1.5. OPERATIONAL RISKS

QUALITATIVE INFORMATION

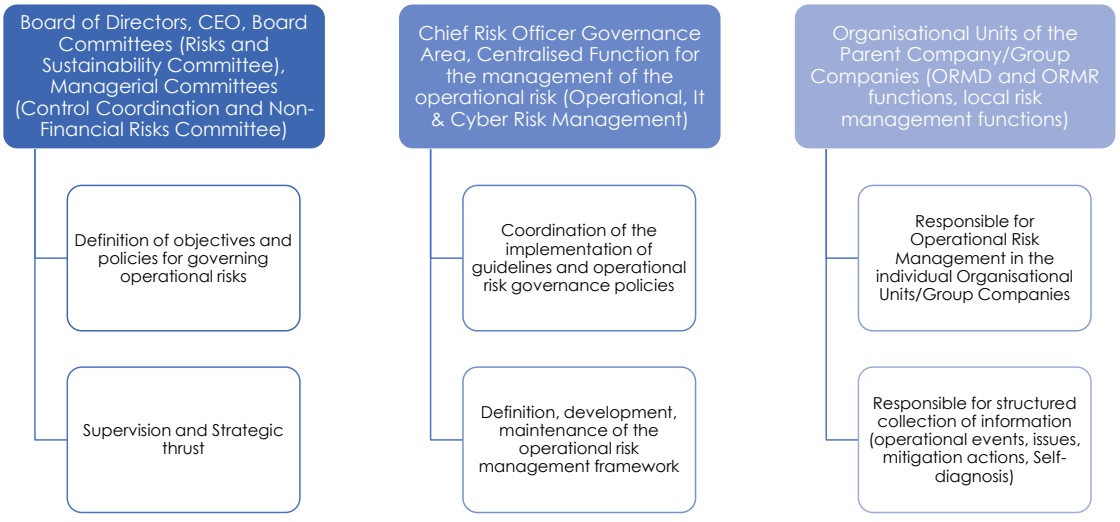
A. General aspects, operational risk management processes and measurement methods

Operational risk is the risk of incurring losses resulting from inadequate or failed internal processes, people and systems or from external events[108].
The Intesa Sanpaolo Group adopts an undertaking and management strategy of operational risk based on prudent management principles and aimed at guaranteeing long-term solidity and continuity for the company. In addition, the Group pays particular attention to achieving an optimal balance between growth and profitability and the resulting risks.
In line with these objectives, the Intesa Sanpaolo Group has long since established an overall operational, ICT and security risk governance framework, by setting up a Group policy and organisational processes for measuring, managing and controlling these risks.
For regulatory purposes, the Group adopts the Advanced Measurement Approach (AMA), in partial use with the standardised (TSA) and basic approaches (BIA), to determine the capital requirement. As at 31 December 2023, the scope of the Advanced Measurement Approach (AMA) was comprised of Intesa Sanpaolo (including the former Banks and Companies merged into it) and the main banks and companies in the Private Banking and Asset Management Divisions, as well as of VUB Banka, VUB Operating Leasing and PBZ Banka.

Governance Model

An effective and efficient framework for managing operational, ICT and security risks must be fully integrated into decision-making processes and management of business operations. Accordingly, the Intesa Sanpaolo Group has chosen to involve the organisational units (business units, head-office/support structures) of the Parent Company, the Banks and Group companies with direct responsibility in the operational, ICT and security risk management process.
The operational, ICT and security risk governance model has been developed with a view to:

- optimising and maximising organisational safeguards, interrelations and information flows between the existing organisational units and integration of the operational, ICT and security risk management approach with other company models developed for specific risks (Business Continuity, IT Security, etc.);
- guaranteeing transparency and spread of the models, methods and criteria of analysis, assessment and measurement criteria used to facilitate the process of cultural diffusion and comprehension of the logic underlying the choices made.



The Group has a centralised management function for operational, ICT and security risk in the form of the Operational, IT & Cyber Risk Management structure, which is responsible for the definition, implementation, and monitoring of the methodological and organisational framework, as well as for the measurement of the risk profiles, the verification of mitigation effectiveness and reporting to Top Management. In compliance with current requirements, the individual organisational units

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

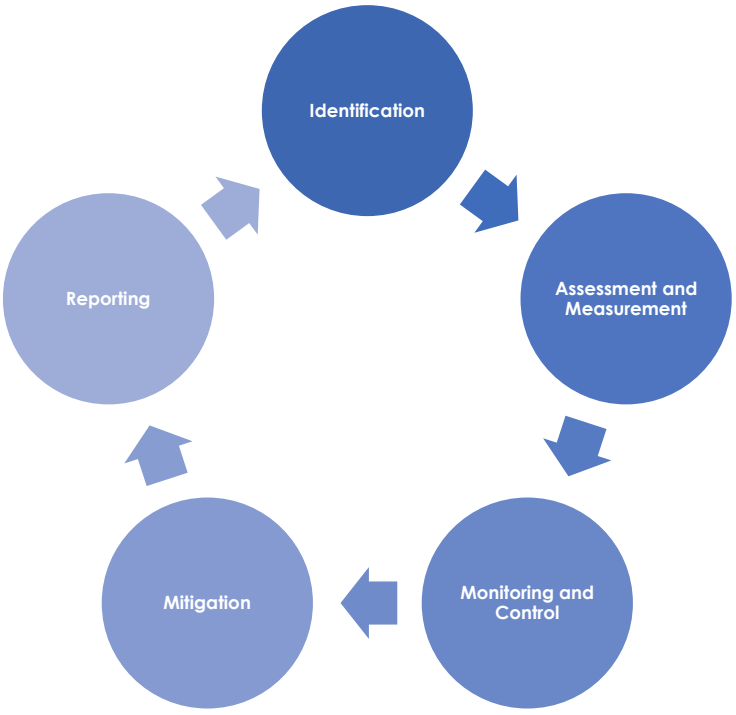
are responsible for identifying, assessing, managing and mitigating risks. Specific officers and departments have been identified within these organisational units to be responsible for Operational, ICT & Security Risk Management (structured collection of information relative to operational events, detection of issues and related mitigation actions, scenario analyses and evaluation of the business environment and internal control factors). In order to support the operational, ICT and security risk management process on a continuous basis, a structured training programme has been implemented for employees actively involved in this process.

ICT and security risk

The Intesa Sanpaolo Group considers its information system a tool of primary importance to the achievement of its strategic, business and social responsibility objectives, including in the light of the critical nature of the company processes that depend on it. Accordingly, it undertakes to create a resilient environment and to invest in assets and infrastructure designed to minimise the potential impact of ICT and security events and to protect its business, image, customers and employees.
The Group has therefore adopted a system of principles and rules intended to identify and measure the ICT and security risk to which company assets are exposed, assess the existing safeguards and identify adequate methods of managing such risks, in accordance with the operational, ICT and security risk management process.
In line with the methodological framework established for the governance of operational risks, the ICT and security risk management framework has been developed with a view to integrating and coordinating the specific expertise of the structures involved.
ICT and security risk is defined as the risk of incurring losses due to breaches of confidentiality, lack of integrity and inadequacy of systems and data, unavailability of systems and data, or the inability to replace information technology within reasonable time and cost limits, in the event of changes in the requirements of the external environment or the business (agility). It also includes security risk resulting from inadequate or incorrect internal processes or external events, including cyber attacks, or an inadequate level of physical security. In the integrated view of corporate risk for supervisory purposes (ICAAP), this risk is considered, according to specific aspects, as operational, reputational and strategic risk.

Group Operational, ICT and Security Risk Management Process

The Intesa Sanpaolo Group's operational, ICT and security risk management process is divided into the following phases:



Identification

The identification phase includes the collection and classification of qualitative and quantitative information that allows to identify and describe the Group's potential areas of operational, ICT and security risk. Specifically, this phase involves the:

- collection and updating of data on operational events (Loss Data Collection), decentralised to the Organisational Units;
- identification of the company processes and components of the IT system at highest potential risk;
- determination of the applicability and relevance of the operational risk factors defined;
- identification of projects that will involve relevant changes to the IT system or changes to critical components of the IT system;
- identification of significant risk scenarios, also based on the external context (e.g., external loss data, regulatory development, emerging trends, strategic and threat intelligence);
- identification and analysis of issues affecting the Group's areas of operation.

Assessment and measurement

The assessment and measurement phase includes the process of qualitative and quantitative determination of the Group's exposure to operational, ICT and security risks.

It includes:

- at least annual performance of the process of self-assessment of exposure to operational, ICT and security risk (Self-diagnosis);
- performance of preventive analyses of operational, ICT and security risks deriving from agreements with third parties (e.g., outsourcing of activities), business operations or project initiatives, introduction or revision of new products and services, launch of new activities and entry into new markets;
- the definition of the relevance of identified issues;
- transformation of the evaluations collected (e.g., internal and external operational loss data, management levels of risk factors, probability and impact in the event of occurrence of risk scenarios) into synthetic risk measures;
- determination of economic and regulatory capital for operational risk, through the internal model and the simplified methods defined by the regulations.

Monitoring and control

The aim of the monitoring phase is the ongoing analysis and control of:

- the development of the exposure to operational, ICT and security risks on the basis of the structured organisation of the results of the identification, assessment and measurement processes and the observation of indicators that represent a valid proxy of the exposure to operational, ICT and security risks (e.g., limits, early warnings and indicators established within the RAF);
- the development of the risk profile inherent in the use of new technologies or in the implementation of significant changes to existing systems.

Mitigation

The mitigation phase includes activities aimed at containing the exposure to operational, ICT and security risks, defined on the basis of the results of the identification, measurement, assessment and monitoring phases. It includes:

- identification, definition and implementation of the corrective measures (mitigation actions) necessary to solve the identified gaps or to bring back the relevance of the identified issues within the defined risk tolerance;
- promotion of initiatives designed to spread a culture of operational risk within the Group;
- definition of strategies for transferring operational, ICT and security risks, in terms of optimisation of insurance coverage and any other forms of risk transfer adopted by the Group from time to time.

In this regard, in addition to a traditional insurance programme (to protect against offences such as employee infidelity, theft and damage, transport of valuables, computer fraud, forgery, cyber-crimes, fire and earthquake, and third-party liability), the Group has taken out an insurance coverage policy named Operational Risk Insurance Programme, in compliance with the requirements established by the regulations and to have access to the capital benefits provided for by the policy, which provides specific cover for Companies included in the AMA scope, significantly increasing the limits and transferring the risk of significant operational losses to the insurance market.

In addition, with respect to risks relating to real estate and infrastructure, with the aim of containing the impacts of phenomena such as catastrophic environmental events, situations of international crisis, and social protest events, the Group may activate its business continuity solutions.

Reporting

The reporting phase includes the preparation of appropriate information flows associated with operational, ICT and security risk management, designed to provide disclosures useful, for example, for:

- analysis and understanding of any dynamics underlying the trend in the level of exposure to operational, ICT and security risks;
- analysis and understanding of the main issues identified;
- defining the mitigation actions and intervention priorities.

Self-diagnosis

Self-diagnosis is the annual process through which the Organisational Units identify their level of exposure to operational, ICT and security risk. It includes the Operational Risk Assessment and the ICT & Security Risk Assessment, in turn consisting of:

- Business Environment Evaluation (VCO): activities used to identify significant risk factors and assess[109] the related management level, also through level II controls.
- Scenario analysis (SA): a method of prospective analysis that takes the form of a systematic process, which is typically repeated at predefined intervals, but which may also be conducted on an ad hoc basis, and which consists in imagining the occurrence of particular situations (or scenarios) and imagining their consequences. Once scenarios have been identified and appropriately characterised, they must be assessed: i.e., one must determine the probability of occurrence (frequency) and potential impact (average impact and worse case) in the event of occurrence of the situation described in the scenario.

The 2023 Self-Diagnosis identified a High level of control of operational risk at Group level, in line with previous years, both for the Operational Risk Assessment and the ICT & Security Risk Assessment.

[109] The applicability and significance of risk factors are assessed, in the case of ICT and security risk, by the technical functions, cybersecurity functions and business continuity functions, and, with regard to operational risk, by the Decentralised Operational Risk Management functions.

Internal model for the measurement of operational risk

The Intesa Sanpaolo Group's internal model for calculating capital absorption is designed to combine all the main sources of quantitative information (operational losses: internal and external events, estimates deriving from the Scenario Analysis) and qualitative information (Business Environment Evaluation).
Capital-at-risk is therefore identified as the minimum amount at Group level required to bear the maximum potential loss (worst case). It is estimated using a Loss Distribution Approach model (actuarial statistical model to calculate the Value-at-risk of operational losses), applied to historical data and the results of the scenario analysis assuming a one-year estimation period, with a confidence level of 99.9%. The methodology also applies a corrective factor, which derives from the qualitative analyses of the risk level of the operational environment (VCO), to take into account the effectiveness of internal controls in the various Organisational Units.
The internal model's insurance mitigation component was approved by the Bank of Italy in June 2013 with immediate effect of its benefits on operations and on the capital requirements.

Impacts of the Russia-Ukraine conflict

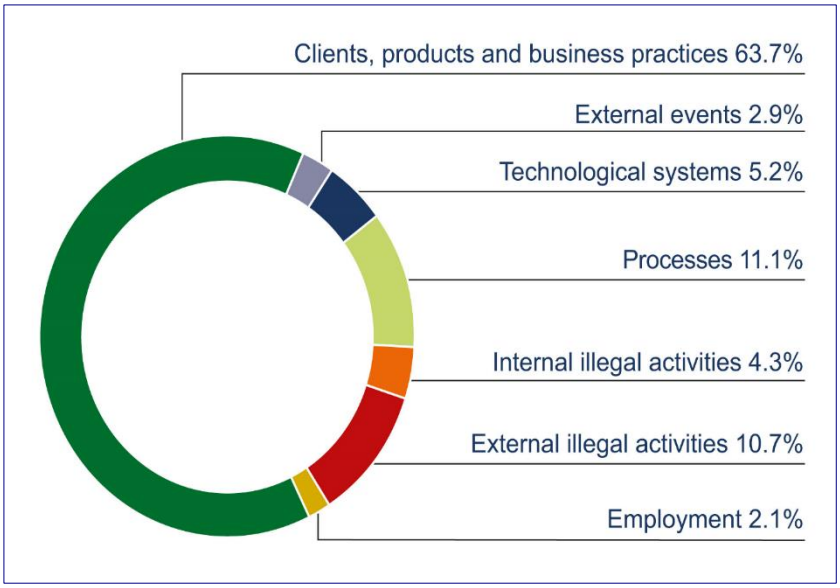
As regards operational risks, the impacts of the Russia-Ukraine conflict regard several actions implemented to ensure the Group's business continuity operations, particularly the extra costs incurred for Business continuity and the losses resulting from physical damage directly caused to offices/branches located in the conflict zone. That information is used to monitor exposure to operational risk, including that regarding the Risk Appetite Framework.

QUANTITATIVE INFORMATION

To determine its capital requirements, the Group uses a combination of the methods (AMA, TSA and BIA) allowed under applicable regulations.
The capital requirement amounted to 2,278 million euro as at 31 December 2023, up from 2,039 million euro as at 31 December 2022. The increase was mainly attributable to the update of the historical component affected by the deterioration of the risk profile of the Clients, Products and Businesses Practices - Retail category, as described in more detail below.

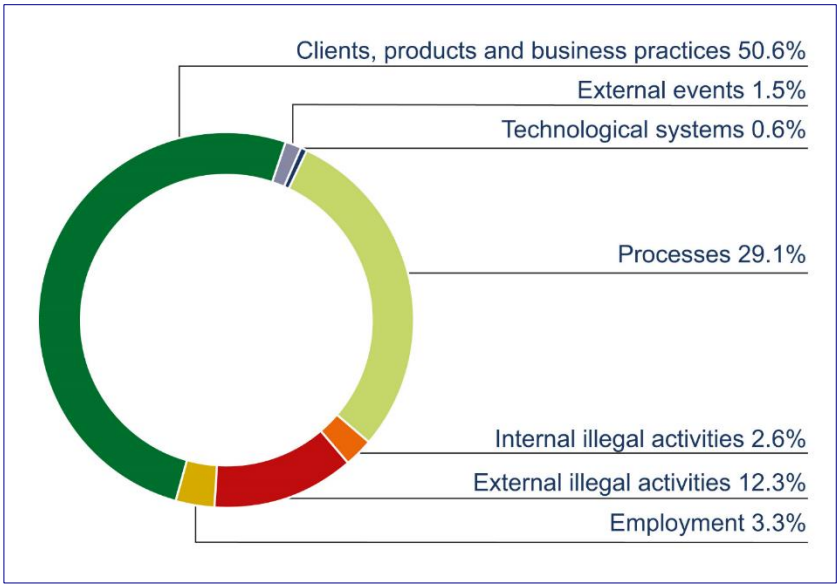
The capital requirement relating to the Advanced Measurement Approach (AMA), amounting to 1,962 million euro, broken down by type of operational event, is shown below.

Breakdown of 2023 capital requirement (Advanced Measurement Approach - AMA) by type of operational event



With regard to the sources of operational risk, the chart below shows the impact of the operational losses recorded during the year, based on event type.
In 2023, the most significant event type was *Clients, Products and Business Practices*, which included losses related to defaults connected with professional obligations towards customers, suppliers or outsourcers and to the provision of services and products to customers performed improperly or negligently.

Breakdown of operational losses recorded in 2023, by type of event



LEGAL RISKS

As at 31 December 2023, there were a total of around 11,000 non-tax related disputes – excluding those involving Risanamento S.p.A., which is not subject to management and coordination by Intesa Sanpaolo – pending at Group level (in addition to around 23,400 "mass" disputes at the international subsidiary banks, which limited aggregate represent a very small remedy sought), with a total remedy sought[110] of around 3,300 million euro. This amount includes all disputes for which the risk of a disbursement of financial resources resulting from a potential negative outcome has been deemed possible or likely and therefore does not include disputes for which risk has been deemed remote.
The risks associated with these disputes are thoroughly and individually analysed by the Parent Company and Group companies. Specific and appropriate provisions have been made to the Allowances for Risks and Charges in the event of disputes for which there is an estimated probability of a disbursement of more than 50% and where the amount of the disbursement may be reliably estimated (disputes with likely risk). Without prejudice to the uncertainty inherent in all litigation, the estimate of the obligations that could arise from the disputes and hence the amount of any provisions recognised are based on the forward-looking assessments of the outcome of the trial. These forward-looking assessments are, in any event, prepared on the basis of all information available at the time of the estimate.
The disputes with likely risk are about 26,300 (of which around 19,200 relating to the above-mentioned "mass" disputes) with a remedy sought of 1,775 million euro and provisions of 695 million euro. Compared to last year, there was a decrease in the number of disputes, which mainly concerned disputes certain loan contractual topics relating to the subsidiary Banca Intesa Beograd, details of which are provided in a specific section. The component referring to the Parent Company Intesa Sanpaolo, which also includes the dispute relating to the subsidiary Intesa Sanpaolo Provis S.p.A. merged in April, totals around 5,690[111] disputes, with a remedy sought of 1,516 million euro and provisions of 496 million euro. These include around 2,900 positions relating to disputes concerning anatocism, illustrated in greater detail below.
There were around 600 disputes relating to other Italian subsidiaries, with a remedy sought of 144 million euro and provisions of 77 million euro. There were around 20,000 disputes relating to international subsidiaries, with a remedy sought of 115 million euro and provisions of 121 million euro, impacted by the mass disputes[112]: specifically, there were around 16,400 disputes referring to the subsidiary Banca Intesa Beograd, regarding two areas of litigation which are illustrated in the specific section.
The breakdown according to the main categories of disputes with likely risk shows the prevalence of cases related to the Group's ordinary banking and credit activities, involving claims relating to banking and investment products and services or on credit positions and revocatory actions, which account for around 74% of the remedy sought and 76% of the provisions. The remaining disputes mainly consist of other civil and administrative proceedings and labour disputes or criminal proceedings or proceedings related to operational violations.

The paragraphs below provide summary information on the significant disputes (mainly those with a remedy sought of more than 20 million euro and where the risk of a disbursement is currently considered likely or possible), together with the cases considered significant.

Disputes relating to anatocism and other current account and credit facility conditions, as well as usury

In 2023, the number of disputes with likely or possible risk, within the disputes of this type, which for many years have been a significant part of the civil litigations brought against the Italian banking industry, amounted to 3,765, with a remedy sought of 643 million euro, and have shown a progressive reduction in claims compared to the previous year both in number and in overall value.
The number of disputes, including mediations, with likely risk was stable at around 2,900. The remedy sought amounted to 509 million euro, with provisions of 168 million euro.
As is the case for the other civil disputes, the assessment of the risk related to this type of litigation is carried out individually, taking into account the claims made, the defences submitted, the progress of the proceedings and case-law decisions, for each dispute.
You are reminded that in 2014 and 2016, Article 120 of the Consolidated Law on Banking, which governs the compounding of interest in banking transactions, was amended with the establishment of the ban on anatocism and the delegation of the ICRC (Interdepartmental Committee for Credit and Savings) to regulate this matter. In February 2017, the Italian Antitrust Authority initiated proceedings against Intesa Sanpaolo for alleged unfair business practices involving, among other things, the methods used to request the above-mentioned authorisation from customers for the charging of the interest to the account imposed by the new regulations introduced in 2016. The Authority completed the proceedings in October 2017, ruling that Intesa Sanpaolo had implemented an "aggressive" policy aimed at acquiring the authorisation, by soliciting customers to provide it through various means of communications and without putting them in a position to consider the consequences of that choice in terms of the interest calculation on the compounded debt interest. As a result, the Authority issued a fine of 2 million euro against Intesa Sanpaolo. Intesa Sanpaolo has submitted an appeal with the Lazio Regional Administrative Court, on the grounds that the ruling was unfounded. By ruling of 2 January 2023, the Regional Administrative Court upheld the fine. The Bank lodged an appealed with the Council of State and the case is pending.

[110] The figures for the remedy sought do not include claims of indeterminate value, i.e. those that do not contain a specific financial claim when the dispute is initiated; the value of these disputes is determined during the course of the proceedings when sufficient information emerges for the valuation.
[111] These include disputes arising from the acquisition of certain assets, liabilities and legal relationships of Banca Popolare di Vicenza S.p.A. in compulsory administrative liquidation and Veneto Banca S.p.A. in compulsory administrative liquidation, so-called Excluded Disputes covered by public guarantee ("Indemnification Guarantee").
[112] For those cases, the provisions are relatively higher than the remedy sought (which is determined based on the customer's original claim) to take account of the interest and legal fees to be paid to the adverse party and the potential increase of the original claim submitted in the legal proceedings.

Disputes relating to investment services

There were a total of around 750 disputes with likely risk relating to investment services. The total remedy sought amounted to around 305 million euro, with provisions of 140 million euro, and the most significant subgroup was disputes concerning derivatives. As is the case for the other civil disputes, the assessment of the risk related to this type of litigation is carried out individually, taking into account the claims made, the defences submitted, the progress of the proceedings and the case-law guidance, for each dispute. We also note approximately 32 disputes with a remedy sought of 75 million euro initiated by "wiped out" shareholders and subordinated bondholders of the former "Old Banks" of Banca delle Marche, Banca Popolare dell'Etruria e del Lazio and Cassa di Risparmio della Provincia di Chieti, deemed to be of possible risk. Those disputes are backed by the warranties and obligations to indemnify by the Seller (National Resolution Fund) for the benefit of the former UBI Banca, and now Intesa Sanpaolo, and therefore also cover any liabilities arising from the activities carried out by the Banks (the "Old Banks") before they were subject to the resolution procedure, in relation to, *inter alia*, risks of a legal nature or generally related to ongoing or threatened disputes, or violations of the law and any potential liabilities.

Dispute regarding financial derivative instruments

With regard to derivative transactions, the legal risks linked to legal proceedings with local authorities, their subsidiaries and individuals continue to be subject to careful monitoring.

Specifically, disputes are pending with 19 local authorities, with possible or likely risk, for total claims of 60.6 million euro, down on the previous year as a result of favourable rulings in significant disputes, and disputes with 4 Companies controlled by public entities, with total claims of 55.1 million euro. Disputes with individuals, assessed as having possible or likely risk, total 197, and of these, 53 positions also regard requests for refunds of amounts on other accounts held with the Bank. Net of those latter positions, the total value of the claims lodged in the proceedings regarding only derivatives amounts to around 146.7 million euro.

With regard to the contracts entered into with local authorities, in 2023, two new disputes were initiated against the Bank (Municipality of Ancarano and Municipality of Torrebelvicino) with total claims of 1 million euro.

A summary of the most significant disputes with local authorities is provided below:

- Municipality of Venice: the dispute regards a derivative contract governed by the ISDA, with remedy sought of 71 million euro. By ruling filed on 13 December 2023, the Court of Appeal – in a total reversal of the first instance ruling of the High Court of Justice of London, which had held that the Municipality did not have the capacity to enter into speculative derivative contracts involving debt – declared that the derivative contracts were valid, effective and binding on the Local Authority, stating in particular that they:
  - were not speculative in nature (similarly to the previous transaction that the municipality had carried out with Bear Stearns and which Intesa Sanpaolo took over on a *pro rata* basis with Dexia);
  - could not be equated to debt transactions in breach of the limits set in Article 119 of the Constitution.

  As a result, the Local Authority was ordered to pay the outstanding differentials, to reimburse the amount paid for the legal expenses of the Municipality, and to cover the legal defence costs of the banks for both instances of proceedings (around 5.3 million euro for ISP's share).

  Lastly, the Local Authority filed a permission to appeal directly with the Supreme Court (previously rejected by the Court of Appeal), which can only be made regarding matters of public significance, which do not appear to have been raised in this case.

  With regard to the second proceedings involving the Municipality of Venice before the Court of Venice concerning breaches deriving from the mandate and investment services agreements, which were suspended pending the above-mentioned English appeal court ruling, the Court scheduled a new hearing for the admission of any items of evidence.

With regard to the disputes with companies controlled by Public Entities, the following changes occurred during the year:

- in the proceedings brought by EUR S.p.A. concerning ISDA derivatives entered into in connection with a syndicated loan granted by ISP and other intermediaries, on 21 April 2023, the Court of Rome filed its ruling declaring the lack of jurisdiction of the Italian Court in favour of the English Court, with each party paying its own legal fees. The adverse party has appealed against the ruling. Intesa Sanpaolo's risk amounts to 22 million euro;
- in the proceedings brought by Terni Reti Sud S.r.l.[113], concerning a derivative contract entered into in August 2007 by the former Banca delle Marche, a settlement agreement was made that provides for a total payment of 8.9 million euro to be made by the Bank, which will be fully indemnified by the National Resolution Fund managed by the Bank of Italy, which gave its prior approval to the settlement.

Dispute relating to loans in CHF to the Croatian subsidiary Privredna Banka Zagreb Dd

As already noted in the previous financial statements, Potrošač - Croatian Union of the Consumer Protection Association initiated an action against the subsidiary Privredna Banka Zagreb ("PBZ") and seven other Croatian banks. According to the plaintiff, the defendant banks engaged in an unfair practice by allegedly using unfair contractual provisions on variable interest rate, which could be changed unilaterally by the bank, and by denominating the loans granted in Swiss francs (or indexing them to Swiss francs) without allegedly appropriately informing consumers of the risks prior to entering into the respective loan agreements. In September 2019, the Croatian Supreme Court rendered a ruling in the collective action proceedings brought by Potrošač, rejecting the appeals filed by the sued banks against the High Commercial Court ruling from 2018 and confirming the position of courts of lower instance that banks had breached collective interests and rights of consumers by incorporating unfair and null and void provisions on CHF currency clause. In connection with the mentioned proceedings for the protection of the collective interests of consumers, numerous individual proceedings have been brought by customers against PBZ, despite the fact that most of them voluntarily accepted the offer to convert their CHF loans into EUR

[113] Note that this dispute is backed by the warranties and obligations to indemnify by the Seller (National Resolution Fund) for the benefit of UBI Banca in relation to the acquisition of the New Banks deriving from the resolution of Banca delle Marche, Banca Popolare dell'Etruria e del Lazio and Cassa di Risparmio della Provincia di Chieti and therefore also cover any liabilities arising from the activities carried out by the Banks (the "Old Banks") before they were subject to the resolution procedure, in relation to, *inter alia*, risks of a legal nature or generally related to ongoing or threatened disputes, or violations of the law and any potential liabilities.

denominated loans retroactively, in accordance with the Act on the Amendments to the Consumer Credit Act (Croatian Official Gazette 102/2015 – the "Conversion Law"). In March 2020, the Croatian Supreme Court, within model case proceedings (a Supreme Court proceedings with obligatory effect on lower instance courts with the aim of unifying/harmonising case law), ruled that the conversion agreements concluded between banks and borrowers under the Croatian Conversion Law of 2015 produce legal effects and are valid even in the case when the provisions of the underlying loan agreements on variable interest rate and CHF currency clause are null and void. In May 2022, the EU Court of Justice, in proceedings regarding reference for a preliminary ruling involving another intermediary, established that the Court of Justice has jurisdiction over the conversion agreements concluded under the Conversion Law, as they occurred after Croatia joined the European Union, and that the EU Directive on unfair terms in consumer contracts does not apply to those conversion agreements, whose content reproduces provisions of national law.
On 20 December 2022, the Civil Law Department of the Croatian Supreme Court provided an interpretation of the legal effects of the agreements for the conversion of loan agreements from CHF to EUR and on consumers' rights. By virtue of that interpretation, consumers that entered into a conversion agreement pursuant to the aforementioned Conversion Law of 2015 have the right to receive legal interest on excess amounts paid that the Bank calculated on converting the loans, from the date of each single payment up to the date of conversion. Once this judicial interpretation is recorded with the Court Practice Records Department, it will be final and binding for lower instance courts.
The number of new individual lawsuits filed against PBZ in 2023 was higher than in 2022. In the central part of 2023, close to the end of the limitation period for filing compensation claims based on the invalidity of the "currency clause" (June 2023), there was an increase in new lawsuits with respect to the previous trend, which fell off significantly at the end of the year. At the end of 2023, the total pending cases amounted to few thousand.

Dispute with the foreign subsidiary Banca Intesa Beograd (Serbia)
The following areas of the mass disputes that have impacted the entire Serbian banking system are shown below.
1) Processing fees
Legal dispute regarding processing fees applied by banks at the time of disbursing loans. The claimants, individuals and legal persons, are requesting the repayment of those charges, as they are deemed as not owed. The first claims arose in 2017 and a significant increase in lawsuits was recorded in the following years, though for modest amounts on average. At the end of 2023, Banca Intesa Beograd had been summoned in around 15,200 lawsuits deemed as having possible or likely risk (at the end of 2022, these amounted to around 18,600); the related total amounts of principal requested to be repaid by the Bank came to around 0.96 million euro. In September 2021, the Supreme Court of Serbia recognised the legitimacy of the costs and fees applied to loans at the time of their disbursement, provided they are indicated in the contract proposal. In 2023, there was a further significant reduction in the flows of new disputes. Most of the lawsuits closed during the year were either won by the Bank or abandoned by the plaintiffs.
2) NKOSK
Legal dispute relating to real estate loans insured through the National Housing Loan Insurance Corporation (NKOSK), whose premium is paid by the borrowers. The borrowers deem that, as the Bank is the Beneficiary of the insurance, the premium should be paid by the Bank. At the end of 2023, Banca Intesa Beograd had been summoned in 1,155 lawsuits deemed as having possible or likely risk (at the end of 2022, these amounted to around 1,100); the related total amounts of principal requested to be repaid by the Bank came to around 1.1 million euro. In September 2021, the Supreme Court of Serbia recognised the legitimacy of requiring the insurance premium to be paid by the borrowers, provided that the obligation is clearly described to the borrowers during precontractual procedures. Most of the disputes closed during the year were either won by the Bank or abandoned by the plaintiffs.

Ruling of the EU Court of Justice of 11 September 2019 on credit agreements for consumers – so-called Lexitor ruling
This strand of litigation relating to consumer credit concerns the reimbursement of unearned charges following the termination of loan agreements (specifically, application costs and fees paid to intermediaries).
There were also a significant number of disputes ongoing in the period before the CJEU Lexitor ruling concerning contracts (referred to as "old contracts") entered into before the transposition of the Consumer Credit Directive 2008/48/EC by Legislative Decree no. 141 of 2010, which does not make a clear distinction between recurring and up-front charges.

There was a new increase in this strand of litigation following the "Lexitor" ruling of 11 September 2019, in Case C-383/18, in which the Court of Justice of the European Union interpreted Article 16(1) of the Consumer Credit Directive, establishing that, in the event of early repayment of credit, the customer is entitled to a proportional reduction of the total cost of the credit, including not only the recurring costs, but also the up-front costs incurred by the customer.
In Italy, the rule introduced by Directive 2008/48/EC was transposed by Article 125 sexies of the Consolidated Law on Banking.
This rule had always been interpreted, both in the provisions and guidelines issued by the Bank of Italy and by the relevant case law and by the Italian Banking and Financial Ombudsman (ABF), to the effect that contracts had to distinguish between up-front and recurring charges, and when this distinction was clear, only the latter were recognised as reimbursable.
In light of the Lexitor ruling, the Bank of Italy issued a communication on 4 December 2019, which contained "guidance" consistent with the principle established by the EU Court, to the effect that all costs (therefore including up-front costs) should be included in the charges to be reimbursed in the event of early repayment, both for new relationships and for the termination of existing relationships.
Intesa Sanpaolo has decided to follow the Bank of Italy "guidance", even though it believes that the legal arguments set out above regarding the fact that Article 125 sexies of the Consolidated Law on Banking cannot be interpreted in a manner that complies with the Lexitor ruling are well founded. A provision has therefore been made in the Allowance for Risks and Charges corresponding to the estimated higher charges resulting from the decision to follow the Bank of Italy "guidance".
The case law in this regard was still uncertain.
In this context, the Italian legislation was changed, in order to protect the legitimate expectations of intermediaries, by amending Article 125-sexies of the Consolidated Law on Banking. Specifically, for contracts entered into after the conversion of the decree (25 July 2021), it stipulated that the cost reduction criterion laid down in the Lexitor ruling should be applied.

At the same time, the legislation established that, for contracts prior to that date, the regime previously in force would continue to apply, namely that arising from the original wording of Article 125-sexies of the Consolidated Law on Banking, as well as the "Bank of Italy's transparency and supervisory provisions in force at the date the contracts were signed" (Article 11-octies, paragraph 2).
By ruling no. 263 of 22 December 2022, the Constitutional Court examined the question of constitutionality concerning the "Lexitor amendment" raised by the Court of Turin by order issued on 2 November 2021, in a case brought against another intermediary specialised in the salary-backed loans, in a lawsuit for the restitution of up-front costs not reimbursed upon early repayment. Specifically, the Court dismissed the detailed arguments in support of the constitutionality of the legislation set out in the intermediary's brief and, instead, expressly established "the unconstitutionality of Article 11 octies, paragraph 2, of Law Decree no. 73 of 25 May 2021, converted with amendments into Law no. 106 of 23 July 2021, limited to the words 'and the secondary rules contained in the Bank of Italy's transparency and supervisory provisions'".
As a result, following the Constitutional Court's ruling, the Lexitor ruling is again fully applicable to contracts entered into before 25 July 2021.
In light of the ruling of the Constitutional Court, the Bank made an estimate of the potential charge connected with the effects of the partial declaration of unconstitutionality of Article 11 octies, paragraph 2 of Law Decree no. 73 of 25 May 2021, making a specific provision to the allowance for risks and charges.

On 9 February 2023, the European Court of Justice, within proceedings originating from a reference for a preliminary ruling from the Austrian Supreme Court, ruled on the applicability of the Lexitor principle to mortgage lending to consumers. The Austrian Court asked the European Court of Justice whether Directive 2014/17 on mortgage lending to consumers precluded national legislation providing that the right of the consumer to a reduction in the total cost of the credit in the event of early repayment of the credit covers only interest and costs that are dependent on the duration of the agreement. The Court declared that Directive 2014/17 does not preclude such legislation.
According to the Court, that right to reduction does not, therefore, include costs which, irrespective of the duration of the agreement, are payable by the consumer to either the creditor or third parties for services previously rendered in their entirety at the time of early repayment (such as processing and appraisal fees).
The decision rekindled the debate, also in case law, on the Italian Constitutional Court's ruling and on the effective significance of the Lexitor principle for consumer credit, without this having as yet led to a change in case law.

Lastly, in relation to consumer credit, the text of the new Directive (2023/2225/EU) was published in the EU Official Journal on 31 October 2023, with a deadline of 20 November 2025 for the adoption of the transposition legislation by the Member States.

Italian Antitrust Authority proceedings and representative action of the consumer association "Associazione Movimento Consumatori" against Intesa Sanpaolo and Isybank
In November 2023, the Italian Antitrust Authority (AGCM) announced the initiation of proceedings against Intesa Sanpaolo and Isybank aimed at verifying the existence of an unfair commercial practice regarding the transfer of relationships of around 2.4 million "predominantly digital" customers from Intesa Sanpaolo to Isybank as part of a transfer of business lines, with the accompanying unilateral amendment of the transferred contracts. The transfer of the first business line, comprising around 275,000 customers, had already been made on 16 October 2023, while the transfer of the second business line is scheduled for 18 March 2024.
According to the arguments made by the Authority in initiating the proceedings, the communication sent to the customers concerned was inadequate and the manner and timing of its sending was not commensurate with the importance of the matter addressed. Customers were therefore not fully aware of the transfer and often only became aware of it after the date set by Intesa Sanpaolo for them to be able to express their refusal of the transfer. In addition, the transfer entailed major changes in contractual conditions and the access to the services. According to the AGCM, the transfer also led to increased account maintenance costs, at least for some account holders.
In November 2023, the AGCM announced that, on a precautionary basis, it had ordered the suspension of the commercial practice considered unfair, specifically instructing the two banks to provide clear and comprehensive information on the characteristics of the new relationship in Isybank and to provide customers a reasonable period of time to give their express consent to the transfer.
In December 2023, Intesa Sanpaolo and Isybank filed a report setting out the measures envisaged to comply with the precautionary measure, and specifically:
– for customers whose transfer to Isybank had already taken place on 16 October 2023, the possibility of opening a new account with Intesa Sanpaolo on terms at least similar to the original terms, with the option to close the Isybank account;
– for customers whose transfer to Isybank is scheduled to take place on 18 March 2024, exclusion from the transfer unless they give their express consent.

In December 2023, the two banks submitted a proposal of commitments to the AGCM, detailing what they had already outlined in the report of compliance with the precautionary measure, for the purpose of reaching a positive conclusion of the proceedings.
The Authority has indicated that it has taken note of the measures adopted to comply with the precautionary measure and must now decide on whether or not to accept the commitments submitted. If the Authority considers the commitments to be sufficient to rectify the claimed unlawfulness of the commercial practice, it will close the proceedings without a finding of infringement (proceedings that would continue if the commitments were to be rejected).
Also with regard to the above-mentioned operation, the consumer association "Associazione Movimento Consumatori" brought a representative action against Intesa Sanpaolo and Isybank (with a petition served in January 2024) before the Court of Turin for alleged "violations of the collective interests of consumers". The association is asking the court to prohibit the use of the new clauses in the transferred contracts, without the consent of the consumers, and the prohibition of the repetition of the unlawful conduct, as well as the adoption of appropriate measures to eliminate or reduce the effects of the violations if the unlawful conduct is confirmed. The first hearing has been set for March 2024. Several aspects raised in the complaint as being critical or detrimental to the consumers appear to have been addressed by the initiatives the two Banks

are already implementing in compliance with the AGCM's precautionary measure or in response to needs expressed by customers.

Dispute between Intesa Sanpaolo Vita S.p.A. and RB Holding S.p.A. and the Favaretto family

In May 2020, Intesa Sanpaolo Vita S.p.A. finalised an investment in RBM Assicurazioni Salute S.p.A., the leading Italian insurance company in the healthcare class held by RB Holding S.p.A. referring to the family of Roberto Favaretto, an operation that resulted in Intesa Vita S.p.A. currently controlling the insurance company, now named Intesa Sanpaolo RBM Salute S.p.A.

In May 2022, Intesa Sanpaolo Vita sent the minority shareholder RB Holding S.p.A. an indemnity request pursuant to and in accordance with the investment contract, in relation to the emerging situations that gave rise (or could give rise) to liabilities currently quantifiable at over 129 million euro, which substantially involve:

- the increase in the charges for claims concerning the MètaSalute Policy due to the elimination of unfair business practices subject to proceedings launched by the Italian Antitrust Authority (AGCM);
- credit positions (for "premium settlements") posted to balance sheet assets at the time of closing and fully written down following the closing, due to their verified uncollectibility;
- penalties for delays in payments of claims relating to the ASDEP – Healthcare for Employees of Public Entities Policy.

RB Holding S.p.A. rejected all charges and, in the third week of July 2022, along with the Favaretto family, submitted a petition to the Arbitration Chamber of Milan, claiming the invalidity of several clauses in the investment contract and shareholders' agreement of 2020 (including those relating to the put and call options on the minority interest and the non-competition agreement), breaches by Intesa Sanpaolo Vita of contractual commitments (such as the consultation clause relating to the renewal of the MètaSalute contract and the termination of the relationship with the previous Managing Director), the breach by the latter of the rules of good faith and fairness, with a request for compensation for damages totalling 423.5 million euro.

Intesa Sanpaolo Vita S.p.A. filed its defence to the Arbitration Chamber by the assigned deadline of 5 September 2022, fully contesting the adverse party's arguments and also making a counterclaim for the payment of a total amount of 129.4 million euro, for the breach, by RB Hold S.p.A., of the representations and warranties issued and commitments undertaken through the investment contract, as well as the obligation to act in accordance with fairness and good faith, making full reference to the claims set out in the indemnity request of May 2022.

In March 2023, ISP Vita, RB Hold and the Favaretto family reached an agreement, by which, in addition to regulating the immediate transfer by RB Hold of the residual shareholding in Intesa Sanpaolo RBM Salute in favour of ISP Vita, now 100% owner, the parties agreed to amicably resolve, without any admission of the claims mutually advanced, the Arbitration referred to above, agreeing to proceed to formalize the Milan Chamber of Arbitration the waver of the claims respectively introduced. The waivers have been formalised and the arbitration proceedings have been closed.

Italian Antitrust Authority proceedings against Intesa Sanpaolo RBM Salute

In May 2023, the Italian Antitrust Authority (AGCM) initiated proceedings against Intesa Sanpaolo RBM Salute (ISP RBM) for alleged unfair business practices, purported to have been adopted from January 2023, aimed at hindering the exercise of consumers' rights arising from the contractual relationship, leading them to give up financial and welfare benefits provided by the insurance coverage held by them.

In the course of the proceedings, ISP RBM submitted commitments in order to obtain the closure of the proceedings without a finding of infringement. The Authority did not accept these commitments and issued its conclusions on the preliminary findings in a communication dated 15 February 2024. Based on these findings it confirmed the claims made in the decision to initiate proceedings and also considered that the unfair business practice was still ongoing.

ISP RBM will submit its defence brief, which will also highlight the strategic and operational measures it had already taken prior to the commencement of the proceedings – such as the new agreement signed in March 2023 with Previmedical (which provides ISP RBM a series of services related to the management of the relationship with policyholders) that established stricter rules with respect to the previous agreement concerning, among other aspects, the measurement of service levels, their monitoring, and penalties in the event of underperformance – and the further improvements these measures have brought to the services provided to the policyholders.

The conclusion of the proceedings is set for 9 April 2024, by which time the Authority should have made its final decision known. In the event of an unfavourable decision, ISP RBM has the possibility of appealing it at the Lazio Regional Administrative Court.

In November 2020, the AGCM had initiated similar proceedings against ISP RBM for unfair business practices, which concluded in July 2021 with a fine of 5 million euro and a warning to cease the unfair practice. ISP RBM appellead the AGCM's decision before the Lazio Regional Administrative Court, which, in November 2022, after having considered the complaint made regarding the lateness of the Authority's intervention to be valid, upheld the appeal and annulled the penalty measure in full. The AGCM appealed the judgement of the Regional Administrative Court before the Council of State, which suspended the judgement in January 2024, pending the ruling of the Court of Justice of the European Union on a number of preliminary questions relevant to the judgement. Following the Lazio Regional Administrative Court's judgement, the Italian Antitrust Authority issued an order of "no grounds for further action" in the non-compliance proceedings, which it had initiated on the grounds that ISP RBM was not complying with the warning contained in the penalty measure. However, the Authority has reserved the right to defer any decisions until the outcome of the proceedings before the Council of State.

Disputes arising from the acquisition of certain assets, liabilities and legal relationships of Banca Popolare di Vicenza S.p.A. in compulsory administrative liquidation and Veneto Banca S.p.A. in compulsory administrative liquidation

By order no. 35820 of 21 December 2023, issued in a dispute falling within the Excluded Disputes, the Court of Cassation expressly dealt for the first time with the matter of the Bank's liability for the misselling of shares of the Venetian Banks at the former parent companies.

The Court ruled out the Bank's liability in relation to the compensation claim, attributing the complaint to the marketing of shares/breach of regulations on investment services, envisaged as an exemption by Article 3, paragraph 1, letter b) of Law Decree no. 99/2017.

In January 2018, as part of a criminal proceeding before the Court of Rome for the alleged market rigging and obstructing the Supervisory Authorities in the performance of their functions with respect to officers and executives of Veneto Banca, the preliminary hearing judge decided that Intesa Sanpaolo could be charged with civil liability, assuming that the exclusion from the sale to Intesa Sanpaolo of the debts, responsibilities and liabilities deriving from the sale of shares and subordinated bonds – envisaged by Law Decree 99/2017 – would not be objectionable by third parties, while Article 2560 of the Italian Civil Code would be applicable in the case in question and Intesa Sanpaolo should therefore take on those liabilities.

As a result of this decision, more than 3,800 civil plaintiffs holding Veneto Banca shares or subordinated bonds joined the proceedings. Intesa Sanpaolo thus filed an appearance, requesting that it be excluded from the proceedings. In turn, Veneto Banca in compulsory administrative liquidation intervened voluntarily affirming its exclusive, substantial and procedural capacity to be sued.

In March 2018, the preliminary hearing judge declared his lack of territorial jurisdiction, transferring the files to the Public Prosecutor's Office of Treviso. The charge of civil liability and the joinders of the civil parties were therefore removed.

After the case documents were forwarded to the Public Prosecutor's Office of Treviso, the former Managing Director of Veneto Banca, Vincenzo Consoli, was committed to trial for the offences of market-rigging, obstructing banking supervisory authorities and financial reporting irregularities.

The Judge for the Preliminary Hearing rejected the motion to authorise the summons of Intesa Sanpaolo as civilly liable party.

A similar motion was rejected in the criminal proceedings before the Court of Vicenza against management board members and key function holders and executives of Banca Popolare di Vicenza.

Andrea Abbà + 207

This is a dispute pending before the Court of Milan, Business Section, initiated in 2019 by Mr. Abbà and 207 subordinated bondholders of Banca delle Marche[114]. The claimants seek a declaration voiding the bonds and compensation for the damages suffered. The claim was quantified at around 31 million euro.

The Bank filed its appearance, objecting that it lacked the capacity to be sued, arguing in particular that the bonds in question were outside the scope of the sale by the Bridge Entity to the former UBI Banca. The former UBI Banca also argued that the claimant's claims had become time barred and that the adverse parties lacked capacity, since they were not the "first borrowers" and thus by law were not entitled to claim that the original bonds were inherently flawed. Finally, the lack of grounds to void the bonds and of evidence of the causal relationship between the Bank's conduct at issue and the damages was underscored.

As the manager of the National Resolution Fund, the Bank of Italy intervened in the proceedings, upholding the arguments and conclusions formulated by the former UBI Banca.

In the course of the proceedings, settlement agreements were reached with 164 plaintiffs, with withdrawal of the lawsuit by those parties and with each party bearing their own costs. At present, therefore, the value of the dispute has been reduced to 12.09 million euro as a result of the agreements reached. In procedural terms, the proceedings are still at the preliminary enquiry stage.

Città Metropolitana di Roma Capitale (formerly Provincia di Roma)

Criminal proceedings are pending before the Rome Public Prosecutor's Office against a former Banca IMI manager for co-commission of aggravated fraud against the Metropolitan City of Rome Capital (formerly the Province of Rome).

The proceedings relate to the overall transaction for the purchase by the local authority, through the real estate fund Fondo Immobiliare Provincia di Roma (fully owned by the Province of Rome), of the new EUR premises.

The real-estate transaction received financing of 232 million euro from UniCredit, BNL and Banca IMI (each with 1/3).

The former Banca IMI employee is accused of having misled – with three other managers of the two other lending banks, seven managers of the asset management company that manages the provincial fund and two public officials – the fund's internal control bodies and representatives of the Province, allowing the lending banks to obtain an unjust profit and thus causing significant damages to the public authority. In addition, the Public Prosecutor claims that the lending banks and the Fund entered into a loan under different, more burdensome conditions than those provided for in the call for tenders held by the public entity for the transaction.

Intesa Sanpaolo (as the company that absorbed Banca IMI) is investigated in the criminal proceeding pursuant to Legislative Decree 231/01 together with the other two lending banks and the real-estate fund management company.

By order dated 27 June 2022, which became final in December, the Public Prosecutor's Office ordered the dismissal of the proceedings against the Bank, and by order of 30 May 2023, the Preliminary Investigation Judge also ordered the dismissal of the proceedings against the former manager of Banca IMI.

[114] See the previous note.

Disputes regarding tax-collection companies

In the context of the government's decision to re-assume responsibility for tax collection, Intesa Sanpaolo sold to Equitalia S.p.A., now the Italian Revenue Agency - Collections Division, full ownership of Gest Line and ETR/ESATRI, companies that managed tax-collection activities, undertaking to indemnify the buyer against any expenses associated with the collection activity carried out up to the time of purchase of the equity investments.
In particular, such expenses refer to liabilities for disputes with tax authorities, taxpayers and employees and out-of-period expenses and capital losses with respect to the financial situation at the time of the sale.
Overall, claims of around 74.9 million euro were made, later reduced to around 74.6 million euro, which were resolved by amicable settlement in the second quarter of 2023.

Isoldi Holding Bankruptcy

The Isoldi Holding Bankruptcy Receiver sued the former UBI Banca (which absorbed Nuova Banca Etruria and Centrobanca), Intesa Sanpaolo and five other banks in June 2020, before the Court of Bologna, claiming that they were liable, jointly and severally with the management body of Isoldi Holding, for a series of acts of diversion of assets that are claimed to have contributed to the company's artificial survival in the period June 2011 – June 2013, due to conduct claimed to have been implemented by preparing a turnaround plan pursuant to Article 67, para. 3, letter d), of the Bankruptcy Law based on unlawful acts and a connected agreement governing the disbursement of new finance, acts that are argued to have artificially deferred the company's crisis and concealed the irreversibility of its default.
The Isoldi Bankruptcy Receiver also formulated a joint claim against Intesa Sanpaolo (prior to the incorporation of UBI Banca) and MPS, claiming their liability, jointly with the Sole Director of Isoldi Holding, for allegedly unlawful conduct connected with the bail-in of Aedes, in which Isoldi Holding was interested in taking over the majority shareholding.
Intesa Sanpaolo and the former UBI Banca filed regular appearances and the assigned Court, with order dated 1 July 2021, declared that it lacked jurisdiction. The adverse party resumed the proceedings, submitting the same claims before the Court of Turin and the Bank duly filed an appearance. At the hearing in February 2023, set for the admission of evidence, the judge reserved the right to decide on the preliminary objections.
In the meantime, a third company filed an application for a bankruptcy arrangement, which was then endorsed.
Having lifted the reservation, the judge appointed an expert panel to carry out the technical appraisal aimed at identifying both the existence and the amount of the damage claimed, which therefore cannot yet be determined. Having completed the formalities for the start of the appraisal work, the judge postponed the examination of the witnesses to October 2024 and the examination of the technical appraisal report to 16 January 2025.

Società Italiana per le Condotte d'Acqua S.p.A. under Extraordinary Administration

By writ of summons of 23 December 2022, Società Italiana per le Condotte d'Acqua S.p.A. (admitted to the "Marzano" proceedings by way of Italian Ministerial Decree of 6 August 2018) asked the Court of Rome to order compensation for damages in the amount of 389.3 million euro (or a different amount that will arise during the proceedings), in addition to monetary revaluation, legal interest and expenses.
The claim has been filed, jointly, against Intesa Sanpaolo (also as the merging company of Mediocredito Italiano, Banca IMI and UBI Banca, as well as "the purchaser of" Veneto Banca and Banca Popolare di Vicenza), the members of the Management Board and the Supervisory Board of Condotte and numerous other banks and factoring companies.
The claim is based on the alleged conduct engaged in for various reasons by the defendants, considered a source of harm to the company's assets and its creditors. Specifically, the banks and factoring companies are allegedly liable for having unlawfully granted to and/or maintained credit for Condotte, thereby contributing to the continuation of its business at a loss and the worsening of its default.
At the first hearing in September 2023, the proceedings were interrupted due to the death of the defence counsel of one of the defendants.
The new hearing, following the resumption, was set for April 2024.
As things stand, it is not possible to estimate the risk attributable to Intesa Sanpaolo, also taking account of the different conduct claimed against the numerous defendants.
The Company has also promoted against Intesa Sanpaolo three bankruptcy revocatory actions before the Court of Rome, with a request to reimburse amounts of around 16 million euro, two of which were settled through favourable settlement agreements. In relation to the remaining revocatory action still pending, concerning a claim of around 3 million euro, the Bank raised an objection of invalidity due to the vagueness of the adverse claim.

Fondazione Cassa di Risparmio di Pesaro

In 2018, the Fondazione Cassa di Risparmio di Pesaro brought a compensation claim against the former UBI Banca (as the alleged successor-in-interest to the issuer Banca delle Marche S.p.A.[115]) and PwC (the independent auditors that certified the financial statements and the figures presented in the prospectus relating to the 2012 capital increase of Banca delle Marche S.p.A.) alleging that the defendants published data and information regarding the financial performance and the income outlooks of Banca delle Marche S.p.A. that later proved to be totally incorrect and misleading. This information, contained in the financial statements as at 31 December 2010 and 30 June 2011 and included in the above-mentioned prospectus, is claimed to have led the Foundation to subscribe for the Bank's shares issued as part of the capital increase in March 2012. The value of these shares then fell to zero, resulting in a loss quantified by the adverse party at around 52 million euro.
During the trial the Bank of Italy joined the suit, upholding the lack of capacity to be sued invoked by UBI, by virtue of the provisions of Legislative Decree 180/2015 governing the resolution procedure for Banca delle Marche.
The Court of Milan, in a ruling published in May 2023, having ascertained and declared the lack of capacity to be sued of Intesa Sanpaolo, as the company that absorbed UBI, rejected the Foundation's claim and ordered that each party pay its own legal fees.
The Foundation appealed the first instance ruling before the Court of Appeal of Milan and the first hearing has been set for October 2024.

[115] See the previous note.

Fondazione Cassa di Risparmio di Jesi

In January 2016, Fondazione Cassa di Risparmio di Jesi brought a compensation claim against UBI Banca (as the alleged successor-in-interest to the issuer Banca delle Marche S.p.A.[116]) and PwC (the independent auditors that certified the financial statements and the figures presented in the prospectus relating to the 2012 capital increase of Banca delle Marche S.p.A.) alleging that the defendants published data and information regarding the financial performance and the income outlooks of Banca delle Marche S.p.A. that later proved to be totally incorrect and misleading. This information, contained in the financial statements as at 31 December 2010 and 30 June 2011 and included in the above-mentioned prospectus, is claimed to have led the Foundation to subscribe for the Bank's shares issued as part of the capital increase in March 2012. The value of these shares then fell to zero, resulting in a loss quantified at around 25 million euro by the adverse party.

During the trial the Bank of Italy joined the suit, upholding the lack of capacity to be sued invoked by the former UBI Banca, by virtue of the provisions of Legislative Decree 180/2015 governing the resolution procedure for Banca delle Marche.

By judgment rendered on 18 March 2020, the Court of Ancona granted the objection of lack of capacity to be sued raised by the Bank, rejecting the Foundation's claims lodged. In the appeal brought by the Foundation, the Court of Appeal of Ancona, by judgment filed on 17 July 2023, rejected the appeal and upheld the first instance judgment, ordering the appellant to pay the costs of the proceedings to Intesa Sanpaolo, as the absorbing company of UBI Banca. The Foundation challenged the second instance ruling before the Court of Cassation with an appeal submitted in February 2024.

Auditors Italiana S.r.l. in compulsory administrative liquidation

In October 2023, the fiduciary and audit company Auditors Italiana Srl in compulsory administrative liquidation brought an action for damages against Intesa Sanpaolo (as the absorbing company of UBI Banca, which had previously acquired Nuova Banca dell'Etruria e del Lazio[117]) for alleged damages of over 32 million euro. According to the reconstruction by the plaintiff, those damages arose from wrongdoings committed by the former Banca Popolare dell'Etruria e del Lazio in relation to a current account in its name, which facilitated the diversion of sums to the detriment of the trustees and of the company, leading to its financial distress and consequent compulsory administrative liquidation.

The Bank filed an appearance in the proceedings, preliminarily asserting (i) its lack of capacity to be sued and (ii) the expiry of the limitation period, in addition to submitting a series of defence arguments on the merits. The first hearing has been set for March 2024.

Mariella Burani Fashion Group S.p.A. in liquidation and bankruptcy

In January 2018, the receiver to Mariella Burani Fashion Group S.p.A. sued its former directors and statutory auditors, its independent auditors and the former UBI Banca (as the company that absorbed Centrobanca), seeking a judgment ordering compensation for alleged damages suffered due to the many acts of mismanagement of the company while in good standing.

According to the claimant's arguments, Centrobanca, which was merged into the former UBI Banca, provided financial support to the parent company of the bankrupt company (Mariella Burani Holding S.p.A.) in 2008, in an operation on its subsidiary, despite the signs of insolvency that the latter began to show in September 2007, causing damages quantified at approximately 92 million euro.

On a preliminary level, the Bank argued that the receiver lacked capacity to sue since the disputed loan had been disbursed to the parent company of Mariella Burani Fashion Group S.p.A.; moreover, the alleged damages for which the receiver claims compensation were argued to have been in fact sustained by the company's creditors (and not by the procedure).

With regard to the merit of the claims, the Bank stressed that it had acted properly and the borrower in good standing was solely liable since it bore exclusive responsibility for preparing the untrue financial statements, circulating the misinformation and continuing to operate the company in an alleged situation of insolvency.

During the second quarter of 2023, the Bank settled the dispute by means of disbursement covered by a previous provision and the subsequent waiver of the claims by the receiver.

SIM Bankruptcy

By writ of summons served in October 2022, the receiver to SIM S.p.A. summoned Intesa Sanpaolo (along with another 7 banks) before the Court of Catania, with the first hearing scheduled for 31 March 2023.

This is a compensation claim brought for damages allegedly suffered by the company and its creditors due to conduct by the banks defined by the adverse party as "unlawful", which allegedly resulted in the unlawful granting of credit.

The claim for damages has been quantified at around 47 million euro, requesting that the defendant banks be jointly ruled against.

The Bank argued in Court lack of legal standing of the receiver and expiry of the limitation period, among other things, in addition to contesting the factual and legal grounds of the adverse party's claims, with a series of defence arguments on the merits. The President of the Court did not consider that the conditions had been met for the joinder of the action with another action brought by the receiver pursuant to Article 146 of the Bankruptcy Law against the directors of the bankrupt company SIM S.p.A.

The Judge therefore ordered the continuation of the proceedings.

[116] See the previous note.

[117] See the previous note.

Offering of diamonds

In October 2015, the Bank signed a partnership agreement with Diamond Private Investment (DPI) governing how diamond offerings were made by DPI to the customers of Intesa Sanpaolo. The aim of this initiative was to provide customers with a diversification solution with the characteristics of a "safe haven asset" in which to allocate a marginal part of their assets over the long-term. Diamonds had already been sold for several years by other leading national banking networks.

This recommendation activity was carried out primarily in 2016, with a significant decline starting from the end of that year.

A total of around 8,000 customers purchased diamonds, for a total amount of over 130 million euro. The marketing process was based on criteria of transparency, with safeguards progressively enhanced over time, including quality controls on the diamonds and the fairness of the prices applied by DPI.

In February 2017, the Italian Antitrust Authority (AGCM) initiated proceedings against companies that marketed diamonds, (DPI and other companies), for alleged conduct in breach of the provisions on unfair business practices.

In April, those proceedings were extended to the banks that carried out the recommendation of the services of those companies.

At the end of those proceedings, on 30 October 2017, the AGCM notified the penalties imposed for the alleged breach of the Consumer Code through the conduct of DPI and of the banks which the proceedings had been extended to, consisting - in short - of having provided partial, deceptive and misleading information on the characteristics of the diamond purchases, the methods used to calculate the price - presented as being the market price - and the performance of the market. The Authority issued a fine of 3 million euro against Intesa Sanpaolo, reduced from the initial fine of 3.5 million euro, after the Authority had recognised the value of the measures taken by the Bank from 2016 to strengthen the safeguards on the offering process aimed, in particular, at ensuring proper information to customers.

Following the order by the AGCM, the Bank paid the amount of the fine and filed an appeal against the order with the Lazio Regional Administrative Court, which rejected the appeal on November 2022, upholding the fine. The Bank filed an appeal with the Council of State and the case is still pending.

From November 2017, the Bank:

- terminated the partnership agreement with Diamond Private Investment (DPI) and ceased the activity, which had already been suspended in October 2017;
- started a process that provides for the payment to customers of the original cost incurred for the purchase of the diamonds and the withdrawal of the stones, in order to satisfy the customers' resale needs which, due to the illiquidity that had arisen in the market, are not met by DPI;
- sent a communication in January 2018 to the diamond-holding customers reiterating the nature of the stones as durable goods, and also confirming the Bank's willingness to intervene directly in relation to any realisation needs expressed by the customers and not met by DPI.

In 2023, 36 requests were received for around 0.5 million euro. At the end of the year, a total of 6,890 repurchase requests had been received from customers and met by the Bank, for a total value of 116.9 million euro.

In February 2019, an order for preventive criminal seizure of 11.1 million euro was served, corresponding to the fee and commission income paid by DPI to the Bank.

The preliminary investigations initiated by the Public Prosecutor's Office of Milan also concern four other banks (more involved) and two companies that sell diamonds.

In October 2019, the notice of conclusion of the investigation was served, which stated that two of the Bank's operators were currently under investigation for alleged aggravated fraud (in collusion with other parties to be identified) and other persons are being identified for allegations of self-laundering, while ISP is being charged with the administrative offence pursuant to Italian Legislative Decree 231/2001 in relation to this latter predicate offence.

In reaction to the latter claims, in July 2021, the hearing was held, in which the Preliminary Investigation Judge accepted the plea bargain request – which Intesa Sanpaolo had submitted solely to bring to an end the lengthy legal proceedings and which had been supported by the Public Prosecutor's Office – issuing a ruling which ordered only a financial penalty of 100,000 euro, and the confiscation of only the sums constituting the profit from the offence of self-laundering, calculated at 61,000 euro.

Following the partial transfer of the proceedings to the Court of Rome, for reasons of territorial jurisdiction, in August 2022 the revocation of the preventive seizure ordered in February 2019 regarding the profit from the alleged crime of fraud was served, with full restitution to the Bank of the amount of 11.1 million euro.

In January 2023 the filing was confirmed of the request to dismiss the case against the two relationship managers under investigation, on the grounds of "the act not constituting an offence". The request for dismissal was also made in respect of two other employees, on the grounds of "not having committed the act", as no evidence against them had emerged during the investigation. The Preliminary Investigation Judge will now need to rule on the requests for dismissal.

Private banker (Sanpaolo Invest SIM, incorporated into its parent company Fideuram - Intesa Sanpaolo Private Banking)

An inspection conducted by the Audit function identified serious irregularities by a private banker of the former Sanpaolo Invest SIM. The checks carried out revealed serious irregularities affecting several customers, including misappropriation of funds and reports with false incremental amounts.

On 28 June 2019, the Company terminated the agency agreement with the private banker and reported the findings to the Public Prosecutor's Office of Parma and the Supervisory Authority for financial advisors, which first suspended and then removed the private banker from the Register of Financial Advisors in December 2019.

Following the unlawful actions, the company received a total of 279 compensation claims (including complaints, mediation proceedings and lawsuits), for a total amount of approximately 62.9 million euro, mostly based on alleged embezzlement, losses due to disavowed transactions in financial instruments, false account statements and the debiting of fees relating to advisory service.

There are currently 14 pending compensatory claims, with a present value of approximately 7 million euro, following the resolution of 265 positions.

The total amount of 8.6 million euro was recovered from the improperly credited customers (and already returned to the customers harmed) and there are currently attachment orders, on those customers, for around 1 million euro.

Within the criminal proceedings against the former private banker for fraud, embezzlement and theft aggravated by fraudulent means and misuse of professional position, at the preliminary hearing in November 2023, Fideuram joined the action as a civil plaintiff together with other aggrieved customers, who requested that Fideuram be summoned as a civilly liable party.
A precautionary attachment was ordered against the private banker for an amount equal to the balance found in the accounts and deposits held with credit institutions and the social-security position with Enasarco. In the ensuing case on the merits, the former private banker filed a counterclaim in the total amount of 0.6 million euro by way of non-payment of indemnity for termination of the relationship.
Another lawsuit was also brought against former private banker to recover the claims arising from withdrawal from the agency contract, in the total amount of 1.6 million euro, in addition to interest by way of indemnity in lieu of notice, penalty relating to a loan agreement and reimbursement of advances of bonuses.
Adequate provisions have been set aside for the risks associated with the unlawful conduct discussed above, mainly for the damages verified relating to compensation claims and pending lawsuits.
The above provisions do not consider the coverage envisaged by the specific insurance policy in force, under which the insurance company has already paid an initial advance of 744 thousand euro.

Litigation against Fideuram concerning investment transactions
In October 2022, Fideuram - Intesa Sanpaolo Private Banking S.P.A. was summoned before the Court of Naples with a request for: (i) a declaration of the alleged invalidity of the current account and investment services master agreement entered into by the plaintiff with Fideuram, the consequent invalidity of all the investment transactions carried out and the alleged contractual and non-contractual liability of the Bank, and, as a result, (ii) an order for the Bank to pay compensation for the alleged damages suffered totalling around 29 million euro.
The Bank duly filed an appearance, contesting the factual and legal validity and admissibility of the claims made and confirming the correctness and compliance of its actions with the applicable regulations, also in terms of profiling and customer information.
The first appearance hearing was postponed to April 2024.

Unicredit against Fideuram on the transfer of private bankers
In July 2023, Unicredit S.p.A. initiated legal proceedings against Fideuram - Intesa Sanpaolo Private Banking S.p.A. at the Court of Turin, seeking compensation for alleged damage of approximately 23 million euro, plus interest and revaluation. This claim is based on alleged acts of unfair competition by Fideuram, related to the resignation of several private bankers from Unicredit during the period 2022-2023, who were subsequently employed by Fideuram, as well as alleged unlawful acts committed by those private bankers in the course of their transition to the defendant, for which Fideuram is allegedly also liable.
Fideuram filed an appearance, fully contesting the adverse party claims and requesting the dismissal of the petitions on the grounds that they were baseless in both fact and law, also pointing out that the situations cited in the proceedings were common in the industry, which is characterised by strong competition and mobility of financial advisors, and that Fideuram itself was not immune to this phenomenon.
With regard to the compensation claim, it was fully contested both in terms of its basis and its quantification because it had been calculated using inappropriate methods based on a distorted representation of the profitability of the assets managed by the parties in dispute.
Following the first appearance hearing in January 2024, the case was adjourned to April 2024 for the preliminary investigations.

Reyl & Cie (Switzerland) – Proceedings pursuant to Legislative Decree 231/2001 of the Public Prosecutor's Office of the Court of Milan
The Public Prosecutor's Office of Milan initiated criminal proceedings pursuant to Legislative Decree 231/2001 against Reyl & Cie (a Swiss subsidiary of Fideuram – Intesa Sanpaolo Private Banking) for the predicate offence of money laundering, allegedly committed by one of its former employees (dismissed in 2020), and ordered the seizure of securities owned by Reyl for around 1.1 million euro. The proceedings also involve the Swiss bank Cramer & Cie. Neither Fideuram ISPPB nor ISP are currently involved in the proceedings. The circumstances alleged relate to events that took place in 2018, before Reyl & Cie joined the Intesa Sanpaolo Group in May 2021. According to the prosecution, the former employee, together with his brother, an employee of the bank Cramer & Cie, and an external advisor, allegedly engaged in practices aimed at facilitating tax evasion by Italian customers through the transfer of accounts from Switzerland to branches located in the Bahamas, in order to allow those customers to withdraw money from those accounts without the possibility of being traced by the Italian authorities. Within the criminal proceedings pursuant to Legislative Decree 231/01, pending in Italy, the notification of the conclusion of the preliminary investigations was issued at the end of June 2023, thereby granting access to the full content of the investigative files. The examination of this notice and the documentation obtained did reveal any new findings or challenges beyond those identified during the attachment order and it confirmed the information that, unlike for Banca Cramer & Cie, the Milan Public Prosecutor's Office had not submitted a request for a ban against Reyl & Cie conducting operations in Italy.
Although it is possible for Reyl to submit an application to revoke or reduce the attachment order, also considering that it was the Swiss company that reported the suspicious transactions to the Authorities, the Milan Public Prosecutor's Office has rejected a similar petition made by Banca Cramer.
Any consequential damages (for possible fines and/or confiscations) could be covered by the various warranties provided by the seller, for which a reserve claim was made within the terms of the Reyl acquisition agreement.

Lawsuit against two Hungarian subsidiaries of Intesa Sanpaolo

The lawsuit is connected with a lease agreement terminated by one of the subsidiaries in 2010. During 2011, the tenant initiated proceedings in civil court, and during 2021, it supplemented its initial claim, formulating new claims and, as a result, increasing the total of the claims to around 31 million euro.

In July 2022, the Court rejected all the plaintiff company's claims, finding that it lacked standing. The plaintiff filed an appeal against that decision.

In December 2022, the Court of Appeal partially upheld the adverse party's appeal, ordering one of the two defendant companies to pay around 9.5 million euro. The subsidiary filed an appeal with the Supreme Court, which first suspended the execution of the contested judgment and then annulled it, upholding the first instance Court's ruling. Subsequently, the plaintiff instituted proceedings before the Constitutional Court, claiming that the Supreme Court's decision violated the principles of the Fundamental Charter, and initiated review proceedings before the first instance Court. The two proceedings are currently under review for admissibility.

Intesa Sanpaolo's subsidiaries took action in 2012 for the recognition of their receivables claimed against the tenant resulting from unpaid lease rentals. These proceedings are currently pending.

IMI/SIR

With regard to the IMI/SIR dispute, you are reminded that following the final judgment in 2006 establishing the criminal liability of the corrupt judge Metta (and his accomplices Rovelli, Acampora, Pacifico, and Previti), the defendants were ordered to pay compensation for damages, with the determination of those damages referred to the civil courts. Intesa Sanpaolo then brought a case before the Court of Rome to obtain an order of compensation for damages from those responsible.

In its ruling of May 2015, the Court of Rome quantified the financial and non-financial damages for Intesa Sanpaolo and ordered Acampora and Metta – the latter also jointly liable with the Prime Minister's Office (pursuant to Law no. 117/1988 on the accountability of the judiciary) – to pay Intesa Sanpaolo 173 million euro net of tax, plus legal interest accruing from 1 February 2015 to the date of final payment, plus legal expenses. The amount ordered took account of the amounts received in the meantime by the Bank as part of the settlements with the Rovelli family and with the adverse parties Previti and Pacifico.

In July 2016, the Rome Court of Appeal stayed the enforcement of the judgment of first instance with respect to the amount in excess of 130 million euro, in addition to ancillary charges and expenses. As a result of this decision, in December 2016 the Office of the President of the Council of Ministers credited Intesa Sanpaolo with the sum of 131,173,551.58 euro (corresponding to the 130 million euro of the order, in addition to legal interest and reimbursement of expenses). To avoid dispute, only the exact amount of the order, without applying the gross-up, was demanded and collected. On 16 April 2020, the ruling of the Rome Court of Appeal was filed, which essentially upheld the Court's ruling, while reducing the sum of non-financial damages to 8 million euro (compared to 77 million euro that had been awarded by the court of first instance), and set the amount to be paid at 108 million euro (instead of 173 million euro), to be considered net of tax, plus legal interest and expenses.

In the second quarter of 2020, the Bank filed a petition for the correction of a material error contained in the finding regarding the calculation of the damages liquidated; the Court of Appeal rejected the petition by ruling filed on 7 December 2020, holding that the error claimed by the Bank could be remedied by means of an appeal before the Court of Cassation. In May 2021, the Bank filed an appeal with the Court of Cassation against the Rome Court of Appeal's ruling of 16 April 2020 on the following main grounds:

- the reduction to 8 million euro of the non-financial damages made by the Court of Appeal, compared to the 77 million euro recognised in the first instance ruling was arbitrary and devoid of any sound legal or logical reasoning;
- even accepting the reduction under point a), the Court made a miscalculation when redetermining the amount of total damages. That aspect was already the subject of an application for material correction filed in 2020, rejected by the Court as it was deemed to be an issue that could be remedied through appeal.

By ruling no. 5682/2023, the Court of Cassation partially upheld the grounds of appeal filed by Acampora and the Prime Minister's Office, overturning the second instance ruling, in relation to the claims upheld, and referring the case back to the Rome Court of Appeal for the application of the principles of law set forth in the ruling. The outcome differs both from the rulings made at the previous instances and from the conclusions, consistent with them, filed last December by the General Prosecutor at the Court of Cassation.

The Court applied a rule of pre-emption according to which the action for revocation, aimed at obtaining the return of the sums unduly paid, should precede the exercise of the action for damages, in clear conflict with the principles set out in the criminal proceedings in 2006 according to which the independence and dissimilarity of the two actions (the action for damages and the action for extraordinary revocation) "rule out any interference between them and place each in its own sector, with the only limitation of not allowing the duplication of coinciding outcomes in terms of compensation and, therefore, undue enrichment".

In addition, it introduced a further and unprecedented rule of a procedural nature according to which, without prejudice to the right to obtain lost earnings and non-pecuniary damage, in order to claim compensation from the perpetrators of the offence (i.e. Acampora, Metta and the Government) for the damage arising, the injured party, Intesa Sanpaolo, must prove that it had unsuccessfully enforced its claim against the party benefiting from the corrupt ruling.

On 19 May 2023, the Bank notified the other parties involved (Metta, the Prime Minister's Office and Acampora) of the appeal, requesting:

i. as the main claim, on the merits, the award, in addition to the other damages, of the damage arising, subject to correction of the miscalculation made at the time by the Rome Court of Appeal, in consideration of the fact that the "prejudicial conditions" set out by the Court of Cassation had been met because the Bank had pursued the recovery, both in and out of court, of the sums paid to the beneficiary as a result of the revoked ruling. In the event that the main claim is not upheld, the Bank requested at least the award of the lost earnings and non-pecuniary damage;

ii. subordinately to the merits, a reference for a preliminary ruling to the Court of Justice of the European Union (CJEU) pursuant to Article 267 of the Treaty on the Functioning of the European Union (TFEU) for breach of the Treaty on European Union (TEU), highlighting the arbitrary limitation of the right to compensation provided for by the Special Law on damages

caused by judges in the performance of their duties (Law 117/88) resulting from the application of the principles set out by the Court of Cassation in its recent ruling.
The Prime Minister's Office and Giovanni Acampora filed an appearance in the review proceedings, responding to the arguments submitted by the Bank. Following the first hearing, which took place in writing on 31 October, the Court declared Vittorio Metta *in absentia* and adjourned the case for closing arguments to 1 October 2024, without ruling on the petitions from the parties.
After passing an initial summary examination to ensure that it was not clearly inadmissible, the appeal to the European Court of Human Rights (ECHR) was declared inadmissible with a very short statement of reasons that did not consider the points made in the defences. Considering that the ECHR, among its reasons for rejecting the appeal, also mentioned the lack of immediate enforceability of the claim because of the pending compensation proceedings before the Court of Appeal, the appeal could be submitted again after the entire national legal process has concluded.

The Bank has also brought proceedings before the Tax Court to obtain the credit claim of 33.2 million euro, at the time paid as withholding tax for overdue interest on the compensation for damages under the 1994 ruling paid to Ms Battistella, as Nino Rovelli's heir. The Italian Revenue Agency filed an appearance on 20 December 2023, arguing that the request for reimbursement was unfounded. In short, the adverse argument is that since the Bank had entered into a settlement agreement with Ms Battistella, it would not have obtained the repayment of the interest on which the deductions were applied, and therefore the condition for undue payment would not have been fulfilled. The Bank will prepare a defence brief countering the Agency's arguments ahead of the hearing of the case, which has not yet been set by the courts of first instance.

Labour litigation
In line with the situation as at 31 December 2022, as at 31 December 2023 there were no significant cases of labour litigation from either a qualitative or quantitative standpoint. In general, all labour litigation is covered by specific provisions adequate to meet any outlays.

GOVERNANCE OF TAX RISK

Introduction
Good tax governance requires the proper management of tax risk and the related company processes. Accordingly, it is not enough just to have company compliance processes in place, but a tax strategy is required that clearly guides the company towards tax risk mitigation objectives, with a focus on sustainability. Indeed, Intesa Sanpaolo's tax risk management and mitigation takes into account not only the letter of the tax laws (which must be complied with through processes), but also their spirit (which must guide the strategy). Moreover, the Group's good tax governance does not just involve securing against the risks of tax evasion (letter – compliance), but also against the risks of abuse of rights and aggressive tax planning (spirit – strategy).
More information on how Intesa Sanpaolo controls tax matters, both in terms of strategy and processes, is provided in the "Principles of conduct in fiscal matters", published on the Intesa Sanpaolo Group's website and in the Non-Financial Statement, which can also be found on the website.

Intesa Sanpaolo Group - The Tax Control Framework
In compliance with the *Code of Ethics*, the Group is committed to upholding principles based on values of honesty and integrity in the management of tax matters, to complying with the tax rules applicable in the countries where it operates, and to maintaining a collaborative and transparent relationship with the tax authorities, also by subscribing to cooperative compliance schemes (in Italy, Intesa Sanpaolo and the main Italian entities have been admitted by the Italian Revenue Agency to the Cooperative Compliance scheme, under which it is possible to carry out joint assessments of situations likely to generate tax risks through ongoing and proactive discussions aimed at resolving potential disputes in advance).

Intesa Sanpaolo recognises the importance of contributing to the communities of the jurisdictions where it operates by paying the right amount of tax and, to this end, it closely monitors the developments in both domestic and international tax legislation aimed at combating tax base erosion and profit shifting, with a constant commitment to upholding the related principles.
The Intesa Sanpaolo Group has an internal control system for tax risk, referred to as the Tax Control Framework (TCF), designed to manage the strategic nature of tax risk and to meet the requirements for access to the above-mentioned Cooperative Compliance scheme. This is accompanied by an Organisational, Management and Control Model, for the purposes of liability of institutions for tax offences, as prescribed by Legislative Decree no. 231 of 2001, in order to safeguard against the risk of tax fraud.
In keeping with its low propensity to tax risk, the Group aims to use the Tax Control Framework to ensure the level of risk appetite declared in the above-mentioned "Principles of conduct in fiscal matters", adopting controls designed to ensure ongoing compliance with the tax and fiscal rules of the countries where it operates and to safeguard the financial and reputational integrity of all the Group Companies.
Intesa Sanpaolo has also drawn up the *Guidelines for the management of tax risk* under the Cooperative Compliance scheme with the Italian Revenue Agency, which set out the criteria and processes that Intesa Sanpaolo must adopt to ensure the adequacy and effectiveness of its Tax Control Framework, in addition to identifying the appropriate monitoring processes and consequent reporting to the Board of Directors, as well as the related Rules. The Tax Control Framework also involves the Business Functions and Head Office Departments that carry out operations with potential tax impacts, providing for the prior involvement of the Tax Function to enable a proper assessment of the tax effects and risks resulting from the implementation of those operations.

In addition, the Group prepares and publishes an annual *Consolidated Non-Financial Statement (CNFS)*, which includes a description of the Group's approach to taxation, tax governance, tax risk control and management, and tax reporting divided across Italy, Europe and the rest of the world.
In compliance with the applicable regulations and, more specifically, in accordance with Article 89 of Directive 2013/36/EU of the European Parliament and of the Council (CRD IV), the Group also publishes a "*Country by Country" disclosure* on its website, which, in accordance with the rules established by the Bank of Italy, provides the following information for each country where the Group operates: net interest and other banking income, number of employees, profit or loss before tax, and taxes for the year.

TAX LITIGATION

At Group level, the total value of the claims for tax disputes (taxes, penalties and interest) was 155 million euro at the end of 2023, down sharply on 219 million euro as at 31 December 2022.
The Group's tax litigation risks are covered by adequate provisions to the allowances for risks and charges (51 million euro in 2023 compared to 70 million in 2022).
The Parent Company had 459 pending litigation proceedings (473 as at 31 December 2022) for a total amount claimed (taxes, penalties and interest) of 108 million euro (126 million euro as at 31 December 2022), considering both administrative and judicial proceedings at various instances.
In relation to these proceedings, the actual risks were quantified at 41 million euro as at 31 December 2023 (57 million euro as at 31 December 2022).
Compared to 31 December 2022, for the Parent Company, the main events that gave rise to significant movements consisted of:

– an increase (about 12 million euro) from: i) 4.8 million euro in respect of a long-standing claim by the Portuguese tax authorities on the discontinued Sanpaolo IMI Bank International S.A. (based in Madeira), which was charged with having failed to apply withholding taxes in 2002, 2003 and 2004 on interest paid to foreign bondholders. The increased risk was determined to take into account the most recent certificate of pending tax charges issued by the Portuguese tax authorities, which for the first time sets out the criteria for calculating interest on the principal tax claim; ii) 3.6 million euro for new municipal property tax (IMU) claims on properties from both terminated and current lease contracts, including disputes relating to the absorbed Intesa Sanpaolo Provis; iii) 2.2 million euro for new disputes relating to registration tax on judicial documents; iv) 0.8 million euro for a new dispute relating to the recovery of interest on VAT for the years 2008 and 2009 of the former Medioleasing (merged in 2016 into Nuova Banca delle Marche, with the latter merged in 2017 into UBI Banca) reimbursed in December 2020; v) 0.2 million euro for a dispute relating to the recovery of interest on VAT for the third quarter of 2009 reimbursed in April 2021; vi) 0.2 million euro for interest accrued on the outstanding dispute; and vii) 0.2 million euro for other minor disputes;
– a decrease (around 30.4 million euro), made up of: i) 8.0 million euro in respect of the favourable final judgment of the Court of Cassation in July 2023 on the dispute concerning registration tax on the demerger of a business line from Intesa Sanpaolo to State Street Bank, as the Court deemed that the transaction should not have been reclassified as a transfer of a going concern; ii) 2.0 million euro for a payment notice for penalty and related collection costs for late payment of tax, following an unfavourable ruling by the Court of Cassation in connection with the dispute concerning the registration tax for the demerger of a business line from Intesa Sanpaolo to State Street Bank; iii) 4.1 million euro for the closure of disputes on municipal property tax (IMU) on properties from both terminated and current lease contracts; iv) 8.0 million euro for the closure of various disputes settled by means of "tax truce" finalised on 30 September 2023; v) 3.9 million euro for a further dispute whose settlement was finalised on 2 October 2023; vi) 0.4 million euro for the settlement of tax positions of Intesa Sanpaolo and the subsidiaries Carifriuli, Banca IMI and Banca Fideuram with regard to Corporate Income Tax (IRES) assessments for 2004; vii) 1.1 million euro for the settlement of disputes concerning registration tax mainly relating to registration for judicial documents (0.6 million euro), as well as registration for adjustment of the value of leased property purchase (0.3 million euro); viii) 0.5 million for the settlement of two disputes concerning regional motor vehicle tax; ix) 0.2 million for the settlement of a dispute of the former Banca Carime following the final decision of the Court of Cassation concerning the year 2005; x) 1.8 million euro for the settlement of a dispute resulting from a tax audit report regarding VAT on boat lease transactions following the notice of assessment; and xi) 0.4 million euro for the settlement of various cases involving small amounts.

Again with respect to 31 December 2022, for the Parent Company, the main changes in provisions (-15.4 million euro), including legal expenses, related to:

– an increase (10.3 million euro) attributable to: i) 4.8 million euro in respect of a long-standing claim by the Portuguese tax authorities on the discontinued Sanpaolo IMI Bank International S.A. (based in Madeira), which was charged with having failed to apply withholding taxes in 2002, 2003 and 2004 on interest paid to foreign bondholders. The increase in the provision was necessary to take into account the most recent certificate of pending tax charges issued by the Portuguese tax authorities, which for the first time sets out the criteria for calculating interest on the principal tax claim; ii) 3.9 million euro for disputes concerning municipal property tax (IMU) on properties from both terminated and current lease contracts, including disputes relating to the absorbed Intesa Sanpaolo Provis (of which 3 million euro with no impact on the income statement as it relates to the provision for tax litigation risks allocated following the merger); iii) 1 million euro for the above-mentioned new disputes relating to the recovery of interest on VAT for the former Medioleasing respectively for the years 2008 and 2009 (0.8 million euro) and the former UBI Banca for the third quarter of 2009 (0.2 million euro); and iv) 0.6 million euro for accrued interest on outstanding disputes and legal expenses.
– a decrease (25.7 million euro) attributable to:
  - utilisation (4.6 million euro) of: i) 1.9 million euro for penalty and related collection costs, following the above-mentioned unfavourable ruling by the Court of Cassation in connection with the dispute concerning the registration tax for the demerger of a business line from Intesa Sanpaolo to State Street Bank; ii) 2.1 million euro as the total cost of the settlement of disputes by means of "tax truce"; iii) 0.3 million euro for payment of advisory fees; iv) 0.3 million euro for the settlement of the tax positions of Intesa Sanpaolo and the subsidiaries Carifriuli, Banca IMI and

Banca Fideuram with regard to IRES tax assessments for the year 2004;
- releases to the income statement (21.1 million euro) of: (i) 8.0 million euro with regard to the favourable and final ruling of the Court of Cassation in July 2023 in relation to the dispute concerning registration tax on the demerger of a business line from Intesa Sanpaolo to State Street Bank whose reclassification as a transfer of a going concern was considered incorrect by the Court; ii) 6.3 million euro for the settlement of various disputes concerning state and local taxes by means of "tax truce"; iii) 2.9 million euro for the settlement of disputes concerning municipal property tax (IMU) on property from both terminated and current leases, including 0.4 million euro for the release of the allowance for risks of the former Provis; iv) 1.6 million euro as the release of the provision for a dispute concerning registration tax on the demerger of a business line from Intesa Sanpaolo to Credit Agricole Italia following the consolidation of favourable case law regarding the inability to classify this transaction as a transfer of a going concern and subsequent sale of equity investments as a direct sale of a going concern; v) 1.8 million euro for the settlement of a dispute resulting from a tax audit report regarding VAT on boat lease transactions following the notice of assessment; vi) 0.1 million euro related to the settlement of a VAT dispute concerning leased medical equipment; vii) 0.3 million euro for the settlement of various disputes involving small amounts and release of fees no longer due; and viii) 0.1 million euro for the settlement of disputes concerning registration tax.

In 2023, a total of 161 disputes were settled for a total amount claimed of 29.6 million, with a disbursement of 6.7 million euro. The Parent Company took advantage of the "tax truce/amnesty" provided for in the 2023 Budget Law (Law no. 197/2022) settling disputes for 13.2 million euro, at a "cost" of 2.7 million euro, with 5.8 million euro released to the income statement.
With regard to the Italian subsidiaries, tax disputes totalled 39 million euro as at 31 December 2023 (85 million euro as at 31 December 2022), covered by specific provisions amounting to 5 million euro (9 million euro as at 31 December 2022).
The decrease in provisions with respect to 31 December 2022, amounting to 46 million euro, mainly consisted of:
– +1.3 million euro for new disputes for Siref and Fige (automated checks on 770 form withholding taxes for the years 2015 to 2018);
– +3.3 million euro for the Cargeas disputes in respect of the contested penalties, which were previously considered at a reduced rate;
– +1 million euro for the dispute for the year 2012 of Intesa Sanpaolo Private Banking for higher interest;
– -47.4 million euro relating to disputes of Intesa Sanpaolo Private Banking for IRES and Regional Business Tax (IRAP) for the years 2011, 2013, 2014, 2015 and 2017 for the post-transfer tax realignment pursuant to Article 15 paragraph 10 of Law Decree 185/2008 subject of the pending disputes settled under the "tax truce";
– -3.8 million euro following the absorption of Provis.

The decrease in provisions compared to 31 December 2022, amounting to 4 million euro, was mainly due to the absorption of Intesa Sanpaolo Provis.
The Italian subsidiary Intesa Sanpaolo Private Banking also took advantage of the "tax truce/amnesty", settling 47.4 million disputes at a "cost" of 5.9 million euro.

The tax disputes of the international subsidiaries involve small amounts. Specifically, the claims have a total value of 8 million euro (unchanged from 31 December 2022) for which provisions of 5 million euro have been set aside (4 million euro as at 31 December 2022).

With regard to the disputes, in addition to decreases due to exchange rate differences amounting to 0.9 million euro (mainly relating to positions pertaining to Alex Bank), the following events are noted:
– +1.2 million euro relating to the VAT assessment for the years 2018-2021 of Intesa Sanpaolo Banka D.D. Bosna I Hercegovina;
– +1 million euro relating to the possible extension of the VAT assessment for the years 2021-2023 of Intesa Sanpaolo Banka D.D. Bosna I Hercegovina;
– +0.5 million euro for Brazil interest;
– -2.1 million euro for the successful settlement by the trusts and the related beneficial owners of the notification of penalties for the years 2014 and 2015 of the foreign subsidiary UBI Trustee S.A., with respect to four trusts managed by the company, which impose penalties for breaches of the rules on the "tax monitoring" of capital held abroad by persons resident in Italy.

In the following paragraphs, information is provided regarding the most important ongoing disputes, and on several orders to file appearances and questionnaires served in December 2023.

Parent Company

Disputes regarding registration tax on the reclassification of business contributions and subsequent sale of the participations as sales of business units and the consequent assessment of a higher enterprise value
These are disputes concerning the recovery of registration tax paid on business contributions and the subsequent sales of the equity investments, which were reclassified by the tax authorities as sales of business lines and then also subject to assessment of a higher value for the business line (total remedy sought of 21 million euro). These disputes were not settled through the "tax amnesty" because the Bank had already provisionally paid the full amount assessed and as a result of the settlement would not have been entitled to the repayment of the sums in excess of the amount due for the settlement, or because there were sound prospects of a favourable outcome to the proceedings pending before the Court of Cassation.

Dispute regarding the municipal property tax ("IMU") on real estate not repossessed following the termination of the related lease contracts
The dispute regarded the identification of the taxpayer liable for the municipal property tax (IMU) in relation to real estate assets owned by the lease companies or banks and leased out to third parties, where the lease was terminated early due to default by the lessee, or as a result of insolvency proceedings involving the lessee, but without the lessee having returned the asset to the lessor. Over the years a tax dispute arose on this matter (also affecting the former Mediocredito Italiano and

Provis) relating to whether the lessee is (still) liable for the municipal property tax rather than (already) the lease company/bank in the period between the date of termination (or dissolution) of the lease and the date of physical return of the asset to the lessor. In 2020, the Court of Cassation settled on the view that the lease company/bank was liable for municipal property tax (IMU) from the date of legal termination of the contract, regardless of repossession of the asset. In addition, the 2020 Budget Law provided for the abolition of the single municipal tax (IUC), with regard to its components relating to IMU and TASI, and the unification of the two taxes into the new municipal property tax (IMU). On 18 March 2020, the Ministry of the Economy and Finance – Finance Department – Tax Legislation and Tax Federalism Unit, with circular no. 1/DF, commenting on the latter changes, provided precise indications regarding the liability for the new municipal property tax (IMU) with regard to the date of termination of the lease agreement in accordance with the prevailing case law. Accordingly, starting from 2020, the bank decided to proceed with the payment of municipal property tax for all leased real estate assets with terminated contracts, regardless of repossession of the asset, seeking recovery from the former users, where possible. It was also decided to gradually withdraw from all pending disputes on assessments relating to years up to 2019, following an attempt at settlement with the interested municipalities to quash the penalties and offset trial fees.
The total remedy sought is 6 million euro.

Dispute regarding VAT on boat lease transactions
With respect to 31 December 2022, the disputes relating to boat lease transactions that arose as a result of the audit commenced during 2019 by the Milan Tax Police (*Guardia di Finanza*) on the merged company Mediocredito Italiano S.p.A., which initially concerned the tax years 2014 and 2015 and was then extended by the Italian Revenue Agency to the years 2016, 2017 and 2018, were definitively settled. The disputes concerned the issuance of a series of invoices for lease payments under the VAT non-taxable regime pursuant to Article 8-bis of Presidential Decree 633/72 established for lease transactions on vessels "used for navigation on the high seas and intended for the exercise of commercial activities". Specifically, the disputes for the years 2014 and 2016 respectively pending before the Lombardy Court of Second Instance and the Milan Court of First Instance, were settled through the tax amnesty with zero penalties and interest for both years. For the years 2017 and 2018, notices of assessment of immaterial amounts were served in 2023, both of which were settled through acceptance with full payment of taxes and interest and with penalties reduced to one-third of the minimum imposed.

Banco Sudameris Brasil - Direct taxes year 1995 (PDD1 dispute)
With regard to the dispute with the Brazilian tax authorities (value of around 41.6 million euro and provision of 8.1 million euro), concerning income tax and social security contributions for the year 1995, of the company Banco Sudameris Brasil (now Banco Santander Brasil) – better known as the "PDD1 dispute" – the ordinary civil proceedings are pending in second instance. For a detailed analysis of this dispute, see the Notes to the previous consolidated financial statements.
A payment notice served by the Brazilian tax authorities in October 2022 for the alleged failure of the taxpayer to provide a deposit by order of the court to cover the tax debt, which is still being challenged, was cancelled following the submission of an opposition statement highlighting the clear error in the calculation of the interest accrued on the deposit by the Brazilian tax authorities.

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At the end of December 2023, several Regional and Provincial Directorates of the Italian Revenue Agency (Regional Revenue Office) served "orders to file an appearance" pursuant to Article 5 of Legislative Decree no. 218/1997 on Intesa Sanpaolo, in its capacity as the consolidating entity and then absorbing company of six Group companies, raising doubts concerning the IRES tax treatment that these former subsidiaries had applied in 2017 on the Parent Company's commitment to make shareholder payments to cover the expenses of the subsidiaries for the integration of Banca Popolare di Vicenza and Veneto Banca (below also the "Venetian Banks"). The companies that received the orders by 31 December 2023 were: Cassa di Risparmio di Bologna, Cassa di Risparmio di Forlì e della Romagna, Cassa di Risparmio del Friuli e Venezia Giulia, Cassa di Risparmio di Firenze, Cassa di Risparmio di Pistoia e della Lucchesia, and IMI Investimenti. With the order to file an appearance, the Italian Revenue Agency initiated administrative proceedings involving a 120-day extension of the time limit for the service of a notice of assessment, thereby allowing the Agency to exceed the five-year limitation period set to end on 31 December 2023 for the 2017 tax year. Other orders (and questionnaires) were served in January 2024 to other Group Companies, as the Italian Revenue Agency considers that the time limit for the assessment on 2017 will expire on 26 March 2024 (rather than 31 December 2023), applying the 85-day extension inferable from the provision in Article 67 of Law Decree 18/2020 converted by Law 27/2020.
No notice of assessment has been received.
In this regard, you are reminded that with effect from 26 June 2017, Intesa Sanpaolo signed an agreement with the liquidators of the Venetian Banks to purchase certain assets, liabilities and legal relationships of the two banks. The terms and conditions of the agreement guaranteed the total neutrality of the acquisition with respect to, among other things, the Intesa Sanpaolo Group's dividend policy, providing for a public contribution to cover the charges for integration and rationalisation associated with the acquisition. According to the provisions of Article 7, paragraph 4, of Law Decree no. 99 of 25 June 2017, converted with amendments by Law no. 121 of 31 July 2017, the aforementioned contribution does not contribute to the generation of the overall income for IRES tax and IRAP tax purposes for ISP, without prejudice to the deductibility of the expenses incurred in connection with the corporate restructuring measures. The commitments made by Intesa Sanpaolo entailed incurring charges for the integration of the going concerns acquired, including, for example, charges for IT integration, charges for exit incentives for employees, and charges for the closure, merger and standardisation of branches. These integration activities involved the entire Intesa Sanpaolo Group.
In this context, Intesa Sanpaolo, which managed the integration initiatives at Group level in performance of its management and coordination activities over its subsidiaries, took responsibility for safeguarding the subsidiaries from the impact that would have been caused to them by incurring such charges, unilaterally undertaking to make a contribution, in the form of one or more shareholder cash payments, without any obligation of repayment and/or reimbursement, equal in amount to the estimated costs, net of tax.
The manner in which the Parent Company took responsibility for offsetting the impact of those charges on its subsidiaries and

the consequent tax treatment were in line with the indications also contained in the answer provided to the ruling request no. 954-1528/2017 filed by ISP, in which the Italian Revenue Agency specified that "*any disbursement Intesa Sanpaolo is required to make to other Group Companies, regardless of the reasons, would in any case represent a 'shareholder payment/intragroup loan' from the parent company*".
The various Regional Revenue Offices theorize a claim regarding the reduction applied by the subsidiaries with regard to the income deriving from ISP's commitment to make a non-refundable payment (higher total taxable income of 69.5 million euro, corresponding to IRES of 16.4 million euro).
It is important to note the consistency of the approach adopted by the subsidiaries, which did not tax the payment received from the parent company, and by the parent company, which did not deduct the payment made.
As also confirmed by the opinion of the advisor that assisted the Group in the analysis of the acquisition of the Venetian Banks in 2017, the Italian Revenue Agency's arguments are unfounded for the following reasons: i) the commitments to make "non-refundable" payments assumed by ISP as a shareholder to its subsidiaries are not relevant for the purposes of IRES tax, and for the related additional tax, based on the express provision in Article 88, paragraph 4, of the Combined Tax Regulations; ii) the income in question cannot be classified as grants related to income and therefore be relevant for tax purposes because, pursuant to Article 85 of the Combined Tax Regulations, they must originate from a provision of law or a contractual provision, whereas in this particular case the contribution was not due to the subsidiaries by law or by contract; iii) the argument made by the Italian Revenue Agency conflicts with the rationale underlying the 2017 legal provisions, aimed at ensuring the economic neutrality for the ISP group of the corporate restructuring, necessary following the acquisition of the business lines of the Venetian Banks; and iv) the argument put forward by the Regional Revenue Offices of taxing the income at the subsidiaries should in any case also lead to the recognition of the deduction of the cost for the Parent Company, and considering that the IRES tax rate of some of the subsidiaries was 24% while ISP's was 27.5%, the approach adopted by the Group did not result in any tax revenue loss but rather in an overall net favourable effect for the Tax Authorities.

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The disputes settled during the period included the dispute relating to the business contribution and subsequent sale of the equity investment from Intesa Sanpaolo to State Street Bank, which was reclassified by the Italian Revenue Agency as a direct sale of a business (pursuant to Article 20 of Presidential Decree no. 131/1986) with a request for proportionate registration tax (8 million euro). In a definitive ruling filed in July 2023, the Court of Cassation found that the reclassification of the deed of contribution of a business line, followed by the sale of the equity investments in the contributed company is no longer permitted by law (pursuant to Article 20 of Italian Presidential Decree no. 131/1986) and that the tax nature of the deed requires registration tax, as also observed by the Court of Cassation in ruling no. 158/2020. As a result, the allowance for risks made at the time (8 million euro) to fully cover the claim from the Italian Revenue Agency was released.

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With regard to Intesa Sanpaolo's international branches, the following is noted.
The VAT tax audit on the London branch, for the tax years 2016, 2017 and 2018, was closed without further observations and without any further amounts being due. On 4 January 2023, the London branch received a questionnaire from the UK Inland Revenue regarding the year 2020. The questions mainly concerned international transfer pricing matters. In June 2023, the UK authority (HMRC) acquired a substantial quantity of documents from our branch in response to the questions raised, which are still currently being analysed by the authority and in relation to which one or more discussion meetings with the auditors are anticipated. So far, the auditors have not yet issued any findings.
Two tax audits are in progress concerning direct taxes of the New York branch. In detail: i) the first audit, which began in January 2021, is being conducted by the Internal Revenue Service (IRS) with regard to the income tax return filed for the tax period 2018. No claims have been made for the time being; ii) the second audit, served in July 2021, is being conducted by the City of New York, with regard to the tax periods 2018 and 2019. No claims have been made for the time being. The audits conducted by the State of New York, regarding the tax periods 2015 and 2016, and by the IRS regarding the tax period 2016, were closed with no claims.
The audit, initiated in 2021, on the Munich branch of the former UBI Banca for the years 2015 to 2018, is in progress. The auditors have obtained the accounting and tax documentation requested. No claims have been made for the time being.

Group Companies

For Banca Fideuram, as a result of the Bank's appeal, three lawsuits are pending before the Court of Cassation concerning the failure to withhold 27% of the interest accrued in 2009, 2010 and 2011 on foreign bank accounts held at Fideuram Bank (Luxembourg) by two "historic" Luxembourg mutual funds (Fonditalia and Interfund SICAV), for which Banca Fideuram was only the placement bank and correspondent bank in the years in question (total value of the disputes of 9.3 million euro).

Intesa Sanpaolo Private Banking has long had pending IRES and IRAP disputes relating to the deduction (in 2011 and the following years) of the amortisation charge for the goodwill arising from the transfers of the private banking business lines of Intesa Sanpaolo and Cassa dei Risparmi di Forlì e della Romagna in 2009, Banca di Trento e Bolzano and Cassa di Risparmio di Firenze in 2010 and Cassa di Risparmio Pistoia e Lucchesia and Cassa di Risparmio dell'Umbria in 2013, realigned by the transferee in accordance with Article 15, paragraph 10, of Law Decree no. 185 of 29 November 2008.
ISPB made use of the settlement of disputes pursuant to Law no. 197 of 29 December 2022 ("2023 Budget Law"), referred to as the "tax truce" for 5 of the 7 pending disputes. For these years, taking into account the payments already made on a provisional basis and the deduction, recognised by the Italian Revenue Agency, from the cost of the settlement of the substitute tax of 16% paid at the time, the small disbursement resulting from the settlement was considered positive compared to the continuation of a lengthy dispute.
For the disputes still pending, relating to 2012 and 2016, also based on the opinion issued by the advisor, the risk of an

adverse ruling is classified as "possible", since the lawfulness of realigning the tax value of the goodwill newly generated for the transferee – something which in the past was done by other Group companies without incurring in tax disputes – has been expressly acknowledged by the Italian Revenue Agency in Circular no. 8/E of 2010 and is consistent with the provisions of Article 15, paragraph 10 of Law Decree 185/2008.

Cargeas Assicurazioni, an insurance company acquired by Intesa Sanpaolo Vita on 27 May 2021, underwent a tax audit by the Italian Revenue Agency, Lombardy Regional Directorate, Large Taxpayers Office, aimed at verifying the correct application, for the years from 2010 to 2018, of the tax rules on private insurance and life annuity contracts pursuant to Law no. 1216 of 29 October 1961.
As a result of the audit, the authorities claimed that redundancy insurance policies (which are mandatorily associated with salary-backed loans and optional with other mortgages, loans and consumer credit), should not be subject to tax on insurance premiums at a rate of 2.5%, but should be classified as credit risk insurance policies, subject to a tax rate of 12.5%. The Revenue Agency maintains that although the risk insured (on the basis of which the premium is determined with statistical/actuarial criteria) is the loss of employment, redundancy policies should be charged the 12.5% rate applicable to credit risk insurance, given that the policy would protect the lending institution's interest in collecting its credit.
The dispute is nothing new for the insurance industry; in fact, insurance companies have been maintaining that the Agency's reasoning is unsubstantiated and biased for years now. ANIA has also given its opinion on the matter through circular no. 0082 of 5 March 2021 (which refers to circular no. 127 of 21 April 2005), pointing out that the Agency's position produces a series of unsystematic and abnormal consequences which certainly do not reflect the intention of the legislator in Law no. 1216, and diverge from the guidance of the financial administration itself which, on this point, had supported application of the 2.5% rate in circular no. 29/E of 2001.
On the merits, ANIA specified that in the policies, the insured party is identified as the natural person who subscribed, in full autonomy, the collective policy proposed by the lending institution, and that contractual structure recognises the natural person debtor as the party in the interest of whom the policy is underwritten, as the risk covered (loss of employment, which results in the impossibility to pay the debt) is specifically borne by the latter.
Moreover, the contractual framework shows that the lender is the contracting party of the policy exclusively in terms of the form, while, by virtue of demonstrating his/her intention to subscribe the contract and due to the cost charged to him/her, which refers exclusively to the insurance premium paid, the financed worker can be effectively classified as the contracting party, as well as the insured party.
Lastly, as additional support, it should also be considered that the communication of data and information regarding the contracting parties, sent annually to the Tax Register contemplates the indication of the individual subscribers of collective policies, as they are the parties that bear the cost of the premium.
Following the audit, Cargeas received the following:

- on 25 May 2021, the notice of assessment no. TMB032S00039/2021 for the year 2010 claiming a higher tax of 1.7 million euro, 0.6 million euro in interest and 3.4 million euro in penalties, for a total of 5.7 million euro. The notice was appealed in 2021 and by ruling no. 2396/2022 the Milan Provincial Tax Commission upheld Cargeas' appeal annulling the notice. In February 2023, the Italian Revenue Agency filed an appeal with the Lombardy Tax Court against the aforementioned ruling no. 2396/2022, in response to which counterclaims were filed by the absorbing company Intesa Sanpaolo Assicura S.p.A. in April 2023. In July 2023, following a partial internal review, the claim was recalculated at 1.5 million euro for higher tax and 3.0 million euro for penalties (plus interest). The Company considered it appropriate to continue the dispute also with regard to the reduced penalty and therefore did not make use of the option of simplified settlement;
- on 6 June 2022, the notice of assessment no. TMB032S00216/2022 for the year 2011 claiming a higher tax of 1.3 million euro, 0.5 million euro in interest and 2.8 million euro in penalties, for a total of 4.6 million euro. This notice was also appealed in 2022, and in its ruling no. 967 of 20 March 2023, the Milan First Instance Tax Court upheld the company's appeal annulling the notice. The term for the Office's appeal is pending. In July 2023, following a partial internal review, the claim was recalculated at 1.1 million euro for higher tax and 2.4 million euro for penalties (plus interest), further reducible to 0.8 million euro in the event of simplified settlement pursuant to Article 17 of Legislative Decree 472/1997. The Company considered it appropriate to continue the dispute also with regard to the reduced penalty and therefore did not make use of the option of simplified settlement;
- on 19 May 2023, the absorbing company Intesa Sanpaolo Assicura received the notice of assessment no. TMB032S00021/2023 for the year 2012 which claimed a higher tax of 0.2 million euro and penalties of 0.4 million euro, plus interest of 0.1 million euro. An appeal was filed in June 2023.

In view of the arguments clearly expressed by ANIA, and due to the assessments formalised by the defence counsel, the Company considers that the risk of a negative outcome is possible, but not probable.
Lastly, regarding the same case, it should be noted that Intesa Sanpaolo Assicura received the following two questionnaires in April 2021: a) one relating to 2012 and 2013 for the former Bentos Assicurazioni, merged into Intesa Sanpaolo Assicura in December 2013; b) the second for 2012 for Intesa Sanpaolo Assicura. As a result of these questionnaires, in May 2023, the Italian Revenue Agency served three notices of assessment of which two related to the former Bentos Assicurazioni for 2012 (tax of 5 thousand euro, penalties of 12 thousand euro, plus interest) and 2013 (tax of 30 thousand euro, penalties of 75 thousand euro, plus interest) and one related to Intesa Sanpaolo Assicura for 2012 (tax of 0.3 million euro, penalties of 0.8 million euro, plus interest of 0.1 million euro). The positions of the former Bentos have been settled, while for the positions of Intesa Sanpaolo Assicura an appeal is currently pending at first instance.

On 28 December 2023, Fideuram ISPB Asset Management SGR (Fideuram SGR) received from the Italian Revenue Agency – Lombardy Regional Directorate an order to file an appearance for 28 December regarding the year 2017 for IRES and IRAP, following the delivery of documentation in response to a questionnaire served on 4 August 2023, in order to establish a cross-examination on the alleged transfer pricing issues arising in relation to the consideration for fees received by Fideuram SGR in delegated manager activities for investment funds performed in favour of the Irish associate Fideuram Asset Management Ireland (principal). With specific regard to those management fees, the Revenue Agency has repeated the same adjustments made for the years 2011 to 2013 (which gave rise to tax settlement proposals for those years) as well as for the

year 2016, which Fideuram accepted by signing the settlement proposal on 15 December 2022 and paying the amount due (0.22 million euro) on 20 December 2022. In this order, the Agency adjusted Fideuram SGR's 2017 taxable income upwards by 1.14 million euro, resulting in higher IRES of 0.27 million euro (plus interest of 0.05 million euro) and higher IRAP of 0.06 million euro (plus interest of 0.01 million euro), for a total of around 0.3 million euro. In addition, the bilateral agreements submitted to the Irish and Italian authorities in 2020 (and therefore applicable from that period for 5 years) concerning the disputed activities are close to be finalised.

With regard to Eurizon Capital SGR (EC ITA) concerning the order received on 22 December 2022 relating to 2016 IRES tax and IRAP tax, in 2023 intensive discussions took place with the Assessment Office, at the end of which the Office revised its initial position.
Note that, in the order to file an appearance, the Office had: 1) identified the presence within Eurizon Capital SA (EC LUX) of an intangible asset (amortisable solely for tax purposes and until the year 2018) alleged to have been transferred by EC ITA to EC LUX, which would have affected the correct quantification of the price to be paid by EC LUX to EC ITA for the services provided by the latter to EC LUX; 2) refuted the reliability of the Transfer Pricing (TP) documentation produced by the company, also due to the absence of references to the above-mentioned intangible asset; 3) and therefore denied the penalty protection guaranteed by appropriate TP documentation; and 4) held that the Transactional Net Margin Method (TNMM) was applicable in this particular case, rather than the Comparable Uncontrolled Price (CUP) method adopted by the company. As a result, the Italian Revenue Agency proposed the transfer for taxation in Italy applicable to EC ITA of 151.1 million euro (out of 208 million euro) of EC LUX's income, resulting in higher IRES and IRAP of 50 million euro, penalties reduced to a third in the event of acceptance, amounting to 15 million euro, and interest of 9.6 million euro, for a total initial claim of 104.6 million euro.
Following a detailed exchange, the Office, in effectively accepting the request submitted by the company: 1) abandoned the claim of materiality of the intangible asset; 2) accepted the suitability of the TP documentation produced by the company; and 3) ruled out the applicability of the penalties; then the Office first extended the sample of transactions considered comparable (whereas EC ITA had excluded certain transactions from the analysis because they were not considered comparable) and then moved the placement of the correct transfer price from the first to the third quartile.
The settlement proposal – based on higher Italian taxable income of 26.8 million euro (compared to 151.1 million euro) with respect to a total of 208 million euro for EC LUX, resulting in higher IRES and IRAP due of 8.8 million euro (compared to 50 million euro), plus interest of 1.8 million euro (compared to 9.6 million euro), without the application of penalties (compared to 45 million euro), for a total of 10.6 million euro (compared to 104.6 million euro) – was accepted by the company in order to prevent a tax dispute for significant amounts, whose outcome was not completely certain (because it concerned valuation issues and was therefore inevitably subject to margins of discretion) and which would have lasted years. As a result, EC ITA concluded the dispute concerning its transactions in 2016 with its Luxembourg subsidiary EC SA by means of tax settlement agreement.
Following this settlement, the Italian Revenue Agency - Lombardy Regional Directorate sent EC ITA a new questionnaire concerning IRES and IRAP for the year 2017 "in order to check for any continuing tax issues related to intragroup transfer pricing in relation to the 2016 tax period". EC ITA sent the "Master File" and "National Documentation" to the Agency on 22 June, followed by the requested documentation (audit report and summary statement of increases and decreases in IRES tax and IRAP tax) on 27 June.
Following the receipt of a similar questionnaire on 23 November 2023 for the year 2018, EC ITA also sent the Italian Revenue Agency - Lombardy Regional Directorate a copy of the "National Documentation" on the transfer pricing for the 2018 tax period, together with the audit report and the details of the increases and decreases for IRES tax and IRAP tax purposes.
In addition, on 4 April 2023, the Italian Revenue Agency – Lombardy Regional Directorate – Large Taxpayers Office initiated a similar tax audit on Epsilon SGR S.p.A. ("Epsilon") regarding the year 2017 and concerning direct taxes, IRAP, VAT and obligations of tax collection agents. During the audit, the verification was formally extended to the year 2018 solely for intragroup transactions with non-resident parties. In its tax audit report drawn up on 6 October 2023, in relation to the years 2017 and 2018 concerned, the Office i) found that the cross-border transaction concerning the UCI management service provided by Epsilon to its Luxembourg subsidiary EC LUX was not aligned with arm's length conditions and ii) determined a higher taxable amount of 29.6 million euro over the two years, calculated on the assumption that the correct transfer price corresponded to the third quartile of the price range applied in comparable transactions with independent parties, based on the same stance adopted by EC ITA in accepting the settlement agreement for the year 2016.
Discussions were then initiated with the Agency to ensure that the transactions between EC ITA, Epsilon SGR and EC LUX were examined in a consistent and coordinated manner.
To avoid forfeiting the power of assessment for the 2017 tax period (2018 will expire by 31 December 2024), on 22 December 2023 the Regional Directorate sent EC ITA and Epsilon each two orders to file an appearance for IRES tax and IRAP tax purposes on 28 December 2023 in which it claimed:

- for EC ITA, higher taxable income for IRES tax and IRAP tax of 34.3 million euro for the year 2017 (corresponding to higher IRES tax of 8.2 million euro, plus interest of 1.6 million euro, and higher IRAP tax of 1.9 million euro, plus interest of 0.4 million euro; without any penalty imposed);
- for Epsilon, higher taxable income for IRES tax and IRAP tax of 15.2 million euro for the year 2017 (corresponding to higher IRES tax of 3.6 million euro, plus interest of 0.7 million euro, and higher IRAP tax of 0.8 million euro, plus interest of 0.2 million euro; without any penalty imposed).

The procedure was initiated on the date set and should be concluded by 29 April 2024.
However, based on the numerous meetings between the companies and the Lombardy Regional Directorate during 2023, it is considered possible that the assessments can be settled for significantly lower amounts than those claimed.

With regard to the international subsidiaries, details are provided below of the main outstanding disputes and tax audits in progress.
Intesa Sanpaolo Brasil S.A. - Banco Multiplo, was audited by Receita Federal do Brasil (RFB). The audit was followed by a notice of assessment for direct taxes for the years 2015 and 2016. This dispute mainly concerns the improper use of carried forward tax losses of Indosuez W.I. Carr Securities Brazil Distribuidora de Titulos e Valores Mobiliarios S.A., which in the opinion of the Brazilian tax authorities could not be used, because they were generated before the reorganisation of Intesa Sanpaolo Brasil S.A. - Banco Multiplo, which would have modified the business activities carried out and the corporate structure. The RFB's claim amounts to 1.9 million euro in principal, plus interest of 0.6 million euro.
Alexbank has a corporate income tax audit in progress concerning the 2018 and 2019 tax periods. At present no claims have been put forward. In addition, there is a pending dispute concerning the non-payment of stamp duty by the bank's branches for a total value of approximately 1.2 million euro for tax periods 1984 – 2008. The tax audit on stamp duty relating to the tax period 2020 was closed with no findings.
The tax audit on IMI SEC in relation to direct taxes for the years 2015 and 2016 was closed without any findings. Instead, an audit by the State of New York is under way regarding income tax, for the years 2015, 2016 and 2017.
Lastly, since April 2022, EXELIA has been subject to a tax audit by the Romanian tax authorities with regard to corporate income tax relating to the tax periods 2016 and 2017. No findings are noted for the time being.

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In connection with all the tax disputes outstanding as at 31 December 2023, for a total value, as stated above, of 155 million euro, of which 108 million euro relating to Intesa Sanpaolo, the Group has recognised receivables of around 40 million euro in its balance sheet assets to account for amounts paid on a provisional basis due to tax assessments, of which 12.3 million euro related to the Parent Company.
The portion of the allowance for risks, which relates to provisional tax assessments, amounts to around 19 million euro, of which 11.7 million euro for Intesa Sanpaolo.
The provisional payments in question were made in compliance with specific legal provisions, which provide for the mandatory payment based on an automatic mechanism totally independent of whether the related tax claims are actually founded and, thus, irrespective of the higher or lower level of risk of a negative outcome in the related proceedings. Thus, these payments were made solely because of the enforceable nature of the administrative acts that set forth the related tax claim, which does not lose its effectiveness even in the event of an appeal (no suspensive effect) and has no impact on the assessment of the actual risk of a negative outcome, which is measured using the criterion set forth in IAS 37 for liabilities.