the previous quarter), the benefit mainly related to the new GACS government guarantees and the amortisation of pre-existing transactions, which more than offset the completion of the new securitisations;
- for market risk (-1.2 billion euro compared to the previous quarter), the decrease was essentially related to the part of the portfolio measured using internal models (due to the reduction in the Stressed VaR component) as a result of the lower average exposure on the Italian government segment, while the reduction in the standard component was attributable to the improvement in the currency risk position;
- for operational risk (+1 billion euro compared to the previous quarter), the increase was due to the update of the time series for the AMA model, which incorporates the new loss events recorded during the period.

For details of the RWEA changes with the IRB, IMM and IMA approaches, see the qualitative comments at the bottom of the flow statements below (EU CR8, EU CCR7 and EU MR2-B). As required by the regulations (Commission Implementing Regulation (EU) 2021/637 of 15 March 2021), these tables show the RWEA flows during the last quarter.

Key metrics template (EU KM1 Reg. 2021/637)

In accordance with the requirements of Article 447 CRR II (Disclosure of key metrics), the table below reports the key capital and risk measures for the Intesa Sanpaolo Group.

(millions of euro)

		30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	41,321	45,629	47,247	46,992	48,992
2	Tier 1 capital	48,528	52,877	53,511	53,256	55,257
3	Total capital	56,845	61,336	62,452	62,431	64,776
	Risk-weighted exposure amounts					
4	Total risk exposure amount	325,341	330,514	326,903	328,176	329,748
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	12.70%	13.81%	14.45%	14.32%	14.86%
6	Tier 1 ratio (%)	14.92%	16.00%	16.37%	16.23%	16.76%
7	Total capital ratio (%)	17.47%	18.56%	19.10%	19.02%	19.64%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.79%	1.79%	1.50%	1.50%	1.50%
EU 7b	*of which: to be made up of CET1 capital (percentage points)*	*1.01%*	*1.01%*	*0.84%*	*0.84%*	*0.84%*
EU 7c	*of which: to be made up of Tier 1 capital (percentage points)*	*1.34%*	*1.34%*	*1.13%*	*1.13%*	*1.13%*
EU 7d	Total SREP own funds requirements (%)	9.79%	9.79%	9.50%	9.50%	9.50%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.04%	0.04%	0.04%	0.04%	0.04%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.75%	0.75%	0.75%	0.75%	0.75%
11	Combined buffer requirement (%)	3.29%	3.29%	3.29%	3.29%	3.29%
EU 11a	Overall capital requirements (%)	13.08%	13.08%	12.79%	12.79%	12.79%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.19%	8.30%	9.11%	8.98%	9.51%
	Leverage ratio					
13	Total exposure measure	916,977	825,225	805,561	792,111	805,410
14	Leverage ratio (%)	5.29%	6.41%	6.64%	6.72%	6.86%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	*of which: to be made up of CET1 capital (percentage points)*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.09%	3.09%	3.09%	3.09%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.09%	3.09%	3.09%	3.09%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	172,053	169,964	163,182	160,318	154,832
EU 16a	Cash outflows - Total weighted value	115,001	113,752	114,097	114,105	112,702
EU 16b	Cash inflows - Total weighted value	25,163	24,751	25,491	24,512	23,605
16	Total net cash outflows (adjusted value)	89,838	89,001	88,606	89,593	89,097
17	Liquidity coverage ratio (%)	191.7%	191.1%	184.5%	179.5%	173.9%
	Net Stable Funding Ratio					
18	Total available stable funding	580,303	614,602	628,694	626,529	626,257
19	Total required stable funding	457,086	479,155	493,679	505,925	505,948
20	NSFR ratio (%)	127.0%	128.3%	127.3%	123.8%	123.8%

With regard to the above table, see: i) the comments at the bottom of the table EU OV1 (in this section) for more details on the change in risk-weighted exposure (RWEA); ii) the section on Own Funds for more details on the movements in those funds; iii) the section on liquidity risk for more details on the LCR and NSFR; and iv) the section on the leverage ratio for the description of the factors that had an impact on the leverage ratio during the period.

RWEA flow statements of credit risk exposures under the IRB approach in the second quarter (EU CR8 Reg. 2021/637)

(millions of euro)

		Risk weighted exposure amount
1	**Risk weighted exposure amount as at 31 March 2022**	**187,198**
2	Asset size (+/-)	-309
3	Asset quality (+/-)	-1,696
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	1,150
8	Other (+/-)	-3,507
9	**Risk weighted exposure amount as at 30 June 2022**	**182,836**

As at 30 June 2022, the RWEA amount relating to IRB models was 182,836 million euro and was attributable to the Foundation IRB approach for 1,330 million euro (Row 3 EU OV1), to the slotting criteria approach for 1,033 million euro (Row 4 EU OV1), to the Advanced IRB approach for 148,668 million euro (Row 5 EU OV1), to equity instruments measured using the simple risk weight approach for 25,921 million euro (Row 4a EU OV1), to amounts below the thresholds for deduction for 1,812 million euro (Row 24 EU OV1), and to capital instruments measured at PD/LGD for 4,072 million euro.

As at June 2022, the aggregate of the RWEAs relating to the exposures subject to credit risk measured using advanced approaches[3] amounted to 182,836 million euro, a net decrease of 4,362 million euro on March 2022, when the aggregate amounted to 187,198 million euro. The change during the quarter was mainly attributable to the following:

– -309 million euro due to a decrease in transaction volumes, mainly in the Equity and Banks portfolio and partially offset by an increase in the Corporate portfolio;
– -1,696 million euro due to the improvement in the macroeconomic scenario with a more noticeable impact on the credit quality of the Retail portfolio, as well as the focus on risk mitigation techniques with benefits for the coverage ratio of the exposures;
– +1,150 million euro due to changes in foreign currency exposures, reflecting exchange rate fluctuations, driven in particular by the appreciation of the US dollar (USD) over the currency of the European Union (EUR);
– -3,507 million euro attributable to the completion during the quarter of: i) new GARC synthetic securitisations (High Potential-2, Leasing 2 and Residential Mortgages-3), ii) an originated traditional securitisation (Leila) involving the sale of a portfolio of bad loans, and iii) other effects recognised at consolidated level, attributable to the change in insurance investments, as a result of the reduction in the reserves during the quarter.

[3] The risk-weighted exposures have been calculated in accordance with the instructions of the CRR, Part Three, Title II, Chapter 3, and the capital requirement has been calculated in accordance with Article 92(3)(a).

RWEA flow statements of CCR exposures under the IMM in the second quarter (EU CCR7 Reg. 2021/637)

(millions of euro)

		RWEA amounts
1	**RWEAs as at 31 March 2022**	**3,730**
2	Asset size	-264
3	Credit quality of counterparties	-269
4	Model updates (IMM only)	-
5	Methodology and policy (IMM only)	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	14
8	Other	-
9	**RWEAs as at 30 June 2022**	**3,211**

As required by Reg. 2021/637, the table does not include exposures to central counterparties (CCPs).

With regard to the changes in RWEAs related to CCR exposures (derivatives and SFTs, determined based on the Internal Model Method (IMM), in accordance with part three, title II, chapter 6 of the CRR) the value of the aggregate decreased in the quarter: 3,730 million euro at the end of March 2022 and 3,211 million euro at the end of June 2022. The change of -519 million euro was mainly attributable to the following components:

- -264 million euro due to the decrease in exposures held in portfolio, mainly in the Corporate and Public Entities portfolio;
- -269 million euro due to the improvement in the credit rating of the Corporate portfolio;
- +14 million euro due to foreign currency exposures, as a result of exchange rate fluctuations.

RWEA flow statements of market risk exposures under the IMA in the second quarter (EU MR2-B Reg. 2021/637)

(millions of euro)

		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements
1	**RWEAs as at 31 March 2022**	**1,518**	**7,722**	**1,880**	**-**	**221**	**11,341**	**907**
1a	*Regulatory adjustment*	*1,100*	*5,449*	*-*	*-*	*4*	*6,553*	*524*
1b	*RWEAs at the previous quarter-end (end of the day)*	*418*	*2,273*	*1,880*	*-*	*217*	*4,788*	*383*
2	Movement in risk levels	345	-650	1,226	-	-71	850	68
3	Model updates/changes	-	-	-	-	-	-	-
4	Methodology and policy	-	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-	-
7	Other	-	-	-	-	-	-	-
8a	*RWEAs at the end of the disclosure period (end of the day)*	*763*	*1,623*	*3,106*	*-*	*146*	*5,638*	*451*
8b	*Regulatory adjustment*	*871*	*3,469*	*372*	*-*	*4*	*4,716*	*377*
8	**RWEAs as at 30 June 2022**	**1,634**	**5,092**	**3,478**	**-**	**150**	**10,354**	**828**

The capital requirements as at 30 June 2022 were down from the previous quarter.
The decrease was especially pronounced for the Stressed VaR measure, which benefited from the lower average exposure to the Italian government segment. The IRC measure increased, driven by higher exposures on credit indices (provide protection). The VaR metric was stable.

Institution-specific Countercyclical Capital Buffer

Below is the information relating to the "Countercyclical capital buffer", prepared based on the ratios applicable at 30 June 2022 and Implementing Regulation (EU) 2021/637 of the Commission of 15 March 2021 (repealing Delegated Regulation (EU) 2015/1555) which supplements regulation (EU) 575/2013 of the European Parliament and of the Council (CRR) with regard to regulatory technical standards for the disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer in accordance with Article 440 of the same CRR. As established by Article 140, paragraph 1, of directive 2013/36/EU (so-called CRD IV), the institution-specific countercyclical capital buffer is the weighted average of the countercyclical ratios which are applied in the countries where the relevant credit exposures of the institutions are located.

CRD IV established the obligation for the designated national authorities to activate an operational framework for the definition of the ratio of the countercyclical capital buffer (CCyB) starting from 1 January 2016. The ratio is subject to review on a quarterly basis. The European regulation was implemented in Italy with Bank of Italy circular 285, which contains suitable regulations concerning CCyB. Based on the analysis of the reference indicators, the Bank of Italy decided to set the countercyclical buffer rate (for exposures towards Italian counterparties) at 0% also for the third quarter of 2022.

The relevant credit exposures include all the classes of exposure other than those under Article 112, letters from a) to f), of Regulation (EU) 575/2013. The following portfolios are excluded: exposures to central administrations or central banks; exposures to regional administrations or local authorities; exposures to public-sector entities; exposures to multilateral development banks; exposures to international organisations; exposures to institutions.

With reference to 30 June 2022:

– the countercyclical capital ratios at individual country level were set, with the methods summarised above, generally equal to 0%, with the exception of the following countries: Slovakia (1.00%), Hong Kong (1.00%), Norway (1.50%, with an increase of 0.5% from 1% on 31 March 2022), Czech Republic (0.50%), Bulgaria (0.50%) and Luxembourg (0.50%);
– at consolidated level, Intesa Sanpaolo's specific countercyclical ratio amounts to 0.04%.

Amount of the Institution-specific countercyclical capital buffer (EU CCyB2 Reg. 2021/637)

(millions of euro)

Total risk exposure amount	325,341
Institution specific countercyclical capital buffer rate	0.04%
Institution specific countercyclical capital buffer requirement	130

The table below shows the geographic distribution of the relevant credit exposures for the purpose of calculating the institution-specific countercyclical capital buffer as at 30 June 2022.

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (EU CCyB1 Reg. 2021/637) *(Table 1 of 3)*

(millions of euro)

	GENERAL CREDIT EXPOSURES		RELEVANT CREDIT EXPOSURES - MARKET RISK		Securitisation exposures Exposure value for non-trading book	Total exposure value	OWN FUND REQUIREMENTS				Risk-weighted exposure amounts (*)	Own fund requirements weights (%) (*)	COUNTER-CYCLICAL BUFFER RATE (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	**Total**			
ITALY	41,487	325,295	343	200	33,845	401,170	12,094	68	712	12,874	160,877	67.96	-
ALBANIA	509	5	-	-	-	514	41	-	-	41	509	0.21	-
ALGERIA	1	-	-	-	-	1	-	-	-	-	1	0.00	-
ANDORRA	2	-	-	-	-	2	-	-	-	-	2	0.00	-
SAUDI ARABIA	4	1,171	-	-	-	1,175	16	-	-	16	196	0.08	-
ARGENTINA	7	4	-	-	-	11	1	-	-	1	7	0.00	-
AUSTRALIA	123	1,635	-	-	-	1,758	56	-	-	56	697	0.29	-
AUSTRIA	87	1,375	3	2	14	1,481	154	-	-	154	1,929	0.81	-
AZERBAIJAN	-	-	-	-	-	-	-	-	-	-	1	0.00	-
BAHAMAS ISLANDS	-	114	-	-	-	114	4	-	-	4	50	0.02	-
BAHREIN	1	1	-	-	-	2	-	-	-	-	1	0.00	-
BAILIWICK OF GUERNSEY	24	39	-	-	-	63	3	-	-	3	43	0.02	-
BAILIWICK OF JERSEY	109	16	-	-	-	125	10	-	-	10	122	0.05	-
BARBADOS	1	-	-	-	-	1	-	-	-	-	1	0.00	-
BELGIUM	217	1,687	4	-	-	1,908	69	1	-	70	876	0.37	-
BELIZE	2	-	-	-	-	2	-	-	-	-	1	0.00	-
BERMUDA	-	99	-	-	-	99	2	-	-	2	28	0.01	-
BELARUS	1	1	-	-	-	2	-	-	-	-	1	0.00	-
BOSNIA AND HERZEGOVINA	870	15	-	-	-	885	70	-	-	70	872	0.37	-
BRAZIL	571	763	-	-	-	1,334	65	1	-	66	820	0.35	-
BULGARIA	9	11	-	-	-	20	1	-	-	1	13	0.01	0.50
BURUNDI	18	-	-	-	-	18	1	-	-	1	17	0.01	-
CANADA	644	100	-	1	-	745	19	-	-	19	236	0.10	-
CAYMAN ISLANDS	176	685	-	-	22	883	26	-	1	27	334	0.14	-
CZECH REPUBLIC	328	1,266	-	-	-	1,594	88	-	-	88	1,098	0.46	0.50
CHILE	1	232	-	-	-	233	9	-	-	9	113	0.05	-
CHINA	546	976	-	-	-	1,522	188	-	-	188	2,351	0.99	-
CYPRUS	6	14	-	-	-	20	1	-	-	1	7	0.00	-
COLOMBIA	-	16	-	-	-	16	1	-	-	1	8	0.00	-
SOUTH KOREA	53	31	-	-	-	84	2	-	-	2	29	0.01	-
IVORY COAST	1	-	-	-	-	1	-	-	-	-	1	0.00	-
CROATIA	8,127	135	-	-	-	8,262	480	-	-	480	6,006	2.53	-
CUBA	80	-	-	-	-	80	10	-	-	10	120	0.05	-
CURAÇAO	1	1	-	-	-	2	-	-	-	-	1	0.00	-
DENMARK	46	24	-	4	-	74	4	-	-	4	58	0.02	-
DOMINICAN REPUBLIC	-	8	-	-	-	8	-	-	-	-	5	0.00	-
ECUADOR	-	19	-	-	-	19	-	-	-	-	3	0.00	-
EGYPT	2,479	101	-	-	-	2,580	158	-	-	158	1,971	0.83	-
UNITED ARAB EMIRATES	145	1,798	-	10	-	1,953	48	2	-	50	633	0.27	-
ESTONIA	23	2	-	-	-	25	-	-	-	-	5	0.00	-
ETHIOPIA	113	-	-	-	-	113	-	-	-	-	-	0.00	-
PHILIPPINES	-	12	-	-	-	12	1	-	-	1	6	0.00	-
FINLAND	48	389	4	7	-	448	15	1	-	16	199	0.08	-
FRANCE	976	3,926	243	66	485	5,696	208	38	6	252	3,155	1.33	-
GEORGIA	5	-	-	-	-	5	-	-	-	-	4	0.00	-
GERMANY	340	4,572	43	66	109	5,130	166	10	3	179	2,238	0.94	-
GHANA	-	28	-	-	-	28	3	-	-	3	32	0.01	-
JAPAN	204	547	-	6	-	757	26	-	-	26	329	0.14	-
GREECE	3	70	-	-	-	73	2	-	-	2	22	0.01	-
HONG KONG	17	545	-	5	46	613	13	-	1	14	172	0.07	1.00

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (EU CCyB1 Reg. 2021/637) *(Table 2 of 3)*

(millions of euro)

	GENERAL CREDIT EXPOSURES		RELEVANT CREDIT EXPOSURES - MARKET RISK		Securitisation exposures Exposure value for non-trading book	Total exposure value	OWN FUND REQUIREMENTS				Risk-weighted exposure amounts (*)	Own fund requirements weights (%) (*)	COUNTER-CYCLICAL BUFFER RATE (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	**Total**			
INDIA	1	1,557	-	-	-	1,558	61	-	-	61	760	0.32	-
INDONESIA	17	83	-	-	-	100	5	-	-	5	61	0.03	-
IRAQ	-	1	-	-	-	1	-	-	-	-	-	0.00	-
IRELAND	311	179	339	2	721	1,552	30	29	11	70	880	0.37	-
ICELAND	-	24	-	-	-	24	1	-	-	1	10	0.00	-
ISLE OF MAN	5	-	-	-	-	5	-	-	-	-	4	0.00	-
BRITISH VIRGIN ISLANDS	23	163	-	-	-	186	5	-	-	5	58	0.02	-
ISRAEL	4	44	-	-	-	48	4	-	-	4	45	0.02	-
KAZAKHSTAN	-	1	-	-	-	1	-	-	-	-	-	0.00	-
KENYA	209	1	-	-	-	210	3	-	-	3	34	0.01	-
KUWAIT	1	62	-	-	-	63	1	-	-	1	16	0.01	-
LATVIA	2	-	-	-	-	2	-	-	-	-	2	0.00	-
LEBANON	1	-	-	-	-	1	-	-	-	-	1	0.00	-
LIECHTENSTEIN	1	1	-	-	-	2	-	-	-	-	1	0.00	-
LITHUANIA	7	-	-	-	-	7	-	-	-	-	1	0.00	-
LUXEMBOURG	2,781	5,918	-	33	32	8,764	319	2	-	321	4,017	1.70	0.50
MACAU	-	2	-	-	-	2	-	-	-	-	1	0.00	-
MACEDONIA	2	1	-	-	-	3	-	-	-	-	1	0.00	-
MALAYSIA	-	15	-	-	-	15	1	-	-	1	14	0.01	-
MALTA	10	19	-	-	-	29	1	-	-	1	15	0.01	-
MOROCCO	6	-	-	-	-	6	-	-	-	-	5	0.00	-
MARSHALL ISLANDS	19	169	-	-	-	188	11	-	-	11	135	0.06	-
MAURITIUS ISLANDS	6	295	-	-	-	301	12	-	-	12	153	0.06	-
MEXICO	51	630	-	82	15	778	26	1	-	27	341	0.14	-
MOLDOVA	150	2	-	-	-	152	8	-	-	8	94	0.04	-
MONGOLIA	-	137	-	-	-	137	17	-	-	17	215	0.09	-
MONTENEGRO	11	-	-	-	-	11	1	-	-	1	10	0.00	-
NIGERIA	-	11	-	-	-	11	1	-	-	1	13	0.01	-
NORWAY	169	534	-	3	-	706	24	-	-	24	303	0.13	1.50
NEW ZELAND	1	25	-	-	-	26	1	-	-	1	19	0.01	-
OMAN	-	61	-	-	-	61	3	-	-	3	34	0.01	-
NETHERLANDS	736	3,887	102	5	262	4,992	222	6	3	231	2,895	1.22	-
PANAMA	23	158	-	-	-	181	10	-	-	10	125	0.05	-
PERU	15	90	-	-	-	105	3	-	-	3	36	0.02	-
POLAND	339	1,664	-	-	-	2,003	69	-	-	69	859	0.36	-
PUERTO RICO	-	8	-	-	-	8	-	-	-	-	3	0.00	-
PORTUGAL	19	316	31	4	-	370	11	2	-	13	172	0.07	-
PRINCIPALITY OF MONACO	62	13	-	-	-	75	4	-	-	4	44	0.02	-
QATAR	6	169	-	-	-	175	3	-	-	3	41	0.02	-
UNITED KINGDOM	992	6,317	24	81	383	7,797	340	8	1	349	4,363	1.84	-
ROMANIA	864	37	-	-	-	901	54	-	-	54	672	0.28	-
RUSSIA	1,202	4,899	-	-	-	6,101	570	-	-	570	7,123	3.01	-
SAN MARINO	4	83	-	-	-	87	4	-	-	4	47	0.02	-
SERBIA	4,867	183	10	-	-	5,060	288	1	-	289	3,609	1.52	-
SINGAPORE	22	1,181	-	-	-	1,203	28	-	-	28	352	0.15	-
SLOVAKIA	2,659	14,414	-	-	-	17,073	496	-	-	496	6,199	2.62	1.00
SLOVENIA	1,301	1,106	-	-	-	2,407	119	-	-	119	1,490	0.63	-
SPAIN	404	5,541	34	16	407	6,402	233	8	25	266	3,324	1.40	-
UNITED STATES OF AMERICA	1,185	12,937	66	89	100	14,377	535	14	2	551	6,896	2.91	-

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (EU CCyB1 Reg. 2021/637) *(Table 3 of 3)*

(millions of euro)

	GENERAL CREDIT EXPOSURES		RELEVANT CREDIT EXPOSURES - MARKET RISK		Securitisation exposures Exposure value for non-trading book	Total exposure value	OWN FUND REQUIREMENTS				Risk-weighted exposure amounts (*)	Own fund requirements weights (%) (*)	COUNTER-CYCLICAL BUFFER RATE (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
SOUTH AFRICAN REPUBLIC	1	77	-	-	-	78	5	-	-	5	68	0.03	-
SWEDEN	147	594	-	10	-	751	28	1	-	29	362	0.15	-
SWITZERLAND	564	1,348	-	61	-	1,973	88	4	-	92	1,143	0.48	-
THAILAND	5	30	-	-	-	35	2	-	-	2	20	0.01	-
TANZANIA	2	-	-	-	-	2	-	-	-	-	2	0.00	-
TUNISIA	-	3	-	-	-	3	-	-	-	-	1	0.00	-
TURKEY	96	731	-	2	-	829	77	-	-	77	972	0.41	-
TURKS AND CAICOS ISLANDS	1	-	-	-	-	1	-	-	-	-	-	0.00	-
UKRAINE	189	89	-	-	-	278	13	-	-	13	163	0.07	-
HUNGARY	3,676	155	-	-	-	3,831	190	-	-	190	2,374	1.00	-
URUGUAY	1	115	-	-	-	116	3	-	-	3	34	0.01	-
UZBEKISTAN	-	159	-	-	-	159	7	-	-	7	87	0.04	-
VENEZUELA	3	2	-	-	-	5	-	-	-	-	5	0.00	-
VIETNAM	-	2	-	-	-	2	-	-	-	-	2	0.00	-
ZAMBIA	72	-	-	-	-	72	3	-	-	3	36	0.02	-
TOTAL	**81,650**	**413,971**	**1,246**	**755**	**36,441**	**534,063**	**17,995**	**197**	**765**	**18,957**	**236,962**	**100.00**	-

(*) The values shown in the columns are calculated on amounts not rounded to the nearest million.

The Group’s countercyclical buffer of 0.04% is calculated only for exposures to countries that adopt a non-zero buffer rate, which, moreover, have a marginal impact on the Group’s overall portfolio.

Insurance participations (EU INS1 Reg. 2021/637)

(millions of euro)

	Exposure value	Risk exposure amount
Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	5,437	20,116

As a “financial conglomerate” with a Parent Company of a banking group, Intesa Sanpaolo S.p.A., which controls the Intesa Sanpaolo Vita Insurance Group, on 9 September 2019 the Intesa Sanpaolo Group received permission from the ECB to calculate the Group’s consolidated capital ratios, from the report as at 30 September 2019, using the Danish Compromise set out in Article 49 of Regulation (EU) 575/2013 (CRR), which allows banks that hold own funds instruments in insurance companies, subject to authorisation from their competent authorities, not to deduct those significant investments from Common Equity Tier 1 Capital (CET1) and weight them at 370% among RWA.
Between December 2021 and June 2022, there was a decrease of around 5.5 billion euro in terms of RWAs, due to the reduction in the value of insurance equity investments during the half year (amounting to around 1.5 billion euro), mainly as a result of the dividend distribution, as well as the reduction in the AFS reserves.
In addition, based on specific instructions received from the ECB, the subordinated instruments issued by the Group’s insurance companies and held by the Parent Company (270 million euro as at 30 June 2022) have been weighted, resulting in additional RWAs of around 1 billion euro. These latter figures are not included in the EU INS1 table figures.

Comparison of own funds, capital ratios and leverage ratio with and without the application of transitional provisions for IFRS 9 (EU IFRS 9-FL LG EBA 2020/12)

(millions of euro)

	Available capital (amounts)	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
1	Common Equity Tier 1 capital (CET1)	41,321	45,629	47,247	46,992	48,992
2	Common Equity Tier 1 capital (CET1) if IFRS 9 or analogous ECLs transitional arrangements had not been applied	40,566	44,874	45,735	45,476	47,474
3	Tier 1 capital	48,528	52,877	53,511	53,256	55,257
4	Tier 1 capital if IFRS 9 or analogous ECLs transitional arrangements had not been applied	47,773	52,122	51,999	51,740	53,739
5	Total capital	56,845	61,336	62,452	62,431	64,776
6	Total capital if IFRS 9 or analogous ECLs transitional arrangements had not been applied	56,837	61,328	61,856	61,822	64,170
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	325,341	330,514	326,903	328,176	329,748
8	Total risk-weighted assets if IFRS 9 or analogous ECLs transitional arrangements had not been applied	325,736	330,942	327,834	329,098	330,715
	Capital ratios					
9	Common Equity Tier 1 capital (as a percentage of the risk exposure amount)	12.7%	13.8%	14.5%	14.3%	14.9%
10	Common Equity Tier 1 capital (as a percentage of the risk exposure amount) if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.5%	13.6%	14.0%	13.8%	14.4%
11	Tier 1 capital (as a percentage of the risk exposure amount)	14.9%	16.0%	16.4%	16.2%	16.8%
12	Tier 1 capital (as a percentage of the risk exposure amount) if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.7%	15.7%	15.9%	15.7%	16.2%
13	Total capital (as a percentage of the risk exposure amount)	17.5%	18.6%	19.1%	19.0%	19.6%
14	Total capital (as a percentage of the risk exposure amount) if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.4%	18.5%	18.9%	18.8%	19.4%
	Leverage ratio					
15	Leverage ratio total exposure measure	916,977	825,225	805,561	792,111	805,410
16	Leverage ratio	5.3%	6.4%	6.6%	6.7%	6.9%
17	Leverage ratio if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5.2%	6.3%	6.5%	6.5%	6.7%

As described in the chapter “Own Funds”, the first-time adoption of IFRS 9 and the adoption of the “static” approach during the transition period (2018-2022), as permitted by Regulation (EU) 2017/2395, resulted in the effects on regulatory capital and prudential ratios as at 30 June 2022 (with and without applying the transitional provisions for IFRS 9) shown in the table above due to the following:

– the reduction of CET1, due to the FTA impact linked to the adoption of IFRS 9, after eliminating the shortfall existing as at 31 December 2017 on IRB exposures;
– the increase in CET1 due to the re-inclusion of the gradually decreasing transitional component as a result of the adoption of the adjustment introduced by the afore-mentioned Regulation, aimed at mitigating the impact of FTA;
– a positive impact on CET1 resulting from the change in the classification of the financial assets in the categories established by IFRS 9 and the consequent change in measurement metrics;
– a reduction in the CET1 ratio as a result of the increase in DTAs that rely on future profitability limited to the complementary portion of the phase-in percentages envisaged for the transitional period, as established by the related EBA Q&As (2018_3784 and 2018_4113);
– the increase in the excess reserve, based on the provisions of the aforementioned Regulation, which may be added to the Tier 2 Capital, up to the amount of 0.6% of IRB RWA, solely for the part in excess of the amount re-included in CET1 as a result of the adoption of said transitional adjustment;
– the reduction of the risk-weighted assets (RWA) on standard exposures which, as a result of the increase in the provisions linked to the first-time adoption of IFRS 9, reduced the risk exposure (EAD);
– the increase in risk-weighted assets (RWA) on standard exposures due to the application, under said provisions, of the scaling factor set out in Regulation (EU) 2017/2395.

From 30 September 2019, the deduction of DTAs and investments in companies in the financial sector described in the section on Own Funds ceased to be applied following the application of the Danish Compromise. As a consequence, the difference between the amount of the 250% risk-weighted DTAs in the IFRS 9 transitional approach and those redetermined on the assumption IFRS 9 had not been applied (fully-loaded IFRS 9), as described in detail in the above-mentioned section, results in an increase in risk-weighted exposures for the latter, which will cease at the end of the transitional period (2022).

Liquidity risk

Qualitative and quantitative disclosure

Liquidity risk is defined as the risk that the Bank may not be able to meet its payment obligations due to the inability to obtain funds on the market (funding liquidity risk) or liquidate its assets (market liquidity risk).
Intesa Sanpaolo's internal control and management system for liquidity risk is implemented within the Group Risk Appetite Framework and in compliance with the tolerance thresholds for liquidity risk approved in the system, which establish that the Group must maintain an adequate liquidity position in order to cope with periods of strain, including prolonged periods, on the various funding supply markets, also by establishing adequate liquidity reserves consisting of marketable securities and refinancing at Central Banks. To this end, a balance needs to be maintained between incoming and outgoing funds, both in the short and medium-long term. This goal is implemented by the Group Liquidity Risk Management Guidelines approved by the Corporate Bodies of Intesa Sanpaolo, in implementation of the applicable regulatory provisions.
These Guidelines illustrate the tasks of the various company functions, the rules and the set of control and management processes aimed at ensuring prudent monitoring of liquidity risk, thereby preventing the emergence of crisis situations. To this end, they include procedures for identifying risk factors, measuring risk exposure and verifying observance of limits, as well as the rules for conducting stress tests, identifying appropriate risk mitigation initiatives, drawing up emergency plans and submitting informational reports to company bodies.
In particular, a detailed definition is prepared of the tasks assigned to the corporate bodies and reports are presented to the senior management concerning certain important formalities such as the approval of measurement methods, the definition of the main assumptions underlying stress scenarios and the composition of early warning indicators used to activate emergency plans.
In order to pursue an integrated, consistent risk management policy, strategic decisions regarding liquidity risk monitoring and management at the Group level fall to the Parent Company's Corporate Bodies. From this standpoint, the Parent Company performs its functions of monitoring and managing liquidity not only in reference to its own organisation, but also by assessing the Group's overall transactions and the liquidity risk to which it is exposed.
The corporate functions of the Parent Company responsible for ensuring the correct application of these Guidelines and the adequacy of the Group's liquidity position are the Group Treasury and Finance Head Office Department and the Planning and Control Head Office Department, responsible, within the Chief Financial Officer (CFO) Area, for liquidity management, and the Market and Financial Risk Management Head Office Department, which is directly responsible, within the Chief Risk Officer (CRO) Area, for measuring liquidity risk on a consolidated basis.
The Chief Audit Officer assesses the functioning of the overall structure of the control system monitoring the process for measuring, managing and controlling the Group's exposure to liquidity risk and verifies the adequacy and compliance of the process with the requirements established by the regulations. The results of the controls carried out are submitted to the Corporate Bodies, at least once a year.
The liquidity risk measurement metrics and mitigation tools are formalised by the Group Liquidity Risk Management Guidelines which establish the methodology used for both the short-term and structural liquidity indicators.
The short-term liquidity is aimed at providing an adequate, balanced level of cash inflows and outflows the timing of which is certain or estimated to fall within a period of 12 months, while ensuring a sufficient liquidity buffer, available for use as the main mitigation tool for liquidity risk. To that end, and in keeping with the liquidity risk appetite, the system of limits consists of specific short-term indicators, both of a regulatory nature with a holding a period of one month (Liquidity Coverage Ratio - LCR) and internally defined (Survival Period indicators).
The LCR indicator is aimed at strengthening the short-term liquidity risk profile, ensuring that sufficient unencumbered high-quality liquid assets (HQLA) are retained that can be converted easily and immediately into cash on the private markets to satisfy the short-term liquidity requirements (30 days) in an acute liquidity stress scenario. To this end, the Liquidity Coverage Ratio measures the ratio between: (i) the stock of HQLA and (ii) the total net cash outflows calculated according to the scenario parameters defined by Delegated Regulation (EU) 2015/61 and its supplements/amendments.
The Survival Period is an internal indicator designed to measure the first day on which the net liquidity position (calculated as the difference between available liquidity reserves and net outflows) becomes negative, i.e. when additional liquidity is no longer available to cover simulated net outflows. To this end, two different scenario hypotheses are considered, baseline and stressed, designed to measure, respectively: (i) the Group's independence from interbank funding on the financial markets and (ii) the survival period in the event of further tensions of a market and idiosyncratic nature, of medium-high severity, managed without envisaging restrictions on credit activity involving customers. For the Survival Period indicator, in stress conditions it is established that a minimum survival period must be maintained with the purpose of establishing an overall level of reserves covering greater cash outflows during a period of time that is adequate to implement the required operating measures to restore the Group to balanced conditions.
The aim of the Intesa Sanpaolo Group's structural Liquidity Policy is to adopt the structural requirement provided for by the regulatory provisions - the Net Stable Funding Ratio (NSFR). This indicator is aimed at promoting the increased use of stable funding, to prevent medium/long-term operations from giving rise to excessive imbalances to be financed in the short term. To this end, it sets a minimum "acceptable" amount of funding exceeding one year in relation to the needs originating from the characteristics of liquidity and residual duration of assets and off-balance sheet exposures. In addition, the internal policy on structural liquidity also includes early warning indicators for maturities of more than 1 year, with particular attention to long-term gaps (> 5 years).
The Group Liquidity Risk Management Guidelines also establish methods for management of a potential liquidity crisis,

defined as a situation of difficulty or inability of the Bank to meet its cash obligations falling due, without implementing procedures and/or employing instruments that, due to their intensity or manner of use, do not qualify as ordinary administration. By setting itself the objectives of safeguarding the Group's asset value and also guaranteeing the continuity of operations under conditions of extreme liquidity emergency, the Contingency Liquidity Plan ensures the identification of the early warning signals and their ongoing monitoring, the definition of procedures to be implemented in situations of liquidity stress, also indicating the immediate lines of action, and the intervention measures for the resolution of emergencies. The early warning indexes, aimed at spotting the signs of a potential liquidity strain, both systematic and specific, are monitored with daily frequency by the Market and Financial Risk Management Head Office Department.
Within this framework, the Group Treasury and Finance Head Office Department was officially entrusted with drawing up the Contingency Funding Plan (CFP), which contains the various lines of actions that can be activated in order to face potential stress situations, specifying the extent of the mitigating effects attainable in the short-term.

The Group's liquidity position, which continues to be supported by suitable high-quality liquid assets (HQLA) and the significant contribution from retail stable funding, remained within the risk limits set out in the current Group Liquidity Policy for the entire first half of 2022. The levels of both regulatory indicators, LCR and NSFR, were above the regulatory requirements. The Liquidity Coverage Ratio (LCR) of the Intesa Sanpaolo Group, measured according to Delegated Regulation (EU) 2015/61, amounted to an average[4] of 191.7% (184.5% in December 2021).

As at 30 June 2022, the exact value of unencumbered HQLA reserves totalled 172 billion euro (187 billion euro at the end of 2021), around 69% of which consisted of cash as a result of temporary excess liquidity payments in the form of unrestricted deposits held at central banks. Including the other marketable reserves and/or eligible Central Bank reserves, the Group's total unencumbered liquidity reserves amounted to 181 billion euro (192 billion euro in December 2021).

(millions of euro)

	Unencumbered (net of haircut)	
	30.06.2022	31.12.2021
HQLA Liquidity Reserves	**172,446**	**187,066**
Cash and Deposits held with Central Banks (HQLA)	118,185	135,061
Highly liquid securities (HQLA)	54,261	52,005
Other eligible and/or marketable reserves	**8,326**	**5,306**
Total Group's Liquidity Buffer	**180,772**	**192,372**

Considering the high amounts of unencumbered liquidity reserves (liquid or eligible), also the stress tests, in a combined scenario of market and specific crises (with significant loss in customer deposits), yielded results in excess of the target threshold for the Intesa Sanpaolo Group, with a liquidity surplus capable of meeting extraordinary cash outflows for a period of more than 3 months.

The NSFR was also significantly higher than 100%, supported by a solid base of stable deposits from customers, adequate wholesale medium/long-term securities funding and the TLTRO funding from the ECB. At 30 June 2022, the Group's NSFR, measured in accordance with regulatory instructions, was 127% (127.3% in December 2021). This indicator remains significantly higher than 100%, even excluding the positive contribution from TLTRO funding.

Adequate and timely information regarding the development of market conditions and the position of the Bank and/or Group was regularly provided to the corporate bodies and internal committees in order to ensure full awareness and manageability of the risk factors. This report includes an assessment of the liquidity risk exposure, also determined based on the adverse scenarios. The Board of Directors of Intesa Sanpaolo is regularly involved in defining the strategy for maintaining an adequate liquidity position at the level of the entire Group.

The corporate assessment on the adequacy of Intesa Sanpaolo's position is reported in the ILAAP (Internal Liquidity Adequacy Assessment Process), which also includes the Group's Funding Plan. Within the annual approval process for this report by the Corporate Bodies of Intesa Sanpaolo, the Liquidity Adequacy Statement (LAS) approved by the Board of Directors, which also presents the main findings from the self-assessment of the adequacy of the liquidity position, taking into account the results and values shown by the main indicators, confirms that the management of the liquidity position is considered to be adequate and deeply rooted in the Group's culture and business processes. It also notes, including from a prospective standpoint, that the current system of rules and procedures appears adequate to ensure a prompt and effective reaction should the risks and challenges actually materialise in severe and adverse stress scenarios.

The table below contains the quantitative information on the Liquidity Coverage Ratio (LCR) of the Intesa Sanpaolo Group, measured in accordance with the EU regulations and subject to periodic reporting to the competent Supervisory Authority. The figures shown refer to the simple average of the last 12 months of monthly observations, in accordance with Regulation (EU) 2021/637.

[4] The figure shown refers to the simple average of the last 12 months of monthly observations, as per Regulation (EU) 2021/637.

Quantitative information on LCR (Liquidity Coverage Ratio) (EU LIQ1 Reg. 2021/637)

(millions of euro)

SCOPE OF CONSOLIDATION		TOTAL UNWEIGHTED VALUE (AVERAGE)				TOTAL WEIGHTED VALUE (AVERAGE)			
EU1a	Quarter ending on	30-jun-22	31-mar-22	31-dec-21	30-sep-21	30-jun-22	31-mar-22	31-dec-21	30-sep-21
EU1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	**Total high-quality liquid assets (HQLA) (a)**					**172,053**	**169,964**	**163,182**	**160,318**
CASH-OUTFLOWS									
2	**Retail deposits and deposits from small business customers, of which:**	**292,159**	**287,585**	**283,180**	**283,531**	**21,007**	**20,584**	**20,154**	**20,058**
3	*Stable deposits*	*206,475*	*204,326*	*202,381*	*203,891*	*10,324*	*10,216*	*10,119*	*10,195*
4	*Less stable deposits*	*85,684*	*83,259*	*80,799*	*79,640*	*10,683*	*10,368*	*10,035*	*9,863*
5	**Unsecured wholesale funding**	**149,064**	**145,896**	**145,352**	**145,434**	**63,812**	**62,892**	**64,512**	**64,985**
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*49,838*	*48,256*	*47,038*	*45,824*	*12,456*	*12,061*	*11,756*	*11,453*
7	*Non operational deposits (all counterparties)*	*97,050*	*95,553*	*96,083*	*97,176*	*49,180*	*48,744*	*50,525*	*51,098*
8	*Unsecured debt*	*2,176*	*2,087*	*2,231*	*2,434*	*2,176*	*2,087*	*2,231*	*2,434*
9	**Secured wholesale funding**					**1,705**	**1,639**	**1,646**	**1,618**
10	**Additional requirements**	**76,358**	**74,560**	**72,212**	**70,801**	**17,910**	**17,795**	**17,428**	**17,416**
11	*Outflows related to derivative exposure and other collateral requirements*	*4,050*	*4,540*	*4,875*	*5,023*	*3,969*	*4,420*	*4,736*	*4,893*
12	*Outflos related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*72,308*	*70,020*	*67,337*	*65,778*	*13,941*	*13,375*	*12,692*	*12,523*
14	**Other contractual funding obligations**	**5,731**	**5,367**	**4,947**	**4,707**	**5,022**	**5,359**	**4,930**	**4,645**
15	**Other contingent funding obligations**	**114,361**	**113,022**	**115,414**	**119,783**	**5,545**	**5,483**	**5,427**	**5,383**
16	**TOTAL CASH OUTFLOWS**					**115,001**	**113,752**	**114,097**	**114,105**
CASH-INFLOWS									
17	Secured lending (e.g. reverse repos)	22,007	20,019	18,440	18,045	945	1,027	972	847
18	Inflows from fully performing exposures	22,279	22,173	23,172	22,571	14,836	14,928	16,197	15,674
19	Other cash inflows	25,126	24,027	22,981	22,560	9,382	8,796	8,322	7,991
EU19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**TOTAL CASH INFLOWS**	**69,412**	**66,219**	**64,593**	**63,176**	**25,163**	**24,751**	**25,491**	**24,512**
EU20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU20c	*Inflows subject to 75% cap*	*69,412*	*66,219*	*64,593*	*63,176*	*25,163*	*24,751*	*25,491*	*24,512*
TOTAL ADJUSTED VALUE									
EU21	**LIQUIDITY BUFFER**					**172,053**	**169,964**	**163,182**	**160,318**
22	**TOTAL NET CASH OUTFLOWS**					**89,838**	**89,001**	**88,606**	**89,593**
23	**LIQUIDITY COVERAGE RATIO**					**191.7%**	**191.1%**	**184.5%**	**179.5%**

(a) Liquidity reserves held by subsidiaries based in a third country subject to restrictions to assets transferability are recognised only for the portion intended to cover net cash outflows in that third country. All excess amounts are therefore excluded from the Group's consolidated LCR.

The table below provides the quantitative information relating to the Net Stable Funding Ratio, in accordance with Regulation (EU) 2021/637, for the quarters ending 30 June 2022 and 31 March 2022.

Net Stable Funding Ratio (NSFR) as at 30 June 2022 (EU LIQ2 Reg. 2021/637)

(millions of euro)

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) Items						
1	**Capital items and instruments**	**58,718**	**-**	**-**	**8,416**	**67,134**
2	Own funds	58,718	-	-	8,416	67,134
3	Other capital instruments		-	-	-	-
4	**Retail deposits**		**297,838**	**1,789**	**17,676**	**297,839**
5	Stable deposits		209,691	276	158	199,627
6	Less stable deposits		88,147	1,513	17,518	98,212
7	**Wholesale funding:**		**181,089**	**73,506**	**107,186**	**209,532**
8	Operational deposits		53,719	-	-	26,859
9	Other wholesale funding		127,370	73,506	107,186	182,673
10	**Interdependent liabilities**		**-**	**-**	**-**	**-**
11	**Other liabilities:**	**300**	**40,609**	**940**	**5,328**	**5,798**
12	NSFR derivative liabilities	300				
13	All other liabilities and capital instruments not included in the above categories		40,609	940	5,328	5,798
14	**Total available stable funding (ASF)**					**580,303**
Required stable funding (RSF) Items						
15	**Total high-quality liquid assets (HQLA)**					**17,573**
EU15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		**408**	**417**	**18,279**	**16,239**
16	**Deposits held at other financial institutions for operational purposes**		**556**	**5**	**-**	**281**
17	**Performing loans and securities:**		**115,320**	**37,266**	**329,271**	**341,595**
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		15,978	512	7,791	9,458
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		11,252	4,960	9,350	12,922
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		64,313	23,794	186,850	211,264
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*321*	*272*	*3,424*	*2,534*
22	Performing residential mortgages, of which:		3,401	3,679	97,618	76,271
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*3,107*	*3,265*	*90,074*	*69,334*
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on- balance sheet products		20,376	4,321	27,662	31,680
25	**Interdependent assets**		**-**	**-**	**-**	**-**
26	**Other assets:**	**-**	**34,787**	**14,693**	**52,920**	**69,757**
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		3	3	4,905	4,174
29	NSFR derivative assets		195	-	-	195
30	NSFR derivative liabilities before deduction of variation margin posted		15,918	-	-	796
31	All other assets not included in the above categories		18,671	14,690	48,015	64,592
32	**Off-balance sheet items**		**2,553**	**-**	**192,315**	**11,641**
33	**Total RSF**					**457,086**
34	**Net Stable Funding Ratio (%)**					**127.0%**

Net Stable Funding Ratio (NSFR) as at 31 March 2022 (EU LIQ2 Reg. 2021/637)

(millions of euro)

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) Items						
1	**Capital items and instruments**	**62,271**	**-**	**-**	**8,502**	**70,773**
2	Own funds	62,271	-	-	8,502	70,773
3	Other capital instruments		-	-	-	-
4	**Retail deposits**		**297,076**	**1,867**	**14,031**	**293,693**
5	Stable deposits		211,953	324	196	201,859
6	Less stable deposits		85,123	1,543	13,835	91,834
7	**Wholesale funding:**		**195,561**	**45,288**	**154,637**	**243,491**
8	Operational deposits		50,269	-	-	25,135
9	Other wholesale funding		145,292	45,288	154,637	218,356
10	**Interdependent liabilities**		**-**	**-**	**-**	**-**
11	**Other liabilities:**	**237**	**42,491**	**1,132**	**6,079**	**6,645**
12	NSFR derivative liabilities	237				
13	All other liabilities and capital instruments not included in the above categories		42,491	1,132	6,079	6,645
14	**Total available stable funding (ASF)**					**614,602**
Required stable funding (RSF) Items						
15	**Total high-quality liquid assets (HQLA)**					**21,652**
EU15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		**317**	**330**	**13,940**	**12,398**
16	**Deposits held at other financial institutions for operational purposes**		**419**	**4**	**-**	**212**
17	**Performing loans and securities:**		**118,505**	**38,134**	**329,688**	**360,406**
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		21,860	594	7,199	8,927
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		13,578	5,695	7,733	12,082
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		61,999	23,468	187,143	212,157
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*199*	*207*	*3,227*	*2,350*
22	Performing residential mortgages, of which:		3,614	3,715	100,136	94,907
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*3,249*	*3,309*	*93,324*	*88,429*
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on- balance sheet products		17,454	4,662	27,477	32,333
25	**Interdependent assets**		**-**	**-**	**-**	**-**
26	**Other assets:**	**-**	**40,977**	**10,643**	**53,790**	**73,200**
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		4	6	5,152	4,388
29	NSFR derivative assets		2,112	-	-	2,112
30	NSFR derivative liabilities before deduction of variation margin posted		15,069	-	-	753
31	All other assets not included in the above categories		23,792	10,637	48,638	65,947
32	**Off-balance sheet items**		**2,502**	**100**	**186,481**	**11,287**
33	**Total RSF**					**479,155**
34	**Net Stable Funding Ratio (%)**					**128.3%**

Group liquidity management model and interaction between affiliates

Integrated management is a key factor in the successful governance of liquidity risk. The existence of integrated liquidity management models is also recognised by the current European legislation, which provides the possibility of being exempted from individual compliance with the LCR requirement.

In this context, and in view of the centralised liquidity management model adopted by the Intesa Sanpaolo Group, the ECB has accepted the application for exemption from the individual compliance with the LCR requirement and the related reporting obligations (see Part Six, CRR) for the main Italian banks of the Group.

All the international subsidiary banks of the Group comply with the individual LCR requirements, as they were above the minimum regulatory amounts required in the reference period. To this end, and based on the particular characteristics of each international jurisdiction, adequate liquid reserves are maintained that are readily available at local level. For affiliates resident in a third country subject to restrictions on the free transferability of funds, the calculation of the Group LCR can only include the reserves held there to meet liquidity outflows in that third country (accordingly, all surplus amounts are excluded from the consolidation).

Currency mismatch in the Liquidity Coverage Ratio

The Intesa Sanpaolo Group operates primarily in euro. The EU regulations require the monitoring and reporting of the “LCR in foreign currency” when the aggregate liabilities held in a foreign currency are “material”, i.e. equal to or greater than 5% of the total liabilities held by the institution.

As at 30 June 2022, the US dollar (USD) was confirmed as material currency at consolidated level for the Group. Intesa Sanpaolo has an LCR position in USD of over 100% and has ample highly liquid US dollar (EHQLA) liquidity reserves, mainly consisting of unrestricted deposits held at the Federal Reserve.

Concentration of funding

Intesa Sanpaolo’s funding strategy is based on maintaining diversity in terms of customers, products, maturities and currencies. Intesa Sanpaolo’s main sources of funding consist of: (i) deposits from the domestic Retail and Corporate market, which represent the stable portion of funding, (ii) short-term funding on wholesale markets, largely consisting of repurchase agreements and CD/CP funding, and (iii) medium/long-term funding, mainly composed of own issues (covered bonds/ABS and other senior debt securities in the euro and US markets, in addition to subordinated securities) and refinancing operations with the Eurosystem (TLTRO). The Group Liquidity Risk Management Guidelines require the regular monitoring of the concentration analyses for the funding (by counterparty/product) and for the liquidity reserves (by issuer/counterparty).

Derivatives transactions and potential collateral calls

Intesa Sanpaolo enters into derivatives contracts with central counterparties and third parties (OTC) covering various risk factors, arising, for example, from changes in interest rates, exchange rates, securities prices, commodity prices, etc. As market conditions change, these risk factors generate an impact on the Group’s liquidity, affecting potential future exposures in derivatives, for which the provision of collateral in the form of cash or other liquid collateral is typically required. The quantification of the potential liquidity absorption, generated by the need for additional collateral in the event of adverse market movements, is measured both through historical analysis of the net collateral paid (Historical Look Back Approach), and by using advanced internal counterparty risk models. These figures are calculated from the potential outflows of the various liquidity indicators, contributing to the determination of the minimum Liquidity Buffer to be held to cover the estimated outflows.

Other liquidity risks not captured in the LCR calculation, but relevant to the Group’s liquidity profile

Participation in payment, settlement and clearing systems requires the development of appropriate strategies and procedures for the control of intraday liquidity risk.

Intraday liquidity risk is the risk of not having sufficient funds to meet payment obligations by the deadlines set, within the business day, in the various systems referred to above (with potentially significant negative consequences also at a systemic level).

Intesa Sanpaolo actively manages its intraday liquidity positions to ensure that its settlement obligations are met in a timely manner, thereby contributing to the smooth operation of the payment circuits across the entire system. Intraday liquidity management necessarily involves careful and continuous monitoring of intraday cash flows exchanged at the various settlement systems used by the Group. To cover intraday liquidity risk, at the Parent Company and at the other Group Banks/Companies that participate directly in the payment systems, a minimum portfolio of eligible assets is held in a central bank as an immediately available reserve (in euro or in foreign currency). The control functions also monitor specific indicators of the availability of reserves at the start of the day and their ability to cover any unexpected peaks in collateral, also in relation to specific cases of stress. In particular, the Intraday liquidity usage ratio, which measures the relationship between the maximum cumulative net outflows and the amount of available reserves at the ECB at the start of the day (see BCBS - “Monitoring tools for intraday liquidity management”, April 2013), is still extremely low, confirming the careful management of intraday liquidity risk.

Credit risk: credit quality

Qualitative disclosure

Constant monitoring of the quality of the loan portfolio is also pursued through specific operating checks for all the phases of loan management.
The overall watch-list and non-performing loan portfolio is subject to a specific management process which, inter alia, entails accurate monitoring through a control system and periodic managerial reporting. In particular, this activity is performed using measurement methods and performance controls that allow the production of synthetic risk indicators. The quality of the loan portfolio is pursued through specific operating checks for all the phases of loan management, through the use of both IT procedures and systematic supervision of positions with the aim of promptly detecting any symptoms of difficulty and promote corrective measures to prevent possible deterioration.
Positions are detected and automatically entered in the credit management processes by way of daily and monthly checks using objective risk indicators that allow timely assessments when any anomalies arise or persist and interact with processes and procedures for loan management and monitoring.
Within the Group, in accordance with pre-set rules, positions which are attributed a persistent high-risk rating are intercepted (manually or automatically) and classified to the following categories based on their risk profile, in accordance with the regulatory provisions on credit quality:

- bad loans: the set of "on-” and "off-balance sheet” exposures to borrowers in default or similar situations;
- unlikely to pay: "on-” and "off-balance sheet” exposures which the bank, based on its opinion, does not deem likely to be completely (as principal and/or interest) repaid by the borrowers without the implementation of actions such as enforcement of guarantees. This assessment is conducted regardless of the presence of any amounts (or instalments) due and unpaid;
- non-performing past due exposures: this category includes on-balance sheet exposures, other than those classified as bad loans or unlikely to pay that, as at the reporting date, are past due or overdrawn by over 90 days on a continuous basis. The total exposure to a debtor must be recognised as Past Due if, at the reference reporting date, the amount of the principal, interest and/or fees not paid when due exceeds both of the following thresholds (hereinafter, collectively, the "Relevance Thresholds"):
  - the absolute limit of 100 euro for retail exposures and of 500 euro for non-retail exposures (the "Absolute Threshold"), to be compared with the total amount past due from the borrower;
  - the relative limit of 1%, to be compared with the ratio of the total amount past due to the total amount of all on-balance sheet exposures to the same borrower (the "Relative Threshold").

Lastly, non-performing exposures also include the individual forborne exposures which comply with the definition of “Non-performing exposures with forbearance measures” envisaged by the EBA ITS (European Banking Authority - Implementing Technical Standards), which are not a separate category of non-performing assets, but rather a sub-category. Similarly, exposures characterised by "forbearance measures" are also included among performing loans.
The management process for such exposures, in close accordance with regulatory provisions concerning classification times and methods, is assisted by automatic mechanisms that ensure pre-established, autonomous and independent management procedures.

For more detailed qualitative disclosure on Credit risk, see the Basel 3 – Pillar 3 Disclosure as at 31 December 2021.

Quantitative disclosure

The quantitative information on the credit quality of the exposures is provided below, as required by CRR Part Eight. For additional information see Part E of the Notes to the Consolidated Financial Statements as at 31 December 2021.

Performing and non-performing exposures and related provisions as at 30 June 2022 (EU CR1 Reg. 2021/637) *(Table 1 of 2)*

(millions of euro)

		GROSS CARRYING VALUE OF PERFORMING AND NON-PERFORMING EXPOSURES					
		Performing exposures			Non-performing exposures		
		Total	*Of which stage 1*	*Of which stage 2*	Total	*Of which stage 2*	*Of which stage 3*
5	**Cash balances at central banks and other demand deposits**	**122,888**	***122,592***	***296***	**-**	**-**	**-**
10	**Loans and advances**	**493,849**	***436,871***	***55,766***	**11,498**	**-**	***11,177***
20	Central banks	3,034	*2,613*	*421*	-	-	-
30	General governments	16,795	*15,040*	*1,755*	508	-	*508*
40	Credit institutions	26,807	*26,269*	*512*	62	-	*62*
50	Other financial corporations	50,049	*42,813*	*7,031*	320	-	*318*
60	Non-financial corporations	218,335	*183,137*	*34,507*	6,494	-	*6,293*
70	*Of which: SMEs*	*87,916*	*70,812*	*16,903*	*4,258*	-	*4,150*
80	Households	178,829	*166,999*	*11,540*	4,114	-	*3,996*
90	**Debt securities**	**112,730**	***106,572***	***5,459***	**115**	**-**	***115***
100	Central banks	33	-	*33*	-	-	-
110	General governments	76,642	*74,205*	*2,436*	13	-	*13*
120	Credit institutions	8,346	*7,980*	*366*	-	-	-
130	Other financial corporations	20,994	*18,053*	*2,279*	68	-	*68*
140	Non-financial corporations	6,715	*6,334*	*345*	34	-	*34*
150	**Off-balance-sheet exposures**	**297,820**	***273,077***	***24,742***	**1,383**	**-**	***1,382***
160	Central banks	1,924	*1,906*	*18*	-	-	-
170	General governments	9,708	*7,984*	*1,724*	38	-	*38*
180	Credit institutions	38,344	*36,539*	*1,804*	28	-	*28*
190	Other financial corporations	33,884	*28,236*	*5,648*	42	-	*42*
200	Non-financial corporations	196,437	*181,604*	*14,833*	1,210	-	*1,209*
210	Households	17,523	*16,808*	*715*	65	-	*65*
220	**TOTAL**	**1,027,287**	***939,112***	***86,263***	**12,996**	**-**	***12,674***

Performing and non-performing exposures and related provisions as at 30 June 2022 (EU CR1 Reg. 2021/637) *(Table 2 of 2)*

(millions of euro)

		ACCUMULATED IMPAIRMENT, ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK AND PROVISIONS						ACCUMULATED PARTIAL WRITE-OFF	COLLATERALS AND FINANCIAL GUARANTEES RECEIVED	
		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Total	*Of which stage 1*	*Of which stage 2*	Total	*Of which stage 2*	*Of which stage 3*		On performing exposures	On non-performing exposures
5	**Cash balances at central banks and other demand deposits**	**-3**	***-2***	***-1***	**-**	**-**	**-**	**-**	**179**	**-**
10	**Loans and advances**	**-2,782**	***-728***	***-2,051***	**-5,103**	**-**	***-5,010***	**3,245**	**298,311**	**4,692**
20	Central banks	-6	*-3*	*-3*	-	-	-	-	356	-
30	General governments	-43	*-22*	*-21*	-153	-	*-153*	11	3,138	178
40	Credit institutions	-19	*-10*	*-9*	-21	-	*-21*	4	7,994	-
50	Other financial corporations	-116	*-54*	*-62*	-110	-	*-108*	25	24,258	108
60	Non-financial corporations	-2,033	*-428*	*-1,604*	-3,006	-	*-2,954*	2,962	110,617	2,651
70	*Of which: SMEs*	*-757*	*-213*	*-544*	*-1,888*	-	*-1,862*	*1,826*	*67,305*	*2,077*
80	Households	-565	*-211*	*-352*	-1,813	-	*-1,774*	243	151,948	1,755
90	**Debt securities**	**-187**	***-77***	***-110***	**-92**	**-**	***-92***	**-**	**2,760**	**-**
100	Central banks	-6	-	*-6*	-	-	-	-	-	-
110	General governments	-119	*-61*	*-58*	-2	-	*-2*	-	-	-
120	Credit institutions	-6	*-5*	*-1*	-	-	-	-	-	-
130	Other financial corporations	-38	*-5*	*-33*	-68	-	*-68*	-	2,749	-
140	Non-financial corporations	-18	*-6*	*-12*	-22	-	*-22*	-	11	-
150	**Off-balance-sheet exposures**	**-261**	***-99***	***-161***	**-218**	**-**	***-218***		**49,093**	**370**
160	Central banks	-	-	-	-	-	-		-	-
170	General governments	-5	*-4*	*-1*	-2	-	*-2*		784	34
180	Credit institutions	-6	*-1*	*-4*	-	-	-		5,267	-
190	Other financial corporations	-26	*-20*	*-6*	-3	-	*-3*		7,681	1
200	Non-financial corporations	-209	*-65*	*-144*	-200	-	*-200*		29,903	324
210	Households	-15	*-9*	*-6*	-13	-	*-13*		5,458	11
220	**TOTAL**	**-3,233**	***-906***	***-2,323***	**-5,413**	**-**	***-5,320***	**3,245**	**350,343**	**5,062**

The exposures relating to "Loans and advances" and "Debt securities" also include exposures not subject to impairment, as well as purchased or originated credit impaired assets (POCIs).
With regard to the caption "Loans and advances", there was an increase of around 2.7 billion euro in the gross value of the performing exposures compared to December 2021, attributable to exposures to Households and Non-financial corporations, which increased by 3.2 billion euro and 2.8 billion euro respectively, while exposures to Credit institutions decreased by 4 billion euro. The changes also led to an increase in exposures classified as Stage 1 and a decrease in exposures classified as Stage 2. The changes in Stage 2 effectively incorporated an increase due to the classifications of counterparties resident in Russia and Ukraine and Italian counterparties as a result of the worsening of the economic scenario, while also including net decreases – mainly in the domestic scope – due to classifications in Stage 1 also due to the gradual elimination of moratoria with a general restoration of payment terms. The total coverage of performing exposures stood at 0.56% as at 30 June 2022, an increase on 31 December 2021 (0.51%), involving Stage 2 loans in particular (from 3.09% to 3.68%, also as a result of the provisions made in the half year as a consequence of the Russian-Ukrainian conflict), while Stage 1 loans were stable (0.17%).
For non-performing Loans and advances, there was a decrease in gross values of around 4.1 billion euro in the first half of 2022, as a result of further de-risking transactions. These transactions, which were completed during the period, involved the sale of non-performing Loans and advances with a higher than average coverage ratio and, as a result, the coverage of non-performing loans came to 56.6% (taking into account the partial write-offs, reported in the table above), down on December 2021, when it was 66.8%.
Again with regard to Loans and advances, the amount of guarantees received remained essentially unchanged.
For the caption "Debt securities", there was a slight decrease of 0.3 billion euro in the total amount compared to December 2021. In detail, the main changes for performing exposures consisted of a decrease of 1.8 billion euro in government bonds and an increase of 1.1 billion euro in securities issued by Other financial corporations, with a rise in financial guarantees received for the latter type of counterparty.

The performing off-balance sheet exposures increased by 10.6 billion euro compared to December 2021, made up of 3.6 billion euro for Other financial corporations and 7.3 billion euro for Non financial corporations.

Maturity of exposures (EU CR1-A Reg. 2021/637)

(millions of euro)

		Net exposure value					
		On demand	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
1	Loans and advances	24,838	123,747	130,838	218,039	-	**497,462**
2	Debt securities	-	14,336	28,252	69,901	77	**112,566**
3	**Total**	**24,838**	**138,083**	**159,090**	**287,940**	**77**	**610,028**

This table reports the exposures as at 30 June 2022 for loans and advances and debt securities by maturity. It does not include assets held for trading, loans and advances classified as held for sale and cash balances at central banks and other on-demand deposits. As in December 2021, these exposures were mainly concentrated in the band with a maturity of more than 5 years.

Changes in the stock of non-performing loans and advances (EU CR2 Reg. 2021/637)

(millions of euro)

		Gross carrying amount
1	**Initial stock of non-performing loans and advances as at 31 December 2021**	**15,596**
2	Inflows to non-performing portfolios	2,972
3	Outflows from non-performing portfolios	-7,070
4	*Outflows due to write-offs*	*-333*
5	*Outflow due to other situations*	*-6,737*
6	**Final stock of non-performing loans and advances as at 30 June 2022**	**11,498**

The table above relates solely to loans and advances and does not include loans and advances classified as held for sale and debt securities.
Inflows to non-performing portfolios included new entries to non-performing status in the half year totalling around 1.7 billion euro. Outflows due to other situations included: (i) the disposal of gross non-performing loans for around 5 billion euro attributable to the above-mentioned additional de-risking carried out in the half year; (ii) returns to performing status during the half year (of around 0.5 billion euro); and (iii) outflows due to partial or total redemption (of 0.6 billion euro).

Credit quality of performing and non-performing exposures by past-due days as at 30 June 2022 (EU CQ3 Reg. 2021/637)

This table reports the gross values of on- and off-balance sheet exposures by risk status.

(millions of euro)

		GROSS CARRYING VALUES											
		PERFORMING EXPOSURES			NON-PERFORMING EXPOSURES								
		Total	Not past due or Past due ≤ 30 days	Past due > 30 days ≤ 90 days	**Total**	Unlikely to pay that are not past due or past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 year ≤ 5 years	Past due > 5 year ≤ 7 years	Past due > 7 years	*Of which defaulted / impaired*
5	**Cash balances at central banks and other demand deposits**	**122,888**	**122,888**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
10	**Loans and advances**	**493,849**	**492,461**	**1,388**	**11,498**	**3,386**	**1,051**	**1,179**	**1,194**	**2,445**	**652**	**1,591**	***11,498***
20	Central banks	3,034	3,034	-	-	-	-	-	-	-	-	-	-
30	General governments	16,795	16,565	230	508	31	31	11	1	215	1	218	*508*
40	Credit institutions	26,807	26,807	-	62	18	-	-	-	40	3	1	*62*
50	Other financial corporations	50,049	50,048	1	320	21	1	132	53	98	2	13	*320*
60	Non-financial corporations	218,335	217,651	684	6,494	2,139	707	658	613	1,201	385	791	*6,494*
70	*Of which: SMEs*	*87,916*	*87,614*	*302*	*4,258*	*1,157*	*503*	*460*	*463*	*795*	*245*	*635*	*4,258*
80	Households	178,829	178,356	473	4,114	1,177	312	378	527	891	261	568	*4,114*
90	**Debt securities**	**112,730**	**112,729**	**1**	**115**	**57**	**-**	**-**	**-**	**40**	**5**	**13**	***115***
100	Central banks	33	33	-	-	-	-	-	-	-	-	-	-
110	General governments	76,642	76,641	1	13	3	-	-	-	1	5	4	*13*
120	Credit institutions	8,346	8,346	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	20,994	20,994	-	68	53	-	-	-	15	-	-	*68*
140	Non-financial corporations	6,715	6,715	-	34	1	-	-	-	24	-	9	*34*
150	**Off-balance-sheet exposures**	**297,820**			**1,383**								***1,383***
160	Central banks	1,924			-								-
170	General governments	9,708			38								*38*
180	Credit institutions	38,344			28								*28*
190	Other financial corporations	33,884			42								*42*
200	Non-financial corporations	196,437			1,210								*1,210*
210	Households	17,523			65								*65*
220	**TOTAL**	**1,027,287**	**728,078**	**1,389**	**12,996**	**3,443**	**1,051**	**1,179**	**1,194**	**2,485**	**657**	**1,604**	***12,996***

With regard to the on-balance sheet exposures, the table shows the distribution by past-due bands, which compared to December 2021 mainly changed in the 2 to 5 years, 5 to 7 years and more than 7 years bands, whose proportion of the total decreased by around 4.1%, 6.1% and 6.3%, respectively, as a result of disposals of non-performing exposures with a higher number of days past due. As a result, there was an increase in the level of past dues of less than 90 days and 90 to 180 days, with the latter having increased slightly in terms of actual amount.

For the changes in gross values, see the description provided in table EU CR1 above.

The gross NPE ratio as at 30 June 2022 was 2.28%, down from 3.08% as at 31 December 2021, due to the additional de-risking operations. This ratio is calculated, in accordance with Regulation (EU) 2021/637, as the ratio of the gross value of non-performing loans and advances to the gross value of total loans and advances.

Quality of non-performing exposures by geography as at 30 June 2022 (EU CQ4 Reg. 2021/637)

(millions of euro)

		GROSS CARRYING VALUE				ACCUMULATED IMPAIRMENT	PROVISIONS ON OFF-BALANCE-SHEET COMMITMENTS AND FINANCIAL GUARANTEES GIVEN	ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK ON NON-PERFORMING EXPOSURES
		Total	*Of which non-performing*		*Of which subject to impairment*			
				Of which defaulted				
1	**ON-BALANCE-SHEET EXPOSURES**	**618,192**	***11,613***	***11,613***	***616,262***	**-8,147**		**-17**
2	Italy	412,638	*9,201*	*9,201*	*411,135*	-5,481		-17
3	U.S.A.	23,366	*26*	*26*	*23,309*	-33		-
4	France	17,107	*58*	*58*	*17,107*	-25		-
5	United Kingdom	14,546	*1*	*1*	*14,501*	-26		-
6	Spain	14,877	-	-	*14,877*	-10		-
7	Slovakia	15,291	*332*	*332*	*15,291*	-330		-
8	Germany	8,796	*47*	*47*	*8,795*	-47		-
9	Luxembourg	9,077	-	-	*9,025*	-24		-
10	Ireland	4,809	*8*	*8*	*4,809*	-30		-
11	Croatia	9,756	*411*	*411*	*9,756*	-328		-
12	Netherlands	4,758	-	-	*4,744*	-10		-
13	Egypt	6,161	*162*	*162*	*6,161*	-141		-
14	Hungary	6,260	*106*	*106*	*6,041*	-96		-
15	Russia	6,283	*368*	*368*	*6,283*	-825		-
16	Serbia	5,368	*125*	*125*	*5,368*	-164		-
17	Belgium	4,154	-	-	*4,154*	-7		-
18	Other Countries	54,945	*768*	*768*	*54,906*	-570		-
19	**OFF-BALANCE-SHEET EXPOSURES**	**299,203**	***1,383***	***1,383***			**-479**	
20	Italy	169,523	*1,214*	*1,214*			-304	
21	U.S.A.	20,580	*12*	*12*			-4	
22	France	13,427	*5*	*5*			-2	
23	United Kingdom	7,283	-	-			-1	
24	Spain	6,051	*1*	*1*			-3	
25	Slovakia	3,859	*22*	*22*			-16	
26	Germany	6,907	*3*	*3*			-3	
27	Luxembourg	5,870	-	-			-2	
28	Ireland	8,059	-	-			-18	
29	Croatia	2,175	*40*	*40*			-27	
30	Netherlands	6,281	-	-			-2	
31	Egypt	1,516	*4*	*4*			-6	
32	Hungary	1,399	*4*	*4*			-5	
33	Russia	1,372	-	-			-62	
34	Serbia	1,673	*3*	*3*			-4	
35	Belgium	1,931	-	-			-	
36	Other Countries	41,297	*75*	*75*			-20	
37	**TOTAL**	**917,395**	***12,996***	***12,996***	***616,262***	**-8,147**	**-479**	**-17**

This table shows, in descending order of overall exposure, only the countries towards which the Group has on- and off-balance sheet exposures that exceed the threshold of 6 billion euro (which represents around 90% of the total exposure).
The total on-balance sheet exposures amounting to 618,192 million euro include 1,930 million euro of exposures not subject to impairment and debt securities amounting to 112.8 billion euro (of which 0.1 billion euro non-performing).
The geographical breakdown as at 30 June 2022 did not change significantly compared to December 2021.

The most significant countries that are not specifically identified were:
1) Europe: Switzerland, Poland and Austria;
2) Americas: Brazil;
3) Asia: Qatar, China, United Arab Emirates and Japan;
4) Oceania: Australia.

For a comprehensive picture of the Group's risk profile, following the military conflict between Russia and Ukraine that broke out on 24 February 2022, see the detailed description in the Half-yearly Report as at 30 June 2022, with particular reference to the Group's presence in the two countries mentioned above, through its two subsidiaries: Banca Intesa Joint-Stock Company (Banca Intesa Russia) and Pravex Bank Joint-Stock Company. Both entities are continuing to operate despite the critical situation, particularly for Pravex, with the support of the Parent Company structures.

Loans to Russian customers represent around 1% of the Intesa Sanpaolo Group's total loans to customers (net of Export Credit Agency - ECA guarantees). As at 30 June 2022, exposures amounted, in terms of gross values, to 0.9 billion euro for Banca Intesa Russia (figures as at 31 March 2022 updated at the exchange rate of 30 June 2022, as already described in the Introduction of this document) and 3.9 billion euro for cross-border exposures to customers resident in Russia (net of ECA guarantees, of around 0.9 billion euro). These were accompanied by exposures to banks and in securities totalling 0.6 billion euro[5].
Exposures to customers resident in Ukraine amounted to 0.2 billion euro, of which 0.16 billion euro related to the subsidiary Pravex Bank (figures as at 31 December 2021 updated to the exchange rate of 30 June 2022, as already described in the Introduction of this document). These were accompanied by exposures to banks and in securities totalling 0.1 billion euro.

With regard to the adjustment allowances for on- and off-balance sheet exposures, in addition to those shown in the table, adjustments related to the impairment of the assets were made centrally for the two subsidiaries. In particular, with regard to the exposures of the subsidiary Pravex Bank, the continuing war in a large portion of the country led to the establishment of a very specific approach for the valuation of the loan portfolios, strongly guided by rationales that considered the uncertainties and elements of risk linked to the conflict. That approach was adopted on the entire performing loan portfolio of Pravex (the Bank substantially had no NPLs as at 31 December 2021) to which a specific management overlay was applied at ECL level, which resulted in impairment that brought the coverage ratio to 73% (up compared to the 60% applied as at 31 March, in light of the continuation of the conflict and the resulting impacts on the Ukrainian economy).
Also for Banca Intesa Russia, it has been adopted an approach to classifying and assessing performing loans that strongly considers the geopolitical risk deriving from the ongoing crisis, which moreover – according to the most recent indications from the Group's Research Department – contributes to a forecast decrease in Russia's GDP of 10% in 2022 and 1% in 2023. Therefore, the assessments made by the subsidiary in March, based on the indications from the Parent Company, were supplemented by an "additional", centrally determined prudent factor that takes account of the worsening of the domestic economic situation in light of the continuation of the conflict, as it is no longer considered possible that it will cease in a short time, and the increased isolation of the Russian economy. As a result of those additional provisions, the total coverage of performing loans of the Russian subsidiary amounted to around 25% of the gross value of performing loans to customers recognised in the consolidated financial statements.
As a result of these additional valuation increases, for the purposes of the Group's consolidated financial statements, the equity of the two investee companies has been reduced to zero.

[5] In addition, there were unsecured risks to customers for 0.4 billion euro at Banca Intesa Russia, 0.3 billion euro in cross-border exposures to resident customers (net of ECA of around 0.5 billion euro) and a total of 0.2 billion euro, essentially to Russian resident banks.

Credit quality of loans and advances to non-financial corporations by industry as at 30 June 2022 (EU CQ5 Reg. 2021/637)

The table below shows the gross exposures and related accumulated impairment on loans and advances to non-financial companies by industry.

(millions of euro)

		GROSS CARRYING VALUE				ACCUMULATED IMPAIRMENT	ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK ON NON-PERFORMING EXPOSURES
		Total	*Of which non-performing*		*Of which loans and advances subject to impairment*		
				Of which defaulted			
1	Agriculture, forestry and fishing	4,220	*175*	*175*	*4,208*	-115	-
2	Mining and quarrying	3,703	*244*	*244*	*3,703*	-293	-
3	Manufacturing	61,098	*1,357*	*1,357*	*60,835*	-1,023	-7
4	Electricity, gas, steam and air conditioning supply	12,828	*128*	*128*	*12,827*	-113	-
5	Water supply	2,592	*27*	*27*	*2,592*	-28	-
6	Construction	15,353	*1,114*	*1,114*	*15,329*	-691	-3
7	Wholesale and retail trade	39,448	*885*	*885*	*39,415*	-977	-
8	Transport and storage	14,686	*291*	*291*	*14,686*	-293	-
9	Accommodation and food service activities	6,988	*341*	*341*	*6,985*	-264	-
10	Information and communication	9,732	*165*	*165*	*9,726*	-83	-
11	Financial and Insurance activities	11,040	*56*	*56*	*11,040*	-33	-
12	Real estate activities	17,896	*1,149*	*1,149*	*17,489*	-680	-6
13	Professional, scientific and technical activities	13,198	*214*	*214*	*13,175*	-135	-
14	Administrative and support service activities	4,926	*162*	*162*	*4,926*	-119	-
15	Public administration and defence, compulsory social security	1	*-*	*-*	*1*	-	-
16	Education	269	*8*	*8*	*269*	-5	-
17	Human health services and social work activities	2,505	*48*	*48*	*2,505*	-42	-
18	Arts, entertainment and recreation	1,010	*81*	*81*	*1,009*	-59	-
19	Other services	3,336	*49*	*49*	*3,335*	-70	-
20	**TOTAL**	**224,829**	***6,494***	***6,494***	***224,055***	**-5,023**	**-16**

The total exposures, amounting to 224,829 million euro, include 774 million euro of exposures not subject to impairment. There were no significant changes in the breakdown by industry of loans and advances to non-financial companies compared to December 2021.

Credit quality of forborne exposures as at 30 June 2022 (EU CQ1 Reg. 2021/637)

(millions of euro)

		GROSS CARRYING VALUE OF FORBORNE EXPOSURES				ACCUMULATED IMPAIRMENT, ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK AND PROVISIONS		COLLATERALS RECEIVED AND FINANCIAL GUARANTEES RECEIVED ON FORBORNE EXPOSURES	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures	Total	*Of which collateral and financial guarantees received on non-performing exposures with forbearance measures*
			Total	*Of which defaulted*	*Of which impaired*				
5	**Cash balances at central banks and other demand deposits**	**-**	**-**	***-***	***-***	**-**	**-**	**-**	***-***
10	**Loans and advances**	**8,510**	**4,081**	***4,081***	***4,055***	**-444**	**-1,521**	**8,092**	***2,006***
20	Central banks	-	-	*-*	*-*	-	-	-	-
30	General governments	31	33	*33*	*33*	-	-13	-	-
40	Credit institutions	86	56	*56*	*56*	-	-17	78	-
50	Other financial corporations	160	154	*154*	*154*	-2	-58	172	*20*
60	Non-financial corporations	6,319	2,611	*2,611*	*2,585*	-389	-1,049	5,466	*1,260*
70	Households	1,914	1,227	*1,227*	*1,227*	-53	-384	2,376	*726*
80	**Debt Securities**	**-**	**1**	**1**	**1**	**-**	**-**	**-**	**-**
90	**Loan commitments given**	**278**	**143**	***143***	***143***	**-1**	**-4**	**95**	***38***
100	**Total**	**8,788**	**4,225**	***4,225***	***4,199***	**-445**	**-1,525**	**8,187**	***2,044***

The gross values for “Loans and advances” subject to forbearance measures as at 30 June 2022 were down overall (-0.8 billion euro) compared to 31 December 2021. This change was concentrated in non-performing loans and advances (0.7 billion euro), which stood at 4.1 billion euro compared to 4.8 billion euro in December 2021.
There were no significant changes in the exposures to “Debt securities” compared to 31 December 2021.
The “Loan commitments given” decreased by 0.3 billion.

Collateral obtained by taking possession and execution processes as at 30 June 2022 (EU CQ7 Reg. 2021/637)

(millions of euro)

		COLLATERAL OBTAINED BY TAKING POSSESSION	
		Value at initial recognition	**Accumulated negative changes**
1	Property, plant and equipment (PP&E)	2	-
2	Other than PP&E	773	-223
3	*Residential immovable property*	*34*	*-1*
4	*Commercial immovable property*	*368*	*-51*
5	*Movable property (auto, shipping, etc.)*	*2*	*-1*
6	*Equity and debt instruments*	*369*	*-170*
7	*Other collateral*	*-*	*-*
8	**TOTAL**	**775**	**-223**

The equity and debt instruments include financial assets not previously provided by the borrower as security for pre-existing loans, but acquired under bilateral agreements with the borrower, following which the Group has derecognised the credit exposure.
There were no significant changes compared to 31 December 2021.

As already mentioned in the Introduction to this document, EBA GL 2020/07 requires institutions to disclose information, on a half-yearly basis starting from 30 June 2020, on exposures subject to the EBA Guidelines on legislative and non-legislative moratoria on loan payments applied as a result of the COVID-19 crisis and on new exposures subject to public guarantee schemes (EBA GL 2020/02). Below are the three tables based on the templates provided in Annex 3 of EBA GL 2020/07.

Information on loans and advances subject to legislative and non-legislative moratoria (Table 1 EBA GL 2020/07) *(Table 1 of 2)*

(millions of euro)

		Gross carrying amount						
		Total Performing and Non performing	Performing			Non performing		
			Total	*Of which: exposures with forbearance measures*	*Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)*	Total	*Of which: exposures with forbearance measures*	*Of which: Unlikely to pay that are not past-due or past-due <= 90 days*
1	**Loans and advances subject to moratorium**	**33**	**32**	***1***	***29***	**1**	**-**	**-**
2	of which: Households	3	3	*1*	*3*	-	-	-
3	*of which: Collateralised by residential immovable property*	***1***	***1***	-	*1*	-	-	-
4	of which: Non-financial corporations	29	28	-	*26*	1	-	-
5	*of which: Small and Medium-sized Enterprises*	***28***	***27***	-	*24*	***1***	-	-
6	*of which: Collateralised by commercial immovable property*	***15***	***14***	-	*13*	***1***	-	-

Information on loans and advances subject to legislative and non-legislative moratoria (Table 1 EBA GL 2020/07) *(Table 2 of 2)*

(millions of euro)

		Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount of inflows to non-performing exposures
		Total Performing and Non performing	Performing			Non performing			
			Total	*Of which: exposures with forbearance measures*	*Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)*	Total	*Of which: exposures with forbearance measures*	*Of which: Unlikely to pay that are not past-due or past-due <= 90 days*	
1	**Loans and advances subject to moratorium**	**-2**	**-1**	**-**	***-1***	**-1**	**-**	**-**	**-**
2	of which: Households	-	-	-	-	-	-	-	-
3	*of which: Collateralised by residential immovable property*	-	-	-	-	-	-	-	-
4	of which: Non-financial corporations	-2	-1	-	*-1*	-1	-	-	-
5	*of which: Small and Medium-sized Enterprises*	***-2***	***-1***	-	*-1*	***-1***	-	-	-
6	*of which: Collateralised by commercial immovable property*	***-1***	-	-	-	***-1***	-	-	-

The Intesa Sanpaolo Group supported the legislative and non-legislative measures adopted in the various countries where it operates in order to combat the crisis generated by the COVID-19 pandemic.
The gross values for "Loans and advances" subject to outstanding forbearance measures as at 30 June 2022, totalling around 33 million euro, were down by around 1.1 billion euro compared to 31 December 2021. In this regard, under the new EBA guidance of 2 December 2020, moratoria granted after 31 March 2021 as well as those granted previously that have

exceeded a total duration of nine months cannot be considered EBA compliant[6] and therefore are shown in the table below as expired moratoria, together with those for which the suspension period has effectively ended.
Within the non-financial companies, the sectors most affected by these measures were: accommodation and food services, real estate, and administrative and support services.

Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria (Table 2 EBA GL 2020/07)

(millions of euro)

		NUMBER OF OBLIGORS	GROSS CARRYING AMOUNT							
			Total			Residual maturity of moratoria				
				Of which: legislative moratoria	*Of which: expired*	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	**Loans and advances for which moratorium was offered**	**681,776**	**44,781**							
2	**Loans and advances subject to moratorium (granted)**	**675,661**	**44,498**	***22,312***	***44,465***	**29**	**4**	**-**	**-**	**-**
3	of which: Households		19,001	*4,885*	*18,998*	3	-	-	-	-
4	*of which: Collateralised by residential immovable property*		***14,686***	*2,782*	*14,685*	*1*	-	-	-	-
5	of which: Non-financial corporations		23,531	*17,279*	*23,502*	26	3	-	-	-
6	*of which: Small and Medium-sized Enterprises*		***18,876***	*15,484*	*18,848*	*25*	*3*	-	-	-
7	*of which: Collateralised by commercial immovable property*		***14,067***	*10,350*	*14,052*	*14*	*1*	-	-	-

The gross values for "Loans and advances" subject to EBA compliant forbearance measures (both outstanding and expired) as at 30 June 2022 totalled 44.5 billion euro, down by around 6 billion euro on 31 December 2021.
The gross value of the expired moratoria, amounting to 44.5 billion euro, decreased by around 5 billion euro compared to December 2021, mainly due to all collections and extinctions.
As at 30 June 2022, around 90% of the moratoria granted and still in place as EBA compliant had a residual maturity within the following 3 months.

Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis (Table 3 EBA GL 2020/07)

(millions of euro)

		GROSS CARRYING AMOUNT		MAXIMUM AMOUNT OF THE GUARANTEE THAT CAN BE CONSIDERED	GROSS CARRYING AMOUNT
		Total			
			Of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	**35,261**	***464***	**30,276**	**162**
2	of which: Households	3,398			25
3	*of which: Collateralised by residential immovable property*	-			-
4	of which: Non-financial corporations	31,741	*452*	26,961	136
5	*of which: Small and Medium-sized Enterprises*	*23,839*			*129*
6	*of which: Collateralised by commercial immovable property*	*88*			-

As at 30 June 2022, the value of exposures subject to loans backed by government guarantee schemes – for which the process has been completed for both the acquisition of the guarantees and the disbursement, which may also not be concluded at the same time – was 35.3 billion euro. The residual maturity of these loans was 71% from 2 to 5 years and 24% over 5 years.
The sectors most affected by these measures were: manufacturing, wholesale and retail trade, and construction. As at 30 June 2022, almost all the exposures were performing, with a very low level of forborne exposures (1.32%).

[6] The facilitating framework envisaged by the EBA guidelines is no longer in force and consequently 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).

Credit risk: disclosures on portfolios subject to the standardised approach

Quantitative disclosure

In this Section, each regulatory portfolio provided for by regulations under the standardised approach is broken down as follows:

– amount of on-balance sheet and off-balance sheet exposures, “without” the Credit Risk Mitigation (CRM) effect, which does not take into account the decrease in exposure or portfolio transfer arising from application of collateral and personal guarantees and before the application of the Credit Conversion Factors (CCF) to off-balance sheet exposures;
– amount of the same exposures “with” the Credit Risk Mitigation effect and after the application of the Credit Conversion Factors. The portfolio transfer resulting from the application of risk mitigation in the case of personal guarantees may also take place from portfolios subject to IRB approaches due to the presence of guarantors subject to the Standardised Approach.

The above information is listed in the “with” and “without” credit risk mitigation tables and associated with the risk weightings defined by the current Prudential Supervisory regulations.

Standardised approach – Credit risk exposure and CRM effects as at 30 June 2022 (EU CR4 Reg. 2021/637)

(millions of euro)

	EXPOSURE CLASSES	EXPOSURES BEFORE CCF AND BEFORE CRM		EXPOSURES POST CCF AND POST CRM		RWAs AND RWAs DENSITY	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWA density (*) (%)
1	Central government or central banks	227,248	12,170	281,804	6,012	22,650	7.87
2	Regional government or local authorities	1,028	247	1,182	163	317	23.57
3	Public sector entities	1,302	234	664	42	430	60.91
4	Multilateral development banks	940	104	1,320	32	-	-
5	International organisations	272	-	272	-	-	-
6	Institutions	10,730	6,925	10,080	1,845	6,448	54.07
7	Corporates	33,054	15,509	23,596	3,503	24,737	91.28
8	Retail	18,683	7,182	13,903	817	9,789	66.50
9	Secured by mortgages on immovable property	7,336	68	6,976	31	2,574	36.73
10	Exposures in default	1,271	119	987	21	1,174	116.42
11	Exposures associated with particularly high risk	261	100	250	71	480	149.37
12	Covered bonds	1,839	-	1,839	-	206	11.17
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	3,465	1,147	3,466	615	4,657	114.11
15	Equity	703	100	703	100	1,401	174.54
16	Other items	18,429	-	18,433	-	12,513	67.88
17	**TOTAL**	**326,561**	**43,905**	**365,475**	**13,252**	**87,376**	**23.07**
	TOTAL ON- AND OFF-BALANCE SHEET AMOUNTS	**370,466**		**378,727**			

(*) The percentage values of RWA density were calculated on amounts not rounded up or down to the nearest million.

The consolidated balance sheet aggregate as at June 2022 was 370.5 billion euro, before taking into account Credit Risk Mitigation (CRM) factors and the application of the Credit Conversion Factors (CCF) required by the prudential regulations. These calculation criteria led to an increase in the value of the on-balance-sheet items in the prudential presentation (+38.9 billion euro) and a decrease in the value of the off-balance-sheet items (-30.7 billion euro), with a net positive balance of 8.2 billion euro in the period. In June, the total value of the aggregate for prudential purposes was identified as 378.7 billion euro, corresponding to a weighted value of RWAs of 87.4 billion euro, which was essentially stable in the half year compared to December (-0.8 billion euro of RWAs). In relation to the specific impact of the CCF/CRM factors for the various technical forms and exposure classes, the prudential calculation of the balance sheet aggregates resulted in a more noticeable change in the "Central Governments or Central Banks" (-10 billion euro), "Corporates" (-3 billion euro) and "Institutions" (+3.5 billion euro) portfolios, which, together with the smaller changes in the other portfolios, resulted in an overall reduction of around -10 billion euro in the aggregate over the half year. The decrease in loans to "Central Governments or Central Banks" was mainly due to the change in the Reserve Requirement held with the Bank of Italy, only partially offset by an increase in the flow of loans to the Italian Treasury. With regard to the changes relating to the "Corporates" and "Institutions" portfolios, they, substantially, reflected a purely classificatory restatement of the segment assigned to several counterparties, as part of the continuous refinement of the accuracy of the calculation of the capital requirement. Overall, the reconfiguration of the portfolios during the half year was reflected in a marginal decrease in the relative proportion of exposure classes with lower prudential weighting levels, which led to a slight increase in the overall risk profile, reflected in the change in RWA density, which stood at 23.07% in June 2022 compared to 22.68% in December 2021.

Standardised approach – Exposures post CCF and CRM as at 30 June 2022 (EU CR5 Reg. 2021/637)
(Table 1 of 2)

(millions of euro)

	EXPOSURE CLASSES	RISK WEIGHT								
		0%	2%	4%	10%	20%	35%	50%	70%	75%
1	Central governments or central banks	267,626	-	-	-	1,567	-	2,345	-	-
2	Regional government or local authorities	224	-	-	-	1,001	-	1	-	-
3	Public sector entities	24	-	-	-	282	-	53	-	-
4	Multilateral development banks	1,352	-	-	-	-	-	-	-	-
5	International organisations	272	-	-	-	-	-	-	-	-
6	Institutions	-	158	-	-	5,554	-	1,911	-	-
7	Corporates	-	-	-	-	1,041	-	1,890	49	-
8	Retail exposures	-	-	-	-	-	2,062	-	-	12,658
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	5,125	1,882	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	1,624	215	-	-	-	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	1,157	-	-	-	-	-	1	-	1
15	Equity exposures	-	-	-	-	-	-	-	-	-
16	Other items	4,347	-	-	-	1,984	-	-	-	-
17	**Total**	**275,002**	**158**	**-**	**1,624**	**11,644**	**7,187**	**8,083**	**49**	**12,659**

Standardised approach – Exposures post CCF and CRM as at 30 June 2022 (EU CR5 Reg. 2021/637)
(Table 2 of 2)

(millions of euro)

	EXPOSURE CLASSES	RISK WEIGHT						TOTAL	OF WHICH UNRATED
		100%	150%	250%	370%	1250%	Others		
1	Central governments or central banks	12,660	537	3,081	-	-	-	287,816	6,887
2	Regional government or local authorities	119	-	-	-	-	-	1,345	782
3	Public sector entities	347	-	-	-	-	-	706	360
4	Multilateral development banks	-	-	-	-	-	-	1,352	14
5	International organisations	-	-	-	-	-	-	272	-
6	Institutions	4,120	182	-	-	-	-	11,925	6,531
7	Corporates	22,952	1,167	-	-	-	-	27,099	22,455
8	Retail exposures	-	-	-	-	-	-	14,720	14,720
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	-	7,007	6,635
10	Exposures in default	677	331	-	-	-	-	1,008	941
11	Exposures associated with particularly high risk	-	321	-	-	-	-	321	321
12	Covered bonds	-	-	-	-	-	-	1,839	540
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	1,151	31	-	87	81	1,572	4,081	4,044
15	Equity exposures	404	-	399	-	-	-	803	803
16	Other items	12,073	29	-	-	-	-	18,433	18,433
17	**Total**	**54,503**	**2,598**	**3,480**	**87**	**81**	**1,572**	**378,727**	**83,466**

The aggregate of the exposures included in the calculation under the standardised approach amounts to 378.7 billion euro, after the application of Credit Conversion Factors (CCFs) and prudential Credit Risk Mitigation (CRM) treatments. The distribution of exposures by class and risk weight showed a marginal increase in RWA density (+0.39%) during the half year. The average density stood at 23.07%, with a polarisation of exposures towards the zero-weighted classes (72.6% of the aggregate), despite the lower relative weight of the “Central Governments or Central Banks” class, as shown in Table EU CR4.

Standardised approach - Exposures before CCF and CRM as at 30 June 2022 (EU CR5 bis) *(Table 1 of 2)*

(millions of euro)

	EXPOSURE CLASSES	RISK WEIGHT								
		0%	2%	4%	10%	20%	35%	50%	70%	75%
1	Central governments or central banks	218,024	-	-	-	1,567	-	1,852	-	-
2	Regional government or local authorities	214	-	-	-	902	-	1	-	-
3	Public sector entities	29	-	-	-	359	-	76	-	-
4	Multilateral development banks	1,044	-	-	-	-	-	-	-	-
5	International organisations	272	-	-	-	-	-	-	-	-
6	Institutions	-	158	-	-	7,787	-	2,359	-	-
7	Corporates	-	-	-	-	883	-	1,817	-	-
8	Retail exposures	-	-	-	-	-	2,062	-	-	23,803
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	5,492	1,912	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	1,624	215	-	-	-	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	1,167	-	-	-	-	-	1	-	1
15	Equity exposures	-	-	-	-	-	-	-	-	-
16	Other items	4,343	-	-	-	1,984	-	-	-	-
17	**Total**	**225,093**	**158**	**-**	**1,624**	**13,697**	**7,554**	**8,018**	**-**	**23,804**

Standardised approach - Exposures before CCF and CRM as at 30 June 2022 (EU CR5 bis) *(Table 2 of 2)*

(millions of euro)

	EXPOSURE CLASSES	RISK WEIGHT						TOTAL	OF WHICH UNRATED
		100%	150%	250%	370%	1250%	Others		
1	Central governments or central banks	14,338	556	3,081	-	-	-	239,418	8,241
2	Regional government or local authorities	158	-	-	-	-	-	1,275	851
3	Public sector entities	1,072	-	-	-	-	-	1,536	1,166
4	Multilateral development banks	-	-	-	-	-	-	1,044	-
5	International organisations	-	-	-	-	-	-	272	-
6	Institutions	7,166	185	-	-	-	-	17,655	11,098
7	Corporates	44,021	1,842	-	-	-	-	48,563	42,150
8	Retail exposures	-	-	-	-	-	-	25,865	25,865
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	-	7,404	7,348
10	Exposures in default	1,010	380	-	-	-	-	1,390	1,081
11	Exposures associated with particularly high risk	-	361	-	-	-	-	361	361
12	Covered bonds	-	-	-	-	-	-	1,839	540
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	1,173	31	-	154	82	2,003	4,612	4,575
15	Equity exposures	404	-	399	-	-	-	803	803
16	Other items	12,073	29	-	-	-	-	18,429	18,429
17	**Total**	**81,415**	**3,384**	**3,480**	**154**	**82**	**2,003**	**370,466**	**122,508**

Credit risk: disclosures on portfolios subject to IRB approaches

Qualitative disclosure

The supervisory regulations provide for two approaches for the calculation of the capital requirement: the Standardised approach and the Internal Rating Based (IRB) approach, in which the risk weightings are a function of the banks' internal assessments of their borrowers. The IRB approach is in turn divided into a Foundation Internal Rating Based (FIRB) approach and an Advanced Internal Rating Based (AIRB) approach that differ in the risk parameters that banks are required to estimate. Under the foundation approach, banks use their own PD estimates and regulatory values for the other risk parameters, whereas under the advanced approach the latter are also estimated internally. Given that the rating systems for retail exposures must reflect both the borrower risk and the specific risk of the transaction, in this case there is no distinction between the foundation and the advanced approach.

The table below shows the regulatory portfolios for which the Group, as at 30 June 2022, uses the IRB approaches in calculating the capital requirements for credit and counterparty risk for the "Corporate" (Foundation and Advanced IRB), Retail (Advanced IRB) Retail SME (Advanced IRB), Banks and Public Entities (Advanced IRB) regulatory segments and for Banking Book equity exposures (IRB).

Regulatory portfolios for application of the IRB approaches

Portfolio	PD - Model Type	LGD - Model Type	EAD - Model Type	Status
Institutions	Default model (Banks) [4]	Market model (Banks)	Regulatory parameters (Banks)	AIRB authorised since June 2017
	Default model (Municipalities and Provinces) Shadow model (Regions) [4]	Workout model (Municipalities, Provinces, Regions)	Regulatory parameters (Municipalities, Provinces, Regions)	AIRB authorised since June 2017
Corporate	Default model (Corporate)	Workout model (Bank products; Leasing and Factoring)	CCF/K factor model (Bank products) Regulatory parameters (Leasing and Factoring)	FIRB authorised since December 2008, AIRB LGD authorised since December 2010, EAD authorised since September 2017 [1]
	Simulation models (Specialised Lending)	Simulation models (Specialised Lending)	Regulatory parameters (Specialised Lending)	AIRB authorised since June 2012
Retail	Default model (Retail)	Workout model (Retail)	CCF/K factor model (Retail)	IRB Retail since September 2018 [2]
	Default model (Retail SME)	Workout model (Retail SME)	CCF/ K factor model (Retail SME)	AIRB authorised since December 2012 [3]

1) ISP authorised for FIRB from December 2008, for LGD AIRB from December 2010 and for EAD from 2017, Banca IMI (2012, merged by incorporation into the Parent company since 2020), ISP Ireland (2010), VUB (2010), Intesa Sanpaolo Bank (2017), and ISP Luxembourg (2017). From 2017, the Corporate model has also been used to calculate the risk on the Banking book equity portfolio with LGD 65%/90%.
2) VUB authorised from June 2012 for PD and LGD of Retail Mortgage models.
3) VUB authorised from June 2014.
4) ISP and Banca IMI (merged by incorporation into the Parent company in 2020) authorised from 2017.

Quantitative disclosure

The tables below include the EADs related both to credit risk, discussed in detail in this section, and to counterparty risk, discussed in a later section.

Exposure values by regulatory portfolio (Foundation IRB Approach)

(millions of euro)

Regulatory portfolio	Exposure value 30.06.2022	Exposure value 31.12.2021
Exposures to or secured by corporates:		
- Specialised lending	-	-
- SMEs (Small and Medium Enterprises)	465	456
- Other corporates	1,288	1,164
Total credit risk (IRB)	**1,753**	**1,620**

Exposure values by regulatory portfolio (Advanced IRB Approach)

(millions of euro)

Regulatory portfolio	Exposure value 30.06.2022	Exposure value 31.12.2021
Exposures to or secured by corporates:		
- Specialised lending	12,815	12,391
- SMEs (Small and Medium Enterprises)	43,802	47,172
- Other corporates	141,065	134,404
Exposures to or secured by Supervised Intermediaries, Public sector and local entities and Other entities	36,930	36,866
Total credit risk (Advanced IRB approach)	**234,612**	**230,833**

Exposure values by regulatory portfolio (IRB Approach)

(millions of euro)

Regulatory portfolio	Exposure value 30.06.2022	Exposure value 31.12.2021
Retail exposures:		
- Exposures secured by residential property: SMEs	5,693	6,117
- Exposures secured by residential property: private individuals	117,563	118,589
- Other retail exposures: SMEs	13,487	14,017
- Other retail exposures: private individuals	20,742	21,086
- Qualifying revolving exposures	-	-
Total credit risk (IRB)	**157,485**	**159,809**

(millions of euro)

Regulatory portfolio	Exposure value 30.06.2022	Exposure value 31.12.2021
Exposures in equity instruments subject to the PD/LGD approach	1,520	1,306
Total credit risk (IRB)	**1,520**	**1,306**

The exposure value shown in the tables set forth in this Section is expressed gross of adjustments and takes into account (for guarantees given and commitments to disburse funds) credit conversion factors. Conversely, the exposure value does not consider the risk mitigation techniques which – for exposures assessed using internal models – are directly incorporated in the weightings applied to said exposure.

IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques as at 30 June 2022 (EU CR7 Reg. 2021/637)

(millions of euro)

		Pre-credit derivatives risk weighted exposure amount	Actual risk weighted exposure amount
1	**Exposures under F-IRB**	**1,330**	**1,330**
2	Central governments and central banks	-	-
3	Institutions	-	-
4	Corporates	1,330	1,330
4.1	*of which Corporates - SMEs*	*310*	*310*
4.2	*of which Corporates - specialised lending*	-	-
5	**Exposures under A-IRB**	**149,707**	**149,701**
6	Central governments and central banks	-	-
7	Institutions	18,632	18,641
8	Corporates	101,115	101,100
8.1	*of which Corporates - SMEs*	*25,415*	*25,415*
8.2	*of which Corporates - specialised lending*	*8,190*	*8,190*
9	Retail	29,960	29,960
9.1	*of which Retail – SMEs, secured by immovable property collateral*	*1,558*	*1,558*
9.2	*of which Retail – non SMEs, secured by immovable property collateral*	*19,396*	*19,396*
9.3	*of which Retail – qualifying revolving*	-	-
9.4	*of which Retail – SMEs, other*	*3,378*	*3,378*
9.5	*of which Retail – non SMEs, other*	*5,628*	*5,628*
10	**TOTAL (including F-IRB exposures and A-IRB exposures)**	**151,037**	**151,031**

The use of credit derivatives as a credit risk mitigation tool is marginal and the effects as at 30 June were small: in relation to the reduction of -15 million RWA in the Corporates portfolio, there was an increase of +9 million euro in RWAs in the Institutions portfolio, with a net change of -6 million euro in RWAs.

IRB approach – Credit risk exposures by exposure class and PD scale as at 30 June 2022 (EU CR6 Reg. 2021/637) *(Table 1 of 4)*

(millions of euro)

A-IRB PD scale	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	EL	Value adjust-ments and provisions
Exposures to Institutions												
0,00 to <0,15	6,696	16,553	3.63%	7,488	0.07	769	39.42	2.55	2,709	36.18%	2	-1
0,00 to < 0,10	5,402	13,388	3.63%	6,069	0.05	482	40.73	2.54	2,162	35.63%	1	-1
0,10 to < 0,15	1,294	3,165	3.61%	1,419	0.11	287	33.84	2.61	547	38.57%	1	-
0,15 to <0,25	4,341	5,727	7.41%	4,819	0.20	682	31.96	2.07	2,104	43.66%	3	-7
0,25 to <0,50	6,717	7,645	7.68%	7,346	0.39	926	27.61	3.20	4,050	55.12%	8	-9
0,50 to <0,75	385	618	14.93%	476	0.59	216	27.21	1.99	204	42.75%	1	-
0,75 to <2,50	6,515	7,214	12.23%	7,448	1.22	1,283	25.06	2.79	5,230	70.22%	23	-35
0,75 to < 1,75	5,828	6,413	12.91%	6,738	1.14	1,050	24.81	2.80	4,652	69.04%	19	-18
1,75 to < 2,5	687	801	6.76%	710	2.01	233	27.43	2.75	578	81.39%	4	-17
2,50 to <10,00	2,756	3,024	6.16%	2,846	3.53	809	30.43	2.05	3,273	115.02%	30	-20
2,5 to < 5	2,273	2,116	6.80%	2,356	2.89	474	32.04	1.83	2,807	119.14%	23	-10
5 to < 10	483	908	4.69%	490	6.59	335	22.72	3.11	466	95.18%	7	-10
10,00 to < 100,00	369	687	8.36%	394	16.44	562	29.88	3.22	649	164.43%	17	-14
10 to < 20	302	661	7.87%	324	13.50	295	32.42	3.40	576	177.57%	13	-13
20 to < 30	45	1	32.29%	45	26.19	40	17.84	1.62	45	100.83%	2	-
30,00 to < 100,00	22	25	20.61%	25	36.78	227	18.75	3.72	28	109.15%	2	-1
100,00 (default)	354	28	0.88%	353	100.00	108	83.18	1.54	422	119.72%	261	-152
Subtotal	28,133	41,496	6.82%	31,170	2.10	5,355	31.42	2.63	18,641	59.80%	345	-238
Exposures to corporates												
- SMEs (small and medium enterprises)												
0,00 to <0,15	918	1,014	21.97%	910	0.12	3,973	40.54	2.35	182	20.01%	-	-1
0,00 to < 0,10	131	269	17.93%	126	0.07	826	39.67	2.66	20	16.06%	-	-
0,10 to < 0,15	787	745	23.43%	784	0.13	3,147	40.68	2.30	162	20.65%	-	-1
0,15 to <0,25	2,487	2,389	22.17%	2,166	0.20	8,743	41.11	2.09	563	26.01%	2	-4
0,25 to <0,50	9,886	6,956	21.05%	7,241	0.38	27,633	42.05	2.01	2,653	36.64%	12	-18
0,50 to <0,75	7,109	4,260	21.79%	4,964	0.60	18,089	42.09	1.98	2,304	46.41%	13	-18
0,75 to <2,50	18,286	8,581	24.06%	12,441	1.47	44,765	40.29	2.27	7,804	62.73%	72	-100
0,75 to < 1,75	12,427	6,396	23.77%	8,460	1.27	31,321	40.70	2.19	5,118	60.50%	42	-54
1,75 to < 2,5	5,859	2,185	24.91%	3,981	1.91	13,444	39.41	2.46	2,686	67.47%	30	-46
2,50 to <10,00	12,193	3,279	22.08%	8,510	5.29	28,567	39.05	2.62	7,497	88.10%	175	-230
2,5 to < 5	5,369	1,632	22.76%	3,830	3.18	12,718	39.88	2.52	3,009	78.57%	49	-69
5 to < 10	6,824	1,647	21.41%	4,680	7.01	15,849	38.37	2.71	4,488	95.91%	126	-161
10,00 to < 100,00	2,875	474	24.82%	2,333	20.27	8,857	35.66	3.22	2,986	127.97%	167	-332
10 to < 20	1,888	344	23.95%	1,387	14.58	5,195	36.38	3.03	1,648	118.75%	73	-120
20 to < 30	550	63	27.59%	418	23.66	1,540	36.18	3.20	577	138.04%	36	-45
30,00 to < 100,00	437	67	26.64%	528	32.52	2,122	33.35	3.73	761	144.23%	58	-167
100,00 (default)	5,426	334	80.21%	5,136	100.00	8,316	48.43	2.40	1,426	27.76%	2,399	-3,018
Subtotal	59,180	27,287	23.16%	43,701	14.43	148,943	41.30	2.32	25,415	58.16%	2,840	-3,721
- Specialised lending												
0,00 to <0,15	-	-	18.26%	-	0.07	2	44.44	1.30	-	10.24%	-	-
0,00 to < 0,10	-	-	18.26%	-	0.07	2	44.44	1.30	-	10.24%	-	-
0,10 to < 0,15	-	-	-	-	-	-	-	-	-	-	-	-
0,15 to <0,25	144	68	48.36%	177	0.23	31	18.42	4.90	47	26.41%	-	-
0,25 to <0,50	231	122	58.98%	302	0.35	85	17.44	3.02	64	21.26%	-	-1
0,50 to <0,75	1,668	953	49.73%	2,120	0.54	180	18.36	4.15	723	34.09%	2	-5
0,75 to <2,50	4,639	2,221	49.96%	5,738	1.30	969	19.13	3.80	2,620	45.66%	14	-36
0,75 to < 1,75	3,468	1,463	50.13%	4,194	1.08	598	19.42	3.82	1,916	45.69%	9	-28
1,75 to < 2,5	1,171	758	49.65%	1,544	1.90	371	18.35	3.74	704	45.59%	5	-8
2,50 to <10,00	2,308	1,076	49.95%	2,756	4.28	660	19.10	2.90	1,621	58.84%	23	-61
2,5 to < 5	2,042	1,045	50.02%	2,480	3.81	565	19.15	2.89	1,440	58.07%	18	-50
5 to < 10	266	31	47.33%	276	8.54	95	18.70	2.95	181	65.76%	5	-11
10,00 to < 100,00	1,031	437	46.80%	883	23.32	239	32.72	3.22	1,865	211.18%	70	-114
10 to < 20	791	398	45.92%	624	18.19	125	38.44	3.37	1,629	261.08%	53	-100
20 to < 30	-	-	-	-	-	-	-	-	-	-	-	-
30,00 to < 100,00	240	39	55.73%	259	35.69	114	18.94	2.86	236	91.02%	17	-14
100,00 (default)	765	65	47.20%	752	100.00	351	47.28	2.46	217	28.85%	339	-452
Subtotal	10,786	4,942	49.80%	12,728	9.14	2,517	21.55	3.54	7,157	56.23%	448	-669

IRB approach – Credit risk exposures by exposure class and PD scale as at 30 June 2022 (EU CR6 Reg. 2021/637) *(Table 2 of 4)*

(millions of euro)

A-IRB PD scale	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	EL	Value adjust-ments and provisions
- Other corporates												
0,00 to <0,15	14,181	35,414	22.28%	22,160	0.09	1,690	32.78	2.05	4,176	18.84%	7	-2
0,00 to < 0,10	*4,318*	*20,281*	*24.82%*	*9,350*	*0.05*	*819*	*32.58*	*1.85*	*1,149*	*12.29%*	*2*	*-*
0,10 to < 0,15	*9,863*	*15,133*	*18.87%*	*12,810*	*0.12*	*871*	*32.93*	*2.20*	*3,027*	*23.63%*	*5*	*-2*
0,15 to <0,25	22,403	33,419	19.39%	28,633	0.20	2,095	32.93	1.80	8,242	28.79%	19	-7
0,25 to <0,50	24,329	35,769	23.10%	31,359	0.33	4,533	32.32	1.91	11,976	38.19%	34	-24
0,50 to <0,75	9,386	8,011	22.20%	10,325	0.54	2,632	32.23	1.85	4,911	47.56%	18	-13
0,75 to <2,50	22,044	23,720	24.95%	25,320	1.39	5,340	32.09	2.14	17,856	70.52%	113	-94
0,75 to < 1,75	*15,136*	*16,803*	*22.28%*	*16,789*	*1.11*	*3,907*	*32.14*	*2.03*	*10,846*	*64.60%*	*60*	*-48*
1,75 to < 2,5	*6,908*	*6,917*	*31.44%*	*8,531*	*1.94*	*1,433*	*32.00*	*2.38*	*7,010*	*82.18%*	*53*	*-46*
2,50 to <10,00	11,427	6,706	27.44%	11,429	5.72	2,324	30.23	2.16	11,850	103.69%	200	-463
2,5 to < 5	*5,285*	*4,459*	*27.37%*	*5,273*	*3.81*	*1,199*	*30.30*	*2.14*	*4,859*	*92.16%*	*61*	*-88*
5 to < 10	*6,142*	*2,247*	*27.58%*	*6,156*	*7.36*	*1,125*	*30.18*	*2.18*	*6,991*	*113.56%*	*139*	*-375*
10,00 to < 100,00	5,502	1,357	32.97%	5,042	18.26	745	30.31	1.99	7,361	145.99%	276	-532
10 to < 20	*4,354*	*1,041*	*28.97%*	*3,763*	*16.11*	*490*	*31.62*	*2.11*	*5,968*	*158.60%*	*193*	*-380*
20 to < 30	*922*	*272*	*47.84%*	*1,023*	*22.82*	*67*	*26.76*	*1.35*	*1,067*	*104.32%*	*62*	*-113*
30,00 to < 100,00	*226*	*44*	*35.54%*	*256*	*31.65*	*188*	*25.33*	*2.85*	*326*	*127.19%*	*21*	*-39*
100,00 (default)	3,961	711	53.53%	4,150	100.00	1,165	41.51	1.60	1,123	27.05%	1,632	-2,309
Subtotal	113,233	145,107	22.74%	138,418	4.56	20,524	32.50	1.96	67,495	48.76%	2,299	-3,444
Retail exposures: (*)												
- SME secured by immovable property collateral												
0,00 to <0,15	742	12	55.38%	744	0.08	6,397	19.28	-	23	3.11%	-	-
0,00 to < 0,10	*741*	*12*	*55.38%*	*743*	*0.08*	*6,386*	*19.28*	*-*	*23*	*3.10%*	*-*	*-*
0,10 to < 0,15	*1*	*-*	*-*	*1*	*0.11*	*11*	*21.33*	*-*	*-*	*4.55%*	*-*	*-*
0,15 to <0,25	566	11	39.97%	566	0.18	5,254	19.32	-	33	5.81%	-	-1
0,25 to <0,50	859	17	39.74%	856	0.40	7,780	19.40	-	89	10.40%	1	-1
0,50 to <0,75	475	10	36.46%	474	0.74	4,183	19.47	-	76	16.03%	1	-1
0,75 to <2,50	893	15	24.61%	883	1.33	7,809	19.56	-	210	23.86%	2	-3
0,75 to < 1,75	*877*	*15*	*24.61%*	*867*	*1.32*	*7,610*	*19.44*	*-*	*204*	*23.55%*	*2*	*-3*
1,75 to < 2,5	*16*	*-*	*19.10%*	*16*	*1.91*	*199*	*25.82*	*-*	*6*	*40.61%*	*-*	*-*
2,50 to <10,00	1,289	22	22.55%	1,267	4.67	11,985	19.59	-	606	47.75%	12	-14
2,5 to < 5	*1,027*	*20*	*21.28%*	*1,011*	*3.53*	*9,517*	*19.55*	*-*	*428*	*42.29%*	*7*	*-9*
5 to < 10	*262*	*2*	*35.88%*	*256*	*9.19*	*2,468*	*19.74*	*-*	*178*	*69.27%*	*5*	*-5*
10,00 to < 100,00	500	6	27.18%	486	34.32	5,458	19.65	-	388	79.87%	33	-19
10 to < 20	*168*	*2*	*33.30%*	*163*	*15.35*	*1,551*	*19.77*	*-*	*137*	*83.72%*	*5*	*-5*
20 to < 30	*118*	*1*	*29.98%*	*114*	*23.69*	*1,161*	*19.70*	*-*	*104*	*91.42%*	*6*	*-5*
30,00 to < 100,00	*214*	*3*	*21.79%*	*209*	*54.96*	*2,746*	*19.53*	*-*	*147*	*70.55%*	*22*	*-9*
100,00 (default)	420	7	23.89%	417	100.00	3,881	41.97	-	133	31.88%	171	-123
Subtotal	5,744	100	33.37%	5,693	11.65	52,747	21.12	-	1,558	27.37%	220	-162
- SME other												
0,00 to <0,15	3,537	2,728	36.71%	2,545	0.08	106,632	30.05	-	147	5.74%	1	-1
0,00 to < 0,10	*3,533*	*2,727*	*36.70%*	*2,540*	*0.08*	*106,374*	*30.02*	*-*	*146*	*5.73%*	*1*	*-1*
0,10 to < 0,15	*4*	*1*	*51.36%*	*5*	*0.11*	*258*	*49.70*	*-*	*1*	*10.90%*	*-*	*-*
0,15 to <0,25	2,517	1,250	40.89%	1,637	0.18	92,128	31.00	-	176	10.76%	1	-2
0,25 to <0,50	3,543	1,395	40.59%	2,201	0.40	134,088	31.07	-	391	17.75%	3	-3
0,50 to <0,75	1,848	501	38.68%	1,047	0.73	65,490	31.00	-	256	24.51%	2	-3
0,75 to <2,50	3,165	655	35.04%	1,739	1.33	114,406	32.24	-	570	32.82%	7	-9
0,75 to < 1,75	*3,100*	*626*	*33.70%*	*1,661*	*1.31*	*110,096*	*31.32*	*-*	*527*	*31.74%*	*6*	*-8*
1,75 to < 2,5	*65*	*29*	*63.52%*	*78*	*1.92*	*4,310*	*51.81*	*-*	*43*	*55.63%*	*1*	*-1*
2,50 to <10,00	4,645	756	29.41%	2,522	4.86	168,018	31.32	-	1,040	41.23%	38	-35
2,5 to < 5	*3,600*	*600*	*29.50%*	*1,952*	*3.64*	*127,336*	*31.32*	*-*	*778*	*39.87%*	*22*	*-21*
5 to < 10	*1,045*	*156*	*29.04%*	*570*	*9.04*	*40,682*	*31.33*	*-*	*262*	*45.89%*	*16*	*-14*
10,00 to < 100,00	1,472	201	39.42%	771	31.01	106,387	31.48	-	512	66.26%	75	-47
10 to < 20	*544*	*66*	*29.94%*	*288*	*14.96*	*24,739*	*32.02*	*-*	*164*	*56.89%*	*14*	*-14*
20 to < 30	*442*	*38*	*26.77%*	*207*	*23.78*	*25,302*	*30.29*	*-*	*137*	*65.95%*	*15*	*-13*
30,00 to < 100,00	*486*	*97*	*50.85%*	*276*	*53.18*	*56,346*	*31.80*	*-*	*211*	*76.26%*	*46*	*-20*
100,00 (default)	1,236	60	35.50%	1,020	100.00	60,618	71.44	-	286	28.08%	720	-724
Subtotal	21,963	7,546	37.43%	13,482	10.58	847,767	34.14	-	3,378	25.05%	847	-824

IRB approach – Credit risk exposures by exposure class and PD scale as at 30 June 2022 (EU CR6 Reg. 2021/637) *(Table 3 of 4)*

(millions of euro)

A-IRB PD scale	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	EL	Value adjust-ments and provisions
- Non-SME secured by immovable property collateral												
0,00 to <0,15	45,894	725	74.36%	45,530	0.08	522,794	17.71	-	1,737	3.81%	7	-4
0,00 to < 0,10	*17,485*	*479*	*79.11%*	*17,476*	*0.05*	*209,414*	*17.61*	*-*	*443*	*2.53%*	*2*	*-1*
0,10 to < 0,15	*28,409*	*246*	*65.10%*	*28,054*	*0.10*	*313,380*	*17.78*	*-*	*1,294*	*4.61%*	*5*	*-3*
0,15 to <0,25	14,165	67	12.99%	13,760	0.17	154,794	17.70	-	924	6.71%	4	-2
0,25 to <0,50	17,281	159	65.78%	16,758	0.28	192,767	18.49	-	1,710	10.20%	9	-5
0,50 to <0,75	9,350	88	68.96%	8,973	0.51	102,819	18.64	-	1,413	15.75%	8	-4
0,75 to <2,50	22,257	108	62.52%	21,277	1.32	290,572	18.19	-	5,689	26.74%	44	-30
0,75 to < 1,75	*12,069*	*95*	*69.30%*	*11,446*	*0.79*	*160,375*	*18.52*	*-*	*2,091*	*18.27%*	*11*	*-10*
1,75 to < 2,5	*10,188*	*13*	*14.10%*	*9,831*	*1.93*	*130,197*	*17.80*	*-*	*3,598*	*36.59%*	*33*	*-20*
2,50 to <10,00	7,650	48	72.68%	7,393	5.58	93,867	18.64	-	5,068	68.55%	75	-47
2,5 to < 5	*3,758*	*31*	*74.07%*	*3,609*	*3.97*	*45,448*	*18.71*	*-*	*2,107*	*58.39%*	*26*	*-14*
5 to < 10	*3,892*	*17*	*70.07%*	*3,784*	*7.13*	*48,419*	*18.57*	*-*	*2,961*	*78.25%*	*49*	*-33*
10,00 to < 100,00	2,163	6	58.45%	2,133	20.37	26,188	18.09	-	2,275	106.73%	76	-84
10 to < 20	*1,548*	*2*	*14.79%*	*1,522*	*15.91*	*19,086*	*18.00*	*-*	*1,568*	*103.08%*	*42*	*-47*
20 to < 30	*-*	*-*	*-*	*-*	*23.68*	*4*	*19.90*	*-*	*-*	*121.95%*	*-*	*-*
30,00 to < 100,00	*615*	*4*	*83.14%*	*611*	*31.47*	*7,098*	*18.31*	*-*	*707*	*115.80%*	*34*	*-37*
100,00 (default)	1,743	3	100.00%	1,739	100.00	22,473	32.55	-	580	33.36%	566	-508
Subtotal	120,503	1,204	68.28%	117,563	2.57	1,406,274	18.26	-	19,396	16.50%	789	-684
- Non-SME other												
0,00 to <0,15	3,356	2,278	56.40%	4,562	0.07	1,296,085	31.05	-	291	6.39%	1	-1
0,00 to < 0,10	*1,381*	*1,561*	*57.53%*	*2,251*	*0.05*	*818,331*	*31.64*	*-*	*105*	*4.67%*	*-*	*-*
0,10 to < 0,15	*1,975*	*717*	*53.93%*	*2,311*	*0.10*	*477,754*	*30.47*	*-*	*186*	*8.06%*	*1*	*-1*
0,15 to <0,25	1,789	548	57.90%	2,039	0.17	440,807	32.14	-	253	12.43%	1	-1
0,25 to <0,50	2,388	517	60.21%	2,587	0.28	477,928	32.89	-	458	17.72%	2	-1
0,50 to <0,75	1,790	312	60.55%	1,907	0.51	327,461	33.74	-	499	26.15%	3	-2
0,75 to <2,50	5,052	740	66.93%	5,278	1.27	940,809	33.66	-	2,011	38.09%	22	-11
0,75 to < 1,75	*2,812*	*443*	*65.26%*	*3,016*	*0.78*	*501,915*	*34.21*	*-*	*998*	*33.07%*	*8*	*-5*
1,75 to < 2,5	*2,240*	*297*	*69.43%*	*2,262*	*1.93*	*438,894*	*32.94*	*-*	*1,013*	*44.78%*	*14*	*-6*
2,50 to <10,00	2,780	296	62.68%	2,799	5.73	625,057	33.82	-	1,516	54.15%	55	-28
2,5 to < 5	*1,304*	*144*	*62.88%*	*1,308*	*4.01*	*247,525*	*33.53*	*-*	*675*	*51.61%*	*18*	*-10*
5 to < 10	*1,476*	*152*	*62.49%*	*1,491*	*7.25*	*377,532*	*34.07*	*-*	*841*	*56.39%*	*37*	*-18*
10,00 to < 100,00	616	44	60.29%	611	19.53	161,589	33.76	-	471	77.09%	41	-33
10 to < 20	*472*	*35*	*60.84%*	*470*	*15.98*	*125,075*	*33.86*	*-*	*342*	*72.70%*	*26*	*-20*
20 to < 30	*-*	*-*	*0.46%*	*-*	*23.68*	*17*	*35.60*	*-*	*-*	*90.55%*	*-*	*-*
30,00 to < 100,00	*144*	*9*	*58.17%*	*141*	*31.42*	*36,497*	*33.41*	*-*	*129*	*91.79%*	*15*	*-13*
100,00 (default)	950	20	87.66%	959	100.00	151,343	62.43	-	129	13.48%	601	-599
Subtotal	18,721	4,755	59.46%	20,742	6.41	4,421,079	34.20	-	5,628	27.13%	726	-676
TOTAL	**378,263**	**232,437**	**21.99%**	**383,497**		**6,905,206**		**2.21**	**148,668**	**38.77%**	**8,514**	**-10,418**

(*) The average maturity is not shown for retail portfolios since this parameter is not used when calculating risk-weighted assets in accordance with regulations.

(**) The percentage values of RWA density were calculated on amounts not rounded up or down to the nearest million.

IRB approach – Credit risk exposures by exposure class and PD scale as at 30 June 2022 (EU CR6 Reg. 2021/637) *(Table 4 of 4)*

(millions of euro)

FIRB PD scale	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	EL	Value adjust-ments and provisions
Exposures to corporates												
- SMEs												
0,00 to <0,15	7	22	53.63%	19	0.11	77	43.01	2.50	4	20.52%	-	-
0,00 to < 0,10	*-*	*-*	*53.63%*	*-*	*0.07*	*2*	*45.00*	*2.50*	*-*	*15.81%*	*-*	*-*
0,10 to < 0,15	*7*	*22*	*53.63%*	*19*	*0.11*	*75*	*42.99*	*2.50*	*4*	*20.55%*	*-*	*-*
0,15 to <0,25	9	49	52.92%	35	0.19	140	43.93	2.50	11	31.50%	-	-
0,25 to <0,50	32	132	31.23%	73	0.37	265	43.75	2.50	28	39.00%	-	-
0,50 to <0,75	18	92	42.47%	57	0.61	178	44.06	2.50	33	56.91%	-	-
0,75 to <2,50	72	185	48.15%	161	1.33	417	43.87	2.50	119	73.89%	1	-4
0,75 to < 1,75	*49*	*142*	*44.83%*	*113*	*1.11*	*244*	*44.02*	*2.50*	*84*	*74.20%*	*1*	*-4*
1,75 to < 2,5	*23*	*43*	*59.23%*	*48*	*1.84*	*173*	*43.50*	*2.50*	*35*	*73.17%*	*-*	*-*
2,50 to <10,00	50	70	48.70%	84	3.62	339	43.42	2.50	83	99.01%	1	-1
2,5 to < 5	*46*	*58*	*46.82%*	*73*	*3.16*	*283*	*43.54*	*2.50*	*70*	*95.89%*	*1*	*-1*
5 to < 10	*4*	*12*	*57.49%*	*11*	*6.74*	*56*	*42.61*	*2.50*	*13*	*120.02%*	*-*	*-*
10,00 to < 100,00	12	20	55.21%	23	17.25	166	43.29	2.50	32	138.19%	2	-1
10 to < 20	*6*	*13*	*57.46%*	*13*	*11.38*	*51*	*43.91*	*2.50*	*17*	*125.10%*	*1*	*-1*
20 to < 30	*5*	*7*	*51.19%*	*9*	*24.53*	*111*	*42.95*	*2.50*	*14*	*158.01%*	*1*	*-*
30,00 to < 100,00	*1*	*-*	*20.00%*	*1*	*33.60*	*4*	*36.11*	*2.50*	*1*	*130.05%*	*-*	*-*
100,00 (default)	4	14	51.06%	11	100.00	49	43.13	2.50	-	-	4	-8
Subtotal	204	584	44.41%	463	4.60	1,631	43.72	2.50	310	66.95%	8	-14
- Other												
0,00 to <0,15	12	261	36.62%	108	0.07	22	44.96	2.50	27	25.22%	-	-
0,00 to < 0,10	*12*	*139*	*44.35%*	*74*	*0.05*	*3*	*45.00*	*2.50*	*16*	*21.71%*	*-*	*-*
0,10 to < 0,15	*-*	*122*	*27.80%*	*34*	*0.10*	*19*	*44.86*	*2.50*	*11*	*32.77%*	*-*	*-*
0,15 to <0,25	128	67	85.62%	186	0.18	21	44.96	2.50	82	44.39%	-	-1
0,25 to <0,50	284	187	53.76%	384	0.35	90	44.03	2.50	230	59.70%	1	-1
0,50 to <0,75	80	41	42.30%	97	0.69	34	42.75	2.50	77	79.33%	-	-1
0,75 to <2,50	486	132	43.17%	409	1.48	93	44.31	2.50	448	109.66%	3	-4
0,75 to < 1,75	*151*	*95*	*50.61%*	*189*	*1.01*	*53*	*44.26*	*2.50*	*183*	*97.20%*	*1*	*-1*
1,75 to < 2,5	*335*	*37*	*24.22%*	*220*	*1.88*	*40*	*44.34*	*2.50*	*265*	*120.36%*	*2*	*-3*
2,50 to <10,00	23	123	45.64%	79	3.10	31	45.00	2.50	111	139.77%	1	-1
2,5 to < 5	*23*	*122*	*45.19%*	*78*	*3.05*	*28*	*45.00*	*2.50*	*109*	*139.27%*	*1*	*-1*
5 to < 10	*-*	*1*	*100.00%*	*1*	*6.67*	*3*	*45.00*	*2.50*	*2*	*174.03%*	*-*	*-*
10,00 to < 100,00	17	2	45.41%	18	21.71	10	45.00	2.50	45	254.35%	2	-2
10 to < 20	*7*	*-*	*-*	*7*	*19.21*	*1*	*45.00*	*2.50*	*17*	*250.39%*	*1*	*-1*
20 to < 30	*10*	*2*	*45.41%*	*11*	*23.25*	*9*	*45.00*	*2.50*	*28*	*256.78%*	*1*	*-1*
30,00 to < 100,00	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
100,00 (default)	1	-	50.00%	1	100.00	11	39.27	2.50	-	-	-	-1
Subtotal	1,031	813	47.36%	1,282	1.24	312	44.30	2.50	1,020	79.55%	7	-11
TOTAL	**1,235**	**1,397**	**46.13%**	**1,745**		**1,943**		**2.50**	**1,330**	**76.21%**	**15**	**-25**

(**) The percentage values of RWA density were calculated on amounts not rounded up or down to the nearest million.

The aggregate of the exposures subject to credit risk, measured using advanced approaches, showed a net increase of +3 billion euro (+0.8% compared to December 2021), attributable to the growth in the “Other corporates” portfolio (+7 billion euro) offset by the decrease in the “Corporates – SMEs” (-3 billion euro) and “Retail – Non-SMEs secured by immovable property collateral” (-1 billion euro) portfolios. For the “Other corporates” class, the increase was attributable to greater use of credit facilities by borrower counterparties, only marginally offset by the reabsorption of exposures held with counterparties affected by sanction measures related to the Russian-Ukrainian conflict or resident in Russia. Also of note was the movement of the portfolio caused by the completion of the GARC-Leasing-2 synthetic securitisation (-0.6 billion EAD) and the Leila traditional securitisation (-0.4 billion EAD), offset by the early termination of the GARC-Corp1 synthetic securitisation (+0.9 billion EAD in return). The reduction in the “Corporates – SMEs” and “Retail” portfolios was also attributable to the securitisation under the active credit risk management programme (GARC).
Overall, the average risk (PD) increased slightly on the values recorded in the second half of 2021 (1.72% in June 2022 vs. 1.67% in December 2021): the securitisation programme and the disbursement of new loans to customers with below-average risk in the “Retail – secured by immovable property collateral – non-SMEs” portfolio resulted in a reduction in the risk profile, which was offset by a relatively more significant deterioration in the risk level for the Corporates segment, mainly attributable to the impacts of the Russian-Ukrainian conflict. With regard to the estimated recovery capacity (LGD), the values (29%) remained substantially in line with the previous half year.

Specialised lending and equity exposures under the simple risk weight approach as at 30 June 2022 (EU CR10.1 Reg. 2021/637)

(millions of euro)

SPECIALISED LENDING: PROJECT FINANCE (SLOTTING APPROACH)								
Regulatory categories	**Remaining maturity**	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Category 1	Less than 2.5 years	-	-	50%	-	-	-
	Equal to or more than 2.5 years	289	134	70%	388	271	2
Category 2	Less than 2.5 years	-	-	70%	-	-	-
	Equal to or more than 2.5 years	256	66	90%	306	275	2
Category 3	Less than 2.5 years	-	-	115%	-	-	-
	Equal to or more than 2.5 years	277	24	115%	295	340	8
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	59	-	250%	59	147	5
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	5	-	-	5	-	3
Total	**Less than 2.5 years**	**-**	**-**		**-**	**-**	**-**
	Equal to or more than 2.5 years	**886**	**224**		**1,053**	**1,033**	**20**

The comparison with the values in December 2021 shows substantial stability (please note that the Slovakian subsidiary VUB is the only Group company that still adopts this approach).

Tables EU CR10.2, EU CR10.3 and EU CR10.4 (Reg. 2021/637) have not been presented because the Intesa Sanpaolo Group did not have any of these types of exposures as at 30 June 2022.

Specialised lending and equity exposures under the simple risk weight approach as at 30 June 2022 (EU CR10.5 Reg. 2021/637)

(millions of euro)

EQUITY EXPOSURES UNDER THE SIMPLE RISK-WEIGHTED APPROACH						
Categories	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Private equity exposures	593	3	190%	596	1,132	5
Exchange-traded equity exposures	903	-	290%	903	2,619	7
Other equity exposures	5,958	34	370%	5,992	22,170	144
TOTAL	**7,454**	**37**		**7,491**	**25,921**	**156**

This table shows the aggregate of the equity exposures, for which the RWA calculation is performed using the “simple risk weight” approach, by applying fixed risk weights of 370%, 290% and 190% respectively, for the various exposure classes in accordance with Article 155(2) CRR. During the first half of 2022, there was a decrease in the total aggregate of -1.7 billion euro, split across the exposure classes “Exchange-traded equity exposures” weighted at 290% (-0.3 billion euro) and “Other equity exposures” weighted at 370% (-1.4 billion euro). With regard to the most significant change in the weighted items of 370%, the reduction was attributable to the change in insurance investments, as a result of the reduction in reserves and the recognition of profits in the half year.

IRB approach: Disclosure of the extent of the use of CRM techniques (EU CR7-A Reg. 2021/637) *(Table 1 of 2)*

(millions of euro)

	A-IRB	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	*Part of exposures covered by Immovable property Collaterals (%)*	*Part of exposures covered by Receivables (%)*	*Part of exposures covered by Other physical collateral (%)*	Part of exposures covered by Other funded credit protection (%)	*Part of exposures covered by Cash on deposit (%)*	*Part of exposures covered by Life insurance policies (%)*	*Part of exposures covered by Instruments held by a third party (%)*	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	31,170	0.17	1.14	1.14	-	-	-	-	-	-	1.80	-	18,728	18,641
3	Corporates	195,900	0.59	9.70	9.70	-	-	-	-	-	-	17.57	0.02	125,953	101,100
3.1	*Of which Corporates – SMEs*	*43,701*	*1.39*	*28.03*	*28.03*	-	-	-	-	-	-	*54.57*	-	*40,519*	*25,415*
3.2	*Of which Corporates – Specialised lending*	*13,781*	*0.33*	*11.26*	*11.26*	-	-	-	-	-	-	*4.79*	-	*10,433*	*8,190*
3.3	*Of which Corporates – Other*	*138,418*	*0.36*	*3.75*	*3.75*	-	-	-	-	-	-	*7.15*	*0.03*	*75,001*	*67,495*
4	Retail	157,480	0.34	78.88	78.83	-	0.05	-	-	-	-	10.40	-	33,497	29,960
4.1	*Of which Retail – Immovable property SMEs*	*5,693*	*0.12*	*99.52*	*99.52*	-	-	-	-	-	-	*1.51*	-	*1,605*	*1,558*
4.2	*Of which Retail – Immovable property non-SMEs*	*117,563*	*0.02*	*99.02*	*98.95*	-	*0.07*	-	-	-	-	*3.20*	-	*20,314*	*19,396*
4.3	*Of which Retail – Qualifying revolving*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.4	*Of which Retail – Other SMEs*	*13,482*	*1.94*	*5.71*	*5.71*	-	-	-	-	-	-	*86.53*	-	*5,775*	*3,378*
4.5	*Of which Retail – Other non-SMEs*	*20,742*	*1.17*	-	-	-	-	-	-	-	-	*4.15*	-	*5,803*	*5,628*
5	**Total**	**384,550**	**0.45**	**36.98**	**36.96**	**-**	**0.02**	**-**	**-**	**-**	**-**	**13.35**	**0.01**	**178,178**	**149,701**

IRB approach: Disclosure of the extent of the use of CRM techniques (EU CR7-A Reg. 2021/637) *(Table 2 of 2)*

(millions of euro)

	F-IRB	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	*Part of exposures covered by Immovable property Collaterals (%)*	*Part of exposures covered by Receivables (%)*	*Part of exposures covered by Other physical collateral (%)*	Part of exposures covered by Other funded credit protection (%)	*Part of exposures covered by Cash on deposit (%)*	*Part of exposures covered by Life insurance policies (%)*	*Part of exposures covered by Instruments held by a third party (%)*	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporates	1,745	0.08	8.80	8.80	-	-	-	-	-	-	7.71	-	1,487	1,330
3.1	*Of which Corporates – SMEs*	*463*	*0.15*	*14.14*	*14.14*	-	-	-	-	-	-	-	-	*310*	*310*
3.2	*Of which Corporates – Specialised lending*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.3	*Of which Corporates – Other*	*1,282*	*0.05*	*6.88*	*6.88*	-	-	-	-	-	-	*10.49*	-	*1,177*	*1,020*
4	**Total**	**1,745**	**0.08**	**8.80**	**8.80**	**-**	**-**	**-**	**-**	**-**	**-**	**7.71**	**-**	**1,487**	**1,330**

The table above shows the use of credit risk mitigation techniques under the IRB model (A-IRB and F-IRB). In general, and in accordance with the Group's "Harmonised Prudential Supervision Rules" and Regulation (EU) 575/2013, as amended, the captions related to "exposures covered by type of collateral", namely:

- exposures secured by cash or cash assimilated instruments held by a third-party institution in a non-custodial arrangement and pledged to the lending institution;
- life insurance policies;
- instruments issued by third parties, which can be repurchased by them at the institution's request[7], are considered not admittable and/or not eligible under the IRB model.

Of the total exposure subject to the A-IRB and F-IRB model (386.3 billion euro), 36.8% was covered by immovable property collateral. More in detail, the retail exposure amounts to 157.5 billion euro with a coverage of 78.9%, of which 117.6 billion euro consisted of "exposures towards non-SMEs", with almost total coverage (99%). With regard to the "exposures towards corporates", the portfolio amounted to 197.6 billion euro, with real estate collateral accounting for 9.7%. The use of personal guarantees (13.3%) as a credit risk mitigation technique resulted (substitution effect) in a reduction of 28.6 billion euro in the calculation of the RWAs as at June 2022, concentrated, both in terms of volumes and related percentage level, in exposures in the "Corporates" portfolio (-25 billion euro), with a more residual value for exposures in the "Retail" portfolio (-3.5 billion euro). The reductions relating to the "exposures to corporates" were mainly linked to loans granted to customers and backed by government guarantees as part of the measures to counter the COVID-19 pandemic, which resulted in their reclassification to the items included in the "Central Governments" class, which is subject to calculation of the capital requirement using the standardised approach and whose values are therefore shown and described in Tables EU CR4 and EU CR5.

[7] Situation not applicable to the Intesa Sanpaolo Group as at 30 June 2022.

Credit risk mitigation techniques

Quantitative disclosure

As required by the applicable regulations, this Section reports the amounts of the exposures, split between secured and unsecured. The secured exposures are also broken down by type of guarantee.

CRM techniques – Overview: Disclosure of the use of credit risk mitigation techniques (EU CR3 Reg. 2021/637)

This table presents the Loans and Debt Securities distinguishing between "Unsecured carrying amounts" and "Secured carrying amounts", broken down by type of guarantee: collateral and financial guarantees, with the latter showing the "of which" secured by credit derivatives.

The presentation has been made in compliance with the instructions of EBA's Mapping Tool. As such, the "Unsecured carrying amounts" include the unsecured portion of the partially secured exposures, accordingly.

(millions of euro)

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
1	Loans and advances	317,165	303,182	222,912	80,270	*45*
2	Debt securities	109,806	2,760	8	2,752	
3	**Total as at 30 June 2022**	**426,971**	**305,942**	**222,920**	**83,022**	***45***
4	*Of which non-performing exposures*	*1,726*	*4,692*	*3,587*	*1,105*	*-*
EU5	*Of which defaulted*	*1,726*	*4,692*			

For "Loans and advances", the secured carrying amount was 303 billion euro and represented around 49% of the exposure (a level substantially in line with December 2021), of which 223 billion euro secured by collateral (representing around 74% of the total secured carrying amount, the same as the situation as at December 2021).

For "Debt securities", the secured carrying amount was 2.8 billion euro, mainly secured by financial guarantees.

Counterparty risk

Qualitative disclosure

Counterparty risk is a particular type of credit risk, relating to OTC (over the counter) and ETD (exchange-traded derivatives) derivatives and SFTs (Securities Financing Transactions), which refers to the possible default of the counterparty before the expiry of a contract that has a positive market value.

The Group uses techniques to mitigate counterparty risk through bilateral netting arrangements which enable the netting off of credit and debit positions in the event of counterparty default.
This is achieved by entering into ISDA (International Swaps and Derivatives Association) agreements, for OTC derivatives, which also reduce the absorption of regulatory capital in accordance with supervisory provisions.
In addition, the Bank establishes margining arrangements, where possible, typically with daily frequency, to hedge bilateral OTC derivatives (CSAs or Credit Support Annexes) and SFTs (GMRAs or Global Master Repurchase Agreements and GMSLAs or General Market Securities Lending Agreements).

For reporting purposes, Intesa Sanpaolo has been authorised to use the internal models approach to calculate the counterparty risk requirement for OTC and ETD derivatives and SFTs.
Those advanced risk measurement methods are also used at operational level to perform the "use test": the IMI C&IB Risk Management Head Office Department calculates, validates and sends the metrics to the credit monitoring systems on a daily basis to measure the use of the credit lines for derivatives and SFTs.
The Group's other banks, which have operations that involve a residual counterparty risk requirement with respect to the Parent Company, apply the advanced metrics in a simplified manner at operational level.

To perform the use test of the model, the Group has implemented the processes required by the "Basel 3" regulations. In particular, stress tests are carried out to measure the impacts on risk measures under extreme market conditions. Backtesting is also conducted to ensure the robustness of the model.
In addition, to complete the risk analysis process, the following corporate processes have been activated:
- definition and periodic calculation of stress tests on market scenarios and joint market/credit scenarios on counterparty risk measures;
- definition and periodic analyses of Wrong-Way Risk, i.e. the risk of a positive correlation between the future exposure to a counterparty and that counterparty's probability of default;
- definition and monitoring of management limits;
- contribution of collateral inflow/outflow risk measures, calculated on the basis of the internal counterparty risk model, for margined OTC derivatives and SFTs;
- periodic reporting to the management of measures calculated using the internal exposure model, capital requirement, level of use of management limits, results of stress tests and analyses of Wrong-Way Risk;
- definition and periodic calculation of backtesting analyses to monitor the predictive performance over time of the model with respect to the movements of the risk factors underlying the transactions in the portfolio.

Quantitative disclosure

Analysis of CCR exposure by approach as at 30 June 2022 (EU CCR1 Reg. 2021/637)

(millions of euro)

		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU - Original Exposure Method (for derivatives)	-	-		1.40	-	-	-	-
EU2	EU - Simplified SA-CCR (for derivatives)	2	7		1.40	12	12	12	5
1	SA-CCR (for derivatives)	158	545		1.40	952	952	952	770
2	IMM (for derivatives and SFTs)			7,124	1.47	10,473	10,473	10,473	3,211
2a	*Of which securities financing transactions netting sets*			*1,318*		*1,938*	*1,938*	*1,938*	*370*
2b	*Of which derivatives and long settlement transactions netting sets*			*5,806*		*8,535*	*8,535*	*8,535*	*2,841*
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					2,577	2,359	2,359	264
5	VaR for SFTs					-	-	-	-
6	**TOTAL**					**14,014**	**13,796**	**13,796**	**4,250**

The table does not include the transactions with central counterparties, the values of which are shown in table CCR8 below.

As described above, the Parent Company is authorised to use EPE (Expected Positive Exposure) internal models to determine the capital requirement for counterparty risk.
This approach has been applied since March 2014 to almost the entire trading portfolio (as shown in the table, as at 30 June 2022 approximately 90% of the total EAD of financial and credit derivatives is measured using EPE models). At consolidated level, derivatives whose counterparty risk is measured using approaches other than internal models represent a residual portion of the portfolio (as at 30 June 2022 accounting for approximately 10% of overall EAD) and refer to:
- residual contracts of Intesa Sanpaolo not measured using the EPE model (in compliance with the materiality thresholds established by the EBA);
- EAD generated by all other banks and companies in the Group which report using the standardised approaches.

The EPE internal model considers the collateral collected to mitigate credit exposure and any excess collateral paid.
As part of the stress test programme on counterparty risks, it was estimated that a downgrade of Intesa Sanpaolo by the rating agencies would generate additional liquidity outflows (in terms of collateral paid) of 1.87 billion euro for the Parent Company (of which 1.85 billion euro to vehicles of the Group), linked to contractual clauses that would be activated following this event.
Starting from the reporting as at 31 December 2016, also SFTs were reported with the EPE internal models approach. The existing contracts are all supported by margin agreements – GMRA (for repurchase agreements) and GMSLA (for securities lending).

Transactions subject to own funds requirements for CVA risk as at 30 June 2022 (EU CCR2 Reg. 2021/637)

(millions of euro)

		Exposure value	RWEA
1	**Total transactions subject to the Advanced method**	**1,460**	**494**
2	(i) VaR component (including the 3× multiplier)		135
3	(ii) stressed VaR component (including the 3× multiplier)		359
4	**Transactions subject to the Standardised method**	**169**	**60**
EU4	**Transactions subject to the Alternative approach (Based on the Original Exposure Method)**	**-**	**-**
5	**Total transactions subject to own funds requirements for CVA risk**	**1,629**	**554**

RWEAs for credit valuation adjustment risk (CVA) were up slightly compared to December 2021, mainly due to the increase in credit spread volatility from the beginning of 2022, which was reflected in the current VaR component of the advanced approach.

Standardised approach – CCR exposures by regulatory exposure class and risk weights as at 30 June 2022 (EU CCR3 Reg. 2021/637)

(millions of euro)

	EXPOSURE CLASSES	RISK WEIGHT											TOTAL EXPOSURE VALUE
		0%	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Others**	
1	Central governments or central banks	3,080	-	-	-	-	-	-	-	-	-	-	3,080
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	611	-	-	-	-	-	-	-	-	-	-	611
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	6,888	16	-	149	45	-	-	404	-	-	7,502
7	Corporates	-	-	-	-	57	230	-	-	583	24	-	894
8	Retail	-	-	-	-	-	-	-	3	-	-	-	3
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items (*)	-	-	-	-	-	-	-	-	-	1	1	2
11	**TOTAL EXPOSURE VALUE**	**3,691**	**6,888**	**16**	**-**	**206**	**275**	**-**	**3**	**987**	**25**	**1**	**12,092**

(*) Includes all portfolios other than those reported in the previous rows.

This table shows the aggregate of the exposures subject to counterparty risk by type of regulatory portfolio and risk weights measured using the standardised approach. There was a decrease of -4.3 billion euro compared to December 2021, further consolidating the trend seen in the second half of the year and the full year 2021, with a value of 12.1 billion for the aggregate in June. The reduction was driven by: a) the decrease in exposures to “Central governments or central banks”, amounting to -2.2 billion euro, with the relative weight shifting from 32% recorded in December 2021 to 25% recorded in June 2022; b) the reduction in exposures to “Institutions”, amounting to -1.1 billion euro; and c) the reduction in exposures to “Multilateral development banks” amounting to -1 billion euro. The distribution of exposures by weight class was accompanied by a corresponding reconfiguration of the risk profile, as a result of the smaller representation of the lower-weighted classes. The changes, attributable to normal fluctuations, were mainly due to the management of the treasury position and financial intermediation.

Standardised approach – CCR exposures by regulatory exposure class and risk weights – Amounts without risk mitigation as at 30 June 2022 (EU CCR3 bis)

(millions of euro)

	EXPOSURE CLASSES	RISK WEIGHT											TOTAL EXPOSURE VALUE
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks	3,001	-	-	-	-	-	-	-	-	-	-	3,001
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	611	-	-	-	-	-	-	-	-	-	-	611
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	6,888	16	-	174	45	-	-	421	-	-	7,544
7	Corporates	-	-	-	-	57	235	-	-	735	24	-	1,051
8	Retail	-	-	-	-	-	-	-	3	-	-	-	3
9	Institutions and corporates with a short-term credit rating	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items (*)	-	-	-	-	-	-	-	-	-	19	1	20
11	**TOTAL (without CRM)**	**3,612**	**6,888**	**16**	**-**	**231**	**280**	**-**	**3**	**1,156**	**43**	**1**	**12,230**

(*) Includes all portfolios other than those reported in the previous rows.

IRB approach – CCR exposures by exposure class and PD scale as at 30 June 2022 (EU CCR4 Reg. 2021/637) *(Table 1 of 3)*

(millions of euro)

A-IRB	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts (**)
Exposures to Institutions								
	0,00 to <0,15	3,830	0.07	93	20.74	0.91	456	11.92%
	0,15 to <0,25	646	0.18	45	29.26	0.94	200	30.93%
	0,25 to <0,50	747	0.45	60	25.40	2.03	354	47.37%
	0,50 to <0,75	8	0.65	16	28.69	1.75	4	46.82%
	0,75 to <2,50	313	1.06	52	21.10	4.09	177	56.61%
	2,50 to <10,00	205	4.46	34	29.22	3.38	239	116.90%
	10,00 to <100,00	11	16.28	10	33.37	1.67	20	177.28%
	100,00 (default)	-	100.00	1	45.50	1.05	-	57.88%
	Subtotal	5,760	0.38	311	22.66	1.32	1,450	25.18%
Exposures to corporates								
- SMEs (small and medium enterprises)								
	0,00 to <0,15	5	0.10	173	51.64	1.29	1	20.70%
	0,15 to <0,25	5	0.20	458	51.98	1.43	2	32.43%
	0,25 to <0,50	19	0.39	2,047	51.95	1.50	10	51.23%
	0,50 to <0,75	13	0.61	1,507	52.00	1.66	8	58.51%
	0,75 to <2,50	29	1.50	4,136	51.25	2.27	25	86.60%
	2,50 to <10,00	18	6.10	2,244	51.92	2.98	22	129.12%
	10,00 to <100,00	5	24.22	423	51.87	2.96	10	195.81%
	100,00 (default)	7	100.00	241	64.20	1.35	1	15.79%
	Subtotal	101	9.93	11,229	52.60	2.05	79	78.20%
- Specialised lending								
	0,00 to <0,15	-	-	-	-	-	-	-
	0,15 to <0,25	-	-	-	-	-	-	-
	0,25 to <0,50	-	0.35	4	15.10	5.00	-	23.07%
	0,50 to <0,75	51	0.54	17	16.20	4.92	15	29.52%
	0,75 to <2,50	25	1.05	61	17.49	4.04	10	41.94%
	2,50 to <10,00	8	3.63	24	16.81	2.46	4	47.75%
	10,00 to <100,00	3	24.02	8	35.50	4.91	7	205.60%
	100,00 (default)	-	100.00	4	60.30	1.00	-	15.53%
	Subtotal	87	2.00	118	17.42	4.45	36	41.30%
- Other corporates								
	0,00 to <0,15	183	0.06	68	36.90	3.11	36	19.52%
	0,15 to <0,25	664	0.20	151	36.91	2.05	230	34.55%
	0,25 to <0,50	859	0.32	489	36.90	2.18	394	45.89%
	0,50 to <0,75	277	0.51	346	36.91	2.90	176	63.63%
	0,75 to <2,50	554	1.47	698	36.90	2.57	498	89.96%
	2,50 to <10,00	77	5.57	218	36.24	1.58	92	119.92%
	10,00 to <100,00	17	14.64	31	36.90	1.54	30	176.33%
	100,00 (default)	16	100.00	37	41.70	1.08	3	18.58%
	Subtotal	2,647	1.38	2,038	36.91	2.34	1,459	55.12%

IRB approach – CCR exposures by exposure class and PD scale as at 30 June 2022 (EU CCR4 Reg. 2021/637) *(Table 2 of 3)*

(millions of euro)

A-IRB	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts (**)
Retail exposures: (*)								
- SME other								
	0,00 to <0,15	1	0.08	799	31.62	-	-	5.89%
	0,15 to <0,25	-	0.18	418	31.12	-	-	10.82%
	0,25 to <0,50	1	0.42	532	30.90	-	-	19.46%
	0,50 to <0,75	-	0.74	249	31.00	-	-	24.80%
	0,75 to <2,50	-	1.32	410	30.93	-	-	31.09%
	2,50 to <10,00	1	4.55	510	30.54	-	-	42.15%
	10,00 to <100,00	1	31.17	168	30.93	-	1	63.24%
	100,00 (default)	1	100.00	83	51.70	-	1	40.47%
	Subtotal	5	25.43	3,169	34.69	-	2	35.57%
- Non-SME other								
	0,00 to <0,15	-	0.09	36	26.95	-	-	6.76%
	0,15 to <0,25	-	0.17	38	26.80	-	-	10.38%
	0,25 to <0,50	-	0.28	62	26.90	-	-	15.29%
	0,50 to <0,75	-	0.51	18	27.40	-	-	22.41%
	0,75 to <2,50	-	1.01	69	27.20	-	-	29.82%
	2,50 to <10,00	-	5.79	50	29.66	-	-	49.86%
	10,00 to <100,00	-	21.49	24	26.86	-	-	67.13%
	100,00 (default)	-	100.00	5	41.90	-	-	5.97%
	Subtotal	-	3.93	302	27.55	-	-	19.63%
TOTAL		**8,600**	**0.83**	**17,167**	**27.35**	**1.68**	**3,026**	**35.18%**

(*) The average maturity is not shown for retail portfolios since this parameter is not used when calculating risk-weighted assets in accordance with regulations.

(**) The percentage values of RWA density were calculated on amounts not rounded up or down to the nearest million.

IRB approach – CCR exposures by exposure class and PD scale as at 30 June 2022 (EU CCR4 Reg. 2021/637) *(Table 3 of 3)*

(millions of euro)

F-IRB	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts (**)
Exposures to corporates:								
- SMEs (small and medium enterprises)								
	0,00 to <0,15	-	0.10	1	45.00	2.50	-	20.61%
	0,15 to <0,25	-	0.23	1	45.00	2.50	-	30.00%
	0,25 to <0,50	1	0.35	6	45.00	2.50	-	39.55%
	0,50 to <0,75	1	0.54	4	45.00	2.50	1	46.16%
	0,75 to <2,50	-	1.16	11	45.00	2.50	-	67.64%
	2,50 to <10,00	-	4.04	4	45.00	2.50	-	103.84%
	10,00 to <100,00	-	-	-	-	-	-	-
	100,00 (default)	-	100.00	1	45.00	2.50	-	-
	Subtotal	2	1.56	28	45.00	2.50	1	51.40%
- Other corporates								
	0,00 to <0,15	-	-	-	-	-	-	-
	0,15 to <0,25	-	-	-	-	-	-	-
	0,25 to <0,50	-	0.31	3	45.00	2.50	-	53.84%
	0,50 to <0,75	-	-	-	-	-	-	-
	0,75 to <2,50	5	1.90	3	45.00	2.50	6	125.02%
	2,50 to <10,00	1	2.90	2	45.00	2.50	1	140.53%
	10,00 to <100,00	-	-	-	-	-	-	-
	100,00 (default)	-	-	-	-	-	-	-
	Subtotal	6	1.99	8	45.00	2.50	7	124.23%
TOTAL		**8**	**1.90**	**36**	**45.00**	**2.50**	**8**	**108.17%**

(**) The percentage values of RWA density were calculated on amounts not rounded up or down to the nearest million.

The aggregate exposures subject to counterparty risk, valued using advanced measurement approaches, showed a decrease of 1.5 billion euro in the half year and an equivalent decrease in the capital requirement. The change in exposure was attributable to the “Corporates” segment (-0.7 billion euro) in relation to positions held in derivatives and the “Banks” segment (-0.8 billion euro), as a result of movements in repurchase agreements. More specifically, during the period, there was an almost complete recomposition of the positions constituting the “Corporates – Specialised Lending” portfolio, with a significant reduction in the positions and an accompanying improvement in the risk profile, which had a positive effect on the risk level of the overall aggregate (-40 bps).

Composition of collateral for CCR exposures (EU CCR5 Reg. 2021/637)

(millions of euro)

	Collateral type	COLLATERAL USED IN DERIVATIVE TRANSACTIONS				COLLATERAL USED IN SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	17	11,754	10	12,976	-	1,330	-	712
2	Cash – other currencies	-	1,929	-	252	-	11	-	-
3	Domestic sovereign debt	239	260	126	2,426	-	44,477	-	21,464
4	Other sovereign debt	432	98	254	1,174	-	11,886	-	28,157
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	3	-	274	158	-	1,068	-	3,440
7	Equity securities	-	-	-	-	-	397	-	135
8	Other collateral	-	-	-	-	-	624	-	1,183
9	**TOTAL**	**691**	**14,041**	**664**	**16,986**	**-**	**59,793**	**-**	**55,091**

With regard to the collateral in derivative transactions, there was a significant reduction in the net negative balance between collateral received and provided on non-segregated accounts compared to December 2021, mainly due to the entry of variation margins following the rise in interest rates. Compared to the previous half year there was a slight increase in collateral received and paid on segregate accounts, due to the increase in transactions in bilateral derivatives covered by an initial margin exchange obligation.
With regard to the collateral exchanged for SFTs, there was a reduction in the collateral provided, due to lower funding activity at the reporting date.

Credit derivatives exposures as at 30 June 2022 (EU CCR6 Reg. 2021/637)

(millions of euro)

		Protection bought	Protection sold
	Notionals		
1	Single-name credit default swaps	8,159	9,110
2	Index credit default swaps	73,481	71,344
3	Total return swaps	-	-
4	Credit options	-	-
5	Other credit derivatives	1,875	1,208
6	**Total notionals**	**83,515**	**81,662**
	Fair values		
7	Positive fair value (asset)	1,963	220
8	Negative fair value (liability)	-186	-1,995

The change observed compared to December 2021 (in particular, the increase of around 8.5 billion euro and 10.5 billion euro in notional amounts, respectively for the protection purchased and sold) was attributable to the increase in transactions in credit derivatives carried out with central counterparties on the main sector indices, in addition to market movements that contributed to an increase in the fair value of the buy positions and a corresponding decrease in the fair value of the positions sold.

Exposures to CCPs as at 30 June 2022 (EU CCR8 Reg. 2021/637)

(millions of euro)

		EXPOSURE VALUE	RWEA
1	**Exposures to QCCPs (total)**		**234**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	3,066	62
3	*i) OTC derivatives*	*1,534*	*31*
4	*ii) Exchange-traded derivatives*	*387*	*8*
5	*iii) SFTs*	*1,145*	*23*
6	*iv) Netting sets where cross-product netting has been approved*	*-*	*-*
7	Segregated initial margin	-	
8	Non-segregated initial margin	3,838	77
9	Prefunded default fund contributions	991	95
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	*i) OTC derivatives*	*-*	*-*
14	*ii) Exchange-traded derivatives*	*-*	*-*
15	*iii) SFTs*	*-*	*-*
16	*iv) Netting sets where cross-product netting has been approved*	*-*	*-*
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Compared to December 2021, there was an overall decrease in exposures and RWEAs towards QCCPs, resulting mainly from lower initial margins paid to LCH AG for repos and a reduction in pre-funded contributions to LCH SwapClear.

Securitisations

Qualitative and quantitative disclosure

This section provides the quantitative disclosure for securitisations, as required by the new Regulation (EU) 2021/637, applicable since June 2021.

The events concerning the own traditional non-STS securitisations with Significant Risk Transfer (SRT) during the half year included the following:

- the completion of the Leila securitisation (Organa SPV), involving the sale of a portfolio of bad loans with a nominal value of 3.9 billion euro and RWAs of 0.8 billion euro; the sale of the assets was accompanied by the subscription of the securitisation tranches and the sale of 95% of the mezzanine and junior notes, resulting in the accounting and prudential derecognition of the loan portfolio sold. The senior tranche (held entirely by Intesa Sanpaolo), with a total value of around 1 billion euro, was subject to the "GACS" government guarantee, resulting in total RWAs of around 35 million euro. The sale was part of the implementation of the 2022-2025 Business Plan under the Group's de-risking strategy;
- the application of the "GACS" government guarantee to the senior tranches of the bad loan securitisations named Savoy and Grogu, resulting in RWA savings of around 164 million euro and 273 million euro, respectively.

Within the active credit risk management (GARC) programme, the following own synthetic non-STS transactions with SRT were structured:

- GARC Commercial Real Estate-1, a transaction carried out on a portfolio of performing loans originated from customers in the Corporate SME, Corporate and Commercial Real Estate regulatory segments, for a value of around 1.9 billion euro. The Junior tranche is fully covered by collateral, while the Senior tranche is subscribed by Intesa Sanpaolo. The securitisation exposure amounted to around 1.4 billion euro, equal to RWAs of 216 million euro;
- GARC High Potential-2, a transaction carried out on a reperforming portfolio of residential mortgages originated from customers in the Retail regulatory segment, for a value of 0.5 billion euro. The Senior tranche is subscribed by Intesa Sanpaolo, while the Mezzanine tranche is fully covered by financial guarantees and the Junior tranche is fully secured by collateral. The securitisation exposure amounted to 0.4 billion euro, corresponding to RWAs of 64 million euro;
- GARC Leasing-2, a transaction carried out on a portfolio of finance leases originated from customers in the Corporate SME and Corporate regulatory segments, for a value of around 2.1 billion euro. The Junior tranche is fully covered by collateral, while the Senior tranche is subscribed by Intesa Sanpaolo. The securitisation exposure amounts to 1.8 billion euro, equal to RWAs of 276 million euro;
- GARC Residential Mortgages-3, a transaction carried out on a portfolio of performing residential mortgages originated from customers in the Retail regulatory segment, for a value of 1.4 billion euro. Intesa Sanpaolo subscribed the Senior tranche and the Lower Junior tranche, while the Mezzanine and Upper Junior tranches were fully covered by financial guarantees. The securitisation exposure amounts to 1.2 billion euro, equal to total RWAs of 179 million euro.

With regard to the traditional securitisations, the Intesa Sanpaolo Group uses the special purpose entities Duomo Funding Plc and Romulus Funding Corporation as the Group's asset-backed commercial paper conduits. There was an increase in exposure of 1.6 billion euro on these securitisations, with a corresponding increase in RWAs of 0.5 billion euro, as a result of the entry of new underlying positions into the securitisations. For more details on the operations where the Group acts as sponsor see the tables below.

Securitisation exposures in the non-trading book (EU SEC1 Reg. 2021/637) *(Table 1 of 3)*

(millions of euro)

		INSTITUTION ACTS AS ORIGINATOR						
		Traditional				Synthetic		SUB-TOTAL
		STS (*)		Non-STS (**)				
			of which SRT		*of which SRT*		*of which SRT*	
1	**Total exposures**	**-**	**-**	**35,466**	***1,558***	**19,193**	***19,193***	**54,659**
2	**Retail (total)**	**-**	**-**	**23,300**	***16***	**3,277**	***3,277***	**26,577**
3	Residential mortgage	-	-	17,386	*6*	3,277	*3,277*	20,663
4	Credit card	-	-	-	-	-	-	-
5	Other retail exposures	-	-	5,914	*10*	-	-	5,914
6	Re-securitisation	-	-	-	-	-	-	-
7	**Wholesale (total)**	**-**	**-**	**12,166**	***1,542***	**15,916**	***15,916***	**28,082**
8	Loans to corporates	-	-	10,433	*1,532*	11,872	*11,872*	22,305
9	Commercial mortgage	-	-	-	-	1,441	*1,441*	1,441
10	Lease and receivables	-	-	1,733	*10*	2,603	*2,603*	4,336
11	Other wholesale	-	-	-	-	-	-	-
12	Re-securitisation	-	-	-	-	-	-	-

(*) Simple, Transparent and Standardised Securitisations (STS) according to Regulation 2017/2402.

(**) For traditional securitisation transactions for which the Significant Risk Transfer (SRT) conditions have not been met, the table shows the loans underlying the securitisation.

In the table above, traditional securitisation transactions for which the SRT conditions have not been met essentially relate to self-securitisations with an amount of underlying loans of around 33.6 billion euro (38.2 billion euro in December 2021). Compared to December 2021, the decrease of around 4.6 billion euro was mainly attributable to the closing of the UBI SPV LEASE 2016 and Brera Sec (SME) securitisations, for 2.2 billion euro and 1.9 billion euro respectively.

Securitisation exposures in the non-trading book (EU SEC1 Reg. 2021/637) *(Table 2 of 3)*

(millions of euro)

		INSTITUTION ACTS AS SPONSOR			
		Traditional		Synthetic	SUB-TOTAL
		STS (*)	Non-STS		
1	**Total exposures**	**257**	**8,822**	**-**	**9,079**
2	**Retail (total)**	**-**	**2,058**	**-**	**2,058**
3	Residential mortgage	-	17	-	17
4	Credit card	-	-	-	-
5	Other retail exposures	-	2,041	-	2,041
6	Re-securitisation	-	-	-	-
7	**Wholesale (total)**	**257**	**6,764**	**-**	**7,021**
8	Loans to corporates	9	497	-	506
9	Commercial mortgage	-	-	-	-
10	Lease and receivables	211	5,296	-	5,507
11	Other wholesale	37	971	-	1,008
12	Re-securitisation	-	-	-	-

(*) Simple, Transparent and Standardised Securitisations (STS) according to Regulation 2017/2402.

Securitisation exposures in the non-trading book (EU SEC1 Reg. 2021/637) *(Table 3 of 3)*

(millions of euro)

		INSTITUTION ACTS AS INVESTOR			
		Traditional		Synthetic	SUB-TOTAL
		STS (*)	Non-STS		
1	**Total exposures**	**497**	**2,546**	**-**	**3,043**
2	**Retail (total)**	**462**	**838**	**-**	**1,300**
3	Residential mortgage	277	492	-	769
4	Credit card	-	-	-	-
5	Other retail exposures	185	346	-	531
6	Re-securitisation	-	-	-	-
7	**Wholesale (total)**	**35**	**1,708**	**-**	**1,743**
8	Loans to corporates	29	1,258	-	1,287
9	Commercial mortgage	-	-	-	-
10	Lease and receivables	6	-	-	6
11	Other wholesale	-	450	-	450
12	Re-securitisation	-	-	-	-

(*) Simple, Transparent and Standardised Securitisations (STS) according to Regulation 2017/2402.

Securitisation exposures in the trading book (EU SEC2 Reg. 2021/637)

(millions of euro)

		INSTITUTION ACTS AS INVESTOR			
		Traditional		Synthetic	SUB-TOTAL
		STS (*)	Non-STS		
1	**Total exposures**	**198**	**990**	**-**	**1,188**
2	**Retail (total)**	**127**	**316**	**-**	**443**
3	Residential mortgage	78	301	-	379
4	Credit card	-	-	-	-
5	Other retail exposures	49	15	-	64
6	Re-securitisation	-	-	-	-
7	**Wholesale (total)**	**71**	**674**	**-**	**745**
8	Loans to corporates	-	643	-	643
9	Commercial mortgage	-	-	-	-
10	Lease and receivables	21	13	-	34
11	Other wholesale	50	18	-	68
12	Re-securitisation	-	-	-	-

(*) Simple, Transparent and Standardised Securitisations (STS) according to Regulation 2017/2402.

Table EU SEC2 above does not show the part relating to securitisations in the trading book where the institution acts as an originator or sponsor because the Intesa Sanpaolo Group did not have any securitisations of this kind as at 30 June 2022.
Additional information on market risks of the trading book, including the capital requirement in relation to the securitisations included in that book, is set out in the Section of this document on market risks, which also presents separately the requirements relating to exposures to securitisations in the trading book.

Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor (EU SEC3 Reg. 2021/637) *(Table 1 of 2)*

(millions of euro)

		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		≤ 20% RW	>20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW / deductions (*)	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions (*)
1	**Total exposures**	**23,243**	**3,489**	**214**	**2,778**	**106**	**19,523**	**-**	**10,201**	**106**
2	**Traditional transactions**	**6,116**	**1,573**	**120**	**2,777**	**51**	**1,488**	**-**	**9,098**	**51**
3	Securitisation	6,116	1,573	120	2,777	51	1,488	-	9,098	51
4	Retail	2,059	-	-	-	15	-	-	2,059	15
5	of which STS	-	-	-	-	-	-	-	-	-
6	Wholesale	4,057	1,573	120	2,777	36	1,488	-	7,039	36
7	of which STS	257	-	-	-	-	-	-	257	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-
9	**Synthetic transactions**	**17,127**	**1,916**	**94**	**1**	**55**	**18,035**	**-**	**1,103**	**55**
10	Securitisation	17,127	1,916	94	1	55	18,035	-	1,103	55
11	Retail underlying	3,251	-	-	-	26	2,688	-	563	26
12	Wholesale	13,876	1,916	94	1	29	15,347	-	540	29
13	Re-securitisation	-	-	-	-	-	-	-	-	-

(*) Starting from 2016 the exposures towards securitisations that meet the requirements for the application of the weighting factor at 1250% are deducted from own funds. For details see Section Own Funds.

Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor (EU SEC3 Reg. 2021/637) *(Table 2 of 2)*

(millions of euro)

		RWEA (by regulatory approach) before application of cap				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW
1	**Total exposures**	**4,606**	**-**	**3,632**	**-**	**368**	**-**	**199**	**-**
2	**Traditional transactions**	**1,587**	**-**	**3,427**	**-**	**127**	**-**	**183**	**-**
3	Securitisation	1,587	-	3,427	-	127	-	183	-
4	Retail	-	-	313	-	-	-	25	-
5	of which STS	-	-	-	-	-	-	-	-
6	Wholesale	1,587	-	3,114	-	127	-	158	-
7	of which STS	-	-	26	-	-	-	2	-
8	Re-securitisation	-	-	-	-	-	-	-	-
9	**Synthetic transactions**	**3,019**	**-**	**205**	**-**	**241**	**-**	**16**	**-**
10	Securitisation	3,019	-	205	-	241	-	16	-
11	Retail underlying	403	-	99	-	32	-	8	-
12	Wholesale	2,616	-	106	-	209	-	8	-
13	Re-securitisation	-	-	-	-	-	-	-	-

Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor (EU SEC4 Reg. 2021/637) *(Table 1 of 2)*

(millions of euro)

		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		≤ 20% RW	>20 % to 50 % RW	>50 % to 100 % RW	>100 % to 1250 % RW	1250% RW / deductions (*)	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions (*)
1	**Total exposures**	**2,274**	**66**	**36**	**665**	**2**	**-**	**138**	**2,903**	**2**
2	**Traditional securitisation**	**2,274**	**66**	**36**	**665**	**2**	**-**	**138**	**2,903**	**2**
3	Securitisation	2,274	66	36	665	2	-	138	2,903	2
4	Retail underlying	937	26	-	337	-	-	41	1,259	-
5	of which STS	462	-	-	-	-	-	-	462	-
6	Wholesale	1,337	40	36	328	2	-	97	1,644	2
7	of which STS	29	6	-	-	-	-	6	29	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-
9	**Synthetic securitisation**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
10	Securitisation	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-

(*) Starting from 2016 the exposures towards securitisations that meet the requirements for the application of the weighting factor at 1250% are deducted from own funds. For details see Section Own Funds.

Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor (EU SEC4 Reg. 2021/637) *(Table 2 of 2)*

(millions of euro)

		RWEA (by regulatory approach) before application of cap				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW
1	**Total exposures**	**-**	**161**	**4,033**	**-**	**-**	**9**	**189**	**-**
2	**Traditional securitisation**	**-**	**161**	**4,033**	**-**	**-**	**9**	**189**	**-**
3	Securitisation	-	161	4,033	-	-	9	189	-
4	Retail underlying	-	101	1,864	-	-	4	149	-
5	of which STS	-	-	46	-	-	-	4	-
6	Wholesale	-	60	2,169	-	-	5	40	-
7	of which STS	-	2	3	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-
9	**Synthetic securitisation**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
10	Securitisation	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-

Exposures securitised by the institution – Exposures in default and specific credit risk adjustments (EU SEC5 Reg. 2021/637)

(millions of euro)

		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period (*)
			Of which exposures in default	
1	**Total exposures**	**93,188**	***25,070***	**-97**
2	**Retail (total)**	**32,263**	***2,713***	**-52**
3	Residential mortgage	22,049	*808*	-6
4	Credit card	-	-	-
5	Other retail exposures	10,214	*1,905*	-46
6	Re-securitisation	-	-	-
7	**Wholesale (total)**	**60,925**	***22,357***	**-45**
8	Loans to corporates	44,443	*21,212*	-16
9	Commercial mortgage	1,582	-	1
10	Lease and receivables	13,163	*1,127*	-30
11	Other wholesale	1,737	*18*	-
12	Re-securitisation	-	-	-

(*) This column reports the adjustments and recoveries for securitisation where the loans are still on the balance sheet, i.e. self-securitisations and synthetic securitisations. The adjustments are reported as a positive figure, while the recoveries are reported as a negative figure.

Table EU SEC5 above includes:

– loans originated by the Intesa Sanpaolo Group and not derecognised, mainly relating to self-securitisations and synthetic securitisations totalling 55.5 billion euro, of which 0.4 billion euro in default; In the first half of 2022, the Brera Sec (SME) and UBI SPV LEASE 2016 self-securitisations were closed for a total amount of 4.1 billion euro and the synthetic securitisation GARC CORP-1 was closed for an amount of 1.3 billion euro. In addition, the synthetic securitisations named GARC Commercial Real Estate-1 (non-residential mortgages), GARC High Potential-2 (residential mortgages), GARC Leasing-2 (leases) and GARC Residential Mortgages-3 (residential mortgages) were structured for a total of 5.5 billion euro as at 30 June 2022;
– loans originated by the Intesa Sanpaolo Group and derecognised relating to traditional securitisations totalling 24.9 billion euro, of which 24.6 billion euro in default, with the latter consisting of securitisations of portfolios of non-performing exposures. Around 20 billion euro related to securitisations covered by “GACS” government guarantee, with 3.9 billion euro relating to the Leila securitisation (Organa SPV) structured during the half year in implementation of the de-risking strategy set out in the 2022-2025 Business Plan. Overall, against the above-mentioned securitisations of non-performing exposures, the Intesa Sanpaolo Group recognised assets for 4.4 billion euro of senior notes (of which 3 billion euro are fully backed by government guarantee through GACS), and total 0.1 billion euro of mezzanine and junior notes;
– loans originated by third parties totalling 12.8 billion euro, of which 0.1 billion euro in default.

Market risks

Qualitative and quantitative disclosure regarding the trading book

The risks associated with trading activity, i.e. market risks deriving from the effect that changes in market variables may generate on the Group's various assets and liabilities, are generally quantified through daily and periodic analysis designed to determine the vulnerability of the Intesa Sanpaolo Group's trading book. A list of the main risk factors to which the Group's trading book is exposed is set out below:

- interest rates;
- equities and market indexes;
- investment funds;
- foreign exchange rates;
- implied volatilities;
- spreads in credit default swaps (CDSs);
- spreads in bond issues;
- correlation instruments;
- dividend derivatives;
- asset-backed securities (ABSs);
- commodities.

The monitoring scope for the managerial VaR regarding the above risk factors is calculated at the level of the banking group both on the trading book and on the HTCS book (areas consistent with the market risk rules, defined in the internal Market Risk Charter document, for the scope measured at fair value).

Internal model validation

For some of the risk factors indicated above, the Supervisory Authority has validated the internal models for the capital requirement for the market risk of the legal entity Intesa Sanpaolo.
Within the market risk, the risk profiles validated are: (i) generic/specific on debt securities and on equities; (ii) position risk on quotas of UCI underlying CPPI (Constant Proportion Portfolio Insurance) products and the hedge fund portfolios with a look through approach; (iii) position risk on dividend derivatives and (iv) commodity risk.
The VaR and the Stressed VaR used to determine the capital requirement use the same calculation engine and the same pricing libraries for the full evaluation of the managerial measures. With regard to the latter, however, there is no decay factor in the application of the scenarios.
The observation window for the VaR and SVaR is 1 year and the figure is updated on a daily basis.
The daily measures are turned into ten-day measures through the square root of time formula to obtain data that can be used to determine the requirement.
See the paragraph below for more details on the Incremental Risk Charge.

Incremental Risk Charge (IRC)

Definition: The Incremental Risk Charge (IRC) is the maximum potential loss in the credit trading book resulting from an upgrade/downgrade or bankruptcy of the issuers, over a 1-year period, with a 99.9% confidence level. This measure, which is additional to the VaR, is applied to the entire trading book of Intesa Sanpaolo (just as for the other regulatory metrics, it is not applied to the sub-portfolios).
The IRC enables the correct representation of the specific risk on debt securities and credit derivatives because, in addition to idiosyncratic risk, it also captures event and default risk.
This measure applies to all financial products that are sensitive to credit spreads included in the trading book except for the securitisations.
Method: the simulation is based on a Modified Merton Model. The probabilities of transition and default are those observed through the historical matrices of the main rating agencies, applying a probability of default minimum value higher than zero. The asset correlation is inferred from the equity correlation of the issuers. The model is based on the assumption of a constant position with a holding period of one year.
A regular stress program is applied to the model's main parameters (correlation, and transition, default and credit spread matrices).

Market risk under the standardised approach (EU MR1 Reg. 2021/637)

(millions of euro)

		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	169
2	Equity risk (general and specific)	329
3	Foreign exchange risk	2,004
4	Commodity risk	11
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	**Securitisation (specific risk)**	**1,330**
9	**Total**	**3,843**

The main sources contributing to market RWEAs under the standardised approach were the following:
– currency exposure (foreign exchange rate risk)[8],
– securitisations,
– debt securities not included in the internal model,
– CIUs (to a smaller extent).

The capital requirement for the trading book securitisations as at 30 June 2022 amounted to around 106.4 million euro, compared to 91 million euro at the end of December. The RWEAs, calculated using the standardised approach, amounted to 1,330 million euro, up on 1,137 million euro at the end of December 2021.

Compared to the end of December 2021, the total exposure of the trading book increased (EAD 1,188 million euro compared to 1,046 million euro), with the growth in the portfolio concentrated in the highest rating classes. Specifically, there was an increase in the exposure in CLOs of around 110 million euro.

Market risk under the Internal Model Approach (IMA)[9] (EU MR2-A Reg. 2021/637)

(millions of euro)

			RWEAs	Own funds requirements
1		**VaR (higher of values a and b)**	**1,784**	**143**
	a)	Previous day's VaR (VaRt-1)		61
	b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		143
2		**SVaR (higher of values a and b)**	**5,092**	**407**
	a)	Latest available SVaR (SVaRt-1)		130
	b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		407
3		**IRC (higher of values a and b)**	**3,478**	**278**
	a)	Most recent IRC measure		249
	b)	12 weeks average IRC measure		278
4		**Comprehensive risk measure (higher of values a, b and c)**	**-**	**-**
	a)	Most recent risk measure of comprehensive risk measure		-
	b)	12 weeks average of comprehensive risk measure		-
	c)	Comprehensive risk measure - Floor		-
5		**Other**	**-**	**-**
6		**TOTAL**	**10,354**	**828**

The capital requirements as at 30 June 2022 were down from the previous half year. The decrease was especially pronounced for the Stressed VaR measure, which benefited from the lower exposures to the Italian government segment. The IRC measure increased, driven by higher exposures on credit indices (provide protection). The VaR metric was stable.

[8] As at 1 January 2022, the figure included the effects of the introduction of the new EBA Guidelines for foreign exchange risk.

[9] The VaR figure in the table includes the Risk Not In Model requirement.

Stressed VaR

Definition: the stressed VaR metric is based on the same measurement techniques as VaR. In contrast to the latter, it is calculated by applying market stress conditions recorded over an uninterrupted 12-month historical period.

Method: this period was identified considering the following guidelines, on the basis of the indications presented in the Basel document "Revision to the Basel 2 market risk framework":

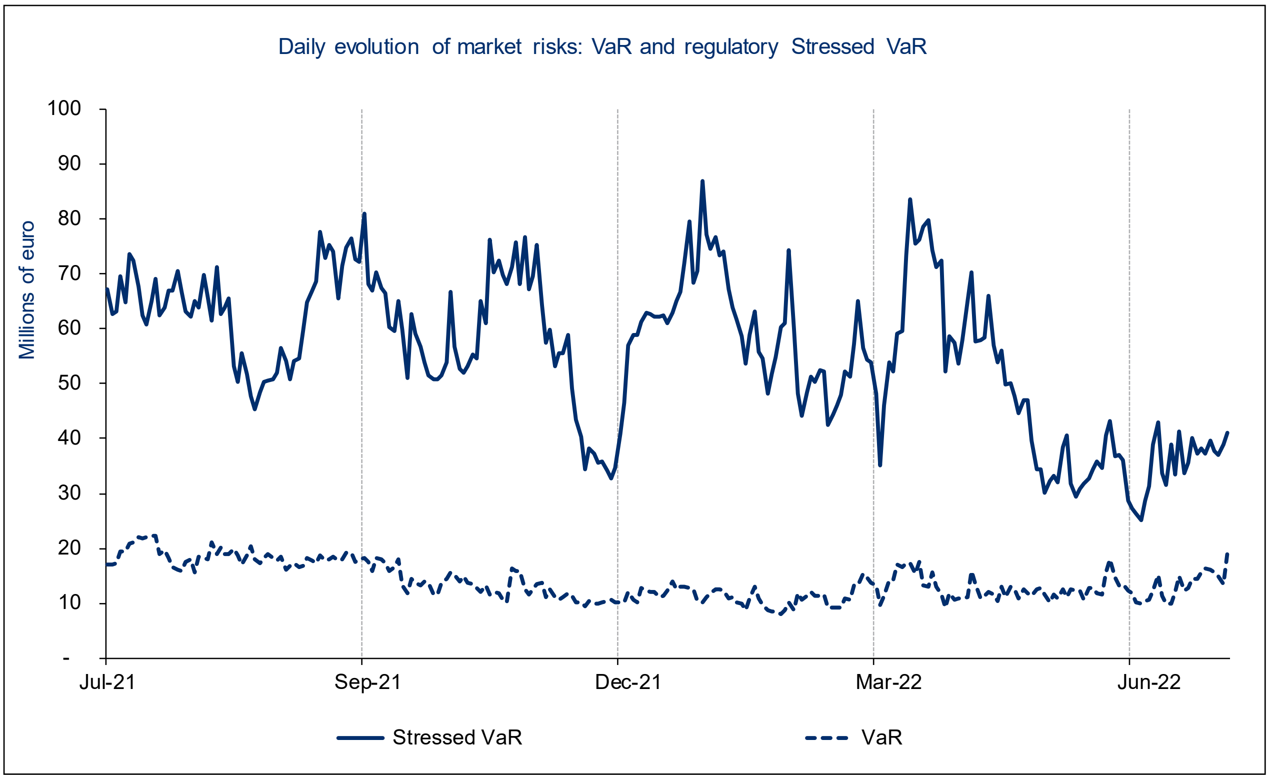
– the period must represent a stress scenario for the portfolio;
– the period must have a significant impact on the main risk factors for the portfolio of Intesa Sanpaolo;
– the period must allow real time series to be used for all portfolio risk factors.

While using the historical simulation approach for VaR calculation, the latter point is a discriminating condition in the selection of the holding period. Actually, in order to ensure that the scenario adopted is effectively consistent and to avoid the use of driver or comparable factors, the historical period must ensure the effective availability of market data.

As at the date of preparation of this document, the period for the measurement of Stressed VaR for Intesa Sanpaolo was from 3 October 2011 to 20 September 2012.

For managerial purposes, the stressed VaR metric is calculated on the entire set of the Group's portfolios measured at fair value (trading and FVOCI in the banking scope) and the stressed period is revised at least annually, together with the annual update to the Risk Appetite Framework.

The graph below shows the trend of the measures.



The table below shows the breakdown of the capital requirements for current and Stressed VaR measures.

IMA values for trading portfolios (EU MR3 Reg. 2021/637)

(millions of euro)

VaR (10 day 99%)		
1	Maximum value	61
2	Average value	39
3	Minimum value	26
4	Period end	61
SVaR (10 day 99%)		
5	Maximum value	275
6	Average value	158
7	Minimum value	80
8	Period end	130
IRC (99.9%)		
9	Maximum value	424
10	Average value	206
11	Minimum value	121
12	Period end	249
Comprehensive risk measure (99.9%)		
13	Maximum value	-
14	Average value	-
15	Minimum value	-
16	Period end	-

The exposure to sovereign debt and the positioning on credit indices (mainly provide protection), have driven the most recent movements in the market metrics. Overall, the risk level of the trading book decreased in the half year.

Managerial VaR

Definition: Value at Risk is a monetary estimate of risk based on statistical techniques capable of summarising the maximum probable loss, with a certain confidence level, that a financial position or portfolio may suffer in a given period (holding period) in response to changes in the risk factors underlying the measurement models caused by market dynamics.
Method: the mathematical and statistical models that make it possible to calculate VaR can be divided into two general categories: parametric approaches (variance/covariance) and approaches based on simulation techniques, such as that in use at Intesa Sanpaolo.
Specifically, the approach used in Intesa Sanpaolo has the following characteristics:
– historical simulation model based on the mark-to-future platform;
– a 99th percentile confidence interval;
– disposal period of 1 day;
– full revaluation of existing positions.
Historical simulation scenarios are calculated internally on time series of one-year risk factors (250 observations). For management purposes, a non-equal probability of occurrence is associated with each scenario, decreasing exponentially as a function of time, to privilege the informational content of the most recent data. For regulatory purposes, scenarios are equally weighted when calculating the capital requirement.
Please note that, as part of the ordinary annual update of the market risk managerial framework set out by the Group Risk Appetite Framework, in line with the 2021 framework, the Board of Directors set a specific limit for trading within an overall limit for trading and the hold to collect and sell (HTCS) business model.

Sensitivity and greeks

Definition: sensitivity measures the risk attributable to a change in the theoretical value of a financial position to changes of a defined quantity of risk factors connected thereto. It therefore summarises:
– the extent and direction of the change in the form of multipliers or monetary changes in theoretical value;
– without explicit assumptions on the time horizon;
– without explicit assumptions of correlation between risk factors.
Method: the sensitivity indicator can be constructed using the following techniques:
– calculation of prime and second derivatives of the valuation formulae;
– calculation of the difference between the initial value and that resulting from the application of unidirectional shocks independent of risk factors (delta, gamma, vega, CR01 and PV01).
Sensitivity measures make risk profiling more accurate, especially in the presence of option components. These measure the risk attributable to a change in the value of a financial position to predefined changes in valuation parameters including a one basis point increase in interest rates.

Level measures

Definition: level measures, used also as ratios, are indicators supporting synthetic risk metrics which are based on the assumption of a direct relationship between the size of a financial position and the risk profile. In particular, level measures make it possible to monitor the nature of exposures to certain issuers and economic groups.
The main level measure indicators are nominal (or equivalent) position and average duration metrics; level indicators also include the Negative Maximum Exposure of the Valuation Reserve measures characteristic of the HTCS business model.
Method: nominal (or equivalent) position is determined by identifying:

- the notional amount;
- the mark to market;
- the conversion of the position of one or more instruments to that of a given benchmark (equivalent position);
- the FX exposure.

When determining the equivalent position, risk is defined as the value of the various assets, converted into an aggregate position that is "equivalent" in terms of sensitivity to the change in the risk factors investigated.
At Intesa Sanpaolo the approach is characterised by extended use of ceilings in terms of MtM, as representative of the value of the assets as recognised.

Stress tests

Definition: stress tests are conducted periodically to identify and monitor potential vulnerabilities in trading books upon the occurrence of extreme, rare events not fully captured by VaR models.
Method: stress tests for management purposes are applied periodically to market risk exposures, typically adopting:

- sensitivity analysis, which measures the potential impact on the main risk metrics of a change in a single risk factor or simple multi-risk factors;
- scenario analysis, which measures the potential impact on the main risk metrics of a certain scenario that considers multiple risk factors.

The following stress exercises are included in the Group's Stress Testing Programme:

- multi-risk exercise, based on scenario analysis, which enables the forward-looking assessment of the simultaneous impact on the Group of multiple risk factors, also taking into account the interrelationships between them and, where applicable, the top management's reaction capacity;
- regulatory multi-risk exercise, ordered and coordinated by the supervisor/regulator which defines its general assumptions and scenarios, requires the full revaluation of the impacts with the resulting need of contributions from the specialist departments of the Chief Risk Officer and Chief Financial Officer Governance Areas;
- situational exercise, ordered by the top management or by the supervisor/regulator in order to assess the impact of particular events (relating to the geopolitical, financial, economic, competitive environment, etc.) from a forward-looking perspective;
- a single or specific risk exercise to assess the impact of scenarios (or single or more specific risk factors) on specific risk areas.

Daily managerial VaR evolution

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

Daily managerial VaR of the trading book

(millions of euro)

	2022				2021			
	average 2nd quarter	minimum 2nd quarter	maximum 2nd quarter	average 1st quarter	average 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Total GroupTrading Book (a)	22.8	17.7	29.6	21.4	19.9	20.4	25.8	41.3
of which: Group Treasury and Finance Department	*6.1*	*4.6*	*7.1*	*3.8*	*2.7*	*2.6*	*2.8*	*3.2*
of which: IMI C&IB Division	*21.2*	*15.5*	*28.9*	*17.5*	*19.1*	*20.5*	*25.9*	*38.1*

Each line in the table estimates the daily average VaR calculated on the histrorical quarterly time-series of the Intesa Sanpaolo Group (including other subsidiaries), the Group Treasury and Finance Department and the IMI C&IB Division respectively; minimum and maximum values for the overall perimeter are estimated using aggregate historical time-series and therefore do not correspond to the sum of the individual values in the column.

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

During the second quarter of 2022, as shown in table above, there was a substantial stability in the overall trading risks compared to the averages for the first quarter of 2022 (22.8 million euro in the second quarter of 2022 and 21.4 million euro in the first quarter of 2022) and, more generally, a reduction compared to the averages of the first and second quarters of 2021. These reductions are mainly attributable to the scenario "rolling effect" due to the lower market volatility following the exceptional market shocks related to the spread of the COVID-19 pandemic.
The effect described above, i.e. the reduction due to the scenario rolling effect, was sharper if the first half of 2022 is compared with the first half of 2021 (22.1 million euro in the first half of 2022 compared with 33.5 million euro in the first half of 2021).

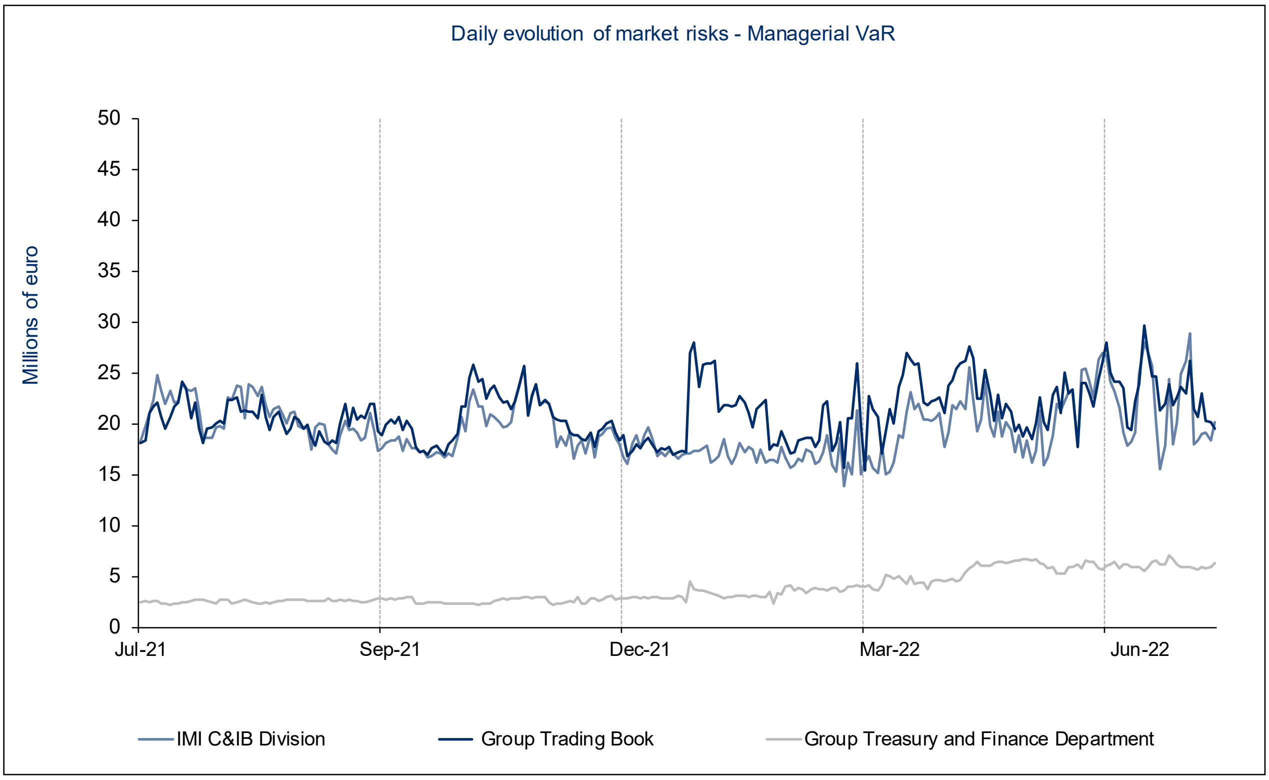
(millions of euro)

	2022			2021		
	average 1st half	minimum 1st half	maximum 1st half	average 1st half	minimum 1st half	maximum 1st half
Total GroupTrading Book (a)	22.1	15.4	29.6	33.5	18.8	57.8
of which: Group Treasury and Finance Department	*5.0*	*2.4*	*7.1*	*3.0*	*2.3*	*5.6*
of which: IMI C&IB Division	*19.4*	*13.9*	*28.9*	*32.0*	*18.9*	*51.9*

Each line in the table estimates the daily average VaR calculated on the historical time-series of the first six months of the Intesa Sanpaolo Group (including other subsidiaries), the year respectively of the Group Treasury and Finance Department and the IMI C&IB Division; minimum and maximum values for the overall perimeter are estimated using aggregate historical time-series and therefore do not correspond to the sum of the individual values in the column.

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

With regard to the trend in the trading VaR during the second quarter of 2022, the change was mainly due to the IMI C&IB Division. In greater detail, against substantial stability of the figure for the end of the half year compared to the figure at the end of the first quarter 2022, in the second quarter there was significant variability mostly due to the management of the DVA risk, both through credit indices and Italy risk. The movements are shown in the chart below:



Contribution of risk factors to total managerial VaR

2nd quarter 2022	Shares	Interest rates	Credit spreads	Foreign exchange rates	Other parameters	Commodities
Group Treasury and Finance Department	3%	34%	6%	57%	0%	0%
IMI C&IB Division	12%	23%	44%	4%	11%	6%
Total	**10%**	**23%**	**39%**	**13%**	**9%**	**6%**

(a) Each line in the table sets out the contribution of risk factors considering 100% the overall capital at risk, calculated as the average of daily estimates in the second quarter of 2022, broken down between the Group Treasury and Finance Department and IMI C&IB Division and indicating the distribution of the Group's overall capital at risk.

The breakdown of the Group's risk profile in the trading book in the second quarter of 2022 confirmed the prevalence of credit spread risk and interest rate risk, accounting for 39% and 23%, respectively, of the total managerial VaR. Instead, the single risk-taking centres show a prevalence of exchange rate risk and interest rate risk for the Group Treasury and Finance Department (57% and 34%, respectively) and of credit spread and interest rate risk for the IMI C&IB Division (44% and 23%, respectively).

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

(millions of euro)

	EQUITY		INTEREST RATES		CREDIT SPREADS		FOREIGN EXCHANGE RATES		COMMODITY	
	Crash	Bullish	+40bps	lower rate	-25bp	+25bp	-5%	+5%	Crash	Bullish
Total Trading Book	72	44	4	-7	-13	12	40	4	-21	-7

Specifically:

- for stock market positions, there would not be potential losses either in the case of sudden increases in stock prices or in the case of sharp decreases therein;
- for positions in interest rates, there would be potential losses of 7 million euro in the event of a fall in interest rates;
- for positions in credit spreads, there would be potential losses of 13 million euro in the case of narrowing of credit spreads by 25 bps;
- for positions in exchange rates, there would be no potential losses either in the event of appreciation and depreciation of the Euro against the other currencies;
- lastly, for positions in commodities, there would be losses both in the event of a fall or a rise in prices of commodities other than precious metals.

Backtesting

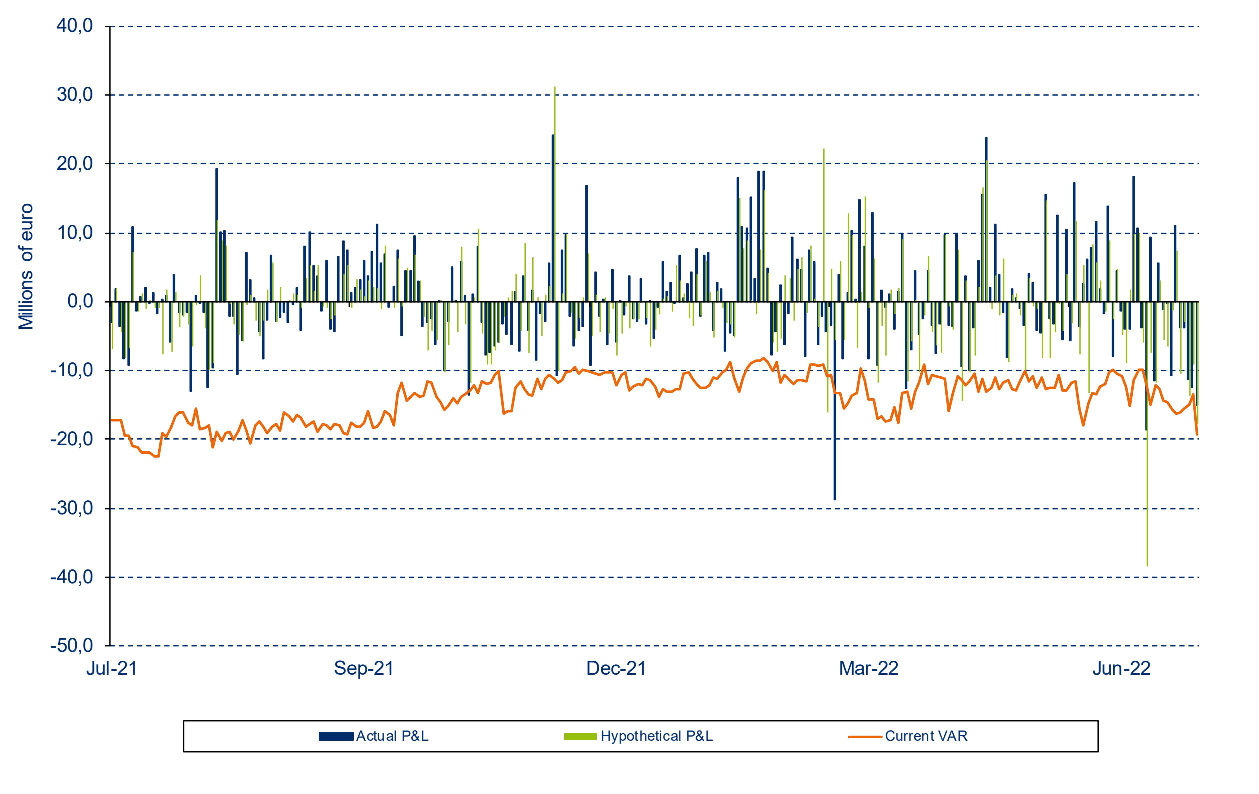
The soundness of the VaR calculation methods must be monitored daily via backtesting which, for the regulatory backtesting, compares:

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

Backtesting allows verification of the model's capability of correctly seizing, from a statistical viewpoint, the variability in the daily valuation of trading positions, covering an observation period of one year (approximately 250 estimates). Any critical situations relative to the adequacy of the internal model are represented by situations in which daily profits/losses based on backtesting highlight more than four occasions, in the year of observation, in which the daily loss is higher than the value at risk estimate. Current regulations require that backtesting is performed by taking into consideration both the actual and hypothetical P&L series.

Comparison of VaR estimates with gains/losses (EU MR4 Reg. 2021/637)

During the last year there were three backtesting exceptions[10] for the regulatory VaR measure of the Intesa Sanpaolo Group. The breaches were not due to portfolio movements but to peaks of volatility in the interest rate risk and credit risk factors.



Issuer risk

Issuer risk in the trading portfolio is analysed in terms of mark to market, with exposures aggregated by rating class, and is monitored through a system of operating limits based on both sector/rating classes and concentration indexes.

Breakdown of exposures by type of issuer

	Total	Of which					
		Corporate	Financial	Emerging	Covered	Governement	Securitis.
Group Treasury and Finance Department	0%	0%	0%	0%	0%	0%	0%
IMI C&IB Division	100%	11%	39%	6%	4%	5%	35%
Total	**100%**	**11%**	**39%**	**6%**	**4%**	**5%**	**35%**

The table sets out in the Total column the contribution of the Group Treasury and Finance Department and the IMI C&IB Division to overall issuer risk exposures, breaking down the exposure by type of issuer. The scope corresponds to the trading portfolio with an issuer ceiling (excluding Italian Government bonds, AAA and own bonds) and including CDS (absolute value).

The breakdown of the portfolio subject to issuer risk shows, in the second quarter of 2022, the prevalence of an exposure attributable solely to the IMI C&IB Division and mainly in securities in the financial and securitisation segments.

[10] In the last 250 observations, the Bank recorded three Actual P&L exceptions and three Hypothetical P&L exceptions. For the total calculation, as per the reference regulations, the maximum between Actual P&L and Hypothetical P&L exceptions is counted. Accordingly, there were three backtesting exceptions in the last year.

Operating limits

The structure of limits reflects the risk level deemed to be acceptable with reference to single business areas, consistent with operating and strategic guidelines defined by top management. The attribution and control of limits at the various hierarchical levels implies the assignment of delegated powers to the heads of business areas, aimed at achieving the best trade-off between a controlled risk environment and the need for operating flexibility. The functioning of the system of limits and delegated powers is underpinned by the basic concepts of hierarchy and interaction.
The application of such principles led to the definition of a structure of limits in which the distinction between first level and second level limits is particularly important:

– **first-level limits (VaR)**: the overall limits of the Group as well as those of the IMI C&IB Division and the Group Treasury and Finance Department of the Parent Company are included in the Group's Risk Appetite Framework. At the same time, the Board of Directors of the Parent Company defines the operating limits in terms of VaR for other Group companies which hold smaller trading books whose risk is marginal. Following approval, these limits are then allocated to the desks of the individual legal entities, considering the proposals by the business units. Limit absorption trends and the relative congruity analysis are periodically assessed by the Group Financial Risk Committee and Board of Directors within the framework of the Tableau de Bord for the Group's risks;
– **second level limits** (**sensitivity and greeks**): they have the objective of controlling operations of the various desks on the basis of differentiated measures based on the specific characteristics of traded instruments and operating strategies, such as sensitivity, greeks and equivalent exposures;
– **other significant limits:** they have the objective of monitoring particular transactions (e.g. ceiling for transactions with issuer risk, Incremental Risk Charge limit).

Some of these limits may be covered by the RAF rules.

Incremental Risk Charge – Summary of 2022 performance

(millions of euro)

	2022				2021			
	average 2nd quarter	minimum 2nd quarter	maximum 2nd quarter	average 1st quarter	average 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Intesa Sanpaolo	278.3	155.5	423.9	140.6	171.8	308.4	183.1	401.6

Financial measurements

The framework of financial measurement at fair value is based on three pillars: fair value measurement according to the IFRS, independent price verification (IPV) and prudent value measurement. The latter are established by the CRR (Capital Requirement Regulation). The paragraphs below describe the methods applied by the Intesa Sanpaolo Group to implement and use those elements.

Fair value of financial instruments

The Intesa Sanpaolo Group governs and defines the fair value measurement of financial instruments through the "Group Guidelines/Rules for Valuation of Financial Instruments at Fair Value", prepared by the Market and Financial Risk Management Head Office Department and applied by the Parent Company and all consolidated subsidiaries, including the Insurance Companies.
The "Rules for the Measurement of Unlisted Equity Investments", drawn up by the Group M&A and Equity Investments Head Office Department, govern the fair value measurement of unlisted equities and financial instruments with unlisted equities as their underlying.
The methodologies for the fair value measurement of financial instruments, as well as any adjustments attributable to uncertainties in valuation, are governed by the Intesa Sanpaolo Group through the "Rules for Valuation of Financial Instruments at Fair Value" and are described in detail in the 2021 Annual Report, to which reference is made for more information.

IFRS 13 establishes a fair value hierarchy in which inputs to fair value measurement techniques are divided into three levels. That hierarchy assigns top priority to (unadjusted) quoted prices on active markets for identical assets or liabilities (level 1 data) and the lowest priority to unobservable inputs (level 3 data). Specifically:

– fair value level 1 applies when an instrument is measured directly on the basis of (unadjusted) quoted prices on active markets for identical assets or liabilities to which the entity has access on the measurement date;
– fair value level 2 applies when a price has not been found on an active market and the instrument is measured according to valuation techniques, on the basis of observable market parameters, or of the use of parameters that are not observable but are supported and confirmed by market evidence, such as prices, spreads or other inputs (the comparable approach);
– fair value level 3 applies when fair value is measured using various inputs, not all of which are directly drawn from observable market parameters, and which thus entail estimates and assumptions by the valuator.

If various inputs are used to measure the fair value of an asset or liability, classification in the hierarchy is determined on the basis of the lowest-level input used in measurement. When assigning a level in the fair value hierarchy, priority is given to the inputs of the valuation techniques rather than the valuation techniques themselves.
The attachment "Fair Value Hierarchy Rules" to the "Rules for Valuation of Financial Instruments at Fair Value" defines, with regard to the respective financial instrument valuation models/inputs, the basic rules that market inputs must comply with in order to be classified as Level 2, and the significance thresholds which, when overrun, result in the assignment of Level 3.

For level 1 financial instruments, the current bid price is used for financial assets and the current ask price for financial liabilities, struck on the principal active market at the end of the reference period.
For financial instruments with a scarcely significant bid-ask spread or for financial assets and liabilities with offsetting market risks, mid-market prices are used (again referred to the last day of the reference period) instead of the bid or ask price.
The following are considered level 1 financial instruments: contributed bonds (i.e. bonds for which the Composite Bloomberg Bond Trader is available from the Information Provider Bloomberg, or, alternatively, a price on the EuroMTS circuit, or at least three prices available from the Information Provider Bloomberg), contributed equities (i.e., quoted on the official market of reference), contributed harmonised funds (covered by EU directives), spot exchange rates, derivatives for which prices are available on an active market (for example, exchange traded futures and options) and hedge funds whose Net Asset Value (NAV) is available, according to the frequency established in the subscription contract, and in which assets classified as level 1 predominate among the assets invested in by the fund, as a percentage of the NAV, provided the level 3 instruments do not exceed a set threshold.
Conversely, all other financial instruments that do not belong to the above-described categories or that do not have the contribution level defined by the "Rules for Valuation of Financial Instruments at Fair Value" are not considered level 1 instruments.
When no listing on an active market exists or the market is not functioning regularly, that is when the market does not have a sufficient and continuous number of trades, and bid-ask spreads and volatility that are not sufficiently contained, the fair value of the financial instruments is mainly determined through the use of valuation techniques whose objective is the establishment of the price at which, in an orderly transaction, the asset is sold or the liability transferred between market participants, as at the measurement date, under current market conditions.
Such techniques include:

– the use of market values that are indirectly linked to the instrument to be measured, deriving from products with the same risk profile (level 2 inputs);
– valuations performed using – even partially – inputs not identified from parameters observed on the market, for which estimates and assumptions made by the valuator are used (level 3 inputs).

In case of level 2 inputs, the valuation is based on prices or credit spreads presumed from the official listing of instruments which are similar in terms of risk factors, using a given calculation methodology (valuation model). The use of this approach requires the identification of transactions on active markets in relation to instruments that, in terms of risk factors, are comparable with the instrument to be measured. Level 2 calculation methodologies reproduce prices of financial instruments quoted on active markets (model calibration) and do not contain discretional parameters – parameters for which values may not be inferred from quotations of financial instruments present on active markets or fixed at levels capable of reproducing quotations on active markets – that significantly influence the final measurement.

The following are measured using level 2 input models:
- bonds without official quotations expressed by an active market and whose fair value is determined through the use of an appropriate credit spread which is estimated starting from contributed and liquid financial instruments with similar characteristics;
- loans whose fair value is determined through the use of an appropriate credit spread which is estimated starting from market data of financial instruments with similar characteristics;
- derivatives measured through specific models, fed by input parameters (such as yield, foreign exchange and volatility curves) observed on the market;
- structured credit products (including, among others, ABSs, HY CLOs, CDOs) for which significant prices are not available and whose fair value is measured using valuation techniques that consider parameters that can be gathered from the market;
- non-contributed equity instruments measured based on direct transactions, that is significant transactions on the stock registered in a time frame considered to be sufficiently short with respect to measurement date and in constant market conditions, or using the "relative" valuation models based on multipliers;
- hedge funds in which Level 2 assets predominate, as a percentage of the NAV, provided the Level 3 instruments do not exceed a set threshold.

In case of instruments classified as level 3, the calculation of the fair value is based on valuation models which consider input parameters not directly observable on the market, therefore implying estimates and assumptions on the part of the valuator. In particular, the valuation of the financial instrument uses a calculation methodology which is based on specific assumptions of:
- the development of future cash flows, which may be affected by future events that may be attributed probabilities presumed from past experience or on the basis of the assumed behaviour;
- the level of specific input parameters not quoted on active markets, for which information acquired from prices and spreads observed on the market is in any case preferred. Where this is not available, past data on the specific risk of the underlying asset or specialised reports are used (e.g. reports prepared by Rating agencies or primary market players).

The following are measured using this method:
- some transactions in derivatives, bonds, or complex structured credit instruments measured using level 3 inputs;
- hedge funds in which the level 3 assets are above a set limit;
- private equity funds and real estate funds valued at NAV, with possible discounts;
- shareholdings and other equities measured using models based on discounted cash flows or using equity methods;
- loans whose fair value is determined through the use of a credit spread that does not meet the criteria to be considered level 2;
- loans with underlying equity risk, whose fair value is calculated based on the discounting of expected contractual flows.

Independent price verification (IPV)

Independent Price Verification (IPV) is “a process by which market prices or marking to model inputs are regularly verified for accuracy and independence” (Article 4(1.70) Regulation (EU) 575/2013), carried out “in addition to daily marking to market or marking to model [...] by a person or unit independent from persons or units that benefit from the trading book” (Article 105(8) Regulation (EU) 575/2013).
The Intesa Sanpaolo Group has structured an IPV process with 3 levels of control in line with the provisions of Bank of Italy Circular 285/2013, incorporated into the Integrated Internal Control System, which requires the risk management processes to be incorporated in the processes and methods for valuing the company activities, also for accounting purposes.
The Intesa Sanpaolo Group governs and formalises its independent price verification process through the Group’s “Guidelines/Rules for Independent Price Verification”, which are described in detail in the 2021 Annual Report and to which reference is made for further information.

Prudent value of financial instruments

The framework of financial measurements is completed with the prudent valuation of financial instruments measured at fair value. In accordance with the provisions of Regulation (EU) 575/2013 (Capital Requirements Regulation – CRR), prudent valuation entails the calculation of specific additional valuation adjustments (AVAs) for the financial instruments measured at fair value, aimed at capturing different sources of valuation uncertainty and ensuring the achievement of a suitable level of certainty in the measurement of the positions. The total value of the AVAs is deducted from the Common Equity Tier 1 capital, without impacts on accounting fair values.
The Intesa Sanpaolo Group, in line with the criteria indicated in Delegated Regulation (EU) 2016/101, is subject to the application of the core approach for the determination of AVAs both at individual and at consolidated level for all the positions measured at fair value. The prudent value corresponds to the exit price from the position with a level of certainty equal to 90%. The Group governs and formalises the measurement of the prudent value of financial instruments through the Group’s “Guidelines/Rules for Prudent Valuation of Financial Instruments at Fair Value”, which are described in detail in the 2021 Annual Report and to which reference is made for further information.
Since 1 January 2021, when the transitional provisions under Commission Delegated Regulation (EU) 2020/866 ceased to apply, the Group has used the AVAs aggregation factor established by Commission Delegated Regulation (EU) 2016/101.

Operational risk

Qualitative and quantitative disclosure

Operational risk is the risk of incurring losses resulting from inadequate or failed internal processes, people and systems or from external events[11].

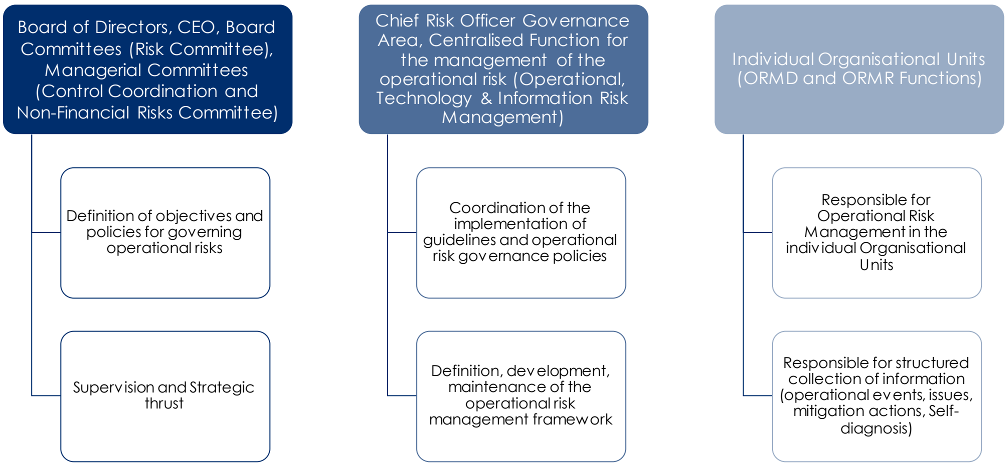
General operational risk management aspects

The Intesa Sanpaolo Group adopts an undertaking and management strategy of operational risk based on prudent management principles and aimed at guaranteeing long-term solidity and continuity for the company. In addition, the Group pays particular attention to achieving an optimal balance between growth and profitability and the resulting risks.

In line with these objectives, the Intesa Sanpaolo Group has long since established an overall operational risk governance framework, by setting up a Group policy and organisational processes for measuring, managing and controlling operational risk.

Governance Model

An effective and efficient framework for managing operational risks must be fully integrated into decision-making processes and management of business operations. Accordingly, the Intesa Sanpaolo Group has chosen to involve the organisational units (business units, central/support structures) of the Parent Company, the Banks and Group companies with direct responsibility in the operational risk management process.



The Intesa Sanpaolo Group's operational risk governance process is divided into the following phases:

- identification: identification and description of potential areas of operational risk (e.g., operating events, presence of critical elements, applicability of Risk Factors, significant risk scenarios);
- measurement and assessment: determination of exposure to operational risks (e.g., self-diagnosis[12], determination of economic and regulatory capital, preventive analyses of operational and ICT risks, assessment of the significance of the issues identified);
- monitoring and control: ongoing supervision of the development of the exposure to operational risks, including to prevent the occurrence of harmful events and promote active risk management;
- mitigation: containment of operational risks through appropriate mitigation actions and suitable risk-transfer strategies according to a risk-driven approach;
- reporting: preparation of information flows related to operational risk management, designed to ensure adequate knowledge of the exposure to this risk.

[11] As far as the financial losses component is concerned, the Operational risk includes: legal and compliance risk, conduct risk, IT and Cyber risk, physical security risk, business continuity risk, financial crime and financial reporting risk, third-party and model risk. Strategic risk and reputational risk are not included.

[12] Self-diagnosis is the annual process through which the Organisational Units identify their level of exposure to operational and ICT risk. It includes Operational Risk Assessment and ICT Risk Assessment, both of which are further broken down into Business Environment Assessment (BEA) and Scenario Analysis (SA).

ICT risk

The Intesa Sanpaolo Group considers its information system a tool of primary importance to the achievement of its strategic, business and social responsibility objectives, including in the light of the critical nature of the company processes that depend on it. Accordingly, it undertakes to create a resilient environment and to invest in assets and infrastructure designed to minimise the potential impact of ICT events and to protect its business, image, customers and employees.
The Group has therefore adopted a system of principles and rules intended to identify and measure the ICT risk to which company assets are exposed, assess the existing safeguards and identify adequate methods of managing such risks, in accordance with the operational risk management process.
In line with the methodological framework established for the governance of operational risks, the ICT Risk management framework has been developed with a view to integrating and coordinating the specific expertise of the structures involved.
ICT (Information and Communication Technology) risk means the risk of economic, reputational or market share losses related to the use of information and communication technology. In the integrated view of corporate risk for supervisory purposes, this risk is considered, according to specific aspects, as operational, reputational and strategic risk. ICT risk includes Cyber risk and IT risk.

Internal model for the measurement of operational risk

The Intesa Sanpaolo Group's internal model for calculating capital absorption (the "Advanced Measurement Approach" or "AMA") is designed to combine all the main sources of quantitative information (internal and external operational losses and estimates deriving from the Scenario Analysis) and qualitative information (Business Environment Evaluation - VCO) and consists of two components:

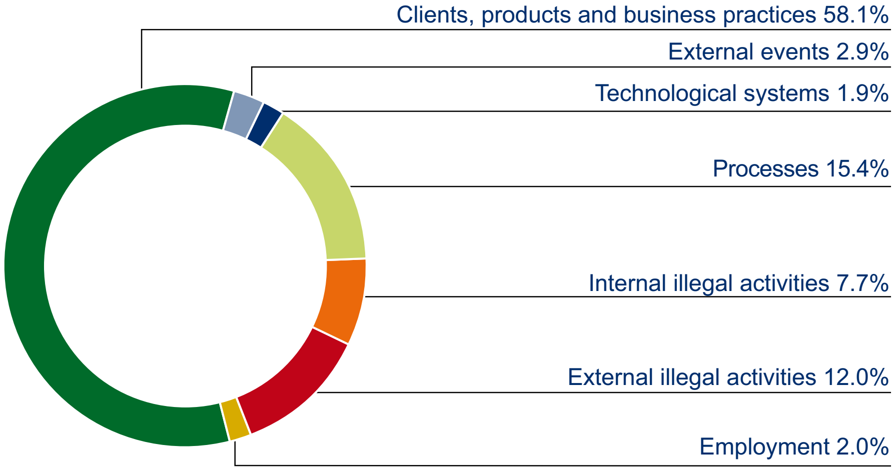
– the historical component, based on an analysis of historical data concerning internal events (recorded by the organisational units, appropriately verified by the Head Office Department and managed by a dedicated information system) and external events (provided by the Operational Riskdata eXchange Association - ORX);
– the prospective component (Scenario Analysis), focused on the forward-looking assessment of the risk exposure conducted by the Organisational Units and based on the structured, organised collection of subjective estimates expressed directly by the business experts in the Subsidiaries and Parent Company's Units with the objective of assessing the potential economic impact of operating events.

Capital-at-risk is therefore identified as the minimum amount at Group level required to bear the maximum potential loss (worst case). It is estimated using a Loss Distribution Approach model (actuarial statistical model to calculate the Value-at-risk of operational losses), applied to historical data and the results of the scenario analysis assuming a one-year estimation period, with a confidence level of 99.9%. The methodology also applies a corrective factor, which derives from the qualitative analyses of the risk level of the operational environment (VCO), to take into account the effectiveness of internal controls in the various Organisational Units.
The internal model's insurance mitigation component was approved by the Competent Authority in June 2013 with immediate effect of its benefits on operations and on the capital requirements.

For regulatory purposes, the Group adopts the advanced measurement approach (AMA), in partial use with the standardised (TSA) and basic approaches (BIA), to determine the capital requirement.
As at 30 June 2022, the scope of the Advanced Measurement Approach (AMA) is comprised of Intesa Sanpaolo (including the former Banks and Companies deriving from the UBI Banca Group, incorporated into Intesa Sanpaolo during 2021 and the first half of 2022) and the main banks and companies in the Private Banking and Asset Management Divisions, as well as of VUB Bank and PBZ Banka.

The capital absorption resulting from this approach amounts to 2,107 million euro as at 30 June 2022, slightly up from 2,024 million euro as at 31 December 2021.

Breakdown of capital requirement (Advanced Measurement Approach - AMA) by type of operational event



Interest rate risk on positions not included in the trading book

Qualitative disclosure

The “banking book” is defined as the trade portfolio consisting of all on-balance sheet and off-balance sheet items that are part of the Intesa Sanpaolo Group's lending and deposit collecting activities; therefore, the interest rate risk of the banking book (hereinafter “interest rate risk” or IRRBB) refers to the current and prospective risk of changes in the Group's banking book due to adverse changes in interest rates, which are reflected in both economic value and net interest income.
The internal system for measuring interest rate risk assesses and describes the effect of changes in interest rates on the economic value and the net interest income and identifies all significant sources of risk that affect the banking book:

– repricing risk, i.e. the risk associated with lags in maturity dates (for fixed-rate positions) or in the interest rate revision date (for floating-rate positions) of the assets, liabilities and off-balance sheet items;
– yield curve risk, i.e. the risk associated with changes in the inclination and shape of the yield curve;
– basis risk, i.e. the risk arising from imperfect correlation in the adjustment of lending and deposit rates on different instruments, but with otherwise similar repricing characteristics. As interest rates change, these differences can lead to unexpected changes in cash flows and yield spreads between assets, liabilities and off-balance sheet positions having similar maturities or rate revision frequencies;
– optionality risk, i.e. the risk associated with the presence of automatic or behavioural options in the Group's assets, liabilities and off-balance sheet instruments.

Intesa Sanpaolo's current measurement system also allows the risk profile to be examined on the basis of two distinct but complementary perspectives:

– **economic value perspective** (EVE – Economic Value of Equity), which considers the impact of interest rate fluctuations and the associated volatility on the present value of all future cash flows;
– **net interest income perspective** (NII - Net Interest Income), which aims to analyse the impact of interest rate fluctuations and their associated volatility on net interest income.

The economic value perspective assesses the medium-to-long term impacts of interest rate fluctuations, while the net interest income perspective provides a short-term assessment.

Interest rate risk is managed by setting limits to both perspectives. Said limits comprise:

– consolidated limits, which are defined in the RAF and approved by the Board of Directors, both in terms of change in EVE (shift sensitivity or ΔEVE) and net interest income sensitivity (ΔNII). The consolidated ΔEVE limits reflect, consistent with the context and regulatory instructions, the average expected exposure of the Group's EVE. The expected average level is quantified within the RAF and defined as the average exposure that the Group expects to take during the year. The Group's consolidated shift sensitivity limits are accompanied by a risk indicator, which constitutes an “early warning” threshold approved within the RAF, which makes it possible to control exposure to the risk of yield curve twists;
– individual shift sensitivity and net interest income sensitivity limits, which are part of the “cascading” process of the Group’s RAF limit, and are proposed, after being shared with the operating structures, by the Market and Financial Risk Management Head Office Department and approved by the Group Financial Risk Committee (GFRC). These limits take account of the characteristics of the banks’/divisions’ portfolios, with particular reference to intermediated volumes, average durations, the type of instruments traded and the Company's strategic mission within the Group.

The Market and Financial Risk Management Head Office Department performs monthly checks that the limits and early warning level approved in the Risk Appetite Framework (RAF) are observed at the consolidated and individual level. In addition, the Group has adopted a specific internal policy document regarding interest rate risk (the IRRBB Guidelines) subject to approval by the Board of Directors, which governs the Group's entire interest rate risk management framework and in particular the aspects of governance, methods of use and formulation of scenarios.
The IRRBB Guidelines define the methods for measuring the financial risks generated by the Group’s banking book:

1. Sensitivity of economic value (ΔEVE);
2. Net interest income sensitivity (∆NII);
3. Credit Spread Risk of the Banking Book (CSRBB);
4. Value at Risk (VaR).

These measures are available for each relevant currency in the banking book.

The **shift sensitivity of the economic value** (or fair value shift sensitivity) measures the change in the economic value of the banking book and is calculated at individual cash flow level for each financial instrument, based on different instantaneous rate shocks and based on historical stress simulations aimed at identifying the worst and best cases. It reflects the changes in the present value of the cash flows of the positions already in the balance sheet for the entire remaining duration until maturity (run-off balance sheet). The cash flows used to determine the present value are developed at the contractual rate, FTP (internal fund transfer price) or risk-free rate (Euribor/Libor) and discounted according to risk-free discount curves. When calculating the present value of loans, the expected loss component is considered; it represents the amount of cash flow that the Bank does not expect to recover on a given exposure and that thus reduces its value. The present value of the loan adjusted for credit risk is calculated for this purpose by deducting the corresponding level of expected loss from expected cash flows according to the "cash flow adjustment" ("CFA") method.
To control the exposure and monitor the limits, the calculation involves determining the algebraic sum of the equivalent in euro of the shift sensitivities of the positions in the various currencies by applying a parallel shock of +100 bps to the interest rate curves in the various currencies. The calculation for non-parallel shocks for the purposes of controlling the exposure and monitoring the early warning level is performed similarly. The sensitivity of the relevant currencies is then corrected, according to a "currency aggregation" management technique, to take account of the imperfect correlation with the rates of the main currency (the euro).

The **sensitivity of net interest income** focuses the analysis on the impact that changes in interest rates can have on the Group's ability to generate stable profit levels. The component of profits measured is represented by the difference between the net interest income generated by interest-bearing assets and liabilities, including the results of hedging activities through the use of derivatives. The time horizon of reference is commonly limited to the short and medium term (from one to three years) and the impact is assessed on a going concern basis. The change in net interest income is estimated under expected scenarios as well as under potential interest rate shocks and stress scenarios. Further assumptions are made regarding customer behaviour (differentiated according to interest rate scenarios) and market behaviour and the response of Group/Bank management to changes in the economy.
Thus, the projection of the net interest income and its sensitivity to changes in market factors require a series of modelling assumptions for the development of volumes and rates (fixed/floating), the reference time horizon, the relevant currencies, as well as the behavioural models introduced (prepayment, core deposits, etc.).
The net interest income sensitivity limits are defined on the basis of an instantaneous and parallel interest rate shock of +/-50 bp, with a reference time horizon of 1 year and assuming a constant balance sheet. The net interest income sensitivity limit is defined as the limit on the loss in the income statement and, therefore, is exclusively negative (limit on the potential reduction in the net interest income): the use of the limit is represented by the sensitivity that generates a greater reduction in net interest income in the two scenarios of a parallel rise and fall in interest rates. The total sensitivity exposure of net interest income is given by the algebraic sum of the exposure of individual currencies.
The GFRC is also tasked with allocating sub-limits on net interest income sensitivity to the individual Banks/Companies, and may also define sub-limits on net interest income sensitivity by currency. The limit assigned to each Company is defined on the basis of the historical volatility observed in individual net interest income, consistent with the strategies and limits defined for shift sensitivity.

The **Credit Spread Risk of the Banking Book** (**CSRBB**) is defined as the risk caused by changes in the price of credit risk, liquidity premium and potentially other components of instruments with credit risk that cause fluctuations in the price of credit risk, liquidity premium and other potential components, which is not explained by the interest rate risk of the banking book or by the expected credit risk/jump-to-default risk. In line with the EBA Guidelines, which limit the reference area to assets only (i.e. excluding derivatives and liabilities), specific monitoring is envisaged for the HTCS securities portfolio, whose changes in value have an immediate impact on the Group's capital.

Value at Risk (VaR) is a probability-based metric that expresses the maximum potential loss of portfolio value that could be incurred within a specific time horizon, at a pre-defined confidence level. VaR is also used to consolidate exposure to financial risks of the various Group companies which perform banking book activities, also taking into account the benefits of diversification and the correlation between various risk factors and different currencies. This measure is calculated and monitored, for the entire scope, by the Market and Financial Risk Management Head Office Department.

In calculating the above risk measures, Intesa Sanpaolo adopts behavioural models for representing capital items based on their contractual profile. In particular:

a. for core deposits (customer loan and deposit accounts), a financial representation model is adopted aimed at reflecting the behavioural features of stability of deposits and partial and delayed reaction to market interest rate fluctuations.
   The model consists of:
   - an "internal maturity model for core deposits" (defined as the "value model") that establishes the time distribution of the core deposits (assets and liabilities) in order to provide an appropriate representation, expressed in terms of meta-deposits, of their behavioural characteristics, stability of volumes, and partial and delayed reactivity to changes in market rates; the model features a maximum maturity of 20 years and an average life, net of the volatile component, of around 2.6 years (1.8 years also considering the O/N portion);
   - an "internal repricing model for core deposits" (defined as the "margin model") which introduces a function for determining the level and trend of the customer rate following market shocks (changes in the 1-month Euribor). Further additions are made to the methodological assumptions already included in the value model in order to better capture certain significant aspects for the sensitivity of net interest income, such as stickiness, the upward/downward asymmetry of rates, and the presence of contractual zero floors on customer rates.
     The model is continuously monitored and is revised periodically, at least annually, to promptly reflect changes in volumes and customer characteristics over time, as well as the relevant regulatory framework.
     For mortgages, statistical techniques are used to determine the probability of prepayment, in order to reduce the Group's exposure to interest rate risk (overhedging) and to liquidity risk (overfunding). The method developed

estimates prepayment coefficients diversified according to the type of customer, financial characteristics of the transaction, such as the loan rate type (fixed or floating), the original term of the loan and the seasoning, understood as the age of the loan on the date of the prepayment event. The analysis refers to partial repayments, full repayments and refinancing. The prepayment model also examines the reasons that lead customers to make prepayments. With regard to this aspect, the phenomenon may be divided into a structural component ("Core Prepayment") and a scenario component ("Coupon Incentive"), primarily linked to market variations. Prepayment phenomena are monitored monthly and the prepayment coefficients to be applied to the model are re-estimated at least annually and are subject to periodic backtesting, appropriately documented in the specific model change document to ensure that the operating situation adheres to the assumptions made and incorporate any legislative and/or behavioural changes;

b. in addition, within the framework of the dynamic simulation of net interest income, an additional behavioural model is adopted to simulate the effects of potential renegotiations of the contractual conditions of medium/long-term assets. In terms of risks, renegotiations modify the duration of the portfolio of medium/long-term loans and entail a decline in net interest income due to the revision of the contractual rates/spreads to include conditions more advantageous to customers. Specific models have been estimated to ensure a proper representation of the renegotiations phenomenon in terms of the percentages of mortgage loans renegotiated and their financial characteristics.

The scenarios underlying the measurement processes are defined in the IRRBB Guidelines and fall into the following categories:

- base scenarios: these are run on a monthly basis and involve:
  - fair value scenarios, which include different parallel and non-parallel parametric instantaneous shock scenarios. These scenarios, in addition to the base shock scenario expressed by a parallel increase or decrease of 100 bps at all maturities, include the non-parallel scenarios that highlight the risk arising from curve shifts (yield curve risk) that cannot be captured with parallel shocks alone. These scenarios are obtained in a manner consistent with the parameters for non-parallel shocks (steepener, flattener, short rate up and short rate down) set by the IRRBB Standards of the Basel Committee on Banking Supervision (below the BCBS shock) except for the proportionality coefficient applied to them in order to calibrate them to the management shock of 100 bps;
  - interest margin scenarios (shock +/-50 bps);
- management stress scenarios: run at least quarterly; the stress analyses used in the internal measurement system involve:
  - fair value stress scenarios (shock +/-200 bps, and a historical simulation of worst case shock);
  - net interest income stress scenarios (shock +/-100 bps);
  - dynamic net interest income stress scenarios (shock +/-200 bps, shock +/-100 bps and BCBS shock);
- regulatory scenarios: at the frequency required by the supervisory regulations or authorities. In particular, the results of the supervisory outlier test (SOT) – introduced by the EBA Guidelines in terms of change in economic value (EVE) – are communicated to the supervisory authority within the short term exercise (STE). In July 2018, the EBA issued the new Guidelines for the management of interest rate risk deriving from assets not included in the trading book, implementing the Standards on interest rate risk in the banking book published by the Basel Committee on Banking Supervision (BCBS) in April 2016 and introducing a new threshold of 15% of Tier 1 as an early warning calculated on the basis of the six BCBS scenarios (Parallel shock up, Parallel shock down, Steepener shock, Flattener shock, Short rates shock up and Short rates shock down).
  The SOT, as defined by the EBA Guidelines 2018/02, identifies the maximum loss deriving from the application of the six scenarios set out in the IRRBB Standards of the Basel Committee on Banking Supervision (below the BCBS scenarios) and implemented in the EBA Guidelines: these scenarios require the application of specific shocks for each currency:
  - parallel shock up;
  - parallel shock down;
  - steepener shock (decrease in short-term rates and increase in long-term rates);
  - flattener shock (increase in short-term rates and decrease in long-term rates);
  - short rates shock up;
  - short rates shock down.

With regard to the changes in net interest income and the changes in economic value calculated using the management metrics, Intesa Sanpaolo, on a monthly basis, defines and verifies compliance with the limits and early warning.
The scenarios used for the verification of the limits are:
- for the control of the exposure in terms of ∆EVE: instantaneous and parallel shock of +100 bps;
- for the control of the exposure in terms of ∆NII: instantaneous and parallel shock of ±50 bps.

The scenarios used for the verification of the early warning are:
- 2 instantaneous and parallel shocks of ±100 bps;
- 4 non-parallel shocks represented by the BCBS scenarios calibrated to the management shock of +100 bps.

The currencies monitored for the consolidated limits are the Euro and the US Dollar ("material currency") for the measurement of ∆EVE.

Interest rate risk hedging is undertaken with the aim of protecting the banking book from variations in the fair value of loans and deposits due to movements in the interest rate curve or reducing the volatility of future cash flows related to a particular asset/liability. The main types of derivative contracts used are interest rate swaps (IRS), overnight index swaps (OIS), cross-currency swaps (CCS), forward sales of debt securities and options on interest rates concluded with third parties or with other Group companies. The latter, in turn, cover risk in the market so that the hedging transactions meet the criteria to qualify as IAS-compliant for consolidated financial statements.

Hedging activities performed by the Intesa Sanpaolo Group are recorded using various hedge accounting methods. A first method refers to the fair value hedge of specifically identified assets and liabilities (microhedging), mainly consisting of bonds

issued or acquired by Group companies and loans to customers. In addition, in order to preserve the economic value of a portion of the HTCS portfolio, by protecting the price of the securities against adverse market movements, the Group negotiates forward sales of the debt securities held in portfolio on a fair value hedging basis. Finally, on the basis of the carved-out version of IAS 39, fair-value hedging is also applied for the macrohedging of the stable portion of demand deposits (core deposits) and on the already fixed portion of variable-rate loans and on a portion of fixed-rate loans. For this last type, an open-portfolio macrohedging model has been adopted according to a bottom-layer approach that, in accordance with the interest rate risk measurement method involving modelling of the prepayment phenomenon, is more closely correlated with risk management activity and asset dynamics. Another hedging method used is the cash flow hedge, which has the purpose of stabilising interest flow on both variable-rate funding, to the extent that the latter finances fixed-rate investments, and on variable-rate investments to cover fixed-rate funding (macro cash flow hedges).
The Market and Financial Risk Management Head Office Department of the Parent Company is in charge of measuring the effectiveness of interest rate risk hedges for the purpose of hedge accounting, in compliance with international accounting standards.

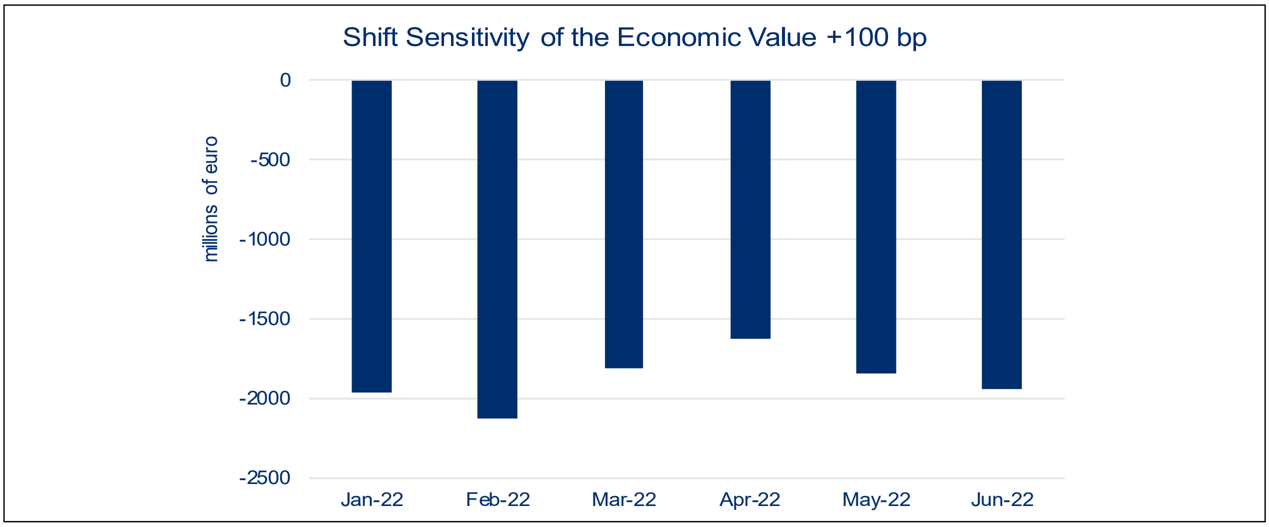
Quantitative information

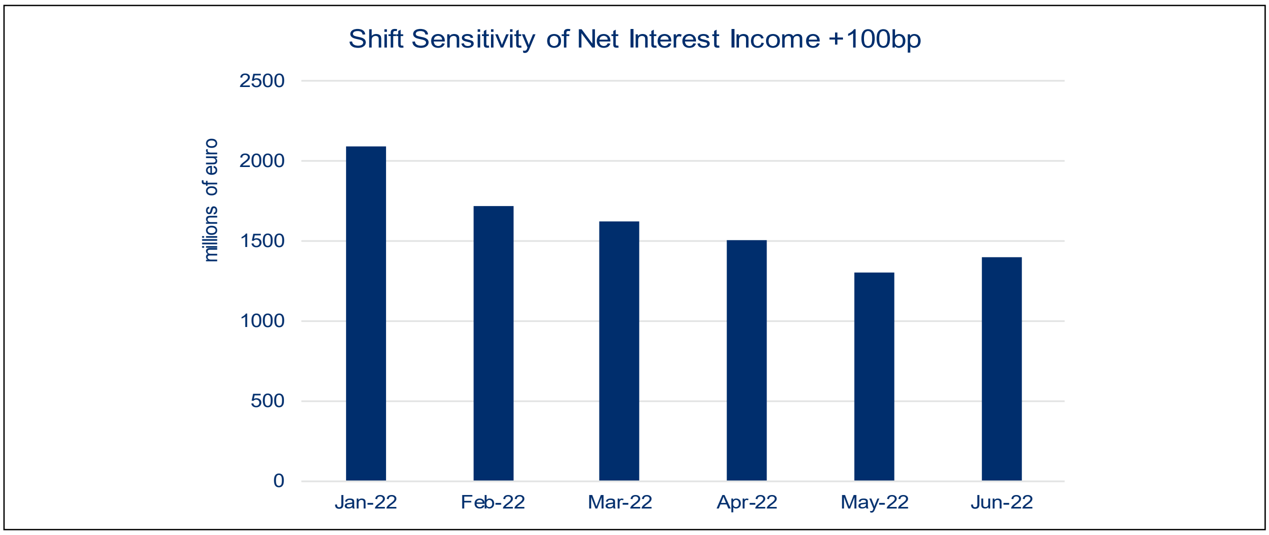
In 2022, interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through shift sensitivity of value, averaged -1,889 million euro, with a maximum of -2,134 million euro and a minimum value of -1,633 million euro, reaching a figure of -1,948 million euro at the end of June 2022. The latter figure increased by 192 million euro on the end of 2021, when it came to -1,756 million euro. That change was mainly due to the increase in the model hedging of core deposits, carried out both through derivatives and through natural hedges represented by disbursements of fixed-rate loans to customers. This was partially offset by a decrease in exposure of the government bond portfolio.
The sensitivity of net interest income – assuming a +50, -50 and +100 basis point change in interest rates – amounted to 880 million euro, -784 million euro and 1,399 million euro, respectively, at the end of June 2022.

The table and charts below provide a representation of the performance of the shift sensitivity of economic value (or the shift sensitivity of fair value) and the shift sensitivity of net interest income.

(millions of euro)

	1st half 2022			30.06.2022	31.12.2021
	average	minimum	maximum		
Shift Sensitivity of the Economic Value +100 bp	-1,889	-1,633	-2,134	-1,948	-1,756
Shift Sensitivity of Net Interest Income -50bp	-814	-768	-875	-784	-880
Shift Sensitivity of Net Interest Income +50bp	932	746	1,105	880	962
Shift Sensitivity of Net Interest Income +100bp	1,606	1,622	2,094	1,399	1,847





Interest rate risk, measured in terms of VaR, averaged 612 million euro in 2022, with a maximum value of 885 million euro and a minimum value of 547 million euro, reaching a figure of 885 million euro at the end of June 2022. The latter figure rose by 376 million euro compared to 509 million euro at the end of 2021. That change is largely due to the increase in interest rates recorded especially in the second quarter.

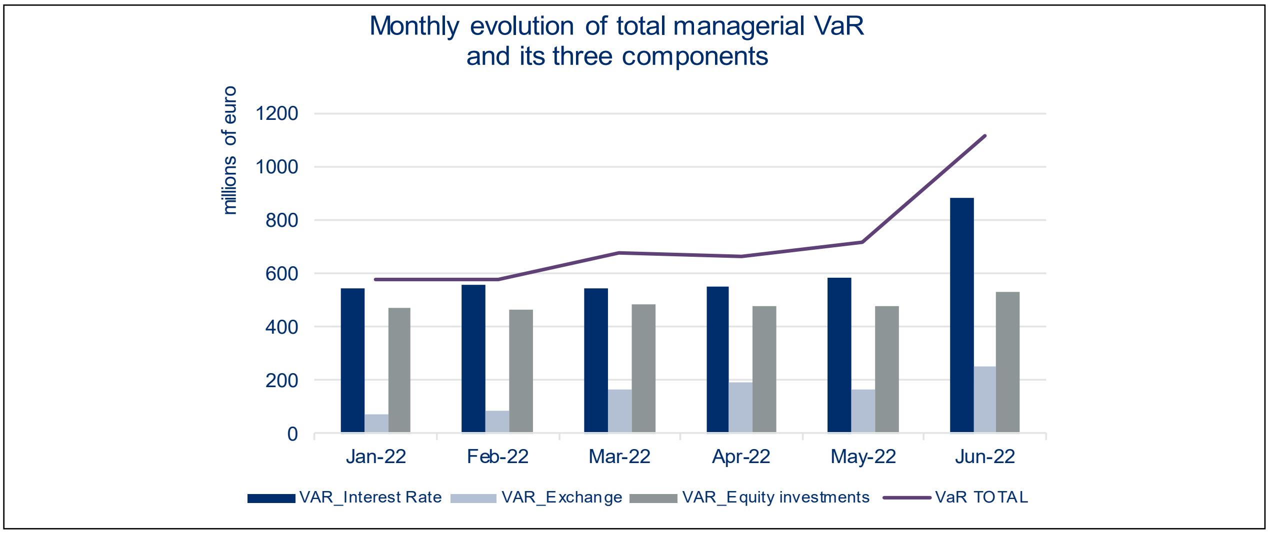
Foreign exchange risk, expressed by equity investments in foreign currency (banking book) and measured in terms of VaR, averaged 156 million euro in 2022, with a minimum value of 74 million euro and a maximum value of 252 million euro, with the latter coinciding with the value at the end of June 2022 (93 million euro at the end of 2021). The figure at the end of June 2022 was up by 159 million euro on the figure at the end of 2021. That change was largely due to the sharp volatility of the Russian rouble as a result of the Russia-Ukraine conflict.

Price risk generated by the equity portfolio, measured in terms of VaR, recorded an average level during 2022 of 483 million euro, with minimum and maximum values of 463 million euro and 532 million euro, respectively, the latter being the figure of the end of June 2022, up by 165 million euro on the value at the end of December 2021 of 367 million euro. That change was largely due to the increase in market volatility, specifically recorded in the second quarter of 2022.

Total VaR, consisting of the three components described above (Interest Rate VaR, Exchange VaR and Equity VaR) averaged 721 million euro in 2022, with a maximum value of 1,119 million euro and a minimum value of 575 million euro, reaching a figure of 1,119 million euro at the end of June 2022, up by 571 million euro on the value at the end of December 2021 of 548 million euro. That change is attributable to the phenomena described above.
The table and chart below provide a representation of the performance of total VaR and its three components (Interest Rate VaR, Exchange VaR and Equity Investments VaR).

(millions of euro)

	2022			30.06.2022	31.12.2021
	average	**minimum**	**maximum**		
Value at Risk - Interest Rate	612	547	885	885	509
Value at Risk - Exchange	156	74	252	252	93
Value at Risk - Equity investments	483	463	532	532	367
Value at Risk complessivo	**721**	**575**	**1,119**	**1,119**	**548**



Price risk related to the FVOCI minority equity portfolio

The table below shows a sensitivity analysis of the banking book to price risk, measuring the impact on Shareholders' Equity of a price shock of ±10% for the portfolio of quoted minority stakes, largely classified to the HTCS category.

Price risk: impact on Shareholders' Equity

(millions of euro)

		2nd quarter 2022 impact on shareholders' equity at 30.06.2022	1st quarter 2022 impact on shareholders' equity at 31.03.2022	Impact on shareholders' equity at 31.12.2021
Price shock	10%	146	166	177
Price shock	-10%	-146	-166	-177

In the first six months of 2022, no hedging activities were performed to cover the price risk of the banking book.

In accordance with Article 448 of Regulation (EU) 2019/876 (CRR II), institutions are required to publish quantitative information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of their non-trading book activities referred to in Article 84 and Article 98(5) of Directive 2013/36/EU.
The table below shows the changes in the economic value of equity calculated under the six prudential shock scenarios defined by the EBA described above (Parallel shock up, Parallel shock down, Steepener shock, Flattener shock, Short rates shock up and Short rates shock down) and the changes in net interest income calculated under the two prudential shock scenarios (Parallel shock up and Parallel shock down).

Interest rate risk of non-trading book activities (EU IRRBB1 Reg. 2021/637 - as amended by Reg. 2022/631)

(millions of euro)

Supervisory shock scenarios	ΔEVE		ΔNII	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Parallel up	-5,804	-3,877	1,576	2,698
Parallel down	1,774	307	-2,898	-947
Steepener	-2,019	-1,520		
Flattener	239	-783		
Short rates up	-1,191	-417		
Short rates down	418	27		
Maximum potential loss	**-5,804**	**-3,877**	**-2,898**	**-947**

For the ΔEVE, the changes with respect to 31 December 2021 were linked both to the increase in exposure during the half year (see, for example, the "parallel up" scenario), and the increase in interest rates, which led to a broadening of the effective shocks applied in the event of a fall in the rates, which are much less impacted by the application of the post-shock floors envisaged by the applicable EBA rules (see, for example, the "parallel down" scenario).
With regard to the ΔNII, for the "parallel up" scenario there was a decrease in sensitivity due to the increased responsiveness of on demand deposits from customers, while for the "parallel down" scenario, as in the case of the ΔEVE, there was an increase in effective shocks due to the lower impact of the floors.

Leverage Ratio

Qualitative disclosure

Under the Basel 3 prudential regulations, the Leverage ratio entered definitively into effect on 1 January 2015. The Leverage ratio measures the degree to which Tier 1 Capital covers the Banking Group's total exposure. The ratio is calculated by considering off-balance sheet exposures and assets.
The objective of the indicator is to contain the degree of indebtedness on banks' accounts by establishing a minimum level of coverage of exposures with equity. The ratio, which is monitored by the authorities, is expressed as a percentage and is subject to a minimum threshold of 3%. From June 2021, this limit became a Pillar 1 requirement under the provisions of Article 92(1)(d) of Regulation (EU) 2019/876 (CRR II).
The Leverage ratio is calculated quarterly. The indicator is monitored at both the individual and Banking Group level.
The Leverage ratio is calculated as the ratio of Tier 1 Capital to total exposure. The total exposure includes the on-balance sheet exposures, net of deductions and offsetting allowed by the regulations, and the off-balance sheet exposures.
The temporary measures related to the exclusion of certain exposures to Central Banks from the Total Exposure, and introduced as a result of the pandemic, ended on 1 April 2022.

Description of the processes used to manage the risk of excessive leverage

The Intesa Sanpaolo Group shares the regulatory indication of monitoring and containing a leverage ratio to integrate the capital ratios based on risk, and acknowledges their usefulness in order to limit the excessive accumulation of leverage in the banking system, and especially to provide supplementary control against model risk and the possible related measurement errors.
Accordingly, the Leverage ratio is given a high level of attention and, as such, it has been selected as a reference metric within the scope of the Risk Appetite Framework (RAF) for the control of the overall risk and, more specifically, of the Group's capital adequacy. In this regard, it is noted that the governance of the Risk Appetite Framework includes particularly strict escalation mechanisms in the event of breach of the Group's leverage limit, with the requirement for the Board of Directors to rapidly approve a remediation plan that can have a maximum duration of one year.
In line with the previous year, the 2022 RAF update confirmed both the choice to define its limit by adding a stress buffer to the regulatory minimum set by Article 92(1)(d) CRR II and the decision to also set an Early Warning threshold quantified based on an additional prudential buffer. In line with the limit established at Group level, the individual leverage ratio limits have also been set for the subsidiary Fideuram Intesa Sanpaolo Private Banking S.p.A. and for the Group's international subsidiary banks (both those belonging to the International Subsidiary Banks Division and those within the scope of the IMI Corporate & Investment Banking Division). In this regard, it is noted that the governance of the Risk Appetite Framework establishes specific escalation mechanisms for the Group companies. Accordingly, in the event of breach of the individual leverage limits, the Body with strategic supervision function of the company concerned rapidly approves a remediation plan that can have a maximum duration of one year, and there is also the obligation to involve the competent Parent Company structures.
Compliance with these limits is monitored in the Risks Tableau de Bord and reported to the Risks and Sustainability Committee and the Board of Directors on a quarterly basis.
Lastly, it is noted that the Group has one of the best leverage ratios in line with the values of the main European banking groups and, in view of the operations carried out, the management of the risk of excessive leverage, although it is subject to the utmost attention from Top Management, is not a significant constraint for the Group's strategic planning.

Description of the factors that had an impact on the Leverage ratio during the period

As at 30 June 2022, the leverage ratio calculated on a transitional basis was 5.3% (without the exclusion of the exposures to the European Central Bank – ECB, which expired from April 2022) compared to 6.6% in the previous period, as a result of the following changes during the half year:

– decrease in the level of capital (Tier 1 capital). See the Own Funds section of this document for more details;
– increase in the total exposure, mainly due to the expiry of the benefits related to the temporary exclusion of certain exposures to the European Central Bank and an increase in off-balance sheet exposures and Securities Financial Transactions (SFTs), partially offset by a decrease in on-balance sheet exposures (excluding SFTs and derivatives) and derivatives exposures. See the figures in the tables below for more details.

Quantitative disclosure

The disclosure of the leverage ratio of the Intesa Sanpaolo Group as at 30 June 2022, provided in accordance with the regulatory principles of the CRR amended by Regulation (EU) 2019/876 (CRR II) and set out according to the provisions of Regulation (EU) 2021/637, is presented below.

LRCom – Leverage ratio common disclosure (EU LR2 Reg. 2021/637) *(Table 1 of 2)*

The table shows the leverage ratio as at 30 June 2022 and the breakdown of the total exposure into the main categories, according to the provisions of Article 451(1)(a, b and c) and Article 451(3) of the CRR II.

(millions of euro)

	On-balance sheet exposures (excluding derivatives and SFTs)	30.06.2022	31.12.2021
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	786,089	804,925
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-7,638	-12,963
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	-10,007	-9,034
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**768,444**	**782,928**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	9,951	14,276
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	1	5
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	10,059	9,997
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	11	3
EU-9b	Exposure determined under Original Exposure Method	-	12
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	81,434	69,247
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-79,721	-67,976
13	**Total derivatives exposures**	**21,735**	**25,564**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	28,120	27,459
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-1,894	-786
16	Counterparty credit risk exposure for SFT assets	2,983	1,941
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**29,209**	**28,614**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	296,288	289,311
20	(Adjustments for conversion to credit equivalent amounts)	-196,170	-194,215
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	-	-
22	**Total other off-balance sheet exposures**	**100,118**	**95,096**

LRCom – Leverage ratio common disclosure (EU LR2 Reg. 2021/637) *(Table 2 of 2)*

(millions of euro)

	Excluded exposures	30.06.2022	31.12.2021
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-2,529	-2,969
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
(*)	(Central bank exposures exempted pursuant to Article 429a(1)(n) of the CRR)	-	-123,672
EU-22k	**(Total exempted exposures)**	**-2,529**	**-126,641**
	Capital and total exposure measure		
23	**Tier 1 capital**	**48,528**	**53,511**
24	**Total exposure measure (sum of lines 7, 13, 18, 22 and EU-22k)**	**916,977**	**805,561**
	Leverage ratio		
25	Leverage ratio	5.29%	6.64%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5.29%	6.64%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	5.29%	5.76%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.09%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	*of which: to be made up of CET1 capital*	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.09%
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
	Disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	23,426	15,518
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	26,226	26,673
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	914,177	794,406
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	914,177	918,078
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.31%	6.74%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.31%	5.83%

(*) Caption added to reflect the exclusion of certain exposures to the European Central Bank in application of Decision (EU) 2021/1074.

LRSum – Summary reconciliation of accounting assets and leverage ratio exposure (EU LR1 Reg. 2021/637)

The table shows the reconciliation between total exposure (the denominator of the ratio) and the information disclosed in the financial statements in accordance with the provisions of Article 451(1)(b) of CRR II.

(millions of euro)

	Table of synthetic composition	30.06.2022	31.12.2021
1	Total assets as per published financial statements	1,032,315	1,069,003
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-181,325	-206,715
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-	-123,672
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustment for eligible cash pooling transactions	9	3
8	Adjustments for derivative financial instruments	-14,817	712
9	Adjustment for securities financing transactions (SFTs)	1,088	1,155
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	100,118	95,096
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-	-
12	Other adjustments (*)	-20,411	-30,021
13	**Total exposure measure**	**916,977**	**805,561**

(*) "Other adjustments" mainly include amounts related to assets deducted for the calculation of Tier 1 Capital (transitional definition), the deductions of receivables assets for the cash variation margin provided in derivatives transactions and the excluded guaranteed parts of exposures arising from export credits.

LRSpl table – Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (EU LR3 Reg. 2021/637)

For exposures other than derivatives and SFTs, the table provides a breakdown by counterparty, in accordance with the provisions of Article 451(1)(b) of CRR II.

(millions of euro)

		CRR leverage ratio exposures	
		30.06.2022	31.12.2021
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**784,092**	**679,211**
EU-2	Trading book exposures	18,623	24,237
EU-3	Banking book exposures, of which:	765,469	654,974
EU-4	*Covered bonds*	*2,724*	*2,664*
EU-5	*Exposures treated as sovereigns*	*231,436*	*123,136*
EU-6	*Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns*	*13,140*	*13,066*
EU-7	*Institutions*	*37,096*	*43,281*
EU-8	*Secured by mortgages of immovable properties*	*147,283*	*145,875*
EU-9	*Retail exposures*	*56,487*	*55,952*
EU-10	*Corporate*	*199,834*	*193,127*
EU-11	*Exposures in default*	*7,869*	*9,037*
EU-12	*Other exposures (eg equity, securitisations, and other non-credit obligation assets)*	*69,600*	*68,836*

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 par. 2 of art. 154-bis of the Consolidated Law on Finance, that the accounting information contained in this document “Basel 3 - Pillar 3 as at 30 June 2022” corresponds to the corporate records, books and accounts.

Milan, 29 July 2022

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

Attachment 1

Own funds: Main features of regulatory own funds instruments issued during the half year (EU CCA Reg. 2021/637)

1	Issuer	Intesa Sanpaolo S.p.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS2463450408
2a	Public or private placement	public placement
3	Governing law(s) of the instrument	Italian law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
	REGULATORY TREATMENT	
4	Current treatment taking into account, where applicable, transitional CRR rules	Additional Tier 1 capital
5	Post-transitional CRR rules	Additional Tier 1 capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Debt instrument - Art. 52 CRR
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	981
9	Nominal amount of instrument	1,000
EU 9a	Issue price	100
EU 9b	Redemption price	100
10	Accounting classification	Shareholders' equity
11	Original date of issuance	30/03/2022
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	30/09/2028
16	Subsequent call dates, if applicable	Early redemption exercisable on each interest payment date starting from 30/09/2028 and thereafter on each interest payment date
	COUPONS / DIVIDENDS	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	6.375% per annum, payable semi-annually (up to the first call date)
19	Existence of a dividend stopper	No
EU 20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
EU 20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	Yes
31	If write-down, write-down trigger(s)	Write-down of nominal capital if CET1 of Intesa Sanpaolo or Intesa Sanpaolo Group is below 5.125 pct.
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Temporary
34	If temporary write-down, description of write-up mechanism	If CET1 of ISP or the Group returns to 5.125 pct or above, the issuer may decide to revaluate the Nominal Capital within the limits of the Maximum Distributable Amount.
34a	Type of subordination (only for eligible liabilities)	N/A
EU 34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior to Equity and subordinate to instruments having a lower subordination level (i.e. T2)
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	https://group.intesasanpaolo.com/it/investor-relations/prospetti/emissioni-internazionali/durata-perpetua

N/A = Not applicable

1	Issuer	Intesa Sanpaolo S.p.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	IT0005495244
2a	Public or private placement	public placement
3	Governing law(s) of the instrument	Italian law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A
	REGULATORY TREATMENT	
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Debt instrument - Art. 52 CRR
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	828
9	Nominal amount of instrument	861.8
EU 9a	Issue price	100
EU 9b	Redemption price	100
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	16/06/2022
12	Perpetual or dated	Dated
13	Original maturity date	16/06/2032
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	Regulatory call
16	Subsequent call dates, if applicable	N/A
	COUPONS / DIVIDENDS	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	3-month Euribor + 345 bps / 4
19	Existence of a dividend stopper	No
EU 20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
EU 20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU 34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Except in case of bail-in, the loan shall be redeemed: i) only after fulfilment of the obligations towards all the Issuer's non-subordinated creditors (including the depositors) or those having a lower subordination level compared to the Bonds; ii) pari passu with the holders of all the Issuer's financial instruments having the same subordination level and with the Issuer's creditors having the same subordination level; iii) in any case, before the Issuer's shares and the other Tier 1 equity instruments.
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A

N/A = Not applicable

Attachment 2

Own funds: Composition of regulatory own funds (EU CC1 Reg. 2021/637)

(millions of euro)

		30.06.2022	31.12.2021	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation	Reference article of Regulation (EU) 575/2013
Common Equity Tier 1 (CET1) capital: instruments and reserves					
1	Capital instruments and the related share premium accounts	38,425	37,370	9, 10	26, paragraph 1, 27, 28, 29
	of which: instrument type 1	38,425	37,370	9, 10	EBA list as per article 26 (3)
	of which: instrument type 2	-	-		EBA list as per article 26 (3)
	of which: instrument type 3	-	-		EBA list as per article 26 (3)
2	Retained earnings	21,423	20,927	8	26, paragraph 2(c)
3	Accumulated other comprehensive income (and other reserves)	-5,391	-3,499	6, 8	26, paragraph 1, 27, 28, 29
EU3a	Funds for general banking risk	-	-		26, paragraph 1(f)
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-		486, paragraph 2
5	Minority interests (amount allowed in consolidated CET1)	-	3	12.1	84
EU5a	Independently reviewed interim profits net of any foreseeable charge or dividend	606	1,154	13	26, paragraph 2
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**55,063**	**55,955**		**Sum of rows from 1 to 5a**
Common Equity Tier 1 (CET1) capital: regulatory adjustments					
7	Additional value adjustments (negative amount)	-236	-235	15	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-8,132	-7,755	1.1, 2, 5.2.1	36, paragraph 1(b), 37
9	Not applicable				
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-1,924	-1,914	3, 3.1	36, paragraph 1(c), 38
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	414	602	6, 6.3	33, paragraph 1(a)
12	Negative amounts resulting from the calculation of expected loss amounts	-293	-318	17	36, paragraph 1(d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)	-	-		32, paragraph 1
14	Gains or losses on liabilities measured at fair value resulting from changes in own credit standing	-113	77	14	33, paragraph 1(b)
15	Defined-benefit pension fund assets (negative amount)	-	-		36, paragraph 1(e), 41
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-3,552	-266	11	36, paragraph 1(f), 42
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-		36, paragraph 1(g), 44
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	1	36(1)(h), 43, 45, 46, 49 (2 and 3), 79
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	1	36(1)(i), 43, 45, 47, 48(1)(b), 49 (1,2 and 3), 79
20	Not applicable				
EU20a	Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	-110	-155	16	36, paragraph 1(k)
EU20b	of which: qualifying holdings outside the financial sector (negative amount)	-	-		36, paragraph 1(k)(i), 89, 90, 91
EU20c	of which: securitisation positions (negative amount)	-110	-155	16	36, paragraph 1(k)(ii), 244 (1)(b), 245 (1)(b), 253
EU20d	of which: free deliveries (negative amount)	-	-		36, paragraph 1(k)(iii), 379 (3)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	-		36, paragraph 1(c), 38, 48 (1)(a)
22	Amount exceeding the 17.65% threshold (negative amount)	-	-		48, paragraph 1
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-		36(1)(i), 48(1)(b)
24	Not applicable				
25	of which: deferred tax assets arising from temporary differences	-	-		36, paragraph 1(c), 38, 48 (1)(a)
EU25a	Losses for the current financial year (negative amount)	-	-		36, paragraph 1(a)
EU25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-242	21	36, paragraph 1(l)
26	Not applicable				
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-		36, paragraph 1(j)
27a	Other regulatory adjustments	204	1,498	8.1, 19, 21	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-13,742**	**-8,708**		**Sum of rows from 7 to 20a, 21, 22 and from 25a to 27a**
29	**Common Equity Tier 1 (CET1) capital**	**41,321**	**47,247**		**Row 6 less row 28**

(millions of euro)

		30.06.2022	31.12.2021	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation	Reference article of Regulation (EU) 575/2013
Additional Tier 1 (AT1) capital: instruments					
30	Capital instruments and the related share premium accounts	7,307	6,307	7	51, 52
31	of which: classified as equity under applicable accounting standards	7,307	6,307	7	
32	of which: classified as liabilities under applicable accounting standards	-	-		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	-		486, paragraph 3
EU33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	-		494a, paragraph 1
EU33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	-		494b, paragraph 1
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	1	12.2	85, 86
35	of which: instruments issued by subsidiaries subject to phase out	-	-		486, paragraph 3
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**7,307**	**6,308**		**Sum of rows 30, 33, 33a, 33b and 34**
Additional Tier 1 (AT1) capital: regulatory adjustments					
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-100	-44	7	52, paragraph 1(b), 56 (a), 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-		56 (b), 58
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-		56 (c), 59, 60, 79
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-		56 (d), 59, 79
41	Not applicable				
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-		56 (e)
42a	Other regulatory adjustments to AT1 capital	-	-		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-100**	**-44**		**Sum of rows from 37 to 42a**
44	**Additional Tier 1 (AT1) capital**	**7,207**	**6,264**		**Row 36 less row 43**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**48,528**	**53,511**		**Sum of rows 29 and 44**
Tier 2 (T2) capital: instruments					
46	Capital instruments and the related share premium accounts	9,096	9,336	4, 4.2	62, 63
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2	-	-		486, paragraph 4
EU47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	-		494a, paragraph 2
EU47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	-		494b, paragraph 2
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	1	12.3	87, 88
49	of which: instruments issued by subsidiaries subject to phase out	-	-		486, paragraph 4
50	Credit risk adjustments	924	916	18	62 (c)(d) and Art. 473a Reg. 2395/2017 (7)(c)
51	**Tier 2 (T2) capital before regulatory adjustments**	**10,020**	**10,253**		
Tier 2 (T2) capital: regulatory adjustments					
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-679	-173	4, 4.2	63 (b)(i), 66 (a), 67
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-		66 (b), 68
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-		66 (c), 69, 70, 79
54a	Not applicable				
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-277	-223	20	66 (d), 69, 79
56	Not applicable				
EU56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-		66 (e)
EU56b	Other regulatory adjustments to T2 capital	-747	-916		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-1,703**	**-1,312**		**Sum of rows from 52 to 56b**
58	**Tier 2 (T2) capital**	**8,317**	**8,941**		**Row 51 less row 57**
59	**Total capital (TC = T1 + T2)**	**56,845**	**62,452**		**Sum of rows 45 and 58**
60	**Total Risk exposure amount**	**325,341**	**326,903**		

(millions of euro)

		30.06.2022	31.12.2021	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation	Reference article of Regulation (EU) 575/2013
Capital ratios and requirements including buffers					
61	Common Equity Tier 1 capital (as a percentage of the risk exposure amount)	12.70%	14.45%		92, paragraph 2(a)
62	Tier 1 capital (as a percentage of the risk exposure amount)	14.92%	16.37%		92, paragraph 2(b)
63	Total capital (as a percentage of the risk exposure amount)	17.47%	19.10%		92, paragraph 2(c)
64	Institution CET1 overall capital requirements	8.80%	8.63%		CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2.50%	2.50%		
66	of which: countercyclical buffer requirement	0.04%	0.04%		
67	of which: systemic risk buffer requirement	-	-		
EU67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.75%	0.75%		
EU67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.01%	0.84%		
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements (a)	7.19%	9.11%		CRD 128
National minima (if different from Basel III)					
69	Not applicable		-		
70	Not applicable				
71	Not applicable				
Amounts below the thresholds for deduction (before risk weighting)					
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2,722	2,364		36(1)(h), 46, 45, 56 (c) 59, 60; 66 (c), 69, 70
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below the 10% threshold and net of eligible short positions)	1,124	1,294		36, paragraph 1(i), 45, 48
74	Not applicable				
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	3,081	2,820		36, paragraph 1(c), 38, 48
Applicable caps on the inclusion of provisions in Tier 2					
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	-		62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	1,669	1,859		62
79	Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	924	916		62
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)					
80	Current cap on CET1 instruments subject to phase-out arrangements	-	-		484 (3), 486 (2 and 5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-		484 (3), 486 (2 and 5)
82	Current cap on AT1 instruments subject to phase-out arrangements	-	615		484 (4), 486 (3 and 5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-		484 (4), 486 (3 and 5)
84	Current cap on T2 instruments subject to phase-out arrangements	-	1,418		484 (5), 486 (4 and 5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-		484 (5), 486 (4 and 5)

(a) The minimum capital requirements considered in the calculation are the CET1 ratio (4.5%, Article 92(1)(a) CRR) and the additional SREP requirement for CET1 (Article 104a CRD).

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GALLERIE D'ITALIA.
FOUR MUSEUMS, A NATIONWIDE CULTURAL NETWORK.

Gallerie d'Italia enables Intesa Sanpaolo to share its artistic and architectural heritage with the general public: the art collections of the Bank, ranging from archaeological artefacts to contemporary works of art, are housed in historic buildings located in four cities, in a unique network of museums.

Gallerie d'Italia - Piazza Scala in Milan hosts, in a highly prestigious architectural setting, a selection of two hundred masterpieces of the nineteenth century in Lombardy, that are part of art collections of Fondazione Cariplo and Intesa Sanpaolo, and an exhibition dedicated to twentieth century Italian art.

Gallerie d'Italia - Palazzo Leoni Montanari, Vicenza is home to art of the region Veneto from the 1700s as well as pottery from Attica and Magna Graecia. It also holds one of the most important collections of Russian icons in the West.

Gallerie d'Italia - Palazzo Zevallos Stigliano, Naples hosts the Martyrdom of Saint Ursula, the last known painting by Caravaggio, alongside more than 120 examples of Neapolitan art dating from the early 17^{th} to the early 20^{th} century. New premises within the majestic building which was formerly the Bank of Naples in Via Toledo mean that the museum space is tripled in size, increasing exhibition opportunities.

There is also the newly-open fourth location of **Gallerie d'Italia in Piazza San Carlo in Turin**, a site which is mainly dedicated to photography and the digital world.

Cover photo:

Gaspar van Wittel (also known as Gaspare Vanvitelli, or Gaspare degli Occhiali)
(Amersfoort, 1652 - Rome, 1736)
A View of the Piazza Navona in Rome, 1688-1721
oil on canvas, 62.5 x 125.5 cm
Intesa Sanpaolo Collection
Gallerie d'Italia -
Palazzo Zevallos Stigliano, Naples

A *View of the Piazza Navona in Rome* is a work by Gaspar van Wittel. A Dutch painter who relocated to Italy, he is considered the forerunner of modern vedutism, as a result of the almost topographic precision of the scene.

The painting belongs to a series of nine landscapes that van Wittel dedicated to Piazza Navona between 1688 and 1721, the largest square in Rome after St. Peter's Square, and undoubtedly the most picturesque thanks to its market and countless related activities. The piazza, a "grand example of theatrical Baroque" was blessed in the mid-seventeenth century with an architectural renovation that gave it a reputation as one of the most beautiful squares in Rome, famous for the magnificence of its buildings and fountains. The view is from the first floor of Palazzo Lancelotti; on the left, the light highlights a series of buildings including the Church of Sant'Agnese in Agone which was rebuilt under the guidance of Francesco Borromini. On the right, in the shadows and strongly shortened, it is possible to see the sixteenth century façade of San Giacomo degli Spagnoli; the roof terrace of Palazzo Altemps stands out against the background, while in the centre there is the *Fontana dei Fiumi* by Gian Lorenzo Bernini and the sixteenth-century fountains known as *del Moro* and *dei Calderari*.
The painting excels for its splendid colours and the clarity of its lines and volumes. The sky is intensely bright with a hue of light blue that is characteristic of the Dutch artist's best works.

The work is part of the art collections on permanent display in Gallerie d'Italia of Intesa Sanpaolo in Naples. The collection traces the most important moments of art in Naples and Campania from the early seventeenth century up to the first decades of the twentieth century, from Caravaggio and the naturalist turning point which took place with the artist's arrival in the city in 1606, right up to the works by Vincenzo Gemito, through the pomp and splendour of the Spanish viceroyalty and the Bourbon era.