

**SHAREHOLDERS' EQUITY**

As at 30 September 2024, the Group's Shareholders' equity came to 67,088 million euro, compared to 63,963 million euro as at 31 December 2023, which included the interim dividends on the 2023 net income paid in November 2023 (-2.6 billion euro). The aggregate comprises the net income earned in the first nine months of the current year (7,167 million euro) and includes the distribution in May of the final cash dividends to shareholders (-2.8 billion euro) from the 2023 consolidated net income, with a total payout ratio – interim and final – of 70%.

The shareholders' equity as at 30 September 2024 also includes a deduction of around 1.4 billion euro related to purchases made under the programme of purchase of own shares for annulment (buyback), which was authorised by the ECB by decision notified on 11 March 2024 for a maximum amount of 1.7 billion euro. The execution of the programme – in accordance with the terms and conditions approved by the Shareholders' Meeting of Intesa Sanpaolo on 24 April 2024 – began on 3 June and ended on 18 October 2024.

**Valuation reserves**

	Reserve 31.12.2023	Change of the period	(millions of euro) Reserve 30.09.2024
Financial assets measured at fair value through other comprehensive income (debt instruments)	-1,508	-106	-1,614
Financial assets measured at fair value through other comprehensive income (equities)	1,863	159	-317
Foreign investment hedges	-24	9	-15
Cash flow hedges	-318	176	-142
Foreign exchange differences	-1,248	-236	-1,484
	-	-	-
	-125	-89	-214
Actuarial profits (losses) on defined benefit pension plans	-187	8	-179
Portion of the valuation reserves connected with investments carried at equity	1	8	9
Legally-required revaluations	311	1	312
<b>Valuation reserves (excluding valuation reserves pertaining to insurance companies)</b>	<b>-1,711</b>	<b>-94</b>	<b>-1,805</b>
<b>Valuation reserves pertaining to insurance companies</b>	<b>-298</b>	<b>20</b>	<b>-278</b>

Bank valuation reserves were negative (-1,805 million euro), up by 94 million euro compared to 31 December 2023 (-1,711 million euro). The negative impact was mainly due to the exchange rate differences, primarily related to the devaluation of the Egyptian pound, the reserves on debt securities and the financial liabilities designated at fair value through profit or loss. The negative value of the valuation reserves of the insurance companies, amounting to -278 million euro, showed a decrease of the negative value compared to the end of 2023.

## OWN FUNDS AND CAPITAL RATIOS

	(millions of euro)	
Own funds and capital ratios	30.09.2024	31.12.2023
<b>Own funds</b>		
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	40,555	41,476
Additional Tier 1 capital (AT1) net of regulatory adjustments	8,702	7,707
<b>TIER 1 CAPITAL</b>	<b>49,257</b>	<b>49,183</b>
Tier 2 capital net of regulatory adjustments	8,451	8,799
<b>TOTAL OWN FUNDS</b>	<b>57,708</b>	<b>57,982</b>
<b>Risk-weighted assets</b>		
Credit and counterparty risks	254,382	260,815
Market and settlement risks	13,311	12,621
Operational risks	29,550	28,471
Other specific risks (a)	182	203
<b>RISK-WEIGHTED ASSETS</b>	<b>297,425</b>	<b>302,110</b>
<b>% Capital ratios</b>		
Common Equity Tier 1 capital ratio	13.6%	13.7%
Tier 1 capital ratio	16.6%	16.3%
Total capital ratio	19.4%	19.2%

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

Own Funds, risk-weighted assets and the capital ratios as at 30 September 2024 were calculated according to the harmonised rules and regulations for banks and investment companies contained in Directive 2013/36/EU (CRD IV) and in Regulation (EU) 575/2013 (CRR) of 26 June 2013, as amended respectively by Directive 2019/878/EU (CRD V) and by Regulation (EU) 876/2019 (CRR II), which transpose the banking supervision standards defined by the Basel Committee (the Basel 3 Framework) to European Union laws, and on the basis of the related Bank of Italy Circulars.

**Own funds**

As at 30 September 2024, Own funds amounted to 57,708 million euro.

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

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

As at 30 September 2024, own funds take account of the deduction following the authorisation from the ECB for the purchase of own shares for annulment (buyback), as approved by the Shareholders' Meeting on 24 April 2024, for a total amount of 1.7 billion euro<sup>17</sup>.

Moreover, in compliance with Article 3 of the CRR ("Application of stricter requirements by institutions"), the calculation of the own funds as at 30 September 2024 included the voluntary deduction of around 31 basis points from the CET 1 of the calendar provisioning<sup>18</sup> 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 September 2024, foreseeable charges<sup>19</sup> were considered, while it was not included any net income of the third quarter of 2024, in compliance with the ECB's recent 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.

<sup>17</sup> As stated in the opening chapter of this Interim Statement, the own share buyback programme authorised by the ECB on 11 March 2024 and launched on 3 June 2024, ended on 18 October 2024, in compliance with the terms authorised by the Shareholders' Meeting of Intesa Sanpaolo.

<sup>18</sup> 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.

<sup>19</sup> Coupons accrued on the Additional Tier 1 issues (299 million euro).

### Risk-weighted assets

As at 30 September 2024, risk-weighted assets came to 297,425 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 September 2024 take account of the impact of the application of the “Danish Compromise” (Art. 49.1 of Regulation (EU) 575/2013), as per the specific authorisation received from the ECB in 2019, according to which insurance investments are treated as risk-weighted assets instead of being deducted from capital.

### Capital ratios

On the basis of the foregoing, capital ratios as at 30 September 2024 highlighted a Common Equity ratio of 13.6%, a Tier 1 ratio of 16.6% and a Total capital ratio of 19.4%.

Finally, on 30 November 2023, Intesa Sanpaolo announced that it had received notification of the ECB’s final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 January 2024, following the results of the Supervisory Review and Evaluation Process (SREP).

The overall requirement to be met in terms of Common Equity Tier 1 ratio is currently 9.37%, inclusive of the Capital Conservation Buffer, O-SII Buffer and Countercyclical Capital Buffer<sup>20</sup> requirements.

## Reconciliation of Shareholders’ equity and Common Equity Tier 1 capital

	(millions of euro)	
	30.09.2024	31.12.2023
Group Shareholders' equity	67,088	63,963
Minority interests	142	164
<b>Shareholders' equity as per the Balance Sheet</b>	<b>67,230</b>	<b>64,127</b>
Interim dividend (a)	-	2,629
<b>Adjustments for instruments eligible for inclusion in AT1 or T2 and net income for the period</b>		
- Other equity instruments eligible for inclusion in AT1	-8,702	-7,707
- Minority interests eligible for inclusion in AT1	-	-
- Minority interests eligible for inclusion in T2	-	-
- Ineligible minority interests on full phase-in	-142	-164
- Ineligible net income for the period (b)	-5,792	-5,787
- Own shares included under regulatory adjustments (c)	1,734	165
- Other ineligible components on full phase-in	-198	-325
<b>Common Equity Tier 1 capital (CET1) before regulatory adjustments</b>	<b>54,130</b>	<b>52,938</b>
<b>Regulatory adjustments (d)</b>	<b>-13,575</b>	<b>-11,462</b>
<b>Common Equity Tier 1 capital (CET1) net of regulatory adjustments</b>	<b>40,555</b>	<b>41,476</b>

(a) As at 31 December 2023, the Shareholders’ equity as per the Balance Sheet did not include the interim dividend of 2,629 million euro (net of the undistributed portion in respect of the own shares held at the record date).

(b) Common Equity Tier 1 capital as at 30 September 2024 includes other foreseeable charges, while it does not include any net income of the 3rd quarter of 2024, in compliance with the ECB’s recent 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 the buyback authorisations.

(d) The regulatory adjustments include the book value of own shares and the shares for which the Group has already received the buyback authorisation, in addition to 941 million euro of Article 3 CRR deduction (for the calendar provisioning on exposures included within the scope of Pillar 2).

<sup>20</sup> The Countercyclical Capital Buffer is calculated taking into account the exposure as at 30 September 2024 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating to 2025, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for 2024).