
Part F – Information on consolidated capital

SECTION 1 – CONSOLIDATED CAPITAL

A. Qualitative information

The control of capital adequacy both at consolidated level and at single entities level is ensured by capital management which defines the size and optimum combination of the different capital instruments in accordance with regulatory constraints and consistently with the risk exposure taken on by the Group.

The Intesa Sanpaolo Group assigns a primary role to the management and allocation of capital resources, considering this to be an instrument for strategic leverage, as well as a way to ensure consistency of the operating plans of the business units.

Once the Group's strategic profitability, capital strength and liquidity objectives have been defined, capital and financial resources are allocated to the business units through a process that evaluates their growth potential, capacity to generate value and financial autonomy.

The capital at risk considered is twofold:

- regulatory capital covering Pillar 1 risks;
- overall internal capital covering Pillar 2 risks, for ICAAP purposes.

Regulatory capital and overall internal capital differ from each other by definition and by their coverage of risk categories. The first arises from formats defined in supervisory provisions, the second from operational measurements.

Hence, the capital management activity comprises the management of current and prospective capital adequacy through careful control of both regulatory Pillar 1 constraints (in compliance with Basel 3 rules, effective from 1 January 2014) and operational Pillar 2 constraints. Projections are also produced under stress conditions in order to ensure that the available resources are adequate to cover all risks, even in adverse conditions. Furthermore, since 2013, the Group has been drawing up a Recovery Plan, in line with regulatory indications (directives "Bank Recovery and Resolution Directive – BRRD" - 2014/59/EU transposed in Italy through Legislative Decrees 180 and 181 on 16 November 2015 and "Bank Recovery and Resolution Directive – BRRD II" - Directive (UE) 2019/879, transposed into Italian law on 8 November 2021 by Legislative Decree 193, which entered into force on 1 December 2021), with international practice and in compliance with both the Group Risk Appetite Framework and the crisis management model adopted by the Bank.

As part of the process of defining budget targets, a projection compatibility analysis is conducted annually at Group level and at the level of individual entities in the Group. Depending on the expected performance of balance sheet and income statement aggregates, the appropriate capital management measures to ensure the required financial resources for the individual business units are already identified in this phase, if necessary. Compliance with the target levels of capitalisation is monitored on a quarterly basis, taking appropriate action when necessary.

Compliance with capital adequacy is sought via various levers, such as the dividend distribution policy, the definition of strategic finance operations (capital increases, issue of convertible loans and subordinated bonds, disposal of non-core assets, etc.) and the management of investments, particularly loans, on the basis of counterparty risk.

Further analyses for preliminary assessment of capital adequacy are performed during extraordinary operations (mergers, acquisitions, disposals, etc.) whether internal to the Group or changing the scope of consolidation of the Group.

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

On 30 November 2023, Intesa Sanpaolo announced that it had received the ECB's final decision concerning the capital requirement that the Bank has to meet, as of 1 January 2024.

On 26 April 2024, the Bank of Italy announced the introduction of the new Systemic Risk Buffer (SyRB) amounting to 1% of the risk-weighted exposures to credit and counterparty risks for residents in Italy. The target rate must be reached gradually by establishing a reserve equal to 0.5% of the relevant exposures by 31 December 2024 and the remaining 0.5% by 30 June 2025.

The overall capital requirement the Bank has to meet in terms of Common Equity Tier 1 ratio is 9.88%¹⁹⁵.

This is the result of:

- the SREP requirement in terms of Total Capital ratio of 9.50% comprising a minimum Pillar 1 capital requirement of 8%, of which 4.5% is CET1, and an additional Pillar 2 capital requirement of 1.50%, of which 0.84% is CET1 applying the regulatory amendment introduced by the ECB and effective from 12 March 2020¹⁹⁶;
- additional requirements, entirely in terms of Common Equity Tier 1 ratio, relating to:
 - A Capital Conservation Buffer of 2.5%;
 - an O-SII Buffer (Other Systemically Important Institutions Buffer) of 1.25%;
 - a Countercyclical Capital Buffer of 0.28%¹⁹⁷;
 - Systemic Risk Buffer of 0.51%.¹⁹⁸

On 11 December 2024, Intesa Sanpaolo announced that it had received the ECB's final decision concerning the capital requirement that the Bank has to meet as of 1 January 2025, which was unchanged with respect to 2024.

With effect from 30 September 2019, following permission from the ECB, the Intesa Sanpaolo Group calculates capital ratios applying the so-called Danish Compromise, under which insurance investments, held indirectly through Intesa Sanpaolo Assicurazioni, are risk weighted instead of being deducted from capital.

As reported in Part E of these Notes, where additional information can be found, no changes were made with respect to 31 December 2023 to the scope of application of internal models for measuring credit risk, counterparty risk and operational risk.

As is now well-known, with regard to IFRS 9, the transitional period (2018-2022) provided for by Regulation (EU) 2017/2395 to mitigate the capital impacts of its introduction ended on 31 December 2022. Moreover, from June 2020 the Intesa Sanpaolo Group has not applied either the new transitional IFRS 9 rules (in force up to 31 December 2024), or the FVOCI prudential filter (ended on 31 December 2022), which were both introduced by Regulation (EU) no. 2020/873 (CRR Quick Fix) in the context of the pandemic.

Since December 2020, the Intesa Sanpaolo Group has applied Delegated Regulation (EU) 2020/2176 on the deduction of software assets from Common Equity Tier 1 items, which introduced the criterion of prudential amortisation applied to all software assets over a period of three years (regardless of their estimated useful life for accounting purposes). Specifically, the difference, if positive, between the prudential accumulated amortisation and the accounting accumulated amortisation (including impairment losses) is fully deducted from CET1 capital, while the remaining portion (the portion of the net carrying amount of each software asset that is not deducted) is included in the RWAs with a risk weight of 100%.

In addition, with regard to the regulatory provisions of Article 3 of the CRR ("Application of stricter requirements by institutions"), the voluntary deduction from CET1 relating to the calendar provisioning on exposures included in the Pillar 2 scope is included for the purposes of the calculation of Own funds as at 31 December 2024.¹⁹⁹

Finally, in June 2024, Regulation (EU) 2024/1623 (also known as CRR3) amending Regulation (EU) 575/2013 (CRR) as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor was published in the Official Journal of the European Union. The regulation will apply generally commencing as of 1 January 2025, with the exception of some provisions of lesser import, for which their application was brought forward to 9 July 2024 (the date the regulation itself came into force) and the provisions on the Fundamental Review of the Trading Book (FRTB) framework concerning market risk, which instead will apply as of 1 January 2026.

¹⁹⁵Fully loaded capital requirement; at the reporting date (31 December 2024), the ratio stood at 9.61%.

¹⁹⁶ The regulatory change establishes that the capital instruments not qualifying as Common Equity Tier 1 may be partially used to meet the Pillar 2 requirement.

¹⁹⁷ Countercyclical Capital Buffer calculated taking into account the exposure as at 31 December 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 2026, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for 2024 and for the first quarter of 2025). The CCyB as at 31 December 2024 stood at 0.26%.

¹⁹⁸SyRB calculated taking into account the exposure as at 31 December 2024 to residents in Italy and the fully loaded requirement as at 30 June 2025. The SyRB as at 31 December 2024 stood at 0.26%.

¹⁹⁹ The addendum to the ECB Guidance on non-performing loans of 2018 contemplates the possibility that banks "deduct" on their own initiative specific amounts from CET1, 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.

B. Quantitative information**B.1. Consolidated book shareholders' equity: breakdown by type of company**

Balance sheet captions	Prudential consolidation	Insurance companies	Other companies	Netting and adjustments on consolidation	(millions of euro)	
					TOTAL	of which minority interests
1. Share capital	10,453	-	55	-	10,508	139
2. Share premium reserves	27,644	-	-	-	27,644	43
3. Reserves	15,551	-2	-784	756	15,521	154
3.5 (Interim dividend)	-3,022	-	-	-	-3,022	-
4. Equity instruments	8,706	-	-	-	8,706	-
5. (Treasury shares)	-180	-6	-	6	-180	-1
6. Valuation reserves:	-2,516	-297	148	150	-2,515	-183
- Equities designated at fair value through other comprehensive income	-270	-	-	-	-270	-
- Hedges of equities designated at fair value through other comprehensive income	-	-	-	-	-	-
- Financial assets (other than equities) measured at fair value through other comprehensive income	-1,966	-2,103	-	-	-4,069	6
- Property and equipment	1,826	-	36	-	1,862	15
- Intangible assets	-	-	-	-	-	-
- Hedges of foreign investments	-10	-	-	-	-10	-
- Cash flow hedges	-119	67	-	-	-52	-
- Hedging instruments (non-designated items)	-	-	-	-	-	-
- Foreign exchange differences	-1,770	-	76	-	-1,694	-204
- Non-current assets held for sale and discontinued operations	-	-	-	-	-	-
- Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-190	-	-	-	-190	-
- Actuarial gains (losses) on defined benefit plans	-178	-	-	-	-178	-
- Share of valuation reserves connected with investments carried at equity	-151	-	36	150	35	-
- Finance income or expenses from insurance contracts issued	-	1,735	-	-	1,735	-
- Finance income or expenses from reinsurance contracts held	-	4	-	-	4	-
- Legally-required revaluations	312	-	-	-	312	-
7. Parent company's net income (loss) and minority interest (+/-)	8,684	1,190	-130	-1,085	8,659	-7
Shareholders' equity	65,320	885	-711	-173	65,321	145

The table above indicates the components of net book value, adding those of the Group to those of third parties, broken down by the type of consolidated company. In further detail, the column for Prudential Consolidation indicates the amount resulting from the consolidation of the companies belonging to such group, gross of the effects on the income statement of transactions with other companies within the scope of consolidation. Subsidiaries other than those belonging to the Banking group and consolidated on a line-by-line basis are stated at equity. The columns Insurance companies and Other companies contain the amounts resulting from consolidation, gross of the effects on the income statement of transactions with companies belonging to the Banking group. The columns Netting and Adjustments on consolidation show the adjustments required to obtain the figure presented in the financial statements.

B.2. Valuation reserves of financial assets measured at fair value through other comprehensive income: breakdown

	(millions of euro)									
	Banking group		Insurance companies		Other companies		Netting and adjustments on consolidation		TOTAL	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	694	-4,756	568	-2,680	-	-	-568	2,680	694	-4,756
2. Equities	142	-411	-	-	-	-	-	-	142	-411
3. Loans	10	-18	-	-	-	-	-	-	10	-18
Total as at 31.12.2024	846	-5,185	568	-2,680	-	-	-568	2,680	846	-5,185
Total as at 31.12.2023	557	-5,714	333	-3,505	-	-	-331	3,505	559	-5,714

The reserve for debt securities attributable to insurance companies (negative 2,103 million euro) is to be considered in conjunction with the valuation reserve "Finance income or expenses from insurance contracts issued" (positive 1,735 million euro), which includes the effect of the mirroring mechanism introduced by IFRS 17, whereby the financial result is attributed to policyholders.

The reserve on equities classified as level 1 is negative for about 288 million euro.

The caption Loans include includes the reserve for tax credits of the HTCS business model.

B.3. Valuation reserves of financial assets measured at fair value through other comprehensive income: annual changes

	(millions of euro)		
	Debt securities	Equities	Loans
1. Opening balance	-4,659	-477	-19
2. Increases	2,837	245	31
2.1. Fair value increases	2,546	174	28
2.2. Adjustments for credit risk	9	X	1
2.3. Reversal to the income statement of negative reserves from disposal	222	X	2
2.4. Transfer to other shareholders' equity items (equities)	-	48	-
2.5. Other increases	60	23	-
3. Decreases	-2,240	-37	-20
3.1. Fair value decreases	-1,938	-34	-18
3.2. Recoveries for credit risk	-35	-	-1
3.3. Reversal to the income statement of positive reserves from disposal	-216	X	-
3.4. Transfer to other shareholders' equity items (equities)	-	-2	-
3.5. Other decreases	-51	-1	-1
4. Final balance	-4,062	-269	-8

Trading on treasury shares

During the reporting year, Intesa Sanpaolo, under the shareholders' resolution of 24 April 2024, and Group companies, under the specific authorisations of their respective competent corporate bodies, carried out the following transactions on parent company Intesa Sanpaolo shares:

Ordinary shares:		
Initial number	no.	64,054,748
Purchases	no.	507,799,512
subject to cancellation (buyback)	no.	479,128,488
Sales	no.	-507,683,589
subject to cancellation (buyback)	no.	-479,128,488
End-of-year number	no.	64,170,671

B.4. Valuation reserves relating to the defined benefit plans: annual changes

During the year, the reserves at issue recorded an increase of 11 million euro. Therefore, as at 31 December 2024 there was an overall negative reserve equal to approximately 178 million euro for defined benefit plans.

SECTION 2 – OWN FUNDS AND CAPITAL RATIOS FOR BANKS

Reference is made to the “Basel 3 Pillar 3” public disclosure as at 31 December 2024 for the disclosure on own funds and capital adequacy.