

SHAREHOLDERS' EQUITY

As at 30 June 2025, the Group's Shareholders' equity came to 66,519 million euro, compared to 65,176 million euro as at 31 December 2024, which were affected by the interim dividend on the 2024 net income paid in November 2024 (-3 billion euro). The increase was attributable to the incorporation of the net income earned in the first six months of the current year (5,216 million euro), net of the distribution of the remaining cash amount to shareholders in May 2025 (-3 billion euro), for a total payout ratio – interim dividend and remaining dividend – of 70% of 2024 consolidated net income.

As stated in the chapter "The first half of 2025" of this Half-yearly report on operations, to which reference should be made for further details, on 2 June the execution began – in the manner and within the terms approved by the Shareholders' Meeting of Intesa Sanpaolo on 29 April 2025 – of the programme of purchase of own shares for annulment (buyback) for a maximum amount of 2 billion euro, authorised by the ECB.

Valuation reserves

	Reserve 31.12.2024	Change of the period	(millions of euro) Reserve 30.06.2025
Financial assets measured at fair value through other comprehensive income (debt instruments)	-1,972	444	-1,528
Financial assets measured at fair value through other comprehensive income (equities)	-270	103	-167
Property and equipment	1,847	-12	1,835
Foreign investment hedges	-10	-12	-22
Cash flow hedges	-119	37	-82
Foreign exchange differences	-1,490	-43	-1,533
Non-current assets held for sale and discontinued operations	-	-	-
Financial liabilities designated at fair value through profit or loss (change in its creditworthiness)	-190	-26	-216
Actuarial profits (losses) on defined benefit pension plans	-178	20	-158
Portion of the valuation reserves connected with investments carried at equity	35	-42	-7
Legally-required revaluations	312	-	312
Valuation reserves (excluding valuation reserves pertaining to insurance companies)	-2,035	469	-1,566
Valuation reserves pertaining to insurance companies	-297	-19	-316

Bank valuation reserves (excluding those pertaining to insurance companies) were negative (-1,566 million euro), down by 469 million euro compared to 31 December 2024 (-2,035 million euro). Improvements were seen mainly in reserves on debt securities and equity instruments. The valuation reserves of the insurance companies, amounting to -316 million euro, increased by 19 million euro compared to the figure at the end of 2024.

OWN FUNDS AND CAPITAL RATIOS

	(millions of euro)	
Own funds and capital ratios	30.06.2025	31.12.2024
Own funds		
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	40,018	39,307
Additional Tier 1 capital (AT1) net of regulatory adjustments	7,668	7,551
TIER 1 CAPITAL	47,686	46,858
Tier 2 capital net of regulatory adjustments	9,541	9,539
TOTAL OWN FUNDS	57,227	56,397
Risk-weighted assets		
Credit and counterparty risks	242,587	252,395
Market and settlement risks	15,429	12,690
Operational risks	50,262	31,098
Other specific risks ^(a)	230	183
RISK-WEIGHTED ASSETS	308,508	296,366
% Capital ratios		
Common Equity Tier 1 capital ratio	13.0%	13.3%
Tier 1 capital ratio	15.5%	15.8%
Total capital ratio	18.5%	19.0%

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

Own Funds, risk-weighted assets and the capital ratios as at 30 June 2025 were calculated according to the harmonised rules and regulations for banks and investment firms contained in Directive 2013/36/EU (CRD) and in Regulation (EU) 575/2013 (CRR) as amended, which transpose into the European Union the standards defined by the Basel Committee on Banking Supervision (the Basel Framework), and on the basis of the related Bank of Italy Circulars.

As described in the chapter "Risk management", as part of the following Explanatory Notes to the Half-yearly condensed consolidated financial statements, from 1 January 2025 Regulation (EU) 2024/1623 (CRR3) was applied, which transposes the principles of Basel 4 into European law. The first-time adoption of Basel 4 generated an impact of slightly more than 40 basis points on the CET 1 ratio.

Own funds

As at 30 June 2025, Own funds amounted to 57,227 million euro.

Even if the transitional period of IFRS 9 has ended, own funds take account of the provisions of the 2019 Budget Act, which temporarily called for - up to 2028 - the adjustments upon first-time adoption of the Standard to be applied in instalments for tax purposes, with the recognition of the resulting DTAs. These DTAs were fully included in the calculation of the thresholds established in Article 48 CRR, over the same time period.

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

The total of the programme of purchase of own shares for annulment (buyback), amounting to 2 billion euro, authorised by the Supervisory Authority and approved by the Shareholders' Meeting on 29 April 2025 was deducted from the amount of own funds.

Moreover, in compliance with Article 3 of the CRR ("Application of stricter requirements by institutions"), the calculation of the own funds as at 30 June 2025 included the voluntary deduction of around 28 basis points from the CET 1 of the calendar provisioning¹⁷ on exposures within the scope of Pillar 2.

Since 30 June 2023, the Intesa Sanpaolo Group has been complying with EBA Q&A 2021_6211, which clarifies that the amount of goodwill to deduct from an institution's CET 1 must be that relating to directly controlled insurance companies, recognised at the date of acquisition of the significant investment in those companies, without considering the goodwill referring to subsequent acquisitions made. The latter amount was included in the calculation of risk-weighted assets (RWA), thus falling under the ordinary treatment that the Group reserves for equity investments in insurance companies.

In the calculation of own funds as at 30 June 2025, foreseeable charges¹⁸ were considered, while it was not included any net income of the first half of 2025, in compliance with the ECB's guidance, which specifically states that a supervised entity is not allowed to include any interim or year-end profits in CET1 capital in case it adopts a distribution policy that does not specify any upper limit for cash dividends and any share buybacks, and it does not commit not to distribute neither via cash dividends nor via share buybacks the profits that it wants to include in CET1.

¹⁷ The addendum to ECB Guidance on non-performing loans of 2018 contemplates the possibility that banks "deduce" on their own initiative specific amounts from CET 1, to anticipate supervisory requests, in the event of divergence between the prudential framework, which expects adjustments not based on credit risk measurement criteria, and the accounting framework.

¹⁸ Coupons accrued on the Additional Tier 1 issues (198 million euro).

Risk-weighted assets

As at 30 June 2025, risk-weighted assets came to 308,508 million euro, resulting primarily from credit and counterparty risk and, to a lesser extent, operational and market risks.

Common Equity Tier 1 Capital and risk-weighted assets as at 30 June 2025 take account of the impact of the application of the “Danish Compromise” (Art. 49.1 of Regulation (EU) no. 575/2013), as per the specific authorisation received from the ECB in 2019, according to which insurance investments are treated as risk-weighted assets¹⁹ instead of being deducted from capital.

Capital ratios

On the basis of the foregoing, capital ratios as at 30 June 2025 amounted to the following: Common Equity ratio of 13.0% (including the previously-mentioned impact of the first-time adoption of CRR3/Basel 4, equal to slightly more than 40 basis points), Tier 1 ratio of 15.5% and Total capital ratio of 18.5%.

Finally, on 10 December 2024, Intesa Sanpaolo announced that it had received notification of the ECB’s final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 January 2025, following the results of the Supervisory Review and Evaluation Process (SREP).

The overall requirement to be met in terms of Common Equity Tier 1 ratio is currently 9.85%, inclusive of the Capital Conservation Buffer, O-SII Buffer and Countercyclical Capital Buffer²⁰ and Systemic Risk Buffer²¹ requirements.

¹⁹ From the first-time adoption of the new Basel 4 framework, the risk weight of 250% provided for equity exposures has been applied to those exposures, in place of the 370% previously applied up to 31 December 2024.

²⁰ The Countercyclical Capital Buffer is calculated taking into account the exposure as at 30 June 2025 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating to 2026, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for the first nine months of 2025).

²¹ The Systemic Risk Buffer is calculated taking into account the exposure as at 30 June 2025 to residents in Italy and the fully loaded requirement effective from the same date.

Reconciliation of Shareholders' equity and Common Equity Tier 1 capital

	(millions of euro)	
	30.06.2025	31.12.2024
Group Shareholders' equity	66,519	65,176
Minority interests	139	145
Shareholders' equity as per the Balance Sheet	66,658	65,321
Interim dividend (a)	-	3,022
Adjustments for instruments eligible for inclusion in AT1 or T2 and net income for the period		
- Other equity instruments eligible for inclusion in AT1	-7,668	-7,551
- Minority interests eligible for inclusion in AT1	-	-
- Minority interests eligible for inclusion in T2	-	-
- Ineligible minority interests on full phase-in	-139	-145
- Ineligible net income for the period (b)	-5,216	-6,217
- Own shares included under regulatory adjustments (c)	1,948	2,176
- Buyback of own shares (d)	-973	-2,000
- Other ineligible components on full phase-in (e)	-1,163	-1,247
Common Equity Tier 1 capital (CET1) before regulatory adjustments	53,447	53,359
Regulatory adjustments (f)	-13,429	-14,052
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	40,018	39,307

(a) As at 31 December 2024, Shareholders' Equity as per the Balance Sheet does not include the interim dividend, amounting to 3,022 million euro (net of the amount not distributed in respect of own shares held at the record date).

(b) The Common Equity Tier 1 capital as at 30 June 2025 does not include any net income accrued in the half year, in accordance with the ECB guidance, which specifically states that a supervised entity is not allowed to include any interim or year-end profits in CET1 capital in case it adopts a distribution policy that does not specify any upper limit for cash dividends and any share buybacks, and it does not commit not to distribute neither via cash dividends nor via share buybacks the profits that it wants to include in CET1.

(c) The amount includes, in addition to the book value of own shares, the unused portion of the ceiling for which the bank has received buyback authorisations.

(d) The amount as at 30 June 2025 refers to the total amount of the programme of purchase of own shares for annulment (buyback), equal to 2 billion euro, approved by the Shareholders' Meeting of 29 April 2025, after receiving the authorisation from the Supervisory Authority on 31 January 2025, net of the portion already repurchased as at 30 June 2025 and amounting to 1,027 million euro.

(e) The amount as at 30 June 2025 includes the removal from the calculation of an AT1 security with a value of 884 million euro subject to grandfathering pursuant to article 494 ter, which is therefore no longer eligible as from 28 June 2025 among the AT1 instruments referred to in article 52 of the CRR.

(f) Regulatory adjustments include, among other items, the book value of own shares and those for which the Group has already received buyback authorisations, as well as an additional deduction of 877 million euro pursuant to Article 3 of the CRR (relating to the voluntary deduction of calendar provisioning on exposures included in the scope of Pillar 2).