INTESA SANPAOLO

Interim Statement at 30 September 2022

This is an English translation of the original Italian document "Resoconto Intermedio al 30 settembre 2022". In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails. The Italian original is available on group.intesasanpaolo.com. This document contains certain forward-looking statements, projections, objectives, estimates and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. Forward-looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding Intesa Sanpaolo's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where Intesa Sanpaolo participates or is seeking to participate.

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

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

Interim Statement as at 30 September 2022

Intesa Sanpaolo S.p.A. Registered Office: Piazza S. Carlo, 156 10121 Torino Italy Secondary Registered Office: Via Monte di Pietà, 8 20121 Milano Italy Share Capital Euro 10.368.870.930,08 Torino Company Register and Fiscal Code No. 00799960158 “Intesa Sanpaolo” VAT Group representative Vat Code No. 11991500015 (IT11991500015) Included in the National Register of Banks No. 5361 ABI Code 3069.2 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund and Parent Company of the banking group “Intesa Sanpaolo” included in the National Register of Banking Groups

Contents

THE INTESA SANPAOLO GROUP

The Intesa Sanpaolo Group: presence in Italy

Banks

NORTH WEST

INTESA SANPAOLO	Subsidiaries	
Branches	Company	Branches
1,072	Banca 5	1
	Fideuram	109

NORTH EAST

INTESA SANPAOLO	Subsidiaries	
Branches	Company	Branches
725	Fideuram	60

CENTRE

INTESA SANPAOLO	Subsidiaries	
Branches	Company	Branches
757	Fideuram	48

SOUTH

INTESA SANPAOLO	Subsidiaries	
Branches	Company	Branches
630	Fideuram	34

ISLANDS

INTESA SANPAOLO	Subsidiaries	
Branches	Company	Branches
216	Fideuram	10

Figures as at 30 September 2022

Product Companies[1]

Bancassurance and Pension Funds

Consumer Credit[2]

Asset Management

Fiduciary Services

1 *Factoring and Leasing activities are carried out directly by Intesa Sanpaolo S.p.A., the Parent Company*
2 *Consumer Credit activities are also carried out directly by Intesa Sanpaolo S.p.A., the Parent Company*

The Intesa Sanpaolo Group: international presence

Banks, Branches and Representative Offices

INTESA SANPAOLO

ALEXBANK | بنك الإسكندرية
BANCA INTESA
BANCA INTESA Beograd
CBP QUILVEST
CIB BANK
EXIMBANK
FIDEURAM BANK LUXEMBOURG
INTESA SANPAOLO BANK Albania
INTESA SANPAOLO BANK LUXEMBOURG
INTESA SANPAOLO BANK Romania
INTESA SANPAOLO BANK Slovenia
INTESA SANPAOLO BANKA Bosna i Hercegovina
INTESA SANPAOLO BANK IRELAND
INTESA SANPAOLO BRASIL SA
PRAVEX BANK
PRIVREDNA BANKA ZAGREB
REYL INTESA SANPAOLO
VÚB BANKA

AMERICA

Direct Branches	Representative Offices
New York	Washington D.C.

Country	Subsidiaries	Branches
Brazil	Intesa Sanpaolo Brasil	1

AUSTRALIA/OCEANIA

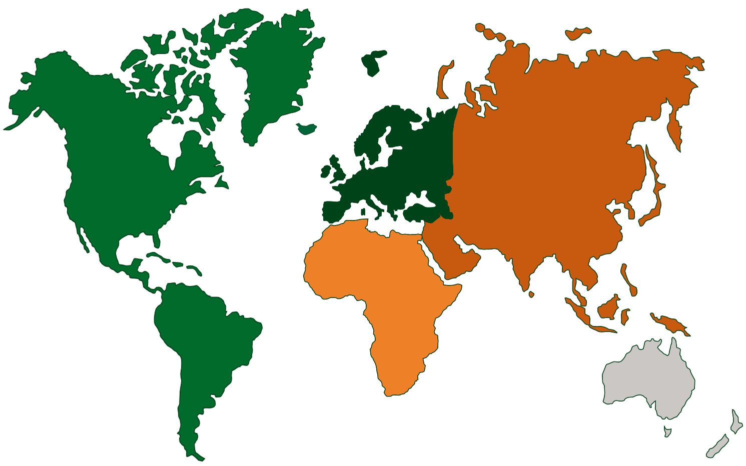
Direct Branches
Sydney

ASIA

Direct Branches	Representative Offices
Abu Dhabi	Beijing
Doha	Beirut
Dubai	Ho Chi Minh City
Hong Kong	Jakarta
Shanghai	Mumbai
Singapore	Seoul
Tokyo	

EUROPE

Direct Branches	Representative Offices
Amsterdam	Brussels(1)
Frankfurt	Moscow
Istanbul	
London	
Madrid	
Paris	
Warsaw	



Country	Subsidiaries	Branches
Albania	Intesa Sanpaolo Bank Albania	33
Belgium	Compagnie de Banque Privée S.A. Quilvest	2
Bosnia and Herzegovina	Intesa Sanpaolo Banka Bosna i Hercegovina	46
Croatia	Privredna Banka Zagreb	146
Czech Republic	VUB Banka	1
Hungary	CIB Bank	61
Ireland	Intesa Sanpaolo Bank Ireland	1
Luxembourg	Compagnie de Banque Privée S.A. Quilvest	1
	Fideuram Bank Luxembourg	1
	Intesa Sanpaolo Bank Luxembourg	1
Moldova	Eximbank	17
Romania	Intesa Sanpaolo Bank Romania	34
Russian Federation	Banca Intesa	27
Serbia	Banca Intesa Beograd	147
Slovakia	VUB Banka	160
Slovenia	Intesa Sanpaolo Bank	41
Switzerland	Reyl Intesa Sanpaolo	3
Ukraine	Pravex Bank	45

AFRICA

Representative Offices	Country	Subsidiaries	Branches
Cairo	Egypt	Bank of Alexandria	174

Figures as at 30 September 2022
(1) European Regulatory & Public Affairs

Product Companies

PBZ CARD

E-money and Payment Systems

CIB LEASING
INTESA LEASING Beograd
PBZ LEASING
VÚB OPERATING LEASING

Leasing

EURIZON ASSET MANAGEMENT
FIDEURAM ASSET MANAGEMENT IRELAND
INTESA INVEST Beograd
INTESA SANPAOLO LIFE
意才 YI TSAI

Wealth Management

Board of Directors, Manager responsible for preparing the Company’s financial reports and Independent Auditors

Board of Directors

Chair	Gian Maria GROS-PIETRO
Deputy Chair	Paolo Andrea COLOMBO
Managing Director and Chief Executive Officer	Carlo MESSINA [(a)]
Directors	Franco CERUTI Roberto FRANCHINI [(*)] Anna GATTI Liana LOGIURATO Maria MAZZARELLA Fabrizio MOSCA [(*)] Milena Teresa MOTTA [(*)] Luciano NEBBIA Bruno Maria PARIGI Bruno PICCA Alberto Maria PISANI [(**)] Livia POMODORO Maria Alessandra STEFANELLI Paola TAGLIAVINI Daniele ZAMBONI Maria Cristina ZOPPO [(*)]
Manager responsible for preparing the company’s financial reports	Fabrizio DABBENE
Independent Auditors	EY S.p.A.

(a) General Manager
(*) Member of the Management Control Committee
(**) Chair of the Management Control Committee

Introduction

As is known, Legislative Decree 25 of 15 February 2016, which implemented the Transparency Directive 2013/50/EU (amending Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market), eliminated the obligation to publish interim statements and gave Consob the option of establishing any additional disclosure obligations with respect to the annual and half-yearly reports. By Resolution 19770 dated 26 October 2016, Consob, pursuant to regulatory delegation provided for in said Decree, approved the changes to the Issuers' Regulation on periodic additional financial disclosure, which have applied since 2 January 2017.

Under this Regulation, listed companies have the right to select whether or not to publish periodic additional financial disclosure.

In announcing to the market the 2022 financial calendar, Intesa Sanpaolo confirmed that, pursuant to Article 65-Bis and Art. 82-Ter of the Issuers' Regulation, it has chosen to disclose – on a voluntary basis – financial information as at 31 March and 30 September of each financial year, in addition to the annual report and half-yearly reports. This information consists of interim statements approved by the Board of Directors.

As illustrated in detail in the chapter "Criteria for the preparation of the Interim Statement", the Interim Statement as at 30 September 2022 has been prepared, in consolidated form, in compliance with the recognition and measurement criteria required by the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS - IC) and endorsed by the European Commission as provided for by Community Regulation 1606 of 19 July 2002.

The Interim Statement contains the Balance sheet, the Income statement, the Statement of comprehensive income for the period, the Changes in shareholders' equity, and the Report on operations. It is also complemented by information on significant events which occurred during the period. The Interim Statement contains financial information taken from or attributable to the financial statements, as well as other information – for example, figures on quarterly trends, and certain Alternative Performance Measures – not directly attributable to the financial statements. In this regard, see the chapter Alternative Performance Measures in the Report on operations accompanying the 2021 Consolidated Financial Statements for a detailed description, confirming that, with specific regard to the aftermath of the COVID-19 pandemic, in line with the ESMA guidance, no new measures have been added, nor have any changes been made to the measures used.

To support the comments on results for the period, the Interim Statement also presents and illustrates reclassified income statement and balance sheet schedules.

In the reclassified statements, the figures are normally restated, where necessary and if they are material, for ease of comparison. In particular, the amounts are provided as uniformly as possible with reference to the different periods covered, above all in relation to intervening changes in the scope of consolidation. This uniformity is achieved through "restated" figures, which include/exclude the values of the companies that entered or left the scope of consolidation.

In the previous periodic disclosures it has already been reported that, in 2021, as a result of the acquisition of the UBI Banca Group, the restated figures have been accompanied by the "redetermined" figures in order to align/supplement them through management figures. This presentation has been maintained in this Interim Statement for the first two quarters of 2021 included in the first nine months of 2021 presented for comparison.

In particular, as discussed in more detail below in this Interim Statement, in order to provide a like-for-like comparison of the income statement figures, to take into account (i) the effects of the sale of branches to BPER and Banca Popolare di Puglia e Basilicata in the first half of 2021, which was linked to the acquisition of the UBI Group, and (ii) the entry of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal, use has also been made of management figures, in relation to the nature of the necessary restatements. Accordingly, to present the figures for the first two quarters of 2021 "redetermined" on the basis of accounting and management records, reclassified income statement schedules have been prepared in addition to those prepared on the basis of the stated figures at the end of the various periods, and the related detail tables have been expanded upon or duplicated with separate indication of the "Redetermined figures". A reconciliation of these "Redetermined figures" and the accounting figures has been appended to this Interim Statement.

Regarding to balance sheet figures, in order to obtain easily comparable quarterly figures with reference to the corporate transactions relating to the acquisition of the UBI Group, in 2021 the line-by-line exclusion of balance sheet figures concerning the UBI and ISP branches sold during the first and second quarter of 2021 was carried out. In the reclassified balance sheet, those figures were by convention allocated to the caption Non-current assets held for sale and discontinued operations. That restatement was carried out based on the accounting records.

As concerns the insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, whose balance sheet values were restated as illustrated above, in 2021 it was not deemed necessary to "redetermine" the balance sheet figures so as to exclude - on the basis of management data - the items (investments and technical reserves) linked to production from the customers of the branches sold to third parties, as was done in the income statement, since said items were of negligible amounts and hence not relevant for comparability.

As a result of the above, since the restatements of the balance sheet data were - as normally happens - based on accounting records, no reclassified "redetermined" balance sheet schedules were prepared.

Also for the comparative balance sheet figures, the presentation used in 2021 is confirmed.
Breakdowns of restatements and reclassifications made as compared to the layout established in Bank of Italy Circular 262 – in addition to the aforementioned “redeterminations” – are provided in separate tables included in the attachments, as also required by Consob in its Communication 6064293 of 28 July 2006.
Finally, the consolidated financial statements are subject to a limited review by the Independent Auditors EY S.p.A. for the sole purpose of issuing the certification required by Art. 26 (2) of European Union Regulation 575/2013 and European Central Bank Decision 2015/656.

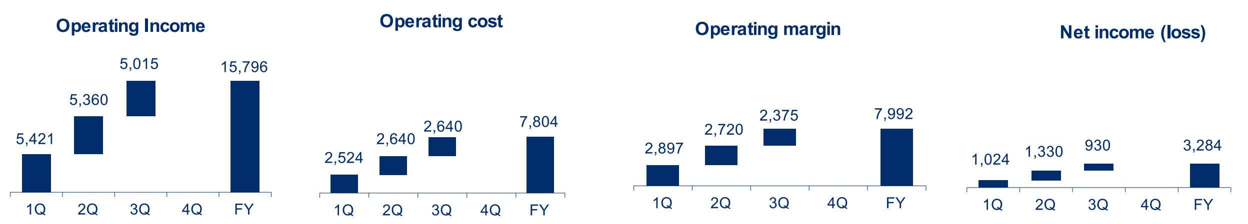
Overview of the nine months of 2022

Income statement figures and Alternative Performance Measures(°)

Consolidated income statement figures (millions of euro)	30.09.2022	30.09.2021	Changes amount	Changes %
Net interest income	6,436	5,950	486	8.2
Net fee and commission income	6,697	7,009	-312	-4.5
Income from insurance business	1,303	1,219	84	6.9
Profits (Losses) on financial assets and liabilities designated at fair value	1,380	1,524	-144	-9.4
Operating income	15,796	15,781	15	0.1
Operating costs	-7,804	-7,948	-144	-1.8
Operating margin	7,992	7,833	159	2.0
Net adjustments to loans	-1,928	-1,544	384	24.9
Net income (loss)	3,284	4,006	-722	-18.0

Figures restated, where necessary and material, considering the changes in the scope of consolidation. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

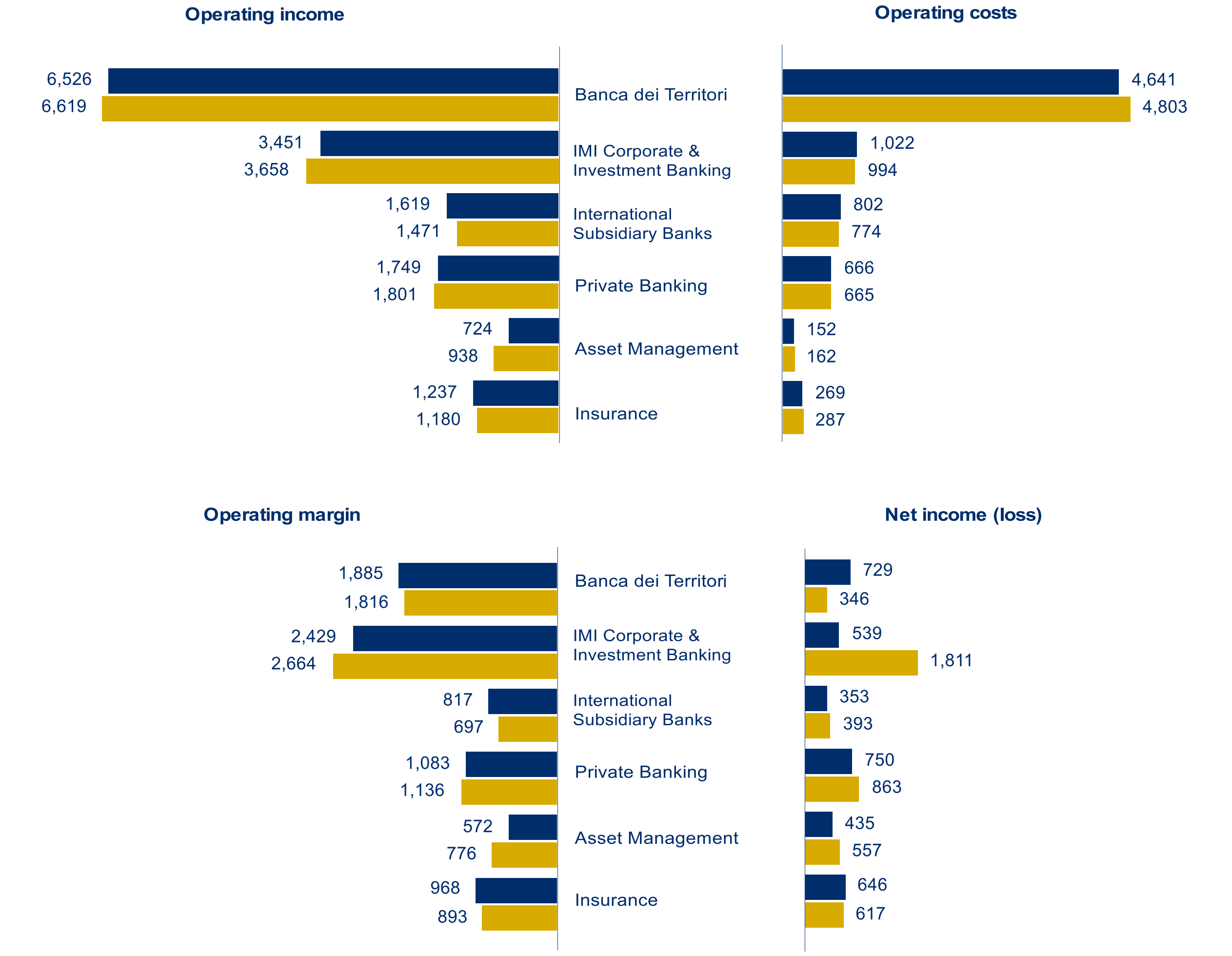
Quarterly development of main consolidated income statement figures
(millions of euro)



30.09.2022
30.09.2021
Redetermined figures

(°) For more detailed information on the Alternative Performance Measures, see the specific chapter of the Report on operations in the Annual Report 2021.

Main income statement figures by business area (*) (millions of euro)



(*) Excluding Corporate Centre

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations. For more details, see the chapter “Breakdown of consolidated results by business area”.

Balance sheet figures and Alternative Performance Measures(°)

Consolidated balance sheet figures (millions of euro)	30.09.2022	31.12.2021	**Changes amount**	**%**
Financial assets	152,936	162,021	-9,085	-5.6
Financial assets pertaining to insurance companies measured pursuant to IAS 39	173,332	206,885	-33,553	-16.2
Loans to customers	473,746	465,871	7,875	1.7
Total assets	1,023,005	1,070,816	-47,811	-4.5
Direct deposits from banking business	550,678	557,248	-6,570	-1.2
Direct deposits from insurance business and technical reserves	173,945	204,479	-30,534	-14.9
Indirect deposits:	643,382	725,137	-81,755	-11.3
of which: Assets under management	*427,021*	*477,530*	*-50,509*	*-10.6*
Shareholders' equity	62,705	63,775	-1,070	-1.7
Loans to customers / Direct deposits from banking business (%) (Loan to deposit ratio)	86.0%	83.6%		

Main balance sheet figures by business area (*) (millions of euro)

Loans to customers 30.09.2022	Loans to customers 31.12.2021		Direct deposits from banking business 30.09.2022	Direct deposits from banking business 31.12.2021
253,410	250,592	Banca dei Territori	290,717	291,697
149,186	152,543	IMI Corporate & Investment Banking	94,398	94,844
40,614	38,970	International Subsidiary Banks	53,112	51,504
14,839	14,450	Private Banking	56,180	55,895
471	783	Asset Management	17	21
-	-	Insurance	-	-

(*) Excluding Corporate Centre

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

30.09.2022 (dark blue bars)
31.12.2021 (yellow bars)

(°) For more detailed information on the Alternative Performance Measures, see the specific chapter of the Report on operations in the Annual Report 2021.

Alternative Performance Measures and other measures(°)

Consolidated capital ratios (%)

Common Equity Tier 1 capital (CET1) net of regulatory adjustments / Risk-weighted assets (Common Equity Tier 1 capital ratio)	12.6	14.5
TIER 1 Capital / Risk-weighted assets	14.9	16.4
Total own funds / Risk-weighted assets	17.5	19.1
Risk-weighted assets (millions of euro)	324,364	326,903
Absorbed capital (millions of euro)	31,687	30,822

Risk-weighted assets by business area (*)
(millions of euro)

Absorbed capital by business area (*)
(millions of euro)

Risk-weighted assets		Business area	Absorbed capital	
87,876	93,821	Banca dei Territori	7,549	8,059
116,041	112,719	IMI Corporate & Investment Banking	9,992	9,704
36,262	34,403	International Subsidiary Banks	3,885	3,699
13,100	11,617	Private Banking	1,151	1,014
1,907	1,836	Asset Management	192	196
-	-	Insurance	4,721	4,137

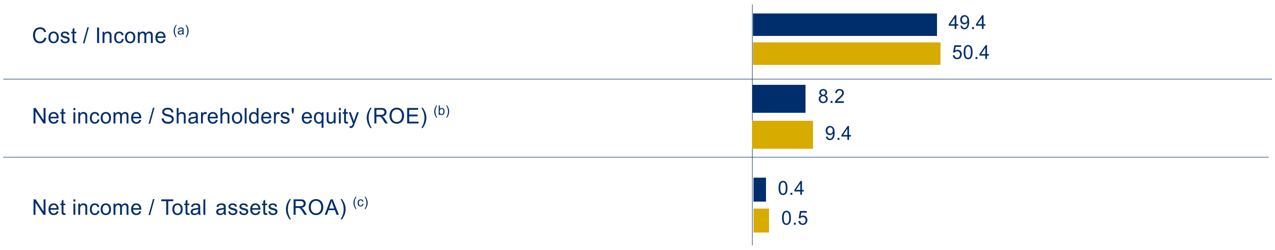
(*) Excluding Corporate Centre

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

30.09.2022
31.12.2021

(°) For more detailed information on the Alternative Performance Measures, see the specific chapter of the Report on operations in the Annual Report 2021.

Consolidated profitability ratios (%)

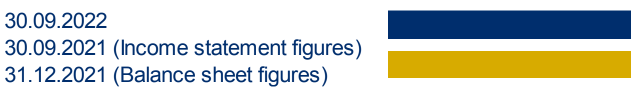


Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(a) For 2021, the measure is calculated on redetermined figures. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

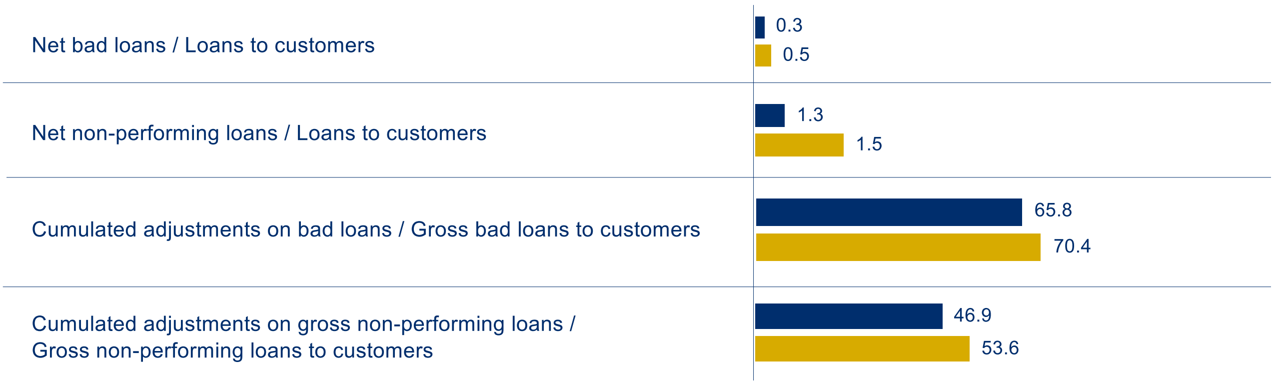
(b) Ratio of net income to shareholders' equity at the end of the period. Shareholders' equity does not include AT1 capital instruments and income for the period. The figure for the period has been annualised except for the gain on the disposal of Intesa Sanpaolo Formazione and except for the net benefits of the realignment of the tax values of certain intangible assets. The figure for the previous period has been annualised except for the gain recognised in 2021 on the sale by Fideuram Bank Luxembourg of its custodian bank services business line and except for the net benefits of the realignment of the tax values of certain intangible assets.

(c) Ratio between net income and total assets. The figure for the period has been annualised except for the gain on the disposal of Intesa Sanpaolo Formazione and except for the net benefits of the realignment of the tax values of certain intangible assets. The figure for the previous period has been annualised except for the gain recognised in 2021 on the sale by Fideuram Bank Luxembourg of its custodian bank services business line and except for the net benefits of the realignment of the tax values of certain intangible assets.



Earnings per share (euro)

Consolidated risk ratios (%)



Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(d) Net income (loss) attributable to shareholders compared to the average number of outstanding shares. Intesa Sanpaolo's share capital consists solely of ordinary shares.

(e) The diluted EPS is calculated taking into account the effects of any future issues of new ordinary shares.

Operating structure	30.09.2022	31.12.2021	Changes amount
Number of employees (f)	**95.554**	**97.687**	**-2.133**
Italy	73.283	75.289	-2.006
Abroad	22.271	22.398	-127
Number of financial advisors	**5.712**	**5.654**	**58**
Number of branches (g)	**4.620**	**4.719**	**-99**
Italy	3.662	3.740	-78
Abroad	958	979	-21

Figures restated, where necessary and material, considering the changes in the scope of consolidation.

(f) The workforce indicated refers to the exact number of employees at the end of the period, counting part-time workers as equal to 1 unit.

(g) The figure includes Retail/Exclusive Branches, Non-Profit Sector Branches, Agribusiness Branches, SME Branches and Corporate Branches.

30.09.2022
30.09.2021 (Income statement figures)
31.12.2021 (Balance sheet figures)

The nine months of 2022

Economic trends and the geopolitical scenario

Recent geopolitical developments have not led to significant improvements in the Russian-Ukrainian conflict and the scenario is still tied to the unknowns connected to it.

From the end of February, the Russian invasion of Ukraine caused a steep rise in the prices of various commodities. The effects on many non-energy commodities proved to be transitory. Conversely, the impact has been particularly strong and persistent in the European natural gas market. This resulted in a dramatic increase in production costs and inflation, as well as a sharp deterioration in the balance of trade and a clear change of pace in the normalisation of monetary policy.

In the Eurozone, GDP performance remained positive in the first three quarters of the year. The repercussions of the energy shock started to exert their negative effects from the summer quarter, which saw a slowdown in growth. Production started to fall sharply in several energy-intensive sectors. Demand was supported by fiscal measures aimed at mitigating the effect of price increases on household and company budgets, while activity continued to recover in the services most affected by the pandemic in 2020-21. There was also a further rise in total employment. Despite the fact that the filling of stocks in the middle quarters of 2022 was faster than expected and the final demand for gas fell significantly, there are still many unknowns concerning the performance of the economy in the coming months. Consensus forecasts have quickly deteriorated, to include a scenario of a moderate contraction in European GDP, starting in the fourth quarter of 2022. Moreover, the combination of energy shocks and monetary restriction increases the risk of a global recession.

The trend for the Italian economy was similar. In the three months to August, output in energy-intensive industries was down 4.5% compared to the previous three months, against 0.9% for the other industries. The Italian economy is still benefiting from strong growth in construction activity, but in the third quarter a deterioration in confidence indices was also evident for construction, as well as in services and manufacturing. Inflation rose to 8.9% in September and accelerated to 11.9% in October. The higher level of increases in energy and food prices means that the erosion of purchasing power has been greater for households with lower spending capacity. According to the preliminary ISTAT estimate, GDP growth slowed down in the third quarter, but less than expected. Also for Italy, consensus forecasts predict a slight fall in GDP in the fourth quarter of 2022 and in the initial months of next year. The subsequent recovery should ensure a positive average annual growth rate in 2023.

The European Central Bank has started to remove the stimulus measures introduced during the pandemic crisis. In the first quarter, net purchases related to the Pandemic Emergency Purchase Programme (PEPP) were gradually reduced, until they were completely suspended on 31 March. The central bank also stopped the net purchases under the Asset Purchase Programme (APP) from 1 July 2022. July saw the start of a phase of rising official interest rates which increased by a total of 125 basis points in the summer quarter and then by another 75 basis points on 27 October. The ECB has announced that the increases will continue in the following months. From 23 November, the less favourable conditions on outstanding TLTROs should lead to voluntary repayments and consequently a reduction in excess reserves. Markets expect that in 2023 the restriction will also be accompanied by a reduction of the Eurosystem's securities portfolio.

The shift in monetary policy caused a rapid increase in medium and long-term rates in European markets, with 5- and 10-year rates having risen respectively by 268 and 251 basis points between December 2021 and September 2022. The greater uncertainty in the international scenario, combined with the increase in interest rates, the reduction in official purchases, and subsequently the prospect of early elections and a change in government, led to a further widening of the Btp-Bund spread, which was at an average of 222 basis points in September. The interest rate divergence between the US and Europe and the Eurozone's greater exposure to the Russian-Ukrainian conflict weakened the euro, which fell from 1.13 down to a low of 0.95 US dollars.

Countries with ISP subsidiaries suffered a slowdown in growth, especially in the second quarter, which was accompanied by sharp increases in inflation. Against a backdrop of a further downward revision of the forward-looking economic indicators, central banks have adopted restrictive monetary policies to deal with the price increases triggered by rising commodity prices, particularly in the energy component. Inflation in the countries of the Central and Eastern Europe (CEE) Area increased by an average of more than 12 percentage points in one year. In the countries of the South-Eastern Europe (SEE) Area the increases were slightly smaller, while the countries of the Eastern Europe (EE) Area reported increases of more than 15 percentage points.

In the high inflation environment, bank lending to Italian businesses picked up, to a growth rate of close to 5% year-on-year in the summer. This performance is being driven by short-term loans, which reached double-digit rates of change reflecting the higher working capital requirements resulting from rising production costs. Due to the increased risks perceived by banks, supply criteria for loans to businesses have been tightened. Lending to households continued to grow at a strong pace, by around 4% year-on-year in the second and third quarters, driven by loans for home purchases. However, new disbursements weakened compared to the high volumes in 2021. In response to the financial needs related to the energy crisis and higher costs, businesses began to use the abundant liquidity deposited in bank accounts. From the beginning of the year to September, there was a net outflow from deposits of non-financial companies of 19 billion euro, compared to an inflow of

15 billion euro in the same period of 2021. Overall, growth in bank deposits declined, also due to the slowdown in household deposits. The rise in the ECB's official rates was passed on to a limited extent in the cost of credit for businesses, while the increase in the fixed rate on home loans was more noticeable. As a result of the usual higher stickiness of deposit interest rates, the banking spread started to widen.

Assets under management also saw a weakening in volumes, due to the high volatility in the stock markets and the rise in market yields. Thanks to the inflows of investments into equity funds and, to a lesser extent, into balanced and money market funds, net inflows into mutual funds remained positive from the beginning of the year to September, although significantly lower than in 2021. In the first eight months of the year, the new business for life insurance declined by 15% compared to the same period in 2021.

The impact for the ISP Group of the military conflict between Russia and Ukraine

The ISP subsidiaries in Russia and Ukraine

The Group is present in Russia and Ukraine through two subsidiaries:
– Joint-Stock Company Banca Intesa (Banca Intesa Russia), 47% owned by Intesa Sanpaolo and 53% by Intesa Sanpaolo Holding International (Luxembourg). This is a Moscow-based corporate bank, part of the IMI Corporate & Investment Banking Division, which operates with 27 branches and 938 staff. The Group's presence in Russia dates back 48 years (at the time as a Representative Office). The bank participates in the financing of large national and international Russian projects but also offers a full range of banking services for small and medium-sized enterprises, retail customers and companies. The regional branch network extends from Kaliningrad to Vladivostok;
– Pravex Bank Joint-Stock Company, 100%-owned by Intesa Sanpaolo. This is a small commercial bank based in Kyiv, part of the International Subsidiary Banks Division, which operates with 45 branches mainly in the Kyiv region and employs 743 people. Intesa Sanpaolo acquired the bank in 2008 and has been operating in the country continuously since that date.

Both entities are continuing to operate despite the critical situation, particularly for Pravex, with the support of the Parent Company structures, albeit with the objective limits dictated by the war and the continued high international tensions, which are also leading to the blocking of gas supplies from the Russian Federation to Western Europe. The operating environment, now several months after the start of the conflict and an initial period of extreme emergency, has been restored to the extent of enabling the timely acquisition of the end-of-September accounts of the two subsidiaries. Consequently, the consolidated financial statements as at 30 September 2022 have used these accounting data instead of those referring to earlier periods, as was the case up to 30 June 2022.
The above confirms Intesa Sanpaolo's continued control over the two entities, given the absence at present of any acts by the governments of the two countries that would suggest otherwise, or of formal decisions taken by the Parent Company to disinvest from the two entities.
The accounting impacts incorporated in the consolidated financial statements as at 30 September 2022 – described further below in this section – are therefore based on the going concern assumption for the two subsidiary banks, i.e. the Parent Company's current intention to keep the equity investments in Banca Intesa Russia and Pravex Bank under its control.

Risk management

As set out in the Half-yearly Report as at 30 June 2022, at the outbreak of the conflict, on 24 February 2022, Intesa Sanpaolo, in accordance with the provisions of the "Crisis Management Model", activated its Emergency Unit to monitor the situation and assess the potential risks and consequent impacts on the Group.
The Emergency Unit, which has representatives from all the Governance Areas and Business Divisions, approved the creation of two Task Forces, with steering and monitoring powers, to address the immediate priorities, improve the effectiveness of the decision-making and escalation process and empower the operational teams:
– The Risk Management and Control Task Force with the objectives of:
  - monitoring, assessing and identifying the actions to mitigate the financial risks arising from the Ukraine-Russia emergency;
  - applying strict procedures for compliance with the sanctions imposed by the competent authorities;
– The Operational Resilience Task Force with the objectives of:
  - ensuring the Group's business continuity;
  - managing the security of employees and their families;
  - safeguarding the operating model and cybersecurity;
  - organising and maintaining continuous cross-function communications.

Intesa Sanpaolo's top management also participates in the two Task Forces, which are chaired respectively by the Chief Risk Officer and the Head of the International Subsidiary Banks Division.
As already noted in the previous disclosures, on 7 March 2022, Intesa Sanpaolo also set up the Russia-Ukraine Conflict Crisis Unit, a technical unit with advisory functions, responsible for examining particularly significant/complex operations, due to their exposure and structure, through a cross-function approach, assessing the main credit, legal, operational, compliance and reputational risks and carefully identifying the remedial actions, in accordance with the general principle of maximum prudence and in line with the Group's ESG and impact values.
The Crisis Unit, chaired by the Chief Lending Officer, was made up of the Chief Compliance Officer and the Group General Counsel, as well as the Division Heads for the discussion of operations pertaining to their business unit.

The Crisis Unit operated in this manner until 30 June. However, once the emergency phase had passed, in a situation in which the crisis had become structural in nature, it was decided to reinstate the ordinary approval processes.
The Task Forces are continuing to meet on a regular basis with the aim, among other things, of preparing reports for the top management, which are also provided to the ECB's Joint Supervisory Team (JST) as necessary.
The situation is continuously monitored both at Parent Company level and in all the Group banks directly involved in the conflict or close to it, where direct and continuous contacts are being maintained.
Regular reports are provided to the board committees and the Board of Directors.
For further details on the impact of the conflict on the risk profile of the Intesa Sanpaolo Group, see the information provided below on the Risk Management and Control Task Force and in the paragraph "The main accounting aspects and the approach adopted by the Intesa Sanpaolo Group".

The Risk Management and Control Task Force
The freeze on new operations that could lead to increased risk towards counterparties resident in Russia, Belarus and Ukraine is still in place (this was one of the first actions taken at the start of the emergency). In this context, a revision has also been completed of the ratings of counterparties that the Bank has identified as cross-border on-balance sheet credit exposures to Russia.
With regard to credit risk monitoring in particular, the actions consisted of:
– a careful assessment was carried out of the exposures to the two countries where the crisis is underway, to ensure better monitoring of future changes in the risk profile, and a deleveraging operation was performed through the sale of several exposures;
– support continues to be provided to energy-intensive small and medium-sized enterprises and enterprises with revenues largely derived from exports to Russia and Ukraine by offering specific customisations of existing credit products and new financial solutions aimed at dealing with rising energy prices;
– the temporary centralisation of the decision-making process was maintained with reference to: i) Russian/Belarusian entities; and ii) entities of any nationality controlled (directly or indirectly) by Russian/Belarusian counterparties.

There are currently no new specific initiatives under the Credit Action Plan dedicated to the Russia-Ukraine crisis with respect to the information provided in the Half-yearly Report as at 30 June 2022.
However, as part of the actions to prevent the flows into non-performing status of positions showing signs of difficulty, but without any past-due positions, specific diagnostic checks are underway and planned for the near future on the vulnerable sectors (identified on the basis of sector trends) and energy-intensive sectors particularly affected by the increase in the cost of energy, partly linked to the current geopolitical crisis.
The conflict between Russia and Ukraine has led to the imposition of heavy sanctions on Russia, adopted on a progressive basis by the Western countries. To ensure regulatory compliance, Intesa Sanpaolo immediately launched initiatives, monitored through a specific dashboard at Group level, aimed at overseeing the changes in the lists of sanctioned persons and entities at European and international level, identifying sanctioned persons and entities for the purpose of blocking positions and payments, complying with the specific ban on accepting deposits above the threshold set by the European regulations, and identifying and blocking financial instruments subject to sanctions. As at 30 September 2022, the exposure to Russian counterparties subject to sanctions included in the OFAC SDN and/or EU asset freeze lists amounted to 0.4 billion euro (0.4 billion euro also at the end of June).
With regard to the ratings assigned to Russia, given that the three main rating agencies (Fitch, Moody's and Standard & Poor's) have gradually withdrawn their ratings of the country and of Russian counterparties, in compliance with European Union sanctions, there have been no changes with respect to the information provided as at 30 June 2022, also for the internal sovereign and transfer ratings assigned by ISP.
In general, it is worth noting that the Group is continuing to carefully monitor the evolution of the fallout of the Russian-Ukrainian crisis on the real economy and the main financial variables, also by conducting specific scenario analyses and stress tests to assess the potential impacts in terms of profitability and capital adequacy. These analyses focus both on the direct effects, such as the deterioration of the situation of counterparties in the countries involved, and the indirect effects, including the effects on the Group's other customers deriving from the possible changes in the economic and financial environment, also considering the rising energy costs and the possible reduction in the availability of certain energy sources. Although the situation is constantly evolving, leaving aside extreme scenarios of conflict escalation that could lead to outcomes that are currently difficult to assess, these analyses have found that the Group would be able to respect – also through the implementation of specific actions – with the regulatory requirements and the stricter limits set internally.

The Operational Resilience Task Force
The third quarter also saw the continuation of the support and shelter initiatives for employees of the Ukrainian subsidiary Pravex Bank and their families, details of which are provided in the Half-yearly Report as at 30 June 2022.
With regard to business continuity in Ukraine, the systems have been operational at all times. A backup copy of the data was immediately set up at a data centre in Lviv and later, following regulatory changes by the National Bank of Ukraine, a backup copy of the data was also set up outside the country, initially at a cloud data centre in Poland. From September, the backup copy of the data was moved to a cloud data centre in Germany, via a public line, whose performance is being continuously monitored.
The intensification of attacks in several parts of Ukraine since the second half of June gave rise to the need to develop a risk assessment methodology aimed at guiding the decision-making process for the opening of individual branches based on specific indicators, while always taking staff safety into account. The temporary improvement in the general situation during the third quarter led to an increase in the average number of branches operating on a daily basis, which rose to 37 out of a total of 45 branches in the country (at the beginning of the conflict, an average of around half of the branches were open, with a slight increase in the second quarter). However, in October, as the conflict spread throughout the country, the number of open branches decreased significantly.
After the 5 units damaged in the initial months of the conflict, no branches have been bombed.

At Banca Intesa Russia, the systems remained active at all times and the branches continued to work without any operational problems, also thanks to the new agreements entered into with local providers from the second quarter, to compensate for the interruption of services offered by Western providers.
As already mentioned in the Half-yearly Report, the operations are also being monitored of Banca Comerciala Eximbank, the Group's Moldovan subsidiary, for which a physical backup of the data centre in Romania was initially implemented, with the transfer of the cloud backup to Germany having been completed in June.
With regard to cybersecurity, specific threat intelligence activities continue to be carried out, in addition to prevention activities and the strengthening of controls across the whole of the Intesa Sanpaolo Group (which had already begun in early 2022 at the first signs of greater instability in the Ukrainian situation), particularly in terms of security checks and authentication methods for accessing the corporate network. These include the introduction of a multi-factor authentication process for access to e-mail and other company applications.
After the minor incident that occurred on a public holiday in May (DDoS - Distributed Denial of Service cyber attack that affected the Russian bank's corporate website), no incidents with significant impact were recorded at Group level. With a view to prevention, the initiatives aimed at increasing staff awareness of cybersecurity are continuing to be implemented. Initiatives to raise awareness of cyber risks, with a particular focus on phishing, are also regularly implemented to keep all employees more alert and resilient to attempted attacks.
Lastly, with regard to the issues related to energy supply, from July, regular meetings have been held with the CO.DI.SE.[1], in relation to the potential electricity and gas supply problems in Italy during the winter, in order to identify possible actions to ensure the availability of electricity and fuel for the operators of the national financial system.
Intesa Sanpaolo has consequently set up an internal working group with the following objectives:
- checking the equipment (batteries and generators) in the Group's main offices and data centres that ensures the availability of electricity in the event of blackouts by energy providers;
- updating the procedures for managing power outages, also in the local network.

Note that the additional costs incurred for business continuity and losses resulting from physical damage to premises/branches located in the conflict zone form part of the recognition of operational risk.

The Intesa Sanpaolo Group's initiatives for Ukraine and to mitigate the impacts of the economic crisis

The third quarter saw the continuation of the several initiatives and projects, supported by the Bank, set up in the aftermath of the outbreak of the military conflict to support the Ukrainian population, manage the hosting of refugees and provide accommodation for Pravex Bank employees and their families, as detailed in the Half-yearly Report as at 30 June 2022, to which readers are referred.
In addition, in order to provide significant and tangible support in response to the growing social needs generated by the conflict-induced crisis, particularly in terms of energy costs and the general increase in prices, Intesa Sanpaolo Group has developed a package of aid for businesses and households through:
- 22 billion euro credit line allocated to SMEs, with a special focus on those engaged searching for solutions such as industrial reconversion, energy independence and the transition to renewable energy, with funds at subsidised rates for:
    - the coverage of higher energy costs;
    - the suspension of principal repayments on loans for up to 24 months;
    - investments in renewable energy (SACE-guaranteed loans up to 20 years);
- 8 billion euro credit line in support of households, with 3 initiatives:
    - personal loans - up to 20 years, for ISEE (Equivalent Financial Situation Index) incomes up to 40 thousand euro - at subsidised rates;
    - support in managing difficult situations through flexible mortgage and loan options;
    - purchases and bills payable in instalments at zero interest.

Lastly, the Bank also sought to offer tangible support and a sign of its care and attention to the Group's employees (in Italy and abroad) and their families by providing them a donation of 500 euro on September 9th, 2022. The measure, which had already been announced in the Half-yearly Report, concerned 82 thousand people employed as at June 30th, 2022, excluding managers or those having equivalent remuneration.

The main accounting aspects and the approach adopted by the Intesa Sanpaolo Group

On 24 February 2022, the gradually escalating tension between Russia and Ukraine erupted into a conflict, the intensity and size of which had not been seen in Europe since the end of the Second World War. The situation was immediately closely monitored and assessed by Intesa Sanpaolo, also in light of the guidance provided by the regulators on the subject[2], given that the Group has:
- a direct presence with two subsidiaries in the warring countries (Pravex Bank Public Joint-Stock Company and Banca Intesa Russia) and is therefore particularly exposed to the consequences of the conflict;
- cross-border exposures stemming from its corporate and investment banking activities.

In its lending activities, the IMI C&IB Division has over time financed counterparties resident in the Russian Federation. More than two-thirds of the loans to Russian customers disbursed before the conflict involved leading industrial groups, which have established commercial relationships with customers belonging to the main international supply chains, a significant amount

[1] CO.DI.SE. (business continuity), unit for the coordination of operational crises in the Italian financial marketplace; it is chaired by the Bank of Italy, with the participation of CONSOB and systemically important financial sector operators.
[2] See in particular the documents "ESMA Public Statement: ESMA coordinates regulatory response to the war in Ukraine and its impact on EU financial markets – 14.03.2022" and "ESMA: Public Statement – Implication of Russia's invasion of Ukraine on half-yearly financial reports – 13.05.2022, and "CONSOB draws the attention of supervised issuers to the impact of the war in Ukraine in relation to inside information and financial reporting – 22 March 2022" and lastly "Warning Notice no. 3/22 of 19 May 2022".

of which derives from commodity exports. At the outbreak of hostilities, loans to Russian customers represented around 1% of the Intesa Sanpaolo Group's total loans to customers (net of Export Credit Agency - ECA guarantees).
During the year, the Group has taken active steps to significantly reduce the credit risks associated with the Russian-Ukrainian conflict. Specifically, in the second and third quarters of the year, the gross credit exposure to the total counterparties resident in Russia and Ukraine decreased by 2,290 million euro (-48% compared to the end of the previous year), mainly due to the sale of a significant exposure (for 2,187 million euro) and the decrease in outstanding loans to customers at the subsidiary Banca Intesa Russia of around 125 million euro (of which 413 million euro in terms of reduction in volumes offset by the increase of 288 million euro attributable to the effect of the appreciation of the rouble).
In addition, on 5 October, another position for 369 million euro was sold, bringing the reduction of the total gross exposure to over 2.6 billion euro (-56%).
Without the above-mentioned appreciation of the rouble, the decline in exposures would have been more than 60%.

On the whole, the Group suffered effects on the income statement related to the impacts deriving from the conflict for a total of 1,341 million euro gross of the tax effect, deriving mainly from existing credit risk to customers (1,289 million euro), valued based on IFRS 9.

These significant adjustments and the above-mentioned sales therefore resulted in a net exposure to counterparties resident in Russia and Ukraine of 1,694 million euro as at 30 September 2022, down 3,016 million euro from 31 December 2021 (-64%). The additional sale completed on 5 October brought the reduction to 3.3 billion euro (-70%).

As a result of the above, the remaining exposures amounted, in terms of gross values, to 519 million euro (267 million euro net) for Banca Intesa Russia (figures as at 30 September 2022, as described below) and 1,715 million euro (1,330 million euro net) for cross-border exposures to customers resident in Russia (net of ECA guarantees). These were accompanied by exposures to banks totalling 738 million euro (711 million euro net) and in securities totalling 156 million euro (95 million euro net)[3]. Exposures to customers resident in Ukraine amounted to 220 million euro (97 million euro net), of which 123 million euro (book value nil in net terms) related to the subsidiary Pravex Bank (figures as at 30 September 2022, as described below). These were accompanied by exposures to banks and in securities totalling 83 million euro (73 million euro net).
The majority of the exposures to Russian[4] and Ukrainian counterparties essentially consist of loans to customers subject to measurement in accordance with IFRS 9 "Financial Instruments", for which risk factors mainly related to geopolitical risk, to be applied according to the country of residence of the counterparties, are relevant. Of particular relevance is "transfer" risk, i.e. the risk that counterparties fail to honour debt repayment commitments not due to aspects directly related to their business (as mentioned, Intesa Sanpaolo's exposures are mainly represented by leading industrial groups which have well established commercial relationships with the main international supply chains and operate essentially in the commodities/energy sectors with significant revenues from exports), but rather due to government-imposed restrictions.

In view of the above, the Intesa Sanpaolo Group has conducted a normative analysis of the international accounting standards to check for any guidance or criteria for the measurement of the expected credit loss (below also ECL) in crisis/war situations like the current one. The analyses of IFRS 9 and the related Annexes show no indications or examples aimed at setting out specific guidelines for the measurement of Expected Credit Losses in contexts of war or defining specific methods of increasing credit risk due to sudden, serious geopolitical crises such as the current one. The most pertinent references to the current scenario seem to be those set out in the Application Guidance of the standard. These allow/suggest the use of collective assessment to verify the existence of a Significant Increase in Credit Risk (SICR) with a view to staging the credit exposures[5], as well as, in line with the treatment set out for capturing the critical issues of another recent emergency situation (COVID-19[6]), using the management overlay in calculating the ECL, to define the most suitable methods to incorporate the aspects linked to the ongoing conflict into provisions.
The Group has therefore decided, since the Interim Statement as at 31 March 2022, to adopt a measurement approach strongly driven by the emergence of geopolitical risk applied on the basis of the country of residence of the counterparties, both for the determination of the SICR and the calculation of the ECL through the application of management overlays. This was considered the most appropriate way to incorporate the provisions for country and geopolitical risk related to the current conflict that would otherwise not be properly captured by the risk measurement systems normally used. As already noted, with specific reference to the cross-border exposures, the Russian companies financed before the outbreak of the conflict all had high ratings and therefore, for most of them, their business outlook does not include any increased risks other than those generated by the geopolitical situation. Consequently, for these companies, the main current risk is transfer risk, i.e. the risk that they will fail to honour their debt repayment commitments, not because of aspects directly related to their business, but because of government-imposed restrictions. This type of risk was captured both through a revision of the ratings of Russian counterparties and the consequent downgrading to classes with higher risk and classification in Stage 2 or Stage 3 and the introduction of management overlays consisting of the application of an estimated loss rate based on the risk of the country of residence and considering the elements of uncertainty and risk connected with the conflict, in relation to potential additional worsening of the counterparties' creditworthiness.
These choices build on what was already implemented in the Interim Statement as at 31 March 2022 and the Half-yearly Report as at 30 June 2022, maintaining substantially the same approach, and represent an evolution that became necessary/possible in light of the developments in the situation as well as the longer timeframe available. Indeed, the choices are characterised by rationales strongly guided by the uncertainties and elements of risk, in view of the continuing conflict, and in particular:

[3] There were also off-balance sheet exposures to customers of 264 million euro (239 million euro net) at Banca Intesa Russia, 288 million euro (246 million euro net) in cross-border exposures to resident customers (net of ECA) and a total of 189 million euro (186 million euro net) relating to positions with Russian resident banks. The exposures in OTC derivative contracts are small and amount to 6 million euro in terms of fair value.
[4] For these purposes, the small exposures to Belarusian counterparties have for simplicity been treated and disclosed together with the exposures to the Russian Federation.
[5] In particular, see IFRS 9 B5.5.1, IFRS 9 B5.5.4, IFRS 9 B5.5.5, IFRS 9 B5.5.18 and IFRS 9 B5.5.52.
[6] IFRS 9 and COVID-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the COVID-19 pandemic.

- the consistency of the ratings for the remaining performing exposures to counterparties directly exposed to the Russia/Ukraine geopolitical risk has been further verified and, if necessary, order to capture the risk profile in the ratings updated as much as possible;
- in that context, already starting from 30 June this year, the deterioration of specific positions was also recognised, which were classified among unlikely-to-pay exposures (Stage 3) and, as a result, subject to analytical assessment;
- the positions of the two subsidiaries resident in Russia and Ukraine have been further written down, in consideration of the inevitable repercussions on the entities resident in the countries directly involved in the conflict.

Before describing the valuation choices relating to the two subsidiaries in more detail, a few preliminary remarks need to be made about how Pravex Bank and Banca Intesa Russia contribute to the preparation of the consolidated financial statements. Indeed, for the two previous interim reports (referring to March and June 2022), the balance sheet of the subsidiaries was fully consolidated on the basis of reporting packages referring to earlier dates. Specifically, the following were used for the reports as at 31 March and 30 June:
- for Pravex Bank, the figures as at 31 December 2021;
- for Banca Intesa Russia, the figures as at 31 March 2022.

This decision was taken in view of their low materiality with respect to the consolidated figure for the Group and the obvious logistical and execution difficulties for the administrative structures (in particular for the Ukrainian Bank) also with respect to the IT channels and related cybersecurity aspects[7]. Taking advantage of a more stable operating environment, Pravex Bank and Banca Intesa Russia are now being consolidated on a line-by-line basis again on the basis of accounts with a date (September 2022) aligned with that of the Parent Company.

For Pravex Bank, the absolutely serious situation in all of Ukraine resulted in the definition, for the purpose of measuring the Bank's loan portfolio, of a specific approach, significantly based on prudent rationales, in light of the continuation of the conflict and the consequent repercussions on the Ukrainian economy. For the purposes of this Interim Statement as at 30 September, it was deemed appropriate to fully write down Pravex Bank's on-balance sheet loans to customers, with consequent classification to stage 3, thus updating the previous management overlay applied to the portfolio (of around 70%). Please note that, for the purposes of the Group's consolidated financial statements, the equity of the subsidiary has been reduced to zero.

Also for Banca Intesa Russia, an approach to classifying and assessing performing loans was adopted that strongly considers the geopolitical risk deriving from the ongoing crisis, which moreover – according to the most recent indications from the Parent Company's Research Department – contributes to a forecast decrease in Russia's GDP of 6% in 2022 and 3.7% in 2023. Therefore, the assessments carried out in September on the loans of the subsidiary included a centrally determined prudent factor that takes account of the worsening of the domestic economic situation in light of the continuation of the conflict, as it is no longer considered possible that it will cease in a short time, and the increased isolation of the Russian economy. As a result of the provisions made and the above-mentioned reduction in exposures, the total coverage of performing loans of the Russian subsidiary amounted to around 45% of the gross value of performing loans (around 30% as at 30 June 2022 measured based on management data). Please note that, for the purposes of the Group's consolidated financial statements, the equity of the Russian subsidiary has also been reduced to zero.

The above-mentioned significant adjustments made to the credit exposures of Banca Intesa Russia and Pravex, on a prudential basis, reflect the war situation that generates the need for careful consideration of the above-mentioned country risk, with appropriate measurement of the risk that the capital invested abroad is exposed to, connected to the possibility that political or economic circumstances may result in non-repayment of the loan (irrespective of the specific credit risk of the individual counterparty) or in a write-down of the investment made in the foreign country.

The real estate assets of the two subsidiaries were also subject to valuation: given the extreme uncertainty surrounding the current war scenario and the current absence of a real estate market in Ukraine, it was considered prudent to confirm the write-off of the value of Pravex Bank's investment and branch assets and other properties used in operations. The sole exception was the Kyiv headquarters, for which it was decided, in view of its strategic function for the banking business, the current control that can be exercised over the condition of the building, and its location, to keep its value unchanged, pending further considerations in the coming months in the light of developments in the situation. With regard to the real estate assets of Banca Intesa Russia, given the substantial absence of relevant information on which to base a specific analysis of market trends, no elements were found to warrant a write-down.
Both subsidiaries also have small investments in government bonds of their respective countries. The valuations of the securities were carried out by the Parent Company's risk management structures using: i) prices recorded on the Russian secondary market for the securities held by Banca Intesa Russia, with consequent classification in fair value level 2 due to the low liquidity of the reference market; and ii) implicit spreads for the securities held by Pravex Bank, with consequent classification in fair value level 3, due to the absence of executable prices on the secondary market. A similar approach was adopted for the small securities exposures of the Parent Company and entities of the Group's insurance segment.

Overall, these valuation processes and the losses associated with the de-risking of the Russian exposures led to the recognition over the first nine months, before tax, of net charges totalling 1,341 million euro (of which 215 million euro in the third quarter of the year), with 1,289 million euro relating to adjustments to loans, 30 million euro to securities and 22 million euro to other balance sheet items, including a provision of 21 million euro made upon consolidation of the subsidiary Banca Intesa Russia to zero out its equity contribution to the Group's consolidated financial statements.

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

With regard to the verification of the appropriateness of the value of intangible assets, and goodwill in particular, the effects of the outbreak of the Russian-Ukrainian conflict were carefully considered, in line with the guidance provided by the supervisory authorities and industry bodies. No internal or external indicators were found of any impairment losses on the intangible assets with indefinite useful lives of the CGUs that would necessitate a new impairment test.
For the purposes of the analyses performed for this Interim Statement, the developments in and evolution of the geopolitical situation as at 30 September 2022 have been carefully considered. Specifically, Intesa Sanpaolo has analysed the updated macroeconomic scenario prepared by the Parent Company's Research Department, which was substantially in line with the forecasts for the Eurozone issued by the ECB that were affected, on the one hand, by the problems arising from the outbreak of the Russian-Ukrainian conflict and the international strains on commodities and, on the other, by the tightening of monetary policies with impacts also on the volatility of currency markets. In view of the above, with regard to the Group's earnings prospects in the current macroeconomic context, following a negative impact on the 2022 net income, mainly due to the higher credit risk adjustments linked to the Russian-Ukrainian conflict, a significant recovery in earnings is expected already from 2023, thanks to the positive contribution of the net interest income resulting from the rise in market interest rates, offsetting the negative effects on other captions of the income statement. This has enabled earnings forecasts from the year 2023 no lower than those stated in the Business Plan approved by the Board of Directors on 4 February 2022 and used for the most recent impairment tests for the 2021 Financial Statements.
With regard to the other variables that affect the recoverable amount of the CGUs (cost of capital and growth rate), these were updated based on the current and future market situation resulting from the updated macroeconomic scenario prepared by the Research Department and the change compared to the previous impairment test was analysed. An increase was found in the cost of capital for all the CGUs, mainly attributable to the risk free rate and country risk components, which, however, was well within the stress limits resulting from the sensitivity analysis conducted for the 2021 Financial Statements.
The large buffers with respect to the carrying amounts that still remain for the CGUs to which goodwill items are allocated, concentrated in the asset management, private banking and insurance sectors, even in the face of extreme stress conditions and a significant increase in discount rates, and in the current situation of uncertainty and volatility, currently lead us to believe that the possible continuation of the negative effects of the war and/or the economic downturn is not likely to change the results of the last impairment test conducted for the financial statements as at 31 December 2021.
With regard to the other intangible assets recognised in the balance sheet as a result of business combinations, the analysis of the updated macroeconomic scenario and the performance of inflows and redemptions, for both the asset management and insurance businesses, did not identify any indicators of impairment.

Impacts of the COVID-19 pandemic

Following the termination of the state of emergency on 31 March 2022, Intesa Sanpaolo, alongside the lifting of the obligations by the Government, initiated a gradual process of easing of the measures to restrict and contain the COVID-19 pandemic, both in the branches and in the head-office structures, as detailed in the Half-yearly Report as at 30 June 2022, to which reference is made.
Also bearing in mind the cyclical recurrence of waves of infection, during the third quarter ISP still maintained several essential recommendations aimed at the adoption of prudent and conscious behaviour by employees and customers on company premises (inter-personal distance of 1 metre, hygiene, the recommendation to use personal protective equipment indoors, particularly at times of gathering, and, solely for employees, a ban on entering company premises when their temperature exceeds 37.5° or in the event of symptoms ascribed to COVID-19 infection by their general practitioner, as well as the reporting of positive cases diagnosed through molecular/antigen tests according to the dedicated company procedure).
At the same time, the company regulations were brought into line with the latest legislative developments:

- the Ministry of Health Circular of 31 August 2022, which provided for the reduction of compulsory isolation for people testing positive for COVID-19, regardless of their vaccination status, as follows:
  - for cases that have always been asymptomatic or were initially symptomatic but have been asymptomatic for at least 2 days, isolation may end after 5 days, provided an antigen or molecular test, with a negative result, is performed at the end of the isolation period;
  - where employees continue to test positive for a prolonged period, the isolation may be stopped at the end of the 14th day after the first positive swab, regardless of whether a test is performed. Return to the company premises is only permitted in the absence of symptoms for at least 7 days with the obligation to wear an FFP2 mask for 10 days (this last provision also applies to cases of "close contact" with people who have tested positive);
- Law 142 of 21 September 2022 converting the "Aiuti bis" Decree, which introduced the extension of the use of remote working until 31 December 2022 for frail workers. ISP, which had already provisionally extended the application of the measures originally due to expire on 1 September to 30 September, extended the use of remote working until 31 December 2022 for i) frail workers, disabled people and people who are exempt from vaccination (with a certificate issued by the competent medical-legal bodies), ii) vulnerable people, iii) workers with children with severe disabilities, and iv) cases of pregnancies involving special clinical situations.

For the head offices, in the third quarter and the following weeks, the already existing minimum presence arrangements (at least 40% of the working days at the assigned work premises) were maintained.
The use of remote working by the head-office structures has become an integral part of a new model of working based on strengthening individual responsibility and achieving a better work-life balance, aimed at introducing new methods of work in the post-COVID period, through the "Next Way of Working" project.
This includes real estate and technological interventions in preparation for the creation of new working environments designed to encourage the adoption of the Next Way of Working and help staff in the structural use of a flexible working mode, based on alternating work in the office and from home. The new workspaces are designed to make the most of the time in office, by creating coworking opportunities to strengthen the sense of belonging and increase networking, in addition to promoting the gradual adoption of hybrid working arrangements.

More specifically, in Milan – where the first phase related to the integration of UBI Banca was completed in 2021 – work is underway on construction of the interior spaces of the Via Melchiorre Gioia 22 complex. Minor renovation works have also been carried out in line with the approach of the new model at Via Verdi 8 and Viale Stelvio. Again within the Milan metropolitan area, the work has also started on the buildings in Assago.
The work in Vicenza, Brescia and Varese also continued, while the planning is being completed for Bergamo.
The renovation of the spaces was accompanied as usual by the implementation of technological tools (release of the space booking function in the planning and reservation tool) and communication campaigns aimed at supporting staff during this period of change.

In terms of the extraordinary measures to support the Italian economy, businesses and households, at the end of September 2022 Intesa Sanpaolo – the first bank in Italy to grant moratoria, anticipating the specific regulatory provisions – had processed around 956 thousand requests for suspension of payments, for a volume of 117 billion euro[8], mainly relating to Article 56 of the "Cura Italia" Law Decree 18/2020. Applications from business customers accounted for 77% of the total volumes.
With regard to the expiry of the moratoria pursuant to Law Decree 18/2020, the measures were further extended until 31 December 2021 by Law Decree no. 73/2021 ("Sostegni bis") of 25 May 2021, subject to certain restrictions (including the requirement for the customer to make an explicit request by 15 June 2021).
At domestic level, as at 30 September 2022, there were around 0.1 billion euro of outstanding moratoria (4.8 billion euro at the end of 2021), of which 48% attributable to business customers, in addition to around 0.1 billion euro of terminated moratoria that will reach the term for the resumption of payments in subsequent months, almost entirely relating to business customers (6.7 billion euro at December 2021). As a result of the phase-out of the EBA provisions concerning the exemption from forbearance classification (EBA compliant moratoria), as at September 2022 the total outstanding moratoria eligible for qualification as such under the EBA Guidelines was 4 million euro (1.1 billion euro at the end of 2021).
The expired moratoria that had already met the conditions for the resumption of payments at the end of the third quarter amounted to 38.3 billion euro (34.7 billion euro at the end of 2021). The rate of new defaults on this portfolio at the end of the first nine months of 2022 was around 4% (2.7% at the end of 2021), and the level of significant past-due positions was also low.
The Intesa Sanpaolo Group supported the legislative and non-legislative measures adopted to combat the crisis generated by the COVID-19 pandemic, both in Italy and in the various countries where it operates.
At consolidated level, the exposure value of the outstanding moratoria as at 30 September 2022 was 0.1 billion euro (4.9 billion euro as at December 2021), substantially attributable to the domestic perimeter, against expired moratoria of 42.5 billion euro (around 47 billion euro at the end of 2021). Like at domestic level, also at consolidated level the outstanding moratoria qualifying as such under the EBA Guidelines amounted to 4 million euro (1.1 billion euro at the end of 2021).

With reference to the specific measures to support the production system, Intesa Sanpaolo, the first Bank in Italy to sign the collaboration protocol with SACE, has provided an overall credit line of 50 billion euro dedicated to loans for businesses. Overall, at the end of the third quarter of 2022, a total of 49 billion euro[9] of loans backed by government guarantee had been granted, also through the SME Fund, since the start of the pandemic (in application of the "Liquidità" Law Decree no. 23 of 8 April 2020), of which 13 billion euro SACE and 36 billion euro SME Fund (43 billion euro, of which 11 billion euro SACE and 32 billion euro SME Fund, in December 2021).
At consolidated level, also considering the operations in the other countries where the Group has a presence, the residual debt of exposures subject to government guarantee schemes, for which the process has been completed for both the acquisition of guarantees and for disbursement, which may not coincide with each other, totalled 34.7 billion euro at the end of September 2022 (40 billion euro at the end of December 2021).

Moreover, the "Rilancio" Decree (Law Decree 34/2020) introduced several measures to support the relaunch of the construction sector. First of all, it raised the tax deduction to 110% for energy and seismic upgrading of buildings (110% Superbonus introduced by Article 119) carried out by private individuals, not involved in business, arts and professions, condominiums and persons other than companies. Instead of the deduction, the taxpayer can opt for the application of a corresponding discount on the price by the supplier, or for the assignment to third parties (including banks) of a tax credit equivalent to the deduction. The Decree also allowed for the possibility of converting the main construction- and energy-related tax deductions into a discount on the amount due and into a transferable tax credit (Article 121), as well as the possibility, for the beneficiaries of tax credits recognised by the measures issued to address the COVID-19 emergency, to opt for the partial or full transfer of the tax credits to other parties, rather than using them directly (Article 122). In relation to those provisions, the Group has developed specific solutions not only for those who want to transfer their credit directly but also for businesses that use invoice discounts for the purchase of tax credits and the related settlement, with predefined prices and a dedicated advisory service through a partnership with the company Deloitte. The process of acquiring tax credits is subject to comprehensive controls that allow the Bank to demonstrate the effective fulfilment of the specific due diligence requirements.
From the start of operations to the end of September, credits amounting to 17.5 billion euro (10.3 billion euro finalised and 7.2 billion euro signed) had already been formally acquired, while those in the process of being acquired amounted to a further 5.1 billion euro.

[8] The total moratoria granted up to 30 September 2022, including the former UBI Banca Group and considering the sale of branches carried out in the first half of 2021. Net of renewals, redemptions and terminations, the amount was 38.5 billion euro.

[9] Including the former UBI Banca Group and considering the sale of branches carried out in the first half of 2021.

Consolidated results of Intesa Sanpaolo

The commentary on the consolidated results for the first nine months of 2022 refers to the reclassified income statement, which – in continuation of the approach adopted in the 2021 Annual Report and the Half-yearly Report as at 30 June 2022 – presents figures for the first two quarters of 2021 that have been "redetermined", on the basis of management figures, in order to enable a like-for-like comparison, by: i) excluding the income statement results, on a line-by-line basis, for the UBI Banca branches sold in the first quarter of 2021 and the UBI and ISP branches sold in the second quarter of 2021, by convention synthetically allocated to the caption Income (loss) from discontinued operations and ii) including the figures, on a line-by-line basis, for the insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas[10], which entered the scope of consolidation from the second quarter of 2021, after stripping out the income statement results linked to the business from the customers of the branches sold to BPER, with the allocation of the net result to the caption Minority interests, and therefore without impact on the net income for the period.

The first nine months of 2022 ended with a *consolidated net income* of 3,284 million euro, down from 4,006 million euro in the same period of 2021 (-722 million euro; -18%).
Despite the positive performance of operations, net income continues to be conditioned by the valuation effects of the conflict between Russia and Ukraine: overall, adjustments for risk towards Russian and Ukrainian counterparties in the first nine months, almost entirely attributable to on-balance-sheet and off-balance-sheet credit exposures, amounted to 1,341 million euro gross, of which 215 million euro pertaining to the third quarter, 304 million euro to the second quarter and 822 million euro to the first quarter (1,083 million euro net of tax, of which 161 million euro for the third quarter, 276 million euro for the second quarter and 646 million euro for the first quarter).
The net income was also affected by the higher tax charge, which in 2021 had benefited to a much larger extent from the realignment of the tax values of intangible assets (around 460 million euro compared to 117 million euro recognised in 2022).

Operating income totalled 15,796 million euro, in line with the first nine months of 2021 (+15 million euro; +0.1%), as a result of offsetting movements in the various revenue captions.
Against a backdrop of a general rise in market interest rates, particularly in the third quarter, *net interest income* increased by 8.2% to 6,436 million euro, consolidating the recovery trend seen in the previous three months. This performance was driven by the positive evolution of (i) business with customers, (ii) interest on securities investments, and (iii) differentials on hedging derivatives, all of which posted progressive improvement in quarterly performance in 2022. In contrast, the contribution from relations with banks declined, due to the sharp decrease in the benefits, in terms of negative interest rates applied, of TLTROs with the ECB in the third quarter, only partially offset by the concurrent elimination of the cost of excess liquidity. Lastly, other net interest income remained essentially stable, including that on non-performing assets, which continued to be affected by the de-risking policies being implemented.
Net fee and commission income decreased by 4.5% to 6,697 million euro. The volatility of the financial markets negatively affected the management, dealing and consultancy segment, which recorded an 11.1% decrease in total income, in particular for dealing and placement of securities and portfolio management schemes, only partially offset by the higher contributions from commercial banking (+5.6%), supported by all segments with the sole exception of current accounts, and other net fee and commission income (+10.5%), mainly on loans.
Income from insurance business, which includes the cost and revenue captions of the insurance business of the Group's life and non-life companies, increased by 6.9% to 1,303 million euro, reflecting an improvement in the net investment result offset by a slight reduction in the technical margin.
Profits (losses) on financial assets and liabilities designated at fair value, which were negatively affected by the performance in the third quarter, were down by 9.4% to 1,380 million euro. The decrease was mainly attributable to lower dealing in securities.
Other operating income (expenses), which include the profits on investments carried at equity and other income and expenses from continuing operations, showed a balance of -20 million euro, compared with +79 million euro in the period January-September 2021. Within this caption, profits on investments carried at equity fell from 75 million euro to 21 million euro, while other operating income/expenses went to a negative -41 million euro from +4 million euro in the same period of 2021.

Having also benefited from the synergies deriving from the integration with the former UBI Banca Group, *operating costs*, amounting to 7,804 million euro, continued their downward trend (-144 million euro, -1.8%). More specifically, personnel expenses decreased by 2% to 4,821 million euro, mainly due to the reduction in the average workforce (-2,767 staff; -2.8%), while administrative expenses fell by 3.7% to 2,047 million euro, in particular for property management, due to the progressive reduction of space resulting from the plans to merge and streamline the sales network, for IT services, as a result of the restructuring of the agreements following the integration of UBI.S (the services company of the former UBI Group), and for legal and professional services. Only depreciation and amortisation, at 936 million euro, moved against the trend (+3.3%), particularly for investments in software.
As a result of the revenue and cost performance described above, the *operating margin* improved to 7,992 million euro (+159 million euro; +2%) and the cost/income ratio fell by a percentage point, from 50.4% to 49.4%.

Net adjustments to loans totalled 1,928 million euro, compared to 1,544 million euro in the first nine months of 2021 (+384 million euro; +24.9%), having incorporated the valuation effects related to the Russia-Ukraine risk totalling 1,289 million euro, of which 801 million euro relating to the first quarter, 292 million euro to the second quarter and 196 million euro to the third quarter, only partially mitigated by the reduction in management overlays to protect against the vulnerability of the moratoria (around 300 million euro) in the first quarter, given the progressive increase in moratoria that have reached the deadlines for resuming payments without displaying any significant issues. As a result of the collective assessment approach

[10] Assicurazioni Vita (formerly Aviva Vita) and Lombarda Vita were merged into Intesa Sanpaolo Vita as of 31 December 2021. Cargeas Assicurazioni was merged into Intesa Sanpaolo Assicura, a wholly-owned subsidiary of Intesa Sanpaolo Vita, as of 1 October 2022.

adopted to incorporate the aspects related to the ongoing military conflict into the provisions, the increase in the caption was essentially concentrated in Stage 2 (+539 million euro) and Stage 1 (+87 million euro), and in the allowances for credit risk associated with commitments and financial guarantees given (+144 million euro), against a decrease in adjustments on Stage 3 exposures (-353 million euro).
The cost of risk, represented as the ratio of net adjustments to net loans, consequently stood at 54 basis points in annualised terms (27 basis points when excluding adjustments for the Russia-Ukraine exposure, net of the partial release of generic provisions set aside in 2020 for future COVID-19 impacts), which compares with 59 basis points for the full year 2021 (25 basis points when excluding the additional provisions to accelerate the de-risking process).
Other net provisions and net impairment losses on other assets totalling 168 million euro were also recognised, of which 92 million euro related to net adjustments, including for the Russia and Ukraine risk assessments on securities and real estate (31 million euro), and 76 million euro to provisions for risks and charges, mainly for legal disputes. This caption was down sharply from 436 million euro in the first nine months of 2021 (-61.5%), which included, among other things, an allocation of 126 million euro, made in the second quarter, for risks and charges in the insurance segment (excess of claims over earned premiums and estimated provision for future charges on outstanding policies).
Other income (expenses), which include realised gains and losses on investments, together with income and expenses not strictly related to operations, amounted to 147 million euro, entirely attributable to the second quarter, and included the gain of 194 million euro on the sale of Intesa Sanpaolo Formazione at the end of June (details of which are provided in the Half-yearly Report), as well as 48 million euro as a one-off contribution to Intesa Sanpaolo people – excluding those classified as managers or having equivalent remuneration – to mitigate the impact of inflation. The figure for this caption in the same period of 2021 was 254 million euro, mainly consisting of the 194 million euro gain recognised in the first quarter following the sale by Fideuram Bank Luxembourg to State Street of its depository bank business line.
There was no income from discontinued operations, compared to 58 million euro recognised in the first half of 2021 following the reclassification of the contribution of the branches sold in that period.
As a result of the accounting entries described above, *gross income* amounted to 6,043 million euro, a slight decrease from 6,165 million euro in 2021 (-122 million euro; -2%).
Taxes on income increased to 2,009 million euro, from 1,527 million euro in the first nine months of 2021 (+31.6%), resulting in an increase in the tax rate from 24.8% to 33.2%. As mentioned above, the 2021 tax charge had benefited to a much larger extent from the realignment of the tax values of intangible assets (around 460 million euro compared to 117 million euro in 2022).
After tax, charges for integration and exit incentives of 62 million euro were recognised, down from 148 million euro for the comparison period, together with the negative effects of purchase price allocation of 152 million euro, up from the previous 85 million euro.
As usual, the amount of charges, incurred for the full year 2022, aimed at maintaining the stability of the banking industry was significant and growing: 544 million euro after tax (792 million euro gross) compared to 489 million euro net (713 million euro gross) in 2021. These charges essentially consisted of: (i) 249 million euro net (363 million euro gross) of ordinary contributions, already accounted for in the first half of the year, to the single resolution fund for the Group's Italian and international banks, down from 261 million euro net (381 million euro gross) in 2021, which included an additional component; and (ii) 275 million euro net (405 million euro gross) of the estimated contribution to the deposit guarantee funds, charged in the third quarter for the most significant portion relating to the Group's Italian banks. The amount is significantly higher than the 213 million euro net (315 million euro gross) in 2021 due to the increased extraordinary contributions payable by the Group's Italian banks.
After the allocation of the net loss of 8 million euro to minority interests (90 million euro in 2021), the consolidated income statement for the first nine months of 2022 closed, as already stated, with a net income of 3,284 million euro, down from 4,006 million euro posted in the same period of 2021.

Compared to the previous quarter, the *consolidated income statement for the third quarter* reported a decrease in operating income from 5,360 million euro to 5,015 million euro (-345 million euro; -6.4%) due to the significant reduction in the profits (losses) on financial assets and liabilities designated at fair value (-90.9%), which concerned almost all the components, but in particular the profits (losses) on disposal, negatively affected by lower volumes sold. This was accompanied by a fall in both net fee and commission income (-4.5%), which was affected by the volatility of the financial markets, and income from insurance business (-6.2%), which was negatively affected by the reduction in the net investment result. In contrast, net interest income moved in the opposite direction (+14.1%), driven by customer dealing, which, together with the positive performance of the other components, more than offset the contraction in relations with banks. Within the latter, the end of the benefits, in terms of negative interest rates applied, of TLTROs with the ECB was only partially offset by the concurrent elimination of the cost of excess liquidity.
Operating costs were overall stable at 2,640 million euro. The reduction in administrative expenses (-3.2%), which affected all the main expense categories across the board, was offset by moderate growth in both depreciation and amortisation (+1.3%) and personnel expenses (+1.2%). Despite a significant reduction in the average workforce (-1,106 staff; -1.1%), these reflected the charges related to the new LECOIP 3.0 long-term incentive plan launched at the end of the half year.
As a result of the revenue and cost performance described above, the operating margin fell to 2,375 million euro from 2,720 million euro in the second quarter (-345 million euro; -12.7%), while the cost/income ratio increased from 49.3% to 52.6%.
Net adjustments to loans amounted to 496 million euro, compared to 730 million euro in the previous three months (-234 million euro; -32.1%), and included additional 196 million euro of Russia-Ukraine risk-related adjustments, after the 292 million euro allocated in the second quarter. The change essentially refers to Stage 3.
Other net provisions and net impairment losses on other assets decreased from 63 million euro to 45 million euro (-28.6%), as a combined effect of higher net provisions for risks and charges and lower net adjustments to other assets.
Other income (expenses), which include realised gains and losses on investments and income/expenses not strictly related to operations, reported net income of 4 million euro compared to the previous 147 million euro, which incorporated the already mentioned 194 million euro gain on the sale of Intesa Sanpaolo Formazione and the 48 million euro one-off contribution to staff to mitigate the impact of inflation.

As a result of the accounting entries described above, gross income in the third quarter decreased from 2,074 million euro to 1,838 million euro (-236 million euro; -11.4%).
In line with the change in taxable income, the taxes on income amounted to 562 million euro, compared to 670 million euro in the previous three months (-16.1%), which had benefited from the realignment of the tax values of certain intangible assets for 117 million euro.
Net of tax, charges for integration and exit incentives were recorded of 23 million euro, unchanged from the previous three months, as well as the negative effects of purchase price allocation of 51 million euro (47 million euro). Charges aimed at maintaining the stability of the banking industry amounted to 266 million euro (392 million euro before tax), compared to 12 million euro (16 million euro gross) in the second quarter, mainly due to the estimated ordinary and extraordinary contribution to the deposit guarantee funds of the Group's Italian banks for the full year 2022 (258 million euro net, 385 million euro gross).
After the allocation to minority interests of net income of 6 million euro (loss of 8 million euro in the second quarter), the consolidated income statement for the third quarter closed with net income of 930 million euro, down 30.1% on 1,330 million euro for the previous three months.

With regard to the balance sheet aggregates, loans to customers stood at 473.7 billion euro as at 30 September 2022, up by 7.9 billion euro (+1.7%) compared to December 2021, of which 2.1 billion euro relating to the third quarter. The positive performance of this aggregate was primarily driven by commercial banking loans, which have grown by 4.7 billion euro (+1.1%) since the beginning of the year to 438.9 billion euro, but remained essentially stable in the three months. Within these loans, the strong growth in short-term technical forms in the first nine months (+7.5% current accounts; +4.8% advances and other loans), mainly aimed at financing the inventories and working capital of businesses due to increased production costs, more than offset the fall in medium/long-term loans (-1.9%), affected by the fall of over 8% in new disbursements in the domestic market compared to the same period in 2021.
There was also an increase for loans of a financial nature, consisting of repurchase agreements and which by nature are subject to a certain degree of variability during the year. After a decline in December, a peak in March and a reduction in June, the stock of repurchase agreements rose to 22.1 billion euro in September (+4.4 billion euro over the nine months; +25.1%).
The other components of the aggregate continued the downward trend already seen at the end of the half year, with loans represented by securities down to 6.8 billion euro (-3.6% compared to December) and non-performing loans falling to 6 billion euro (-14.8%). The proportion of the latter stood at 2.4% in gross terms and 1.3% in net terms (respectively, 2.3% and 1.3% in June, and 3.2% and 1.5% at the end of 2021)[11]. At the end of September 2022, the coverage ratio of non-performing loans was 46.9%, compared to 44.8% in June and 53.6% at the end of 2021. For performing loans, the figure was 0.6% (0.6% in June and 0.5% in December).

On the funding side, direct deposits from banking business totalled 550.7 billion euro at the end of September 2022, down by 6.6 billion euro compared to December (-1.2%) but essentially stable compared to June (+1.3 billion euro; +0.2%). Within the aggregate, despite the increased financial needs of households and businesses in the face of rising energy costs and prices, current accounts and deposits held their ground, continuing to represent 80% of the total aggregate at 440.4 billion euro (-0.9% over the nine months; +0.2% over the three months), while the downward trend for bonds continued, which fell to 52.2 billion euro (-16.5% over the nine months; -5% over the three months), reflecting the lower issuance volumes with respect to maturing stocks due to the abundant liquidity in deposits.
Other deposits increased to 39.9 billion euro (+23.3% over the nine months; +6.6% over the three months), primarily due to margins from customers trading in derivatives, the values of which increased as a result of the rise in interest rates, but also due to the positive performance of the fair value component, almost entirely made up of investment certificates, which reached just under 14 billion euro (+14.9% over the nine months; +12.5% over the three months).
The performance of certificates of deposit (+3.7% to 3 billion euro) and financial funding in the form of repurchase agreements and securities lending (+11.2% to 3 billion euro) was also positive, although small in absolute terms due to the low weight of these captions, and in both cases was mainly attributable to the third quarter. Subordinated liabilities, on the other hand, decreased by 2.9% to 12.2 billion euro, mainly attributable to the three summer months despite a new Tier 2 issue for a nominal 400 million GBP (around 460 million euro) carried out in September, also due to the effects of the end-of-period accounting valuations.

Direct deposits from insurance business – which also include the technical reserves, namely the amounts owed to customers that have taken out traditional policies or policies with significant insurance risk – totalled 173.9 billion euro in September 2022, down from December 2021 by 30.5 billion euro (-14.9%), of which 6.8 billion euro attributable to the third quarter (-3.8%). The downward trend, which also continued in the summer months as a result of the increased climate of uncertainty, affected both the main components.
The financial liabilities designated at fair value, consisting of unit-linked products, decreased to 72.6 billion euro (-14.3% over the nine months; -2.4% over the three months), having been affected by the volatility of the financial markets; technical reserves fell to 99.8 billion euro (-15.7% over the nine months; -4.8% over the three months), entirely attributable to the life business, which accounts for almost all the reserves. Only other insurance deposits, which include subordinated liabilities, moved in the opposite direction, rising to 1.6 billion euro (+6.6% over the nine months) with only a slight change over the three months.

The volatility of the financial markets dragged down indirect customer deposits, which, measured at market prices, fell to 643.4 billion euro as at 30 September 2022 from 725.1 billion euro in December (-81.8 billion euro; -11.3%). Compared to the 662.8 billion euro at the end of the half year, the reduction was 19.4 billion euro (-2.9%).

[11] Based on the EBA definition, as at 30 September 2022 the proportion of non-performing loans was 1.9% in gross terms and 1% in net terms (respectively, 1.8% and 1% in June 2022, and 2.4% and 1.2% in December 2021).

The negative performance of the aggregate affected both the main components. Assets under administration fell to 216.4 billion euro, corresponding to 33.6% of the total aggregate (-12.6% over the nine months; -4.4% over the three months). Assets under management decreased to 427 billion euro, equivalent to 66.4% of the total (-10.6% over the nine months; -2.2% over the three months). Within assets under management, all the components were down from the beginning of the year: funds (-14.9% to 150 billion euro), technical reserves and insurance financial liabilities (-7.6% to 172.2 billion euro), portfolio management schemes (-11.4% to 72.5 billion euro) and pension funds (-8% to 11.6 billion euro). Relations with institutional customers, on the other hand, remained substantially stable at 20.7 billion euro.

Highlights

A summary is provided below of the significant events during the third quarter of 2022 and some of the subsequent events.

As announced in the Half-yearly Report, on 24 June 2022, the Board of Directors resolved to implement the programme of purchase of own shares for annulment (buyback) – approved by the Shareholders' Meeting of 29 April 2022 and authorised by the ECB through the notification received on 24 June 2022 – for an initial amount of 1,700 million euro and to postpone the decisions to a subsequent date, no later than the approval of the results as at 31 December 2022, regarding the remaining authorised amount (the authorisation concerned a maximum total outlay of 3,400 million euro for a number of Intesa Sanpaolo ordinary shares not exceeding 2,615,384,615).
The execution of the programme, entrusted to a third-party intermediary engaged, with full independence and without any involvement of the Intesa Sanpaolo Group, to carry out the transactions on the regulated market Euronext Milan managed by Borsa Italiana, took place in the period from 4 July to 11 October 2022.
Specifically, from 4 to 29 July 2022, Intesa Sanpaolo purchased 322,814,884 shares, at an average price of 1.6865 euro per share, for a total countervalue of 544,435,613.66 euro. The purchased shares, without nominal value, were annulled on 3 August 2022 with no reduction in the share capital. As a result, the share capital remained unchanged at 10,368,870,930.08 euro, while the number of shares decreased from 19,977,435,963 to 19,654,621,079.
From 1 August to 2 September, the purchases involved 387,343,682 Intesa Sanpaolo ordinary shares without nominal value, at an average price of 1.7594 euro, for a total countervalue of 681,490,110.75 euro. The related annulment took place on 7 September 2022. Also in this case, the share capital remained unchanged at 10,368,870,930.08 euro, while the shares into which it is divided fell from 19,654,621,079 to 19,267,277,397.
During the period from 5 September to 11 October 2022, a total of 278,474,237 shares without nominal value were purchased at an average price of 1.7024 euro, for a total countervalue of 474,074,275.03 euro. These shares were annulled on 14 October 2022[12]. While the share capital remained unchanged at 10,368,870,930.08 euro, the number of shares went from 19,267,277,397 to 18,988,803,160.
Overall, from the launch of the programme on 4 July to its closure on 11 October 2022, Intesa Sanpaolo purchased 988,632,803 shares, equal to around 4.95% of its pre-annulment share capital, at an average purchase price of 1.7195 euro per share, for a total countervalue of 1,699,999,999.44 euro.

From 12 to 14 September 2022, on the other hand, a share buyback programme was implemented to service plans of assignment, free of charge, of Intesa Sanpaolo ordinary shares to the employees and the Financial Advisors of the Group[13]. The purchases relate to: (i) the Intesa Sanpaolo Group share-based incentive plan for 2021 reserved for Risk Takers who accrue a bonus in excess of the so-called "materiality threshold"[14], as well as for those who are paid a "particularly high" amount[15], and for those who, among Middle Management or Professionals that are not Risk Takers, accrue "relevant bonuses"[16]; (ii) the Privredna Banka Zagreb (PBZ) Group share-based incentive plan for 2021 and the outstanding portions in financial instruments deriving from previous plans; (iii) the long-term incentive plans reserved for the Financial Advisors of the Networks of the Fideuram - Intesa Sanpaolo Private Banking Group. In addition, the programme is implemented in order to grant, when certain conditions occur, severance payments upon early termination of employment.
In the three days during which the programme was executed, a total of 46,216,652 Intesa Sanpaolo ordinary shares were purchased, through the IMI Corporate & Investment Banking Division. These represent around 0.24% of the share capital of the Parent Company. The average price was 1.8932 euro per share, for a total countervalue of 87,496,321.48 euro. The Parent Company purchased 12,967,930 shares at an average price of 1.8938 euro per share, for a countervalue of 24,558,315.42 euro. The transactions were executed in compliance with provisions included in Articles 2357 and following and 2359-bis and following of the Italian Civil Code and within the limits determined in the resolutions passed by the competent corporate bodies. Specifically, in the case of the Parent Company Intesa Sanpaolo, the transactions were executed in accordance with the terms approved by the Shareholders' Meeting of 29 April 2022.
Pursuant to Article 132 of the Consolidated Law on Finance and Article 144-bis of the Issuers' Regulation and subsequent amendments, purchases were executed on the regulated market Euronext Milan managed by Borsa Italiana in accordance with trading methods laid down in the market rules for these transactions.
Moreover, purchases were arranged in compliance with the conditions and the restrictions under Article 5 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014, and Articles 2, 3, and 4 of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.

[12] The Articles of Association with the new composition of the share capital following the annulment were filed with the Torino Company Register on 19 October 2022.

[13] During the period of execution of the programme, the purchases of own shares for annulment (buybacks) were suspended.

[14] Equal to 50 thousand euro or one third of the total remuneration (unless otherwise provided for by specific local regulations).

[15] Pursuant to the Group Remuneration and Incentive Policies, for the three-year period 2019-2021 a variable remuneration exceeding 400 thousand euro constitutes a "particularly high" amount.

[16] Exceeding 80 thousand euro (unless otherwise provided for by specific local regulations) and 100% of the fixed remuneration.

The number of shares purchased daily did not exceed 25% of the daily average volume of the Intesa Sanpaolo ordinary shares traded in August 2022, which was equal to 108.1 million shares, and 15% of the volume traded on the Euronext Milan market on each of the days when purchases were executed - in accordance with the constraint added in the programme to the above-mentioned regulatory conditions and restrictions.

As stated in the last Half-yearly Report, as a result of the changes in the market conditions and in the strategic orientation within the ISP Group, it was decided to reorganise the activities carried out by several companies.
On 28 June, the documents (merger plans and explanatory reports) relating to the following corporate transactions were published on the authorised storage mechanism and on the Group's website:

- *merger by incorporation of Intesa Sanpaolo Agents4You S.p.A. into Intesa Sanpaolo S.p.A.*
  This is a company of the former Banca Popolare di Vicenza Group dedicated to financial agency activities pursuant to Article 128-quater of the Consolidated Law on Banking, without its own personnel. In view of the termination of the agency agreement that the company had in place with the Parent Company and the consequent termination of the company's mission, as part of the integration of the former UBI Banca Group, a reorganisation of the marketing activities was undertaken with the gradual convergence of the Agents4You network of agents into Prestitalia. The transaction, which received ECB authorisation on 27 July 2022, was approved by the Board of Directors of Intesa Sanpaolo on 13 September and by the Extraordinary Shareholders' Meeting of Intesa Sanpaolo Agents4You on 14 September. The deed of merger was signed on 18 October 2022 with legal effect from 1 November and accounting and tax effects from 1 January 2022. As a merger involving a wholly-owned company, it was carried out in the simplified manner provided for in Article 2505 of the Italian Civil Code;

- *merger by incorporation of Intesa Sanpaolo Smart Care S.r.l. into Intesa Sanpaolo S.p.A.*
  A company specialising in the provision of ancillary services for several insurance products offered by Group companies. It has no employees but operates with staff seconded from Intesa Sanpaolo. Prior to the merger, which received the ECB authorisation on 15 August 2022, the following were carried out: (i) the assumption by ISP of the interest held by Intesa Sanpaolo Vita S.p.A. (48.99%, against the 51.01% held directly by ISP), by notarial deed dated 30 September 2022 recorded in the Torino Company Register on 5 October, as well as (ii) the sale by the merged company of capital assets and technological devices to Intesa Sanpaolo Assicura S.p.A. (a company of the Insurance Division), which will carry out the new operations, with the transaction taking effect from 31 October 2022.
  On 1 September, the merger plan was filed with the Torino Company Register. The transaction was approved by the Board of Directors of Intesa Sanpaolo and the Shareholders' Meeting of Intesa Sanpaolo Smart Care on 17 October 2022. The merger deed is due to be signed by the end of the fourth quarter. Given that this transaction also involves two wholly-owned companies, the merger will take place in the simplified manner provided for in Article 2505 of the Italian Civil Code, with accounting and tax effects from 1 January 2022.

Again with a view to the structural streamlining of the Group, on 29 June 2022 the respective Boards of Directors approved the plan for the merger by incorporation of Sanpaolo Invest SIM S.p.A., a company specialising in financial advisory services and the distribution of financial services and products through a network of advisors operating out-of-branch, into the parent company Fideuram - Intesa Sanpaolo Private Banking S.p.A., a transaction that, in addition to cost savings, is expected to generate significant synergies between the sales networks of the two entities. The European Central Bank notified its authorisation of the transaction on 9 September 2022. As a merger involving a wholly-owned company, it will be carried out in the simplified manner provided for in Article 2505 of the Italian Civil Code. It is due to be completed by 2022.

As announced in the Annual Report, in order to better focus and enhance the core businesses and expertise acquired following the merger of UBI Banca – where there was already a business line set up to manage collateral lending activities (the former "Monte dei Pegni") – a new company has been set up, authorised to grant loans to the public in the form of collateral loans, pursuant to Articles 106 and following of Legislative Decree no. 395/1993 (Consolidated Law on Banking), by order of the Bank of Italy dated 18 January 2022. The company, named Acantus S.p.A., was consolidated at equity as at 30 June 2022 due to its still low materiality.
After the signing on 20 May of the agreement with the Trade Unions, on 14 July 2022, the contribution from Intesa Sanpaolo to Acantus of the going concern consisting of the aggregate of assets, human resources and legal relationships organised to carry out the collateral lending business was formalised, with legal effect from 25 July. As a result of said contribution, which was financed through a dedicated capital increase, the Transferee fully and generally took over all of the Transferor's assets constituting the going concern, as well as all contracts (with particular reference to collateralised lending contracts). Acantus intends to operate in line with the principles of protection of people in vulnerable conditions adopted by Intesa Sanpaolo, offering a possibility of accessing credit when conventional banking channels do not allow it and a safety net to curb recourse to unconventional lending solutions. The nine branches transferred to Acantus are located in Lombardy and Lazio: they are either dedicated structures or offices within premises where an Intesa Sanpaolo branch is already present, but with independent entrances to ensure the full separation of banking operations from those related to collateral lending. As a result of the contribution, the immateriality limits that previously allowed the company to be consolidated at equity have been exceeded, and therefore as at 30 September 2022, the company falls within the scope of line-by-line consolidation.

Following the agreement signed in December 2021, and already mentioned in the 2021 Annual Report, on 14 July 2022 Intesa Sanpaolo, through Banca 5 S.p.A., and Enel, through its wholly-owned subsidiary Enel X S.r.l., finalised the acquisition from Schumann Investments S.A., a company controlled by the international private equity fund CVC Capital Partners Fund VI, of 70% of the share capital of Mooney Group S.p.A., the holding company of a fintech group operating in proximity banking and payments services, established in 2019 in partnership with the CVC fund through the Sisal Group.
More specifically, after having obtained the required authorisations – including from the Presidency of the Council of Ministers, in accordance with the golden power legislation, the Antitrust authorities and the Bank of Italy – Enel X acquired 50% of Mooney Group's share capital, whereas Banca 5, which previously owned a 30% stake, increased its investment to

50%, placing Mooney under the joint control of both parties. In parallel, again on 14 July, Enel X took over the credit note that had been issued in favour of CVC as part of the initial transfer of Sisal to the subsidiaries of Mooney Group (Mooney S.p.A., an electronic money institution, and Mooney Servizi S.p.A., a company dedicated to commercial activities).
Also as part of the overall project, on 25 July 2022, Mooney Group acquired a business line consisting of all of Enel X's financial services operations in Italy, marketed under the Enel X Pay brand (through the acquisition of the entire capital of the companies Enel X Financial Services, CityPoste Payment, Paytipper and Junia Insurance) in exchange for the issuance, in favour of the Enel Group, of a "Pay in Kind (PIK)" credit note with the same characteristics as those already issued in the course of the previous transactions. The sale of the business line was accompanied by a partial transfer of credit notes between the two shareholders of Mooney Group, which brought the exposure of the two Groups to an equal level, alongside the renegotiation of the interest rates applied, which were aligned to the same market value.
Through the equal partnership of the two Groups, ISP and Enel, and the integration of Mooney Group with the above-mentioned set of Enel Group companies operating in the payments and financial services market, a joint European-based fintech has been created that will help strengthen Mooney Group's growth strategy, with the possible identification of new initiatives and the consolidation of its position in the payments market.
The transaction involved a total investment for the ISP Group, for the acquisition of the capital and rebalancing of the credit notes, of around 100 million euro.
From an accounting perspective, as a result of the equal share held and the existing joint control agreement, the investment in Mooney Group, which was previously included among the associates carried at equity, now constitutes a joint venture, which, in accordance with IAS 28, continues to be carried at equity without redetermination of the fair value of the interest already held. In contrast, it falls within the scope of proportional prudential consolidation, as it is classed, for prudential purposes, as a financial company, due to the predominant presence of an electronic money institution among the interests held.

In the insurance segment, on 19 July 2022, the agreement was announced through which Intesa Sanpaolo Vita and Reale Group entered into a partnership that envisages the transfer of a business line of Blue Assistance – Reale Group's service company specialising in healthcare assistance – to the new company InSalute Servizi. The latter, which will be 65% owned by Intesa Sanpaolo Vita and 35% by Blue Assistance, will operate within Intesa Sanpaolo's Insurance Division and will be dedicated to the management of claims and the development of a network of affiliated healthcare facilities (TPAs - Third Party Administrators) in support of Intesa Sanpaolo RBM Salute's insurance offer. The closing of the transaction is scheduled for the first half of 2023, subject to obtaining the necessary authorisations[17].
InSalute Servizi will be engaged in the management of health and welfare services for Intesa Sanpaolo's captive customers, supplementary health funds, welfare funds, mutuals, companies and other entities operating in the supplementary health and welfare sectors, confirming the strategy of Intesa Sanpaolo's Insurance Division and its development plan for health insurance, launched in 2020 with the acquisition of RBM Salute. In parallel with this new joint venture, the service company of the Reale Group will continue its activities with the Intesa Group insurance companies and the non-captive business, without any change in commitment to the planned strategies.

On 28 July 2022, the Board of Directors of Banca 5 S.p.A. resolved on a proposal to amend the Articles of Association to change the company's name to Isybank S.p.A. This is the first formal step in the project underway to create a new digital bank within the Group, as envisaged in the 2022-2025 Business Plan. The change was authorised by the ECB on 10 October 2022.

On 29 July 2022, the international agency S&P Global Ratings revised Intesa Sanpaolo's Outlook from Positive to Stable, maintaining the assigned ratings at "BBB"/"A-2". The action, which also involved other Italian banks, followed on from a similar intervention on 26 July on the outlook for sovereign debt, revised from Positive to Stable, while Italy's ratings remained unchanged at "BBB"/"A-2".
On the following 9 August, Moody's revised Intesa Sanpaolo's Outlook from Stable to Negative, keeping the main existing ratings at "Baa1"/"P-2". Also in this case, the rating action, extended at sector level, reflected a similar move on the outlook for Italian sovereign debt, which was changed from Stable to Negative on 5 August, leaving Italy's ratings unchanged at "Baa3"/"P-3".

On 3 August 2022, Intesa Sanpaolo completed the sale of its 25% equity investment in Innolva S.p.A. (a 75% subsidiary of Tinexta) to a leading global company specialising in credit and business information systems. The equity investment had been acquired in return for the transfer, into Innolva, of the equity investment in Intesa Sanpaolo Forvalue S.p.A. (renamed Forvalue), as part of the strategic partnership launched in 2021 with the Tinexta Group, a leading company in Digital Trust, Cyber Security and Innovation & Marketing services, listed on the Euronext Star Milan segment organised and managed by Borsa Italiana.
In order to ensure that Intesa Sanpaolo maintained control over the operations of Forvalue, which remained in the Tinexta Group as a result of its transfer to the subsidiary Warrant Hub, specialised in advising businesses on subsidised finance transactions and support for innovation and development projects, ISP agreed with Tinexta to reinvest the amount received from the sale of the equity investment in Innolva to acquire a minority interest in Warrant Hub, Forvalue's new parent company. The agreement, signed on 28 October 2022, envisages an investment by Intesa Sanpaolo of 55 million euro and the acquisition of an equity investment in Warrant Hub through a capital increase. The closing is scheduled for November, following the passing of the resolution for the capital increase and the approval of the new articles of association. Upon completion of the transaction, the share capital of Warrant Hub will be held 88% by Tinexta, which directs the corporate governance, and 12% by Intesa Sanpaolo. Put and call options have also been established for the interest in Warrant Hub's share capital held by Intesa Sanpaolo, conditional – among other things – on the termination of the partnership and/or

[17] The company, which was established in 2022 with the original name of Newco TPA S.p.A., changed its name to InSalute Servizi in the third quarter, in view of the finalisation of the partnership agreement. It is included in the scope of line-by-line consolidation as it is wholly owned by Intesa Sanpaolo Vita.

particular results relative to the plan targets, as well as an earn-out if certain plan targets are met with the approval of Forvalue's 2025 financial statements.

On 28 September 2022 – following the authorisation received from the ECB on 16 September – the notices were published for the filing in the Torino Company Register of the plans for the partial demerger of Intesa Sanpaolo in favour of the wholly-owned vehicle companies Tatooine LeaseCo S.r.l. and Dagobah LeaseCo S.r.l., approved by the Board of Directors of Intesa Sanpaolo on 21 June 2022.
The demergers form part of two securitisations – in relation to which the beneficiary companies of the demerger are the support vehicles – involving receivables arising from finance lease agreements mainly classified as bad loans, in one of the two cases, together with the buildings and other tangible properties as well as the legal asset and liability relationships subject to/associated with those finance lease agreements.
These are simplified partial demergers – pursuant to Article 2505, paragraph 2, and Article 2506-ter, last paragraph, of the Italian Civil Code – involving a set of specific financial assets and liabilities related to the securitisations, immovable and movable property subject to the lease agreements giving rise to the receivables of the demerged company, and all the connected legal relationships, not included in the securitisation. The two transactions were approved by the Board of Directors of Intesa Sanpaolo on 17 October 2022.

The deed of merger by incorporation of Cargeas Assicurazioni S.p.A.[18] into Intesa Sanpaolo Assicura S.p.A. (both wholly-owned subsidiaries of Intesa Sanpaolo Vita S.p.A.) was also signed on 28 September 2022. The merger took legal effect from 1 October, with accounting and tax effects from 1 January 2022. The transaction, authorised by IVASS with order of 22 June published on 29 July 2022, was approved by the two Boards of Directors on 22 June. As a result, as of 1 October all the insurance contracts taken out by Cargeas Assicurazioni are managed by Intesa Sanpaolo Assicura, with their characteristics remaining unchanged.

After the banking licence was obtained, the third quarter saw the completion of the formal steps and activities for the operational launch, in early October, of Alpian S.A., Switzerland's first digital private bank, based in Geneva, developed to provide private banking and financial advisory services for mass affluent customers exclusively through a mobile service. This is a hybrid model that combines a secure, state-of-the-art banking experience with the support of Alpian's financial advisors, giving mass affluent customers access to a service normally reserved for customers of a traditional private bank.
The start-up, which is 14.9% owned by Fideuram - Intesa Sanpaolo Private Banking S.p.A. and 12.8% by Reyl & Cie S.A., which is in turn 69% owned by Fideuram ISPPB, has entered into a strategic partnership with the latter to accelerate the development of the digital wealth management offering for its customers.

With regard to the ongoing de-risking initiatives, following the transactions completed in the first half of the year, details of which can be found in the Half-yearly Report as at 30 June 2022, during the third quarter, the project activities related to the transactions underway continued in accordance with the timelines set.
As at 30 September 2022, the amount of Group non-performing loans reclassified as assets held for sale totalled 3.8 billion euro in terms of GBV (4.5 billion euro as at 31 December 2021) and 0.9 billion euro in terms of NBV (1.2 billion euro as at 31 December 2021), with the latter already aligned to the estimated realisable prices in accordance with IFRS 9[19].

Lastly, to complete the disclosure for the first nine months of 2022, the continuation is confirmed of the voluntary exits plan in accordance with the trade union agreements of 29 September 2020 and 16 November 2021.
There were 928 voluntary exits in the third quarter, of which 895 with effect from 1 July 2022. In total, there were 1,939 voluntary exits in the period January-September 2022, for a total of 4,778 exits from the beginning of 2021, compared to the 9,200 envisaged by the first quarter of 2025 under the two above-mentioned Trade Union Agreements.
With regard to the hirings under those Agreements, since the beginning of 2021, there have been about 1,100 new hires, with 4,600 envisaged by the end of 2025.

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As already mentioned in the Half-yearly Report, it is envisaged that, at the time of the approval of this Interim Statement, the Board of Directors, exercising the power granted by Article 29.5 of the Articles of Association, will approve an interim dividend on the basis of the results for the third quarter of 2022 and those foreseeable for the fourth quarter of 2022, both at consolidated and individual level. The interim dividend is envisaged at 1.4 billion euro and, upon approval, will be payable as of 23 November, with coupon presentation on 21 November and record date on 22 November.

[18] Insurance company operating in the non-life business with which the former UBI Group had a commercial partnership.

[19] As at 30 September 2022, all the deleveraging initiatives concerning single name exposures had been completed.

Outlook

The industrial initiatives of the 2022-2025 Business Plan are well underway and the net income target of 6.5 billion euro in 2025 is confirmed, with clear and strong upside deriving from the increase of interest rates (net interest income growth of around 2 billion euro in a twelve-month period assuming yearly average Euribor 1-month at 2%).

Net income of more than 4 billion euro is envisaged for 2022 following the reduction of the exposure to Russia and the strong operating performance of the third quarter, despite the worsening of commodity/energy supplies.

A solid capital position is envisaged, with a fully phased-in Common Equity Tier 1 ratio target above 12% over the 2022-2025 Business Plan horizon, in accordance with Basel 3 / Basel 4 regulations.

A strong value distribution is envisaged:
- a payout ratio of 70% of the consolidated net income in each year of the Business Plan (2.3 billion euro already accrued on the net income of the first nine months of 2022, of which 1.4 billion euro payable as an interim dividend on 23 November 2022, to be decided at the time this Interim Statement is approved);
- additional distribution to shareholders of 1.7 billion euro through the buyback launched on 4 July 2022 and concluded on 11 October 2022;
- the decision regarding the buyback for the remaining amount of 1.7 billion euro authorised by the ECB will be taken by the time the results as at 31 December 2022 are approved;
- any additional distribution to be evaluated on a yearly basis starting from 2023.

Consolidated financial statements

Consolidated balance sheet

(millions of euro)

Assets		30.09.2022	31.12.2021	Changes	
				amount	%
10.	Cash and cash equivalents	118,368	14,756	103,612	
20.	Financial assets measured at fair value through profit or loss	52,840	52,731	109	0.2
	a) financial assets held for trading	*47,689*	*47,181*	*508*	*1.1*
	b) financial assets designated at fair value	*1*	*4*	*-3*	*-75.0*
	c) other financial assets mandatorily measured at fair value	*5,150*	*5,546*	*-396*	*-7.1*
30.	Financial assets measured at fair value through other comprehensive income	53,948	67,580	-13,632	-20.2
35.	Financial assets pertaining to insurance companies, measured at fair value pursuant to IAS 39	173,252	206,800	-33,548	-16.2
40.	Financial assets measured at amortised cost	559,628	668,866	-109,238	-16.3
	a) due from banks	*42,036*	*163,937*	*-121,901*	*-74.4*
	b) loans to customers	*517,592*	*504,929*	*12,663*	*2.5*
45.	Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	80	85	-5	-5.9
50.	Hedging derivatives	10,366	1,732	8,634	
60.	Fair value change of financial assets in hedged portfolios (+/-)	-9,525	392	-9,917	
70.	Investments in associates and companies subject to joint control	1,990	1,652	338	20.5
80.	Technical insurance reserves reassured with third parties	172	208	-36	-17.3
90.	Property and equipment	10,561	10,792	-231	-2.1
100.	Intangible assets	9,386	9,342	44	0.5
	of which:				
	- goodwill	*3,681*	*3,574*	*107*	*3.0*
110.	Tax assets	19,391	18,808	583	3.1
	a) current	*3,927*	*3,555*	*372*	*10.5*
	b) deferred	*15,464*	*15,253*	*211*	*1.4*
120.	Non-current assets held for sale and discontinued operations	1,123	1,422	-299	-21.0
130.	Other assets	21,425	13,837	7,588	54.8
Total assets		**1,023,005**	**1,069,003**	**-45,998**	**-4.3**

Consolidated balance sheet

(millions of euro)

Liabilities and Shareholders' Equity		30.09.2022	31.12.2021	Changes	
				amount	%
10.	Financial liabilities measured at amortised cost	697,059	710,055	-12,996	-1.8
	a) due to banks	*158,977*	*165,258*	*-6,281*	*-3.8*
	b) due to customers	*463,010*	*458,239*	*4,771*	*1.0*
	c) securities issued	*75,072*	*86,558*	*-11,486*	*-13.3*
15.	Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,250	2,146	104	4.8
20.	Financial liabilities held for trading	53,856	56,306	-2,450	-4.4
30.	Financial liabilities designated at fair value	6,501	3,674	2,827	76.9
35.	Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	72,812	84,770	-11,958	-14.1
40.	Hedging derivatives	5,037	4,868	169	3.5
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-7,808	53	-7,861	
60.	Tax liabilities	3,581	2,285	1,296	56.7
	a) current	*361*	*363*	*-2*	*-0.6*
	b) deferred	*3,220*	*1,922*	*1,298*	*67.5*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	89	30	59	
80.	Other liabilities	21,423	15,639	5,784	37.0
90.	Employee termination indemnities	863	1,099	-236	-21.5
100.	Allowances for risks and charges	4,662	5,716	-1,054	-18.4
	a) commitments and guarantees given	*563*	*508*	*55*	*10.8*
	b) post-employment benefits	*124*	*290*	*-166*	*-57.2*
	c) other allowances for risks and charges	*3,975*	*4,918*	*-943*	*-19.2*
110.	Technical reserves	99,751	118,296	-18,545	-15.7
120.	Valuation reserves	-1,898	-709	1,189	
125.	Valuation reserves pertaining to insurance companies	-762	476	-1,238	
130.	Redeemable shares	-	-	-	
140.	Equity instruments	7,203	6,282	921	14.7
150.	Reserves	16,803	17,706	-903	-5.1
155.	Interim dividend (-)	-	-1,399	-1,399	
160.	Share premium reserve	28,056	27,286	770	2.8
170.	Share capital	10,369	10,084	285	2.8
180.	Treasury shares (-)	-350	-136	214	
190.	Minority interests (+/-)	224	291	-67	-23.0
200.	Net income (loss) (+/-)	3,284	4,185	-901	-21.5
Total liabilities and shareholders' equity		**1,023,005**	**1,069,003**	**-45,998**	**-4.3**

Consolidated income statement

(millions of euro)

		30.09.2022	30.09.2021	Changes	
				amount	%
10.	Interest and similar income	8,719	7,843	876	11.2
	of which: interest income calculated using the effective interest rate method	*8,395*	*7,563*	*832*	*11.0*
20.	Interest and similar expense	-2,166	-1,811	355	19.6
30.	**Interest margin**	**6,553**	**6,032**	**521**	**8.6**
40.	Fee and commission income	8,517	8,828	-311	-3.5
50.	Fee and commission expense	-2,050	-1,989	61	3.1
60.	**Net fee and commission income**	**6,467**	**6,839**	**-372**	**-5.4**
70.	Dividend and similar income	184	113	71	62.8
80.	Profits (Losses) on trading	-224	406	-630	
90.	Fair value adjustments in hedge accounting	45	36	9	25.0
100.	Profits (Losses) on disposal or repurchase of:	-40	741	-781	
	a) financial assets measured at amortised cost	*204*	*215*	*-11*	*-5.1*
	b) financial assets measured at fair value through other comprehensive income	*-261*	*570*	*-831*	
	c) financial liabilities	*17*	*-44*	*61*	
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	978	157	821	
	a) financial assets and liabilities designated at fair value	*991*	*-28*	*1,019*	
	b) other financial assets mandatorily measured at fair value	*-13*	*185*	*-198*	
115.	Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39	455	3,353	-2,898	-86.4
120.	**Net interest and other banking income**	**14,418**	**17,677**	**-3,259**	**-18.4**
130.	Net losses/recoveries for credit risks associated with:	-1,779	-1,607	172	10.7
	a) financial assets measured at amortised cost	*-1,729*	*-1,595*	*134*	*8.4*
	b) financial assets measured at fair value through other comprehensive income	*-50*	*-12*	*38*	
135.	Net losses/recoveries pertaining to insurance companies pursuant to IAS39	-159	-4	155	
140.	Profits (Losses) on changes in contracts without derecognition	8	-25	33	
150.	**Net income from banking activities**	**12,488**	**16,041**	**-3,553**	**-22.1**
160.	Net insurance premiums	6,729	7,848	-1,119	-14.3
170.	Other net insurance income (expense)	-5,399	-9,887	-4,488	-45.4
180.	**Net income from banking and insurance activities**	**13,818**	**14,002**	**-184**	**-1.3**
190.	Administrative expenses:	-8,445	-8,568	-123	-1.4
	a) personnel expenses	*-4,850*	*-5,016*	*-166*	*-3.3*
	b) other administrative expenses	*-3,595*	*-3,552*	*43*	*1.2*
200.	Net provisions for risks and charges	-160	-204	-44	-21.6
	a) commitments and guarantees given	*-72*	*73*	*-145*	
	b) other net provisions	*-88*	*-277*	*-189*	*-68.2*
210.	Net adjustments to / recoveries on property and equipment	-508	-479	29	6.1
220.	Net adjustments to / recoveries on intangible assets	-692	-612	80	13.1
230.	Other operating expenses (income)	702	703	-1	-0.1
240.	**Operating expenses**	**-9,103**	**-9,160**	**-57**	**-0.6**
250.	Profits (Losses) on investments in associates and companies subject to joint control	209	130	79	60.8
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-2	-4	-2	-50.0
270.	Goodwill impairment	-	-	-	
280.	Profits (Losses) on disposal of investments	17	190	-173	-91.1
290.	**Income (Loss) before tax from continuing operations**	**4,939**	**5,158**	**-219**	**-4.2**
300.	Taxes on income from continuing operations	-1,644	-1,200	444	37.0
310.	**Income (Loss) after tax from continuing operations**	**3,295**	**3,958**	**-663**	**-16.8**
320.	Income (Loss) after tax from discontinued operations	-	-	-	
330.	**Net income (loss)**	**3,295**	**3,958**	**-663**	**-16.8**
340.	Minority interests	-11	48	-59	
350.	**Parent Company's net income (loss)**	**3,284**	**4,006**	**-722**	**-18.0**
	Basic EPS - Euro	**0.17**	**0.21**		
	Diluted EPS - Euro	**0.17**	**0.21**		

Statement of consolidated comprehensive income

(millions of euro)

		30.09.2022	30.09.2021	Changes	
				amount	%
10.	**Net income (Loss)**	**3,295**	**3,958**	**-663**	**-16.8**
	Other comprehensive income (net of tax) that may not be reclassified to the income statement	**3**	**96**	**-93**	**-96.9**
20.	Equity instruments designated at fair value through other comprehensive income	-554	62	-616	
30.	Financial liabilities designated at fair value through profit or loss (change in own credit rating)	199	10	189	
40.	Hedging of equity instruments designated at fair value through other comprehensive income	-	-	-	
50.	Property and equipment	167	22	145	
60.	Intangible assets	-	-	-	
70.	Defined benefit plans	191	2	189	
80.	Non current assets classified as held for sale	-	-	-	
90.	Share of valuation reserves connected with investments carried at equity	-	-	-	
	Other comprehensive income (net of tax) that may be reclassified to the income statement	**-2,451**	**-277**	**2,174**	
100.	Hedges of foreign investments	-17	-	17	
110.	Foreign exchange differences	70	84	-14	-16.7
120.	Cash flow hedges	208	136	72	52.9
130.	Hedging instruments (not designated elements)	-	-	-	
140.	Financial assets (other than equities) measured at fair value through other comprehensive income	-1,401	-396	1,005	
145.	Financial assets measured at fair value through other comprehensive income, pertaining to Insurance companies	-1,329	-130	1,199	
150.	Non-current assets held for sale and discontinued operations	-	-	-	
160.	Share of valuation reserves connected with investments carried at equity	18	29	-11	-37.9
170.	**Total other comprehensive income (net of tax)**	**-2,448**	**-181**	**2,267**	
180.	**Total comprehensive income (captions 10 + 170)**	**847**	**3,777**	**-2,930**	**-77.6**
190.	**Total consolidated comprehensive income pertaining to minority interests**	**-7**	**-43**	**36**	**83.7**
200.	**Total consolidated comprehensive income pertaining to the Parent Company**	**854**	**3,820**	**-2,966**	**-77.6**

Changes in consolidated shareholders' equity as at 30 September 2022

(millions of euro)

	30.09.2022													
	Share capital		Share premium reserve	Reserves		Valuation reserves	Valuation reserves attributable to insurance companies	Equity instruments	Interim dividend	Treasury shares	Net income (loss)	Shareholders' equity	Group shareholders' equity	Minority interests
	ordinary shares	other shares		retained earnings	other									
AMOUNTS AS AT 31.12.2021	**10,223**	**-**	**27,309**	**16,936**	**1,089**	**-757**	**476**	**6,282**	**-1,399**	**-136**	**4,043**	**64,066**	**63,775**	**291**
Changes in opening balances	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AMOUNTS AS AT 1.1.2022	**10,223**	**-**	**27,309**	**16,936**	**1,089**	**-757**	**476**	**6,282**	**-1,399**	**-136**	**4,043**	**64,066**	**63,775**	**291**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)														
Reserves	**-**	**-**	**-**	**1,311**	**-**	**-**	**-**	**-**	**-**	**-**	**-1,311**	**-**	**-**	**-**
Dividends and other allocations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,399**	**-**	**-2,732**	**-1,333**	**-1,316**	**-17**
CHANGES IN THE PERIOD														
Changes in reserves	-	-	598	-	-227	3	-	-	-	-	-	374	374	-
Operations on shareholders' equity														
Issue of new shares	285	-	405	-	-	-	-	-	-	1,313	-	2,003	2,003	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-1,527	-	-1,527	-1,527	-
Interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-233	-	-	-	-	-	-	-	-	-233	-233	-
Changes in equity instruments	-	-	-	-	-	-	-	921	-	-	-	921	921	-
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	34	-	-3	-2,220	-	-	-	-	-	-	-	-2,189	-2,146	-43
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-1,210**	**-1,238**	**-**	**-**	**-**	**3,295**	**847**	**854**	**-7**
SHAREHOLDERS' EQUITY AS AT 30.09.2022	**10,542**	**-**	**28,076**	**16,027**	**862**	**-1,964**	**-762**	**7,203**	**-**	**-350**	**3,295**	**62,929**	**62,705**	**224**
Group	**10,369**	**-**	**28,056**	**15,941**	**862**	**-1,898**	**-762**	**7,203**	**-**	**-350**	**3,284**	**62,705**		
minority interests	**173**	**-**	**20**	**86**	**-**	**-66**	**-**	**-**	**-**	**-**	**11**	**224**		

(a) Includes dividends and amounts allocated to the charity fund of the Parent Company, as well as those relating to consolidated companies, pertaining to minorities.

Changes in consolidated shareholders' equity as at 30 September 2021

(millions of euro)

	30.09.2021												
	Share capital		Share premium reserve	Reserves		Valuation reserves	Valuation reserves attributable to insurance companies	Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity	Group shareholders' equity	Minority interests
	ordinary shares	other shares		retained earnings	other								
AMOUNTS AS AT 31.12.2020	**10,241**	**-**	**27,463**	**16,790**	**992**	**-570**	**809**	**7,441**	**-130**	**3,285**	**66,321**	**65,871**	**450**
Changes in opening balances	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AMOUNTS AS AT 1.1.2021	**10,241**	**-**	**27,463**	**16,790**	**992**	**-570**	**809**	**7,441**	**-130**	**3,285**	**66,321**	**65,871**	**450**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)													
Reserves				**2,736**						**-2,736**	**-**	**-**	**-**
Dividends and other allocations				**-**						**-549**	**-549**	**-549**	**-**
CHANGES IN THE PERIOD													
Changes in reserves	-	-	-157	-	72	-	-	-	-	-	-85	-85	-
Operations on shareholders' equity													
Issue of new shares	-	-	-	-	-	-	-	-	20	-	20	20	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-48	-	-48	-48	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity instruments	-	-	-	-	-	-	-	-1,162	-	-	-1,162	-1,162	-
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-21	-	-	-969	-	-	-	-	-	-	-990	-882	-108
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-49**	**-132**	**-**	**-**	**3,958**	**3,777**	**3,820**	**-43**
SHAREHOLDERS' EQUITY AS AT 30.09.2021	**10,220**	**-**	**27,306**	**18,557**	**1,064**	**-619**	**677**	**6,279**	**-158**	**3,958**	**67,284**	**66,985**	**299**
Group	**10,084**	**-**	**27,287**	**18,315**	**1,064**	**-569**	**677**	**6,279**	**-158**	**4,006**	**66,985**		
minority interests	**136**	**-**	**19**	**242**	**-**	**-50**	**-**	**-**	**-**	**-48**	**299**		

(a) Includes dividends and amounts allocated to the charity fund of the Parent Company, as well as those relating to consolidated companies, pertaining to minorities.

Report on operations

Economic results

General aspects

A condensed reclassified consolidated income statement has been prepared to give a more immediate understanding of results. The figures are normally restated, where necessary and if they are material, for ease of comparison. In particular, the amounts are provided as uniformly as possible with reference to the different periods covered, above all in relation to intervening changes in the scope of consolidation. This uniformity is achieved through “restated” figures, which include/exclude the values of the companies that entered or left the scope of consolidation. In 2021, as a result of the acquisition of the UBI Banca Group, the restated figures have also been accompanied by the “redetermined” figures in order to align/supplement them through management figures.

In line with the 2021 Financial Statements and the Half-yearly Report as at 30 June 2022, the *restatement on a like-for-like basis of the comparative figures* firstly involved the figures for the first quarter of 2021 due to the incorporation of the line-by-line income statement results of Reyl & Cie S.A., RB Participations S.A. and Asteria Investment Managers S.A. (Reyl Group), which entered the line-by-line scope of consolidation in the second quarter of 2021 following the acquisition by Fideuram - Intesa Sanpaolo Private Banking of control of RB Participations S.A. and Reyl & Cie S.A., which in turn controls Asteria Investment Managers S.A.
Moreover, also in line with the 2021 Financial Statements and the Half-yearly Report as at 30 June 2022:
- to ensure an appropriate commentary on the performances of the items affected, in the first three quarters of 2021, administrative and personnel expenses were restated for an immaterial amount to reflect the inhousing in 2021 of activities previously outsourced by the UBI Banca Group, resulting in the re-hiring of personnel who had been transferred or seconded to external services;
- for all four quarters of 2021 and the first quarter of 2022, the costs of several incentive systems for employees of the Group’s distribution networks were reclassified, and consequently restated, from personnel expenses to fee and commission expense (the systems in question are funded by fee and commission income generated by the networks in question on the basis of deterministic quantification criteria correlated to the revenues at issue). With effect from the second quarter of 2022, these costs have been reclassified from personnel expenses to fee and commission expense by analogy to the accounting treatment of incentive systems for non-employee financial advisors.

Starting on 30 September 2022 the figures for the four quarters of 2021 and the first two quarters of 2022 were restated, to take into account:
- the entry into the scope of consolidation of Compagnie de Banque Privée Quilvest (Fideuram Group) at the end of June 2022, resulting in the start of the consolidation of the income statement figures from July 2022, and
- the contribution to Intesa Sanpaolo Formazione of the Intesa Sanpaolo business line dedicated to the design and provision of training services and products for Group employees based in Italy, which was carried out in preparation for the disposal of Intesa Sanpaolo Formazione, finalised at the end of June 2022,

with the attribution by convention of net income to the caption Minority interests, and thus without an impact on net income for the previous periods.

With regard to the acquisition of the UBI Banca Group and the related corporate transactions, with effect from the Interim Statement as at 31 March 2021, in order to provide a uniform comparison of the income statement figures, including with regard to the effects of the sale of branches to BPER and Banca Popolare di Puglia e Basilicata undertaken in the first quarter of 2021 and those planned (and subsequently sold) in the second quarter of that year, use was also made of management figures, in relation to the nature of the necessary restatements. Accordingly, to present the *figures “redetermined” on the basis of accounting and management records*, schedules were produced in addition to those defined on the basis of stated figures at the end of the various periods, restated where necessary, and the related detail tables have been expanded upon or duplicated with separate indication of the “Redetermined figures”.
The second quarter of 2021 saw the finalisation of the acquisition by Intesa Sanpaolo of 100% of the share capital of Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas[20], with which UBI had started multi-year partnerships and which were previously consolidated using the equity method as a function of the equity interests held. The income components of these insurance companies were also affected by the sale of the UBI branches to BPER, which resulted in the loss of the margins on the policies sold to customers of those branches. Accordingly, in order to provide a representation, on a like-for-like basis, of the comparative figures for income statement results, line by line, relating to the insurance companies acquired in the second quarter of 2021, it was necessary to use, including for the case in question, management figures to quantify the effects of the aforementioned business associated with customers of the branches sold to BPER.

[20] Assicurazioni Vita (formerly Aviva Vita) and Lombarda Vita were merged into Intesa Sanpaolo Vita as of 31 December 2021. Cargeas Assicurazioni was merged into Intesa Sanpaolo Assicura, a wholly-owned subsidiary of Intesa Sanpaolo Vita, as of 1 October 2022.

Due to the foregoing, and in order to adequately support the comments on performance in this Interim Statement with comparative data on a like-for-like basis, the "redetermination" of the 2021 values used in the relevant Financial Statements is maintained. In detail, it concerned:

- for the first quarter of 2021:
  - the line-by-line exclusion of the income results relating to the UBI branches sold in the first quarter of 2021 and the UBI and ISP branches sold in the second quarter of 2021, by convention synthetically allocated to the caption Income (Loss) from discontinued operations of the "redetermined" schedule;
  - the line-by-line inclusion of the figures of the insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, suitably "redetermined" on the basis of management information to exclude the income statement results linked to production from the customers of the branches sold to BPER, with the attribution by convention of net income to the caption Minority interests in the "redetermined" income statement, and thus without an impact on net income for the period;
  - the elimination of the contribution to the item Other operating income (expenses) of the result attributable to the insurance companies Assicurazioni Vita (formerly Aviva Vita) and Lombarda Vita (previously consolidated using the equity method), with the attribution by convention of net income to the caption Minority interests in the "redetermined" income statement (hence with no impacts on net income), already used to synthetically allocate the income effects of the line-by-line results of the above companies;
- for the second quarter of 2021:
  - the line-by-line exclusion of the income results relating to the UBI and ISP branches sold in the second quarter of 2021, by convention synthetically allocated to the caption Income (Loss) from discontinued operations of the "redetermined" schedule;
  - the line-by-line inclusion of the insurance company Cargeas' figures for the months of April and May, with the attribution by convention of net income to the caption Minority interests, and thus without an impact on net income for the period.

There were no redeterminations of the figures for the third and fourth quarters of 2021 and the first three quarters of 2022.

The reclassifications and aggregations of the consolidated income statement refer to:

- dividends relating to shares or units in portfolio and dividends collected or paid within the framework of securities lending, which have been reallocated to the caption Profits (losses) on financial assets and liabilities designated at fair value;
- Profits (losses) on financial assets and liabilities pertaining to insurance companies (measured pursuant to IAS 39, by virtue of the Group's exercise of the option to defer application of IFRS 9), which include the shares of Net interest income, Dividends and Income from financial assets and liabilities relating to insurance business, have been reclassified, along with net premiums and the balance of income and expenses from insurance business, to the specific caption Income from insurance business, to which the effect of the adjustment of the technical reserve has also been attributed, in respect of the component borne by the insured parties, relating to the impairment of the securities held in the portfolios of the Group's insurance companies. Any claims paid, net of the premiums issued to cover them, which correspond to the drawdown of the provisions made in 2021 in relation to the financial imbalances which were also generated as a result of the greater use of benefits by insured persons on conclusion of the long periods of lockdown, have been included in the caption Other net provisions and net impairment losses on other assets;
- differentials on derivatives, classified to the trading book and contracted to hedge transactions in foreign currencies, which have been allocated among Net interest income owing to the close correlation;
- periodic fees and commissions on current accounts with positive balances applied to customers (excluding the retail customers and SMEs segment), in accordance with the provisions of the term sheets, which are accounted for as interest income, inasmuch as they cover the financing cost incurred by the Bank;
- profits (losses) on trading, fair value adjustments in hedge accounting, profits (losses) on financial assets and liabilities measured at fair value through profit or loss, profits (losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income and on sale or repurchase of financial liabilities, which have been reallocated to the single caption Profits (losses) on financial assets and liabilities designated at fair value;
- the share of the premium on the issue of the certificates paid to the networks for their placement, which is reclassified from Profits (losses) on assets and liabilities designated at fair value to Net fee and commission income;
- the return components of the insurance policies taken out to cover contractual indemnities and retention plans for financial advisors, which are deducted directly from Profits (Losses) on financial assets and liabilities designated at fair value, in accordance with the valuation effect of the assets in question, rather than being presented – as attributable to the advisors – among Other net provisions and net impairment losses on other assets (for valuation effects) or among Net fee and commission income or Other operating income (expenses), depending on the type of insurance policy used (for effects from realisation);
- the operating income of entities operating in sectors entirely distinct from banking and finance, synthetically reallocated to Other operating income (expenses), including that of the entities not subject to management and coordination within the framework of the Group (Risanamento and its subsidiaries);
- the costs of several incentive systems for employees of the Group's distribution networks, where funded by fee and commission income generated by the networks in question on the basis of deterministic quantification criteria correlated to the revenues concerned, which are reclassified from Personnel expenses to fee and commission expense by analogy to the accounting treatment of incentive systems for non-employee financial advisors;
- the costs of a one-off donation to Intesa Sanpaolo personnel, excluding those classified as managers or having equivalent remuneration, to mitigate the impact of inflation, which were reclassified from Personnel expenses to Other income (expenses);
- the administrative expenses relative to recoveries of expenses, taxes and duties, which are deducted from the caption instead of being included among Other income (expenses), and, with regard to the CIB Group, the expenses associated with the "bank tax" paid quarterly to the Hungarian treasury, along with the new extraordinary windfall tax, levied by Hungary on bank profits which - given their nature - are accounted for as Taxes on income;

- profits and losses on disposal or repurchase of financial assets measured at amortised cost (loans and debt securities representing loans), which have been allocated to Net adjustments to loans;
- Net losses/recoveries for credit risk associated with financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, the effects on the income statement of the changes in contracts and the net provisions for risks and charges for credit risk relating to commitments and guarantees given, attributed to the single item Net adjustments to loans;
- the reversal in the time value of Employee termination indemnities and Allowances for risks and charges, which has been included among Net interest income, as a phenomenon deriving directly from the application of the amortised cost criterion, in the absence of changes in projected future cash flows, in keeping with the treatment of the time value of financial assets measured at amortised cost;
- Net losses/recoveries for credit risk associated with financial assets measured at amortised cost other than loans and net impairment losses on equity investments, as well as property and equipment and intangible assets (including property and other assets, also those resulting from the enforcement of guarantees or purchase at auction and intended for sale on the market in the near future), which have been reclassified to Other net provisions and net impairment losses on other assets, which consequently include – in addition to the provisions for risks and charges other than those relating to commitments and guarantees – the valuation effects of the assets other than loans, with the sole exception of impairment losses on intangible assets that have been reclassified to Impairment (net of tax) of goodwill and other intangible assets;
- realised profits (losses) on financial assets measured at amortised cost other than loans, on equity investments and on other investments, which have been reallocated to Other income (expenses). Accordingly, in addition to the income and expenses not strictly related to operations, this caption represents the summary of the effects from the realisation of assets other than loans. Profits (Losses) realised on debt securities represent an exception; in view of their business model, which involves management closely correlated with the other financial instruments, they are classified to Profits (Losses) on financial assets and liabilities designated at fair value;
- Charges (net of tax) for integration and exit incentives, which are reclassified from Personnel expenses, Administrative expenses and other captions of the income statement to a separate caption;
- the purely accounting Effects of purchase price allocation, net of the tax effect, which are indicated in a specific caption. They normally represent adjustments to and any impairment losses on financial assets and liabilities as well as property, equipment and intangible assets which are measured at fair value as provided for by IFRS 3;
- Levies and other charges aimed at maintaining the stability of the banking industry, which are reclassified, after tax, to the specific caption;
- Goodwill impairment and impairment losses on other intangible assets, which – where present – are shown, as stated above, net of tax.

Reclassified income statement

(millions of euro)

	30.09.2022	30.09.2021	Changes	
			amount	%
Net interest income	6,436	6,016	420	7.0
Net fee and commission income	6,697	7,103	-406	-5.7
Income from insurance business	1,303	1,176	127	10.8
Profits (Losses) on financial assets and liabilities designated at fair value	1,380	1,525	-145	-9.5
Other operating income (expenses)	-20	93	-113	
Operating income	**15,796**	**15,913**	**-117**	**-0.7**
Personnel expenses	-4,821	-4,968	-147	-3.0
Administrative expenses	-2,047	-2,118	-71	-3.4
Adjustments to property, equipment and intangible assets	-936	-904	32	3.5
Operating costs	**-7,804**	**-7,990**	**-186**	**-2.3**
Operating margin	**7,992**	**7,923**	**69**	**0.9**
Net adjustments to loans	-1,928	-1,550	378	24.4
Other net provisions and net impairment losses on other assets	-168	-433	-265	-61.2
Other income (expenses)	147	254	-107	-42.1
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**6,043**	**6,194**	**-151**	**-2.4**
Taxes on income	-2,009	-1,526	483	31.7
Charges (net of tax) for integration and exit incentives	-62	-148	-86	-58.1
Effect of purchase price allocation (net of tax)	-152	-85	67	78.8
Levies and other charges concerning the banking industry (net of tax)	-544	-502	42	8.4
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	8	73	-65	-89.0
Net income (loss)	**3,284**	**4,006**	**-722**	**-18.0**

Figures restated, where necessary and material, considering the changes in the scope of consolidation.

Reclassified income statement – Redetermined figures

(millions of euro)

	30.09.2022	30.09.2021	Changes	
		Redetermined figures	amount	%
Net interest income	6,436	5,950	486	8.2
Net fee and commission income	6,697	7,009	-312	-4.5
Income from insurance business	1,303	1,219	84	6.9
Profits (Losses) on financial assets and liabilities designated at fair value	1,380	1,524	-144	-9.4
Other operating income (expenses)	-20	79	-99	
Operating income	**15,796**	**15,781**	**15**	**0.1**
Personnel expenses	-4,821	-4,917	-96	-2.0
Administrative expenses	-2,047	-2,125	-78	-3.7
Adjustments to property, equipment and intangible assets	-936	-906	30	3.3
Operating costs	**-7,804**	**-7,948**	**-144**	**-1.8**
Operating margin	**7,992**	**7,833**	**159**	**2.0**
Net adjustments to loans	-1,928	-1,544	384	24.9
Other net provisions and net impairment losses on other assets	-168	-436	-268	-61.5
Other income (expenses)	147	254	-107	-42.1
Income (Loss) from discontinued operations	-	58	-58	
Gross income (loss)	**6,043**	**6,165**	**-122**	**-2.0**
Taxes on income	-2,009	-1,527	482	31.6
Charges (net of tax) for integration and exit incentives	-62	-148	-86	-58.1
Effect of purchase price allocation (net of tax)	-152	-85	67	78.8
Levies and other charges concerning the banking industry (net of tax)	-544	-489	55	11.2
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	8	90	-82	-91.1
Net income (loss)	**3,284**	**4,006**	**-722**	**-18.0**

Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development of the reclassified income statement

(millions of euro)

	2022			2021			
	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	2,387	2,092	1,957	1,955	2,000	2,002	2,014
Net fee and commission income	2,153	2,255	2,289	2,518	2,323	2,381	2,399
Income from insurance business	436	465	402	410	365	438	373
Profits (Losses) on financial assets and liabilities designated at fair value	51	560	769	111	380	346	799
Other operating income (expenses)	-12	-12	4	18	26	18	49
Operating income	**5,015**	**5,360**	**5,421**	**5,012**	**5,094**	**5,185**	**5,634**
Personnel expenses	-1,632	-1,613	-1,576	-1,826	-1,636	-1,654	-1,678
Administrative expenses	-695	-718	-634	-869	-716	-730	-672
Adjustments to property, equipment and intangible assets	-313	-309	-314	-337	-301	-298	-305
Operating costs	**-2,640**	**-2,640**	**-2,524**	**-3,032**	**-2,653**	**-2,682**	**-2,655**
Operating margin	**2,375**	**2,720**	**2,897**	**1,980**	**2,441**	**2,503**	**2,979**
Net adjustments to loans	-496	-730	-702	-1,222	-543	-599	-408
Other net provisions and net impairment losses on other assets	-45	-63	-60	-415	-82	-218	-133
Other income (expenses)	4	147	-4	78	63	-7	198
Income (Loss) from discontinued operations	-	-	-	-	-	-	-
Gross income (loss)	**1,838**	**2,074**	**2,131**	**421**	**1,879**	**1,679**	**2,636**
Taxes on income	-562	-670	-777	-78	-614	-78	-834
Charges (net of tax) for integration and exit incentives	-23	-23	-16	-291	-41	-55	-52
Effect of purchase price allocation (net of tax)	-51	-47	-54	46	-51	-18	-16
Levies and other charges concerning the banking industry (net of tax)	-266	-12	-266	-23	-210	-83	-209
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-	-	-
Minority interests	-6	8	6	104	20	62	-9
Net income (loss)	**930**	**1,330**	**1,024**	**179**	**983**	**1,507**	**1,516**

Figures restated, where necessary and material, considering the changes in the scope of consolidation.

Quarterly development of the reclassified income statement – Redetermined figures

(millions of euro)

	2022			2021			
	Third quarter	**Second quarter**	**First quarter**	**Fourth quarter**	**Third quarter**	**Second Quarter Redetermined figures**	**First Quarter Redetermined figures**
Net interest income	2,387	2,092	1,957	1,955	2,000	1,997	1,953
Net fee and commission income	2,153	2,255	2,289	2,518	2,323	2,369	2,317
Income from insurance business	436	465	402	410	365	456	398
Profits (Losses) on financial assets and liabilities designated at fair value	51	560	769	111	380	346	798
Other operating income (expenses)	-12	-12	4	18	26	21	32
Operating income	**5,015**	**5,360**	**5,421**	**5,012**	**5,094**	**5,189**	**5,498**
Personnel expenses	-1,632	-1,613	-1,576	-1,826	-1,636	-1,652	-1,629
Administrative expenses	-695	-718	-634	-869	-716	-734	-675
Adjustments to property, equipment and intangible assets	-313	-309	-314	-337	-301	-299	-306
Operating costs	**-2,640**	**-2,640**	**-2,524**	**-3,032**	**-2,653**	**-2,685**	**-2,610**
Operating margin	**2,375**	**2,720**	**2,897**	**1,980**	**2,441**	**2,504**	**2,888**
Net adjustments to loans	-496	-730	-702	-1,222	-543	-599	-402
Other net provisions and net impairment losses on other assets	-45	-63	-60	-415	-82	-220	-134
Other income (expenses)	4	147	-4	78	63	-7	198
Income (Loss) from discontinued operations	-	-	-	-	-	10	48
Gross income (loss)	**1,838**	**2,074**	**2,131**	**421**	**1,879**	**1,688**	**2,598**
Taxes on income	-562	-670	-777	-78	-614	-81	-832
Charges (net of tax) for integration and exit incentives	-23	-23	-16	-291	-41	-55	-52
Effect of purchase price allocation (net of tax)	-51	-47	-54	46	-51	-18	-16
Levies and other charges concerning the banking industry (net of tax)	-266	-12	-266	-23	-210	-83	-196
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-	-	-
Minority interests	-6	8	6	104	20	56	14
Net income (loss)	**930**	**1,330**	**1,024**	**179**	**983**	**1,507**	**1,516**

Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

As indicated in the introduction, in order to ensure a uniform comparison, the analysis of income performance below is based on figures redetermined to also take into account the inclusion of the UBI Group and the reallocation of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as well as the inclusion of the contribution of the insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Operating income

In the first nine months of 2022, the Intesa Sanpaolo Group achieved a solid operating performance against the backdrop of a complex, challenging scenario. The Intesa Sanpaolo Group's operating income amounted to 15,796 million euro, substantially stable (+0.1%) compared to 15,781 million euro in the same period of 2021. This result was driven by the increase in net interest income, which benefited from the ECB's increase in interest rates in the third quarter, and income deriving from insurance business, which offset the decline in net fee and commission income and profits (losses) on financial assets and liabilities designated at fair value, as well as the negative effect of other net operating costs.

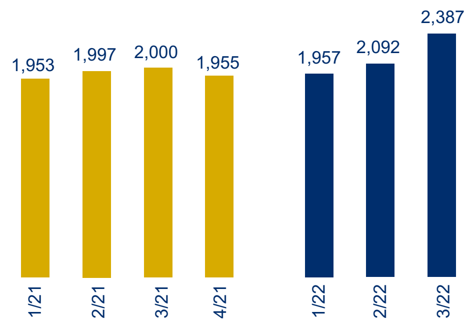
Net interest income

(millions of euro)

	30.09.2022	30.09.2021	Adjustments	30.09.2021 Redetermined figures	Changes (Redetermined figures)	
					amount	%
Relations with customers	6,229	5,922	-72	5,850	379	6.5
Securities issued	-1,323	-1,266	-	-1,266	57	4.5
Customer dealing	**4,906**	**4,656**	**-72**	**4,584**	**322**	**7.0**
Instruments measured at amortised cost which do not constitute loans	471	410	-	410	61	14.9
Other financial assets and liabilities designated at fair value through profit or loss	-80	-25	-	-25	55	
Other financial assets designated at fair value through other comprehensive income	623	476	-	476	147	30.9
Financial assets and liabilities	**1,014**	**861**	**-**	**861**	**153**	**17.8**
Relations with banks	**415**	**527**	**-**	**527**	**-112**	**-21.3**
Differentials on hedging derivatives	**-321**	**-453**	**-**	**-453**	**-132**	**-29.1**
Other net interest income	**422**	**425**	**6**	**431**	**-9**	**-2.1**
Net interest income	**6,436**	**6,016**	**-66**	**5,950**	**486**	**8.2**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development
Net interest income
(millions of euro)



1/21 and 2/21: Redetermined figures

Net interest income was 6,436 million euro, up sharply (+8.2%) on the first nine months of 2021. In particular, there was a greater contribution by customer dealing (+7%, equal to +322 million euro), due to the increase in interest income on business with customers, and by financial assets (+17.8%, equal to +153 million euro), with positive trends in other financial assets measured at fair value through other comprehensive income and securities measured at amortised cost, only partly offset by the increase in other financial assets and liabilities measured at fair value through profit or loss. Among other components, differentials on hedging derivatives improved by 29.1%, while net interest income on relations with banks declined (-21.3%), due to the sharp decrease in the benefits, in terms of negative interest rates applied[21], of TLTROs with the ECB in the third quarter, only partially offset by the concurrent elimination of the cost of excess liquidity.

Note that, starting from the third quarter, the above benefits began to significantly decrease following the initial hikes to official interest rates by the European Central Bank, effective on 27 July (50 basis points) and on 14 September (75 basis points). On the whole, the consolidated income statement for the first nine months of 2022 recorded interest income deriving from TLTROs III totalling 708.1 million euro (of which only 63.1 million euro in the third quarter) compared to the 845.7 million euro recorded in the same period of 2021. At the end of September 2022, the TLTRO III refinancing had a nominal amount of 114.8 billion euro, unchanged on June, but down from 131.8 billion euro in December due to an early repayment at the end of the first half of the year[22] (131.3 billion euro in September 2021).

	2022			Changes %	
	Third quarter (a)	**Second quarter (b)**	**First quarter (c)**	(a/b)	(b/c)
Relations with customers	2,332	2,000	1,897	16.6	5.4
Securities issued	-466	-436	-421	6.9	3.6
Customer dealing	**1,866**	**1,564**	**1,476**	**19.3**	**6.0**
Instruments measured at amortised cost which do not constitute loans	174	150	147	16.0	2.0
Other financial assets and liabilities designated at fair value through profit or loss	8	-35	-53		-34.0
Other financial assets designated at fair value through other comprehensive income	233	209	181	11.5	15.5
Financial assets and liabilities	**415**	**324**	**275**	**28.1**	**17.8**
Relations with banks	**36**	**172**	**207**	**-79.1**	**-16.9**
Differentials on hedging derivatives	**-81**	**-115**	**-125**	**-29.6**	**-8.0**
Other net interest income	**151**	**147**	**124**	**2.7**	**18.5**
Net interest income	**2,387**	**2,092**	**1,957**	**14.1**	**6.9**

Figures restated, where necessary and material, considering the changes in the scope of consolidation.

The flow of net interest income recorded in the third quarter of 2022 accelerated significantly compared to the first two quarters, essentially due to the greater contribution of interest income on business with customers, which also benefited from the ECB's increase in interest rates.

[21] Note that in the period from 24 June 2020 to 23 June 2022 - the special interest rate period – the interest rate applied to TLTROs was -1%. With reference to the conditions applicable in the third quarter, on 24 June 2022 the interest rate applied and settled on maturity became the average rate on deposits with the Central Bank (Deposit Facility Rate) calculated for the entire duration of the operation. As a result of the monetary policy decisions, the Deposit Facility Rate rose from -0.50% to 0%, effective on 27 July 2022, and from 0% to 0.75% effective on 14 September 2022. Lastly, on 27 October, the Governing Council of the ECB announced its new monetary policy decisions which, *inter alia*, introduced an additional increase in interest rates of +75 basis points starting 2 November 2022 and several changes, starting on 23 November, to the terms and conditions applied to the existing TLTROs III.

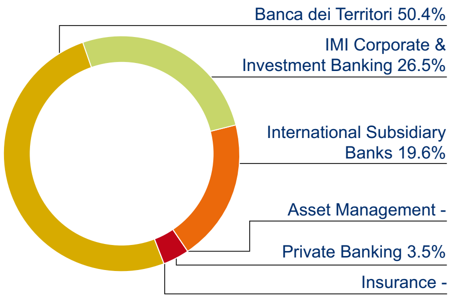
[22] Early repayment of nominal amount of 17 billion euro obtained by Intesa Sanpaolo in the December 2019 auction and maturing in December 2022.

(millions of euro)

	30.09.2022	30.09.2021 Redetermined figures	Changes amount	%
Banca dei Territori	2,907	2,949	-42	-1.4
IMI Corporate & Investment Banking	1,528	1,655	-127	-7.7
International Subsidiary Banks	1,132	988	144	14.6
Private Banking	203	164	39	23.8
Asset Management	-	-1	-1	
Insurance	-	-	-	-
Total business areas	**5,770**	**5,755**	**15**	**0.3**
Corporate Centre	666	195	471	
Intesa Sanpaolo Group	**6,436**	**5,950**	**486**	**8.2**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Business areas
Net interest income



The Banca dei Territori Division, which accounts for 50.4% of operating business area results, recorded net interest income of 2,907 million euro, down on the first nine months of 2021 (-1.4%, or -42 million euro), due to the lower interest in non-performing assets due to de-risking transactions. The net interest income of IMI Corporate & Investment Banking also declined (-7.7%, or -127 million euro), due to the lower contribution of the securities portfolio in the Global Market context. The benefits deriving from the increase in short-term interest rates will primarily arise on the business lines in the fourth quarter, with those interest rates consolidating on positive ground. On the other hand, there was an increase in the net interest income of the International Subsidiary Banks (+14.6%, or +144 million euro), mainly due to the favourable performance of the subsidiary in Hungary, and of the Private Banking Division (+23.8%, or +39 million euro).
The positive performance of the net interest income of the Corporate Centre is essentially attributable to the lower cost of excess liquidity deriving from the rise in interest rates in the third quarter of 2022, as well as the higher volumes of the Treasury securities portfolio.

Net fee and commission income

(millions of euro)

	30.09.2022			30.09.2021			Changes	
	Income	Expense	**Net**	Income	Expense	**Net**	**amount**	**%**
Guarantees given / received	339	-152	187	301	-149	152	35	23.0
Collection and payment services	566	-107	459	544	-125	419	40	9.5
Current accounts	1,042	-	1,042	1,078	-	1,078	-36	-3.3
Credit and debit cards	643	-338	305	574	-293	281	24	8.5
Commercial banking activities	**2,590**	**-597**	**1,993**	**2,497**	**-567**	**1,930**	**63**	**3.3**
Dealing and placement of securities	751	-236	515	1,013	-201	812	-297	-36.6
Currency dealing	13	-4	9	16	-3	13	-4	-30.8
Portfolio management	2,767	-727	2,040	2,948	-681	2,267	-227	-10.0
Distribution of insurance products	1,181	-	1,181	1,205	-	1,205	-24	-2.0
Other	324	-134	190	303	-126	177	13	7.3
Management, dealing and consultancy activities	**5,036**	**-1,101**	**3,935**	**5,485**	**-1,011**	**4,474**	**-539**	**-12.0**
Other fee and commission	**989**	**-220**	**769**	**870**	**-171**	**699**	**70**	**10.0**
Net fee and commission income	**8,615**	**-1,918**	**6,697**	**8,852**	**-1,749**	**7,103**	**-406**	**-5.7**

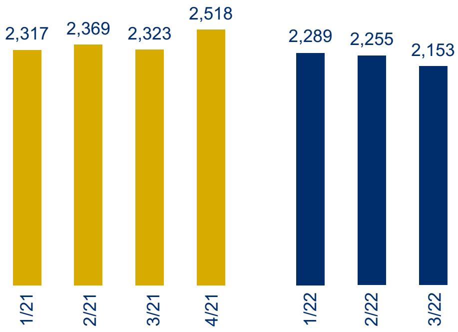
Figures restated, where necessary and material, considering the changes in the scope of consolidation.

(millions of euro)

	30.09.2022	30.09.2021			Changes (Redetermined figures)	
	Net fee and commission income	**Net fee and commission income**	**Adjustments**	**Redetermined figures**	**amount**	**%**
Guarantees given / received	187	152	-2	150	37	24.7
Collection and payment services	459	419	-5	414	45	10.9
Current accounts	1,042	1,078	-29	1,049	-7	-0.7
Credit and debit cards	305	281	-6	275	30	10.9
Commercial banking activities	**1,993**	**1,930**	**-42**	**1,888**	**105**	**5.6**
Dealing and placement of securities	515	812	-26	786	-271	-34.5
Currency dealing	9	13	-4	9	-	-
Portfolio management	2,040	2,267	-2	2,265	-225	-9.9
Distribution of insurance products	1,181	1,205	-15	1,190	-9	-0.8
Other	190	177	-2	175	15	8.6
Management, dealing and consultancy activities	**3,935**	**4,474**	**-49**	**4,425**	**-490**	**-11.1**
Other fee and commission	**769**	**699**	**-3**	**696**	**73**	**10.5**
Net fee and commission income	**6,697**	**7,103**	**-94**	**7,009**	**-312**	**-4.5**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development
Net fee and commission income
(millions of euro)



1/21 and 2/21: Redetermined figures

The net fee and commission income earned in the first nine months of 2022 amounted to 6,697 million euro, down (-4.5%) from the 7,009 million euro recorded in the same period of 2021. This result was due to the reduction in fees and commissions on management, dealing and consultancy activities (-11.1%, or -490 million euro), which was negatively affected by the downtrend in financial markets. In detail, there was a decrease in the contribution relating to securities dealing and placement (-34.5%, or -271 million euro), portfolio management schemes (-9.9%, or -225 million euro) – where performance fees amounted to 20 million euro compared to 174 million euro in the first nine months of 2021 – and, to a lesser extent, the distribution of insurance products (-0.8%, or -9 million euro). Conversely, there was an increase in other management and dealing commissions (+8.6%, or +15 million euro). Commercial banking activities recorded an increase (+5.6% or +105 million euro), due above all to increases on collection and payment services (+45 million euro), guarantees given/received (+37 million euro) and debit and credit card service (+30 million euro). A positive contribution was also made by other net fee and commission income (+10.5%, or +73 million euro), markedly that relating to loans granted to businesses.

(millions of euro)

	2022			**Changes %**	
	Third quarter (a)	**Second quarter (b)**	**First quarter (c)**	(a/b)	(b/c)
Guarantees given / received	86	54	47	59.3	14.9
Collection and payment services	156	164	139	-4.9	18.0
Current accounts	348	348	346	-	0.6
Credit and debit cards	114	108	83	5.6	30.1
Commercial banking activities	**704**	**674**	**615**	**4.5**	**9.6**
Dealing and placement of securities	134	153	228	-12.4	-32.9
Currency dealing	4	3	2	33.3	50.0
Portfolio management	660	676	704	-2.4	-4.0
Distribution of insurance products	357	421	403	-15.2	4.5
Other	59	56	75	5.4	-25.3
Management, dealing and consultancy activities	**1,214**	**1,309**	**1,412**	**-7.3**	**-7.3**
Other net fee and commission income	**235**	**272**	**262**	**-13.6**	**3.8**
Net fee and commission income	**2,153**	**2,255**	**2,289**	**-4.5**	**-1.5**

Figures restated, where necessary and material, considering the changes in the scope of consolidation.

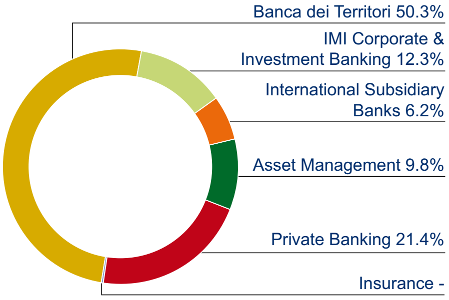
In the third quarter of 2022 the caption was lower than in the first and second quarters of the current year, mainly due to the decline in management, dealing and consultancy activities, only partly offset by the positive performance of commercial banking activities.

(millions of euro)

	30.09.2022	30.09.2021	Changes	
		Redetermined figures	amount	%
Banca dei Territori	3,529	3,587	-58	-1.6
IMI Corporate & Investment Banking	861	824	37	4.5
International Subsidiary Banks	436	408	28	6.9
Private Banking	1,505	1,565	-60	-3.8
Asset Management	690	887	-197	-22.2
Insurance	2	1	1	
Total business areas	**7,023**	**7,272**	**-249**	**-3.4**
Corporate Centre	-326	-263	63	24.0
Intesa Sanpaolo Group	**6,697**	**7,009**	**-312**	**-4.5**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Business areas
Net fee and commission income



With regard to business areas, the Banca dei Territori Division, which accounts for approximately half the fee and commission income of the business units, recorded a decrease (-1.6%, or -58 million euro), specifically fee and commission income deriving from asset management and bancassurance, conditioned by the unfavourable market context. A decline in fee and commission income was also reported by Asset Management (-22.2%, or -197 million euro) and Private Banking (-3.8%, or -60 million euro), negatively affected by the unfavourable tone of the financial markets. Conversely, increases were reported by IMI Corporate & Investment Banking (+4.5%, or +37 million euro), due to the performance recorded in the structured finance and commercial banking segments, as well as by the International Subsidiary Banks (+6.9%, or +28 million euro), essentially attributable to the subsidiaries operating in Croatia and Slovakia.

Income from insurance business

(millions of euro)

Captions (a)	30.09.2022			30.09.2021			Changes	
	Life	Non-life	Total	Life	Non-life	Total	amount	%
Technical margin	**163**	**315**	**478**	**239**	**252**	**491**	**-13**	**-2.6**
Net insurance premiums (b)	5,767	817	6,584	7,023	847	7,870	-1,286	-16.3
Net charges for insurance claims and surrenders (c)	-7,159	-322	-7,481	-7,359	-428	-7,787	-306	-3.9
Net charges for changes in technical reserves (d)	1,913	7	1,920	-790	-2	-792	2,712	
Gains (Losses) on investments pertaining to insured parties on insurance products (e)	-309	-	-309	1,400	-	1,400	-1,709	
Net fees on investment contracts (f)	306	-2	304	293	-	293	11	3.8
Commission expenses on insurance contracts (g)	-431	-151	-582	-355	-129	-484	98	20.2
Other technical income and expense (h)	76	-34	42	27	-36	-9	51	
Net investment result	**761**	**10**	**771**	**638**	**17**	**655**	**116**	**17.7**
Operating income from investments	-11,296	10	-11,286	5,891	17	5,908	-17,194	
Net interest income	*1,686*	*3*	*1,689*	*1,381*	*-*	*1,381*	*308*	*22.3*
Dividends	*342*	*6*	*348*	*273*	*6*	*279*	*69*	*24.7*
Gains/losses on disposal	*-1,501*	*1*	*-1,500*	*1,736*	*12*	*1,748*	*-3,248*	
Valuation gains/losses	*-11,761*	*-*	*-11,761*	*2,613*	*-*	*2,613*	*-14,374*	
Portfolio management fees paid (i)	*-62*	*-*	*-62*	*-112*	*-1*	*-113*	*-51*	*-45.1*
Gains (losses) on investments pertaining to insured parties	12,057	-	12,057	-5,253	-	-5,253	17,310	
Insurance products (j)	*354*	*-*	*354*	*-1,380*	*-*	*-1,380*	*1,734*	
Investment's unrealized capital gains/losses pertaining to insured parties on insurance products (k)	*48*	*-*	*48*	*-45*	*-*	*-45*	*93*	
Investment products (l)	*11,655*	*-*	*11,655*	*-3,828*	*-*	*-3,828*	*15,483*	
Income from insurance business gross of consolidation effects	**924**	**325**	**1,249**	**877**	**269**	**1,146**	**103**	**9.0**
Consolidation effects	54	-	54	30	-	30	24	80.0
Income from insurance business	**978**	**325**	**1,303**	**907**	**269**	**1,176**	**127**	**10.8**

Figures restated, where necessary and material, considering the changes in the scope of consolidation.

(a) The table illustrates the economic components of the insurance business broken down into those regarding:
- products considered to be insurance products according to IAS/IFRS, which include contracts where the risk insured is considered significant or in which the decision of the return on the contracts is not market-based but depends on the insurance company's choices;
- investment products, which include financial products without a significant insurance risk. The latter are accounted for in the consolidated financial statements as financial movements.

(b) The caption includes premiums issued only for products considered to be insurance products according to IAS/IFRS, net of the portions ceded to reinsurers. For the non-life insurance business, the change in the premiums reserve is also included.

(c) The caption includes the amounts paid (claims, surrenders and maturities) and the change in claims reserves and reserves for amounts to be paid, net of portions ceded to reinsurers.

(d) The caption includes the change in technical reserves, net of the portions ceded to reinsurers.

(e) The caption includes the portion of the profit/loss from investments (for insurance products) pertaining to insured parties, including the impact of shadow accounting.

(f) The caption includes net fees on investment products; specifically, charges paid by customers, management fees received by the financial units and fee expenses reversed by the insurance companies to the sales network and management companies.

(g) The caption includes commission expenses on insurance products (including unit and index-linked insurance products and pension funds) paid to the sales network.

(h) Residual caption comprising fee income on insurance product management fee income (unit and index-linked insurance products and pension funds), rebates, net interest income on current accounts of the insurance company and on subordinated loans and other income and technical charges.

(i) The caption includes fees paid to management companies for the management of traditional insurance products (separate management) portfolios and pension funds. This also includes fees from consolidated funds underlying insurance units.

(j) The caption includes the portion of the profit/loss from investments (for insurance products) pertaining to insured parties, without the impact of shadow accounting.

(k) The caption includes the portion of unrealized capital gains/losses pertaining to insured parties on insurance products (shadow accounting).

(l) The caption refers to the valuation of financial liabilities designated at fair value which represent the amount payable to insured parties for investment products.

(millions of euro)

Captions (a)	30.09.2022			30.09.2021 Redetermined figures			Changes	
	Life	Non-life	**Total**	Life	Non-life	**Total**	**amount**	**%**
Technical margin	**163**	**315**	**478**	**203**	**295**	**498**	**-20**	**-4.0**
Net insurance premiums (b)	5,767	817	6,584	7,429	938	8,367	-1,783	-21.3
Net charges for insurance claims and surrenders (c)	-7,159	-322	-7,481	-8,102	-455	-8,557	-1,076	-12.6
Net charges for changes in technical reserves (d)	1,913	7	1,920	-563	2	-561	2,481	
Gains (Losses) on investments pertaining to insured parties on insurance products (e)	-309	-	-309	1,504	-	1,504	-1,813	
Net fees on investment contracts (f)	306	-2	304	306	-	306	-2	-0.7
Commission expenses on insurance contracts (g)	-431	-151	-582	-398	-149	-547	35	6.4
Other technical income and expense (h)	76	-34	42	27	-41	-14	56	
Net investment result	**761**	**10**	**771**	**667**	**24**	**691**	**80**	**11.6**
Operating income from investments	-11,296	10	-11,286	5,781	24	5,805	-17,091	
Net interest income	*1,686*	*3*	*1,689*	*1,483*	*3*	*1,486*	*203*	*13.7*
Dividends	*342*	*6*	*348*	*285*	*6*	*291*	*57*	*19.6*
Gains/losses on disposal	*-1,501*	*1*	*-1,500*	*1,641*	*12*	*1,653*	*-3,153*	
Valuation gains/losses	*-11,761*	*-*	*-11,761*	*2,484*	*5*	*2,489*	*-14,250*	
Portfolio management fees paid (i)	*-62*	*-*	*-62*	*-112*	*-2*	*-114*	*-52*	*-45.6*
Gains (losses) on investments pertaining to insured parties	12,057	-	12,057	-5,114	-	-5,114	17,171	
Insurance products (j)	*354*	*-*	*354*	*-1,484*	*-*	*-1,484*	*1,838*	
Investment's unrealized capital gains/losses pertaining to insured parties on insurance products (k)	*48*	*-*	*48*	*-45*	*-*	*-45*	*93*	
Investment products (l)	*11,655*	*-*	*11,655*	*-3,585*	*-*	*-3,585*	*15,240*	
Income from insurance business gross of consolidation effects	**924**	**325**	**1,249**	**870**	**319**	**1,189**	**60**	**5.0**
Consolidation effects	54	-	54	30	-	30	24	80.0
Income from insurance business	**978**	**325**	**1,303**	**900**	**319**	**1,219**	**84**	**6.9**

Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

(a) The table illustrates the economic components of the insurance business broken down into those regarding:
- products considered to be insurance products according to IAS/IFRS, which include contracts where the risk insured is considered significant or in which the decision of the return on the contracts is not market-based but depends on the insurance company's choices;
- investment products, which include financial products without a significant insurance risk. The latter are accounted for in the consolidated financial statements as financial movements.

(b) The caption includes premiums issued only for products considered to be insurance products according to IAS/IFRS, net of the portions ceded to reinsurers. For the non-life insurance business, the change in the premiums reserve is also included.

(c) The caption includes the amounts paid (claims, surrenders and maturities) and the change in claims reserves and reserves for amounts to be paid, net of portions ceded to reinsurers.

(d) The caption includes the change in technical reserves, net of the portions ceded to reinsurers.

(e) The caption includes the portion of the profit/loss from investments (for insurance products) pertaining to insured parties, including the impact of shadow accounting.

(f) The caption includes net fees on investment products; specifically, charges paid by customers, management fees received by the financial units and fee expenses reversed by the insurance companies to the sales network and management companies.

(g) The caption includes commission expenses on insurance products (including unit and index-linked insurance products and pension funds) paid to the sales network.

(h) Residual caption comprising fee income on insurance product management fee income (unit and index-linked insurance products and pension funds), rebates, net interest income on current accounts of the insurance company and on subordinated loans and other income and technical charges.

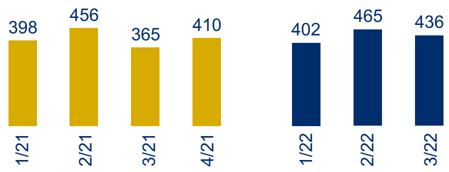
(i) The caption includes fees paid to management companies for the management of traditional insurance products (separate management) portfolios and pension funds. This also includes fees from consolidated funds underlying insurance units.

(j) The caption includes the portion of the profit/loss from investments (for insurance products) pertaining to insured parties, without the impact of shadow accounting.

(k) The caption includes the portion of unrealized capital gains/losses pertaining to insured parties on insurance products (shadow accounting).

(l) The caption refers to the valuation of financial liabilities designated at fair value which represent the amount payable to insured parties for investment products.

Quarterly development
Income from insurance business
(millions of euro)



1/21 and 2/21: Redetermined figures

Income from insurance business includes the cost and revenue captions of the insurance business of the Group's life and non-life companies. In the first nine months of 2022, it was 1,303 million euro, up 6.9% on the same period in 2021 (1,219 million euro). This performance is attributable to the net investment result, comprised of operating income from investments, net of retrocession to policyholders, up by 11.6% (+80 million euro).
Conversely, the technical margin decreased slightly (-4%, or -20 million euro) due to the various components, and specifically the life business.

(millions of euro)

Captions (a)	**2022**			**Changes %**	
	Third quarter (a)	**Second quarter (b)**	**First quarter (c)**	(a/b)	(b/c)
Technical margin	**181**	**155**	**142**	**16.8**	**9.2**
Net insurance premiums (b)	1,823	2,220	2,541	-17.9	-12.6
Net charges for insurance claims and surrenders (c)	-2,246	-2,576	-2,659	-12.8	-3.1
Net charges for changes in technical reserves (d)	466	917	537	-49.2	70.8
Gains (Losses) on investments pertaining to insured parties on insurance products (e)	181	-328	-162		
Net fees on investment contracts (f)	116	77	111	50.6	-30.6
Commission expenses on insurance contracts (g)	-188	-179	-215	5.0	-16.7
Other technical income and expense (h)	29	24	-11	20.8	
Net investment result	**235**	**290**	**246**	**-19.0**	**17.9**
Operating income from investments	-1,378	-6,126	-3,782	-77.5	62.0
Net interest income	*563*	*635*	*491*	*-11.3*	*29.3*
Dividends	*102*	*172*	*74*	*-40.7*	
Gains/losses on disposal	*-605*	*-753*	*-142*	*-19.7*	
Valuation gains/losses	*-1,421*	*-6,157*	*-4,183*	*-76.9*	*47.2*
Portfolio management fees paid (i)	*-17*	*-23*	*-22*	*-26.1*	*4.5*
Gains (losses) on investments pertaining to insured parties	1,613	6,416	4,028	-74.9	59.3
Insurance products (j)	*-164*	*369*	*149*		
Investment's unrealized capital gains/losses pertaining to insured parties on insurance products (k)	*-1*	*8*	*41*		*-80.5*
Investment products (l)	*1,778*	*6,039*	*3,838*	*-70.6*	*57.3*
Income from insurance business gross of consolidation effects	**416**	**445**	**388**	**-6.5**	**14.7**
Consolidation effects	20	20	14	-	42.9
Income from insurance business	**436**	**465**	**402**	**-6.2**	**15.7**

Figures restated, where necessary and material, considering the changes in the scope of consolidation.

For notes, see the previous tables

Income from insurance business, including both the life and non-life businesses, was lower in the third quarter of 2022 than in the second quarter, but higher than in the first quarter.

(millions of euro)

Business	30.09.2022				30.09.2021		
	Periodic premiums	Single premiums	Total	*of which new business*	Total	Adjustments	Total Redetermined figures
Life insurance business	**261**	**5,510**	**5,771**	***5,511***	**7,027**	**410**	**7,437**
Premiums issued on traditional products	117	3,584	3,701	*3,584*	3,851	371	4,222
Premiums issued on unit-linked products	141	1,470	1,611	*1,471*	2,685	33	2,718
Premiums issued on capitalisation products	3	3	6	*3*	14	2	16
Premiums issued on pension funds	-	453	453	*453*	477	4	481
Non-life insurance business	**881**	**189**	**1,070**	***317***	**1,013**	**63**	**1,076**
Premiums issued	881	189	1,070	*317*	1,013	63	1,076
Premiums ceded to reinsurers	**-94**	**-26**	**-120**	***-28***	**-156**	**-8**	**-164**
Net premiums issued from insurance products	**1,048**	**5,673**	**6,721**	***5,800***	**7,884**	**465**	**8,349**
Business on index-linked contracts	-	-	-	-	-	-	-
Business on unit-linked contracts	55	6,030	6,085	*6,036*	6,632	111	6,743
Total business from investment contracts	**55**	**6,030**	**6,085**	***6,036***	**6,632**	**111**	**6,743**
Total business	**1,103**	**11,703**	**12,806**	***11,836***	**14,516**	**576**	**15,092**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

In the first nine months of 2022, business in the insurance segment amounted to 12.8 billion euro, down on the business recorded in the same period of the previous year (15.1 billion euro). The decline is mainly due to unit-linked policies, both those of a primarily insurance nature (-1.1 billion euro) and those of a primarily financial nature belonging to class III (-0.7 billion euro). Conversely, the non-life and health business was substantially stable compared to the value recorded in the first nine months of 2021. New business totalled 11.8 billion euro, accounting for over 90% of the total premium inflows of the Group's insurance companies, coming mainly from new single-premium contracts.

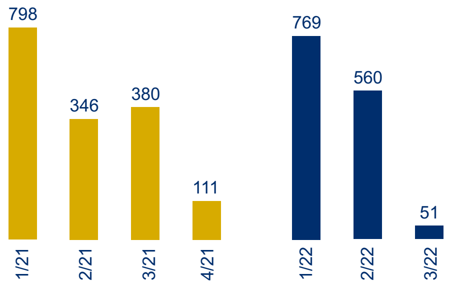
Profits (Losses) on financial assets and liabilities designated at fair value

(millions of euro)

	30.09.2022	30.09.2021	Adjustments	30.09.2021 Redetermined figures	Changes (Redetermined figures)	
					amount	%
Profits (losses) on trading and on financial instruments under fair value option	602	445	-	445	157	35.3
Profits (losses) on hedges under hedge accounting	45	35	-	35	10	28.6
Profits (losses) on assets mandatorily measured at fair value through profit or loss	140	204	-1	203	-63	-31.0
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	578	903	-	903	-325	-36.0
Profits (losses) on the buyback of financial liabilities	15	-62	-	-62	77	
Profits (Losses) on financial assets and liabilities designated at fair value	**1,380**	**1,525**	**-1**	**1,524**	**-144**	**-9.4**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development
Profits (Losses) on financial assets and liabilities designated at fair value
(millions of euro)



1/21 and 2/21: Redetermined figures

In the first nine months of 2022, profits on financial assets and liabilities designated at fair value, amounting to 1,380 million euro, decreased on the same period in 2021.
The decrease, amounting to -9.4%, was mainly due to the profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost (-36%, or -325 million euro), as a result of lower gains on the sale of HTCS debt securities, only partially offset by the profits (losses) on trading and on financial instruments under fair value option (+35.3%, or +157 million euro), attributable to the higher income linked to the trading portfolio and transactions in certificates, which benefited from the positive impact of the debt value adjustment (DVA). A positive contribution also came from the profits (losses) on the repurchase of financial liabilities, with a value of +15 million euro, compared to -62 million euro in the first nine months of 2021, and the profits (losses) on hedges under hedge accounting (+10 million euro). Profits (losses) on assets mandatorily measured at fair value through profit or loss showed a loss (-31%, or -63 million euro).

(millions of euro)

	2022			Changes %	
	Third quarter (a)	**Second quarter (b)**	**First quarter (c)**	(a/b)	(b/c)
Profits (losses) on trading and on financial instruments under fair value option	70	226	306	-69.0	-26.1
Profits (losses) on hedges under hedge accounting	-1	44	2		
Profits (losses) on assets mandatorily measured at fair value through profit or loss	25	49	66	-49.0	-25.8
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	-68	243	403		-39.7
Profits (losses) on the buyback of financial liabilities	25	-2	-8		-75.0
Profits (Losses) on financial assets and liabilities designated at fair value	**51**	**560**	**769**	**-90.9**	**-27.2**

Figures restated, where necessary and material, considering the changes in the scope of consolidation.

The results for the third quarter of 2022 show a significant decrease on the previous quarters, especially due to lower gains on the sale of debt securities.

Other operating income (expenses)

In the first nine months of 2022, other operating expenses came to 20 million euro, compared to 79 million euro of operating income in the same period of 2021, recording a decrease of 99 million euro. This caption includes both operating income and expenses – including those of subsidiaries not subject to management and coordination operating in sectors completely distinct from banking and finance – and profits on investments carried at equity. The decrease was due to both other operating expenses of 41 million euro compared to 4 million euro of income recorded in the first nine months of 2021 and the decrease in dividends and profits on investments carried at equity, which in the first nine months of 2022 amounted to 21 million euro (75 million euro in the same period of the previous year).

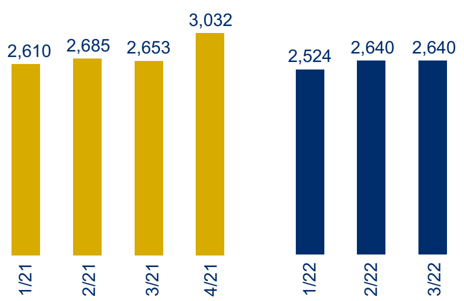
Operating costs

(millions of euro)

	30.09.2022	30.09.2021	Adjustments	30.09.2021 Redetermined figures	Changes (Redetermined figures)	
					amount	%
Wages and salaries	3,390	3,432	-40	3,392	-2	-0.1
Social security charges	860	889	-11	878	-18	-2.1
Other	571	647	-	647	-76	-11.7
Personnel expenses	**4,821**	**4,968**	**-51**	**4,917**	**-96**	**-2.0**
Information technology expenses	611	635	6	641	-30	-4.7
Management of real estate assets expenses	220	255	-1	254	-34	-13.4
General structure costs	299	302	-1	301	-2	-0.7
Professional and legal expenses	208	219	7	226	-18	-8.0
Advertising and promotional expenses	82	74	-	74	8	10.8
Indirect personnel costs	108	96	-	96	12	12.5
Other costs	396	419	-3	416	-20	-4.8
Indirect taxes and duties	144	145	-1	144	-	-
Recovery of expenses and charges	-21	-27	-	-27	-6	-22.2
Administrative expenses	**2,047**	**2,118**	**7**	**2,125**	**-78**	**-3.7**
Property and equipment	421	434	-	434	-13	-3.0
Intangible assets	515	470	2	472	43	9.1
Adjustments	**936**	**904**	**2**	**906**	**30**	**3.3**
Operating costs	**7,804**	**7,990**	**-42**	**7,948**	**-144**	**-1.8**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development
Operating costs
(millions of euro)



1/21 and 2/21: Redetermined figures

Operating costs amounted to 7,804 million euro in the first nine months of 2022, a decrease of 1.8% on the same period of the previous year.
Personnel expenses of 4,821 million euro were down by 2%, mainly due to the effect of savings on negotiated exits.
Administrative expenses amounted to 2,047 million euro, down by 3.7%. There were widespread savings, in particular in terms of property management expenses, due to the decrease in space as a result of the merging and streamlining plans, IT service expenses, legal and professional fees and other expenses.
Depreciation and amortisation of property and equipment and intangible assets, which in accordance with IFRS 16 also include the share relating to rights of use acquired under operating leases, increased (+3.3%) on the first nine months of 2021, due to the intangible assets, specifically software.
The cost/income ratio for the first nine months of the current year came to 49.4%, an improvement of one percentage point compared to the value in the same period of 2021 (50.4%).

(millions of euro)

	2022			Changes %	
	Third quarter (a)	**Second quarter (b)**	**First quarter (c)**	(a/b)	(b/c)
Wages and salaries	1,131	1,163	1,096	-2.8	6.1
Social security charges	287	288	285	-0.3	1.1
Other	214	162	195	32.1	-16.9
Personnel expenses	**1,632**	**1,613**	**1,576**	**1.2**	**2.3**
Information technology expenses	207	213	191	-2.8	11.5
Management of real estate assets expenses	74	74	72	-	2.8
General structure costs	98	105	96	-6.7	9.4
Professional and legal expenses	69	73	66	-5.5	10.6
Advertising and promotional expenses	30	34	18	-11.8	88.9
Indirect personnel costs	37	39	32	-5.1	21.9
Other costs	138	136	122	1.5	11.5
Indirect taxes and duties	48	50	46	-4.0	8.7
Recovery of expenses and charges	-6	-6	-9	-	-33.3
Administrative expenses	**695**	**718**	**634**	**-3.2**	**13.2**
Property and equipment	138	139	144	-0.7	-3.5
Intangible assets	175	170	170	2.9	-
Adjustments	**313**	**309**	**314**	**1.3**	**-1.6**
Operating costs	**2,640**	**2,640**	**2,524**	**-**	**4.6**

Figures restated, where necessary and material, considering the changes in the scope of consolidation.

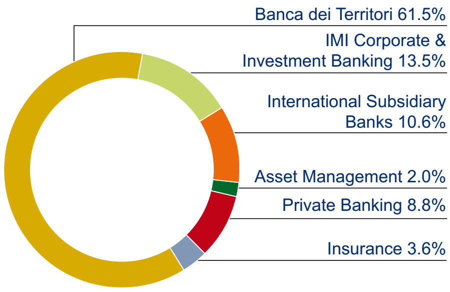
Operating costs in the third quarter of 2022 were in line with those recorded in the second quarter and up on the value of the first quarter.

(millions of euro)

	30.09.2022	30.09.2021 Redetermined figures	Changes amount	Changes %
Banca dei Territori	-4,641	-4,803	-162	-3.4
IMI Corporate & Investment Banking	-1,022	-994	28	2.8
International Subsidiary Banks	-802	-774	28	3.6
Private Banking	-666	-665	1	0.2
Asset Management	-152	-162	-10	-6.2
Insurance	-269	-287	-18	-6.3
Total business areas	**-7,552**	**-7,685**	**-133**	**-1.7**
Corporate Centre	-252	-263	-11	-4.2
Intesa Sanpaolo Group	**-7,804**	**-7,948**	**-144**	**-1.8**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Business areas
Operating costs



At the level of operating costs, the Banca dei Territori Division, which accounts for 61.5% of all costs for the business areas, reported considerable savings compared to the first nine months of 2021 (-3.4%, or -162 million euro) thanks to lower personnel expenses, in relation to negotiated exits and administrative expenses, mainly discretionary and real-estate service expenses. There were also declines, albeit of a minor extent, in Asset Management (-6.2%, or -10 million euro), attributable to the containment of administrative expenses and personnel expenses, and in Insurance (-6.3%, or -18 million euro). By contrast, there were cost increases in IMI Corporate & Investment Banking (+2.8%, or +28 million euro) and International Subsidiary Banks (+3.6%, or +28 million euro) in relation to greater administrative and personnel expenses. Private Banking was substantially stable (+0.2%, or +1 million euro).
Finally, the Corporate Centre reported a decline in costs of 4.2%, or -11 million euro, due to savings on personnel expenses and synergies at the level of administrative expenses.

Operating margin

The operating margin in the period under review amounted to 7,992 million euro, up 2% on the first nine months of 2021, thanks to the reduction in operating costs, with stable revenues.

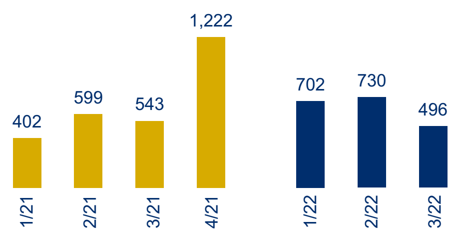
Net adjustments to loans

(millions of euro)

	30.09.2022	30.09.2021	Adjustments	30.09.2021 Redetermined figures	Changes (Redetermined figures)	
					amount	%
Bad loans	-304	-689	6	-683	-379	-55.5
Unlikely to pay	-764	-761	-	-761	3	0.4
Past due loans	-168	-145	-	-145	23	15.9
Stage 3 loans	**-1,236**	**-1,595**	**6**	**-1,589**	**-353**	**-22.2**
of which debt securities	*-*	*-1*	*-*	*-1*	*-1*	
Stage 2 loans	**-611**	-72	-	**-72**	**539**	
of which debt securities	*-18*	*-3*	*-*	*-3*	*15*	
Stage 1 loans	**-17**	70	-	**70**	**-87**	
of which debt securities	*2*	*11*	*-*	*11*	*-9*	*-81.8*
Net losses/recoveries on impairment of loans	**-1,864**	**-1,597**	**6**	**-1,591**	**273**	**17.2**
Profits/losses from changes in contracts without derecognition	**8**	**-25**	**-**	**-25**	**33**	
Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given	**-72**	**72**	**-**	**72**	**-144**	
Net adjustments to loans	**-1,928**	**-1,550**	**6**	**-1,544**	**384**	**24.9**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development
Net adjustments to loans
(millions of euro)



1/21 and 2/21: Redetermined figures

Net adjustments to loans amounted to 1,928 million euro, up sharply from the 1,544 million euro recorded in the first nine months of 2021. The growth was due to the greater adjustments to loans in Stage 2 (+539 million euro) and provisions for commitments and guarantees given of 72 million euro, compared to writebacks of 72 million euro recorded in this caption in the first nine months of 2021.

Loans in Stage 1 also worsened (+87 million euro). Conversely, non-performing loans in Stage 3 declined (-353 million euro), as a result of a reduction in adjustments to bad loans (-379 million euro), only slightly mitigated by increases on past-due loans (+23 million euro) and unlikely-to-pay exposures (+3 million euro).

In September 2022, the ratio of gross non-performing loans to total loans was 2.4%, substantially in line with the June figure and improving on both the March 2022 figure and the December 2021 figure, due in part to the sale of approximately 4 billion euro in non-performing loans in the second quarter.

The aggregates were significantly affected by the adjustments made to Russian and Ukrainian counterparties of 1,289 million euro.

The annualised cost of credit, expressed as the ratio of net adjustments to net loans, amounted to 54 basis points in the first nine months of 2022 (27 basis points when excluding the adjustments for the Russia-Ukraine exposure, net of partial release of generic provisions set aside in 2020 for future COVID-19 impacts), lower than the level recorded in 2021 (59 basis points; 25 basis points when excluding the additional provisions to accelerate the reduction in non-performing loans).

The coverage of non-performing loans in September 2022 amounted to 46.9%. In detail, bad loans required net adjustments of 304 million euro – compared with 683 million euro in the same period of 2021 – with a coverage ratio of 65.8%. The modest value of adjustments to bad loans is due to both the limited inflows and deleveraging of non-performing exposures. Net impairment losses on unlikely-to-pay loans, totalling 764 million euro, were up slightly (+0.4%) compared to 761 million euro recorded in the first nine months of 2021, with a coverage ratio of 38.9%. Net impairment losses on past due loans amounted to 168 million euro (145 million euro in the first nine months of 2021), with a coverage ratio of 22.2%. The coverage ratio for forborne positions within the non-performing loans category was 39.4%. Finally, the coverage of performing loans was 0.6% and incorporates the physiological risk inherent in the loan portfolio, including the provisions during the first nine months for the Russia-Ukraine conflict (on this subject, see the opening chapter of this Interim Statement).

(millions of euro)

	2022			Changes %	
	Third quarter (a)	**Second quarter (b)**	**First quarter (c)**	(a/b)	(b/c)
Bad loans	-199	-95	-10		
Unlikely to pay	-140	-422	-202	-66.8	
Past due loans	-43	-91	-34	-52.7	
Stage 3 loans	**-382**	**-608**	**-246**	**-37.2**	
of which debt securities	*-*	*-*	*-*	*-*	*-*
Stage 2 loans	**-209**	**-137**	**-265**	**52.6**	**-48.3**
of which debt securities	*-9*	*-4*	*-5*		*-20.0*
Stage 1 loans	**84**	**13**	**-114**		
of which debt securities	*-*	*2*	*-*		*-*
Net losses/recoveries on impairment of loans	**-507**	**-732**	**-625**	**-30.7**	**17.1**
Profits/losses from changes in contracts without derecognition	**9**	**2**	**-3**		
Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given	**2**	**-**	**-74**	**-**	
Net adjustments to loans	**-496**	**-730**	**-702**	**-32.1**	**4.0**

Figures restated, where necessary and material, considering the changes in the scope of consolidation.

At the quarterly level, adjustments to loans decreased in the third quarter of 2022 compared to the second, mainly due to lower adjustments to loans in Stage 3, and compared to the first quarter of the current year, in relation to the recoveries recorded on loans in Stage 1.

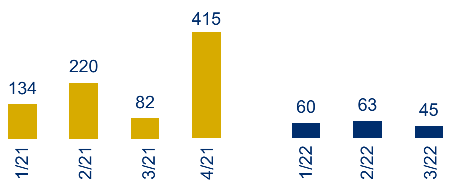
Other net provisions and net impairment losses on other assets

(millions of euro)

	30.09.2022	30.09.2021	Adjustments	30.09.2021 Redetermined figures	Changes (Redetermined figures) amount	%
Other net provisions	-76	-394	-2	-396	-320	-80.8
Net impairment losses on instruments measured at amortised cost and on instruments designated at fair value through other comprehensive income	-63	-4	-	-4	59	
Net impairment losses on other assets	-17	-34	-	-34	-17	-50.0
Net Losses/Recoveries pertaining to insurance companies pursuant to IAS 39	-12	-1	-1	-2	10	
Other net provisions and net impairment losses on other assets	**-168**	**-433**	**-3**	**-436**	**-268**	**-61.5**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development
Other net provisions and net impairment losses on other assets
(millions of euro)



1/21 and 2/21: Redetermined figures

Within the layout of the reclassified income statement, this caption primarily consists of other net provisions for risks and charges and net impairment losses on other assets and on securities measured at amortised cost and at fair value. In the first nine months of 2022, other net provisions and net impairment losses on other assets amounted to 168 million euro, down sharply from 436 million euro in the same period of the previous year, which included the provision of 126 million euro in the insurance context, representing the amount by which claims exceeded the premiums accrued in the period ended 30 June 2021 and the estimate of prospective costs. With regard to the value recorded in the first nine months of the current year, the main components were other net provisions (76 million euro), largely related to legal disputes, and adjustments to securities measured at amortised cost and at fair value (63 million euro), essentially attributable to the Parent Company.

(millions of euro)

	2022 Third quarter (a)	Second quarter (b)	First quarter (c)	Changes % (a/b)	(b/c)
Other net provisions	-40	-27	-9	48.1	
Net impairment losses on instruments measured at amortised cost and on instruments designated at fair value through other comprehensive income	2	-31	-34		-8.8
Net impairment losses on other assets	-4	-4	-9	-	-55.6
Net Losses/Recoveries pertaining to insurance companies pursuant to IAS 39	-3	-1	-8		-87.5
Other net provisions and net impairment losses on other assets	**-45**	**-63**	**-60**	**-28.6**	**5.0**

Figures restated, where necessary and material, considering the changes in the scope of consolidation.

The value for the third quarter of 2022 was down on the first two quarters of the current year.

Other income (expenses)
In this caption of the reclassified income statement, the “profits (losses) on financial assets measured at amortised cost other than loans, equity investments and other investments” are aggregated together with other income and expenses not strictly linked to operations.
In the first nine months of 2022, other income amounted to 147 million euro, including a capital gain of 194 million euro from the disposal of Intesa Sanpaolo Formazione and a one-off contribution of 48 million euro to Intesa Sanpaolo people, excluding those classified as managers or having equivalent remuneration, to mitigate the impact of inflation, as well as the charges for relief and shelter initiatives for the Ukrainian population. The figure was lower than the 254 million euro recorded in the first nine months of 2021, which included the capital gain recorded with the sale of the custodian bank business unit of Fideuram Bank Luxembourg (194 million euro).

Income (Loss) from discontinued operations
In the first nine months of the current year, there were no income or losses from discontinued operations, whereas income from discontinued operations in the same period of 2021 amounted to 58 million euro, due to the contribution of the branches object of disposal.

Gross income (loss)
In the first nine months of 2022, income before tax from continuing operations came to 6,043 million euro, down by 2% compared with the same period in 2021.

Taxes on income
Current and deferred taxes came to 2,009 million euro, for an effective tax rate of 33.2%, significantly higher than in the first nine months of 2021 (24.8%), which had benefited to a greater extent from the realignment of the tax values of intangible assets.

Charges (net of tax) for integration and exit incentives
The caption declined to 62 million euro from 148 million euro in the first nine months of 2021, mainly due to the release of the discounting effect of allowances relating to charges for integration and exit incentives for personnel, against the rise in the reference interest rate curve.

Effect of purchase price allocation (net of tax)
This caption comprises amounts attributable to the revaluation of loans, debts, real estate and the recognition of new intangible assets, in application of IFRS 3, upon recognition of acquisition of investments and/or aggregate assets. In the first nine months of the current year, this caption recorded costs of 152 million euro, compared to the 85 million euro recorded in the same period of the previous year.

Levies and other charges concerning the banking industry (net of tax)
The caption includes the levies imposed by legislative provisions and/or aimed at maintaining the stability of the banking industry and consequently outside the company management. In the first nine months of 2022, these charges came to 544 million euro, compared to the 489 million euro recorded in the same period of the previous year.
The charges recognised during the reporting period may be broken down as follows: 249 million euro attributable to resolution funds, 275 million euro to deposit guarantee funds, 15 million euro to levies recognised by international subsidiary banks, 4 million euro to the Voluntary Scheme of the Deposit Protection Fund and 1 million euro to the Atlante Fund.

Minority interests
In the first nine months of 2022, the caption included, with a positive sign, 8 million euro of net losses attributable to minority interests relating to companies within the scope of line-by-line consolidation, compared to 90 million euro in net losses relating to the same period of 2021.

Net income (loss)
Despite the sudden changes of scenario, the Intesa Sanpaolo Group closed the first nine months of 2022 with a net income of 3,284 million euro, which confirms its diversified and resilient business model. Excluding value adjustments for the events relating to Russia and Ukraine, net income would have amounted to around 4.4 billion euro, an increase of 9% on the first nine months of 2021 rather than a decline of 18%, thanks to the stability of revenues and focused management of operating costs.

Balance sheet aggregates

General aspects

A reclassified condensed Balance sheet has been prepared to permit a more immediate understanding of the Group's assets and liabilities. The format adopted includes not only the figures for the reporting period, but also the comparative figures. In the interest of consistent comparison, the figures for previous periods are normally restated, where necessary and material, including to account for changes in the scope of consolidation.

Compared to the end of 2021, a restatement – already carried out in the Half-yearly Report as at 30 June 2022 for all four quarters of 2021 and the first quarter of 2022 – has been applied following the inclusion in the scope of consolidation of the Luxembourg private bank Compagnie de Banque Privée Quilvest (Fideuram Group) at the end of June 2022[23].
Instead, with reference to the specific business line dedicated to the design and provision of training services and products for Group employees, contributed by Intesa Sanpaolo to Intesa Sanpaolo Formazione in preparation for the transaction to dispose of the latter (both transactions were finalised at the end of June 2022), no restatements were made of the balance sheet figures of the business line sold, since said items were of negligible amounts and hence not relevant for comparability.
In line with the 2021 Financial Statements and the Half-yearly Report as at 30 June 2022, the quarterly balance sheet figures for 2021 were also restated to:
- include the line-by-line balance sheet figures of Reyl & Cie S.A., RB Participations S.A. and Asteria Investment Managers S.A. (Reyl Group), which entered the scope of consolidation in the second quarter of 2021 following the acquisition by Fideuram - Intesa Sanpaolo Private Banking of control of RB Participations S.A. and Reyl & Cie S.A., which in turn controls Asteria Investment Managers S.A.;
- include, on a line-by-line basis, the balance sheet figures of the insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas[24], consolidated with effect from the second quarter of 2021.

In order to obtain easily comparable quarterly figures specifically with regard to the acquisition of the UBI Banca Group and the related corporate transactions, in 2021 balance sheet figures concerning the UBI and ISP branches sold during the first and second quarter of 2021 had already been excluded line by line. In the reclassified balance sheet, those figures were by convention allocated to the caption Non-current assets held for sale and discontinued operations. That restatement was carried out based on the accounting records.
As regards the inclusion of the insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, whose balance sheet values were restated as illustrated above, please note that it was not deemed necessary to "redetermine" the balance sheet figures so as to exclude - on the basis of management data - the items (investments and technical reserves) linked to production from the customers of the branches sold to third parties, as was done in the income statement, since said items were of negligible amounts and hence not relevant for comparability.
As a result of the above, since the restatements of the balance sheet data were - as normally happens - based on accounting records, no reclassified "redetermined" balance sheet schedules were prepared.

Certain aggregations and reclassifications are then made with respect to the model provided in Circular 262/2005 of the Bank of Italy. Breakdowns of restatements, aggregations and reclassifications are provided in separate tables included in the attachments to the financial statements, as also required by Consob in its Communication 6064293 of 28 July 2006.
Aggregations and reclassifications of captions of the reclassified balance sheet refer to:
- the separate presentation of financial assets constituting Due from banks and Loans to customers, regardless of the accounting portfolios to which they have been allocated;
- the separate presentation of financial assets not constituting loans, divided into financial assets measured at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, net of the amounts reclassified to Due from banks and Loans to customers;
- the separate presentation of financial assets and liabilities pertaining to the insurance business, measured pursuant to IAS 39, in application of the deferral approach, by the Group's insurance companies;
- the aggregation in one single caption of Property, equipment and intangible assets, broken down into the sub-captions Assets owned and Rights of use acquired under leases;
- the inclusion of Hedging derivatives and Fair value change of financial assets/liabilities in hedged portfolios under Other assets/liabilities;
- the inclusion of the Technical insurance reserves reassured with third parties under Other assets;
- the separate presentation of Due to banks at amortised cost;
- the aggregation of Due to customers at amortised cost and Securities issued into one caption;
- the aggregation into one caption (Allowances for risks and charges) of allowances for specific purposes (Employee termination indemnities, Allowances for risks and charges, Allowances for commitments and financial guarantees given);
- the reclassification of Lease payables to a specific sub-caption of Other liabilities;

[23] Since it was included in the scope of consolidation at the end of June 2022, without contributing to the Group's income statement figures, in the Half-yearly Report, the consolidation – and hence the restatement – affected balance sheet figures only.
[24] Assicurazioni Vita (formerly Aviva Vita) and Lombarda Vita were merged into Intesa Sanpaolo Vita as of 31 December 2021. Cargeas Assicurazioni was merged into Intesa Sanpaolo Assicura, a wholly-owned subsidiary of Intesa Sanpaolo Vita, as of 1 October 2022.

− the presentation of Reserves as an aggregate and net of any treasury shares.

In addition, as already occurred in December 2021, the following should be noted:

− in view of the payment of the 2021 interim dividend by the Parent Company, a specific caption was added to the reclassified balance sheet, within the captions of shareholders' equity, for consistency with the corresponding accounting schedule;
− following the update to Bank of Italy Circular 262, which provides that the caption “Cash and cash equivalents” of the accounting schedule include all “demand” loans, in the technical forms of current accounts and deposits, to banks and central banks (with the exception of the reserve requirement), the specific caption Cash and cash equivalents, previously included in Other assets, was opened accordingly in the reclassified balance sheet.

Reclassified balance sheet

(millions of euro)

Assets	30.09.2022	31.12.2021	Changes	
			amount	%
Cash and cash equivalents	118,368	15,693	102,675	
Due from banks	39,734	162,139	-122,405	-75.5
Loans to customers	473,746	465,871	7,875	1.7
Loans to customers measured at amortised cost	*470,866*	*464,075*	*6,791*	*1.5*
Loans to customers designated at fair value through other comprehensive income and through profit or loss	*2,880*	*1,796*	*1,084*	*60.4*
Financial assets measured at amortised cost which do not constitute loans	49,056	43,325	5,731	13.2
Financial assets at fair value through profit or loss	51,671	51,638	33	0.1
Financial assets at fair value through other comprehensive income	52,209	67,058	-14,849	-22.1
Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	173,252	206,800	-33,548	-16.2
Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	80	85	-5	-5.9
Investments in associates and companies subject to joint control	1,990	1,652	338	20.5
Property, equipment and intangible assets	19,947	20,141	-194	-1.0
Assets owned	*18,401*	*18,616*	*-215*	*-1.2*
Rights of use acquired under leases	*1,546*	*1,525*	*21*	*1.4*
Tax assets	19,391	18,808	583	3.1
Non-current assets held for sale and discontinued operations	1,123	1,422	-299	-21.0
Other assets	22,438	16,184	6,254	38.6
Total Assets	**1,023,005**	**1,070,816**	**-47,811**	**-4.5**

Liabilities	30.09.2022	31.12.2021	Changes	
			amount	%
Due to banks at amortised cost	158,971	165,262	-6,291	-3.8
Due to customers at amortised cost and securities issued	536,726	545,101	-8,375	-1.5
Financial liabilities held for trading	53,856	56,308	-2,452	-4.4
Financial liabilities designated at fair value	6,501	3,674	2,827	76.9
Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,244	2,139	105	4.9
Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	72,812	84,770	-11,958	-14.1
Tax liabilities	3,581	2,292	1,289	56.2
Liabilities associated with non-current assets held for sale and discontinued operations	89	30	59	
Other liabilities	20,020	21,974	-1,954	-8.9
of which lease payables	*1,368*	*1,398*	*-30*	*-2.1*
Technical reserves	99,751	118,296	-18,545	-15.7
Allowances for risks and charges	5,525	6,816	-1,291	-18.9
of which allowances for commitments and financial guarantees given	*563*	*508*	*55*	*10.8*
Share capital	10,369	10,084	285	2.8
Reserves	44,509	44,856	-347	-0.8
Valuation reserves	-1,898	-709	1,189	
Valuation reserves pertaining to insurance companies	-762	476	-1,238	
Interim dividend	-	-1,399	-1,399	
Equity instruments	7,203	6,282	921	14.7
Minority interests	224	379	-155	-40.9
Net income (loss)	3,284	4,185	-901	-21.5
Total liabilities and shareholders' equity	**1,023,005**	**1,070,816**	**-47,811**	**-4.5**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

Quarterly development of the reclassified balance sheet

(millions of euro)

Assets	2022			2021			
	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Cash and cash equivalents	118,368	18,370	18,666	15,693	16,250	15,623	14,652
Due from banks	39,734	138,555	158,521	162,139	164,909	148,223	128,207
Loans to customers	473,746	471,649	468,995	465,871	463,917	463,904	465,231
Loans to customers measured at amortised cost	*470,866*	*469,338*	*466,416*	*464,075*	*461,525*	*461,955*	*463,699*
Loans to customers designated at fair value through other comprehensive income and through profit or loss	*2,880*	*2,311*	*2,579*	*1,796*	*2,392*	*1,949*	*1,532*
Financial assets measured at amortised cost which do not constitute loans	49,056	49,850	56,111	43,325	41,286	42,615	44,857
Financial assets at fair value through profit or loss	51,671	51,943	52,875	51,638	59,926	59,827	55,458
Financial assets at fair value through other comprehensive income	52,209	59,213	65,016	67,058	63,806	66,660	61,039
Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	173,252	180,637	196,949	206,800	205,631	206,138	206,388
Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	80	80	81	85	82	80	79
Investments in associates and companies subject to joint control	1,990	1,902	1,633	1,652	1,738	1,707	1,708
Property, equipment and intangible assets	19,947	19,965	19,891	20,141	19,415	19,459	18,916
Assets owned	*18,401*	*18,389*	*18,345*	*18,616*	*17,803*	*17,819*	*17,161*
Rights of use acquired under leases	*1,546*	*1,576*	*1,546*	*1,525*	*1,612*	*1,640*	*1,755*
Tax assets	19,391	18,745	18,610	18,808	18,805	19,014	19,582
Non-current assets held for sale and discontinued operations	1,123	1,303	1,556	1,422	3,181	1,566	3,173
Other assets	22,438	20,103	16,461	16,184	14,482	14,675	14,514
Total Assets	**1,023,005**	**1,032,315**	**1,075,365**	**1,070,816**	**1,073,428**	**1,059,491**	**1,033,804**

Liabilities	2022			2021			
	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Due to banks at amortised cost	158,971	152,413	180,234	165,262	179,552	164,875	151,787
Due to customers at amortised cost and securities issued	536,726	536,958	539,278	545,101	525,546	520,960	513,930
Financial liabilities held for trading	53,856	55,227	58,729	56,308	57,535	57,336	53,547
Financial liabilities designated at fair value	6,501	4,753	3,848	3,674	3,266	3,361	3,116
Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,244	2,297	2,280	2,139	2,563	2,518	2,414
Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	72,812	74,454	80,086	84,770	83,093	83,010	82,040
Tax liabilities	3,581	2,806	2,296	2,292	2,627	2,497	3,310
Liabilities associated with non-current assets held for sale and discontinued operations	89	92	37	30	1,404	78	3,585
Other liabilities	20,020	28,532	23,553	21,974	24,984	31,700	26,301
of which lease payables	*1,368*	*1,417*	*1,389*	*1,398*	*1,523*	*1,574*	*1,713*
Technical reserves	99,751	104,809	113,471	118,296	118,616	119,475	119,943
Allowances for risks and charges	5,525	5,709	6,481	6,816	6,873	7,042	7,437
of which allowances for commitments and financial guarantees given	*563*	*561*	*562*	*508*	*534*	*548*	*576*
Share capital	10,369	10,369	10,084	10,084	10,084	10,084	10,084
Reserves	44,509	46,216	48,995	44,856	46,508	46,671	47,529
Valuation reserves	-1,898	-1,603	-1,320	-709	-569	-476	-738
Valuation reserves pertaining to insurance companies	-762	-523	120	476	677	661	777
Interim dividend	-	-	-1,399	-1,399	-	-	-
Equity instruments	7,203	7,204	7,220	6,282	6,279	6,269	6,202
Minority interests	224	248	348	379	384	407	1,024
Net income (loss)	3,284	2,354	1,024	4,185	4,006	3,023	1,516
Total Liabilities and Shareholders' Equity	**1,023,005**	**1,032,315**	**1,075,365**	**1,070,816**	**1,073,428**	**1,059,491**	**1,033,804**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

BANKING BUSINESS

Loans to customers

Loans to customers: breakdown

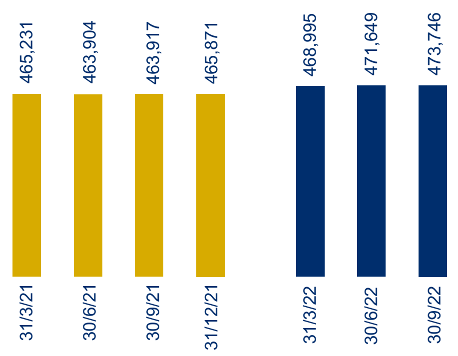
(millions of euro)

	30.09.2022		31.12.2021		Changes	
		% breakdown		% breakdown	amount	%
Current accounts	23,396	4.9	21,768	4.7	1,628	7.5
Mortgages	246,266	52.0	250,941	53.9	-4,675	-1.9
Advances and other loans	169,237	35.7	161,449	34.6	7,788	4.8
Commercial banking loans	**438,899**	**92.6**	**434,158**	**93.2**	**4,741**	**1.1**
Repurchase agreements	**22,052**	**4.7**	**17,621**	**3.8**	**4,431**	**25.1**
Loans represented by securities	**6,765**	**1.4**	**7,015**	**1.5**	**-250**	**-3.6**
Non-performing loans	**6,030**	**1.3**	**7,077**	**1.5**	**-1,047**	**-14.8**
Loans to customers	**473,746**	**100.0**	**465,871**	**100.0**	**7,875**	**1.7**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

The Group's loans to customers came to approximately 474 billion euro as at 30 September, marking a year-to-date increase of +1.7%. This performance was due to trade receivables (+1.1%, or +4.7 billion euro), in particular advances and other loans (+4.8%, or +7.8 billion euro), supported by factoring transactions, and current accounts (+7.5%, or +1.6 billion euro), which more than offset the decline in mortgage loans (-1.9%, or -4.7 billion euro). In addition, repurchase agreements increased significantly (+25.1%, or +4.4 billion euro), whereas non-performing loans declined further to 6 billion euro, due in part to the sale concluded in April (0.9 billion euro of net non-performing loans). Finally, loans represented by securities declined by 3.6%.

Quarterly development
Loans to customers
(millions of euro)



In the domestic medium/long-term loan market, disbursements to households in the first nine months of 2022 (including the small business accounts having similar needs to family businesses) amounted to approximately 17.6 billion euro, while disbursements to businesses under the Banca dei Territori scope (including customers with turnover of up to 350 million euro) came to 12.9 billion euro. Loans granted by the new Agribusiness department amounted to 1.6 billion euro. The medium/long-term disbursements to customers of the IMI Corporate & Investment Banking Division amounted to 13.2 billion euro, excluding the international portion. Overall disbursements within Italy, inclusive of the loans to the non-profit sector, disbursements through third-party networks and through the former UBI Leasing and Prestitalia reached 46 billion euro. If the Group's foreign operations are included, medium/long-term disbursements totalled 64.5 billion euro.

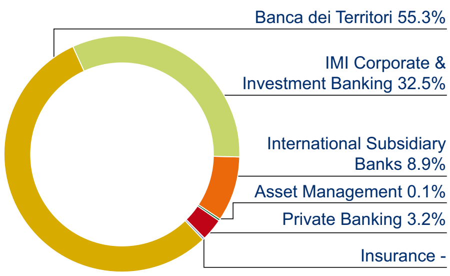
As at 30 September 2022, the Intesa Sanpaolo Group's share of the Italian domestic market was estimated at 19.9% for total loans to customers. This estimate was based on the sample deriving from the ten-day report of the Bank of Italy as the global banking system figures for the end of September are not yet available.

(millions of euro)

	30.09.2022	31.12.2021	Changes	
			amount	%
Banca dei Territori	253,410	250,592	2,818	1.1
IMI Corporate & Investment Banking	149,186	152,543	-3,357	-2.2
International Subsidiary Banks	40,614	38,970	1,644	4.2
Private Banking	14,839	14,450	389	2.7
Asset Management	471	783	-312	-39.8
Insurance	-	-	-	-
Total business areas	**458,520**	**457,338**	**1,182**	**0.3**
Corporate Centre	15,226	8,533	6,693	78.4
Intesa Sanpaolo Group	**473,746**	**465,871**	**7,875**	**1.7**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

Business areas
Loans to customers



In the analysis by business area, the Banca dei Territori Division, which accounts for more than 55% of the aggregate of the Group's business areas, recorded an increase year-to-date (+1.1%, or +2.8 billion euro), attributable to the positive trend in loans to retail customers, mainly medium/long-term. The IMI Corporate & Investment Banking Division recorded a decrease (-2.2%, or -3.4 billion euro), mainly attributable to the reduction in loans for structured finance transactions and to international customers, as well as decreased operations in the global markets segment. The loans of the International Subsidiary Banks Division grew (+4.2%, or +1.6 billion euro), due specifically to the greater contribution of the subsidiaries operating in Slovakia, Serbia and Croatia. Turning to the other divisions, whose loans are of relatively modest amounts in light of their specific businesses, the loans of the Private Banking Division increased (+2.7%), whereas those of the Asset Management Division declined (-39.8%).
Loans on central assets of the Corporate Centre increased sharply (+78.4%) in relation to repurchase agreements with central counterparties.

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Loans to customers: credit quality

(millions of euro)

	30.09.2022		31.12.2021		Change
	Net exposure	% breakdown	Net exposure	% breakdown	Net exposure
Bad loans	1,298	0.3	2,130	0.5	-832
Unlikely to pay	4,248	0.9	4,325	0.9	-77
Past due loans	484	0.1	622	0.1	-138
Non-Performing Loans	**6,030**	**1.3**	**7,077**	**1.5**	**-1,047**
Non-performing loans in Stage 3 (subject to impairment)	*5,999*	*1.3*	*7,038*	*1.5*	*-1,039*
Non-performing loans designated at fair value through profit or loss	*31*	*-*	*39*	*-*	*-8*
Performing loans	**460,867**	**97.3**	**451,760**	**97.0**	**9,107**
Stage 2	*45,627*	*9.6*	*54,389*	*11.7*	*-8,762*
Stage 1	*414,214*	*87.5*	*396,372*	*85.1*	*17,842*
Performing loans designated at fair value through profit or loss	*1,026*	*0.2*	*999*	*0.2*	*27*
Performing loans represented by securities	**6,765**	**1.4**	**7,015**	**1.5**	**-250**
Stage 2	*1,176*	*0.2*	*865*	*0.2*	*311*
Stage 1	*5,589*	*1.2*	*6,150*	*1.3*	*-561*
Loans held for trading	**84**	**-**	**19**	**-**	**65**
Total loans to customers	**473,746**	**100.0**	**465,871**	**100.0**	**7,875**
of which forborne performing	***7,851***		***8,103***		***-252***
of which forborne non-performing	***2,274***		***2,644***		***-370***
Loans to customers classified as non-current assets held for sale (*)	**885**		**1,206**		**-321**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(*) This item refers to the portfolios of loans classified as bad loans and unlikely to pay to be sold. As at 31 December 2021 the amount also included single name exposures.

As at 30 September 2022, the Group's net non-performing loans amounted to 6 billion euro, an all-time low, due in part to the above-mentioned sale. The reduction from the beginning of the year (-14.8%) confirms the virtuous trend already recorded in previous years. The non-performing assets percentage of total net loans to customers amounted to 1.3% (1% according to the EBA definition), a low proportion and further improving compared to December 2021 (1.5%, 1.2% according to the EBA definition), with a coverage ratio for non-performing loans of 46.9%.

In further detail, at the end of September 2022, bad loans came to 1.3 billion euro (-39.1% year to date), net of adjustments, and represented 0.3% of total net loans. As at that same date, the coverage ratio came to 65.8%. Loans included in the unlikely-to-pay category amounted to 4.2 billion euro, down by 1.8%, accounting for 0.9% of total net loans to customers, with a coverage ratio of 38.9%. Past due loans amounted to 484 million euro (-22.2% on December 2021), with a coverage ratio of 22.2%. Within the non-performing loan category, forborne exposures, generated by forbearance measures for borrowers experiencing difficulty in meeting their financial obligations, amounted to 2.3 billion euro, with a coverage ratio of 39.4%, while forborne exposures in the performing loans category amounted to 7.9 billion euro.

The coverage ratio of performing loans amounted to 0.55% (0.54% in December), also in relation to the provision allocated during the first nine months for the Russia-Ukraine conflict (on this subject, see the opening chapter of this Interim Statement).

Other banking business financial assets and liabilities: breakdown

(millions of euro)

Type of financial instruments	Financial assets designated at fair value through profit or loss	Financial assets designated at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL financial assets	Financial liabilities held for trading (*)
Debt securities issued by Governments					
30.09.2022	8,012	35,107	29,672	**72,791**	X
31.12.2021	20,361	49,575	24,845	**94,781**	X
Changes amount	-12,349	-14,468	4,827	**-21,990**	X
Changes %	-60.7	-29.2	19.4	**-23.2**	X
Other debt securities					
30.09.2022	3,747	14,970	19,384	**38,101**	X
31.12.2021	3,020	14,210	18,480	**35,710**	X
Changes amount	727	760	904	**2,391**	X
Changes %	24.1	5.3	4.9	**6.7**	X
Equities					
30.09.2022	1,369	2,132	X	**3,501**	X
31.12.2021	1,192	3,273	X	**4,465**	X
Changes amount	177	-1,141	X	**-964**	X
Changes %	14.8	-34.9	X	**-21.6**	X
Quotas of UCI					
30.09.2022	3,678	X	X	**3,678**	X
31.12.2021	3,943	X	X	**3,943**	X
Changes amount	-265	X	X	**-265**	X
Changes %	-6.7	X	X	**-6.7**	X
Due to banks and to customers					
30.09.2022	X	X	X	**X**	-9,298
31.12.2021	X	X	X	**X**	-22,262
Changes amount	X	X	X	**X**	-12,964
Changes %	X	X	X	**X**	-58.2
Financial derivatives					
30.09.2022	32,902	X	X	**32,902**	-35,129
31.12.2021	20,897	X	X	**20,897**	-23,241
Changes amount	12,005	X	X	**12,005**	11,888
Changes %	57.4	X	X	**57.4**	51.2
Credit derivatives					
30.09.2022	1,963	X	X	**1,963**	-1,978
31.12.2021	2,225	X	X	**2,225**	-2,332
Changes amount	-262	X	X	**-262**	-354
Changes %	-11.8	X	X	**-11.8**	-15.2
TOTAL 30.09.2022	**51,671**	**52,209**	**49,056**	**152,936**	**-46,405**
TOTAL 31.12.2021	**51,638**	**67,058**	**43,325**	**162,021**	**-47,835**
Changes amount	**33**	**-14,849**	**5,731**	**-9,085**	**-1,430**
Changes %	**0.1**	**-22.1**	**13.2**	**-5.6**	**-3.0**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(*) The amount of the item does not include certificates which are included in the direct deposits from banking business table.

The table above shows the breakdown of other financial assets and liabilities, excluding insurance companies. Financial liabilities held for trading do not include certificates, which are included in the direct deposits from banking business aggregates.
The Intesa Sanpaolo Group's other financial assets, excluding those of the insurance companies, amounted to approximately 153 billion euro, down by 9.1 billion euro compared to the beginning of the year (-5.6%). Financial liabilities held for trading also decreased (-3%), amounting to 46.4 billion euro.

The performance of total financial assets is mainly attributable to the reduction in government debt securities (-22 billion euro), also associated with the reduction in short selling of around 13 billion euro, only partially offset by the increase in other debt securities (+2.4 billion euro). Financial derivatives grew by around 12 billion euro, both in assets and liabilities.
Financial assets measured at fair value through profit or loss amounted to approximately 51.7 billion euro, substantially stable (+0.1%), essentially due to the balancing of the decrease in government bonds and the growth in financial derivatives.
Instruments measured at amortised cost which do not constitute loans amounted to 49.1 billion euro, marking a net increase (+13.2%), fully due to debt securities as a result, on one hand, of the creation of a government bond portfolio with limited

credit risk and, on the other, of some disposals as part of a portfolio recomposition towards more liquidable securities issued by counterparties with higher credit standing. HTC debt securities have primarily been classified to Stage 1 (93%).
Conversely, financial assets measured at fair value through other comprehensive income amounted to 52.2 billion euro, down by 22.1% compared to the beginning of the year, owing to both debt securities issued by governments and, to a lesser extent, equity instruments. HTCS debt securities have been classified almost exclusively to Stage 1 (99%).

Debt securities: stage allocation

(millions of euro)

Debt securities: stage allocation	Financial assets designated at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL
Stage 1			
30.09.2022	49,480	45,594	**95,074**
31.12.2021	63,584	39,467	**103,051**
Changes amount	-14,104	6,127	**-7,977**
Changes %	-22.2	15.5	**-7.7**
Stage 2			
30.09.2022	597	3,454	**4,051**
31.12.2021	201	3,844	**4,045**
Changes amount	396	-390	**6**
Changes %		-10.1	**0.1**
Stage 3			
30.09.2022	-	8	**8**
31.12.2021	-	14	**14**
Changes amount	-	-6	**-6**
Changes %	-	-42.9	**-42.9**
TOTAL 30.09.2022	**50,077**	**49,056**	**99,133**
TOTAL 31.12.2021	**63,785**	**43,325**	**107,110**
Changes amount	**-13,708**	**5,731**	**-7,977**
Changes %	**-21.5**	**13.2**	**-7.4**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

Customer financial assets

(millions of euro)

	30.09.2022	% breakdown	31.12.2021	% breakdown	Changes amount	Changes %
Direct deposits from banking business	550,678	46.1	557,248	43.4	-6,570	-1.2
Direct deposits from insurance business and technical reserves	173,945	14.5	204,479	15.9	-30,534	-14.9
Indirect customer deposits	643,382	53.8	725,137	56.5	-81,755	-11.3
Netting (a)	-172,329	-14.4	-202,963	-15.8	-30,634	-15.1
Customer financial assets	**1,195,676**	**100.0**	**1,283,901**	**100.0**	**-88,225**	**-6.9**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(a) Netting refers to components of indirect customer deposits which are also included in direct customer deposits (financial liabilities of the insurance business designated at fair value, technical reserves).

As at 30 September 2022, customer financial assets, after netting, amounted to 1,196 billion euro, down year to date (-6.9%, or -88.2 billion euro), due to indirect customer deposits (-11.3%, or -81.8 billion euro), and, to a lesser extent, direct deposits from insurance and banking business (-4.9%, or -37.1 billion euro).

Direct deposits from banking business

The table below sets out amounts due to customers, securities issued, including those designated at fair value and certificates, which represent an alternative form of funding to bonds.

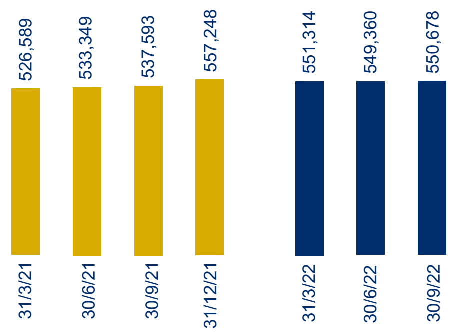
(millions of euro)

	30.09.2022		31.12.2021		Changes	
		% breakdown		% breakdown	amount	%
Current accounts and deposits	440,356	80.0	444,203	79.7	-3,847	-0.9
Repurchase agreements and securities lending	2,992	0.5	2,691	0.5	301	11.2
Bonds	52,150	9.5	62,452	11.2	-10,302	-16.5
Certificates of deposit	3,038	0.6	2,931	0.5	107	3.7
Subordinated liabilities	12,228	2.2	12,599	2.3	-371	-2.9
Other deposits	39,914	7.2	32,372	5.8	7,542	23.3
of which designated at fair value (*)	*13,952*	*2.5*	*12,147*	*2.2*	*1,805*	*14.9*
Direct deposits from banking business	**550,678**	**100.0**	**557,248**	**100.0**	**-6,570**	**-1.2**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(*) Figures relating to investment certificates and other forms of funding included in the Balance sheet under “Financial liabilities held for trading” and “Financial liabilities designated at fair value”. Specifically:
- as at 30 September 2022, this caption consisted of 7,451 million euro of certificates classified under “Financial liabilities held for trading” and 6,501 million euro of certificates (6,497 million euro) and other forms of funding (4 million euro) classified under “Liabilities designated at fair value”;
- as at 31 December 2021, this caption consisted of 8,473 million euro of certificates classified under “Financial liabilities held for trading” and 3,674 million euro of certificates (3,670 million euro) and other forms of funding (4 million euro) classified under “Liabilities designated at fair value”.

Quarterly development
Direct deposits from banking business
(millions of euro)



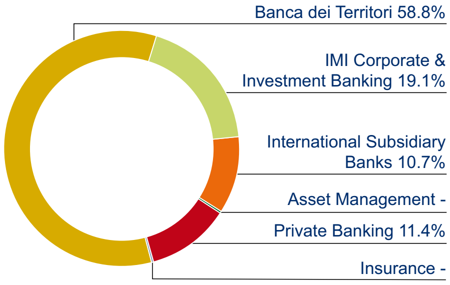
The Group’s direct deposits from banking business exceeded 550 billion euro, down year to date (-1.2%, or -6.6 billion euro).
The trend is mainly attributable to the reduction in bond funding (-10.3 billion euro). Savings certificates were also down, resulting in a decrease in the caption current accounts and deposits (-3.8 billion euro), though with solid liquidity on customer current accounts. Other deposits benefited from margins from customers trading in derivatives, the values of which rose as a result of the rise in interest rates, and from transactions in certificates.
As at 30 September 2022, the Intesa Sanpaolo Group's direct deposits (deposits and bonds) represented an estimated share of the domestic market of 22.2%. As described above with reference to loans, this estimate is based on the sample deriving from the ten-day report produced by the Bank of Italy.

(millions of euro)

	30.09.2022	31.12.2021	Changes	
			amount	%
Banca dei Territori	290,717	291,697	-980	-0.3
IMI Corporate & Investment Banking	94,398	94,844	-446	-0.5
International Subsidiary Banks	53,112	51,504	1,608	3.1
Private Banking	56,180	55,895	285	0.5
Asset Management	17	21	-4	-19.0
Insurance	-	-	-	-
Total business areas	**494,424**	**493,961**	**463**	**0.1**
Corporate Centre	56,254	63,287	-7,033	-11.1
Intesa Sanpaolo Group	**550,678**	**557,248**	**-6,570**	**-1.2**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

Business areas
Direct deposits from banking business



In the analysis of funding by sector, the Banca dei Territori Division, which accounts for approximately 59% of the aggregate attributable to the Group's operating companies, came in slightly below the levels of the beginning of the year (-0.3%, or -1 billion euro), especially in view of the declining trend in securities issued and, to a lesser extent, amounts due to customers. The IMI Corporate & Investment Banking Division recorded a moderate decline (-0.5%, or -0.4 billion euro), due mainly to the decrease in amounts due to global corporate and financial institutions customers and the securities issued of the International and Global Markets Departments, largely offset by the increase in funding through certificates. Conversely, International Subsidiary Banks recorded growth (+3.1%, or +1.6 billion euro), primarily due to the subsidiary operating in Croatia and, to a lesser extent, those operating in Slovenia, Serbia and Slovakia. Private Banking funding also increased slightly (+0.5%, or +0.3 billion euro).
The decrease in Corporate Centre funding is attributable to the maturities of wholesale securities.

Indirect customer deposits

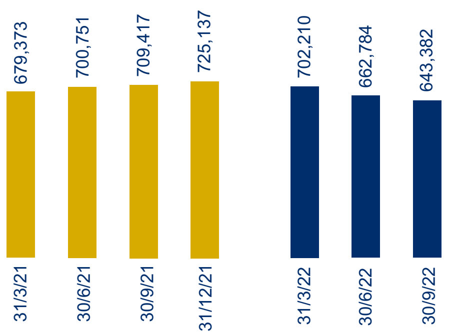
(millions of euro)

	30.09.2022		31.12.2021		Changes	
		% breakdown		% breakdown	amount	%
Mutual funds [(a)]	149,990	23.3	176,313	24.3	-26,323	-14.9
Open-ended pension funds and individual pension plans	11,582	1.8	12,585	1.8	-1,003	-8.0
Portfolio management	72,534	11.3	81,911	11.3	-9,377	-11.4
Technical reserves and financial liabilities of the insurance business	172,189	26.8	186,343	25.7	-14,154	-7.6
Relations with institutional customers	20,726	3.2	20,378	2.8	348	1.7
Assets under management	**427,021**	**66.4**	**477,530**	**65.9**	**-50,509**	**-10.6**
Assets under administration and in custody	**216,361**	**33.6**	**247,607**	**34.1**	**-31,246**	**-12.6**
Indirect customer deposits	**643,382**	**100.0**	**725,137**	**100.0**	**-81,755**	**-11.3**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(a) This caption does not include funds held by Group insurance companies and managed by the Group's asset management companies, whose values are included in the technical reserves, and the funds established by third parties and managed by Group companies, whose values are included in assets under administration and in custody.

Quarterly development
Indirect customer deposits
(millions of euro)



As at 30 September 2022 indirect customer deposits exceeded 643 billion euro, down by 11.3% year to date. This trend, conditioned by the negative financial market performance in the first nine months of the year, affected both assets under management and assets under administration.
Assets under management, which at 427 billion euro accounted for two-thirds of the total aggregate, were down (-10.6%, or -50.5 billion euro), over half of which was attributable to mutual funds (-26.3 billion euro), and the remainder to technical reserves and financial liabilities of the insurance business (-14.2 billion euro), portfolio management schemes (-9.4 billion euro), open pension funds and individual pension policies (-1 billion euro). Relations with institutional customers grew (+0.3 billion euro). In the first nine months of 2022, the new life business of the insurance companies of the Intesa Sanpaolo Group, including pension products, amounted to 11.5 billion euro. Assets under administration decreased (-12.6%, or -31.2 billion euro), essentially attributable to securities and third-party products in custody.

Net interbank position

Due to the increase in interest rates, starting in September, excess liquidity is no longer deposited on the account of the Reserve Requirement aggregate under "Due from banks", but in on-demand deposits (overnight deposits) that are reported in the caption "Cash and cash equivalents". As at 30 September 2022, that amount came to approximately 100 billion euro.
The net interbank position as at 30 September 2022, considering the above, came to a negative balance of around 19 billion euro, higher than that of around 3 billion euro recorded at the beginning of the year. The change reflects a significant reduction in due from banks (-13.8%), exceeding the decline in due to banks (-3.8%), influenced by the repayment of 17 billion euro made in June, which reduced the debt to the ECB for TLTRO operations to 115 billion euro.

INSURANCE BUSINESS
Financial assets and liabilities pertaining to insurance companies pursuant to IAS 39

(millions of euro)

Type of financial instruments	Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39			Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	TOTAL Financial assets pertaining to insurance companies measured pursuant to IAS 39	Financial liabilities pertaining to insurance companies measured pursuant to IAS 39 (*)	
	Financial assets held for trading and hedging derivatives	Financial assets designated at fair value	Financial assets available for sale				
Debt securities issued by Governments							
30.09.2022	104	3,442	55,750	-	**59,296**	X	
31.12.2021	123	3,772	71,782	-	**75,677**	X	
Changes amount	-19	-330	-16,032	-	**-16,381**	X	
Changes %	-15.4	-8.7	-22.3	-	**-21.6**	X	
Other debt securities							
30.09.2022	564	993	15,559	-	**17,116**	X	
31.12.2021	668	1,021	16,758	-	**18,447**	X	
Changes amount	-104	-28	-1,199		**-1,331**	X	
Changes %	-15.6	-2.7	-7.2		**-7.2**	X	
Equities							
30.09.2022	-	2,844	1,845	-	**4,689**	X	
31.12.2021	-	3,510	2,262	-	**5,772**	X	
Changes amount	-	-666	-417	-	**-1,083**	X	
Changes %	-	-19.0	-18.4	-	**-18.8**	X	
Quotas of UCI							
30.09.2022	140	78,006	12,656	-	**90,802**	X	
31.12.2021	171	92,017	13,621	-	**105,809**	X	
Changes amount	-31	-14,011	-965	-	**-15,007**	X	
Changes %	-18.1	-15.2	-7.1	-	**-14.2**	X	
Due from banks and loans to customers							
30.09.2022	-	1,180	-	80	**1,260**	X	
31.12.2021	-	739	-	85	**824**	X	
Changes amount	-	441	-	-5	**436**	X	
Changes %	-	59.7	-	-5.9	**52.9**	X	
Due to banks							
30.09.2022	X	X	X	X	**X**	-628	(**)
31.12.2021	X	X	X	X	**X**	-623	(**)
Changes amount	X	X	X	X	**X**	5	
Changes %	X	X	X	X	**X**	0.8	
Financial derivatives							
30.09.2022	169	-	-	-	**169**	-234	(***)
31.12.2021	356	-	-	-	**356**	-103	(***)
Changes amount	-187	-	-	-	**-187**	131	
Changes %	-52.5	-	-	-	**-52.5**		
Credit derivatives							
30.09.2022	-	-	-	-	**-**	-	(***)
31.12.2021	-	-	-	-	**-**	-	(***)
Changes amount	-	-	-	-	**-**	-	
Changes %	-	-	-	-	**-**	-	
TOTAL 30.09.2022	**977**	**86,465**	**85,810**	**80**	**173,332**	**-862**	
TOTAL 31.12.2021	**1,318**	**101,059**	**104,423**	**85**	**206,885**	**-726**	
Changes amount	**-341**	**-14,594**	**-18,613**	**-5**	**-33,553**	**136**	
Changes %	**-25.9**	**-14.4**	**-17.8**	**-5.9**	**-16.2**	**18.7**	

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(*) This amount does not include "Financial liabilities of the insurance business designated at fair value" included in the table on direct deposits from insurance business.

(**) Value included in the Balance sheet under "Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39".

(***) Value included in the Balance sheet under "Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39".

Financial assets and liabilities pertaining to insurance companies pursuant to IAS 39, summarised in the table above, amounted to 173 billion euro and 862 million euro, respectively. Financial assets decreased year-to-date (-16.2%, or -33.6 billion euro) as a result of the downtrend in financial assets available for sale (-17.8%, or -18.6 billion euro), markedly government debt securities, and in financial assets designated at fair value (-14.4%, or -14.6 billion euro), particularly quotas of UCI. Financial assets held for trading and hedging derivatives also declined, although the contribution was modest in extent (-25.9%).

Direct deposits from insurance business and technical reserves

(millions of euro)

	30.09.2022		31.12.2021		Changes	
		% breakdown		% breakdown	amount	%
Financial liabilities of the insurance business designated at fair value IAS 39 (*)	**72,578**	**41.7**	**84,667**	**41.4**	**-12,089**	**-14.3**
Index-linked products	-	-	-	-	-	-
Unit-linked products	*72,578*	*41.7*	*84,667*	*41.4*	*-12,089*	*-14.3*
Technical reserves	**99,751**	**57.4**	**118,296**	**57.9**	**-18,545**	**-15.7**
Life business	98,064	56.4	116,540	57.0	-18,476	-15.9
Mathematical reserves	*97,108*	*55.8*	*99,110*	*48.5*	*-2,002*	*-2.0*
Technical reserves where the investment risk is borne by the policyholders (**) and reserves related to pension funds	*8,348*	*4.8*	*9,217*	*4.5*	*-869*	*-9.4*
Other reserves	*-7,392*	*-4.2*	*8,213*	*4.0*	*-15,605*	
Non-life business	1,687	1.0	1,756	0.9	-69	-3.9
Other insurance deposits (***)	**1,616**	**0.9**	**1,516**	**0.7**	**100**	**6.6**
Direct deposits from insurance business and technical reserves	**173,945**	**100.0**	**204,479**	**100.0**	**-30,534**	**-14.9**

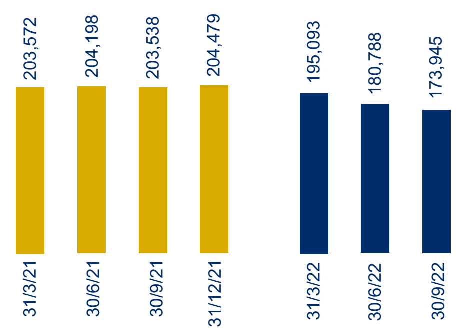
Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(*) Values included in the Balance Sheet under Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39.

(**) This caption includes unit- and index-linked policies with significant insurance risk.

(***) Values included in the Balance Sheet under Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39. The caption includes subordinated liabilities.

Quarterly development
Direct deposits from insurance business and technical reserves
(millions of euro)



Direct deposits from insurance business were approximately 174 billion euro as at 30 September 2022, down (-14.9%, or -30.5 billion euro) compared to December 2021. The trend is attributable to both the decline in financial liabilities designated at fair value, consisting of unit-linked products (-14.3%, or -12.1 billion euro), and the decrease in technical reserves (-15.7%, or -18.5 billion euro), which represent amounts due to customers who have taken out traditional policies or policies with significant insurance risk, attributable to the life business, which make up almost all reserves. There was an increase in other insurance funding (+6.6%, or +100 million euro), which includes subordinated liabilities.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES

This caption contains assets and related liabilities which no longer refer to continuing operations as they are being disposed of. As at 30 September 2022, assets held for sale amounted to 1.1 billion euro and the associated liabilities to 89 million euro. Assets held for sale at 30 September 2022 mainly include the non-performing loan portfolios of Intesa Sanpaolo, which will be sold as part of the Group's de-risking strategies. Overall, non-performing loans allocated to assets held for sale amounted to 0.9 billion euro net of adjustments.

SHAREHOLDERS' EQUITY

As at 30 September 2022, the Group's shareholders' equity, including the net income for the period, came to 62,705 million euro, compared to 63,775 million euro at the beginning of the year. The decrease is to be attributed to valuation reserves. The aggregate includes 3,284 million euro in net income accrued in the first nine months of the year, and reflects the final cash payment of the dividends for the net income of 2021, in May, as well as the purchases of own shares for annulment (buyback), to the extent finalised as at 30 September 2022.

Valuation reserves

(millions of euro)

	Reserve 31.12.2021	Change of the period	Reserve 30.09.2022
Financial assets designated at fair value through other comprehensive income (debt instruments)	-332	-1,398	-1,730
Financial assets designated at fair value through other comprehensive income (equities)	-147	-551	-698
Property and equipment	1,598	169	1,767
Foreign investment hedges	-	-17	-17
Cash flow hedges	-607	118	-489
Foreign exchange differences	-1,088	80	-1,008
Non-current assets held for sale and discontinued operations	-	-	-
Financial liabilities designated at fair value through profit or loss (change in its creditworthiness)	-77	199	122
Actuarial profits (losses) on defined benefit pension plans	-417	190	-227
Portion of the valuation reserves connected with investments carried at equity	53	18	71
Legally-required revaluations	308	3	311
Valuation reserves (excluding valuation reserves pertaining to insurance companies)	**-709**	**-1,189**	**-1,898**
Valuation reserves pertaining to insurance companies	**476**	**-1,238**	**-762**

Bank valuation reserves were negative (-1,898 million euro) and worsening on 31 December 2021 (-709 million euro), primarily due to reserves on debt securities (-1,398 million euro) and reserves on equity instruments (-551 million euro). Valuation reserves for property and equipment increased by 169 million euro, mainly due to the reclassification to other reserves of taxation linked to the realignment of the taxable value of properties carried out in 2019, which became final once the three-year observation period was over. The valuation reserves of the insurance companies amounted to a negative 762 million euro, compared with a positive 476 million euro at the end of 2021.

OWN FUNDS AND CAPITAL RATIOS

(millions of euro)

Own funds and capital ratios	30.09.2022		31.12.2021
	IFRS9 "Fully loaded"	IFRS9 "Transitional"	IFRS9 "Transitional"
Own funds			
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	40,241	40,995	47,247
Additional Tier 1 capital (AT1) net of regulatory adjustments	7,207	7,207	6,264
TIER 1 CAPITAL	**47,448**	**48,202**	**53,511**
Tier 2 capital net of regulatory adjustments	9,227	8,480	8,941
TOTAL OWN FUNDS	**56,675**	**56,682**	**62,452**
Risk-weighted assets			
Credit and counterparty risks	286,041	285,672	288,691
Market and settlement risk	12,249	12,249	12,792
Operational risks	26,335	26,335	25,305
Other specific risks [(a)]	108	108	115
RISK-WEIGHTED ASSETS	**324,733**	**324,364**	**326,903**
% Capital ratios			
Common Equity Tier 1 capital ratio	12.4%	12.6%	14.5%
Tier 1 capital ratio	14.6%	14.9%	16.4%
Total capital ratio	17.5%	17.5%	19.1%

(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 2022 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) 2019/876 (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.
The regulations governing own funds, which provided for the gradual introduction of the Basel 3 framework, are now in full effect, following the conclusion in 2018 of the specific transitional period during which some elements to be fully included in or deducted from Common Equity when the framework is "fully loaded" only had a partial percent impact on Common Equity Tier 1 capital. The Intesa Sanpaolo Group chose to take the "static approach" to adopting IFRS 9 envisaged in Regulation (EU) 2017/2395. This approach permits the re-inclusion in Common Equity of a gradually decreasing amount, ending in 2022 (95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021 and 25% in 2022), of the impact of IFRS 9, calculated net of the tax effect, based on the comparison of the IAS 39 adjustments as at 31 December 2017 and the IFRS 9 adjustments as at 1 January 2018, excluding the reclassification of financial instruments, and after eliminating the shortfall as at 31 December 2017.
Regulation (EU) 2017/2395 also lays down the reporting obligations that entities are required to comply with, while charging the EBA with issuing specific guidelines on this subject. In implementation of the Regulation, the EBA issued specific guidelines according to which banks that adopt a transitional treatment of the impact of IFRS 9 (such as the static approach mentioned above) are required to publish, with quarterly frequency, the fully loaded consolidated figures (as if the transitional treatment had not been applied) and the transitional consolidated figures for Common Equity Tier 1 (CET1) capital, Tier 1 capital, total capital, total risk-weighted assets, capital ratios and the leverage ratio.

Own funds

As at 30 September 2022, taking account of the transitional treatment adopted to mitigate the impact of IFRS 9, Own Funds amounted to 56,682 million euro; as at that same date, considering the full inclusion of the impact of IFRS 9, Own Funds stood at 56,675 million euro. Own funds calculated considering the full impact of IFRS 9 (i.e., on a "fully-loaded" basis) take account of the provisions of the 2019 Budget Act calling for 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 have been considered at 75% of their book value for the purposes of calculating transitional own funds, in accordance with Article 473bis of the CRR with regard to the application of the static approach, whereas they have been fully included among deductible elements in fully-loaded own funds. The impact of such DTAs on fully-loaded own funds is nonetheless temporary since they will be phased out by 2028.
In addition, the Group has not yet adopted the new IFRS 9 transitional rules relating to adjustments to loans after 31 December 2019 or the reintroduction of the prudential filter for exposures to central governments classified to the FVOCI category, both introduced by the European Commission in Regulation (EU) 2020/873 of 24 June 2020.
Own funds also take into account the applicable amount, subject to 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) 2019/630 of 17 April 2019.
As at 30 September 2022, own funds take account of the deduction following the authorisation from the ECB to purchase own shares for cancellation (buyback), as approved by the Shareholders' Meeting on 29 April 2022, for a total of 3.4 billion euro, whose progress was previously illustrated in the opening chapter of this Interim Statement.

For the purposes of calculating own funds as at 30 September 2022 the net income for the first nine months of 2022 was considered, less the related dividend - calculated considering a payout ratio of 70%, equal to that envisaged in the 2022-2025 Business Plan - and other foreseeable charges[25].

Risk-weighted assets
As at 30 September 2022, taking account of the transitional treatment adopted to mitigate the impact of IFRS 9, risk-weighted assets came to 324,364 million euro, resulting primarily from credit and counterparty risk and, to a lesser extent, operational and market risk. As at that same date, considering the full inclusion of the impact of IFRS 9, risk-weighted assets stood at 324,733 million euro.
Common Equity Tier 1 Capital and risk-weighted assets as at 30 September 2022 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.

Solvency ratios
On the basis of the foregoing, solvency ratios as at 30 September 2022, calculated taking account of the transitional treatment of the impact of IFRS 9 (IFRS 9 Transitional), amounted to a Common Equity ratio of 12.6%, a Tier 1 ratio of 14.9% and a Total capital ratio of 17.5%. Considering the full inclusion of the impact of IFRS 9 (IFRS 9 Fully Loaded), solvency ratios as at 30 September 2022 were as follows: a Common Equity ratio of 12.4%, a Tier 1 ratio of 14.6% and a Total capital ratio of 17.5%.
Finally, on 3 February 2022, Intesa Sanpaolo announced that it had received notification of the ECB's final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 March 2022, following the results of the Supervisory Review and Evaluation Process (SREP). The overall requirement to be met in terms of Common Equity Tier 1 ratio is currently 8.92%, inclusive of the Capital Conservation Buffer, O-SII Buffer and Countercyclical Capital Buffer[26] requirements.

[25] Coupons accrued on the Additional Tier 1 issues.

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

Reconciliation of Shareholders' equity and Common Equity Tier 1 capital

(millions of euro)

Captions	30.09.2022	31.12.2021
Group Shareholders' equity	62,705	63,775
Minority interests	224	291
Shareholders' equity as per the Balance Sheet	**62,929**	**64,066**
Interim dividend (a)	-	1,399
Adjustments for instruments eligible for inclusion in AT1 or T2 and net income for the period		
- Other equity instruments eligible for inclusion in AT1	-7,207	-6,263
- Minority interests eligible for inclusion in AT1	-	-1
- Minority interests eligible for inclusion in T2	-	-1
- Ineligible minority interests on full phase-in	-224	-286
- Ineligible net income for the period (b)	-2,343	-3,031
- Treasury shares included under regulatory adjustments (c)	2,258	266
- Buyback of own shares (d)	-1,862	-
- Other ineligible components on full phase-in	-92	-194
Common Equity Tier 1 capital (CET1) before regulatory adjustments	**53,459**	**55,955**
Regulatory adjustments (including transitional adjustments) (e)	**-12,464**	**-8,708**
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	**40,995**	**47,247**

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

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

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

(d) The amount as at 30 September refers to the total amount of own shares for annulment (buyback) net of the first and second tranches already annulled from the accounts as at 30 September, own shares held as at 30 September to be annulled and a purchase commitment already accounted for.

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

Breakdown of consolidated results by business area

The Intesa Sanpaolo Group organisational structure is based on Business Units. In addition, there is the Corporate Centre, which is charged with providing guidance, coordination and control for the entire Group.

The Intesa Sanpaolo Group

Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre (*)

(*) Includes the Group's Treasury and the NPE Head Office Department

The Intesa Sanpaolo Group's segment reporting is based on the elements that management uses to make its own operating decisions (the "management approach") and is therefore consistent with the disclosure requirements of IFRS 8.
In addition to reflecting the operating responsibilities assigned in accordance with the Group's organisational structure, the business areas are an aggregation of business lines similar in the type of products and services they sell.

Division figures for the comparative periods have been restated to reflect the changes in scope of the Business Units, where necessary and if they are material. In particular, the restatement – as well as the allocation to the divisions, in the single Divisions of ISP, UBI Banca and the other entities of the former UBI Group, starting in the Half-yearly Report as at 30 June 2021 – regarded:

- based on the "redetermined" figures approach described for the consolidated data, the exclusion of the income results relating to the UBI branches sold in the first quarter of 2021 and the UBI and ISP branches sold in the second quarter of 2021, by convention synthetically allocated to the caption Income (loss) from discontinued operations of the Corporate Centre;
- the inclusion in the Insurance Division of the income statement (based on the "redetermined" figures approach described for the consolidated data) and balance sheet results of Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas[27] (net of the effects attributable to the branches object of disposal, as indicated in the comments on the consolidated income statement results), which entered the line-by-line scope of consolidation due to the finalisation of the acquisition of 100% of the capital;
- the inclusion in the Private Banking Division, of the income statement and balance sheet results of the Reyl Group, which entered the line-by-line scope of consolidation in the second quarter of 2021 due to the finalisation of the acquisition of the majority shareholding by Fideuram - Intesa Sanpaolo Private Banking, as well as the income statement and balance sheet results of the Luxembourg private bank Compagnie de Banque Privée Quilvest, which entered the scope of consolidation at the end of June 2022;
- the allocation of the income statement and balance sheet results of UBI Leasing to the divisions, following the merger by incorporation into the Parent Company in the second quarter of 2022;
- the reclassification from the caption Personnel expenses to the caption Net fee and commission income, of the charges relating to several incentive systems for employees of the Banca dei Territori Division and the Private Banking Division, where funded through fee and commission income generated based on deterministic quantification criteria correlated with that income, in line with the accounting treatment envisaged for the incentive systems for non-employee financial advisors;
- the contribution to Intesa Sanpaolo Formazione of the Intesa Sanpaolo business line dedicated to the design and provision of training services and products for Group employees based in Italy, which was carried out in preparation for the disposal of Intesa Sanpaolo Formazione, finalised at the end of June 2022.

[27] Assicurazioni Vita (formerly Aviva Vita) and Lombarda Vita were merged into Intesa Sanpaolo Vita as of 31 December 2021. Cargeas Assicurazioni was merged into Intesa Sanpaolo Assicura, a wholly-owned subsidiary of Intesa Sanpaolo Vita, as of 1 October 2022.

The table below shows the main data summarising the trend of the business areas of the Intesa Sanpaolo Group in the first nine months of 2022 compared to the like-for-like comparison data, based on the “redetermined” figures approach described for the consolidated data.

The following itemised analysis of the business areas illustrates the income statement figures and the main balance sheet aggregates. Finally, for each business area, the capital absorbed based on Risk Weighted Assets (RWAs) was also calculated. RWAs were determined in accordance with the provisions in force (Circular 285) issued by the Bank of Italy following the implementation of Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR) of 26 June 2013, amended by Regulation (EU) 2019/876 of 20 May 2019, known as CRR II, which transpose the banking supervision standards defined by the Basel Committee (the Basel 3 Framework) to European Union laws. Absorbed capital also takes account of the regulatory changes introduced by the ECB with effect from 12 March 2020, allowing the Pillar 2 requirement to be met partially using equity instruments not classified as Common Equity Tier 1. For each Division, the absorbed capital is supplemented, where necessary, with management data on "economic" capital to take into account the risks not covered by the regulatory metric.

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total
Operating income								
30.09.2022	6,526	3,451	1,619	1,749	724	1,237	490	15,796
30.09.2021 (Redetermined figures)	6,619	3,658	1,471	1,801	938	1,180	114	15,781
% change	-1.4	-5.7	10.1	-2.9	-22.8	4.8		0.1
Operating costs								
30.09.2022	-4,641	-1,022	-802	-666	-152	-269	-252	-7,804
30.09.2021 (Redetermined figures)	-4,803	-994	-774	-665	-162	-287	-263	-7,948
% change	-3.4	2.8	3.6	0.2	-6.2	-6.3	-4.2	-1.8
Operating margin								
30.09.2022	1,885	2,429	817	1,083	572	968	238	7,992
30.09.2021 (Redetermined figures)	1,816	2,664	697	1,136	776	893	-149	7,833
% change	3.8	-8.8	17.2	-4.7	-26.3	8.4		2.0
Net income (loss)								
30.09.2022	729	539	353	750	435	646	-168	3,284
30.09.2021	346	1,811	393	863	557	617	-581	4,006
% change		-70.2	-10.2	-13.1	-21.9	4.7	-71.1	-18.0

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total
Loans to customers								
30.09.2022	253,410	149,186	40,614	14,839	471	-	15,226	473,746
31.12.2021	250,592	152,543	38,970	14,450	783	-	8,533	465,871
% change	1.1	-2.2	4.2	2.7	-39.8	-	78.4	1.7
Direct deposits from banking business								
30.09.2022	290,717	94,398	53,112	56,180	17	-	56,254	550,678
31.12.2021	291,697	94,844	51,504	55,895	21	-	63,287	557,248
% change	-0.3	-0.5	3.1	0.5	-19.0	-	-11.1	-1.2
Risk-weighted assets								
30.09.2022	87,876	116,041	36,262	13,100	1,907	-	69,178	324,364
31.12.2021	93,821	112,719	34,403	11,617	1,836	-	72,507	326,903
% change	-6.3	2.9	5.4	12.8	3.9	-	-4.6	-0.8
Absorbed capital								
30.09.2022	7,549	9,992	3,885	1,151	192	4,721	4,197	31,687
31.12.2021	8,059	9,704	3,699	1,014	196	4,137	4,013	30,822
% change	-6.3	3.0	5.0	13.5	-2.0	14.1	4.6	2.8

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations. Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

BUSINESS AREAS

Banca dei Territori

(millions of euro)

Income statement	30.09.2022	30.09.2021	Changes	
			amount	%
Net interest income	2,907	2,949	-42	-1.4
Net fee and commission income	3,529	3,587	-58	-1.6
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities designated at fair value	90	75	15	20.0
Other operating income (expenses)	-	8	-8	
Operating income	**6,526**	**6,619**	**-93**	**-1.4**
Personnel expenses	-2,503	-2,594	-91	-3.5
Other administrative expenses	-2,136	-2,205	-69	-3.1
Adjustments to property, equipment and intangible assets	-2	-4	-2	-50.0
Operating costs	**-4,641**	**-4,803**	**-162**	**-3.4**
Operating margin	**1,885**	**1,816**	**69**	**3.8**
Net adjustments to loans	-415	-1,014	-599	-59.1
Other net provisions and net impairment losses on other assets	-44	-51	-7	-13.7
Other income (expenses)	11	52	-41	-78.8
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**1,437**	**803**	**634**	**79.0**
Taxes on income	-475	-249	226	90.8
Charges (net of tax) for integration and exit incentives	-14	-19	-5	-26.3
Effect of purchase price allocation (net of tax)	-26	-21	5	23.8
Levies and other charges concerning the banking industry (net of tax)	-206	-190	16	8.4
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	13	22	-9	-40.9
Net income (loss)	**729**	**346**	**383**	

(millions of euro)

	30.09.2022	31.12.2021	Changes	
			amount	%
Loans to customers	253,410	250,592	2,818	1.1
Direct deposits from banking business	290,717	291,697	-980	-0.3
Risk-weighted assets	87,876	93,821	-5,945	-6.3
Absorbed capital	7,549	8,059	-510	-6.3

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

Banca dei Territori’s operating income was 6,526 million euro in the first nine months of 2022, amounting to around 41% of the Group’s consolidated operating income, showing a decrease (-1.4%) on the same period of the previous year.
In detail, net interest income decreased (-1.4%), mainly due to the de-risking activities, which considerably reduced the stock of non-performing assets. The benefits deriving from the increase in short-term interest rates will primarily arise in the fourth quarter, with those interest rates consolidating on positive ground. Net fee and commission income was down (-1.6%), specifically those deriving from the assets under management and bancassurance segments, impacted by the unfavourable market context, which exceeded the increase in fees on placements of certificates, as well as those of the component of collection and payment services of commercial banking, including electronic services, and loans and guarantees. Among the other revenue components, which however provide a marginal contribution to the Division’s income, profits (losses) on financial assets and liabilities designated at fair value increased (+15 million euro), while other operating income was near zero. Operating costs, equal to 4,641 million euro, were down by 3.4%, thanks to savings on personnel expenses, mainly attributable to the reduction of the workforce following negotiated exits and the containment of administrative expenses, mainly discretionary expenses and those relating to service costs in the real estate sector. As a result of the foregoing, the operating margin amounted to 1,885 million euro, up 3.8% on the same period of the previous year. Gross income rose to 1,437 million euro, compared to 803 million euro in the first nine months of 2021, benefiting from the release of general

adjustments made in 2020 for future COVID-19 impacts, mainly on performing positions subject to moratoria. Lastly, after allocation to the Division of taxes of 475 million euro, charges for integration of 14 million euro, the effects of purchase price allocation for 26 million euro, levies and other charges concerning the banking industry of 206 million euro and the loss attributable to minority interests of 13 million euro, net income came to 729 million euro, a figure that more than doubled on 346 million euro in the same period of 2021.
In terms of quarterly development, the operating margin decreased compared to the second quarter of 2022 due to the downturn in revenues. Gross income grew in the third quarter, essentially due to lower net adjustments to loans, while net income decreased, specifically due to the seasonality of levies and other charges concerning the banking industry, as a result of the accounting in September for the gradual amount since the beginning of the year of 206 million euro.

The balance sheet figures at the end of September 2022 showed slight growth in total intermediated volumes of loans and deposits from the beginning of the year (+0.3%). In detail, loans to customers, amounting to 253,410 million euro, reported an increase (+1.1%, equal to +2.8 billion euro), attributable to the positive trend in loans to individuals, mainly medium/long-term, only partially offset by the decrease in loans to businesses. Direct deposits from banking business, equal to 290,717 million euro, amounted to levels slightly down from the beginning of the year (-0.3%, equal to -1 billion euro), especially in relation to the declining trend in securities issued and, to a lesser extent, amounts due to businesses. The downturn in the latter was partly offset by the growth in deposits from individuals.

IMI Corporate & Investment Banking

(millions of euro)

Income statement	30.09.2022	30.09.2021	Changes amount	Changes %
Net interest income	1,528	1,655	-127	-7.7
Net fee and commission income	861	824	37	4.5
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities designated at fair value	1,064	1,179	-115	-9.8
Other operating income (expenses)	-2	-	2	-
Operating income	**3,451**	**3,658**	**-207**	**-5.7**
Personnel expenses	-370	-357	13	3.6
Other administrative expenses	-636	-621	15	2.4
Adjustments to property, equipment and intangible assets	-16	-16	-	-
Operating costs	**-1,022**	**-994**	**28**	**2.8**
Operating margin	**2,429**	**2,664**	**-235**	**-8.8**
Net adjustments to loans	-1,356	-39	1,317	
Other net provisions and net impairment losses on other assets	-105	-1	104	
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**968**	**2,624**	**-1,656**	**-63.1**
Taxes on income	-415	-820	-405	-49.4
Charges (net of tax) for integration and exit incentives	-15	-15	-	-
Effect of purchase price allocation (net of tax)	-	20	-20	
Levies and other charges concerning the banking industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	1	2	-1	-50.0
Net income (loss)	**539**	**1,811**	**-1,272**	**-70.2**

(millions of euro)

	30.09.2022	31.12.2021	Changes amount	Changes %
Loans to customers	149,186	152,543	-3,357	-2.2
Direct deposits from banking business (1)	94,398	94,844	-446	-0.5
Risk-weighted assets	116,041	112,719	3,322	2.9
Absorbed capital	9,992	9,704	288	3.0

(1) The item includes certificates.

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

In the first nine months of 2022, the **IMI Corporate & Investment Banking Division** recorded operating income of 3,451 million euro (representing around 22% of the Group's consolidated total), down 5.7% compared to the same period of last year.
In detail, net interest income, equal to 1,528 million euro, decreased by 7.7%, mainly due the decreased contribution of the Global Markets securities portfolio. Net fee and commission income, amounting to 861 million euro, increased by 4.5%, due to the performance of the structured finance and commercial banking segments, which offset lower fee and commission income from investment banking, negatively affected by the negative macroeconomic scenario.
Profits (losses) on financial assets and liabilities designated at fair value, equal to 1,064 million euro, decreased (-115 million euro; -9.8%), mainly due to the lower gains on the sale of HTCS debt securities, only partly offset by gains on HTC securities and the positive impact deriving from the debt value adjustment (DVA).
Operating costs amounted to 1,022 million euro, an increase of 2.8%, attributable to administrative and personnel expenses.
As a result of the above revenue and cost trends, the operating margin decreased by 8.8% compared to the first nine months of the previous year, amounting to 2,429 million euro. Gross income, equal to 968 million euro, recorded a sharp decrease (-63.1%) due to the significant value adjustments posted in relation to the events regarding Russia and Ukraine. Finally, net income came to 539 million euro (-70.2%).

The IMI Corporate & Investment Banking Division saw a significant decrease in the operating margin in the third quarter of 2022 compared to the second, mainly due to lower revenue from financial assets and liabilities designated at fair value, which was impacted by lower earnings from debt securities. The operating margin was impacted by the recovery of the second quarter results of the Russian investee, with significant impacts on net interest income. The negative trend in the operating margin reflected on gross income and net income, only partially mitigated by lower adjustments to loans made on positions exposed to the Russia-Ukraine conflict.

The Division's intermediated volumes were down compared to the beginning of the year (-1.5%). In detail, loans to customers, equal to 149,186 million euro, recorded a decrease (-2.2%, equal to -3.4 billion euro), mainly attributable to the reduction in medium/long-term loans for structured finance transactions and to international customers, as well as decreased operations in the global markets segment. Direct deposits from banking business, equal to 94,398 million euro, recorded a slight decrease (-0.5%, equal to -0.4 billion euro), mainly attributable to the decreases in amounts due to global corporate and financial institutions customers and the securities issued of the International Department and the Global Markets Department, largely absorbed by the increase in funding through certificates.

International Subsidiary Banks

(millions of euro)

Income statement	30.09.2022	30.09.2021	Changes amount	Changes %
Net interest income	1,132	988	144	14.6
Net fee and commission income	436	408	28	6.9
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities designated at fair value	99	104	-5	-4.8
Other operating income (expenses)	-48	-29	19	65.5
Operating income	**1,619**	**1,471**	**148**	**10.1**
Personnel expenses	-410	-398	12	3.0
Other administrative expenses	-307	-292	15	5.1
Adjustments to property, equipment and intangible assets	-85	-84	1	1.2
Operating costs	**-802**	**-774**	**28**	**3.6**
Operating margin	**817**	**697**	**120**	**17.2**
Net adjustments to loans	-233	-118	115	97.5
Other net provisions and net impairment losses on other assets	-12	-23	-11	-47.8
Other income (expenses)	3	5	-2	-40.0
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**575**	**561**	**14**	**2.5**
Taxes on income	-160	-117	43	36.8
Charges (net of tax) for integration and exit incentives	-31	-29	2	6.9
Effect of purchase price allocation (net of tax)	-	-	-	-
Levies and other charges concerning the banking industry (net of tax)	-31	-22	9	40.9
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-	-	-
Net income (loss)	**353**	**393**	**-40**	**-10.2**

(millions of euro)

	30.09.2022	31.12.2021	Changes amount	Changes %
Loans to customers	40,614	38,970	1,644	4.2
Direct deposits from banking business	53,112	51,504	1,608	3.1
Risk-weighted assets	36,262	34,403	1,859	5.4
Absorbed capital	3,885	3,699	186	5.0

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

The **International Subsidiary Banks Division** is responsible for the Group's activities in foreign markets through commercial banking subsidiaries and associates, mainly active in retail banking.

In the first nine months of 2022, the Division's operating income came to 1,619 million euro, up by 10.1% on the same period of the previous year (+11.4% at constant exchange rates). A detailed analysis shows that net interest income came to 1,132 million euro (+14.6%), mainly due to the favourable performance of CIB Bank (+93 million euro) and, to a lesser extent, Bank of Alexandria (+21 million euro) and VUB Banka (+18 million euro). Net fee and commission income, equal to 436 million euro, was up (+6.9%), mainly due to PBZ - including Intesa Sanpaolo Bank (Slovenia) and Intesa Sanpaolo Banka Bosna i Hercegovina (+17 million euro) – and VUB Banka (+16 million euro). Among the other revenue components, profits on financial assets and liabilities designated at fair value decreased (-5 million euro) on the first nine months of 2021, and other net operating costs increased (+19 million euro).
Operating costs of 802 million euro increased (+3.6%; +4.4% at constant exchange rates) mainly due to the increase in administrative and personnel expenses.
As a result of the above revenue and cost trends, the operating margin increased by 17.2%, amounting to 817 million euro. Gross income, equal to 575 million euro, increased by 2.5%, influenced by higher net adjustments to loans as a result of the events concerning Russia and Ukraine. The Division closed the first nine months of 2022 with net income of 353 million euro (-10.2%).

At the quarterly level, in the third quarter of 2022 the operating margin increased compared with the second quarter, as a result of the favourable trend in revenues, which more than offset the increase in operating costs. Gross income and net income were also positively impacted by lower net adjustments to loans and lower net provisions and net adjustments to other assets.

The Division's intermediated volumes grew at the end of September 2022 (+3.6%, equal to +3.3 billion euro) compared to the beginning of the year owing to both loans to customers (+4.2%) and the component of amounts due to customers in direct deposits from banking business (+3.1%). Lending performance was mainly attributable to the subsidiaries operating in Slovakia, Serbia and Croatia, while the growth in deposits was attributable to the subsidiary operating in Croatia and, to a lesser extent, those in Slovenia, Serbia and Slovakia.

Private Banking

(millions of euro)

Income statement	30.09.2022	30.09.2021	Changes	
			amount	%
Net interest income	203	164	39	23.8
Net fee and commission income	1,505	1,565	-60	-3.8
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities designated at fair value	29	49	-20	-40.8
Other operating income (expenses)	12	23	-11	-47.8
Operating income	**1,749**	**1,801**	**-52**	**-2.9**
Personnel expenses	-340	-343	-3	-0.9
Other administrative expenses	-265	-266	-1	-0.4
Adjustments to property, equipment and intangible assets	-61	-56	5	8.9
Operating costs	**-666**	**-665**	**1**	**0.2**
Operating margin	**1,083**	**1,136**	**-53**	**-4.7**
Net adjustments to loans	-7	-	7	-
Other net provisions and net impairment losses on other assets	22	-28	50	
Other income (expenses)	-	194	-194	
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**1,098**	**1,302**	**-204**	**-15.7**
Taxes on income	-291	-391	-100	-25.6
Charges (net of tax) for integration and exit incentives	-22	-14	8	57.1
Effect of purchase price allocation (net of tax)	-15	-16	-1	-6.3
Levies and other charges concerning the banking industry (net of tax)	-19	-15	4	26.7
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-1	-3	-2	-66.7
Net income (loss)	**750**	**863**	**-113**	**-13.1**

(millions of euro)

	30.09.2022	31.12.2021	Changes	
			amount	%
Assets under management (1)	148,330	166,830	-18,500	-11.1
Risk-weighted assets	13,100	11,617	1,483	12.8
Absorbed capital	1,151	1,014	137	13.5

(1) Figures restated in line with consolidated reporting criteria of indirect customer deposits.

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

The **Private Banking Division** serves the top customer segment (Private and High Net Worth Individuals), creating value by offering top products and services. The Division coordinates the operations of Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking, Fideuram Asset Management SGR, IW Private Investments, SIREF Fiduciaria, Fideuram Asset Management (Ireland), Fideuram Bank (Luxembourg) and the Swiss banking group Reyl (in Switzerland, the United Kingdom, Singapore, the United Arab Emirates and Malta). On 30 June 2022, the Division acquired 100% of Compagnie de Banque Privée Quilvest S.A., a Luxembourg private bank with branches in Belgium, with the goal of creating an additional hub in the European Union. Moreover, with the goal of offering a large, dedicated range of products, availing of digital solutions that will be expanded over time, the new Direct Banking business unit was created to meet the needs of customers that wish to autonomously handle their investments and on-line trading.

In the first nine months of 2022, the Division achieved gross income of 1,098 million euro, down by 204 million euro (-15.7%) on the value of the first nine months of 2021, which included the capital gain of 194 million euro realised on the sale of the business line related to the activities of Custodian Bank of Fideuram Bank (Luxembourg), recorded under Other income. The operating margin decreased by 53 million euro (-4.7%), attributable to the reduction in operating income (-52 million euro), with operating costs substantially stable. The trend in revenues is attributable to the decrease in net fee and commission income (-60 million euro), profits (losses) on financial assets and liabilities designated at fair value (-20 million euro) and other operating income (-11 million euro). Net interest income moved in the opposite direction, increasing by 39 million euro (+23.8%) in a scenario of rising interest rates. The Division closed the first nine months of 2022 with net income of 750 million euro, down by 13.1% on the same period of 2021.

The values of assets gathered have been recognised in accordance with the reporting criteria for indirect customer deposits used in the Intesa Sanpaolo Group's consolidated financial statements, involving in particular the elimination of customer current accounts correlated with investment transactions, bonds and certificates that, despite being part of customers' assets, are already included in direct customer deposits. In addition, third-party products were reallocated from assets under management to assets under administration.

As at 30 September 2022, assets gathered, which also include the contribution of the trust mandates for SIREF Fiduciaria, amounted to 262.6 billion euro (-31.3 billion euro since the beginning of the year). This trend was due to the market performance that had a negative effect on assets, only partially offset by positive net inflows. The assets under management component amounted to 148.3 billion euro (-18.5 billion euro).

Asset Management

(millions of euro)

Income statement	30.09.2022	30.09.2021	Changes	
			amount	%
Net interest income	-	-1	-1	
Net fee and commission income	690	887	-197	-22.2
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities designated at fair value	-22	-3	19	
Other operating income (expenses)	56	55	1	1.8
Operating income	**724**	**938**	**-214**	**-22.8**
Personnel expenses	-73	-78	-5	-6.4
Other administrative expenses	-74	-79	-5	-6.3
Adjustments to property, equipment and intangible assets	-5	-5	-	-
Operating costs	**-152**	**-162**	**-10**	**-6.2**
Operating margin	**572**	**776**	**-204**	**-26.3**
Net adjustments to loans	-	-	-	-
Other net provisions and net impairment losses on other assets	-	-	-	-
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**572**	**776**	**-204**	**-26.3**
Taxes on income	-132	-205	-73	-35.6
Charges (net of tax) for integration and exit incentives	-1	-2	-1	-50.0
Effect of purchase price allocation (net of tax)	-3	-3	-	-
Levies and other charges concerning the banking industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-1	-9	-8	-88.9
Net income (loss)	**435**	**557**	**-122**	**-21.9**

(millions of euro)

	30.09.2022	31.12.2021	Changes	
			amount	%
Assets under management	301,788	354,048	-52,260	-14.8
Risk-weighted assets	1,907	1,836	71	3.9
Absorbed capital	192	196	-4	-2.0

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

The **Asset Management Division** pursues the mission of developing the best asset management solutions aimed at the Group's customers and its presence on the open market segment through the subsidiary Eurizon Capital SGR and its subsidiaries.

Operating income in the first nine months of 2022, amounting to 724 million euro, decreased by 22.8% compared to the same period of the previous year, mainly attributable to the trend in net fee and commission income (-197 million euro), negatively affected by the unfavourable tone of the financial markets and, to a lesser extent, the negative contribution from the fair value measurement of the financial portfolio in which cash and cash equivalents of the Division are invested. Specifically, fee and commission income was impacted by the decrease in performance fees collected during the period and, to a lesser extent, in management fees related to the decrease in assets managed and placement. The Chinese subsidiary Penghua, consolidated at equity, provided a positive contribution to revenues of 56 million euro. The performance of operating costs (-6.2%) is attributable to the reduction in administrative expenses, attributable to the effects of the synergies deriving from the integration with Pramerica finalised at the end of June 2021, and personnel expenses. As a result of the above revenue and cost trends, the operating margin came to 572 million euro, down 26.3% compared to the same period of the previous year. The Division closed the first nine months of 2022 with net income of 435 million euro (-21.9%).

As at 30 September 2022, assets managed by the Asset Management Division amounted to nearly 302 billion euro, down by 52.3 billion euro (-14.8%) compared to the end of December 2021. This trend is attributable to the impairment of assets managed relating to the negative performance of the markets, in addition to net outflows (-4.8 billion euro), attributable to mutual funds (-3.1 billion euro), insurance/pension products and those targeted to institutional customers (-1.1 billion euro), as well as portfolio management schemes for retail and private customers (-0.6 billion euro).

As at 30 September 2022, Eurizon Capital's Italian market share of assets under management was 17.1% (gross of duplications). Excluding the closed-end funds segment, in which the company has a limited presence, the share of assets under management at the end of September rose to 17.7%.

Insurance

(millions of euro)

Income statement	30.09.2022	30.09.2021	Changes amount	Changes %
Net interest income	-	-	-	-
Net fee and commission income	2	1	1	
Income from insurance business	1,245	1,189	56	4.7
Profits (Losses) on financial assets and liabilities designated at fair value	-	-	-	-
Other operating income (expenses)	-10	-10	-	-
Operating income	**1,237**	**1,180**	**57**	**4.8**
Personnel expenses	-100	-102	-2	-2.0
Other administrative expenses	-155	-170	-15	-8.8
Adjustments to property, equipment and intangible assets	-14	-15	-1	-6.7
Operating costs	**-269**	**-287**	**-18**	**-6.3**
Operating margin	**968**	**893**	**75**	**8.4**
Net adjustments to loans	-	-	-	-
Other net provisions and net impairment losses on other assets	-12	-155	-143	-92.3
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**956**	**738**	**218**	**29.5**
Taxes on income	-253	-173	80	46.2
Charges (net of tax) for integration and exit incentives	-7	-18	-11	-61
Effect of purchase price allocation (net of tax)	-49	-16	33	
Levies and other charges concerning the banking industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-1	86	-87	
Net income (loss)	**646**	**617**	**29**	**4.7**

(millions of euro)

	30.09.2022	31.12.2021	Changes amount	Changes %
Direct deposits from insurance business (1)	173,970	204,481	-30,511	-14.9
Risk-weighted assets	-	-	-	-
Absorbed capital	4,721	4,137	584	14.1

(1) Including the subordinated securities issued by the companies.

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

The **Insurance Division** includes Intesa Sanpaolo Vita, Intesa Sanpaolo Life, Fideuram Vita, Intesa Sanpaolo Assicura, Intesa Sanpaolo RBM Salute and Cargeas, with the mission of synergically developing the insurance product mix targeting Group customers. The scope of the Insurance Division also includes Intesa Sanpaolo Insurance Agency.

In the first nine months of 2022, the Division reported income from insurance business of 1,245 million euro, up (+4.7%, equal to +56 million euro) compared to the same period of 2021. This trend is attributable to the increase in the net investment result, which more than offset the reduction in the technical margin, specifically in the life business. Gross income, amounting to 956 million euro, showed sustained growth (+29.5%), due to the reduction in operating costs, the increase in operating income and lower net provisions. In the first nine months of 2021, the latter included the provision of 126 million euro representing the claims in excess of premiums accrued as at 30 June 2021 and the estimated future charges also generated as a result of the greater use of benefits by insured persons on conclusion of the long periods of lockdown.
The cost/income ratio, at 21.7%, remained at very good levels, lower than those recorded in the first nine months of 2021.
Lastly, net income came to 646 million euro (+4.7%) after the attribution of taxes of 253 million euro, charges for integration and exit incentives of 7 million euro, effects of purchase price allocation for 49 million euro (up on the same period of comparison due to the effects of the acquisition of the insurance companies of the former UBI Banca Group). With regard to income (losses) attributable to minority interests, which did not have material values in the period, in the first nine months of

2021 this caption incorporated the attribution by convention of the net income pertaining to the insurance companies of the former UBI Group.

Direct deposits from insurance business, equal to 173,970 million euro, decreased (-14.9%, equal to -30.5 billion euro) on the beginning of the year, attributable to both financial liabilities designated at fair value, comprised of unit-linked products, and technical reserves, due to the impact of the international scenario on the financial markets.

The Division's collected premiums for life policies and pension products, amounting to 11.9 billion euro, decreased by around 16% compared to the first nine months of last year, due to unit-linked products (-38%), as a result of the uncertainty on the financial markets. The increase regarded funding from traditional and pension products, including the Class I component of multi-line policies (+24% and +2%, respectively).

Collected premiums for the protection business totalled 1.1 billion euro, substantially stable (-0.6%) on the same period of 2021. Premiums in the non-motor business (excluding CPI – Credit Protection Insurance) rose slightly (+3%), mainly driven by the Business and Accident Lines of Business (LoB) (+27% and +29%, respectively), against a decrease in the other components.

Corporate Centre

The Corporate Centre is responsible for guidance, coordination and control of the whole Group, as well as for the NPE Department, Treasury and Strategic ALM.

The Corporate Centre Departments generated an operating margin of 238 million euro in the first nine months of 2022, compared to -149 million euro in the same period of the previous year. That performance is essentially attributable to the growth in operating income, specifically in the component of net interest income, mainly relating to the lower cost of excess liquidity deriving from the rise in interest rates in the third quarter of 2022, as well as the higher volumes of the Treasury securities portfolio. Operating costs recorded a decrease, attributable to savings on personnel expenses and synergies on administrative expenses. Gross income amounted to 437 million euro compared to a loss of 639 million euro in the first nine months of the previous year, which included net adjustments to loans (net recoveries in the first nine months of 2022), lower other income and higher net provisions. The first nine months of 2022 closed with a net loss of -168 million euro, compared to -581 million euro in the same period of the previous year. The income statement of the Corporate Centre includes almost all of the charges imposed by legislative provisions and/or aimed at maintaining the stability of the banking industry and consequently outside the company management, essentially related to the resolution funds. These charges amounted - after tax - to 288 million euro, compared with 262 million euro in the first nine months of 2021.

Treasury services

The Group Treasury and Finance includes treasury services in euro and foreign currencies, and the integrated management of liquidity requirements/surpluses, financial risks (ALM) and settlement risks.

In the third quarter of 2022, Intesa Sanpaolo confirmed its systemic role as a “critical participant” in the ECB’s settlement systems (Target2 and Target2 Securities), keeping its domestic and European market shares stable.
With regard to the Payment Systems area, the activities relating to the various projects that will result in the completion of the new European settlement platform for “Target Services” continued. Specifically: the technical migration of the T2S Service to the new platform was completed; the testing and training phase of the T2 Service continued, for which, due to the instability of the ECB platform, user testing times were extended and the confirmation of the go-live date is uncertain; software development relating to ECMS (centralised management of collateral), the last of the Target Services, continued. Lastly, on 12 July the go-live of the new EBA Clearing CGS (Continuous Gross Settlement) system for settling SEPA credit transfers was successfully completed.

To combat the sharp rise in current inflation and future expectations, after terminating the asset purchase programme (APP), in July the ECB launched a phase of increasing official interest rates. An initial increase of 50 basis points in July, which effectively concluded the season of negative interest rates, was followed in mid-September by a second, more robust increase of 75 basis points. Despite the concerns about the continuing war in Ukraine and the repercussions on the economy of a possible stop to Russia’s gas supplies to Europe, the European Central Bank increased interest rates by an additional 75 basis points at the end of October, bringing the key rate to 2% and announcing the possibility that it may intervene in upcoming months with additional increases to reduce high inflation.
Market interest rates rose sharply. The cost of funds followed the market trend, rising due to the new expectations on interest rates.
Intesa Sanpaolo continued to maintain a sound liquidity position. Outstanding short-term securities funding was also stable, despite the extreme volatility of the money market and the uncertainty arising as a result of the resignation of the Draghi government, which led to the elections on 25 September.
In the United States, the phase of restrictive monetary policy continued also in the third quarter: at its two meetings held in the third quarter, the Fed increased key interest rates by an additional 150 basis points, bringing them to the range of 3.00-3.25%. The Fed emphasised that the phase of increases in US interest rates will continue until the targets for reducing inflation have been reached. At the end of September, the expectations incorporated in US futures prices were pricing in interest rates at around 4.25% by the end of the year.

The total amount of Group securities placed on the domestic market in the quarter via its own networks and direct listings was 2.361 billion euro. Among the securities placed, there was a prevalence (99%) of the component consisting of structured financial instruments, mainly comprised of index-linked securities. A breakdown by average maturity shows that 66% is comprised of instruments with maturities up to 5 years, 33% is represented by 6- and 7-year securities, and the remaining 1% by 8- and 10-year securities.

During the period, institutional unsecured funding transactions were completed for a total of 1.743 billion euro, of which 1.505 billion euro through bond issues placed with institutional investors and 238 million euro through the issue of bonds and certificates by the IMI Corporate & Investment Banking Division placed with institutional investors.
Specifically, in September the third public fixed-rate senior non-preferred issue was finalised. This is a 1 billion euro issue with 5-year maturity, targeted to institutional investors. The security is a “Green” security, for the purpose of funding all green projects in the categories listed in the Green Bond & Sustainability Framework: “Renewable Energy”, “Energy Efficiency”, “Green Buildings”, “Clean Transportation” and “Circular Economy”.
Moreover, also in September, a public transaction targeted to the UK market was finalised. This is a fixed-rate subordinated T2 issue of 400 million GBP (equal to around 460 million euro) with 10-year maturity.
Lastly, during the quarter, private placements were made in EUR and JPY for a total value of 45 million euro.

With reference to Covered Bond issue programmes, during the third quarter, as part of the programme guaranteed by ISP OBG, the 47th retained series was issued, for an amount of 10 million euro. The security is a floating rate, 30-year

security listed on the Luxembourg Stock Exchange with an A (high) rating from DBRS, was fully subscribed by the Parent Company and is eligible for the Eurosystem.
With regard to the programme guaranteed by UBI Finance, the 28th series was partially extinguished for an amount of 175 million euro.

For the management of collateral, Intesa Sanpaolo also uses the A.Ba.Co. (Collateralised Bank Assets) procedure, which allows bank loans disbursed to non-financial companies to be used to secure loan transactions with the Bank of Italy: at 30 September 2022 the amount outstanding, gross of the haircuts applicable to loans lodged as pledge by the Group, amounted to 16.9 billion euro.

In the third quarter, the persistent inflationary pressures continued to push interest rates upwards, despite a temporary decrease in July. The expected tightening of monetary policy from the main Central Banks weighed on all risky assets, while Italian debt suffered also due to the premature conclusion of the current government. During the quarter, portfolio turnover was aimed at reducing the Italian government component and some components in the non-government portfolio, in order to compress the use of capital and reduce the risk profile of the portfolios in a phase of growing uncertainty and volatility.

With reference to the repo market, volumes of Italian government bonds traded remained essentially unchanged on the previous quarter and interest rates reached lower levels than the deposit facility.
The spread between the rates of the core countries and Italian government bonds widened slightly compared to the previous quarter. At the changeover between the second and third quarters, interest rates decreased, associated with a significant widening of spreads.

Strategic ALM

With regard to the Group’s Asset & Liability Management (ALM), operational management of the financial risks of the Group’s banking book is carried out by Group Treasury and Finance under the supervision of the CRO Area. Interest rate risk is monitored and managed mainly by examining the sensitivity of the market value of the various positions in the banking book to parallel shifts in the interest rate curve and the sensitivity of net interest income; moreover, specific scenario analysis techniques on rate developments are used, as well as performance scenarios for specific positions. The strategic choices on interest rate risk are made by the Group Financial Risk Committee - Asset & Liability Committee - ALCO session, within the limits established by the Board of Directors: the Group Treasury & Finance structure actively supports the Committee’s decision-making activity by formulating analyses and proposals. The structural component of liquidity risk is managed, based on the liquidity policies defined at Group level, by monitoring the current and future short and long-term liquidity balances, defining the funding plan on the various channels and instruments (domestic/international, retail/corporate, secured/unsecured, preferred/non preferred/subordinate), while observing the liquidity indicators (LCR, NSFR and the other RAF indicators) and the loan-deposit gap targets of the Business Units. The structural component of foreign exchange risk is managed, based on the policies on the matter defined at Group level, by monitoring the Group’s overall position, also with a view to optimising the capital ratios.

Risk management

THE CORE PRINCIPLES OF RISK MANAGEMENT

The policies relating to risk taking and the processes for the management of the risks to which the Group is or could be exposed are approved by the Board of Directors of Intesa Sanpaolo as the Parent Company, with the support of the Risks and Sustainability Committee. The Management Control Committee, which is the body with control functions, supervises the adequacy, efficiency, functionality and reliability of the risk management process and of the Risk Appetite Framework (RAF).
The Managing Director and CEO has the power to submit proposals for the adoption of resolutions concerning the risk system and implements all the resolutions of the Board of Directors, with particular reference to the implementation of the strategic guidelines, the RAF and the risk governance policies.
The Corporate Bodies also benefit from the action of some managerial committees on risk management. These committees, which include the Steering Committee, operate in compliance with the primary responsibilities of the Corporate Bodies regarding the internal control system and the prerogatives of corporate control functions, and in particular the risk control function.
The Chief Risk Officer Governance Area, directly reporting to the Managing Director and CEO, in which the risk management functions are concentrated, including the controls on the risk management and internal validation process, represents a relevant component of the “second line of defence” of the internal control system that is separate and independent from the business supporting functions. This Area is responsible for: i) governing the macro process of definition, approval, control and implementation of the Group’s Risk Appetite Framework with the support of the other corporate functions involved; ii) assisting the Corporate Bodies in setting and implementing the Group’s risk management guidelines and policies, in accordance with the company’s strategies and objectives; iii) coordinating and verifying their implementation by the responsible units of the Group, also within the various corporate areas; iv) guaranteeing the measurement and control of the Group’s exposure to various types of risk and v) implementing the II level controls on credit and other risks, in addition to ensuring the validation of internal risk measurement and management systems.
The Parent Company performs a guidance and coordination role with respect to the Group companies[28], aimed at ensuring effective and efficient risk management at consolidated level, exercising responsibility in setting the guidelines and methodological rules for the risk management process, and pursuing, in particular, integrated information at Group level to the Bodies of the Parent Company, with regard to the completeness, adequacy, functioning and reliability of internal control system. For the corporate control functions in particular, there are two different types of models within the Group: i) the centralised management model based on the centralisation of the activities at the Parent Company and ii) the decentralised management model that involves the presence of locally established corporate control functions that conduct their activities under the direction and coordination of the same corporate control functions of the Parent Company, to which they report in functional terms.
Irrespective of the control model adopted within their company, the Corporate Bodies of the Group companies are aware of the choices made by the Parent Company and are responsible for the implementation, within their respective organisations, of the control strategies and policies pursued and promoting their integration within the Group controls.
The risk measurement and management tools contribute to defining a risk-monitoring framework at Group level, capable of assessing the risks assumed by the Group from a regulatory and economic point of view. The level of absorption of economic capital, defined as the maximum "unexpected" loss the Group might incur over a year, is a key measure for determining the Group’s financial structure, risk appetite and for guiding operations, ensuring a balance between risks assumed and shareholder returns. It is estimated on the basis of the current situation and also as a forecast, based on the budget assumptions and projected economic scenario. The assessment of capital is included in business reporting and is submitted quarterly to the Steering Committee, the Risks and Sustainability Committee and the Board of Directors, as part of the Tableau de Bord of the Group Risks. Risk hedging, given the nature, frequency and potential impact of the risk, is based on a constant balance between mitigation/hedging action, control procedures/processes and capital protection measures.

It is worth noting that the Group is carefully monitoring the evolution of the repercussions of the Russia-Ukraine crisis on the real economy and the main financial variables, also by conducting specific scenario analyses and stress tests to assess the potential impacts in terms of earnings and capital adequacy. These analyses focus both on the direct effects, such as the deterioration of the situation of the counterparties in the countries involved, and the indirect effects, including the effects on the Group’s other customers deriving from the possible changes in the economic and financial environment, also considering the rising energy costs and the possible reduction in the availability of certain energy sources. Although the situation is constantly evolving, leaving aside extreme scenarios of conflict escalation that could lead to outcomes that are currently difficult to assess, these analyses have found that the Group would be able to ensure compliance – also through the implementation of specific actions – with the regulatory requirements and the stricter limits set internally.

[28] In this regard, it is specified that Intesa Sanpaolo does not exercise management and coordination over Risanamento S.p.A. or its subsidiaries pursuant to Articles 2497 *et seq.* of the Italian Civil Code.

THE BASEL 3 REGULATIONS

In view of compliance with the reforms of the previous accord by the Basel Committee (“Basel 3”), the Intesa Sanpaolo Group has undertaken adequate project initiatives, expanding the objectives of the Basel 2 Project in order to improve the measurement systems and the related risk management systems.
With regard to credit risks, the ECB’s authorisation to use the new Retail models for regulatory purposes was implemented starting from September 2022.
The periodic updating and alignment to changes in regulations governing IRB systems and their extension continue in accordance with the Regulatory Roadmap agreed with the Supervisory Authorities.
With regard to counterparty risk, there were no changes in the scope of application compared to 30 June 2022.
With regard to operational risk, the Group obtained authorisation to use the Advanced Measurement Approach (AMA – internal model) to determine the associated capital requirement for regulatory purposes, with effect from the report as at 31 December 2009. There were no changes in the scope of application compared to 30 June 2022.
The annual Internal Capital Adequacy Assessment Process (ICAAP) Report, based on the extensive use of internal risk measurement methodologies, internal capital and total capital available, was approved and sent to the ECB in April 2022.

As part of its adoption of Basel 3, the Group publishes information concerning capital adequacy, exposure to risks and the general characteristics of the systems aimed at identifying, monitoring and managing them in a document entitled “Basel 3 - Pillar 3” or simply “Pillar 3”.
The document is published on the website (group.intesasanpaolo.com) on a quarterly basis.

THE VALUATION IMPACTS FOR THE ISP GROUP OF THE MILITARY CONFLICT BETWEEN RUSSIA AND UKRAINE

Valuation of exposures to counterparties resident in Russia and Ukraine
As stated, as at 30 September 2022 the Group presented the following on-balance sheet exposures to counterparties resident in Russia and Ukraine, net of ECA guarantees and gross/net of value adjustments carried out:

(millions of euro)

	30.09.2022 (*)				31.12.2021 (**)			
	Gross exposure		Net exposure		Gross exposure		Net exposure	
	Russia	Ukraine	Russia	Ukraine	Russia	Ukraine	Russia	Ukraine
Loans to customers	**2,234**	**220**	**1,597**	**97**	**4,518**	**226**	**4,486**	**224**
Banca Intesa Russia	*519*	*-*	*267*	*-*	*644*	*-*	*614*	*-*
Pravex	*-*	*123*	*-*	*-*	*-*	*156*	*-*	*154*
Cross-border exposures	*1,715*	*97*	*1,330*	*97*	*3,874*	*70*	*3,872*	*70*
Due from banks	**738**	**69**	**711**	**68**	**305**	**57**	**305**	**56**
Banca Intesa Russia	*679*	*-*	*657*	*-*	*269*	*-*	*269*	*-*
Pravex	*-*	*69*	*-*	*68*	*-*	*57*	*-*	*56*
Cross-border exposures	*59*	*-*	*54*	*-*	*36*	*-*	*36*	*-*
Securities	**156**	**14**	**95**	**5**	**118**	**58**	**118**	**56**
Banca Intesa Russia	*57*	*-*	*53*	*-*	*24*	*-*	*24*	*-*
Pravex	*-*	*3*	*-*	*3*	*-*	*48*	*-*	*46*
IMI C&IB Division	*33*	*-*	*15*	*-*	*29*	*-*	*29*	*-*
Insurance Division	*66*	*11*	*27*	*2*	*65*	*10*	*65*	*10*

(*) In addition to the on-balance sheet exposures shown in the table, there are off-balance sheet exposures to customers for 264 million euro (239 million euro net) at Banca Intesa Russia, and 73 million euro (gross and net value) at Pravex, in addition to 288 million euro (246 million euro net) in cross-border off-balance sheet exposures to resident customers, net of ECA.
There are also 189 million euro (186 million euro net) in cross-border off-balance sheet exposures to banks resident in Russia and 18 million euro (gross and net value) in cross-border off-balance sheet exposures to banks resident in Ukraine, as well as exposures in OTC derivatives for 6 million euro in fair value (referring to the Parent Company).
Lastly, cross-border exposures to customers resident in Ukraine are covered by guarantees granted by parties in the European Union and the United States.

(**) In addition to the on-balance sheet exposures shown in the table, there are off-balance sheet exposures to customers for 254 million euro (253 million euro net) at Banca Intesa Russia, and 88 million euro (gross and net value) at Pravex, in addition to 995 million euro (gross and net value) in cross-border off-balance sheet exposures to resident customers, net of ECA. There are also 1,109 million euro (gross and net value) in cross-border off-balance sheet exposures to banks resident in Russia.
Lastly, cross-border exposures to customers resident in Ukraine are covered by guarantees granted by parties in the European Union and the United States.

As shown in the table, during the year, the Group has taken active steps to significantly reduce the credit risks associated with the Russian-Ukrainian conflict.
Specifically, in the second and third quarters of the year, the gross credit exposure to the total counterparties resident in Russia and Ukraine decreased by 2,290 million euro (-48% compared to the end of the previous year), mainly due to the sale of a significant position (for 2,187 million euro) and the decrease in outstanding loans to customers at the subsidiary Banca Intesa Russia of around 125 million euro (of which 413 million euro in terms of reduction in volumes offset by the increase of 288 million euro attributable to the effect of the appreciation of the rouble).
In addition, on 5 October, the sale was completed of another position for 369 million euro, bringing the reduction of the total gross exposure to over 2.6 billion euro (-56%).
Without the above-mentioned appreciation of the rouble, the decline in exposures would have been more than 60%.

As a result of the above, the remaining exposures amounted, in terms of gross values, to 519 million euro (267 million euro net) for Banca Intesa Russia (figures as at 30 September 2022, as described below) and 1,715 million euro (1,330 million euro net) for cross-border exposures to customers resident in Russia (net of ECA guarantees). These were accompanied by exposures to banks totalling 738 million euro (711 million euro net) and in securities totalling 156 million euro (95 million euro net)[29]. Exposures to customers resident in Ukraine amounted to 220 million euro (97 million euro net), of which 123 million euro (book value nil in net terms) related to the subsidiary Pravex Bank (figures as at 30 September 2022, as described below). These were accompanied by exposures to banks and in securities totalling 83 million euro (73 million euro net).

On the whole, the Group suffered effects on the income statement related to the impacts deriving from the conflict for a total of 1,341 million euro gross of the tax effect, deriving mainly from existing credit risk to customers (1,289 million euro), valued based on IFRS 9.

These significant adjustments and the above-mentioned sales therefore resulted in a net exposure to counterparties resident in Russia and Ukraine of 1,694 million euro as at 30 September 2022, down 3,016 million euro from 31 December 2021 (-64%). The additional sale completed on 5 October brought the reduction to 3.3 billion euro (-70%).

Starting in March 2022, among the areas receiving the greatest attention in terms of credit assessments in the emergency triggered by the conflict in Ukraine, a specific focus was dedicated to the Group's exposure to counterparties resident in Russia and Ukraine. Specifically, customised measures were implemented to strengthen the oversight of credit risk, also by updating the assessment of creditworthiness, of counterparties with residency or parent companies in the Russian Federation, Belarus or Ukraine. In that context, the deterioration of specific positions was also acknowledged, which were classified among unlikely-to-pay exposures and, as a result, subject to analytical measurement. As at 30 September, a total of 347 million euro of on-balance sheet non-performing loans to counterparties resident in Russia were recorded, relating to positions already classified as at 30 June, in addition to 77 million euro relating to the Russian subsidiary and 123 million euro relating to the classification of the entire portfolio of the Ukrainian subsidiary to bad loan status (as described below).
In line with the disclosure already provided in the Half-yearly Report as at 30 June, with regard to the portfolio that did not show signs of deterioration, the analyses of the accounting standard and the related Annexes show no indications or examples aimed at setting out specific guidelines for the measurement of Expected Credit Losses in contexts of war or defining specific methods of increasing credit risk due to sudden, serious geopolitical crises such as the current one. The most pertinent references to the current scenario seem to be those set out in the Application Guidance of the standard. These allow/suggest the use of collective assessment to verify the existence of a Significant Increase in Credit Risk (SICR) with a view to staging the credit exposures[30], as well as, in line with the treatment set out for capturing the critical issues of another recent emergency situation (COVID-19[31]), using the management overlay in calculating the ECL, to define the most suitable methods to incorporate the aspects linked to the ongoing conflict into provisions.
With specific reference to cross-border positions, the Group thus decided to adopt a valuation approach strongly guided by the emerging geopolitical risk "via transfer", i.e. the risk that counterparties do not honour their commitments to pay debt following restrictions or decisions by their countries of residence, not due to aspects directly pertaining to their business, thus applied based on the country of residence of the counterparties. That approach was implemented both to determine the SICR and the related classification in Stage 2, and to calculate the ECL by applying a management overlay. This approach, which has also been adopted for the Interim Statement as at 30 September, was considered the most appropriate way to incorporate the provisions for country and geopolitical risk related to the current conflict that would otherwise not be properly captured by the risk measurement systems normally used. At the same time, the rating review of the most significant counterparties exposed to the country risk related to the conflict, for which more restrictive validity periods were exceptionally established for the ratings assigned, led to some further downgrades in addition to the already very significant ones recorded in the first quarter of 2022.

[29] There were also off-balance sheet exposures to customers of 264 million euro (239 million euro net) at Banca Intesa Russia, 288 million euro (246 million euro net) in cross-border exposures to resident customers (net of ECA) and a total of 189 million euro (186 million euro net) relating to positions with Russian resident banks. The exposures in OTC derivative contracts are small and amount to 6 million euro in terms of fair value.

[30] IFRS 9 and COVID-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the COVID-19 pandemic.

[31] In particular, see IFRS 9 B5.5.1, IFRS 9 B5.5.4, IFRS 9 B5.5.5, IFRS 9 B5.5.18 and IFRS 9 B5.5.52.

In detail, the choices made for the purposes of calculating ECL on cross-border exposures were as follows:

– application of PD through the cycle associated with the assigned rating, without forward-looking conditioning. This approach was deemed more prudent, as the conditioning methodology, relating to the approaches currently adopted in the satellite models, would not represent the specific risk linked to the countries in conflict;
– calculation of an additional prudential buffer that ensures equivalence with the use of an estimated loss rate according to an approach based on the transfer of the risk of the country of residence under Pillar 2 modelling (unconditional LGD set by the transfer risk model of 55%);
– introduction of prudent margins in addition to the ECL estimates deriving from the above elements, in relation to potential further worsening of the credit ratings of Russian counterparties.

With reference to loans to customers disbursed by Pravex, the absolutely serious situation in all of Ukraine also resulted in the definition, for the purpose of measuring the loan portfolio of the subsidiary Ukraine bank, of a highly specific approach, significantly based on rationales, which consider the uncertainties and the risk elements associated with the military conflict. Specifically, for the portfolio of performing loans of Pravex (the bank substantially had no NPLs as at 31 December 2021) a specific management overlay had already been applied at ECL level, which resulted in impairment that brought the coverage ratio to 73% (up compared to the approximately 60% applied as at 31 March, in light of the worsening of the conflict, with resulting impacts on the Ukrainian economy). As at 30 September, loans to customers were classified for the purposes of the Consolidated Financial Statements as non-performing loans (bad loans), with full impairment of the on-balance sheet component.
With regard to Banca Intesa Russia, specific prudent choices were defined, while also considering the different situation of risk/operations than that of the Ukraine subsidiary. Thus, an approach to classifying and assessing performing loans was adopted that strongly considers the geopolitical risk deriving from the ongoing crisis, which also contributes, according to the most recent indications from the Parent Company's Research Department, to a decrease of 6% in Russia's GDP in 2022 and 3.7% in 2023. Therefore, the assessments carried out in September on the loans of the subsidiary included a centrally determined prudent factor that takes account of the worsening of the domestic economic situation in light of the continuation of the conflict, as it is no longer considered possible that it will cease in a short time, and the increased isolation of the Russian economy. As a result of the provisions made and the above-mentioned reduction in exposures, the total coverage of performing loans of the Russian subsidiary amounted to around 45% of the gross value of performing loans (it was over 30% as at 30 June 2022[32]).

On the whole, over the first nine months of the year, value adjustments were made to loans of Banca Intesa Russia, Pravex and to the cross-border exposures for 1,289 million euro (of which 311 million euro on positions classified as non-performing loans).
The above-mentioned significant adjustments made to the credit exposures of Banca Intesa Russia and Pravex, on a prudential basis, reflect the war situation that generates the need for careful consideration of the above-mentioned country risk, with appropriate measurement of the risk that the capital invested abroad is exposed to, connected to the possibility that political or economic circumstances may result in non-repayment of the loan (irrespective of the specific credit risk of the individual counterparty) or in a write-down of the investment made in the foreign country.
In addition to those impacts deriving from the measurement of the Group's loan portfolio, value adjustments were also posted relating to the limited positions in securities, for a total of 30 million euro (in addition to 1 million euro in negative impact on the valuation reserves). Lastly, Pravex's real estate assets were written down by 1 million euro (in addition to a further negative impact of 1 million euro on valuation reserves). To complete the effects on the income statement arising from the Russian-Ukrainian conflict, it is necessary to add the write-down of 21 million euro made upon consolidation of the subsidiary Banca Intesa Russia to zero out its equity contribution to the Group's consolidated financial statements.

[32] The coverage as at 30 June 2022 stood at 25% of the gross value of the loans from the reporting package as at 31 March 2022, used for the consolidation as at 30 June 2022, and at over 30% taking into account the reduction in loans made by the subsidiary in the second quarter of 2022.

CREDIT RISK

The Intesa Sanpaolo Group has developed a set of techniques and tools for credit risk measurement and management which ensures analytical control over the quality of loans to customers and financial institutions, and loans subject to country risk.
In particular, with regard to loans to customers, risk measurement is performed by means of different internal rating models according to borrower segment (Corporate, Retail SME, Retail, Sovereigns, Italian Public Sector Entities and Banks). These models make it possible to summarise the counterparty's credit quality in a value, the rating, which reflects the probability of default over a period of one year, adjusted on the basis of the average level of the economic cycle. These ratings are then made comparable with those awarded by rating agencies, by means of a consistent scale of reference.
Ratings and credit-risk mitigating factors (guarantees, loan types and covenants) play a key role in the loan granting and managing process.

Credit quality

(millions of euro)

	30.09.2022			31.12.2021			Change
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure	Net exposure
Bad loans	3,793	-2,495	1,298	7,194	-5,064	2,130	-832
Unlikely to pay	6,950	-2,702	4,248	7,281	-2,956	4,325	-77
Past due loans	622	-138	484	774	-152	622	-138
Non-Performing Loans	**11,365**	**-5,335**	**6,030**	**15,249**	**-8,172**	**7,077**	**-1,047**
Non-performing loans in Stage 3 (subject to impairment)	*11,323*	*-5,324*	*5,999*	*15,202*	*-8,164*	*7,038*	*-1,039*
Non-performing loans designated at fair value through profit or loss	*42*	*-11*	*31*	*47*	*-8*	*39*	*-8*
Performing loans	**463,433**	**-2,566**	**460,867**	**454,213**	**-2,453**	**451,760**	**9,107**
Stage 2	*47,454*	*-1,827*	*45,627*	*56,129*	*-1,740*	*54,389*	*-8,762*
Stage 1	*414,953*	*-739*	*414,214*	*397,085*	*-713*	*396,372*	*17,842*
Performing loans designated at fair value through profit or loss	*1,026*	*-*	*1,026*	*999*	*-*	*999*	*27*
Performing loans represented by securities	**6,806**	**-41**	**6,765**	**7,039**	**-24**	**7,015**	**-250**
Stage 2	*1,211*	*-35*	*1,176*	*882*	*-17*	*865*	*311*
Stage 1	*5,595*	*-6*	*5,589*	*6,157*	*-7*	*6,150*	*-561*
Loans held for trading	**84**	**-**	**84**	**19**	**-**	**19**	**65**
Total loans to customers	**481,688**	**-7,942**	**473,746**	**476,520**	**-10,649**	**465,871**	**7,875**
of which forborne performing	***8,322***	***-471***	***7,851***	***8,616***	***-513***	***8,103***	***-252***
of which forborne non-performing	***3,753***	***-1,479***	***2,274***	***4,568***	***-1,924***	***2,644***	***-370***
Loans to customers classified as non-current assets held for sale (*)	**3,840**	**-2,955**	**885**	**4,504**	**-3,298**	**1,206**	**-321**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(*) This item refers to the portfolios of loans classified as bad loans and unlikely to pay to be sold. As at 31 December 2021 the amount also included single name exposures.

As at 30 September 2022, the Group's gross non-performing loans amounted to 11.4 billion euro, down by 3.9 billion euro (-25.5%) since December, but up slightly compared to June (+0.2 billion euro; +1.9%) following some reclassifications of Banca Pravex and Banca Intesa Russia. Note that 0.3 billion euro of exposures to Russia and Ukraine were already classified as unlikely to pay in the second quarter. The proportion of gross non-performing loans consequently decreased to 2.4% from 3.2% at the end of 2021 (2.3% at the end of the half year). Expressed in accordance with the EBA definitions, these proportions were 1.9% in September and 2.4% at the end of 2021 (1.8% in June).
The change reflects the major de-risking initiatives completed in the first half of the year, a description of which is provided in the Half-yearly Report as at 30 June 2022.
The process of reducing non-performing loans also continues to benefit from inflows of performing loans, which remained at low levels. Gross inflows in the first nine months of the year totalled 2.7 billion euro, of which 0.8 billion euro in the third quarter (0.2 billion euro related to Pravex and Banca Intesa Russia), 1.2 billion euro in the second quarter (0.3 billion euro related to exposures to Russia and Ukraine) and 0.7 billion euro in the first quarter. In the same period of 2021, the total gross inflow was 2.4 billion euro.
In net terms, that is, net of outflows to performing loans, the inflow in the first nine months of the year totalled 2 billion euro, of which 0.5 billion euro related to exposures to Russia and Ukraine[33] (0.6 billion euro in the third quarter, 1 billion euro in the second quarter and 0.4 billion euro in the first quarter) compared to 1.7 billion euro in the first nine months of 2021.
The table shows that the decrease compared to December in gross non-performing loans was comprised of 3.4 billion euro in bad loans (-47.3%), 331 million euro in unlikely-to-pay exposures (-4.5%), despite the mentioned classification of exposures to Russia-Ukraine in that category for 0.3 billion euro in the second quarter, and 0.15 billion euro in past due positions (-19.6%).

[33] 0.2 billion euro net of value adjustments.

At the end of September 2022, non-performing loans classified under assets held for sale amounted to 3.8 billion euro gross and 0.9 billion euro net.

By the end of the third quarter, the Group's net non-performing loans, also as a result of the de-risking initiatives completed in the first half of 2022, had fallen to an all-time low of 6 billion euro. The reduction from the beginning of the year of 14.8% confirms the virtuous trend from previous years. The non-performing assets percentage of total net loans to customers amounted to 1.3% (1% according to the EBA definition), in line with June 2022 and further improving compared to December 2021 (1.5%, 1.2% according to the EBA definition), with a coverage ratio for non-performing loans of 46.9% (44.8% in June and 53.6% at the end of 2021).
More specifically, at the end of September 2022, bad loans came to 1.3 billion euro (-39.1% year to date), net of adjustments, and represented 0.3% of total net loans, with a coverage ratio of 65.8%. Loans included in the unlikely-to-pay category amounted to 4.2 billion euro, down by 1.8%, accounting for 0.9% of the total, with a coverage ratio of 38.9%. Past due loans amounted to 484 million euro (-22.2% over the first nine months of the year), with a coverage ratio of 22.2%. Within the non-performing loan category, forborne exposures, generated by forbearance measures for borrowers experiencing difficulty in meeting their financial obligations, fell to 2.3 billion euro, with a coverage ratio of 39.4%, while forborne exposures in the performing loans category amounted to 7.9 billion euro.
The coverage ratio of performing loans stood at 0.6% (0.6% in June and 0.5% in December), also as a result of the significant provisions made during the first nine months of the year to cover the Russia-Ukraine risk. These provisions, together with the initiatives carried out during the second and third quarters, enabled a significant reduction in the Group's overall exposure to Russian and Ukrainian counterparties, as detailed in the specific paragraph above.

Impacts from the COVID-19 pandemic

As indicated in previous reports, the process of gradual restoration of fully ordinary credit processes, with one-to-one assessments was carried out in 2021 with the gradual phase out of the EBA Guidelines on general payment moratoria, and completed in full on 1 April 2022, following the termination of the state of emergency, with full return also of the solutions offered by the Bank's ordinary product catalogue.
In the third quarter, the option – set up in April 2022 in response to the provisions of the "Mille Proroghe Decree" for loans of "30 thousand euro" pursuant to letters m) and m-bis) of Article 13, paragraph 1 of Law Decree no. 23 of 8 April 2020, converted, with amendments, by Law no. 40 of 5 June 2020 – was continued, to be requested by the borrower, through agreement between the parties, to defer for a maximum of 6 months the grace period of the loan, whose initial deadline for payment of principal is scheduled in 2022.
With regard to actions related to proactive credit management, no further diagnostics were carried out on the moratoria portfolio with respect to that described in the Half-yearly Report as at 30 June 2022, to which readers are referred.
At domestic level, as at 30 September 2022, there were 0.1 billion euro of outstanding moratoria (4.8 billion euro at the end of 2021), in addition to 0.1 billion euro of terminated moratoria that will reach the term for the resumption of payments in subsequent months (6.7 billion euro at December 2021). The impact of the significant past due amounts and new defaults continued to remain low. The expired moratoria that had already met the conditions for the resumption of payments the default rate came to around 4%.
With regard to the valuation aspects, the related information is provided in the paragraph "Moratoria and sector-specific vulnerability management overlays" below.

Macroeconomic scenario for forward-looking conditioning

Over the past three months, the real growth forecasts for the Eurozone have been revised downwards. In contrast, inflation forecasts have been revised upwards again. The main forecasting uncertainties stem from the difficulty in capturing the developments and implications of the energy crisis, particularly in Europe. However, a second factor has now come into play: the tightening of monetary policies, which is taking place at a fast pace in almost all the advanced countries, with repercussions also on the volatility of currency markets.
The Research Department has prepared a macroeconomic scenario updated to September 2022 used for the valuations, which was taken into account in the estimates of the IFRS 9 forward-looking conditioning models as at 30 September.
The forecasts contained in the above-mentioned scenario update those prepared for the Half-yearly Report and are based on the assumption of a further generalised slowdown in real growth and an increasing risk of global recession, due to tighter financial conditions, shrinking household purchasing power, erosion of business margins and increased uncertainty. In the Eurozone and Italy, this slowdown is expected between the last quarter of 2022 and the first quarter of next year, with a recovery already starting in the second quarter of 2023, which would allow for a slightly positive average growth rate in 2023. The scenario incorporates a higher forecast average gas price in Europe for 2023, compared to the assumption underlying the June scenario, with conservative assumptions on the end of 2022 and beginning of 2023. An improvement is expected from the second quarter of 2023 onwards due to progress in the diversification of energy sources.
Despite the forecast of falling inflation in the advanced countries in 2023, due to stabilising energy prices, core inflation could, in an environment of extreme uncertainty, continue to rise until the first quarter of 2023 and average annual inflation could remain very high with respect to the European Central Bank's targets.
For the Eurozone, the continuation of the Russian-Ukrainian war is affecting the European economy more than others, increasing inflation and structurally reducing real growth through higher energy costs. Compared to June, despite the healthy stocks, the risk that the slowdown in economic growth will result in a recession between the fourth quarter of 2022 and the first quarter of 2023 has become more acute due to the heavy impact on European economic activity of geopolitical tensions, overheating of prices and insufficient energy supplies. In the forecast scenario produced in June, these assumptions were incorporated in the adverse scenario. GDP is expected to decline between the end of 2022 and the beginning of 2023, and is expected to grow by 0.5% in 2023, compared to 2.1% in the previous forecast. The other revision factor is the change of pace of the central banks in the normalisation of monetary policy, with the abandonment of gradualism and the adoption of measures to bring forward the transition of key interest rates to levels that will enable a swift return of inflation to target. It is

assumed that rates will be raised above 2% by the end of the first quarter of 2023. Then, the combination of tighter financial conditions, erosion of household purchasing power, weaker foreign demand and slowing investment should help cool inflation and interrupt the rate hikes. The risk of recession has already made rate curves flatter, a phenomenon that could continue. Despite the fact that the economy is expected to return to growth as early as the second quarter of 2023, due to the partial reduction in energy prices, the risks to the scenario are still tilted towards the downside, particularly if a scenario of natural gas rationing were to arise.
For Italy, despite the good GDP performance in the first three quarters of the year and a higher growth projection than expected in June for 2022, in the coming months growth will be held back by the weakening of foreign demand, the impact of high energy prices, the tightening of financial conditions and the gradual reduction of incentives for building renovations. GDP is expected to fall between the end of 2022 and the beginning of 2023. A possible recovery from spring 2023, on the back of a partial reduction in energy prices, may allow average growth to remain on positive ground next year. However, the risks on this estimate are clearly tilted towards the downside. A re-acceleration driven by final domestic demand is expected in 2024.
The forecast is based on the assumption that the new government will adopt budgetary policies in line with the previous multi-year planning and that the implementation of the National Recovery and Resilience Plan will be sufficiently timely to ensure the release of the new payment tranches.
In 2023, the energy crisis and inflationary pressures are expected to have a substantial impact on household purchasing power, especially for households with lower incomes. The excess savings accumulated during the pandemic will be rapidly used up, running out by 2023. As this cushion erodes, the fall in real disposable income will translate into weak consumption, particularly for goods.
The production sectors most affected are expected to be the energy-intensive sectors, e.g. chemicals and metallurgy, as is starting to emerge from the latest actual production data. Even the construction sector, which was one of the strongest performers in 2021, will not be immune to the cyclical slowdown. Finally, services, which supported the recovery in the first half of the year, driven primarily by the strong performance of tourism, are starting to lose momentum and are beginning to show signs of slowing down.
Investments are also expected to slow down. The reaction of the construction sector to the gradual phasing out of incentives will be crucial: construction activity, which has been the main driver of growth in the Italian economy over the last two years, is beginning to show signs of slowing down (in addition to rising mortgage rates, the increase in costs could also dampen activity), although levels of activity are still very high. Inflation is expected to fall from 7.3% in 2022 to 5.3% in 2023, but still considerably high and above previous forecasts – normalisation towards the European target is expected from 2024. The assumptions on Italian real estate prices are conservative, entailing a sharp fall in real terms in 2022 and 2023. The unemployment rate is expected to rise slightly in 2023, to 8.5%.
The spread has already reacted to the end of the ECB purchase programmes and the increased uncertainty over economic policies related to the elections at the end of September. Low net issues and the ECB's anti "fragmentation" mechanism have contained the widening of the BTP-Bund spread. However, the pressure may persist and intensify during the definition and execution phase of the 2023 Budget.
For the US, the forecast is for a gradual economic slowdown. The resilience of final demand, the tight labour market and permanently high and widespread inflation will lead to faster monetary restriction, resulting in lower growth as early as 2022 (1.8%). This trend will continue in 2023, when a moderate recession caused by less favourable financial conditions may be possible.
For the purposes of forward-looking conditioning of ECL parameters, the methodology adopted by the Group entails, in addition to the baseline scenario, alternative (best-case/worst-case) scenarios that reflect the dispersion on the extreme forecasts of Consensus Economics or specific standardised shocks, statistically selected from the time series, for the variables usually not surveyed by Consensus.
Specifically, the "adverse" scenario was formulated using the methodology established, with modifications applied in relation to the monetary policy reaction. Initially, the lowest GDP growth forecasts in the Consensus Economics survey published in September 2022 for the major advanced countries were identified by the Research Department; the private consumption and fixed investment trends of the baseline scenario were adjusted to provide an aligned GDP growth profile. The other variables were recalculated accordingly. Unlike the June scenario, the methodology yields a global recession scenario without the need for further heightening of the shock. The drastic decrease in growth in the GDP in 2023 and in 2024 is associated with higher unemployment rates and inflation aligned in the initial years, but much lower in the terminal year. The trend in stock indices and real estate prices is weaker than the baseline scenario. The shock on real estate prices was limited because the baseline scenario had already adopted conservative assumptions regarding real price trends. The BTP-Bund spread, with respect to the baseline scenario, will increase by 32 basis points in 2023 and 35 basis points in 2024. The spread will narrow in 2025.
The "favourable" scenario was produced on the basis of the highest GDP growth forecasts in the Consensus Economics survey published in September 2022: the private consumption and fixed investment trends of the baseline scenario were adjusted to provide an annual average GDP growth profile identical to those forecasts. The other variables were recalculated accordingly. These assumptions yield a scenario of higher real growth rates, higher inflation, a lower unemployment rate, higher interest rates on all maturities, and performance of stock indices and real estate prices significantly more robust than the baseline scenario. The BTP-Bund spread, with respect to the baseline scenario, will decrease by 23 basis points in 2023, 25 basis points in 2024 and 30 basis points in 2025.
It should be noted that the domestic baseline scenario is consistent with the forecast produced by the European Central Bank (September 2022). Moreover, there are no major differences in the comparability over the forecast period between the domestic worst-case scenario and the ECB's forecast under the downside scenario, which was produced considering a significant risk for the prospects of the Eurozone related to the possibility of more severe disruptions in European energy supplies accompanied by a severe winter resulting in higher heating demand, leading to further energy price spikes and more drastic cuts in production than assumed in the baseline scenario.
The representation of the main variables and related forecasts used by the IFRS 9 models to determine forward-looking credit losses is shown below, in the baseline scenario and the alternative scenarios. The application of the updated scenario resulted in higher adjustments to loans, for an estimated amount of around 90 million euro, in addition to around 80 million euro recognised in the first half.

Intesa Sanpaolo macroeconomic scenarios for calculating the ECL as at 30 September 2022

		Baseline				Mild				Severe			
		2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
Euro Area	Equity ESTOXX 50 (annual change)	-6.0	0.7	2.3	0.2	-4.3	9.8	1.4	1.3	-8.9	-5.6	7.7	0.9
	EUR/USD	1.0	1.0	1.1	1.1	1.0	1.0	1.1	1.1	1.0	1.1	1.1	1.1
	EurIRS 10Y	1.80	2.50	2.70	2.90	1.80	2.70	3.20	3.50	1.70	2.20	2.30	2.20
Italy	Real GDP Italy (annual change)	3.5	0.6	1.8	1.2	3.6	1.6	2.5	1.4	2.8	-0.8	0.5	1.1
	CPI Italy (annual change)	7.3	5.3	2.0	2.0	7.3	5.5	2.9	3.3	7.3	4.6	1.1	1.5
	Residential Property Italy (annual change)	2.9	0.8	1.5	1.8	3.0	2.7	3.3	3.5	2.9	0.5	1.1	1.1
	10Y BTP yield	3.0	4.1	4.3	4.6	3.0	4.1	4.6	4.9	3.0	4.2	4.3	4.1
	BTP-Bund Spread 10Y (basis point)	197	244	210	189	194	221	185	159	203	277	245	213
	Italian Unemployment (%)	8.2	8.5	8.0	8.0	8.2	8.2	7.5	7.4	8.2	8.7	8.4	8.4
USA Area	Real GDP US (annual change)	1.8	0.9	1.3	2.4	1.9	1.5	2.5	2.5	1.4	-0.5	1.3	1.9
	US Unemployment (%)	3.6	3.9	4.2	3.9	3.6	3.8	3.8	3.6	3.7	4.4	4.6	4.3

Moratoria and sector-specific vulnerability management overlays

In the first nine months of 2022, as the country emerged from the health emergency and health restrictions were relaxed, the uncertainties specifically related to the pandemic eased and there was no noticeable increase in credit risk on exposures that had been subject to moratoria. The latter have now all returned to resumption of payments, for a considerable portion already some time ago, and continue to record reductions in the exposures and full repayments.

The elements of vulnerability of the exposures subject to moratorium measures considered for the purposes of the Financial Statements as at 31 December 2021 (represented by both overlays incorporated into the satellite models and extraordinary triggers for sliding into Stage 2) had already been re-estimated starting from March, still maintaining suitable prudence, but considering both the substantial normalisation of forbearance measures and the positive evidence from the set of exposures with resumption of payments that has already begun. Over the past two quarters, there were no significant negative changes in credit risk parameters. As at 30 September, while keeping the overlay incorporated into the satellite model as at 30 June unchanged, returns to Stage 1 were recorded for the residual portfolios that resumed payments (subject to the extraordinary trigger for sliding into Stage 2) with limited impact in terms of writebacks.

The strong economic performance recorded in the first months of the year was supported, in Italy, by positive factors, including the continued growth of the construction sector – from which several related sectors also benefited – the recovery of tourism, the resilience of some manufacturing sectors and the strong performance of their exports, and the healthy trend in household consumption. At the same time, since the Russia/Ukraine geopolitical crisis, uncertainties about the economic outlook have gradually increased, as also outlined in the previous paragraph. In particular, over the past two quarters, a specific risk factor has emerged (the energy crisis brought about in the context of the ongoing geopolitical crisis) accompanied by the prospects of the effects of rising inflation, rising costs for businesses and rising interest rates. In the third quarter of the year, the initial signs emerged of slowdown in the growth of production.

From the first quarter of 2022, management overlays were added in order to introduce increased adjustments of performing loans related to the effects of increased sector uncertainty (sector-specific vulnerability). In the third quarter, with the greater availability of more specific forecast scenarios, also at the micro-sector level, the Bank considered that the increases already recognised as at 30 June were still appropriate. At the same time, also considering the above, the allocation was redefined for the previously applied management overlays by sector-specific vulnerability. Specifically, the analyses by the CRO Area led to the adoption of a post-model adjustment, i.e. an increase in the ECL, which was applied in a more targeted manner to all counterparties belonging to micro-sectors with a negative outlook or particularly exposed to energy cost risk, as defined by the sector risk management framework developed by the CRO and CLO Areas and by the Research Department with the support of the business divisions and recently adopted by the Bank for the granting, management and monitoring of credit. This framework duly takes into account the micro-sector forecasts and their outlooks, which are also systematically monitored and calibrated based on the experience of the Bank's business and credit risk governance structures.

The post-model adjustment adopted has replaced the previous method applied. This was based, on the one hand, on an increase in the estimate of future default rates derived from the IFRS 9 models for the macro-aggregates that were assumed to be potentially more exposed to the effects of persistent inflationary pressures on energy products and commodities (in particular, the Manufacturing and Transport macro-aggregates and, to a less significant extent, Consumer Households were considered). On the other hand, and to a more residual extent in terms of impact on the ECL, this was based on extraordinary triggers for sliding into Stage 2 for counterparties not already classified as such by the staging allocation methods, when they belong to certain micro-sectors identified with a negative outlook and with medium/high risk profiles.

This reallocation did not result in any significant income statement effects in the quarter. There were net returns to Stage 2 due to the exceeding of the extraordinary trigger, but at the same time there was an increase in the coverage of the portfolio of counterparties subject to the post-model adjustment, particularly for those classified as Stage 2.

Overall, the management overlays in the value adjustments of performing loans as at 30 September amounted to around 400 million euro.

MARKET RISKS

TRADING BOOK

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

Daily managerial VaR of the trading book

(millions of euro)

	2022					2021			
	average 3rd quarter	minimum 3rd quarter	maximum 3rd quarter	average 2nd quarter	average 1st quarter	average 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Total GroupTrading Book (a)	**26.0**	**19.6**	**32.5**	**22.8**	**21.4**	**19.9**	**20.4**	**25.8**	**41.3**
of which: Group Treasury and Finance Department	*7.2*	*6.2*	*9.2*	*6.1*	*3.8*	*2.7*	*2.6*	*2.8*	*3.2*
of which: IMI C&IB Division	*26.0*	*16.6*	*34.1*	*21.2*	*17.5*	*19.1*	*20.5*	*25.9*	*38.1*

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

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

In the third quarter of 2022, as shown in the table above, there was a slight increase in the trading managerial risks compared to the averages for the second quarter of 2022 (26 million euro in the third quarter of 2022 and 22.8 million euro in the second quarter of 2022), mostly attributable to new volatility scenarios at the tail of the distribution.
More generally, on the other hand, compared to the first nine months of 2021, there was a reduction in the trading managerial VaR as a result of the scenario “rolling effect” due to the lower market volatility following the exceptional market shocks related to the spread of the COVID-19 pandemic. In particular, there was a reduction from 29 million euro in the first nine months of 2021 to 23.4 million euro in 2022.

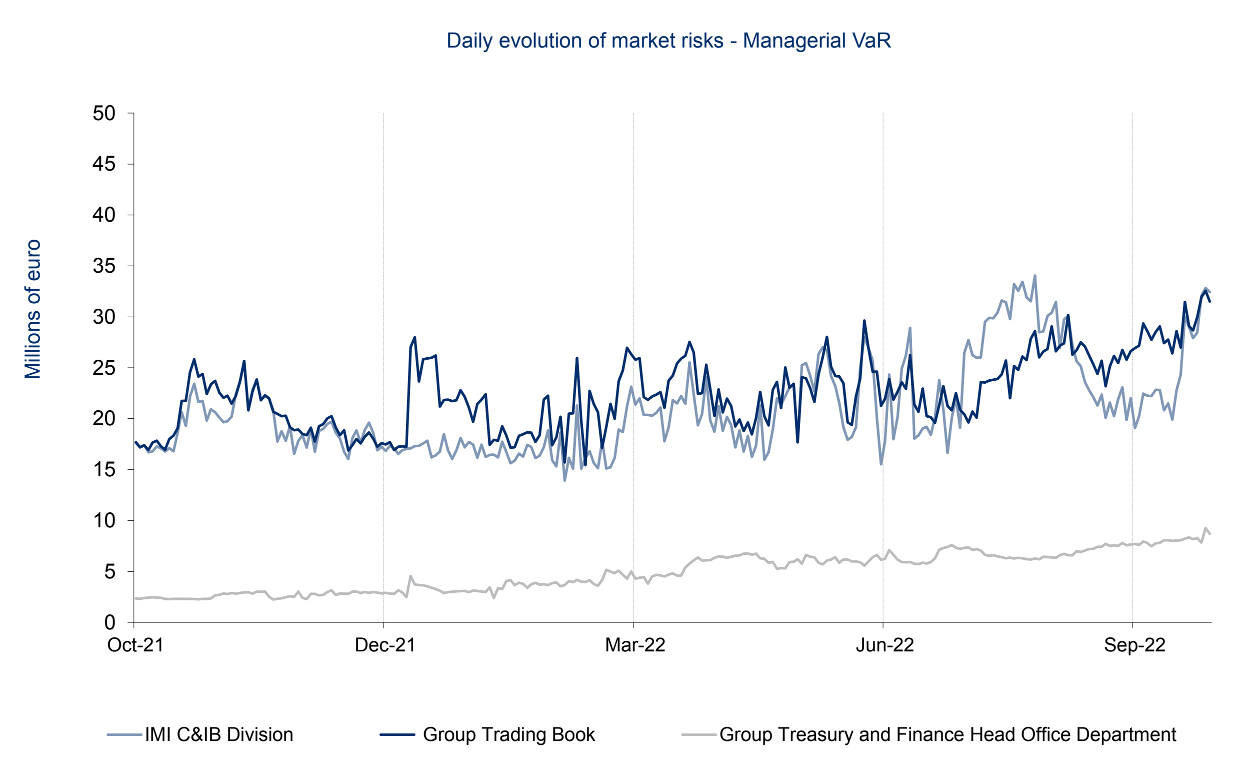
(millions of euro)

	2022			2021		
	average 30.09	minimum 30.09	maximum 30.09	average 30.09	minimum 30.09	maximum 30.09
Total GroupTrading Book (a)	**23.4**	**15.4**	**32.5**	**29.0**	**17.8**	**57.8**
of which: Group Treasury and Finance Department	*5.7*	*2.4*	*9.2*	*2.9*	*2.3*	*5.6*
of which: IMI C&IB Division	*21.6*	*13.9*	*34.1*	*28.0*	*17.1*	*51.9*

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

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

The trend in the trading VaR during the third quarter of 2022 was characterised by an initial rise in the measure, followed by a fall in August, to then end with another rise starting in the second half of September.
In general, the increases seen in the first and last part of the quarter can be attributed to market volatility, which led to new scenarios at the tail of the loss distribution.



The breakdown of the Group's risk profile in the trading book in the third quarter of 2022 shows a prevalence of credit spread risk and interest rate risk, accounting for 46% and 20% respectively, of the Group's total managerial VaR. Instead, the single risk-taking centres show a prevalence of exchange rate risk and interest rate risk for the Group Treasury and Finance Department (54% and 37%, respectively) and of credit spread and interest rate risk for the IMI C&IB Division (52% and 21%, respectively).

Contribution of risk factors to total managerial VaR[(a)]

3rd quarter 2022	Shares	Interest rates	Credit spreads	Foreign exchange rates	Other parameters	Commodities
Group Treasury and Finance Department	3%	37%	6%	54%	0%	0%
IMI C&IB Division	9%	21%	52%	3%	10%	5%
Total	**8%**	**20%**	**46%**	**14%**	**7%**	**5%**

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

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

(millions of euro)

	EQUITY		INTEREST RATES		CREDIT SPREADS		FOREIGN EXCHANGE RATES		COMMODITIES	
	Crash	Bullish	+40bps	lower rate	-25bps	+25bps	-5%	+5%	Crash	Bullish
Total Trading Book	33	23	-24	26	8	-9	17	-13	-3	2

Specifically:
- for stock market positions, there would not be potential losses either in the case of sudden increases in stock prices or in the case of sharp decreases therein;
- for positions in interest rates, there would be potential losses of 24 million euro in the event of a rise in interest rates;
- for positions in credit spreads, there would be potential losses of 9 million euro in the case of widening of credit spreads by 25 bps;
- for positions in exchange rates, there would be potential losses of 13 million euro in the event of appreciation in the Euro against the other currencies;
- finally, for positions in commodities, there would be a loss of 3 million euro in the event of a fall in prices of commodities other than precious metals.

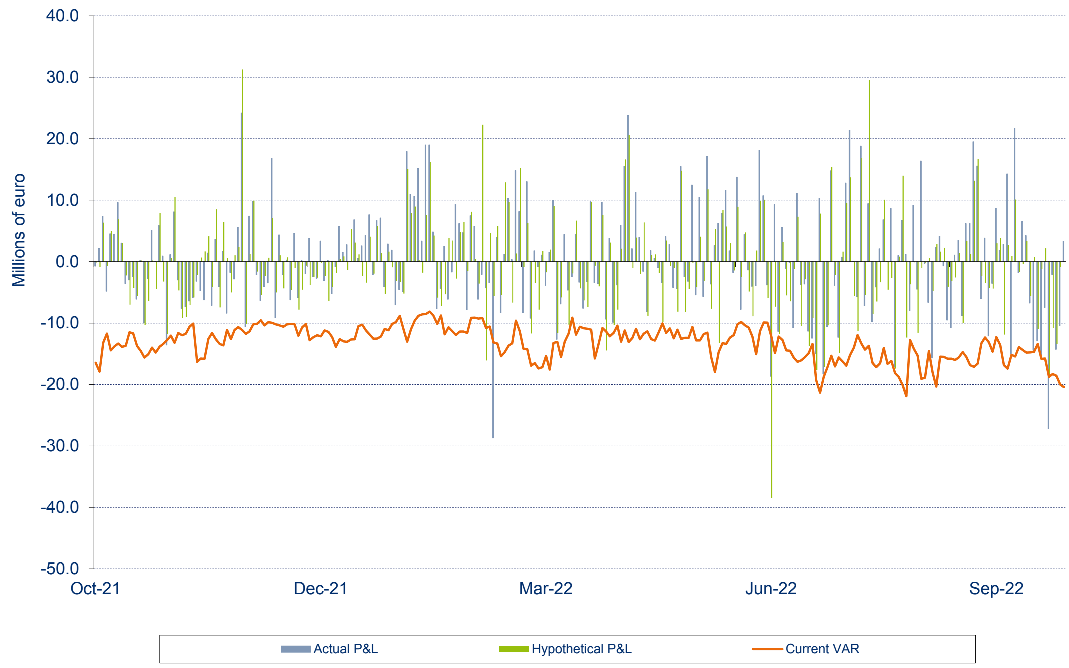
With regard to the use of the overall limit relating to trading and the hold to collect and sell (HTCS) business model, there was a slight reduction in the market managerial VaR in the third quarter compared to the average values in the second quarter of 2022 (from 212 million euro in the second quarter to around 207 million euro for the third quarter of 2022).

Backtesting

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

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

During the last twelve months there were four backtesting exceptions[34] for the regulatory VaR measure of Intesa Sanpaolo. The increase in the volatility of interest rates and credit spreads were the main driver of the exceptions.



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

BANKING BOOK

At the end of September 2022, interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through shift sensitivity of value, amounted to -1,613 million euro.
The sensitivity of net interest income – assuming a +50, -50 and +100 basis point change in interest rates – amounted to 820 million euro, -848 million euro and 838 million euro, respectively, at the end of September 2022.
Interest rate risk, measured in terms of VaR, recorded a value of 744 million euro at the end of September 2022.
Price risk generated by minority stakes in listed companies, mostly held in the HTCS category, amounted to 147 million euro at the end of September 2022.

The table below shows the changes in the main risk measures during the third quarter of 2022, with regard to the Group's banking book.

(millions of euro)

	3rd quarter 2022			30.09.2022	31.12.2021
	average	minimum	maximum		
Shift Sensitivity of the Economic Value +100 bp	-1,841	-2,134	-1,613	-1,613	-1,756
Shift Sensitivity of Net Interest Income -50bp	-829	-903	-768	-848	-880
Shift Sensitivity of Net Interest Income +50bp	911	820	1,105	820	962
Shift Sensitivity of Net Interest Income +100bp	1,446	838	2,094	838	1,847
Value at Risk - Interest Rate	682	547	885	744	509

Lastly, the table below shows a sensitivity analysis of the banking book to price risk, measuring the impact on shareholders' equity of a price shock of ±10% for the above-mentioned quoted assets recorded in the HTCS category.

Price risk: impact on Shareholders' Equity

(millions of euro)

		Impact on shareholders' equity at 30.09.2022	Impact on shareholders' equity at 30.06.2022	Impact on shareholders' equity at 31.03.2022	Impact on shareholders' equity at 31.12.2021
Price shock	10%	147	146	166	177
Price shock	-10%	-147	-146	-166	-177

Impacts from the COVID-19 pandemic

In the third quarter of 2022, the strategies and safeguards implemented in the framework of interest rate risk management were put into place to protect net interest income against potential additional negative impacts of COVID-19. Net interest income was stabilised through measures to cover the viscousness of customer demand deposits by entering into hedging derivatives and natural hedges with mortgage loans to customers.

LIQUIDITY RISK

The Group's liquidity position, supported by suitable high-quality liquid assets (HQLA) and the significant contribution from stable customer deposits, remained largely within the risk limits set out in the current Group Liquidity Policy in the third quarter of 2022. The levels of both regulatory indicators, LCR and NSFR, were above the minimum regulatory requirements.
Over the last 12 months, the Liquidity Coverage Ratio (LCR) of the Intesa Sanpaolo Group, measured according to Delegated Regulation (EU) 2015/61, has amounted to an average of 184.7% (184.5% in December 2021).
At the end of September 2022, the value of unencumbered HQLA reserves, at the various Treasury Departments of the Group, reached a total of 159.1 billion euro (187.1 billion euro at the end of December 2021). Including the other marketable reserves and/or eligible Central Bank reserves, including retained self-securitisations, the Group's unencumbered liquidity reserves amounted to 162.8 billion euro (192.4 billion euro at the end of December 2021).
As at 30 September 2022, the Intesa Sanpaolo Group's NSFR, supported by a solid base of stable deposits from customers, adequate wholesale medium/long-term securities funding and the TLTRO funding from the ECB, was 127.2% (127.3% at the end of 2021). This indicator remains significantly higher than 100%, even excluding the positive contribution from TLTRO funding.
The stress tests, in view of the high liquidity reserves, yielded results in excess of the target threshold for the Intesa Sanpaolo Group, with a liquidity surplus capable of meeting extraordinary cash outflows for a period longer than 3 months.
Adequate and timely information regarding the development of market conditions and the position of the Bank and/or Group was regularly provided to the corporate bodies and internal committees in order to ensure full awareness and manageability of the main risk factors.

Impacts from the COVID-19 pandemic
With regard to the liquidity risk of the Intesa Sanpaolo Group, all the necessary preventive management and control measures implemented from the outset of the COVID-19 emergency remain in place to detect any signs of potential exacerbation of liquidity conditions.
In the third quarter of 2022, there were no changes in the risk measures attributable to the context resulting from the COVID-19 pandemic. See the description provided in the specific section of the Half-yearly report as at 30 June 2022 for more details.

Impacts of the Russia-Ukraine conflict
In light of the low exposure to Russian and Ukrainian counterparties, there were no significant impacts on the Group's consolidated liquidity position deriving from the Russia-Ukraine conflict.

INFORMATION ON FINANCIAL PRODUCTS

FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Fair value hierarchy – Excluding insurance companies

(millions of euro)

Assets / liabilities at fair value	30.09.2022			31.12.2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	12,180	36,974	3,686	24,262	25,080	3,389
a) Financial assets held for trading	11,144	36,350	195	22,615	24,379	187
of which: Equities	*878*	*-*	*29*	*674*	*-*	*17*
of which: quotas of UCI	*241*	*-*	*23*	*116*	*-*	*25*
b) Financial assets designated at fair value	*-*	*1*	*-*	*-*	*1*	*3*
c) Other financial assets mandatorily measured at fair value	*1,036*	*623*	*3,491*	*1,647*	*700*	*3,199*
of which: Equities	*115*	*49*	*298*	*161*	*116*	*225*
of which: quotas of UCI	*921*	*137*	*2,356*	*1,486*	*149*	*2,166*
2. Financial assets measured at fair value through other comprehensive income	45,605	7,977	366	59,084	8,004	492
of which: Equities	*1,281*	*518*	*333*	*1,537*	*1,314*	*421*
3. Hedging derivatives	-	10,366	-	-	1,732	-
4. Property and equipment	-	-	7,258	-	-	7,364
5. Intangible assets	-	-	-	-	-	-
Total	**57,785**	**55,317**	**11,310**	**83,346**	**34,816**	**11,245**
1. Financial liabilities held for trading	9,404	44,406	46	22,241	33,946	119
2. Financial liabilities designated at fair value	60	6,413	28	6	3,642	26
3. Hedging derivatives	-	5,037	-	-	4,868	-
Total	**9,464**	**55,856**	**74**	**22,247**	**42,456**	**145**

With regard to assets, level 3 instruments, which allow for more discretion in fair value measurement, account for a limited portion of the portfolio, with an impact of 9.09% on total assets (8.7% as at 31 December 2021). The majority of level 3 financial assets is represented by quotas of UCIs, of which 304 million euro is represented by units of the Atlante Fund and the Italian Recovery Fund put in place as part of the regulations to support the banking system.
Over 46.5% of assets measured at fair value are determined based on market prices, and therefore without any discretion by the valuator.
Property and equipment measured at level 3 fair value includes real estate assets and valuable art assets, which represent 64% of the balance sheet assets at level 3 fair value.
As far as liabilities are concerned, level 3 instruments account for less than 1% of total liabilities.

Fair value hierarchy – Insurance companies

(millions of euro)

Assets / liabilities at fair value	30.09.2022			31.12.2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	309	231	417	344	293	390
of which: Equities	-	-	-	-	-	-
of which: quotas of UCI	*94*	-	*46*	*122*	-	*49*
2. Financial assets designated at fair value through profit or loss	85,853	25	587	100,515	143	401
of which: Equities	*2,844*	-	-	*3,510*	-	-
of which: quotas of UCI	*78,006*	-	-	*91,908*	*109*	-
3. Financial assets available for sale	76,242	4,883	4,685	93,910	6,305	4,208
of which: Equities	*1,774*	*7*	*64*	*2,201*	*7*	*54*
of which: quotas of UCI	*8,411*	-	*4,245*	*9,879*	-	*3,742*
4. Hedging derivatives	-	20	-	-	291	-
5. Property and equipment	-	-	7	-	-	8
6. Intangible assets	-	-	-	-	-	-
Total	**162,404**	**5,159**	**5,696**	**194,769**	**7,032**	**5,007**
1. Financial liabilities held for trading	25	78	-	-	42	61
2. Financial liabilities designated at fair value through profit or loss	-	72,578	-	-	84,667	-
3. Hedging derivatives	-	131	-	-	-	-
Total	**25**	**72,787**	**-**	**-**	**84,709**	**61**

With regard to insurance companies, level 3 instruments, which allow for more discretion in fair value measurement, account for a limited portion of the portfolio. They amount to 3.3% of Assets (2.4% as at 31 December 2021).
93.7% of financial assets measured at fair value in the insurance segment are determined based on market prices, and therefore without any discretion by the valuator.
Liabilities at fair value were almost entirely measured using level 2 inputs.
The reduction compared to 31 December 2021 was attributable to the negative performance of the markets and the sale of several positions.

INFORMATION ON STRUCTURED CREDIT PRODUCTS

The risk exposure in structured credit products came to 3,600 million euro as at 30 September 2022, a net decrease of 21 million euro compared to the stock of 3,621 million euro as at 31 December 2021. The exposure includes investments in ABSs (Asset-Backed Securities) of 1,750 million euro, in CLOs (Collateralised Loan Obligations) of 1,775 million euro and in CDOs (Collateralised Debt Obligations) of 75 million euro, which was confirmed as a marginal activity also in the first nine months of 2022.

(millions of euro)

Accounting categories	30.09.2022				31.12.2021	changes	
	Collateralized Loan Obligations	Asset Backed Securities	Collateralized Debt Obligations	Total		absolute	%
Financial assets held for sale	513	571	-	**1,084**	**1,049**	35	3.3
Financial assets mandatorily measured at fair value	-	3	-	**3**	**3**	-	-
Financial assets measured at fair value through other comprehensive income	768	820	-	**1,588**	**1,701**	-113	-6.6
Financial assets measured at amortised cost	494	356	75	**925**	**868**	57	6.6
Total	**1,775**	**1,750**	**75**	**3,600**	**3,621**	**-21**	**-0.6**

In this disclosure, structured credit products include debt securities held by the Group divided into tranches upon issue consisting of various degrees of subordination and not issued within the framework of transactions originated by entities of the Intesa Sanpaolo Group or by public entities, in addition to transactions whereby the Group finances its corporate and financial institution customers (operations implemented by the Group through the subsidiary Duomo Funding Plc).
The evolution of the portfolio in the first nine months of the year, while still seeking to take advantage of market opportunities, shows greater divestments, together with the redemptions, than the assumption of new positions for assets measured at fair value through other comprehensive income, only partially offset by greater investments in the other accounting portfolios, resulting in an overall decrease of 21 million euro, including lower valuations for the period.
The exposure in ABSs and CLOs measured at fair value went from 2,753 million euro in December 2021 to 2,675 million euro in September 2022, a net decrease of 78 million euro, mainly attributable to operations on positions of the IMI Corporate & Investment Banking Division, mostly on the portfolio of financial assets measured at fair value through other comprehensive income.
The exposure to debt securities classified as assets measured at amortised cost amounted to 925 million euro in September 2022, compared with an exposure of 868 million euro in December 2021, an increase of 57 million euro.
From the perspective of the income statement, as at 30 September 2022 a net loss of -33 million euro was recorded, which continued to be impacted by the geopolitical tensions, in a context in the first nine months of the year marked by the widening of credit spreads and the rise in inflation (in the first nine months of 2021 the impact on the income statement was +10 million euro).
The loss on trading – caption 80 of the income statement – amounted to -32 million euro and essentially related to the valuation components on exposures in CLOs and ABSs (impact on the income statement as at 30 September 2021 of +10 million euro, of which +5 million euro relating to valuation effects and +5 million euro to gains on disposal).
The profits (losses) from financial assets mandatorily measured at fair value were nil as at 30 September 2022, compared to +1 million euro in the first nine months of 2021.
The exposures to debt securities classified as assets measured at fair value through other comprehensive income recorded a decrease in fair value of -41 million euro as at 30 September 2022 through a shareholders' equity reserve (from a reserve of -1 million euro in December 2021 to -42 million euro in September 2022). In the current year, there were also impacts from sales on the portfolio of -3 million euro, which were nil as at 30 September 2021.
The result recognised on the debt securities classified as assets measured at amortised cost was +2 million euro as at 30 September 2022, essentially attributable to realised gains, compared to adjustments of -1 million euro in the first nine months of 2021.

(millions of euro)

Income statement results broken down by accounting category	30.09.2022				30.09.2021	changes	
	Collateralized Loan Obligations	Asset Backed Securities	Collateralized Debt Obligations	Total		absolute	%
Financial assets held for sale	-24	-8	-	**-32**	**10**	-42	
Financial assets mandatorily measured at fair value	-	-	-	**-**	**1**	-1	
Financial assets measured at fair value through other comprehensive income	-	-3	-	**-3**	**-**	3	-
Financial assets measured at amortised cost	-	-	2	**2**	**-1**	3	
Total	**-24**	**-11**	**2**	**-33**	**10**	**-43**	

INFORMATION ON ACTIVITIES PERFORMED THROUGH SPECIAL PURPOSE ENTITIES (SPES)

For the purpose of this analysis, legal entities established to pursue a specific, clearly defined and limited objective (raising funds on the market, acquiring/selling/managing assets both for asset securitisations, acquisition of funding through self-securitisations and the issuance of covered bonds, developing and/or financing specific business initiatives, undertaking leveraged buy-out transactions, or managing credit risk inherent in an entity's portfolio) are considered Special Purpose Entities (SPEs).
The sponsor of the transaction is normally an entity which requests the structuring of a transaction that involves the SPE for the purpose of achieving certain objectives. In some cases, the sponsor may be the Bank itself, which establishes a SPE to achieve one of the aims mentioned above.
SPE categories are non-consolidated structured entities, and no changes in criteria were made compared to the information provided in 2021 Annual Report.
With reference to Covered Bond issue programmes, during the third quarter, as part of the programme guaranteed by ISP OBG, the 47th retained series was issued, for an amount of 10 million euro. The security is a floating rate, 30-year security listed on the Luxembourg Stock Exchange with an A (high) rating from DBRS, was fully subscribed by the Parent Company and is eligible for the Eurosystem.
For the programme guaranteed by UBI Finance, the 28th series was partially extinguished for an amount of 175 million euro.
With regard to securitisations, in April Intesa Sanpaolo granted approval to UBI Leasing (subsequently merged by incorporation into Intesa Sanpaolo with legal effect from 16 May) for the repurchase of the loan portfolio underlying the UBI SPV Lease 2016 securitisation, for a value of 2.2 billion euro, carried out at the end of April. The transaction was terminated with full early redemption of the securities in early August.
In the third quarter of 2022, in July, Intesa Sanpaolo repurchased the loan portfolio underlying the Adriano Lease Sec securitisation for 1.7 billion euro. The total early redemption of the securities took place in October.

INFORMATION ON LEVERAGED TRANSACTIONS

In 2017, the ECB published specific Guidance on Leveraged Transactions, which applies to all the significant entities subject to direct supervision by the ECB. The stated purpose of the guidance is to strengthen company controls over "leveraged" transactions, in view of the global increase in leveraged finance activities and the highly competitive market, characterised by a prolonged period of very low interest rates and the ensuing search for yields.
The scope of the ECB Guidance includes exposures in which the borrower's level of leverage, measured as the ratio of total financial debt to EBITDA, is greater than 4, as well as exposures where the borrower is owned by one or more financial sponsors. Moreover, counterparties with Investment Grade ratings, private individuals, credit institutions, financial institutions and companies in the financial sector in general, public entities, non-profit entities, as well as counterparties with credit facilities below a certain materiality threshold (5 million euro), Retail SME counterparties and Corporate SME counterparties (the latter if not owned by financial sponsors) are explicitly excluded from the scope of Leveraged Transactions. Specialised lending transactions (project finance, real estate and object financing) and certain other types of credit facilities, such as trade finance transactions, are also excluded.
As at 30 September 2022, for the Intesa Sanpaolo Group, the transactions that meet the definition of Leveraged Transactions as per the ECB Guidance amounted to approximately 36 billion euro, relating to 2,184 credit lines. The exposure was essentially in line with the December 2021 figure (35.3 billion euro) but up from June 2022 (31.1 billion euro) as a result of the entry of a large counterparty at the Parent Company level, only partially offset by a decrease on Intesa Sanpaolo Bank Luxembourg.
In accordance with the requirements of the ECB Guidance, as part of the Credit Risk Appetite a specific limit for the outstanding stock of leveraged transactions and limits on new transaction flows were submitted for approval to the Board of Directors, in line with the Bank's risk appetite on these types of operations.

INFORMATION ON INVESTMENTS IN HEDGE FUNDS

The Parent Company's hedge fund portfolio as at 30 September 2022 amounted to 146 million euro for the trading book and 189 million euro for the banking book, compared to 27 million euro and 200 million euro, respectively, as at 31 December 2021.
The investments in the banking book are recognised under financial assets mandatorily measured at fair value and pertain to funds that adopt medium/long-term investment strategies and redemption times that are longer than those of UCITS (Undertakings for Collective Investment in Transferable Securities) funds.
In the first nine months of 2022, stocks increased by 108 million euro on 31 December 2021, due to new investments made in the trading segment, mainly due to positions taken in the second quarter of 2022 (investments increased by 93 million euro).
In terms of the income statement effects, as at 30 September 2022, an overall loss was recorded for -8 million euro, referring to the valuation of funds held in portfolio among financial assets mandatorily measured at fair value, compared to an overall impact of +14 million euro in the first nine months of 2021 (-6 million euro from financial assets held for trading and +20 million euro from financial assets mandatorily measured at fair value), of which +10 million euro attributable to valuation effects and +4 million euro to realisation impacts.
In the Intesa Sanpaolo Group, as at 30 September 2022 the portfolio of Eurizon Capital SGR also includes hedge funds for 50 million euro, with an impact on the income statement of -3 million euro in the first nine months of the year. Hedge funds are held according to a seeding approach that involves setting up a service portfolio consisting of shares of mutual funds for which marketing has begun in support of the funds.

INFORMATION ON TRADING TRANSACTIONS IN DERIVATIVES WITH CUSTOMERS

Considering relations with customers only, as at 30 September 2022, the Intesa Sanpaolo Group, in relation to derivatives trading with retail customers, non-financial companies and public entities (therefore excluding banks, financial and insurance companies), presented a positive fair value, not having applied netting agreements, of 4,793 million euro (6,917 million euro as at 31 December 2021). The notional value of these derivatives totalled 30,945 million euro (64,254 million euro as at 31 December 2021).

The positive fair value of contracts outstanding with the 10 customers with the highest exposures was 2,601 million euro (4,416 million euro as at 31 December 2021).

Conversely, the negative fair value referring to total contracts outstanding, determined with the same criteria, for the same types of contracts and with the same counterparties, totalled 7,395 million euro as at 30 September 2022 (2,192 million euro as at 31 December 2021). The notional value of these derivatives totalled 76,511 million euro (34,378 million euro as at 31 December 2021).

The fair value of derivative financial instruments entered into with customers was determined considering, as for all other OTC derivatives, the creditworthiness of the single counterparty ("Bilateral Credit Value Adjustment"). With regard to contracts outstanding as at 30 September 2022, this led to a positive effect of 102 million euro being recorded under “Profits (Losses) on trading” in the income statement.

For details of the methodologies used in determining the fair value of financial instruments, see the specific paragraphs of the section on accounting policies in the 2021 Annual Report.

Please note that the figures reported above do not include fair value of derivatives embedded in structured bond issues as well as the related hedges taken out by the Group.

OPERATIONAL RISK

Operational risk is the risk of incurring losses resulting from inadequate or failed internal processes, people and systems or from external events[35].

The Intesa Sanpaolo Group has long defined the overall operational risk management framework by setting up a Group policy and organisational processes for measuring, managing and controlling operational risk.

To determine its capital requirements, the Group uses a combination of the methods allowed under applicable regulations (advanced measurement approach partially used along with the standardised approach and basic indicator approach). The capital absorption resulting from this process amounted to 2,107 million euro as at 30 September 2022, unchanged compared to 30 June 2022.

Impacts from the COVID-19 pandemic

With regard to operational risks concerning the third quarter of 2022, there are no specific updates to report, and readers are referred to the description provided in the relevant section of the Annual Report as at 31 December 2021.

Impacts of the Russia-Ukraine conflict

With regard to operational risks concerning the third quarter of 2022, there are no specific updates to report, and readers are referred to the description provided in the same section of the Half-yearly Report as at 30 June 2022.

Legal risks

Legal risks are thoroughly analysed by the Parent Company and Group companies. Provisions are made to the allowances for risks and charges in the event of disputes for which it is probable that funds will be disbursed and where the amount of the disbursement may be reliably estimated.

For the main pending disputes, the significant developments in the quarter are described below. For previous disputes and a detailed illustration of significant individual disputes, see the Notes to the 2021 Annual Report and the 2022 Half-yearly Report of the Intesa Sanpaolo Group.

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

Within the proceedings before the Constitutional Court, which originated from the referral order of 20 July 2021 in which the Court of Florence submitted the question of the constitutionality of Law Decree 99/2017, the Court initially set the hearing for 5 July 2022 and then postponed it to 4 October 2022. The Bank filed a brief to provide further evidence in support of the arguments for the oral hearing before the Court. At the hearing of 4 October, on the basis of the defence arguments filed, Intesa Sanpaolo's defence counsel requested the dismissal of the appeal on the grounds of both inadmissibility and merits. The State Legal Counsel and BPVI in liquidation similarly concluded by asking the Court to declare the inadmissibility and groundlessness of the question of constitutionality.

Selari Bruno Raulet (former Dargent Tirmant Raulet) Dispute

The claim was filed before a French Court in 2001 by the trustee in bankruptcy for the bankruptcy of the real estate entrepreneur Philippe Vincent, which made a request to the Bank for compensation of 56.6 million euro for the alleged "improper financial support" provided to the entrepreneur.

After numerous instances of proceedings, in a ruling delivered on 27 July 2021, the Metz Court of Appeal partially upheld the receivership's claim and ordered Intesa Sanpaolo to pay 20.6 million euro. The Bank and the receivership appealed the ruling before the Court of Cassation with two separate appeals and the two proceedings were subsequently joined.

A hearing was held on 4 October 2022 and the decision is expected to be filed in the coming months.

The amount referred to in the ruling of the Metz Court of Appeal was paid in 2021 by credit to a restricted current account in the name of CARPA (the French Bar Association's Cash Fund) and will be unavailable until the Court of Cassation issues its ruling. In the event of a positive outcome, the amount will be returned to Intesa Sanpaolo, otherwise it will be confiscated by the trusteee.

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

In May 2020, Intesa Sanpaolo Vita S.p.A. finalised an investment in RBM Assicurazione Salute S.p.A., held by RB Hold S.p.A. referring to the family of Roberto Favaretto. On the last May, Intesa Sanpaolo Vita S.p.A. sent the minority shareholders RB Hold 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.

RB Hold S.p.A. rejected all charges and, in the third week of July, along with the Favaretto family, submitted a petition to the Arbitration Chamber of Milan against Intesa Sanpaolo Vita, claiming the invalidity of several clauses in the investment contract and shareholders' agreement of 2020, breaches of contractual commitments and the breach 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 last May. The President of the Arbitration Board is due to be appointed shortly.

Where consultations between the parties lead to the identification of an interest in a settlement, the pending dispute would not prevent verification of the feasibility of this hypothesis

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

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 ISPB 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. The possibility is being evaluated of filing a petition with both the Swiss and Italian authorities to revoke and/or reduce the amount of the seizure. Indeed, an examination of the documents of the proceedings has revealed elements indicating that it may be considered reasonable that such a petition would be upheld. A request for disqualification from operating in Italy has not been made against Reyl & Cie, although investigations are still pending and it is not yet possible to access the related documents.

Fondazione Monte dei Paschi di Siena

In 2014 Fondazione Monte dei Paschi di Siena (the Foundation) proposed an action for compensation for damages referring to the loan granted in 2011 by a pool of banks (lending banks) to provide it with the resources to subscribe the share capital increase of Banca MPS. The damages claimed were allegedly due to the "capital loss" deriving from the reduction in the market value of the Banca MPS shares purchased using the sums disbursed by the banks. FMPS sued eight former directors of the Foundation that were in office in 2011 and the lending banks, which include Intesa Sanpaolo and Banca IMI. The claim for damages has been quantified at around 286 million euro, jointly and severally for all the defendants. The lending banks have been charged with tort liability due to their participation in the alleged violation by the former directors of the debt-equity ratio limit of the Foundation set in the charter.

Following the settlement agreement entered into in December 2021 between the lending banks and the Foundation, last July the Court of Florence declared the case partially extinguished. Consequently, as far as Intesa Sanpaolo is concerned the matter may be considered settled.

Dispute regarding financial derivative instruments

With regard to disputes with local authorities, a mediation request was received from the Municipality of Soriano sul Cimino, challenging the validity of a contract with a negative mark-to-market of 1.1 million euro, which resulted in debit flows for the Municipality of 848 thousand euro (figures as at 31 August 2022). The Bank participated in the first meeting scheduled for 4 October 2022.

With regard to the dispute with the Municipality of Santa Maria Capua Vetere, the Court of Rome, in its ruling of 2 March 2022, rejected the claim of invalidity of the two derivative contracts, made by the Municipality, and upheld the Bank's counterclaim for the unpaid amounts from the Municipality totalling 119 thousand euro. However, the court upheld the claim for implicit costs not disclosed at the time of signing and ordered the Bank to pay 1.1 million euro plus interest and revaluation.

Following the unsuccessful outcome of the discussions that took place, the Municipality enforced the ruling and, as a result, the sum of 1.9 million euro was paid to the bailiff, equal to the amount of 1.6 million euro claimed by the Municipality for principal, interest and revaluation, in addition to the two-tenths increase provided for by law for such circumstances. The Bank has reserved the right to file an objection to the enforcement, which is in the process of being initiated, to assert its claim for the amounts not paid.

With regard to the pending dispute with Companies controlled by Public Entities, in the proceedings promoted by Aler S.p.A., the Milan Court of Appeal, with a ruling dated 1 August 2022, confirmed that the contract entered into with the previous Entity, Banca OPI was null and void due to lack of indication of the mark-to-market and the criteria for its calculation, as well as the probabilistic scenarios. As a result of the first instance ruling, in November 2020 the Bank had paid 4.6 million euro equal to the amounts paid by the company, plus interest and legal expenses. It is ongoing the assessment of filing an appeal before the Court of Cassation.

With regard to the Municipality of Venice, the dispute, initiated in 2019, regards a contract governed by the ISDA, entered into in 2007 with a claim amount 71 million euro. After the publication of the ruling of the Court of Cassation, Joint Sections, no. 8770/2020 (the "Cattolica" case), in the proceedings before the High Court of Justice in London, the Municipality denied that it was aware of the nature of the transaction when it entered into it. Despite the fact that the preliminary investigation had not identified any particular issues, an unfavourable decision was issued on 14 October 2022. Specifically, the English Court held that the Municipality did not have the capacity to enter into speculative derivative contracts involving debt (contrary to Article 119, paragraph 6 of the Constitution), ruling that the Municipality was entitled to the restitution of the differentials paid to the Bank solely in the amount exceeding the outlays of the Bank incurred for the back-to-back hedging derivatives (at least until December 2020). In the present case, the application of the above principle could significantly reduce the restitutionary obligation towards the Municipality and a subsequent hearing is scheduled to quantify the sums to be restituted. This is the first unfavourable precedent for banks issued by the London Court in relation to derivatives governed by ISDA due to lack of capacity and an appeal of the decision is being considered.

In the related proceedings pending before the Court of Venice, after the Court of Cassation recognised the jurisdiction of the Italian court, the Judge reserved the right to rule on the preliminary applications filed by the parties.

Offering of diamonds
Following the plea bargain ruling of July 2021, which defined the Bank's position in the well-known criminal proceedings before the Court of Milan, the proceedings were partially transferred for reasons of territorial jurisdiction to the Court of Rome, and in August 2022 the order was issued for the revocation of the preventive seizure executed in February 2019 concerning the profit from the alleged crime of fraud, as well as the full restitution to the Bank of the sum of around 11 million euro.

AC Costruzioni S.r.l.
Proceedings brought by AC Costruzioni S.r.l. (subsequently declared bankrupt) and Aurelio Cava (deceased during the trial) seeking a declaratory judgment establishing contractual and/or extracontractual liability of the Bank for the revocation of the credit facilities in 1998 and a judgment ordering the bank to provide compensation for the damages resulting from revocation, quantified at a total of around 33 million euro.
The adverse party's claims were rejected in full by both the Court of Cosenza and the Catanzaro Court of Appeal, which upheld the arguments made by the Bank. The judgment of the second instance was appealed by Cava's heirs and by the receiver to AC Costruzioni by counter-appeal and cross-appeal.
By order filed at the end of July 2022, the Court of Cassation rejected the appeals filed by the adverse parties in their entirety and ordered them to pay the costs to the Bank.

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 of the plaintiff company's claims, finding that it lacked standing. The adverse party brought an appeal before the Budapest Court of Appeal.

Labour litigation
In line with the situation as at 31 December 2021, as at 30 September 2022 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.

Tax litigation

The Group's tax litigation risks are covered by adequate provisions for risks and charges.
No new disputes of a significant amount involving Intesa Sanpaolo arose during the quarter. The only event to report was a VAT claim for the year 2016 for the former Mediocredito Italiano in relation to nautical leases (1.5 million euro). There are also no significant events for the Italian and international subsidiaries.
As of 30 September 2022, Intesa Sanpaolo had 516 pending litigation proceedings (579 as of 30 June 2022) for a total amount claimed (taxes, penalties and interest) of 127.6 million euro (128.6 million euro as at 30 June 2022), considering both administrative and judicial proceedings at various instances.
In relation to these proceedings, the provision as at 30 September 2022 was quantified at 57.8 million euro (55.2 million euro as at 30 June 2022).

Compared to 30 June 2022, the main events that influenced the reduction in the amount claimed (-1 million euro) were:
– an increase (around 3.5 million euro), due to: i) new claims of 2 million euro, mainly for the above-mentioned VAT claim for the year 2016 for the former Mediocredito Italiano relating to nautical leases (1.5 million euro) and for registration tax on judicial acts (0.3 million euro); ii) adjustment of the value of the former Sudameris dispute of 1 million euro, due to the appreciation of the Brazilian currency against the euro; and iii) interest accrued on the outstanding disputes of 0.5 million euro;
– a decrease (around 4.5 million euro), due to: i) the closure of disputes concerning registration tax for 1.9 million euro, mainly relating to the sale of a business unit (1.7 million euro – sale of bank branches to the then Credito Piemontese) and to the registration tax on judicial actsof legal documents (0.1 million euro); ii) the closure of disputes concerning municipal property tax (IMU) on properties from leases, both following settlement and cancellation by the municipalities for 0.3 million; and iii) 2.3 million for the settlement of various disputes individually involving small amounts, except for a VAT claim for nautical leases for 1.4 million.

Again compared to 30 June 2022, the increase in provisions (+2.6 million euro) was due to the above-mentioned VAT claim for the year 2016 for the former Mediocredito Italiano relating to nautical leases (1.5 million euro), together with the penalty and related surcharges (2 million euro) included in a payment notice of 10 million euro for an unfavourable ruling by the Court of Cassation in connection with the dispute on the registration tax for the demerger of a business unit from ISP to State Street Bank (the proceedings on the payment notice for registration tax related to this transaction are still pending).
With regard to the main outstanding disputes, reference should be made to the Half-yearly Report for a detailed analysis, given that – as stated above – there were no significant changes in the quarter, except for the above-mentioned VAT claim for the year 2016 for the former Mediocredito Italiano relating to nautical leases (1.5 million euro) to which the tax exemption was applied due to the vessel's use for navigation on the high seas, which has been fully provisioned, but is nevertheless being appealed (appeal filed in August 2022).
It should be noted that Law No. 130/2022 reforming the tax justice system introduced a provision (Article 5) aimed at settling certain minor disputes pending before the Court of Cassation on the date of entry into force of the measure, i.e., disputes initiated by appeal filed with the Court of Cassation by 16 September 2022.
In short, only disputes (i) in which the Italian Revenue Agency is the adverse party and which concern any notice of assessment (i.e. not disputes arising from refund claims) can be settled, provided that (ii) their value does not exceed 100 thousand euro or 50 thousand euro, as applicable. If the Italian Revenue Agency has been entirely unsuccessful at all previous instances and the value of the dispute does not exceed 100 thousand euro, the amount for settlement is 5% of that value. If, on the other hand, the Agency has been unsuccessful in whole or in part at one of the instances of the proceedings

and the value of the dispute does not exceed 50 thousand euro, the amount for settlement is 20% of the value of the dispute. The value of the dispute means the tax claimed at first instance less interest and penalties related to the tax (if the dispute only concerns penalties, then the value is that of the penalties). The settlement is finalised by submitting the application (on the form approved by the Agency on 16 September 2022) and paying the amount due by 16 January 2023. Amounts already paid in advance on a provisional basis, even if they exceed the amount due for settlement, will not be returned.
In this regard, the impact of this provision on ongoing disputes is being assessed. This impact, already from an initial analysis, does not appear to be material, given that the disputes before the Court of Cassation with a value not exceeding 100 thousand euro are few in number and of low value individually and essentially concern indirect taxes, for which Intesa Sanpaolo has already provisionally paid in full the amounts assessed at the time the dispute was initiated.
For details of the questionnaires, please refer to the Half-yearly Report, as there were no new developments.
With regard to Intesa Sanpaolo’s branches located abroad, please refer to the Half-Yearly Report as no significant changes have occurred.

INSURANCE RISKS

Investment portfolios

The investments of the insurance companies of the Intesa Sanpaolo Group (Intesa Sanpaolo Vita, Intesa Sanpaolo Assicura, Intesa Sanpaolo Life, Fideuram Vita, Intesa Sanpaolo RBM Salute and Cargeas) are made with their shareholder fund and to cover contractual obligations with customers. These refer to traditional revaluable life insurance policies, Index- and Unit-linked policies, pension funds and non-life policies.
As at 30 September 2022, the investment portfolios, recorded at book value, amounted to 172,936 million euro. Of these, a part amounting to 86,535 million euro relates to traditional revaluable life policies (the financial risk of which is shared with the policyholders by virtue of the mechanism whereby the returns on assets subject to segregated management are determined), non-life policies and shareholder fund. The other component, whose risk is borne solely by the policyholders, consists of investments related to Unit-linked policies and pension funds and amounted to 86,401 million euro.
Considering the various types of risks, the analysis of investment portfolios, described below, concentrates on the assets held to cover traditional revaluable life policies, non-life policies and shareholder fund.
In terms of breakdown by asset class, net of derivative financial instruments, 84.5% of assets, i.e. around 73,173 million euro, were bonds, whereas equity instruments represented 0.5% of the total and amounted to 398 million euro. The remainder (13,015 million euro) consisted of investments relating to UCI, Private Equity and Hedge Funds (15%).
The carrying value of derivatives came to around -51.5 million euro, of which around 58.8 million euro relating to effective management derivatives[36], and the remaining portion (around -110.3 million euro) is attributable to hedging derivatives.
At the end of the first nine months of 2022, investments made with the shareholder fund of Intesa Sanpaolo Vita and Fideuram Vita amounted to around 2,358 million euro at market value, and presented a risk in terms of VaR (99% confidence level, 10-day holding period) of around 10 million euro.
The breakdown of the bond portfolio in terms of fair value sensitivity to interest rate changes showed that a +100 basis points parallel shift in the curve leads to a decrease of around 4,290 million euro.
The distribution of the portfolio by rating class is as follows. AAA/AA bonds represented around 7.4% of total investments and A bonds around 9.3%. Low investment grade securities (BBB) were around 79.3% of the total and the portion of speculative grade or unrated was minimal (4%).
A considerable portion of the BBB area is made up of securities issued by the Italian Republic.
The analysis of the exposure in terms of the issuers/counterparties produced the following results: securities issued by Governments and Central Banks made up around 76.8% of the total investments, while financial companies (mostly banks) contributed around 13.8% of exposure and industrial securities made up around 9.4%.
At the end of the third quarter of 2022, the fair value sensitivity of bonds to a change in issuer credit rating, intended as a market credit spread shock of +100 basis points, was 4,596 million euro, with 3,806 million euro due to government issuers and 790 million euro to corporate issuers (financial institutions and industrial companies).

Impacts from the COVID-19 pandemic

With regard to insurance risks concerning the third quarter of 2022, there are no specific updates to report, and readers are referred to the description provided in the relevant section of the Annual Report as at 31 December 2021.

Impacts of the Russia-Ukraine conflict

Following the escalation of the geopolitical tensions between Russia and Ukraine, the Risk Management Department has constantly monitored the evolution of the risks and their effects on the business of the Insurance Group, with a specific focus on exposures to countries directly involved in the conflict. In that area, exposure is residual (less than 0.2% of total assets).

[36] ISVAP Regulation 36 of 31 January 2011 on investments defines as "effective management derivatives" all derivatives aimed at achieving pre-established investment objectives in a faster, easier, more economical or more flexible manner than would have been possible acting on the underlying assets.

Accounting policies

Criteria for the preparation of the Interim Statement

General preparation principles

As known, with Legislative Decree 25 of 15 February 2016, Directive 2013/50/EU, amending Directive 2004/109/EC (i.e. “Transparency Directive”), has been transposed into the Italian legal system. By transposing the European regulation, the provisions concerning financial reports were changed, among others, innovating the rules regarding the publication, by the listed issuers with Italy as Member State of origin, of additional periodic information other than the annual report and half-yearly report. The wording of Article 154-ter (Financial reports), paragraphs 5 and 5-bis, of the Consolidated Law on Finance, allows CONSOB to arrange, towards the issuers stated above, the obligation to publish the additional periodic information. However, in exercising its duties – and following a consultation process – CONSOB has given the issuers the choice on publishing the Interim Statements.
In this context, Intesa Sanpaolo publishes – on a voluntary basis – financial information as at 31 March and 30 September of each financial year, in addition to the annual report and half-yearly report. This information consists of interim statements on operations approved by the Board of Directors, basically providing continuity with the interim statements published in the past.

The Interim Statement as at 30 September 2022 has been prepared, in consolidated form, in compliance with the recognition and measurement criteria required by the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS-IC) and endorsed by the European Commission as provided for by Council Regulation 1606 of 19 July 2002.

The accounting standards adopted in preparation of this Consolidated interim report on operations, with regard to the classification, recognition, measurement and derecognition of the balance sheet assets and liabilities, and the recognition methods for revenues and costs, have remained unchanged compared to those adopted for the Intesa Sanpaolo Group 2021 Annual Report and Half-Yearly Report as at 30 June 2022, which should be consulted for the complete details.

With regard to the changes in the accounting regulations, the provisions of Regulation 1080/2021 of 28 June 2021, which implements several less material amendments, published by the IASB on 14 May 2020, to the international accounting standards IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRS 3 Business Combinations, are effective from 1 January 2022.
The amendments relate to:
– IAS 16 – Cost components: the amendments, which are not pertinent to the Group, introduce a prohibition on deducting from the cost of property, plant and equipment the amounts received from the sale of articles produced while the company was preparing the asset for the intended use. The company must recognise such proceeds from sales and the related costs in the income statement;
– IAS 37 – Onerous contracts: it is clarified that to assess whether a contract is onerous, all costs directly related to the contract, rather than incremental costs necessary for fulfilling the contract, must be included in the estimate. Accordingly, the assessment of whether a contract is onerous includes the incremental costs (for example, the cost of the direct materials used in processing), as well as all costs that the entity cannot avoid as a consequence of entering into the contract (for example, the portion of personnel expenses and depreciation of the machinery employed to fulfil the contract);
– IFRS 3 – References to the Conceptual Framework: several references were updated to the new version of the Conceptual Framework of 2018 which, nonetheless, do not entail changes to the pre-existing accounting methods. In addition, the prohibition on recognising contingent assets (i.e., assets whose existence will only be confirmed by uncertain future events) in business combinations was explicitly stated (previously, this prohibition was explicitly stated only in the Basis for Conclusion).

The Regulation in question also endorses the customary annual improvements, the Annual Improvements to IFRS Standards 2018-2020 Cycle, which clarify the formulation or correct errors, oversights or conflicts between the requirements of the Standards. Those minor amendments included changes to IFRS 9 Financial Instruments, providing several clarifications on the fees and commissions to be included in the 10% test for derecognising financial liabilities. In that regard, it is specified that only fees paid or collected between the parties are to be included, not fees directly attributable to third parties.
Considering the scope of the amendments in question, which introduce changes and clarifications of little significance, the Regulation does not have significant impacts on the Group.

The Interim Statement as at 30 September 2022, drawn up in euro as the functional currency, contains the Balance sheet, the Income statement, the Statement of comprehensive income for the period, the Changes in shareholders’ equity, and the explanatory notes. They are also complemented by information on significant events which occurred in the period, and on the main risks and uncertainties to be faced in the remaining months of the year.
The amounts indicated in the financial statements and explanatory notes are expressed in millions of euro, unless otherwise specified.
In addition to the amounts for the reporting period, the financial statements also indicate the corresponding comparison figures for the period ended 30 September 2021 for the Income statement and as at 31 December 2021 for the Balance sheet.

Assets held for sale mainly include portfolios or single positions, classified as bad loans or unlikely-to-pay loans, which are soon to be sold as part of the Group's de-risking strategies.
This caption also includes the following reclassifications: the equity investment in Zhong Ou Asset Management Co. Ltd, for which the sale is expected to be finalised by the end of 2022, once the authorisation process has been completed (in this regard, see the information provided in the Report on Operations of the 2021 Annual Report); the assets and liabilities relating to PBZ Card's merchant acquiring business line, reclassified to accounting captions held for sale starting from the Half-yearly Report as at 30 June 2022, which will be transferred to the Nexi Group in the coming months.

The Interim Statement as at 30 September 2022 is accompanied by certification of the Manager responsible for preparing the Company's financial reports pursuant to Article 154-bis of the Consolidated Law on Finance, and the consolidated financial statements are subject to a limited review by the Independent Auditors for the sole purpose of issuing the certification required by Art. 26 (2) of European Union Regulation no. 575/2013 and European Central Bank Decision no. 2015/656.
With regard to auditing activity, as previously reported, on 30 April 2019 the ordinary shareholders' meeting awarded EY S.p.A. the engagement for the independent audit of the accounts for the financial years 2021 to 2029.

Adoption of IFRS 9 Financial Instruments by the Group's Insurance Companies

IFRS 9 Financial Instruments, issued by the IASB in July 2014 and endorsed by the European Commission through Regulation No. 2067/2016, replaced IAS 39 in the rules for the classification and measurement of financial instruments with effect from 1 January 2018. IFRS 9 is split into three different areas of classification and measurement of financial instruments, impairment (expected credit loss) and hedge accounting.
The Intesa Sanpaolo Group, as a financial conglomerate primarily engaged in banking activities, has exercised the option of adopting the Deferral Approach (or Temporary Exemption), according to which the financial assets and liabilities of the subsidiary insurance companies continue to be recognised in accordance with the provisions of IAS 39, until the entry into force of the new international financial reporting standard on insurance contracts (IFRS 17 Insurance Contracts) on 1 January 2023. The deferral of the adoption of IFRS 9 by the companies of the Insurance Division thus means that, starting from 1 January 2018, different accounting standards need to be applied for the financial assets and liabilities within the Group's consolidated financial statements.
In this context, from 1 January 2023, the Group Insurance Division will be required to apply IFRS 9 and IFRS 17 Insurance Contracts together for the first time. The implementation of IFRS 9 by the companies follows the Intesa Sanpaolo Group's choices in defining its accounting policies in order to ensure the correct and uniform application of the new standard.

Disclosure is provided below on the main areas of impact of the new accounting standard, as well as the ongoing process of implementation of IFRS 9 - Financial Instruments, in accordance with the guidance from the European Securities and Markets Authority (ESMA) and in relation to the requirements of IAS 8 paragraphs 30 and 31. The following paragraph provides similar disclosure on the first-time adoption of the new IFRS 17, together with details of the interplay between the two standards.
The companies of the Insurance Division have participated, through the Insurance Parent Company Intesa Sanpaolo Vita, in the Intesa Sanpaolo Group project launched in September 2015 and aimed at investigating the various areas of influence of the standard, defining its qualitative and quantitative impacts, and identifying and implementing the necessary application and organisational measures. In particular, account has been taken of the objective of pursuing the uniform adoption of the accounting standard, also in the presence of insurance operations linked in particular to the specific characteristics of products under separate management.

Classification and Measurement

In order to comply with the provisions of IFRS 9 – which introduces a model where the classification of financial assets is guided, on the one hand, by the contractual cash flow characteristics of the instruments and, on the other hand, by the management intent for which they are held – the methods for performing the test on the contractual cash flow characteristics (known as the SPPI Test) have been drawn up, while the definition of the "to be" business models is being finalised.
With regard to the SPPI test on financial assets, the Insurance Division will adopt the approach defined at Intesa Sanpaolo Group level and used from 2018. The analysis has also been completed of the composition of the securities and loans portfolios currently in place, to identify their correct classification at the time of first-time adoption (FTA) of the new standard.
With regard to debt securities, a detailed examination of the cash flow characteristics of instruments classified at amortised cost and in the Financial assets available for sale category according to IAS 39 has been carried out in order to identify the assets that have not passed the SPPI test and will therefore have to be measured at fair value through profit or loss in accordance with IFRS 9. According to the analyses conducted on the Insurance Division scope, only a non-material percentage of the debt securities – with respect to the portfolio as a whole – failed the SPPI test, mainly consisting of structured securities.
In addition, the investment funds (open-ended and closed-end funds) will have to be mandatorily measured at fair value through profit or loss, with a consequent future increase in the income statement volatility for these instruments, which are currently classified as Assets available for sale.
With regard to the classification of equity instruments in the scope of IFRS 9, the Insurance Division is considering not exercising the option to classify the equity instruments at fair value through other comprehensive income (FVTOCI without recycling to profit or loss).
Lastly, with regard to loans, their overall contribution to the Division's financial assets is not significant and, since they mainly consist of current accounts and other short-term technical forms, no failures of the SPPI test or particular impacts are expected upon FTA.
With regard to the second driver of classification of the financial assets (business model), i.e. the intention with which financial assets are held, the identification of "to be" business models is in the final stages. The companies of the Insurance Division are tending towards the adoption of a Hold To Collect and Sell business model, with the exception of portfolios connected to linked products and open pension funds, for which an "Other" Business Model will be adopted, with measurement of the

assets at fair value through profit or loss. In this regard, for debt securities, no significant changes are expected with respect to the classification according to IAS 39, except for marginal cases relating to:
- debt securities currently classified as Assets available for sale that do not pass the SPPI test. This reclassification has no impact on the total shareholders' equity determined in accordance with IFRS 9;
- debt securities currently classified under Loans & Receivables which, depending on the result of the SPPI test, will be classified either at fair value through profit or loss or at fair value through other comprehensive income. This reclassification will have a non-material impact with respect to the current balance sheet levels.

With regard to the financial liabilities, no changes are envisaged with respect to the current methods of classification and measurement of the financial liabilities in accordance with IAS 39.

Impairment

With regard to impairment, a common approach and a process centralised within Intesa Sanpaolo's Risk Management structure have been established by the Parent Company Intesa Sanpaolo for the quantification of the expected credit loss for all the Group companies. Accordingly, for a full description of the choices adopted by the Group regarding the application of impairment in accordance with IFRS 9, see the Accounting Policies in the 2021 Annual Report and the description provided in Part E of the Notes to the financial statement concerning risk management.
Please note in this regard that, for the companies of the Insurance Division, the application of the new expected credit losses model is mainly relevant for the portfolio of debt securities classified in the category Fair value through other comprehensive income. For loans, on the other hand, it is not significant.
The main elements underlying the approach can be considered to be the following:
- method of tracking the credit quality of portfolios of financial assets measured at amortised cost and at fair value through other comprehensive income;
- definition of the parameters for determining the significant increase in credit risk, for the purposes of the correct allocation of performing exposures to Stage 1 or Stage 2, based on the change in lifetime probability of default since the time of initial recognition of the financial instrument. With regard to the impaired exposures, on the other hand, given the alignment of the definitions of accounting and regulatory default, the current criteria for classifying exposures as "impaired" can be considered identical to the criteria for classifying exposures in Stage 3;
- definition of models – including forward-looking information – for the staging (with respect to the use of lifetime PD as a relative indicator of impairment) and for the calculation of the one-year ECL (to be applied to Stage 1 exposures) and lifetime ECL (to be applied to Stage 2 and Stage 3 exposures). In order to take into account forward-looking information and the macroeconomic scenarios in which the Group may find itself operating, the "Most likely scenario + Add-on" approach has been adopted.

With regard to the staging for securities, it must be considered that sales and purchases after initial recognition (made using the same ISIN) may form part of the ordinary management of the positions (with the consequent need to identify a methodology to be adopted for identifying the sales and repayments in order to determine the remaining quantities of the individual transactions that need to be allocated a credit quality/rating upon origination to be compared with that parameter at the reporting date). In this regard, in line with the choice adopted by the Intesa Sanpaolo Group from 2018, the Insurance Division will also use the "first-in-first-out" or "FIFO" method (for the recognition of the recorded ECL in the income statement, in the event of sales or repayments) which helps in providing a more transparent management of the portfolio, also for the front office operators, while also enabling the continued updating of the credit rating based on new purchases.
Lastly, a key element for the estimation of the expected losses is the inclusion of forward-looking factors and, in particular, macroeconomic scenarios. From a methodological perspective, the approach adopted by the Intesa Sanpaolo Group is the "Most likely scenario + Add-on". Under this approach, the calculation of the expected credit loss (ECL) and the stage assignment use the credit loss determined for the baseline scenario, which is considered the most likely scenario and is also used for other purposes within the Group (for example, for preparing the budget and the business plan), to which an add-on is applied to reflect the effects from the non-linearity of the variables used for the conditioning of the macro-economic parameters. A similar approach will therefore also be applied to the companies of the Insurance Division.

Hedge accounting

With regard to hedge accounting, the regulatory changes relate solely to general hedging and are closely tied to the Group's choice of exercising the opt-in / opt-out option (i.e., the possibility of implementing the new IFRS 9 rather than continuing to apply the former IAS 39). The Intesa Sanpaolo Group, on the basis of detailed studies on the management of the hedging transactions, decided to exercise the opt-out during the IFRS 9 FTA, and has maintained this choice to date. In light of this, the hedging transactions for the Insurance Division will also continue to be managed in accordance with IAS 39 (carve-out), currently in force.

Income statement and balance sheet impacts

The main impacts expected from the adoption of the new standard for the Insurance Division will derive, firstly, from the application of the new impairment accounting model for debt securities (based on the concept of expected loss instead of the incurred loss approach, currently envisaged by IAS 39), which will lead to an increase in value adjustments, and from the application of the new rules for the transfer of exposures between the different classification stages envisaged by the standard.
Based on the analyses performed and implementations under way, it is estimated that the impact, to be recognised through other comprehensive income upon first-time adoption of the new standard, will be not significant with respect to the Group's current balance sheet and regulatory capital levels and with respect to the impact recognised upon first-time adoption of the standard for the ISP Group as at 1 January 2018.

Organisational and information system impacts
The adoption of the new standard entails organisational and information system changes.
The main organisational impacts have been identified and relate to the revision and adaptation of existing operating processes, the design and implementation of new processes, and the expansion of the skills available within the various operations, administration and control structures.
With regard to the information systems, work was carried out on the securities management applications of the insurance companies to adapt them to the requirements of the new standard, and a monthly exchange of flows has been set up between the insurance companies and the relevant Intesa Sanpaolo structures in relation to staging and expected credit losses for securities classified at fair value through other comprehensive income.

Restatement of comparative information and parallel running
With regard to the methods of presentation of the effects of first-time adoption of the standard, the Insurance Division will exercise the option established in paragraph 7.2.15 of IFRS 9, according to which – subject to the retrospective application of the new measurement and presentation rules required by the standard – there is no requirement for the compulsory restatement on a like-for-like basis of the comparative information in the financial statements of first-time adoption of the new standard. In particular, the Insurance Division will adopt the Classification Overlay for the entire securities portfolio in accordance with the provisions of paragraph C28A and following of IFRS 17 – as amended by the IASB on 9 December 2021 and endorsed by the European Commission with Regulation No. 1491/2022 of 8 September 2022 – regarding companies adopting IFRS 9 and IFRS 17 simultaneously for the first time. The Classification Overlay allows the application of the classification and measurement requirements as envisaged by IFRS 9 for the preparation of comparative periods using reasonable and supportable information, and the application of the impairment provisions is not required.
In the second half of 2022, the companies of the Insurance Division started the "parallel running" of the application of the new standard.

IFRS 17 Insurance Contracts
This paragraph provides disclosure on the main areas of impact of the new IFRS 17 Insurance Contracts, as well as the ongoing process of implementation, in accordance with the guidance from the European Securities and Markets Authority (ESMA), mentioned above, and in relation to the requirements of IAS 8 paragraphs 30 and 31. Disclosure is also provided on the interplay between the new IFRS 17 and IFRS 9, which the companies of the Insurance Division will apply simultaneously and for the first time from 1 January 2023.
The new IFRS 17 published by the IASB in May 2017 and subject to subsequent amendments published on 25 June 2020 and 9 December 2021, was endorsed by Regulation (EU) No. 2036/2021 of 19 November 2021 – and recently amended by Regulation (EU) No. 1491/2022 of 8 September 2022, which introduced some minor changes for the preparation of comparative information upon the initial application of IFRS 17 and IFRS 9 – and will be mandatorily effective from 1 January 2023. The standard mandatorily requires the presentation of the comparative period, i.e. the year 2022, restated.
In this regard, Regulation No. 2036/2021 sets out the endorsement of IFRS 17 at European level and, on an optional basis, to exempt intergenerationally-mutualised and cash flow matched contracts from the application of the obligation of grouping into annual cohorts pursuant to IFRS 17.

Overview of IFRS 17
IFRS 17 replaces IFRS 4, which, from the time of its initial publication, was considered an interim standard and – as such – its objectives did not include establishing a single approach for the presentation of insurance contracts, referring to the accounting models set out in local regulations of the individual countries. Addressing this aspect – together with better disclosure regarding the operating performance of the insurance contracts – forms the basis of the new standard.
The main provisions of the standard are illustrated below:
- initial recognition of the insurance liability: when the contract is signed with the policyholder, the insurance entity recognises a liability whose amount represents the sum of the present value of the expected contractual cash flows (Present Value Future Cash Flows – "PVFCF"), discounted and also including an appropriate Risk Adjustment ("RA") for non-financial risks and the Contractual Service Margin ("CSM"), which represents the present value of the future profits before tax;
- grouping of contracts: the application of IFRS 17 involves the identification of "portfolios" of insurance contracts (groups of contracts that are subject to similar risks and managed together). Each portfolio is further subdivided into groups consisting of contracts with similar characteristics in terms of expected profitability, thus distinguishing between profitable contracts (with a positive contractual service margin) and onerous contracts (with a negative contractual service margin);
- the measurement models envisaged by the standard: IFRS 17 envisages the measurement model known as General Model ("GM") applicable to all contracts, except for contracts with direct participation features, for which the Variable Fee Approach ("VFA") is applied, if the eligibility criteria based on the nature of the participation features are met. There is also an optional simplified model (Premium Allocation Approach – "PAA") for the valuation of the Liability for Remaining Coverage ("LFRC", similar to the reserve for unearned premiums) for contracts with a coverage period of one year or less and for all contracts where the valuation is not materially different from that resulting from the application of the General Model;
- transition: upon first-time adoption, IFRS 17 requires that all contracts in the portfolio be accounted for as if the rules introduced had always been in force, a transition approach referred to as the Full Retrospective Approach ("FRA"). Given that its application can be very complex due to the unavailability of the time series of the attributes required to manage the breadth of the target data model envisaged by IFRS 17, which enables its full application, the standard allows the possibility of using two other approaches, both of which are optional:
  - the Modified Retrospective Approach ("MRA"), which approximates the results obtained from the FRA using a retrospective approach, but includes some simplifications regarding the estimation of the CSM, the level of aggregation of the contracts, the use of annual cohorts and the discount rates to be used;

  - the Fair Value Approach ("FVA"), which is the simplest approach according to which the CSM/Loss Component (in the case of onerous contracts) is calculated as the difference between the fair value of the group of contracts to which it refers and the value of the Fulfilment Cash Flows at the same date (consisting of the sum of the PVFCF and RA);
- subsequent measurement of the insurance liability: IFRS 17 requires the measurement at each reporting period of the above elements (cash flows and contractual service margin), to verify the consistency of the estimates with the current market conditions. The effects of any mismatches must be recorded in the financial statements at the first reporting date: in profit or loss for changes relating to events that have already occurred in the past or as a reduction of the contractual service margin (CSM) when the changes relate to future events. Solely with regard to changes in financial variables (and not the others, i.e. mainly related to policyholder behaviour), it is left to the entities to decide – for each grouping of contracts (see below) – whether to present the effects of the changes through profit or loss or through other comprehensive income (OCI option);
- measurement of the insurance revenue: IFRS 17 requires the presentation in profit or loss of the earnings "by margins" achieved during the life of the policies, i.e. when the entity provides the services to the insured, and does not therefore require the recognition of any revenue at the time of entering into the contract;
- measurement of the performance: with a view to providing disclosure that ensures better comparability of the performance of the insurance companies, a distinct and separate presentation is required of the two main components that typically contribute to making up the earnings of insurance undertakings: the first, which represents the profit from the insurance provided (the "technical margin") and the second, which brings together all the financial components (results of investments, effects of financial variables used in the valuations of the contracts, etc.). Changes in the future estimates of premiums linked to the outstanding contracts at the reporting date (cash flows to be received) and payments (cash flows to be paid) are recognised in profit or loss over the entire remaining contractual lifetime of the policies concerned.

IFRS 17 therefore introduces new criteria for determining the earnings of insurance companies, also with a view to achieving better comparability of the financial disclosure produced by the competitors in the sector. These new criteria will lead to potential impacts in the design of new insurance products, particularly with regard to pricing and new risk management approaches in relation to asset and liability management. The financial disclosure will see the introduction of new key performance indicators based on product margins compared to the current collected premiums used as a reference at both national and international level.
Lastly, the insurance companies will need to design a new target operational model that will enable the management of the new earnings measurements established by the standard, with significant investments both in terms of internal processes and information technology.

Implementation Project for the Insurance Division: organisational and information system impacts

Within the ISP Group, IFRS 17 is applicable to the insurance products and investment products with discretionary participation features of the Insurance Division. In the interest of completeness, please note that assessments are being conducted to identify any other cases impacted by the new standard on the rest of the Group, which are however not expected to be material, also in view of the exclusions from application envisaged by IFRS 17.
The IFRS 17 implementation project for the Insurance Division started in June 2019 and is divided into several strands that have been set up uniformly for all the companies of the Insurance Division, taking into account the specific business characteristics of each company:

- definition of the methodological framework: the key topics have been identified, corresponding to the related approaches set out in the Technical Papers, in terms of product classification, determination of future cash flows and calculation of the CSM;
- evolution of information systems: the Big Picture of this project, which includes the mapping of applications and their IT interfaces, established in December 2020, has been maintained and implemented also for the newly acquired companies and envisages the same IT structure for all the companies of the Insurance Division, taking into account their specific characteristics. In 2020, the migration to the new SAP accounting system was completed for the companies Intesa Sanpaolo Vita, Fideuram Vita, Intesa Sanpaolo Assicura and Intesa Sanpaolo Life. For Intesa Sanpaolo RBM Salute, the migration was completed in July 2021 (with an accounting effective date of 1 July 2021).
  The analysis and preparation of the business requirements have been carried out. In October 2021, the migration was implemented of the technical accounting system to the SAP DATA HUB and SAP FPSL system for the companies Intesa Sanpaolo Vita, Fideuram Vita and Intesa Sanpaolo Assicura. For Intesa Sanpaolo RBM Salute, the migration activities were completed in January 2022.
  As at 30 June 2022, the implementation had been completed aimed at including the part of the processes relating to the calculation of the forward-looking measures introduced by IFRS 17 (mainly cash flows, risk adjustment and CSM) into the accounting and financial reporting process.
  With specific regard to the actuarial engines, the related IT developments have been completed. With regard to the companies acquired by the Intesa Group during 2020 and 2021 (Intesa Sanpaolo RBM Salute, Cargeas and the former UBI life companies), the related integration project envisages the full adoption of the division target systems;
- development of training activities: planned for the entire duration of the project and allocated across the technical and operational areas and top management, these activities envisage specific sessions dedicated to the directors of the companies of the Insurance Division and the Parent Company;
- changes to processes and internal procedures: the target operating model has been formalised, i.e. the design and formalisation of the systems, organisational processes and the offices responsible for them, in order to control the new process for preparing the financial statements;
- transition and parallel running in 2022: the work is being completed on the quantification of the opening balances as at 1 January 2022 and has been initiated on the production of the comparative information for the quarters of 2022 for all the companies of the Insurance Division.

From an organisational perspective, in addition to the process for the preparation of the financial statements, the IFRS 17 project includes the implementation of systems and processes related to planning and control and asset and liability

management, in order to ensure the Group companies' management capabilities according to the new metrics introduced by IFRS 17.
Lastly, periodic meetings are planned with the Independent Auditors EY to enable discussion of the methodological choices identified in the project.

Group methodological choices
The main methodological uncertainties faced by the Group concerned the definition of the discount curve, the quantification of the cash flows according to IFRS 17, and the need to quantify the CSM for the consolidated financial statements of the Intesa Sanpaolo Group, which differs from the insurance CSM, to take the actual distribution costs into account in the future flows of insurance liabilities rather than the fees settled between Group companies.
Below are the main methodological choices that the Insurance Division is considering, which are the same for all the companies included in the scope of consolidation:

- Level of aggregation and carve-out option on cohorts: the level of aggregation enables the definition of the granularity to be used to assess the profitability of a group of contracts, by grouping the following in the same portfolio:
    - contracts that have similar risks and are managed together;
    - contracts that have the same expected profitability upon issue (profitability bucket);
    - contracts that belong to the same generation (annual cohort).

  Solely for the first case, the Insurance Division has adopted the choice of aggregating the contracts belonging to the Non-Life Business based on the Solvency II Line of Business ("LoB") they belong to. For the Life Business, groups of contracts are aggregated for products included in the same Separate Management, Multi-Line products linked to the same Separate Management, Unit-Linked products, products linked to Pension Funds and pure risk products (e.g. temporary death policies).
  With regard to contracts relating to Multi-Line products or linked to a Separate Management, it has been decided to exercise the option not to apply the Annual Cohort requirement (so-called "carve-out"), as allowed in the IFRS 17 Endorsement Regulation at European level, and therefore to aggregate these types of contracts only based on the concept of similar risks managed together and belonging to the same profitability bucket.
- Discount curve: the Insurance Division has decided to use a bottom-up approach, which involves using risk-free rates with the addition of a liquidity premium, estimated based on the risk premium inherent in each company's securities portfolio, broken down by individual separate management, unit-linked portfolio, pension funds and free portfolio.
- Risk adjustment: it is determined using a Value at Risk (VaR) approach that estimates the uncertainty of the non-financial risks based on the 75th percentile of the specific distribution of each risk considered.
- Variable Fee Approach (VFA): as noted above, the VFA is a mandatory model required by the standard for contracts involving significant discretionary participation features for the policyholders. To determine whether discretionary participation features are significant, both a qualitative and quantitative test is performed to verify the requirements. Within the Insurance Division's products, all the insurance Linked contracts and all the contracts linked to a separate management, both individual and Multi-Line, are measured using the Variable Fee Approach.
- Premium Allocation Approach (PAA): as already mentioned, the PAA is an optional method applicable to contracts with a duration of less than one year or to contracts with a duration of more than one year for which it is demonstrated that the application of the PAA model does not lead to results that are significantly different from those that would be obtained with the general model. The Insurance Division has decided to apply this model solely to the Non-Life Business, with the general rule being to use the PAA model for insurance policies with a duration of one year or less.
- Coverage units: these are the driver used to determine the pattern of CSM release to profit or loss, taking into account the amount of service provided to the policyholders and the expected duration of the group of contracts. The coverage units are determined differently based on whether they relate to Life Business or Non-Life Business. Specifically, for the Non-Life Business, the coverage units are identified by the earned premiums for the period, while for the Life Business, they are identified by the insured capitals for the period with respect to the whole life insured capitals, which represent the company's commitment to the policyholders during the valuation period.
- Contract boundaries: the determination of the contract boundaries is used to establish whether a particular contractual option is to be included in the cash-flow projection as soon as the contract is issued or whether the exercise of that option will result in the generation of a new group of contracts.
- The IFRS 17 contract boundaries include all the contractual options that establish the conditions for exercising the option in terms of pricing, already at the time when the contracts are issued. If the exercise of the option does not have conditions predetermined upon issue and the conditions are only defined at a later date or at the time of exercise by the policyholder, they are not included in the IFRS 17 contract boundaries and are not projected in the cash flows of the host contract; the exercise of the option generates a new group of contracts different from that of the host contract.
- Transition approach: the decision has been made to use all three transition approaches envisaged by the standard based on the availability of the historical data required by the standard for determining the CSM at the FTA date. Specifically, the Full Retrospective Approach is used for the most recent generations of contracts, except for the acquired companies (ISP RBM Salute, Cargeas and former UBI), for which the Fair Value Approach is used. For multi-line life contracts and older non-life contracts the Modified Retrospective Approach is used, while for the remaining products and annuities the Fair Value Approach will be used.
- Interplay between IFRS 9 and IFRS 17 and use of the OCI option: in some cases, the interplay between IFRS 17 and IFRS 9 may generate mismatches between the way insurance contracts and related financial assets are accounted for. In order to reduce these mismatches, IFRS 17 allows for a disaggregation of financial income and expenses from insurance contracts between the profit or loss (financial result) and other comprehensive income (OCI). The choice of disaggregation is made at portfolio level for the insurance contracts and must be made consistently with the valuation approach used for the assets. In particular:
    - with regard to contracts valued using the General Model and the Premium Allocation Approach, the financial revaluation of future cash flows and risk adjustment at historical rates is recognised through profit or loss, while the difference between the revaluation at historical and current rates is recognised through other comprehensive income;

- for contracts valued under the Variable Fee Approach, IFRS 17 requires the financial result of insurance contracts to be disaggregated between profit or loss and other comprehensive income. In essence, the difference between the financial result of insurance contracts and the financial result through profit or loss arising from the underlying financial instruments is reclassified to other comprehensive income (mirroring). The mirroring accounting treatment envisaged by IFRS 17 is similar in purpose to the shadow accounting envisaged by IFRS 4 currently in force.

The methodological choices are being finalised, jointly between the structures of the Parent Company ISP and the Insurance Division, for the quantification of the CSM for the Consolidated Financial Statements.

In accordance with IFRS 9, the Insurance Division is finalising the definition of the "to be" business model: Hold To Collect and Sell for all debt financial instruments, except for those connected to linked products and open pension funds (to which the "Other" Business Model would be applied). With regard to the classification of equity instruments that come under the scope of IFRS 9, the Insurance Division is considering using their fair value measurement through profit or loss.
For more details, see the paragraph Adoption of IFRS 9 by the Group's Insurance Companies.
As a result, in order to reduce potential accounting mismatches, it has been decided to adopt the OCI option on all the insurance contract portfolios, except for the unit-linked policies not connected to multi-line products and open pension funds.

Main differences between the IFRS 17 framework and Solvency II
The main differences between IFRS 17 and Solvency II in relation to the valuation of insurance liabilities primarily relate to the identification of the contract boundaries, the determination of the discount curve, and the method of calculation of the Prudent Margin (respectively Risk Adjustment or Risk Margin). In particular:
- with regard to the contract boundaries, the main differences concern both the determination criteria and the frequency of the valuation. Under Solvency II, the contract boundaries are based on a risk approach for the company and are determined at each valuation date; under IFRS 17, they are based on the possibility of re-pricing by the company and are determined when the contracts are issued;
- with regard to the discount curves, the main difference concerns the approach and granularity used for the calculation of the discount curve. Specifically, for Solvency II there is a single discount curve composed of a risk-free base curve plus a liquidity premium (volatility adjustment), defined by the EIOPA on the basis of an average market benchmark portfolio. In the IFRS 17 framework, on the other hand, the discount curves for each identified portfolio can be calculated on the basis of specific reference asset pools;
- for the Prudent Margin, the difference between Risk Margin and Risk Adjustment is due to both a different calculation approach and a different scope of identified risks. The Solvency II Risk Margin is calculated using a Cost of Capital approach, applied to the company's capital requirement assessed with a 95% percentile, considering the technical risks, credit risk and operational risk. For the IFRS 17 Risk Adjustment, the standard does not envisage a standard approach, but only its determination on the basis of specific non-financial risks.

Income statement and balance sheet impacts
The new standard envisages the introduction of new balance sheet figures and different ways of recognising the profitability of insurance products in the companies' financial statements, which could lead to both balance sheet impacts upon first-time adoption of the standard and volatility in the income statement once the standard is being implemented.
The balance sheet impact upon first-time adoption depends on the level of market rates at the transition date (a lower rate level corresponds to a higher negative balance sheet impact), as well as the transition approaches adopted.
On the other hand, the income statement result is closely related to how the CSM is released over time and how it is adjusted following revisions to the operational and financial assumptions included in the cash flow and risk adjustment.
Based on the analyses performed and implementations under way, it is estimated that the impact, to be recognised through other comprehensive income upon first-time adoption of the new standard, will be non-critical with respect to the Intesa Sanpaolo Group's current balance sheet and regulatory capital levels. In this regard, for regulatory purposes, the Intesa Sanpaolo Group, as a "financial conglomerate", has been authorised to apply the "Danish Compromise", which allows for the 370% weighting of significant investments in insurance subsidiaries instead of their deduction from CET1. The main differences to be recognised in shareholders' equity originate from the difference between the IFRS 17 insurance liabilities (including future profits – CSM) measured at fair value, compared to the IFRS 4 reserves, which factor in the reserves quantified based on local supervisory authority rules, in addition to the shadow reserve and liability adequacy test, which are not fully representative of fair value.

Scope of consolidation and consolidation methods

Scope of consolidation

The consolidated Interim Statement includes Intesa Sanpaolo and the companies that it directly and indirectly controls, jointly controlled or subject to significant influence, also including – as specified by IAS/IFRS – companies operating in sectors different from that of the Parent Company and private equity investments. Similarly, structured entities are included when the requisite of effective control recurs, even if there is no stake in the company.
Certain companies in which the Parent Company holds an equity stake exceeding 20% of voting share capital, in any case of limited absolute amount, are excluded from the scope of consolidation and are classified based on the provisions of IFRS 9, since Intesa Sanpaolo, directly or indirectly, exclusively holds rights on a portion of the rewards of the investment, does not have access to management policies and may exercise limited governance rights to safeguard its economic interests.
Equity investments held, directly or through funds, in companies involved in the venture capital business are also excluded from the line-by-line scope of consolidation. These equity investments are included in the category of Financial assets measured at fair value through profit or loss.
Companies for which the shares have been received as pledges with voting rights exceeding 20% are not consolidated, in consideration of the substance underlying the pledge, which has the purpose of guaranteeing loans and not of exercising control and direction over financial and economic policies in order to benefit from the economic return on the shares.
You are reminded that Intesa Sanpaolo does not perform management and coordination activity over Risanamento S.p.A. and its subsidiaries pursuant to Article 2497 et seq. of the Italian Civil Code.

With respect to 31 December 2021, the changes in the line-by-line consolidation area involved the entry of:
– Newco TPA S.p.A. (now named InSalute Servizi S.p.A.), a newly-incorporated company in the Insurance Group, 100% owned by Intesa Sanpaolo Vita;
– Compagnie de Banque Privée Quilvest (CBPQ), 100%-owned by Fideuram Bank (Luxembourg) S.A.;
– VUB Operating Leasing A.S., previously consolidated using the equity method;
– Acantus S.p.A. (transferee of ISP’s pledged loans business line belonging to the former UBI Group), following the exceeding of the immateriality limits that previously allowed its consolidation at equity;

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

In the interest of completeness, it should also be noted that Mooney Group will continue to be consolidated at equity for the purposes of the accounting scope of consolidation, but is included in the prudential scope of consolidation using the proportional method; in July, Banca 5 S.p.A. acquired an additional 20% stake in the above-mentioned company, bringing the total interest to 50% (subject to joint control).

Consolidation methods

The methods used for line-by-line consolidation of subsidiaries and consolidation by the equity method of associates and companies subject to joint control have remained unchanged with respect to those adopted for the 2021 Intesa Sanpaolo Group Annual Report, to which reference should therefore be made. The financial statements of the Parent Company and of other companies used to prepare the Interim Statement as at 30 September 2022 refer to the same date. In certain limited cases, for subsidiaries which are not material, the latest official figures are used.
With regard to the Ukrainian subsidiary Pravex Bank and the subsidiary Banca Intesa Russia, in the Interim Statement as at 31 March 2022 and in the Half-yearly Report as at 30 June 2022, they were subject to line-by-line consolidation on the basis of reporting packages referring to prior dates (31 December 2021 for Pravex Bank and 31 March 2022 for Banca Intesa Russia), due their low materiality with respect to the consolidated figure for the Group and the obvious logistical and execution difficulties for the administrative structures (in particular for the Ukrainian Bank) also with respect to the IT channels and related cybersecurity aspects[37]. Taking advantage of a more stable operating environment, in this Interim Statement, Pravex Bank and Banca Intesa Russia are being consolidated on a line-by-line basis again on the basis of accounts aligned to the reporting date.
Where necessary – and only in wholly marginal cases – the financial statements of consolidated companies which are drawn up using different accounting criteria are restated to be compliant with the standards used by the Group. The financial statements of non-Eurozone companies are translated into euro by applying the spot exchange rate at period-end to assets and liabilities in the Balance sheet, and the average exchange rate for the period to Income statement captions.

The Board of Directors

Milan, 4 November 2022

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

Declaration of the Manager responsible for preparing the Company's financial reports

Pursuant to art. 154-bis, subsection 2 of the Italian Consolidated Law on Finance, the Manager responsible for preparing the Company's financial reports, Fabrizio Dabbene, hereby declares that the accounting information contained in this Interim Statement as at 30 September 2022 corresponds to corporate records, books and accounts.

Milan, 4 November 2022

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

Attachments

Reconciliation between published consolidated financial statements and adjusted consolidated financial statements

Reconciliation between published consolidated balance sheet as at 31 December 2021 and adjusted consolidated balance sheet as at 31 December 2021

Reconciliation between published consolidated income statement for the period ended 30 September 2021 and adjusted income statement for the period ended 30 September 2021

Reconciliation between adjusted/published consolidated financial statements and restated consolidated financial statements

Reconciliation between published consolidated balance sheet as at 31 December 2021 and restated consolidated balance sheet as at 31 December 2021

Reconciliation between published consolidated income statement for the period ended 30 September 2021 and restated consolidated income statement for the period ended 30 September 2021

Reconciliation between consolidated income statement for the period ended 30 September 2022 and restated consolidated income statement for the period ended 30 September 2022

Restated consolidated financial statements

Restated consolidated balance sheet

Restated consolidated income statement

Reconciliation between restated consolidated financial statements and reclassified consolidated financial statements

Reconciliation between consolidated balance sheet and reclassified consolidated balance sheet

Reconciliation between restated consolidated income statement and reclassified consolidated income statement

Reclassified consolidated income statement – Reconciliation with redetermined figures

Reclassified consolidated income statement - Reconciliation with redetermined figures

Reconciliation between published consolidated financial statements and adjusted consolidated financial statements

Reconciliation between published consolidated balance sheet as at 31 December 2021 and adjusted consolidated balance sheet as at 31 December 2021

The published consolidated balance sheet as at 31 December 2021 did not require any adjustments.

Reconciliation between published consolidated income statement for the period ended 30 September 2021 and adjusted income statement for the period ended 30 September 2021

The published consolidated income statement as at 30 September 2021 did not require any adjustments.

Reconciliation between adjusted/published consolidated financial statements and restated consolidated financial statements

Reconciliation between published consolidated balance sheet as at 31 December 2021 and restated consolidated balance sheet as at 31 December 2021

(millions of euro)

Assets		31.12.2021	Changes in the scope of consolidation (a)	31.12.2021 Restated
10.	Cash and cash equivalents	14,756	937	15,693
20.	Financial assets measured at fair value through profit or loss	52,731	2	52,733
	a) financial assets held for trading	*47,181*	*2*	*47,183*
	b) financial assets designated at fair value	*4*	*-*	*4*
	c) other financial assets mandatorily measured at fair value	*5,546*	*-*	*5,546*
30.	Financial assets measured at fair value through other comprehensive income	67,580	217	67,797
35.	Financial assets pertaining to insurance companies, measured at fair value pursuant to IAS 39	206,800	-	206,800
40.	Financial assets measured at amortised cost	668,866	635	669,501
	a) due from banks	*163,937*	*18*	*163,955*
	b) loans to customers	*504,929*	*617*	*505,546*
45.	Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	85	-	85
50.	Hedging derivatives	1,732	-	1,732
60.	Fair value change of financial assets in hedged portfolios (+/-)	392	-	392
70.	Investments in associates and companies subject to joint control	1,652	-	1,652
80.	Technical insurance reserves reassured with third parties	208	-	208
90.	Property and equipment	10,792	4	10,796
100.	Intangible assets	9,342	3	9,345
	of which:			
	- goodwill	*3,574*	*-*	*3,574*
110.	Tax assets	18,808	-	18,808
	a) current	*3,555*	*-*	*3,555*
	b) deferred	*15,253*	*-*	*15,253*
120.	Non-current assets held for sale and discontinued operations	1,422	-	1,422
130.	Other assets	13,837	15	13,852
Total assets		**1,069,003**	**1,813**	**1,070,816**

(a) The restatement refers to the entry of the Quilvest Group.

(millions of euro)

Liabilities and Shareholders' Equity		31.12.2021	Changes in the scope of consolidation (a)	31.12.2021 Restated
10.	Financial liabilities measured at amortised cost	710,055	1,699	711,754
	a) due to banks	*165,258*	*12*	*165,270*
	b) due to customers	*458,239*	*1,687*	*459,926*
	c) securities issued	*86,558*	*-*	*86,558*
15.	Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,146	-	2,146
20.	Financial liabilities held for trading	56,306	2	56,308
30.	Financial liabilities designated at fair value	3,674	-	3,674
35.	Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	84,770	-	84,770
40.	Hedging derivatives	4,868	-	4,868
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	53	-	53
60.	Tax liabilities	2,285	7	2,292
	a) current	*363*	*7*	*370*
	b) deferred	*1,922*	*-*	*1,922*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	30	-	30
80.	Other liabilities	15,639	16	15,655
90.	Employee termination indemnities	1,099	-	1,099
100.	Allowances for risks and charges	5,716	1	5,717
	a) commitments and guarantees given	*508*	*-*	*508*
	b) post-employment benefits	*290*	*-*	*290*
	c) other allowances for risks and charges	*4,918*	*1*	*4,919*
110.	Technical reserves	118,296	-	118,296
120.	Valuation reserves	-709	-	-709
125.	Valuation reserves pertaining to insurance companies	476	-	476
130.	Redeemable shares	-	-	-
140.	Equity instruments	6,282	-	6,282
150.	Reserves	17,706	-	17,706
155.	Interim dividend (-)	-1,399	-	-1,399
160.	Share premium reserve	27,286	-	27,286
170.	Share capital	10,084	-	10,084
180.	Treasury shares (-)	-136	-	-136
190.	Minority interests (+/-)	291	88	379
200.	Net income (loss) (+/-)	4,185	-	4,185
Total liabilities and shareholders' equity		**1,069,003**	**1,813**	**1,070,816**

(a) The restatement refers to the entry of the Quilvest Group.

Reconciliation between published consolidated income statement for the period ended 30 September 2021 and restated consolidated income statement for the period ended 30 September 2021

(millions of euro)

		30.09.2021	Change in the scope of consolidation (a)	Contribution of Training Business Line (b)	30.09.2021 Restated
10.	Interest and similar income	7,843	17	-	7,860
	of which: interest income calculated using the effective interest rate method	*7,563*	-	-	*7,563*
20.	Interest and similar expense	-1,811	-6	-	-1,817
30.	**Interest margin**	**6,032**	**11**	**-**	**6,043**
40.	Fee and commission income	8,828	59	-	8,887
50.	Fee and commission expense	-1,989	-11	-	-2,000
60.	**Net fee and commission income**	**6,839**	**48**	**-**	**6,887**
70.	Dividend and similar income	113	-	-	113
80.	Profits (Losses) on trading	406	14	-	420
90.	Fair value adjustments in hedge accounting	36	-	-	36
100.	Profits (Losses) on disposal or repurchase of:	741	-	-	741
	a) financial assets measured at amortised cost	*215*	-	-	*215*
	b) financial assets measured at fair value through other comprehensive income	*570*	-	-	*570*
	c) financial liabilities	*-44*	-	-	*-44*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	157	-	-	157
	a) financial assets and liabilities designated at fair value	*-28*	-	-	*-28*
	b) other financial assets mandatorily measured at fair value	*185*	-	-	*185*
115.	Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39	3,353	-	-	3,353
120.	**Net interest and other banking income**	**17,677**	**73**	**-**	**17,750**
130.	Net losses/recoveries for credit risks associated with:	-1,607	-	-	-1,607
	a) financial assets measured at amortised cost	*-1,595*	-	-	*-1,595*
	b) financial assets measured at fair value through other comprehensive income	*-12*	-	-	*-12*
135.	Net losses/recoveries pertaining to insurance companies pursuant to IAS 39	-4	-	-	-4
140.	Profits (Losses) on changes in contracts without derecognition	-25	-	-	-25
150.	**Net income from banking activities**	**16,041**	**73**	**-**	**16,114**
160.	Net insurance premiums	7,848	-	-	7,848
170.	Other net insurance income (expense)	-9,887	-	-	-9,887
180.	**Net income from banking and insurance activities**	**14,002**	**73**	**-**	**14,075**
190.	Administrative expenses:	-8,568	-65	-54	-8,687
	a) personnel expenses	*-5,016*	*-54*	*7*	*-5,063*
	b) other administrative expenses	*-3,552*	*-11*	*-61*	*-3,624*
200.	Net provisions for risks and charges	-204	-	-	-204
	a) commitments and guarantees given	*73*	-	-	*73*
	b) other net provisions	*-277*	-	-	*-277*
210.	Net adjustments to / recoveries on property and equipment	-479	-2	-	-481
220.	Net adjustments to / recoveries on intangible assets	-612	-2	6	-608
230.	Other operating expenses (income)	703	3	-	706
240.	**Operating expenses**	**-9,160**	**-66**	**-48**	**-9,274**
250.	Profits (Losses) on investments in associates and companies subject to joint control	130	2	-	132
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-4	-	-	-4
270.	Goodwill impairment	-	-	-	-
280.	Profits (Losses) on disposal of investments	190	-	-	190
290.	**Income (Loss) before tax from continuing operations**	**5,158**	**9**	**-48**	**5,119**
300.	Taxes on income from continuing operations	-1,200	-2	16	-1,186
310.	**Income (Loss) after tax from continuing operations**	**3,958**	**7**	**-32**	**3,933**
320.	Income (Loss) after tax from discontinued operations	-	-	-	-
330.	**Net income (loss)**	**3,958**	**7**	**-32**	**3,933**
340.	Minority interests	48	-7	32	73
350.	**Parent Company's net income (loss)**	**4,006**	**-**	**-**	**4,006**

(a) The restatement refers to the income statement results for the first 5 months of 2021 of the Reyl Group and for the first 9 months of the Quilvest Group.

(b) The restatement refers to the contribution to Intesa Sanpaolo Formazione of the Intesa Sanpaolo business line dedicated to the design and provision of training services and products for Group employees based in Italy, which was carried out in preparation for the disposal of Intesa Sanpaolo Formazione, finalised at the end of June 2022.

Reconciliation between consolidated income statement for the period ended 30 September2022 and restated consolidated income statement for the period ended 30 September 2022

(millions of euro)

		30.09.2022	Changes in the scope of consolidation (a)	Contribution of Training Business Line (b)	30.09.2022 Restated
10.	Interest and similar income	8,719	5	-	8,724
	of which: interest income calculated using the effective interest rate method	*8,395*	-	-	*8,395*
20.	Interest and similar expense	-2,166	-3	-	-2,169
30.	**Interest margin**	**6,553**	**2**	**-**	**6,555**
40.	Fee and commission income	8,517	21	-	8,538
50.	Fee and commission expense	-2,050	-4	-	-2,054
60.	**Net fee and commission income**	**6,467**	**17**	**-**	**6,484**
70.	Dividend and similar income	184	-	-	184
80.	Profits (Losses) on trading	-224	6	-	-218
90.	Fair value adjustments in hedge accounting	45	-	-	45
100.	Profits (Losses) on disposal or repurchase of:	-40	-	-	-40
	a) financial assets measured at amortised cost	*204*	-	-	*204*
	b) financial assets measured at fair value through other comprehensive income	*-261*	-	-	*-261*
	c) financial liabilities	*17*	-	-	*17*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	978	-	-	978
	a) financial assets and liabilities designated at fair value	*991*	-	-	*991*
	b) other financial assets mandatorily measured at fair value	*-13*	-	-	*-13*
115.	Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39	455	-	-	455
120.	**Net interest and other banking income**	**14,418**	**25**	**-**	**14,443**
130.	Net losses/recoveries for credit risks associated with:	-1,779	-	-	-1,779
	a) financial assets measured at amortised cost	*-1,729*	-	-	*-1,729*
	b) financial assets measured at fair value through other comprehensive income	*-50*	-	-	*-50*
135.	Net losses/recoveries pertaining to insurance companies pursuant to IAS 39	-159	-	-	-159
140.	Profits (Losses) on changes in contracts without derecognition	8	-	-	8
150.	**Net income from banking activities**	**12,488**	**25**	**-**	**12,513**
160.	Net insurance premiums	6,729	-	-	6,729
170.	Other net insurance income (expense)	-5,399	-	-	-5,399
180.	**Net income from banking and insurance activities**	**13,818**	**25**	**-**	**13,843**
190.	Administrative expenses:	-8,445	-22	-33	-8,500
	a) personnel expenses	*-4,850*	*-15*	*5*	*-4,860*
	b) other administrative expenses	*-3,595*	*-7*	*-38*	*-3,640*
200.	Net provisions for risks and charges	-160	-	-	-160
	a) commitments and guarantees given	*-72*	-	-	*-72*
	b) other net provisions	*-88*	-	-	*-88*
210.	Net adjustments to / recoveries on property and equipment	-508	-1	-	-509
220.	Net adjustments to / recoveries on intangible assets	-692	-1	2	-691
230.	Other operating expenses (income)	702	2	-	704
240.	**Operating expenses**	**-9,103**	**-22**	**-31**	**-9,156**
250.	Profits (Losses) on investments in associates and companies subject to joint control	209	-	-	209
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-2	-	-	-2
270.	Goodwill impairment	-	-	-	-
280.	Profits (Losses) on disposal of investments	17	-	-	17
290.	**Income (Loss) before tax from continuing operations**	**4,939**	**3**	**-31**	**4,911**
300.	Taxes on income from continuing operations	-1,644	-1	10	-1,635
310.	**Income (Loss) after tax from continuing operations**	**3,295**	**2**	**-21**	**3,276**
320.	Income (Loss) after tax from discontinued operations	-	-	-	-
330.	**Net income (loss)**	**3,295**	**2**	**-21**	**3,276**
340.	Minority interests	-11	-2	21	8
350.	**Parent Company's net income (loss)**	**3,284**	**-**	**-**	**3,284**

(a) The restatement refers to the income statement results for the first 6 months of 2022 of the Quilvest Group.

(b) The restatement refers to the contribution to Intesa Sanpaolo Formazione of the Intesa Sanpaolo business line dedicated to the design and provision of training services and products for Group employees based in Italy, which was carried out in preparation for the disposal of Intesa Sanpaolo Formazione, finalised at the end of June 2022.

Restated consolidated financial statements

Restated consolidated balance sheet

(millions of euro)

Assets		30.09.2022	31.12.2021 Restated	Changes amount	%
10.	Cash and cash equivalents	118,368	15,693	102,675	
20.	Financial assets measured at fair value through profit or loss	52,840	52,733	107	0.2
	a) financial assets held for trading	*47,689*	*47,183*	*506*	*1.1*
	b) financial assets designated at fair value	*1*	*4*	*-3*	*-75.0*
	c) other financial assets mandatorily measured at fair value	*5,150*	*5,546*	*-396*	*-7.1*
30.	Financial assets measured at fair value through other comprehensive income	53,948	67,797	-13,849	-20.4
35.	Financial assets pertaining to insurance companies, measured at fair value pursuant to IAS 39	173,252	206,800	-33,548	-16.2
40.	Financial assets measured at amortised cost	559,628	669,501	-109,873	-16.4
	a) due from banks	*42,036*	*163,955*	*-121,919*	*-74.4*
	b) loans to customers	*517,592*	*505,546*	*12,046*	*2.4*
45.	Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	80	85	-5	-5.9
50.	Hedging derivatives	10,366	1,732	8,634	
60.	Fair value change of financial assets in hedged portfolios (+/-)	-9,525	392	-9,917	
70.	Investments in associates and companies subject to joint control	1,990	1,652	338	20.5
80.	Technical insurance reserves reassured with third parties	172	208	-36	-17.3
90.	Property and equipment	10,561	10,796	-235	-2.2
100.	Intangible assets	9,386	9,345	41	0.4
	of which:				
	- goodwill	*3,681*	*3,574*	*107*	*3.0*
110.	Tax assets	19,391	18,808	583	3.1
	a) current	*3,927*	*3,555*	*372*	*10.5*
	b) deferred	*15,464*	*15,253*	*211*	*1.4*
120.	Non-current assets held for sale and discontinued operations	1,123	1,422	-299	-21.0
130.	Other assets	21,425	13,852	7,573	54.7
Total assets		**1,023,005**	**1,070,816**	**-47,811**	**-4.5**

(millions of euro)

Liabilities and Shareholders' Equity		30.09.2022	31.12.2021 Restated	Changes amount	Changes %
10.	Financial liabilities measured at amortised cost	697,059	711,754	-14,695	-2.1
	a) due to banks	*158,977*	*165,270*	*-6,293*	*-3.8*
	b) due to customers	*463,010*	*459,926*	*3,084*	*0.7*
	c) securities issued	*75,072*	*86,558*	*-11,486*	*-13.3*
15.	Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,250	2,146	104	4.8
20.	Financial liabilities held for trading	53,856	56,308	-2,452	-4.4
30.	Financial liabilities designated at fair value	6,501	3,674	2,827	76.9
35.	Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	72,812	84,770	-11,958	-14.1
40.	Hedging derivatives	5,037	4,868	169	3.5
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-7,808	53	-7,861	
60.	Tax liabilities	3,581	2,292	1,289	56.2
	a) current	*361*	*370*	*-9*	*-2.4*
	b) deferred	*3,220*	*1,922*	*1,298*	*67.5*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	89	30	59	
80.	Other liabilities	21,423	15,655	5,768	36.8
90.	Employee termination indemnities	863	1,099	-236	-21.5
100.	Allowances for risks and charges	4,662	5,717	-1,055	-18.5
	a) commitments and guarantees given	*563*	*508*	*55*	*10.8*
	b) post-employment benefits	*124*	*290*	*-166*	*-57.2*
	c) other allowances for risks and charges	*3,975*	*4,919*	*-944*	*-19.2*
110.	Technical reserves	99,751	118,296	-18,545	-15.7
120.	Valuation reserves	-1,898	-709	1,189	
125.	Valuation reserves pertaining to insurance companies	-762	476	-1,238	
130.	Redeemable shares	-	-	-	
140.	Equity instruments	7,203	6,282	921	14.7
150.	Reserves	16,803	17,706	-903	-5.1
155.	Interim dividend (-)	-	-1,399	-1,399	
160.	Share premium reserve	28,056	27,286	770	2.8
170.	Share capital	10,369	10,084	285	2.8
180.	Treasury shares (-)	-350	-136	214	
190.	Minority interests (+/-)	224	379	-155	-40.9
200.	Net income (loss) (+/-)	3,284	4,185	-901	-21.5
Total liabilities and shareholders' equity		**1,023,005**	**1,070,816**	**-47,811**	**-4.5**

Restated consolidated income statement

(millions of euro)

		30.09.2022 Restated	30.09.2021 Restated	Changes amount	%
10.	Interest and similar income	8,724	7,860	864	11.0
	of which: interest income calculated using the effective interest rate method	*8,395*	*7,563*	*832*	*11.0*
20.	Interest and similar expense	-2,169	-1,817	352	19.4
30.	**Interest margin**	**6,555**	**6,043**	**512**	**8.5**
40.	Fee and commission income	8,538	8,887	-349	-3.9
50.	Fee and commission expense	-2,054	-2,000	54	2.7
60.	**Net fee and commission income**	**6,484**	**6,887**	**-403**	**-5.9**
70.	Dividend and similar income	184	113	71	62.8
80.	Profits (Losses) on trading	-218	420	-638	
90.	Fair value adjustments in hedge accounting	45	36	9	25.0
100.	Profits (Losses) on disposal or repurchase of:	-40	741	-781	
	a) financial assets measured at amortised cost	*204*	*215*	*-11*	*-5.1*
	b) financial assets measured at fair value through other comprehensive income	*-261*	*570*	*-831*	
	c) financial liabilities	*17*	*-44*	*61*	
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	978	157	821	
	a) financial assets and liabilities designated at fair value	*991*	*-28*	*1,019*	
	b) other financial assets mandatorily measured at fair value	*-13*	*185*	*-198*	
115.	Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39	455	3,353	-2,898	-86.4
120.	**Net interest and other banking income**	**14,443**	**17,750**	**-3,307**	**-18.6**
130.	Net losses/recoveries for credit risks associated with:	-1,779	-1,607	172	10.7
	a) financial assets measured at amortised cost	*-1,729*	*-1,595*	*134*	*8.4*
	b) financial assets measured at fair value through other comprehensive income	*-50*	*-12*	*38*	
135.	Net losses/recoveries pertaining to insurance companies pursuant to IAS 39	-159	-4	155	
140.	Profits (Losses) on changes in contracts without derecognition	8	-25	33	
150.	**Net income from banking activities**	**12,513**	**16,114**	**-3,601**	**-22.3**
160.	Net insurance premiums	6,729	7,848	-1,119	-14.3
170.	Other net insurance income (expense)	-5,399	-9,887	-4,488	-45.4
180.	**Net income from banking and insurance activities**	**13,843**	**14,075**	**-232**	**-1.6**
190.	Administrative expenses:	-8,500	-8,687	-187	-2.2
	a) personnel expenses	*-4,860*	*-5,063*	*-203*	*-4.0*
	b) other administrative expenses	*-3,640*	*-3,624*	*16*	*0.4*
200.	Net provisions for risks and charges	-160	-204	-44	-21.6
	a) commitments and guarantees given	*-72*	*73*	*-145*	
	b) other net provisions	*-88*	*-277*	*-189*	*-68.2*
210.	Net adjustments to / recoveries on property and equipment	-509	-481	28	5.8
220.	Net adjustments to / recoveries on intangible assets	-691	-608	83	13.7
230.	Other operating expenses (income)	704	706	-2	-0.3
240.	**Operating expenses**	**-9,156**	**-9,274**	**-118**	**-1.3**
250.	Profits (Losses) on investments in associates and companies subject to joint control	209	132	77	58.3
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-2	-4	-2	-50.0
270.	Goodwill impairment	-	-	-	
280.	Profits (Losses) on disposal of investments	17	190	-173	-91.1
290.	**Income (Loss) before tax from continuing operations**	**4,911**	**5,119**	**-208**	**-4.1**
300.	Taxes on income from continuing operations	-1,635	-1,186	449	37.9
310.	**Income (Loss) after tax from continuing operations**	**3,276**	**3,933**	**-657**	**-16.7**
320.	Income (Loss) after tax from discontinued operations	-	-	-	
330.	**Net income (loss)**	**3,276**	**3,933**	**-657**	**-16.7**
340.	Minority interests	8	73	-65	-89.0
350.	**Parent Company's net income (loss)**	**3,284**	**4,006**	**-722**	**-18.0**

Reconciliation between restated consolidated financial statements and reclassified consolidated financial statements

Reconciliation between consolidated balance sheet and reclassified consolidated balance sheet

(millions of euro)

Assets		30.09.2022	31.12.2021 Restated
Cash and cash equivalents		**118,368**	**15,693**
Caption 10	Cash and cash equivalents	118,368	15,693
Due from banks		**39,734**	**162,139**
Caption 40a (partial)	Financial assets measured at amortised cost - Due from banks	39,706	162,101
Caption 20a (partial)	Financial assets held for trading - Due from banks	-	-
Caption 20b (partial)	Financial assets designated at fair value - Due from banks	-	-
Caption 20c (partial)	Other financial assets mandatorily measured at fair value - Due from banks	28	38
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income - Due from banks	-	-
Loans to customers		**473,746**	**465,871**
Loans to customers measured at amortised cost		***470,866***	***464,075***
Caption 40b (partial)	Financial assets measured at amortised cost - Loans to customers	464,079	457,032
Caption 40b (partial)	Financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	6,787	7,043
Loans to customers at fair value through other comprehensive income and through profit or loss		***2,880***	***1,796***
Caption 20a (partial)	Financial assets held for trading - Loans to customers	84	19
Caption 20b (partial)	Financial assets designated at fair value - Loans to customers	-	-
Caption 20c (partial)	Other financial assets mandatorily measured at fair value - Loans to customers	1,057	1,038
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income - Loans to customers	1,739	739
Financial assets measured at amortised cost which do not constitute loans		**49,056**	**43,325**
Caption 40a (partial)	Financial assets measured at amortised cost - Debt securities (banks)	2,330	1,854
Caption 40b (partial)	Financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	46,726	41,471
Financial assets at fair value through profit or loss		**51,671**	**51,638**
Caption 20a (partial)	Financial assets held for trading	47,605	47,164
Caption 20b (partial)	Financial assets designated at fair value - Debt securities	1	4
Caption 20c (partial)	Other financial assets mandatorily measured at fair value	4,065	4,470
Financial assets at fair value through other comprehensive income		**52,209**	**67,058**
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income	52,209	67,058
Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39		**173,252**	**206,800**
Caption 35	Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	173,252	206,800
Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39		**80**	**85**
Caption 45	Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	80	85
Investments in associates and companies subject to joint control		**1,990**	**1,652**
Caption 70	Investments in associates and companies subject to joint control	1,990	1,652
Property, equipment and intangible assets		**19,947**	**20,141**
Assets owned		***18,401***	***18,616***
Caption 90 (partial)	Property and equipment	9,015	9,271
Caption 100	Intangible assets	9,386	9,345
Rights of use acquired under leases		***1,546***	***1,525***
Caption 90 (partial)	Property and equipment	1,546	1,525
Tax assets		**19,391**	**18,808**
Caption 110	Tax assets	19,391	18,808
Non-current assets held for sale and discontinued operations		**1,123**	**1,422**
Caption 120	Non-current assets held for sale and discontinued operations	1,123	1,422
Other assets		**22,438**	**16,184**
Caption 50	Hedging derivatives	10,366	1,732
Caption 60	Fair value change of financial assets in hedged portfolios (+/-)	-9,525	392
Caption 80	Technical insurance reserves reassured with third parties	172	208
Caption 130	Other assets	21,425	13,852
Total Assets		**1,023,005**	**1,070,816**

(millions of euro)

Liabilities		30.09.2022	31.12.2021 Restated
Due to banks at amortised cost		**158,971**	**165,262**
Caption 10 a)	Financial liabilities measured at amortised cost - Due to banks	158,977	165,270
- Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables)	-6	-8
Due to customers at amortised cost and securities issued		**536,726**	**545,101**
Caption 10 b)	Financial liabilities measured at amortised cost - Due to customers	463,010	459,926
Caption 10 c)	Financial liabilities measured at amortised cost - Securities issued	75,072	86,558
- Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables)	-1,356	-1,383
Financial liabilities held for trading		**53,856**	**56,308**
Caption 20	Financial liabilities held for trading	53,856	56,308
Financial liabilities designated at fair value		**6,501**	**3,674**
Caption 30	Financial liabilities designated at fair value	6,501	3,674
Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39		**2,244**	**2,139**
Caption 15	Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,250	2,146
- Caption 15 (partial)	Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39 (of which lease payables)	-6	-7
Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39		**72,812**	**84,770**
Caption 35	Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	72,812	84,770
Tax liabilities		**3,581**	**2,292**
Caption 60	Tax liabilities	3,581	2,292
Liabilities associated with non-current assets held for sale and discontinued operations		**89**	**30**
Caption 70	Liabilities associated with non-current assets held for sale and discontinued operations	89	30
Other liabilities		**20,020**	**21,974**
Caption 40	Hedging derivatives	5,037	4,868
Caption 50	Fair value change of financial liabilities in hedged portfolios (+/-)	-7,808	53
Caption 80	Other liabilities	21,423	15,655
Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables)	6	8
Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables)	1,356	1,383
Caption 15 (partial)	Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39 (of which lease payables)	6	7
Technical reserves		**99,751**	**118,296**
Caption 110	Technical reserves	99,751	118,296
Allowances for risks and charges		**5,525**	**6,816**
Caption 90	Employee termination indemnities	863	1,099
Caption 100 a)	Allowances for risks and charges - Loan commitments and guarantees given	563	508
Caption 100 b)	Allowances for risks and charges - Post-employment benefits	124	290
Caption 100 c)	Allowances for risks and charges - Other allowances for risks and charges	3,975	4,919
Share capital		**10,369**	**10,084**
Caption 170	Share capital	10,369	10,084
Reserves		**44,509**	**44,856**
Caption 130	Redeemable shares	-	-
Caption 150	Reserves	16,803	17,706
Caption 160	Share premium reserve	28,056	27,286
- Caption 180	Treasury shares (-)	-350	-136
Valuation reserves		**-1,898**	**-709**
Caption 120	Valuation reserves	-1,898	-709
Valuation reserves pertaining to insurance companies		**-762**	**476**
Caption 125	Valuation reserves pertaining to insurance companies	-762	476
Interim dividend		**-**	**-1,399**
Caption 155	Interim dividend (-)	-	-1,399
Equity instruments		**7,203**	**6,282**
Caption 140	Equity instruments	7,203	6,282
Minority interests		**224**	**379**
Caption 190	Minority interests	224	379
Net income (loss)		**3,284**	**4,185**
Caption 200	Net income (loss) (+/-)	3,284	4,185
Total Liabilities and Shareholders' Equity		**1,023,005**	**1,070,816**

Reconciliation between restated consolidated income statement and reclassified consolidated income statement

(millions of euro)

		30.09.2022 Restated	30.09.2021 Restated
Net interest income		**6,436**	**6,016**
Caption 30	Interest margin	6,555	6,043
- Caption 30 (partial)	Interest margin - Intragroup transactions between Banks/Other companies and the Insurance Segment	-18	-27
- Caption 30 (partial)	Interest margin - Reclassification of operations of entities not subject to management and coordination	7	6
- Caption 30 (partial)	Interest margin (Economic effect of purchase price allocation)	67	18
+ Caption 60 (partial)	Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates))	33	29
+ Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, designated at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income (Dividends received and paid within securities lending operations)	1	7
+ Caption 80 (partial)	Hedging swap differentials	-195	-50
+ Caption 190 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	-14	-10
+ Caption 200 (partial)	Net provisions for risks and charges (Time value allowances for risks and charges)	-	-
Net fee and commission income		**6,697**	**7,103**
Caption 60	Net fee and commission income	6,484	6,887
- Caption 60 (partial)	Net fee and commission income - Contribution of insurance business	199	233
- Caption 60 (partial)	Net fee and commission income - Reclassification of operations of entities not subject to management and coordination	2	2
- Caption 60 (partial)	Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates))	-33	-29
+ Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	34	43
+ Caption 110 a) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (a) financial assets and liabilities designated at fair value (Placement of Certificates)	107	33
+ Caption 110 b) (partial)	Profits (Losses) on financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Return components of insurance policies taken out for the benefit of financial advisor networks)	-9	3
+ Caption 190 a) (partial)	Personnel expenses (Charges for incentive systems for employees of the distribution networks)	-45	-27
+ Caption 190 b) (partial)	Other administrative expenses (Recovery of other expenses)	-42	-42
Income from insurance business		**1,303**	**1,176**
Caption 115	Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39	455	3,353
Caption 160	Net insurance premiums	6,729	7,848
Caption 170	Other net insurance income (expense)	-5,399	-9,887
+ Caption 30 (partial)	Interest margin - Intragroup transactions between Banks/Other companies and the Insurance Segment	18	27
+ Caption 60 (partial)	Net fee and commission income - Contribution of insurance business	-199	-233
+ Caption 80 (partial)	Intragroup transactions between Banks/Other companies and the Insurance Segment	-152	-53
+ Caption 135 (partial)	Impairment of securities through other comprehensive income - share attributable to insured parties	-147	-3
- Caption 160 (partial)	Net premiums (Policies: claims covered with premiums issued)	-144	-
- Caption 160 (partial)	Net premiums (Policies: prospective claims in excess of premiums accruing)	-	22
- Caption 170 (partial)	Other net insurance income (expense) (Policies: provisions for settled and open claims)	144	-
- Caption 170 (partial)	Other net insurance income (expense) (Policies: settled and open claims in excess of premiums)	-	104
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment	-2	-2

(millions of euro)

		30.09.2022 Restated	30.09.2021 Restated
Profits (Losses) on financial assets and liabilities designated at fair value		**1,380**	**1,525**
Caption 80	Profits (Losses) on trading	-218	420
Caption 90	Fair value adjustments in hedge accounting	45	36
Caption 110 a)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (a) financial assets and liabilities designated at fair value	991	-28
Caption 110 b)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value	-13	185
Caption 100 b)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income	-261	570
Caption 100 c)	Profits (Losses) on disposal or repurchase of financial liabilities	17	-44
+ Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, designated at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income (including dividends on UCIs)	184	113
- Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, designated at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income (Dividends received and paid within securities lending operations)	-1	-7
- Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	-34	-43
- Caption 80 (partial)	Intragroup transactions between Banks/Other companies and the Insurance Segment	152	53
- Caption 80 (partial)	Hedging swap differentials	195	50
- Caption 80 (partial)	Profits (Losses) on trading (Economic effect of purchase price allocation)	-	10
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies) - Effect associated with profits (losses) on trading	360	309
- Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Economic effect of purchase price allocation)	-	-29
- Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Charges concerning the banking industry)	3	-
- Caption 110 a) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (a) financial assets and liabilities designated at fair value (Placement of Certificates)	-107	-33
- Caption 110 b) (partial)	Profits (Losses) on financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Return components of insurance policies taken out for the benefit of financial advisor networks)	68	-19
- Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Charges concerning the banking industry)	2	1
- Caption 110 b) (partial)	Profits (Losses) on financial assets and liabilities designated at fair value (b) other financial assets mandatorily measured at fair value (amounts attributed to net adjustments on loans)	-6	-
- Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Economic effect of purchase price allocation)	-2	-18
+ Caption 230 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	5	-1

(millions of euro)

		30.09.2022 Restated	30.09.2021 Restated
Other operating income (expenses)		**-20**	**93**
Caption 70	Dividend and similar income	184	113
Caption 230	Other operating expenses (income)	704	706
+ Caption 30 (partial)	Interest margin - Reclassification of operations of entities not subject to management and coordination	-7	-6
+ Caption 60 (partial)	Net fee and commission income - Reclassification of operations of entities not subject to management and coordination	-2	-2
+ Caption 110 b) (partial)	Profits (Losses) on financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Return components of insurance policies taken out for the benefit of financial advisor networks)	-19	-
- Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, designated at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income (including dividends on UCIs)	-184	-113
- Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	-16	-20
- Caption 230 (partial)	Other operating expenses (income) (Recovery of indirect taxes)	-670	-658
- Caption 230 (partial)	Other operating expenses (income) (Non-recurring expenses)	18	9
- Caption 230 (partial)	Other operating expenses (income) (Valuation effects of other assets)	-	-2
- Caption 230 (partial)	Other operating expenses (income) (Impairment losses on repurchased property and equipment)	-	-
- Caption 230 (partial)	Other operating expenses (income) (Profits/losses on disposal of repurchased property and equipment)	-	-
- Caption 230 (partial)	Other operating expenses (income) (Charges/revenues from integration)	5	1
- Caption 230 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	-5	1
+ Caption 190 b) (partial)	Other administrative expenses (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-6	-3
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-40	-20
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-3	-2
+ Caption 250 (partial)	Profits (losses) on investments in associates and companies subject to joint control (carried at equity)	21	89
Operating income		**15,796**	**15,913**
Personnel expenses		**-4,821**	**-4,968**
Caption 190 a)	Personnel expenses	-4,860	-5,063
- Caption 190 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	-68	58
- Caption 190 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	14	10
- Caption 190 a) (partial)	Personnel expenses (Charges for incentive systems for employees of the distribution networks)	45	27
- Caption 190 a) (partial)	Personnel expenses (Donations to personnel)	48	-
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	-	-
Administrative expenses		**-2,047**	**-2,118**
Caption 190 b)	Other administrative expenses	-3,640	-3,624
- Caption 190 b) (partial)	Other administrative expenses (Charges for integration)	37	42
- Caption 190 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	785	730
- Caption 190 b) (partial)	Other administrative expenses (Recovery of other expenses)	42	42
- Caption 190 b) (partial)	Other administrative expenses (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	6	3
- Caption 190 b) (partial)	Other administrative expenses (CIB Group Bank Tax and Windfall Tax)	37	11
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of indirect taxes)	670	658
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	16	20
Adjustments to property, equipment and intangible assets		**-936**	**-904**
Caption 210	Net adjustments to / recoveries on property and equipment	-509	-481
Caption 220	Net adjustments to / recoveries on intangible assets	-691	-608
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment	2	2
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	45	25
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	2	1
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	40	20
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	65	83
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	5	1
- Caption 220 (partial)	Net adjustments to/recoveries on intangible assets (Economic effect of purchase price allocation)	102	51
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	3	2
Operating costs		**-7,804**	**-7,990**
Operating margin		**7,992**	**7,923**

(millions of euro)

		30.09.2022 Restated	30.09.2021 Restated
Net adjustments to loans		**-1,928**	**-1,550**
Caption 140	Profits/losses from changes in contracts without derecognition	8	-25
Caption 200 a)	Net provisions for risks and charges for credit risk related to commitments and guarantees given	-72	73
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans	-158	-98
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	2	4
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans (Economic effect of purchase price allocation)	66	92
+ Caption 110 b) (partial)	Profits (Losses) on financial assets and liabilities designated at fair value (b) other financial assets mandatorily measured at fair value (amounts attributed to net adjustments on loans)	6	-
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans	-1,686	-1,606
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	-18	2
+ Caption 130 b) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Loans	-10	1
+ Caption 200 b) (partial)	Net provisions for risks and charges (Provisions for non-recurring expenses)	-66	7
Other net provisions and net impairment losses on other assets		**-168**	**-433**
Caption 135	Net losses/recoveries pertaining to insurance companies pursuant to IAS 39	-159	-4
Caption 260	Valuation differences on property, equipment and intangible assets measured at fair value	-2	-4
Caption 200 b)	Net provisions for risks and charges - Other net provisions	-88	-277
+ Caption 110 b) (partial)	Profits (Losses) on financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Return components of insurance policies taken out for the benefit of financial advisor networks)	-40	16
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	-23	10
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (Banks)	-2	-1
+ Caption 130 b) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Debt securities	-40	-13
- Caption 135 (partial)	Impairment of securities through other comprehensive income - share attributable to insured parties	147	3
+ Caption 160 (partial)	Net premiums (Policies: claims covered with premiums issued)	144	-
+ Caption 160 (partial)	Net premiums (Policies: prospective claims in excess of premiums accruing)	-	-22
+ Caption 170 (partial)	Other net insurance income (expense) (Policies: provisions for settled and open claims)	-144	-
+ Caption 170 (partial)	Other net insurance income (expense) (Policies: settled and open claims in excess of premiums)	-	-104
- Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (Banks) (Charges concerning the banking industry)	2	-
- Caption 200 (partial)	Net provisions for risks and charges (Charges for integration)	-3	-
- Caption 200 b) (partial)	Net provisions for risks and charges (Time value allowances for risks and charges)	-	-
- Caption 200 b) (partial)	Net provisions for risks and charges (Economic effect of purchase price allocation)	-11	-
- Caption 200 b) (partial)	Net provisions for risks and charges (Provisions for non-recurring expenses)	66	-7
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	-2	-1
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	-5	-1
+ Caption 230 (partial)	Other operating expenses (income) (Impairment losses on repurchased property and equipment)	-	-
+ Caption 230 (partial)	Other operating expenses (income) (Valuation effects of other assets)	-	2
+ Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (Adjustments/recoveries due to impairment of associates)	-8	-30
Other income (expenses)		**147**	**254**
Caption 250	Profits (Losses) on investments in associates and companies subject to joint control	209	132
Caption 280	Profits (Losses) on disposal of investments	17	190
Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	360	309
Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks)	-	-
- Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies) - Effect associated with profits (losses) on trading	-360	-309
+ Caption 190 a) (partial)	Personnel expenses (Donations to personnel)	-48	-
+ Caption 230 (partial)	Other operating expenses (income) (Profits/losses on disposal of repurchased property and equipment)	-	-
+ Caption 230 (partial)	Other operating expenses (income) (Non-recurring expenses)	-18	-9
- Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (carried at equity)	-21	-89
- Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (Economic effect of purchase price allocation)	-	-
- Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (Adjustments/recoveries due to impairment of associates)	8	30
Income (Loss) from discontinued operations		**-**	**-**
Caption 320	Income (Loss) after tax from discontinued operations	-	-
+ Caption 320 (partial)	Income (Loss) after tax from discontinued operations (Tax)	-	-
Gross income (loss)		**6,043**	**6,194**

(millions of euro)

		30.09.2022 Restated	30.09.2021 Restated
Taxes on income		**-2,009**	**-1,526**
Caption 300	Taxes on income from continuing operations	-1,635	-1,186
+ Caption 190 b) (partial)	Other administrative expenses (CIB Group Bank Tax and Windfall Tax)	-37	-11
- Caption 300 (partial)	Taxes on income from continuing operations (Charges for integration)	-19	-61
- Caption 300 (partial)	Taxes on income from continuing operations (Economic effect of purchase price allocation)	-70	-39
- Caption 300 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	-248	-229
- Caption 300 (partial)	Taxes on income from continuing operations (Impairment of goodwill and other intangible assets)	-	-
- Caption 320 (partial)	Income (Loss) after tax from discontinued operations (Tax)	-	-
Charges (net of tax) for integration and exit incentives		**-62**	**-148**
+ Caption 190 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	68	-58
+ Caption 190 b) (partial)	Other administrative expenses (Charges for integration)	-37	-42
+ Caption 200 (partial)	Net provisions for risks and charges (Charges for integration)	3	-
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	-45	-25
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	-65	-83
+ Caption 230 (partial)	Other operating expenses (income) (Charges/revenues from integration)	-5	-1
+ Caption 300 (partial)	Taxes on income from continuing operations (Charges for integration)	19	61
Economic effect of purchase price allocation (net of tax)		**-152**	**-85**
+ Caption 30 (partial)	Interest margin (Economic effect of purchase price allocation)	-67	-18
+ Caption 80 (partial)	Profits (Losses) on trading (Economic effect of purchase price allocation)	-	-10
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans (Economic effect of purchase price allocation)	-66	-92
+ Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Economic effect of purchase price allocation)	-	29
+ Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Economic effect of purchase price allocation)	2	18
+ Caption 200 b) (partial)	Net provisions for risks and charges (Economic effect of purchase price allocation)	11	-
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Economic effect of purchase price allocation)	-102	-51
+ Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (Economic effect of purchase price allocation)	-	-
+ Caption 300 (partial)	Taxes on income from continuing operations (Economic effect of purchase price allocation)	70	39
Levies and other charges concerning the banking industry (net of tax)		**-544**	**-502**
+ Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Charges concerning the banking industry)	-3	-
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Charges concerning the banking industry)	-2	-1
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (Banks) (Charges concerning the banking industry)	-2	-
+ Caption 190 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	-785	-730
+ Caption 300 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	248	229
Impairment (net of tax) of goodwill and other intangible assets		**-**	**-**
Caption 270	Goodwill impairment	-	-
+ Caption 300 (partial)	Taxes on income from continuing operations (Impairment of goodwill and other intangible assets)	-	-
Minority interests		**8**	**73**
Caption 340	Minority interests	8	73
Net income (loss)		**3,284**	**4,006**

Reclassified consolidated income statement – Reconciliation with redetermined figures

Reclassified consolidated income statement – Reconciliation with redetermined figures

(millions of euro)

	30.09.2021 Restated	Going concerns object of disposal	Inclusion insurance companies	30.09.2021 Redetermined figures
Net interest income	6,016	-66	-	5,950
Net fee and commission income	7,103	-94	-	7,009
Income from insurance business	1,176	-	43	1,219
Profits (Losses) on financial assets and liabilities designated at fair value	1,525	-1	-	1,524
Other operating income (expenses)	93	-	-14	79
Operating income	**15,913**	**-161**	**29**	**15,781**
Personnel expenses	-4,968	65	-14	-4,917
Other administrative expenses	-2,118	13	-20	-2,125
Adjustments to property, equipment and intangible assets	-904	-	-2	-906
Operating costs	**-7,990**	**78**	**-36**	**-7,948**
Operating margin	**7,923**	**-83**	**-7**	**7,833**
Net adjustments to loans	-1,550	6	-	-1,544
Other net provisions and net impairment losses on other assets	-433	-	-3	-436
Other income (expenses)	254	-	-	254
Income (Loss) from discontinued operations	-	58	-	58
Gross income (loss)	**6,194**	**-19**	**-10**	**6,165**
Taxes on income	-1,526	6	-7	-1,527
Charges (net of tax) for integration and exit incentives	-148	-	-	-148
Effect of purchase price allocation (net of tax)	-85	-	-	-85
Levies and other charges concerning the banking industry (net of tax)	-502	13	-	-489
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	73	-	17	90
Net income (loss)	**4,006**	**-**	**-**	**4,006**

Redetermined figures have been prepared to take into account the reallocation, based on management data, of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as part of the acquisition of the UBI Group, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Glossary

The following are definitions of some terms used in financial statement and/or Pillar 3 disclosures, with the exclusion of terms that have entered the common Italian lexicon or are used in a context that already clarifies their meaning.

ABS – Asset-Backed Securities
Financial securities whose yield and redemption are guaranteed by a pool of assets (collateral) of the issuer (usually a Special Purpose Vehicle – SPV), exclusively intended to ensure satisfaction of the rights attached to said financial securities.
Examples of assets pledged as collateral include mortgages, credit card receivables, short-term trade receivables and auto loans.

Acquisition finance or Leverage and acquisition finance
Leveraged buy-out financing.

Additional return
Type of remuneration of the junior securities arising from securitisation transactions. In addition to a fixed dividend, such securities accrue periodic earnings (quarterly, semi-annual, etc.), whose amount is linked to the profit generated by the transaction (which in turn reflects the performance of the securitised assets).

Advisor
Financial broker assisting government authorities or companies involved in privatisation or other corporate finance transactions, whose tasks range from arranging appraisals to drawing up documents and providing general professional advice about specific transactions.

AIRB (Advanced Internal Rating Based) Approach
Approach to using internal ratings within the framework of the New Basel Accord, which provides for either the Foundation or the Advanced Approach. The Advanced Approach may be used only by institutions meeting more stringent requirements compared to the Foundation Approach. In this case, the Bank uses its own internal estimates for all inputs (PD, LGD, EAD and Maturity) for credit risk assessment, whereas for Foundation IRB it only estimates PD.

ALM – Asset & Liability Management
Integrated management of assets and liabilities designed to allocate the resources with a view to optimising the risk/yield ratio.

Alternative investment
Alternative investments comprise a wide range of investment products, including private equity and hedge funds (see definitions below).

Other related parties – close relatives
An individual's "close relatives" comprise those family members likely to influence or be influenced by such individual in their relations with the entity. They include the individual's non-separated spouse/domestic partner and the individual's children, his/her spouse's/domestic partner's children, and the individual's or his/her spouse's/domestic partner's dependents.

AMA – Advanced Measurement Approach
An approach introduced by Basel 2 to determine the operational risk capital requirement based on internal estimation and valuation models. AMA internal models normally consist of two components:
(i) a quantitative component based on internal and external loss data;
(ii) a qualitative component based on questionnaires with an ordinal score linked to the perception of the risk level of the loss events.

Arrangement fee
A fee paid for professional consulting and assistance provided in the loan structuring and arranging stage.

Arranger
In the structured finance sector, the arranger is the entity that – albeit in different forms and with different titles (mandated lead arranger, joint lead arranger, sole arranger etc.) – coordinates the organisational aspects of the transaction.

Asset allocation
The distribution of assets in an investment portfolio among different markets, geographical areas, sectors and products.

Asset encumbrance
In legal terms, it represents a real right held by a creditor to an asset owned by another counterparty, which may be the debtor or a third party. It typically takes the form of a mortgage on real property or the creation of collateral in repurchase agreements and loans with the central bank.

Asset management – Wealth management
The various activities relating to the management and administration of different customer assets.

Eligible assets
Assets that may be used as collateral with the ECB to obtain liquidity at subsidised rates. There are three types of eligible assets:
(i) credit claims (bank loans);
(ii) securitisations (see entry) and covered bonds (see entry);
(iii) debt securities
which must meet some minimum quality requirements in terms of:
(i) eligible debtors;
(ii) counterparty rating.
The amount of the liquidity that may be obtained is determined by applying a haircut (reduction) to the nominal value as a function of the quality and type of rate.

AT1 – Additional Tier 1
Additional Tier 1 capital. In general, the AT1 category includes equity instruments other than ordinary shares (which are eligible for Common Equity) and which meet the regulatory requirements for inclusion in that level of own funds.

Intangible asset
An identifiable, non-monetary asset lacking physical substance.

Discounting
Process of determining the present value of a payment or payment flows to be received in the future.

Audit
In listed companies, it indicates the various examinations of the business activities and bookkeeping of a company, performed by both in-house staff (internal audit) and independent audit firms (external audit).

AVA (Additional Valuation Adjustment)
Additional valuation adjustments necessary to adjust the fair value to the prudent value of the positions. To perform a prudent valuation of the positions measured at fair value, the EBA envisages two approaches for calculating the AVA (the Simplified approach and Core approach). The prudent valuation requirements apply to all positions measured at fair value regardless of whether they are held in the trading book or not, where the term ‘positions’ refers solely to financial instruments and commodities.

β
The beta coefficient of an issuer or a group of comparable issuers, an expression of the relationship between an equity's actual return and the total return of the market in question.

Back office
The unit of a bank or financial company that processes all the transactions performed by the operational units (front office).

Backtesting
Retrospective analyses performed to verify the reliability of the measurement of risk sources associated with different asset portfolios.

Banking book
Usually referred to securities or financial instruments in general, it identifies the portion of a portfolio dedicated to “proprietary” trading.

Basis swap
Contract providing for the exchange between two parties, of two floating-rate payments linked to a different index.

Best practice
It generally identifies conduct in line with state-of-the-art skills and techniques in a given technical/professional area.

Bid-ask spread
This is the difference between the buying and selling price of a given financial instrument or set of financial instruments.

Brand name
IFRS 3 considers the “brand name” a potential, marketing related intangible asset, which may be recorded in the purchase price allocation process. The term "brand” is used in accounting standards with an extensive meaning and not as a synonym of “logo” or “name”. It is considered a general marketing term which defines a set of complementary intangible assets (in addition to the name and the logo, also the competencies, consumer trust, service quality, etc.) which concur to form brand equity.

Budget
Forecast of cost and revenue performance of a company over a period of time.

Business combinations
In accordance with IFRS 3, a transaction or other event in which an acquirer obtains control of one or more company assets.

Business model
The business model within which financial assets are managed.
With regard to the business models, IFRS 9 identifies three cases relating to the way in which cash flows and sales of financial assets are managed: Hold to Collect (HTC), Hold to Collect and Sell (HTCS), Others/Trading.

CAGR (Compound Annual Growth Rate)
Compound annual growth rate of an investment over a specified period of time. If n is the number of years, the CAGR is calculated as follows: (Ending value/Beginning value)^(1/n) -1.

Capital Asset Pricing Model (CAPM)
An economic model for determining the “opportunity cost” i.e. the amount of income for the period necessary to remunerate the cost of capital.

Capital structure
It is the entire set of the various classes of bonds (tranches) issued by a special purpose vehicle (SPV), and backed by its asset portfolio, which have different risk and return characteristics, to meet the requirements of different categories of investors. Subordination relationships between the various tranches are regulated by a set of rules on the allocation of losses generated by the collateral:
- Equity Tranche: the riskiest portion of the portfolio, it is also known as “first loss” and is subordinated to all other tranches; hence, it is the first to bear the losses which might occur in the recovery of the underlying assets.
- Mezzanine Tranche: the tranche with intermediate subordination level between equity and senior tranches. The mezzanine tranche is normally divided into 2-4 tranches with different risk levels, subordinated to one another. They are usually rated in the range between BBB and AAA.

- Senior/Supersenior Tranche: the tranche with the highest credit enhancement, i.e. having the highest priority claim on remuneration and reimbursement. It is normally also called super-senior tranche and, if rated, it has a rating higher than AAA since it is senior with respect to the AAA mezzanine tranche.

Captive
Term generically referring to “networks” or companies that operate exclusively with their parent company or group customers.

Securitisation
A transaction in which the risk associated with financial or real assets is transferred to a special-purpose vehicle by selling the underlying assets or using derivative contracts. In Italy the primary applicable statute is Law 130 of 30 April 1999, as amended.

Synthetic securitisations
“Synthetic securitisations” are different from traditional securitisations because, under the latter, the loans are physically transferred to the vehicle company and derecognised from the originator’s financial statements, but in the former, the risk on the loans is simply transferred, through derivative contracts on loans or guarantees, and the loans remain in the originator’s financial statements.

STS Securitisations
Securitisations, except for ABCP programmes and ABCP transactions, that meet the requirements set out in Articles 20, 21 and 22 of Regulation 2017/2402, are considered Simple, Transparent and Standardised Securitisations. For ABCP transactions and programmes, the requirements are set out in Articles 24 and 25-26 of that Regulation. As a result of their characteristics, STS securitisations can benefit from lighter prudential treatment in accordance with Regulation 2017/2401, which allows lower risk-weight floors than for other securitisations.

Cash flow hedge
Coverage against exposure to variability in cash flows associated with a particular risk.

Cash-generating Unit (CGU)
The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Certificates
Financial instruments which, based on their contracts, may be classified as optional derivatives that replicate the performance of an underlying asset. By purchasing a certificate, an investor acquires the right to receive – at a set date – an amount linked to the value of the underlying. In other words, through certificates investors can acquire an indirect position in the underlying asset. In some cases, investors can use the option structure to obtain full or partial protection of the invested capital, which takes the form of full or partial return of the premiums paid, irrespective of the performance of the parameters set in the contracts.
Certificates are securitised instruments and, as such, they can be freely traded as credit securities (traded on the SeDeX - Securitised Derivatives Exchange - managed by Borsa Italiana, and on the EuroTLX market).

Sale without recourse
Transfer of a loan or receivable in which the transferor does not offer any guarantees in the event of default by the debtor. The transferor thus only guarantees the transferee that the transferred loan or receivable exists, but not that the debtor is solvent.

Sale with recourse
Transfer of a loan or receivable in which the transferor guarantees payment by the debtor. The transferor thus guarantees the transferee both that the transferred loan or receivable exists and that the debtor is solvent.

CCF - Credit Conversion Factor
In determining credit risk, the CCF is the factor used to transform the EAD (Exposure At Default) of an off-balance sheet exposure into that of an on-balance sheet exposure. Where the Bank does not use internal models to estimate those factors (internal CCF), these are indicated as follows by the supervisory rules (regulatory CCF):
a) 100% if it is a full risk item;
b) 50% if it is a medium-risk item;
c) 20% if it is a medium/low-risk item;
d) 0% if it is a low-risk item.

CCP - Central Counterparty Clearing House
A central counterparty is an institution interposed in securities trades between the two contracting parties, protecting the latter against default risk and guaranteeing the successful execution of the transaction. The central counterparty protects itself against its own risk by taking securities or cash collateral (margins) commensurate with the value and risk of the contracts guaranteed. Central counterparty services can be provided not only in the markets that expressly provide for them but also in respect of over-the-counter trading outside regulated markets.

CDO – Collateralised Debt Obligation
Financial instruments issued within the framework of securitisation transactions, backed by a pool of loans, bonds and other financial assets (including securitisation tranches). In the case of synthetic CDOs the risk is backed by credit derivatives instead of the sale of assets (cash CDOs).

CDSs on ABX
An Asset-backed security index (ABX) is an index with asset-backed securities as an underlying. Each ABX refers to a basket of 20 reference obligations belonging to a specific ABS sector. Each ABX (there are five in total) reproduces a rating class (AAA, AA, A, BBB, and BBB-).
In particular, the ABX.HE index, launched on 19 January 2006 (Annex Date), is made up of reference obligations of the home equity segment of ABS (Residential Mortgage-Backed Security – RMBS). The CDS on an ABX.HE therefore hedges the credit risk of underlying RMBSs or the risk relative to the 20 reference obligations which make up the index.

For ABX, the market does not provide credit curves but directly price valuation. The settlement admitted for contracts on ABX indices, as described in ISDA 2005 documentation, is PAUG (Pay As You Go): the protection seller pays the protection buyer the losses incurred as these emerge, without leading to termination of the contract. Please note that the coverage achieved via the purchase of ABX indices, even if it is structured so as to match as closely as possible the characteristics of the hedged portfolio, remains in any case exposed to basis risks. In other words, since it is not a specific hedge of individual exposures, it may generate volatility in the income statement whenever there is imperfect correlation between index prices and market value of the hedged positions.

CLO - Collateralised Loan Obligation
These are CDOs backed by a portfolio of corporate loans.

CMBS - Commercial Mortgage-Backed Securities
Debt instruments backed by mortgages on commercial real estate.

CMO - Collateralised Mortgage Obligation
Securities backed by mortgages in which the total amount of the issue is divided into tranches with different maturities and return. The tranches are repaid according to an order specified in the issue.

Commercial paper
Short-term notes issued in order to collect funds as an alternative to other forms of indebtedness.

Core Business
Main area of business on which company’s strategies and policies are focused.

Core deposits
“Core deposits” are “customer-related intangibles”, generally recorded in business combinations between banks. The intangible value of core deposits stems from the future benefits for the acquirer deriving from the normally lower funding cost compared to market parameters.

Common Equity Tier 1 Ratio (CET1 Ratio)
The ratio of Common Equity Tier 1 capital (CET1) to total risk-weighted assets.

Corporate
Customer segment consisting of medium- and large-sized companies (mid-corporate, large corporate).

Cost/income ratio
Economic indicator consisting of the ratio of operating costs to operating income.

Amortised cost
Differs from “cost” in that it provides for the progressive amortisation of the differential between the book value and nominal value of an asset or liability on the basis of the effective rate of return.

Transaction costs
Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. IT is a cost that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Covenant
A covenant is a clause, expressly agreed upon during the contractual phase, under which a lender is entitled to renegotiate and revoke a loan upon the occurrence of the events set out in the clause, linking the debtor's financial performance to events that trigger termination/amendment of contractual conditions (maturity, rates, etc.).

Coverage ratio
It represents the percentage coverage of the value adjustment with respect to the gross exposure.

Covered bonds
Special bank bond that, in addition to the guarantee of the issuing bank, is also backed by a portfolio of mortgage loans or other high-quality loans sold to a special purpose vehicle (case governed by Art. 7-bis of Law 130 of 30 April 1999).

CPPI (Constant Proportion Portfolio Insurance)
A technique consisting of forming a portfolio of two assets, one without risk that offers a certain rate of return (risk-free) and one with risk that offers a generally higher return. The purpose of the re-balancing procedure is to prevent the value of the portfolio from falling below a predetermined level (floor), which rises at the risk-free rate over time and coincides with the capital to be guaranteed at maturity.

Credit default swap/option
Contract under which one party transfers to another - in exchange for payment of a premium - the credit risk of a loan or security contingent on occurrence of a default event (in the case of an option the right must be exercised by the purchaser).

Credit derivatives
Derivatives contracts the underlying for which is the creditworthiness of a certain issuer/borrower, measured by a rating agency or defined on the basis of objective criteria, in order to transfer credit risk. The main function of credit risk derivatives is to manage the credit risk associated with a certain asset (bond and/or loan) without the asset itself being transferred. They also allow credit risk (the possibility that the borrower defaults and does not make its payments) of a certain asset to be separated from other types of risk, for example interest rate risk (the possibility that market rates may move in a direction unfavourable to the lender).

Credit enhancement
Techniques and instruments used by issuers to improve the credit rating of their issues (providing sureties, cash credit lines, etc.).

Credit-linked notes
Similar to bonds issued by a protection buyer or a special purpose vehicle whose holders (protection sellers) – in exchange for a yield equal to the yield of a bond with the same maturity plus the premium received for credit risk hedging – take the risk of losing (in whole or in part) the maturing capital and the related flow of interest, upon occurrence of a default event.

Credit risk adjustment
A technique that aims to draw attention to the penalty resulting from the counterparty's creditworthiness used in determining the fair value of unlisted derivative financial instruments.

Credit spread option
Contract under which the protection buyer reserves the right, against payment of a premium, to collect from the protection seller a sum depending on the positive difference between the market spread and that fixed in the contract, applied to the notional value of the bond.

Cross selling
Activity designed to increase customer loyalty through the sale of integrated products and services.

CRM – Credit Risk Mitigation
Techniques used by institutions to reduce the credit risk associated with their exposures.

CRP (Country Risk Premium)
Country risk premium; it expresses the component of the cost of capital aimed specifically at providing compensation for the risk implicit in a particular country (namely the risk associated with financial, political and monetary instability).

CSA (Credit Support Annex)
A document through which counterparties trading in an over-the-counter derivative instrument establish the terms of contribution and transfer of the underlying guarantees to mitigate credit risk in the event of in-the-money position of the instrument. This document, although not mandatory for the transaction, is one of the four components that contribute to the establishment of the Master Agreement according to the standards established by the International Swaps and Derivatives Association (ISDA).

Reclassification date
The first day of the first reporting period following the change in business model that results in an entity reclassifying financial assets.

Default
Declared inability to honour one’s debts and/or make the relevant interest payments.

Delta
Value that expresses the sensitivity of the price of the underlying asset for an option. Delta is positive for call options because the price of the option rises along with the price of the underlying asset. Delta is negative for put options because a rise in the price of the underlying asset yields a decrease in the price of the option.

Embedded derivatives
Embedded derivatives are clauses (contractual terms) included in a financial instrument that generate the same effects as an independent derivative.

Desk
It usually designates an operating unit dedicated to a particular activity.

Held for trading (HFT)
Financial assets or financial liabilities that:

- are acquired or incurred principally for the purpose of selling or repurchasing them in the near term;
- on initial recognition are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- are derivatives other than those entered into as a designated, effective hedging instrument.

Domestic Currency Swap
Contract settled in euro, whose economic effect is equal to that of a time purchase or sale of a foreign currency in exchange for domestic currency. On expiry, the difference between the forward and the spot exchange rates is settled in euro.

Duration
An indicator of the interest rate risk of a bond or bond portfolio. In its most frequent form, it is calculated as a weighted average of the due dates of interest and principal payments associated with a bond.

EAD – Exposure At Default
Relating to on- or off-balance sheet positions, it is defined as the estimated future value of an exposure upon default of a debtor. Only banks meeting the requirements for using the AIRB approach (see entry) are entitled to estimate EAD. The others are required to make reference to regulatory estimates.

ECAI – External Credit Assessment Institution
An external credit assessment institution.

ECL – Expected Credit Loss
The adoption of IFRS 9 led to a revision of the methods of determining adjustments to loans from the notion of incurred credit loss to expected credit loss. Adjustments are quantified by including forward-looking scenarios and differs as a function of the deterioration of credit quality, with a one-year time horizon for positions classified to Stage 1 and for the lifetime (lifetime ECL) of the instrument for those included in Stages 2 and 3.

EHQLA – Extremely High Quality Liquid Assets
Encumbered assets that are notionally eligible to be classified as extremely high quality liquid assets. Notionally eligible encumbered EHQLA and HQLA are the assets listed in Articles 11, 12 and 13 of Commission Delegated Regulation (EU) 2015/61.

Embedded value
A measure of the underlying value of a life insurance company. It is the sum of the company's adjusted net asset value and the present value of the future income margins from the policies already in force over the period of their residual life.

Eonia (Euro overnight index average)
Weighted average of the overnight rates transmitted to the ECB by a sample of banks operating in the euro area. Since 2 October 2019, the Eonia rate has been calculated as the €STR (Euro Short-Term Rate, the overnight rate for euro money markets) plus 8.5 basis points. The Eonia calculated according to this method was published until 3 January 2022. It was then permanently replaced by €STR plus a fixed spread of 8.5 basis points, quantified and made official by the ECB based on historical information.

ERP (equity risk premium)
Risk premium requested by investors on the market of reference, i.e. the expected return in excess of risk-free assets. To test goodwill for impairment, ISP uses that calculated according to the historical approach (geometric average of the difference between equity and risk-free returns for the period 1928-2021) by New York University - Stern School of Business.

ETDs – Exchange-Traded Derivatives
Standard derivative contracts (futures and options with various types of underlying) traded on regulated markets.

EVA – Economic Value Added
An indicator that measures the value created (if positive) or destroyed (if negative) by enterprises. In contrast to other parameters that measure business performance, EVA is calculated net of the cost of equity capital, that is to say the investment made by shareholders.

Factoring
Sale of trade receivables to factoring companies, for credit management and collection, normally associated with the granting of a loan to the seller.

Fair value
The value at which an asset could be tradedor a liability settled, in a current transaction between willing parties.

Fair value hedge
Hedging against the risk of change in the fair value of a financial statement item.

Fair Value Option (FVO)
The Fair Value Option is an option for classifying a financial instrument. When the option is exercised, even a non-derivative financial instrument not held for trading may be measured at fair value through profit or loss.

Fairness/Legal opinion
An opinion provided on request by experts of recognised professionalism and competence, on the adequacy of the economic terms and/or lawfulness and/or technical aspects of a given transaction.

"G" factor ("g" growth rate)
It is the factor used for perpetuity projection of cash flows in order to calculate "Terminal value".

FIFO: First In First Out
Criterion used to recognise the expected credit losses (ECL) recorded on a security through profit or loss at the time of sale.

Prudential filters
In schemes for calculating regulatory capital, corrections made to line items with the aim of safeguarding the quality of regulatory capital and reducing its potential volatility as a result of the application of international accounting standards (IAS/IFRS).

Harmonised mutual funds
Mutual funds within the scope of Directive 85/611/EEC of 20 December 1985, as amended, characterised by their open form, the possibility of offering units to the public and certain investment limits. Investment limits include the obligation to invest primarily in quoted financial instruments.

Forward Rate Agreement – Forwards
Forward contracts on interest rates, exchange rates or stock indices, generally negotiated in over-the-counter markets and whose conditions are established at the time when the contract is entered into, but which will be executed at a specified future date, by means of the receipt or payment of differentials calculated with reference to parameters that vary according to the object of the contract.

Front office
The divisions of a company designed to deal directly with customers.

Funding
The raising of capital, in various forms, to finance the company business or particular financial transactions.

Futures
Standardised forward contracts under which the parties agree to exchange securities or commodities at a specified price on a specified future date. Futures are normally traded on organised markets, where their execution is guaranteed. In practice, futures on securities often do not involve the physical exchange of the underlying.

FVTOCI: Fair Value Through Other Comprehensive Income
Method of recognition of changes in the fair value of financial assets through other comprehensive income (therefore in shareholders' equity) and not through profit or loss.

FVTPL: Fair Value Through Profit or Loss
Method of recognition of changes in the fair value of financial assets through profit or loss.

Gross Book Value (GBV)
The accounting value of a loan, considered gross of adjustments.

Global custody
An integrated package of services including, in addition to the custody of securities, the performance of administrative activities relating to the settlement of securities, collections and payments, acting as depositary bank and cash management, as well as various forms of portfolio performance reporting.

GMSLA – Global Master Securities Lending Agreement
These are margining agreements used to mitigate counterparty risk in securities lending transactions.

GMRA – Global Master Repurchase Agreement
These are margining agreements used to mitigate counterparty risk in repurchase agreements.

Goodwill
The value attached to intangible assets as part of the purchase price of a shareholding in a going concern.

Governance
The set of instruments, rules and standards regulating the life of the company, particularly as regards the transparency of documents and company records, and the completeness of information made available to the market.

Grandfathering
Period of transition for the entry into force of the new composition of own funds under Basel 3 and other less significant measures. Specifically, it concerns the gradual exclusion from own funds of the old instruments admitted to Basel 2 regulatory capital and no longer contemplated by Basel 3.

Greeks
Greeks are the quantities that identify the greater or lesser sensitivity of a derivative contract, typically an option, to changes in the value of the underlying asset or other parameters (e.g. intrinsic volatility, interest rates, stock prices, dividends and correlations).

Hedge accounting
Rules pertaining to the accounting of hedging transactions.

Hedge funds
Mutual fund that employs hedging instruments in order to achieve a better result in terms of risk/return ratio.

HQLA (High Quality Liquid Asset)
Encumbered assets that are notionally eligible to be classified as high quality liquid assets. Notionally eligible encumbered EHQLA and HQLA are the assets listed in Articles 11, 12 and 13 of Commission Delegated Regulation (EU) 2015/61.

IAS/IFRS
The IAS (International Accounting Standards) are issued by the International Accounting Standards Board (IASB), the body responsible for issuing international accounting standards. The standards issued after July 2002 are called IFRS (International Financial Reporting Standards).

ICAAP (Internal Capital Adequacy Assessment Process)
The "Second Pillar" provisions require that banks implement processes and instruments of Internal Capital Adequacy Assessment Process (ICAAP), to determine the amount of internal capital needed to cover all risks, including risks different from those covered by the total capital requirement ("First Pillar"), when assessing current and potential future exposure, taking into account business strategies and developments in the economic and business environment.

IFRS-IC (International Financial Reporting Standards Interpretations Committee)
A committee within the IASB that establishes official interpretations of international accounting standards (IAS/IFRS).

IMA – Internal Models Approach
Approach for calculating the capital requirement for market risk using internal models.

IMM – Internal Model Method
Method for calculating Exposure at Default (see entry), within the counterparty risk assessment, through internal models based on the concept of Expected Positive Exposure.

Impairment
When referred to a financial asset, a situation of impairment is identified when the book value of an asset exceeds its estimated recoverable amount.
Pursuant to IAS 36, the following assets should be tested for impairment annually:
- intangible assets with indefinite useful life;
- goodwill acquired in a business combination;
- any asset, if there is any indication of impairment losses.

The impairment test is an estimate of the recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) of an asset or group of assets.

Deferred tax (tax liabilities or assets)
Deferred tax liabilities are the amounts of income tax that will be payable in future periods and arising from taxable temporary differences.
Deferred tax assets are the amounts of income taxes claimable in future periods and arising from:
a) deductible temporary differences;
b) the carryforward of unused tax losses; and
c) the carryforward of unused tax credits.
Temporary difference is the difference between the carrying amount of an asset or liability and its tax base. There are two types of temporary difference:
a) taxable temporary difference, i.e. a temporary difference that, when determining the taxable income (tax loss) of future periods, will result in taxable amounts in the future when the carrying amount of the asset is recovered or the liability is settled;
b) deductible temporary difference, i.e. a temporary difference that, when determining the taxable income (tax loss) of future periods, will result in amounts that are tax deductible in the future when the carrying amount of the asset is recovered or the liability is settled.

Index-linked
Policies, including life policies, whose performance at maturity depends on the performance of a reference parameter, which may be a stock index, a basket of securities or some other indicator. Policies may guarantee capital or offer a minimum return.

Internal dealing
Persons performing functions of administration, control or management (relevant persons) at a listed issuer, as well as those with close ties to such persons, must report transactions in listed financial instruments issued by the company or in derivatives of such instruments and must also abide by the restrictions on transactions in such instruments, according to the terms laid down in Art. 19 of Regulation (EU) 596/2014 on market abuse (MAR) and delegated legislation (Regulations (EU) 2016/522 and 2016/523).
The European legislation supplemented the provisions of Art. 114, paragraph 7, of Legislative Decree 58/1998 (Consolidated Law on Finance) with regard to the obligation to report transactions in securities for those who hold at least 10% of the share capital of a listed issuer and persons closely related to them.

Intraday
This refers to an investment/disinvestment transaction performed in the course of a single day involving the negotiation of a security. It is also used with reference to prices quoted during any one day.

Investment property
Real estate owned for the purpose of obtaining income and/or benefiting from an increase in their value.

Investment grade
Term used with reference to high-quality bonds that have received a medium/high rating (see entry) (e.g., not less than BBB- on S&P Global’s index).

IRC – Incremental Risk Charge
The maximum potential loss in the trading book resulting from an upgrade/downgrade or bankruptcy of the issuers, over a 1-year period, with a 99.9% confidence level.

IRS – Interest Rate Swap
A binding agreement between two parties to exchange two flows calculated over a notional amount with fixed/floating or floating/floating rate.

ISDA - International Swaps and Derivatives Association
An association of participants in the over-the-counter derivatives market. It is based in New York and has created a standard contract for entering into derivatives transactions.

Joint venture
Agreement between two or more firms for the performance of a given economic activity, generally through the incorporation of a joint-stock company.

Junior
In a securitisation transaction, it is the lowest-ranking tranche of the securities issued, being the first to bear losses that may occur in the course of the recovery of the underlying assets.

Ke (Cost of Equity)
Cost of equity, the minimum return demanded for investments of the same risk level.

Ke – g
Difference between the cash flow discounting rate and the long-term growth rate. If cash flows remain equal, value in use increases as that difference decreases.

LCR – Liquidity Coverage Ratio
A prudential requirement intended to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that may be converted into cash to meet its liquidity needs within a period of 30 days under conditions of severe stress. The liquidity coverage ratio is equal to the ratio of liquidity reserves to net outflows of liquidity over a stress period of 30 calendar days.

LDA - Loss Distribution Approach
Method of quantitative assessment of the operational risk profile through actuarial analysis of individual internal and external loss events; by extension, the term Loss Distribution Approach also refers to the calculation model for the historical capital per business unit.

Lead manager - Bookrunner
Lead bank of a bond issue syndicate. The lead manager deals with the debtor and is responsible for choosing the co-lead managers and the other members of the underwriting syndicate in agreement with the debtor. It also determines the terms and conditions of issue and coordinates its execution (usually placing the largest share of the issue on the market) and keeps the books (bookrunner); in addition to reimbursement of expenses and usual fees, the lead manager receives a special commission for its services.

LGD – Loss Given Default
It represents the percentage of loans that are estimated to be irrecoverable in the event of default by the debtor.

LTV – Loan-to-Value Ratio
The ratio between the loan and the value of the asset for which the loan was requested or the price paid by the borrower to buy the asset.
LTV measures the weight of the borrower's own funds used to buy the asset on the value of the asset used as guarantee of the loan. The higher the LTV ratio, the lower the borrower's own funds used to buy the asset, the lower the creditor's protection.

M–Maturity
The remaining time of an exposure, calculated according to prudential rules. For banks authorised to use internal ratings, it is explicitly considered if the advanced approach is adopted, while it is fixed at 2.5 years if the foundation approach is used.

Macro-hedging
Use of macro-hedging. Hedging procedure involving a single derivative product for various positions.

Mark to Market
Process of determining the value of a portfolio of securities or other financial instruments by reference to the prices expressed by the market.

Market dislocation
Turbulence in financial markets characterised by a strong reduction in volumes traded with difficulties in finding significant prices on specialised information providers.

Market making
Financial activity carried out by brokerage houses that ensure market liquidity and depth, both through their ongoing presence and by means of their role as competitive guides in determining prices.

Market neutral
Operating strategies involving securities designed to minimise the relevant portfolios' exposure to market volatility.

Mark-down
Difference between the 1-month Euribor and interest rates on household and business current accounts.

Mark-up
Difference between the overall interest rate applied to households and businesses on loans with a duration of less than one year and 1-month Euribor.

Merchant banking
A range of activities including the underwriting of securities – both equities and bonds – issued by corporate customers for subsequent offering on the market, the acquisition of equity investments for longer periods but always with the aim of selling them later, and the provision of advisory services on mergers, acquisitions and reorganisations.

Mezzanine
In a securitisation transaction it is the tranche ranking between junior and senior tranche.

Monoline
Insurance companies which, in exchange for a commission, guarantee the reimbursement of certain bond issues. Formed in the 1970s to guarantee municipal bond issues from default, their services were subsequently particularly appreciated for issues of complex financial products: the structure and the assets underlying such issues are often highly complex; the debt positions guaranteed by monoline insurers become easier to value and more appealing for risk-averse investors, since default risk is borne by the insurer.

NAV - Net Asset Value
The market value of one share of the fund's managed assets.

NBV – Net Book Value
The accounting value of a loan, considered net of adjustments.

Non Performing Exposure (NPE) – Non Performing Loan (NPL)
Terms used to indicate non-performing loans, i.e. loans with irregular performance. On the other hand, "performing" refers to regularly performing credit exposures.
Non-performing loans are classified into three categories:
(i) *bad loans*: loans the full collection of which is not certain because the borrowers are in a state of insolvency (including where not yet judicially established) or substantially equivalent situations;
(ii) *unlikely to pay*: exposures other than bad loans for which the bank deems it improbable that the borrower will fulfil all its credit obligations (by way of principal and/or interest) without recourse to actions such as enforcement of guarantees, regardless of the presence of any past-due instalments or amounts;
(iii) *past-due exposures*: exposures past due by more than 90 days exceeding a pre-determined materiality threshold.
The EBA has also added an additional category, transversal to the foregoing: that of exposures subject to forbearance measures. Such exposures may be forborne non performing loans or forborne performing loans. Forbearance measures consist of concessions

towards a debtor that is experiencing or about to experience difficulties in meeting its financial commitments ('financial difficulties') and include, for example, the renegotiation of the terms of the contract or total/partial refinancing of the debt.

NSFR – Net Stable Funding Ratio
A prudential requirement aimed at promoting the increased use of stable funding, to prevent medium/long-term operations from giving rise to excessive imbalances to be financed in the short term. The requirement is equal to the ratio of the stable funding available to the entity to the stable funding required to the entity and is expressed as a percentage.

OIS – Overnight Indexed Swap
Contract involving the exchange of the net flow deriving from the difference between a fixed and floating interest rate applied to a notional principal amount. The fixed rate is set at the inception of the contract, while the floating rate is determined at maturity as the average of the overnight rates surveyed during the term of the contract, with compound interest.

Option
Against payment of a premium, the buyer acquires the right, but not the obligation, to purchase (call option) or to sell (put option) a financial instrument at a set price (strike price) within (American option) or on (European option) a given future date.

O-SII (Other Systemically Important Institutions)
These are institutions whose systematic importance, referring essentially to the systemic risk they may generate in the event of bankruptcy, is defined not at the global level but at a narrower geographical level, such as the individual country level. O-SIIs must maintain a capital buffer as a percentage of their total risk-weighted exposures. In the Italian context, O-SIIs are identified by the Bank of Italy which, pursuant to the provisions of CRD IV (Directive 2013/36/UE, is required to explain the criteria for its decision, which must comply with the EBA guidelines.
G-SIIs, on the other hand, are Global Systemically Important Institutions. The method for identifying and classifying G-SIIs to the various subcategories is defined in European Commission Delegated Regulation EU/2014/1222. Classification consists of five subcategories of G-SIIs in increasing order of systemic importance, associated with increasing percent capital buffers to be maintained once fully in force.

OTC – Over The Counter
It designates transactions carried out directly between the parties outside organised markets.

Outsourcing
The transfer of business processes to external providers.

Packages
Strategy made up of a funded asset whose credit risk is hedged by a specific credit default swap. If present, any interest rate and foreign exchange rate risks can be hedged with financial derivatives.

PD – Probability of Default
The likelihood that a debtor will default within a period of one year or equal to the expected life of the financial instrument.

Plain vanilla (derivatives)
Products whose price depends on that of the underlying instrument, which is listed on the regulated markets.

POCI - Purchased or Originated Credit-Impaired Asset
Purchased or originated assets for which the lifetime expected losses are recognised upon initial recognition and which are automatically classed as Stage 3.

Syndicated lending
Loans arranged and guaranteed by a pool of banks and other financial institutions.

Pricing
Broadly speaking, it generally refers to the methods used to determine the prices of financial instruments and/or costs of products and services offered by the Bank.

Prime broker
The Prime Broker is an international financial intermediary that operates as agent in the settlement process, carrying out the financial transactions ordered by the hedge fund's manager with the utmost confidentiality. The Prime Broker also acts as the fund's lender, providing credit lines and securities lending for short selling, and directly obtaining guarantees in respect of the financing granted to the fund. The Prime Broker also provides risk management services, monitoring the hedge fund's risk exposure (see entry) to ensure conditions of financial stability. Other services provided by the Prime Broker are holding and deposit of the fund's cash and securities, handling of the netting and settlement process, and recording of all market transactions.

Private banking
Business designed to provide primary customers with asset management, professional advice and other personalised services.

Private equity
Activity aimed at the acquisition of equity investments and their subsequent sale to specific counterparties, without public offerings.

Asset-backed commercial paper programme or ABCP programme
A programme of securitisations the securities issued by which predominantly take the form of asset-backed commercial paper with an original maturity of one year or less, as defined by Regulation (EU) 2017/2402.

Project finance
Technique for the financing of industrial projects based upon a forecast of the cash flow generated by the projects themselves. The analysis is based upon a series of evaluations differing from those generally made when assessing ordinary credit risk These evaluations cover, in addition to cash flow analysis, technical examination of the project, the suitability of the sponsors engaged in its implementation and the markets where the product will be distributed.

Rating
An evaluation of the quality of a company or of its bond issues, based on the company's financial strength and outlook. Such evaluation is performed by specialised agencies or by the Bank based on internal models.

Real estate (finance)
Structured finance transactions in the real estate sector.

Retail
Customer segment mainly including households, professionals, retailers and artisans.

Risk-free
Return on risk-free investments: for the Italy CGU and countries in the International Subsidiary Banks CGU with "normal" growth prospects, the return on 10-year Bunds has been adopted, while for countries with "strong" growth prospects, the return on 30-year Bunds has been used.

Risk Management
Activity pertaining to the identification, measurement, evaluation and overall management of various types of risk and their hedging.

RMBS - Residential Mortgage-Backed Securities
Asset-backed securities guaranteed by mortgages on residential real estate.

ROE – Return On Equity
It expresses the return on equity in terms of net income. IT is the indicator of greatest interest to shareholders in that it allows them to assess the return on their equity investment.

RTS – Regulation Technical Standards
Regulatory technical standards.

RWA – Risk Weighted Assets
On- and off-balance sheet assets (derivatives and guarantees) that are classified and weighted by means of several risk ratios, in accordance with the prudential rules issued by regulatory authorities on the calculation of capital ratios.

Scoring
System for the analysis of company customers, yielding an indicator obtained by examination of financial statements data and sector performance forecasts, analysed by means of statistical methods.

Senior/Super senior tranche
In a securitisation transaction, this is the tranche that has first claim on interest and principal payments.

Sensitivity
It refers to the degree of sensitivity with which certain assets/liabilities react to changes in rates or other input variables.

Servicer
In securitisation transactions, it is the organisation that – on the basis of a specific servicing contract – continues to manage the securitised credits or assets after they have been transferred to the special purpose vehicle tasked with issuing the securities.

SGR – Società di gestione del risparmio (Asset management companies)
Joint-stock companies reserved the possibility of providing both collective and individual asset management service jointly. In particular, they are authorised to set up mutual funds, manage their own or others' mutual funds and the assets of SICAVs and provide individual investment portfolio management service.

SICR – Significant Increase in Credit Risk
Criterion used to verify the transition between stages: if the credit risk of the financial instrument has increased significantly since initial recognition, the value adjustments are equal to the lifetime expected credit losses of the instrument (lifetime ECL). The bank establishes whether there has been a significant increase in credit risk based on qualitative and quantitative information:
- the variation (beyond set thresholds) of the lifetime probability of default (PD) compared to the time of initial recognition of the financial instrument. This is an assessment made on a “relative” basis, which constitutes the main driver;
- the presence of a past due position that – subject to the materiality thresholds identified by the regulations – has been in that status for at least 30 days. If these circumstances apply, the credit risk of the exposure is considered to have “significantly increased” and the exposure is therefore transferred to Stage 2 (when the exposure was previously included in Stage 1);
- the presence of forbearance measures, which – again on a presumption basis – result in the classification of the exposures under those whose credit risk has “significantly increased” since initial recognition;
- lastly, for banks belonging to the international scope, some of the indicators from the credit monitoring systems specifically used by each bank are also considered for the purposes of the transfer between stages where appropriate. This refers in particular to the watch lists, i.e. the credit monitoring systems that – based on the current credit quality of the borrower – place performing exposures above a certain level of risk within a particular range.

SPE/SPV
A Special Purpose Entity or Special Purpose Vehicle is a company established by one or more entities to perform a specific transaction. Generally, SPEs/SPVs have no operating and managerial structures of their own and rely on those of the other parties involved in the transaction.

Speculative grade
Term used to identify issuers with a low credit rating (e.g., below BBB- on the S&P Global index)

SPPI (Solely Payment of Principal and Interest) Test
One of the two classification drivers (the other is the "business model") that the classification of the financial assets and the measurement basis depend on. The objective of the SPPI test is to identify the instruments, which can be defined as "basic lending arrangements" in accordance with the standard, whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Assets with contractual characteristics other than SPPI must be mandatorily measured at FVTPL (see entry).

Spread
This term can indicate the difference between two interest rates, the difference between the bid and ask price of a security or the price an issuer of stocks and bonds pays above a benchmark rate.

SRT – Significant Risk Transfer
The originator institution of a traditional securitisation may exclude underlying exposures from its calculation of risk-weighted exposure amounts where significant credit risk associated with the underlying exposures has been transferred to third parties. According to Article 244 of Regulation (EU) 2017/2401 there is a significant transfer of credit risk in any of the following cases: (i) the risk-weighted exposure amounts of the mezzanine securitisation positions held by the originator institution in the securitisation do not exceed 50% of the risk-weighted exposure amounts of all mezzanine securitisation positions existing in the securitisation; and (ii) if there are no mezzanine securitisation positions, the originator institution does not hold more than 20% of the exposure value of the first loss tranche in the securitisation. Article 245 of Regulation (EU) 2017/2401 sets out similar conditions for significant risk transfer through funded or unfunded credit protection securitisations also for synthetic securitisations.

Stage 1
Represents the financial instruments whose credit risk has not significantly increased since the initial recognition date. A 12-month expected loss is recognised for these financial Instruments.

Stage 2
Represents the financial instruments whose credit risk has significantly increased since the initial recognition date. A lifetime expected loss is recognised for these financial Instruments.

Stage 3
Represents financial instruments that are credit impaired or in default. A lifetime expected loss is recognised for these financial Instruments.

Stakeholders
Subjects who, acting in different capacities, interact with the firm's activity, sharing in its profits, influencing its performance/services, and evaluating its economic, social and environmental impact.

Stock options
Term used to indicate the right granted to company managers to purchase the company's shares at a certain price (strike price).

Stress tests
A simulation procedure designed to assess the impact of extreme market scenarios on a bank's overall exposure to risk.

Structured export finance
Structured finance transactions in the goods and services export financing sector.

Financial instruments listed in an active market
A financial instrument is regarded as listed in an active market if listed prices are promptly and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Subprime
A universally agreed-upon definition of sub-prime loans does not exist. In short, this term refers to loans granted to borrowers with low creditworthiness, either because of bad credit history (non-payment, debt settlements or bad loans) or because their debt-to-income or loan-to-value (LTV) ratio is high.
On the other hand, prime mortgage loans are those which both the criteria used to grant the loan (LTV, debt-to-income, etc.) and to assess the borrower's history are sufficiently conservative to rank the loan as high-quality (as concerns the borrower) and low-risk.

Swaps
Transactions normally consisting of an exchange of financial flows between operators under various contractual arrangements. In an interest-rate swap, the parties exchange flows which may or may not be benchmarked on interest rates, calculated on a notional principal amount (e.g., one party pays a fixed-rate flow while the other pays a floating-rate flow). In the case of a currency swap, the parties exchange specific amounts of two different currencies at the outset, repaying them over time according to arrangements that may regard both the principal and the indexed interest flows.

Effective interest rate
The effective interest rate is the rate that exactly discounts estimated future cash payments of the loan, for principal and interest, to the amount disbursed inclusive of the costs/revenues attributable to the loan. This measurement method uses a financial approach and allows distribution of the economic effect of the costs/revenues through the expected residual maturity of the loan.

Tax rate
The effective tax rate, determined by the ratio of income taxes to income before tax.

Terminal value
An enterprise's value at the end of an analytical cash-flow forecasting period, calculated by multiplying the analytical cash flow for the final period by (1 + g) and dividing that amount by (Ke-g) (see entry).

Tier 1
Tier 1 Capital consists of Common Equity Tier 1 Capital (CET1) and Additional Tier 1 Capital (AT1).

Tier 1 Capital Ratio
The ratio of Tier 1 capital (see entry) to total risk-weighted assets (RWAs; see entry).

Tier 2
Tier 2 capital is mainly composed of eligible subordinated liabilities and any excess of adjustments over and above expected losses (the excess reserve) for positions weighted according to AIRB approaches (see entry).
Specific transitional provisions (grandfathering; see entry) have also been established for subordinated instruments that do not meet the requirements envisaged in the new Basel 3 regulatory provisions, aimed at the gradual exclusion of instruments no longer regarded as eligible from own funds (over a period of eight years).

Time value
Change in the financial value of an instrument with regard to the time frame in which certain monetary flows will become available or due.

Total capital ratio
Capital ratio referred to regulatory capital components of Own Funds (Tier 1 plus Tier 2; see entries). It is represented by the ratio of own funds to total risk-weighted assets (RWAs; see entry).

Total return swap
A contract under which one party, usually the owner of a security or a debt instrument, agrees to make periodic payments to an investor (protection seller) of the capital gains and interest generated by the asset. On the other side, the investor agrees to make payments based on a floating rate, as well as any negative price changes of the asset from the date of the contract.

Trading book
The portion of a portfolio of securities or other financial instruments earmarked for trading activity.

Trustee (Real estate)
Real estate vehicles.

Underwriting fee
Fee received in advance by the bank as compensation for assuming the underwriting risk associated with the granting of a loan.

Value in use
It is the present value of estimated future cash flows expected to arise from an asset or from a cash-generating unit.

Collective assessment of performing loans
With reference to a homogeneous group of regularly performing financial assets, collective assessment defines the degree of credit risk potentially associated with them, though it is not yet possible to tie risk to a specific position.

VaR - Value at Risk
The maximum value likely to be lost on a portfolio as a result of market trends, estimating probability and assuming that a certain amount of time is required to liquidate positions.

Vega
Coefficient that measures the sensitivity of an option's value in relation to a change (increase or decrease) in volatility.

Vintage
Term used to indicate the seniority of NPEs/NPLs (see entry). It also refers to the date of generation of the collateral underlying the securitisation, as an important factor in judging the collateral's risk level.

Expected life
This refers to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolving financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the bank’s contractual ability to demand repayment and cancel the undrawn commitment does not limit the bank’s exposure to credit losses to the contractual notice period. The expected life for these credit facilities is their behavioural life. Where data is insufficient or analysis inconclusive, an additional ‘maturity factor’ may be incorporated to reflect the full estimated life, based upon other experienced cases or similar cases of peers. Potential future modifications of contracts are not taken into account when determining the expected life or exposure at default (see entry) until they occur.

Warrant
Negotiable instrument that entitles the holder to purchase from or sell to the issuer fixed-income securities or shares according to specific procedures.

Waterfall
Characteristic of a CDO’s cash flow projection that is used in the CDO pricing process to model and allocate flows. It establishes the priority of payment of the various tranches in the event of failure of the tests on overcollateralisation and interest coverage ratios.

What-if
Form of analysis that attempts to predict the response of specific elements to changes in baseline parameters.

Wholesale banking
Banking activity mainly consisting of high-value transactions concluded with major counterparties.

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

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

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

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

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

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

Cover photo:

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

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

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

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