



**Shareholders' Meeting**  
**14 October 2021**



*This is an English translation of the original Italian document. In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails.*

*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 hereof. 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.*



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# Report of the Board of Directors

## Item on the agenda

Resolutions regarding reserves:

- a) *distribution of part of the Extraordinary reserve for the 2020 results;*
- b) *placing of a tax suspension constraint on part of the Share premium reserve, following the tax realignment of certain intangible assets.*

Distinguished Shareholders.

In March 2020, the European Central Bank (ECB) asked banks not to pay dividends with the aim of boosting their capacity to absorb losses and to support lending to households, small businesses and corporates during the COVID-19 pandemic. A similar recommendation was then repeated in July 2020, while in December 2020 the ECB – following the previous guidance in this regard – published a Recommendation on dividend policy during the COVID-19 epidemic, asking significant credit institutions to exercise extreme prudence when making decisions on dividends or the distribution of reserves to remunerate shareholders and reserving the right to review the Recommendation before 30 September 2021. Specifically, the European Central Bank generally recommended that distributions by banks should not exceed the lower of: i) 15% of their cumulated 2019-20 profits; and ii) 20 basis points of the Common Equity Tier 1 ratio.

In relation to the above-mentioned Recommendation, last April the Bank approved the payment of dividends – made in May – for a total of around 694 million euro from the 2020 net income, corresponding to 0.0357 euro per each of the 19,430,463,305 ordinary shares and to 20 basis points of Common Equity Tier 1 Ratio at consolidated level, which represents the lower of the two parameters indicated above.

On 23 July 2021, the European Central Bank decided not to extend beyond September 2021 the above-mentioned recommendation to limit dividends, stating that supervisors will assess the capital and distribution plans of each bank as part of the regular supervisory process, taking a forward-looking view duly informed by the results of the 2021 stress test.

On 4 August 2021, the Board of Directors approved the Consolidated Half-yearly Report as at 30 June 2021, as well as the Financial Information as at 30 June 2021 regarding Intesa Sanpaolo S.p.A., both of which closed with a significantly positive result for the period and with a solid capital position, confirming the ability of both the Group and the Parent Company to deal effectively with the complex situation resulting from the COVID-19 epidemic.

Specifically, the Group closed the first half of 2021 with net income of 3,023 million euro, up 17.8% on 30 June 2020, in line with the target of a minimum net income for the current year of 4 billion euro, and a Common Equity Tier 1 Ratio of 14.9% under the transitional criteria for 2021 (phased-in), 14.4% fully loaded and 15.7% pro-forma fully loaded<sup>1</sup>.

For the Parent Company, the income statement for the first half of 2021 reported net income of 2,597 million euro, compared to 1,027 million euro in the first half of 2020 (redetermined like-for-like figure of 1,918 million euro following the subsequent corporate transactions) and a phased-in Common Equity Tier 1 Ratio of 13.4%.

Since that date, no events have occurred that would adversely affect either the Financial Information as at 30 June 2021 regarding the Bank (Attachment 1) or the Consolidated Half-yearly Report as at 30 June 2021, which has been made available to the public in the manner and within the time limits set by law.

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<sup>1</sup> Estimated by applying the fully loaded parameters to the financial statements as at 30 June 2021, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first-time adoption of IFRS 9 and the non-taxable public cash contribution of 1,285 million euro covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and DTAs on the acquisition of UBI Banca, and the expected distribution of the net income of insurance companies for the first half of 2021.

In light of the above, we submit a proposal for the cash distribution of part of the Extraordinary reserve for a total amount of 1,935,274,145.18 euro to be assigned to each of the 19,430,463,305 ordinary shares constituting the share capital, corresponding to a unit amount of 9.96 euro cents per share. This distribution, which adds to the above-mentioned cash dividends of 694 million euro, whose distribution was approved in April and which were paid in May 2021, results in a total payout for 2020 corresponding to a payout ratio of 75% of the 3,505 million euro adjusted consolidated net income<sup>2</sup>, in line with the 2018-2021 Business Plan.

This assignment of reserves is subject to the same tax regime as the distribution of dividends.

If this proposal is approved, the consolidated capital requirements will show a Common Equity Tier 1 ratio of 14.3% phased-in, 13.8% fully loaded and 15.0% pro-forma fully loaded, and a Total Capital Ratio of 19.1% phased-in, 18.8% fully loaded and 20.3% pro-forma fully loaded, well above the minimum requirements set by the supervisory regulations. In addition, there are no recommendations by regulators regarding the capital requirements applicable to Intesa Sanpaolo that preclude the proposed distribution, and the Common Equity Tier 1 Ratio will also be well above the minimum level of 12% fully loaded and 13% pro-forma fully loaded<sup>3</sup> set by the Group for itself. Also for the Parent Company, the capital requirements will be well above the minimum requirements set.

We propose, also in compliance with the legal requirements, that the payment be made on the first available date after 30 September 2021 – the deadline for the ECB recommendation of 15 December 2020 in respect of dividend policies – namely 20 October 2021, with coupon presentation on 18 October and record date on 19 October 2021.

Please note that dividends not distributed in respect of any own shares held by the Bank at the record date of 19 October 2021<sup>4</sup> shall be kept in the Extraordinary reserve.

If the proposal made obtains your approval, the resulting shareholders' equity of Intesa Sanpaolo S.p.A. will be as shown in the table below.

(millions of euro)			
Shareholders' equity	30.06.2021	Changes	Share capital and Reserves after Extraordinary reserve distribution
Share capital	10,084	-	10,084
Share premium reserve	27,444	-	27,444
Reserves	10,193	-1,935	8,258
Valuation reserves	1,153	-	1,153
Equity instruments	6,246	-	6,246
Treasury shares	-57	-	-57
<b>Total reserves</b>	<b>44,979</b>	<b>-1,935</b>	<b>43,044</b>
<b>Total</b>	<b>55,063</b>	<b>-1,935</b>	<b>53,128</b>

On 4 August 2021, the Board of Directors also preliminarily defined the cash interim dividend to be distributed from the 2021 net income at an amount of 1.4 billion euro, resulting from a unit amount of 7.21 euro cents per ordinary share. The Board will pass the related resolution on 3 November 2021, when it meets to approve the consolidated results as at 30 September 2021, in the absence of any inconvenience due to the results of the third quarter 2021 or the expected results for the fourth quarter 2021, and in compliance with the applicable supervisory regulations and the recommendations from the regulators. Once the planned distribution has been approved, the interim dividend will be paid out on

<sup>2</sup> Excluding the items related to the acquisition of UBI Banca consisting of the effect of the purchase price allocation, including negative goodwill, and integration charges, as well as the write-off of goodwill of the Banca dei Territori Division from the stated net income.

<sup>3</sup> Estimated by applying the fully loaded parameters, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of 1,285 million euro covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and DTAs on the acquisition of UBI Banca.

<sup>4</sup> On 8 September 2021, a share buy-back programme was announced – starting on 13 September 2021 and ending by 24 September 2021 – to service the plans of assignment, free of charge, of Intesa Sanpaolo ordinary shares to the employees.

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the first available date following the Board of Directors' resolution, namely 24 November 2021, with coupon presentation on 22 November and record date on 23 November 2021.

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Please also note that, the Board of Directors, in its meeting of 25 June 2021, resolved to exercise the option for the realignment of certain intangible assets in the Financial Statements of Intesa Sanpaolo S.p.A. in accordance with Article 110, paragraphs 8 and 8-bis, of Law Decree no. 104 of 14 August 2020 (the Decree).

The Decree, containing "urgent measures for the support and relaunch of the economy", converted with amendments into Law no. 126 of 13 October 2020 and subsequently supplemented by Law no. 178 of 30 December 2020, through the above-mentioned Article 110, paragraphs 8 and 8-bis, allows companies to obtain the tax recognition of the higher accounting values recorded in the financial statements for certain assets, including intangible assets, by paying a substitute tax at a rate of 3%.

In the above-mentioned meeting, the Board of Directors – having determined that it was worthwhile from an economic perspective to make use of the above-mentioned legal provisions and having also obtained a favourable opinion on the transaction from the Italian Tax Authorities, to which the transaction was submitted in advance under the "cooperative compliance" regime – identified higher realignable accounting values for intangible assets totalling 1,518,557,738.56 euro (almost entirely attributable to the Sanpaolo IMI brand name, recognised at the time of the merger between Banca Intesa and Sanpaolo in 2007), resulting in a corresponding substitute tax of 45,556,732.16 euro.

As a result of the provisions of Article 14 of Law no. 342 of 21 November 2000, which the Decree refers to, a constraint must be placed on the Reserves for an amount of 1,473,001,006.40 euro, representing the higher accounting values subject of realignment net of the substitute tax due. This constraint, which would be placed on the "Share Premium" Reserve, gives rise to tax consequences only if and when such Reserve is reduced to an amount lower than that subject to the constraint as a result of distributions to shareholders. This constraint will be reported in section 12 of Part B - Liabilities of the Notes to the 2021 Financial Statements.

Distinguished Shareholders, we therefore invite you to resolve separately on each of the above-mentioned proposals regarding:

- a) distribution of part of the Extraordinary reserve for the 2020 results, in the amount of 1,935,274,145.18 euro,
- b) placing of a tax suspension constraint amounting to 1,473,001,006.40 euro on part of the Share premium reserve, following the tax realignment of certain intangible assets,

all according to the terms set out above.

10 September 2021

For the Board of Directors  
the Chairman – Gian Maria Gros-Pietro







**FINANCIAL INFORMATION**  
**AS AT 30 JUNE 2021**  
**REGARDING INTESA SANPAOLO S.P.A.**

BOARD OF DIRECTORS

4 August 2021



This file contains the Financial Information as at 30 June 2021 regarding Intesa Sanpaolo S.p.A. approved by the Board of Directors on 4 August 2021.

This document includes:

- the results for the half-year (reclassified income statement and balance sheet, accompanied by brief comments on the main aggregates);
- the table of own funds and solvency ratios;
- the financial statements prepared for the determination of the half-yearly income in the format required by the Bank of Italy (balance sheet, income statement, statement of comprehensive income, statement of changes in equity);
- reconciliation statements showing the restatements and reclassifications made.

The Financial Information has been prepared using the same accounting standards as those adopted for the preparation of the financial statements for the year ended 31 December 2020.



**HALF-YEAR RESULTS OF  
INTESA SANPAOLO S.p.A.**



## General aspects

The income statement and balance sheet of the Parent Company Intesa Sanpaolo as at and for the year ended 30 June 2021 are presented below. The income statement is presented in a condensed reclassified format to enable a more immediate interpretation of the results.

In the reclassified income statement, 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 for the different periods covered, above all in relation to the changes in the scope of reference. This uniformity is achieved through restated figures, which include/exclude the values of the companies that entered or left the scope of reference, and through redetermined figures when, at the time of major or particular transactions, it is appropriate to display side-by-side/supplement the restated figures with redetermined figures, possibly also including management information.

To enable like-for-like comparison, in this report the figures for the previous periods have been restated, where necessary, to account for changes in the scope of reference, namely the absorption of Banca IMI (20 July 2020, with accounting and tax effects from 1 January 2020).

In addition, for the same purpose, the income statement figures for the previous periods have been redetermined due to the absorption of UBI Banca S.p.A. (12 April 2021, with accounting and tax effects from 1 January 2021), the latter net of the going concern consisting of 455 branches and 132 operating points sold to BPER on 22 February 2021 (with accounting and tax effects from that date), the "Top Private" and "Service IW Bank" business lines that were partially demerged to Intesa Sanpaolo Private Banking and Banca Fideuram respectively (12 April 2021, with accounting and tax effects from that date) and the going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata (24 May 2021, with accounting and tax effects from that date). Lastly, the income statement figures for the previous periods have also been restated due to the sale of 31 branches of the Parent Company to BPER (21 June 2021, with accounting and tax effects from that date) and the absorption of UBI Academy (30 June 2021, with accounting and tax effects from 1 January 2021).

To enhance the comparability of the comparison periods, the restated figures have been presented on a like-for-like basis in terms of scope, date of commencement of the income effects (assuming full integration of UBI from 1 January 2020) and accounting classification, and using the same financial statement presentation as that adopted by the Parent Company. Lastly, to reduce the volatility of the various income statement captions related to the changes in the scope of reference due to the above-mentioned sales/demerges of business lines, the income components of the sold/demerged business lines have been reclassified from the original captions to the item "Income (Loss) from discontinued operations" from 1 January to the effective date of the transaction, for both 2021 and 2020. Lastly, the income results of the sold/demerged business lines have been determined on the basis of management information.

Breakdowns of restatements and reclassifications made in accordance with the layout established in Bank of Italy Circular 262 are provided in separate tables included in the attachments, as also required by Consob in its Communication 6064293 of 28 July 2006.

In summary, the reclassifications and aggregations are as follows:

- dividends relating to investments carried at equity, as well as those received and paid under the securities lending activities, which have been reallocated to Profits (losses) on financial assets and liabilities designated at fair value;
- differentials on derivatives, classified to the trading book and contracted to hedge transactions in foreign currencies, 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 and 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 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 has been reclassified from Profits (Losses) on assets and liabilities designated at fair value to Net fee and commission income;
  - the recoveries of expenses, taxes and duties have been subtracted from Administrative expenses, instead of being included among Other income;
  - Profits and losses on disposal or repurchase of financial assets measured at amortised cost, in the form of loans and debt securities with public entities, non-financial companies and others as counterparties, 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 caption Net adjustments to loans;
  - the reversal in the time value of Employee termination indemnities and Allowances for risks and charges, which has been reclassified to 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;
  - Net impairment losses on equity investments in associates, as well as property and equipment and intangible assets (including property and other assets 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, after tax, to Impairment 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 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 in correlation with trading activity 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 have been reclassified from Personnel expenses, Administrative expenses and, to a lesser extent, other captions of the income statement to a separate caption;
  - the Effects of purchase price allocation, net of the tax effect, have been allocated to a specific caption. They represent adjustments, impairment losses and effects from realisation for financial assets and liabilities and property and equipment and intangible assets which were measured at fair value as provided for by IFRS 3;
  - levies and other charges aimed at maintaining the stability of the banking industry, which have been reclassified, after tax, to the specific caption;
  - Impairment losses on goodwill, investments in subsidiaries and impairment losses on other intangible assets, which are shown, net of tax.



## Reclassified income statement – Restated figures

	30.06.2021	30.06.2020 Restated figures	(millions of euro)	
			changes	
			amount	%
Net interest income	3,026	2,577	449	17.4
Net fee and commission income	2,880	2,143	737	34.4
Profits (Losses) on financial assets and liabilities designated at fair value	1,048	1,149	-101	-8.8
Other operating income (expenses)	1,620	692	928	
<b>Operating income</b>	<b>8,574</b>	<b>6,561</b>	<b>2,013</b>	<b>30.7</b>
Personnel expenses	-2,671	-2,193	478	21.8
Other administrative expenses	-1,085	-820	265	32.3
Adjustments to property, equipment and intangible assets	-489	-433	56	12.9
<b>Operating costs</b>	<b>-4,245</b>	<b>-3,446</b>	<b>799</b>	<b>23.2</b>
<b>Operating margin</b>	<b>4,329</b>	<b>3,115</b>	<b>1,214</b>	<b>39.0</b>
Net adjustments to loans	-772	-1,625	-853	-52.5
Other net provisions and net impairment losses on other assets	-217	-113	104	92.0
Other income (expenses)	-14	-14	-	-
Income (Loss) from discontinued operations	-	1,153	-1,153	
<b>Gross income (loss)</b>	<b>3,326</b>	<b>2,516</b>	<b>810</b>	<b>32.2</b>
Taxes on income	-255	-359	-104	-29.0
Charges (net of tax) for integration and exit incentives	-58	-19	39	
Effect of purchase price allocation (net of tax)	-13	-37	-24	-64.9
Levies and other charges concerning the banking industry (net of tax)	-238	-205	33	16.1
Impairment (net of tax) of goodwill, other intangible assets and controlling interests	-165	-32	133	
<b>Net income (loss)</b>	<b>2,597</b>	<b>1,864</b>	<b>733</b>	<b>39.3</b>

Figures restated, where necessary and material, considering the changes in the scope of reference. The figures for UBI Banca S.p.A. and UBI Academy S.p.A. have not been restated.

## Reclassified income statement – Redetermined figures

(millions of euro)

	30.06.2021 Redetermined figures	30.06.2020 Redetermined figures	changes	
			amount	%
Net interest income	2,959	3,034	-75	-2.5
Net fee and commission income	2,757	2,495	262	10.5
Profits (Losses) on financial assets and liabilities designated at fair value	1,047	1,231	-184	-14.9
Other operating income (expenses)	1,623	824	799	97.0
<b>Operating income</b>	<b>8,386</b>	<b>7,584</b>	<b>802</b>	<b>10.6</b>
Personnel expenses	-2,598	-2,602	-4	-0.2
Other administrative expenses	-1,070	-1,148	-78	-6.8
Adjustments to property, equipment and intangible assets	-488	-473	15	3.2
<b>Operating costs</b>	<b>-4,156</b>	<b>-4,223</b>	<b>-67</b>	<b>-1.6</b>
<b>Operating margin</b>	<b>4,230</b>	<b>3,361</b>	<b>869</b>	<b>25.9</b>
Net adjustments to loans	-768	-1,883	-1,115	-59.2
Other net provisions and net impairment losses on other assets	-217	-123	94	76.4
Other income (expenses)	-14	2	-16	
Income (Loss) from discontinued operations	74	1,245	-1,171	-94.1
<b>Gross income (loss)</b>	<b>3,305</b>	<b>2,602</b>	<b>703</b>	<b>27.0</b>
Taxes on income	-248	-360	-112	-31.1
Charges (net of tax) for integration and exit incentives	-58	-6	52	
Effect of purchase price allocation (net of tax)	-12	-38	-26	-68.4
Levies and other charges concerning the banking industry (net of tax)	-225	-225	-	-
Impairment (net of tax) of goodwill, other intangible assets and controlling interests	-165	-55	110	
<b>Net income (loss)</b>	<b>2,597</b>	<b>1,918</b>	<b>679</b>	<b>35.4</b>

The redetermined figures have been prepared to take into account the inclusion of UBI Banca S.p.A. and UBI Academy S.p.A. for the pre-acquisition period and, based on the management data, the reallocation of the contribution from the business lines object of disposal/demerger to income (loss) from discontinued operations.

The income statement for the first half of 2021 posted **net income** of 2,597 million euro, compared with 1,918 million euro for the corresponding period of 2020 (+679 million euro; +35.4%), while gross income, amounting to 3,305 million euro, was up by 703 million euro (+27%).

The change in net income for the first half of 2021 was attributable to:

- higher operating income of 802 million euro (+10.6%), mainly due to the increase in dividends (+811 million euro) and net fee and commission income (+262 million euro; +10.5%), partially offset by lower profits (losses) on trading (-184 million euro; -14.9%) and net interest income (-75 million euro; -2.5%);
- a reduction in operating costs of 67 million euro (-1.6%), mainly due to the reduction in administrative expenses (-78 million euro; -6.8%), partially offset by the increase in adjustments (+15 million euro; +3.2%);
- a reduction in net adjustments to loans of 1,115 million euro (-59.2%);
- an increase in net provisions of 120 million euro.

In addition, net income from discontinued operations decreased by 1,171 million euro (-94.1%), because the comparative figure benefited from the 1,100 million euro capital gain, before tax, on the sale of the acquiring business line to Nexi S.p.A. under the payment systems agreement.

Lastly, the amount recognised for impairment (net of tax) of goodwill, other intangible assets and controlling interests increased by 110 million euro, together with the consequent tax effect related to these changes, accompanied by the benefit from the realignment of the brand name and certain goodwill items, recognised in June 2021.

Net interest income, amounting to 2,959 million euro, was down slightly on the first half of 2020 (-75 million euro; -2.5%). Although the average volume of loans increased compared to the corresponding period of the previous year, the result reflected the fall in interest rates, in line with the market trend, which also affected the average return on the securities portfolio. Customer dealing contributed 2,165 million euro, down by 33 million euro on June 2020 (-1.5%), of which 228 million euro on relations with customers, almost entirely offset by a reduction in interest expense on securities issued of 218 million euro, in addition to decrease in the purchase price allocation effects of 23 million euro. Interest on non-performing assets also fell by 127 million to 269 million, due to the reduction in the NPL stock. Interest on financial assets amounted to 260 million euro, down 109 million euro, mainly due to the reduction in the contribution from financial assets measured at fair value through other comprehensive income (-101 million euro). The contribution of interbank transactions was +285 million euro, representing a positive change of 194 million euro on the first half of 2020. In particular, there was a greater contribution from the TLTRO refinancing operations with the ECB (+361 million euro), offset by a negative contribution from transactions with negative rates (-221 million euro). Lastly, other net interest income was stable at -20 million euro.

Net fee and commission income amounted to 2,757 million euro, up 262 million euro (+10.5%) from 2,495 million euro for the corresponding period of the previous year.

This performance was supported by the recovery of financial markets and the increase in the placement of financial products in this first half of the year, which were reflected in an increase across all the segments and, specifically, commercial banking (+42 million euro; +4.3%), management, dealing and financial consultancy (+192 million euro; +16.1%) and other net fee and commission income (+28 million euro; +8.5%).

In the commercial banking component there was an increase in fees on guarantees given and received (+7 million euro), on collection and payment services (+19 million euro) and on ATM and credit card services (+32 million euro), while fee and commission income on current accounts decreased (-16 million euro, of which -17 million euro due to commitment fees).

The increase in net fee and commission income from management, dealing and financial consultancy activities was mainly attributable to funds (+162 million euro), securities and derivatives (+21 million euro), currency dealing (+4 million euro) and other management and dealing commissions (+14 million euro). In contrast, there was a decrease in fee and commission income on the placement of insurance products (-5 million euro), on portfolio management schemes (-3 million euro) and receipt and transmission of orders (-1 million euro).

Lastly, within other net fee and commission income, there was a decrease in fee and commission income on land financing (+37.1 million euro) and on other loans (+12.9 million euro).

Profits (Losses) on financial assets and liabilities designated at fair value amounted to 1,047 million euro, compared to 1,231 million euro for the first half of the previous year (-184 million euro; -14.9%). This decrease was mainly attributable to the lower contribution from profits (losses) on trading and financial instruments under fair value option (-256 million euro) and on disposal of assets measured at fair value through other comprehensive income and at amortised cost (-139 million euro), relating to debt securities, mainly government bonds, together with higher losses from the repurchase of financial liabilities (-22 million euro). These negative effects were offset by the higher contribution from profits (losses) on assets mandatorily measured at fair value through profit or loss (+146 million euro), mainly attributable to the valuation effect of private equity funds, real estate funds and hedge funds, and from hedge accounting transactions (87 million euro), mainly relating to micro hedges on securities under assets.

Other operating income amounted to 1,623 million euro compared to 824 million euro in June 2020, representing an improvement of 799 million euro. The aggregate includes dividends from investees of 1,518 million euro (707 million euro in the corresponding period of the previous year), with the remainder comprised of sundry operating income. The change in this caption was almost entirely attributable to dividends, which increased by 811 million euro. More specifically, a total of 1,518 million euro of dividends were recognised in the first half of 2021 (Fideuram - Intesa Sanpaolo Private Banking S.p.A., 651 million euro; Eurizon Capital SGR S.p.A., 484 million euro; Intesa Sanpaolo Vita S.p.A., 242 million euro; Pramerica SGR S.p.A., 88 million euro; Intesa Sanpaolo Private Banking S.p.A., 27 million euro; Intrum Italy S.p.A., 11 million euro; and other minor investments, 14 million euro).

Sundry operating income decreased by 12 million euro, due to the combined effect of higher net non-recurring expenses (14 million euro), higher expenses for leasehold improvements (2 million euro), lower net non-dealing income (1 million euro), only partly offset by higher reimbursements for services

rendered (3 million euro), lower settlements for legal disputes (2 million euro) and higher rental income (1 million euro).

As a result of these changes, despite the continued uncertainty due to the pandemic, Operating income amounted to 8,386 million euro, up 802 million euro (+10.6%) on 7,584 million euro for the first half of the previous year.

Operating costs amounted to 4,156 million euro, down 1.6% on the first half of 2021, due to the reduction in other administrative expenses, which fell from 1,148 million euro to 1,070 million euro (-6.8%) and the slight fall in personnel expenses, from 2,602 million euro to 2,598 million euro (-0.2%), partially offset by the increase in adjustments to property, equipment and intangible assets, which totalled 488 million euro compared to 473 million euro in June 2020 (+3.2%).

With regard to personnel expenses, the reduction of 4 million euro was related to opposing and offsetting effects, including the decrease in ordinary wages and salaries (53 million euro) and related contributions (7 million euro), connected to the downsizing of the workforce, higher costs for variable components of remuneration (29 million euro) and the lower contribution of the net positive difference between recoveries and expenses relating to seconded personnel (21 million euro).

For other administrative expenses, the decrease of 78 million euro was mainly attributable to savings on professional and insurance expenses (-37 million euro) and on services rendered by third parties (-24 million euro).

Administrative expenses included costs of around 11 million euro related to the COVID-19 pandemic (29 million euro as at 30 June 2020), mainly due to higher IT costs related to remote operations required as a result of the continuation of the health emergency, the purchase of PPE and health insurance policies for cover in relation to COVID-19, higher costs related to the sanitisation of premises, and social expenditure in support of local communities.

On the other hand, operating costs included an increase in adjustments to property, equipment and intangible assets, from 473 million euro to 488 million euro (+15 million euro; +3.2%). The increase was attributable to intangible assets (+14 million euro; +5.4%) and centred on internally produced software and digital training, which continued the growth already seen in the full year 2020. For the property and equipment category, there was a slight increase mainly attributable to rights of use acquired under leases (+2 million euro).

The performance of operating income and costs illustrated above resulted in an Operating margin of 4,230 million euro. On a like-for-like basis, the comparison with the 3,361 million euro for the previous year shows an increase of 869 million euro, or +25.9%.

The cost/income ratio for the first half of 2021 came to 49.6%, an improvement compared to the same period of 2020 (55.7%), reflecting the positive performance of revenues combined with the reduction in costs.

Net adjustments to loans totalled 768 million euro, down 1,115 million euro (-59.2%) on the same period of the previous year. The decrease was driven by lower adjustments to non-performing loans in Stage 3 (-45.3%; -571 million euro) as well as lower adjustments to loans in Stage 2 (-92.7%; -419 million euro) and lower adjustments to loans in Stage 1 (-73.5%; -125 million euro). The decline in adjustments to loans in Stage 3 was broken down as follows: -141 million euro to bad loans, -343 million euro to unlikely-to-pay loans and -87 million euro to past-due loans.

For the first half of 2021, the adjustments to non-performing loans, totalling 690 million euro (1,261 million euro as at 30 June 2020), consisted of 46.7% for bad loans, 43.3% for loans classified as unlikely to pay and 10% for non-performing past-due exposures.

With regard to performing loans, the net adjustments as at 30 June 2021 amounted to 78 million euro, compared to adjustments of 622 million euro in the corresponding period of the previous year, which had reflected the significant effect of the revision of the economic scenarios – produced by the ECB and the Bank of Italy – as a result of the COVID-19 pandemic.

Other net provisions and net impairment losses on other assets amounted to 217 million euro, compared to 123 million euro for the first half of 2020. These related to provisions for legal disputes and other charges (156 million euro), net recoveries on debt securities measured at amortised cost not treated as loans and to debt securities measured at fair value through other comprehensive income (2 million euro), net adjustments to other assets (63 million euro), which included the net impairment losses on non-controlling interests (59 million euro).

Other income (expenses) amounted to -14 million euro (+2 million euro as at 30 June 2020).

Income (loss) from discontinued operations showed a profit of 74 million euro and included the restatement of the income effects (from the beginning of the year to the sale date) connected to the going concern sold to BPER on 22 February 2021 (with accounting and tax effects from that date), consisting of 455 branches and 132 operating points, the "Top Private" and "Service IW Bank" business lines that were partially demerged to Intesa Sanpaolo Private Banking and Banca Fideuram respectively (12 April 2021, with accounting and tax effects from that date), the going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata (24 May 2021, with accounting and tax effects from that date) and the going concern of 31 branches of the Parent Company ISP sold to BPER (21 June 2021, effective for accounting and tax purposes from that date). This aggregate compared to an amount of 1,245 million euro in June 2020, where the latter consisted of 92 million euro for the income effects connected to the above-mentioned going concerns sold/demerged, plus 1,153 million euro for the components of the acquiring business line sold to Nexi S.p.A. in June 2020, under the payment systems agreement, including the capital gain of 1,100 million euro, before tax, from the completion of the sale.

Gross income amounted to 3,305 million euro, compared to 2,602 million euro in June 2020 (+703 million euro; +27%).

Taxes on income calculated on the components contributing to gross income amounted to -248 million euro, compared to -360 million euro in the same period of the previous year. This caption was impacted by the change in relevance for tax purposes of the components of the income statement, which give rise to the difference compared to the nominal tax rates (IRES 27.5% and IRAP 5.56%). In addition, in both years, there is a considerable difference with respect to the nominal tax rates due to the tax regime for dividends and the profit from discontinued operations.

On 25 June 2021, the Board of Directors authorised the exercise of the option provided for by Article 110, paragraphs 8 and 8-bis, of Law Decree 104/2020 (the "August Decree") to realign the tax values of the Sanpaolo IMI brand name and three goodwill items of the former Banco di Napoli to the higher carrying amounts recognised in the Parent Company's financial statements, resulting in the recognition of a net benefit in the income statement of 453 million euro as at 30 June 2021.

Charges (net of tax) for integration and exit incentives amounted to 58 million euro and mainly consisted of personnel expenses (28 million euro), adjustments to property, equipment and intangible assets (27 million euro) and other administrative expenses (6 million euro), partially offset by recoveries from Group companies (4 million euro), compared to a total of 6 million euro for this caption in June 2020, representing an increase of 52 million euro, largely attributable to the personnel expense component.

The Effect of purchase price allocation (net of tax) amounted to -12 million euro, compared to -38 million euro for the first half of 2020 (-26 million euro; -68.4%). 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. The expense recorded in the first half of 2021, consisted of 50 million euro for the release through profit or loss due to the early termination of the revaluation of loans to customers (34 million euro net of tax) and 11 million euro for the amortisation of intangible assets (7 million euro net of tax). These expenses were partially offset by the reversal to net interest income of acquisition costs relating to loans, payables and securities issued, for a total positive amount of 9 million euro (6 million euro net of tax), and the release due to the early extinguishment of acquisition costs allocated to financial liabilities, for a positive amount of 35 million euro (23 million euro net of tax).

Levies and other charges concerning the banking industry amounted to 225 million euro, already net of tax of 108 million euro, and was in line with the first half of 2020. This caption included the amount for the ordinary contribution to the Single Resolution Fund (SRF) net of related tax (contribution of 331.5 million euro, with related tax of 107.2 million euro) and write-downs of the Atlante Fund I and Italian Recovery Fund (1.8 million euro gross, with related tax of 0.6 million euro).

The Impairment of goodwill, other intangible assets and controlling investments (net of related tax), amounted to 165 million euro, compared to 55 million euro in June 2020. These related to the write-down of several controlling equity investments (including 156.3 million euro for Intesa Sanpaolo Provis, 5.2 million euro for Risanamento, 1.5 million euro for Oro Italia Trading S.p.A. in liquidation, and 1 million euro for Intesa Sanpaolo Re.o.co).

## Reclassified balance sheet

As already stated, to enable like-for-like comparison, the balance sheet figures for the previous periods take account of the changes in the scope of reference.

In particular, the reclassified balance sheet as at 31 December 2020 has been restated to include the results of the absorption of UBI Banca S.p.A. (12 April 2021, with accounting and tax effects from 1 January 2021), net of the going concern consisting of 455 branches and 132 operating points sold to BPER on 22 February 2021 (with accounting and tax effects from that date) and the going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata (24 May 2021, with accounting and tax effects from that date). Lastly, the balance sheet figures for the previous periods have also been restated due to the sale of 31 branches of the Parent Company to BPER (21 June 2021, with accounting and tax effects from that date) and the absorption of UBI Academy (30 June 2021, with accounting and tax effects from 1 January 2021). The balance sheet entries relating to the business lines sold have been reported under “Non-current assets held for sale and discontinued operations” and “Liabilities associated with non-current assets held for sale and discontinued operations”.

In addition, the reclassified balance sheet as at 31 December 2020 has been restated to include the results of the “Top Private” and “Service IW Bank” business lines, which will be partially demerged to Intesa Sanpaolo Private Banking and Banca Fideuram respectively (12 April 2021, with accounting and tax effects from that date).

To provide better comparability of the data under comparison, the restated figures – including Shareholders’ Equity – have been presented like-for-like in terms of scope, starting date of the income effects (assuming full integration of UBI from 1 January 2020) and accounting classification, and with the financial statement presentation as that used by the Parent Company.

In particular, as in the case of the income statement, to reduce the volatility of the various balance sheet items related to changes in the scope of reference due to the demergers of business lines, the related balance sheet components, determined on the basis of management information, have been reclassified as at 31 December 2020 from the original captions to the captions “Non-current assets held for sale and discontinued operations” and “Liabilities associated with non-current assets held for sale and discontinued operations”.

Breakdowns of restatements, aggregations and reclassifications are provided in separate tables included in the attachments to the Financial Information, as also required by Consob in its Communication 6064293 of 28 July 2006.

The aggregations of the captions of the reclassified balance sheet related 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 presentation of debt securities, equities, quotas of UCI, derivatives held for trading, debt securities designated at fair value, and debt securities, equity securities and quotas of UCI mandatorily measured at fair value, in the caption Financial assets at fair value through profit or loss;
- the inclusion of Cash and cash equivalents in the residual caption Other assets;
- the inclusion of Hedging derivatives and Fair value change of financial assets/liabilities in hedged portfolios under Other assets/liabilities;
- the presentation of Property and equipment and Intangible assets in a single caption;
- the presentation of Due to customers at amortised cost and Securities issued in a single caption;
- the aggregation into one caption (Allowances for risks and charges) of allowances for specific purposes (Employee termination indemnities, Allowances for credit risk associated with commitments and financial guarantees given, Allowances on other commitments and other guarantees given, Post-employment benefits and Other allowances for risks and charges);
- the reclassification of Lease payables to banks and to customers to a specific sub-caption of Other liabilities;
- the presentation of Reserves as an aggregate and net of any treasury shares.

To provide a more effective presentation of the composition of the aggregates, derivatives recorded in Financial assets/liabilities held for trading are presented on a net basis in the tables and in the related comments.

## Reclassified balance sheet – Restated figures

(millions of euro)

Assets	30.06.2021	31.12.2020 Restated figures	changes	
			amount	%
Due from banks	147,735	105,520	42,215	40.0
Loans to customers	407,014	408,810	-1,796	-0.4
- Loans to customers measured at amortised cost	405,175	407,512	-2,337	-0.6
- Loans to customers at fair value through other comprehensive income and through profit or loss	1,839	1,298	541	41.7
Financial assets measured at amortised cost which do not constitute loans	38,131	42,580	-4,449	-10.4
Financial assets measured at fair value through profit or loss	59,243	57,658	1,585	2.7
Financial assets measured at fair value through other comprehensive income	52,972	43,978	8,994	20.5
Equity investments	24,132	22,997	1,135	4.9
Property, equipment and intangible assets	11,581	12,032	-451	-3.7
- Assets owned	10,448	10,735	-287	-2.7
- Rights of use acquired under leases	1,133	1,297	-164	-12.6
Tax assets	17,421	18,001	-580	-3.2
Non-current assets held for sale and discontinued operations	1,261	27,379	-26,118	-95.4
Other assets	13,023	14,031	-1,008	-7.2
<b>Total Assets</b>	<b>772,513</b>	<b>752,986</b>	<b>19,527</b>	<b>2.6</b>
Liabilities	30.06.2021	31.12.2020 Restated figures	changes	
			amount	%
Due to banks at amortised cost	190,669	144,222	46,447	32.2
Due to customers at amortised cost and securities issued	430,655	427,501	3,154	0.7
Financial liabilities held for trading	58,239	60,686	-2,447	-4.0
Financial liabilities designated at fair value	3,362	3,033	329	10.8
Tax liabilities	692	1,483	-791	-53.3
Liabilities associated with non-current assets held for sale and discontinued operations	53	34,840	-34,787	-99.8
Other liabilities	25,393	18,061	7,332	40.6
of which lease payables	1,159	1,327	-168	-12.7
Allowances for risks and charges	5,790	5,899	-109	-1.8
of which allowances for commitments and financial guarantees given	444	526	-82	-15.6
Share capital	10,084	10,084	-	-
Reserves	37,580	40,656	-3,076	-7.6
Valuation reserves	1,153	1,173	-20	-1.7
Equity instruments	6,246	7,441	-1,195	-16.1
Net income (loss)	2,597	-2,093	4,690	
<b>Total Liabilities and Shareholders' Equity</b>	<b>772,513</b>	<b>752,986</b>	<b>19,527</b>	<b>2.6</b>

Figures restated, where necessary and material, considering the changes in the scope of reference. The figures for the demerged business lines of the former UBI Banca S.p.A. have not been restated.



## Reclassified balance sheet – Redetermined figures

(millions of euro)

Assets	30.06.2021	31.12.2020 Redetermined figures	changes	
			amount	%
Due from banks	147,735	105,520	42,215	40.0
Loans to customers	407,014	408,207	-1,193	-0.3
- Loans to customers measured at amortised cost	405,175	406,909	-1,734	-0.4
- Loans to customers at fair value through other comprehensive income and through profit or loss	1,839	1,298	541	41.7
Financial assets measured at amortised cost which do not constitute loans	38,131	42,580	-4,449	-10.4
Financial assets measured at fair value through profit or loss	59,243	57,658	1,585	2.7
Financial assets measured at fair value through other comprehensive income	52,972	43,978	8,994	20.5
Equity investments	24,132	22,890	1,242	5.4
Property, equipment and intangible assets	11,581	12,031	-450	-3.7
- Assets owned	10,448	10,734	-286	-2.7
- Rights of use acquired under leases	1,133	1,297	-164	-12.6
Tax assets	17,421	18,001	-580	-3.2
Non-current assets held for sale and discontinued operations	1,261	28,090	-26,829	-95.5
Other assets	13,023	14,031	-1,008	-7.2
<b>Total Assets</b>	<b>772,513</b>	<b>752,986</b>	<b>19,527</b>	<b>2.6</b>

Liabilities	30.06.2021	31.12.2020 Redetermined figures	changes	
			amount	%
Due to banks at amortised cost	190,669	144,222	46,447	32.2
Due to customers at amortised cost and securities issued	430,655	424,200	6,455	1.5
Financial liabilities held for trading	58,239	60,686	-2,447	-4.0
Financial liabilities designated at fair value	3,362	3,033	329	10.8
Tax liabilities	692	1,483	-791	-53.3
Liabilities associated with non-current assets held for sale and discontinued operations	53	38,308	-38,255	-99.9
Other liabilities	25,393	18,058	7,335	40.6
of which lease payables	1,158	1,326	-168	-12.7
Allowances for risks and charges	5,790	5,888	-98	-1.7
of which allowances for commitments and financial guarantees given	444	526	-82	-15.6
Share capital	10,084	10,084	-	-
Reserves	37,580	40,526	-2,946	-7.3
Valuation reserves	1,153	1,173	-20	-1.7
Equity instruments	6,246	7,441	-1,195	-16.1
Net income (loss)	2,597	-2,116	4,713	
<b>Total Liabilities and Shareholders' Equity</b>	<b>772,513</b>	<b>752,986</b>	<b>19,527</b>	<b>2.6</b>

The redetermined figures have been prepared to take account, based on management information, of the reclassification of the demerged business lines of the former UBI Banca S.p.A. to "Non-current assets held for sale and discontinued operations" and "Liabilities associated with non-current assets held for sale and discontinued operations".

Comments are provided below on the main balance sheet aggregates as at 30 June 2021 compared with those as at 31 December 2020, redetermined on a like-for-like basis and including the results for the going concerns sold/demerged.

As at 30 June 2021, loans to customers totalled around 407 billion euro, down slightly on 408.2 billion euro for the previous year (-1.2 billion euro; -0.3%).

In terms of loan quality, net non-performing exposures decreased by 8.2% to 9.1 billion euro compared to 9.9 billion euro as at 31 December 2020, as a result of the deleveraging carried out by the Bank.

Of note in this regard was the reclassification to "Assets held for sale", in the first half of 2021, of portfolios of mainly non-performing loans totalling 1.1 billion euro and several single names amounting to 77 million euro.

The ratio of non-performing loans represented by loans, at gross book value, to total loans to customers (excluding those represented by securities) was 4.34%, a figure already well below the target for the Group set in the 2018-2021 Business Plan.

The performance of the individual components shows:

- a decrease in bad loans of 1.6% (from 3,518 million euro to 3,463 million euro);
- a reduction in loans classified as “unlikely to pay”, which fell from 5,973 million euro to 5,262 million euro, equal to -11.9%;
- a decrease in past-due loans, which amounted to 359 million euro compared to 407 million euro as at 31 December 2020.

Net performing loans, excluding those represented by securities and intragroup loans, of approximately 12 billion euro, amounted to 379.4 billion euro, compared to 378.6 billion euro as at 31 December 2020, representing an increase of 0.8 billion euro (+0.2%). The related average coverage was 0.61% (Stage 1 at 0.18% and Stage 2 at 2.97%) compared to 0.58% as at 31 December 2020.

Direct deposits, consisting of amounts due to customers at amortised cost and securities issued, as well as certificates, which are a form of funding not measured at amortised cost alternative to bonds, totalled 443 billion euro, up 6.4 billion euro (+1.5%) compared to 31 December 2020, of which around 9.6 billion euro attributable to non-securities funding, offset by a decrease of 3.2 billion euro in securities funding.

Net exposure to banks, consisting of amounts due from banks at amortised cost and held for trading, net of amounts due to banks at amortised cost, amounted to -42.9 billion euro compared to -38.7 billion euro as at 31 December 2020 (-4.2 billion euro). This change was the result of a 42.2 billion euro increase in amounts due from banks, mainly attributable to the reserve requirement, which was more than offset by the increase of 46.4 billion euro in amounts due to banks, mainly due to the increase in T-LTRO refinancing operations with the ECB.

Financial assets measured at amortised cost which do not constitute loans amounted to around 38.1 billion euro, down 4.4 billion euro (-10.4%) compared to the end of the previous year, mainly as a result of the decrease in debt securities with governments, financial companies and insurance companies.

Financial assets at fair value through profit or loss, which included financial and credit derivatives and debt and equity securities held for trading and mandatorily measured at fair value, are analysed together with the financial liabilities held for trading and designated at fair value, net of certificates, already included in the direct deposits. This aggregate posted a positive amount of 10 billion euro, compared to 4.5 billion euro in December 2020. The change was mainly attributable to the increase in financial assets held for trading of 3.5 billion euro, or +6.3%, attributable to the increase in the fair value of debt securities only partially offset by the decrease in the fair value of financial trading derivatives, and the reduction in financial liabilities held for trading of 2.1 billion euro, due to the increase in the fair value of amounts due to banks and customers largely offset by the decrease in the fair value of financial trading derivatives.

Financial assets measured at fair value through other comprehensive income amounted to 53 billion euro. These assets, which consisted of equity investments and private equity interests of 3.5 billion euro and debt securities of 49.5 billion euro, increased by 9 billion euro, primarily due to the latter component.

Equity investments, which amounted to 24.1 billion euro, included controlling interests in subsidiaries, associates and companies subject to joint control, and were up 1.2 billion (+5.4%) from the end of the previous year, mainly due to the acquisition of Pramerica SGR S.p.A., Assicurazioni Vita S.p.A. and Lombarda Vita S.p.A..

Property and equipment and intangible assets amounted to 11.6 billion euro, down 0.4 billion euro (-3.7%) compared to 31 December 2020 when they amounted to 12 billion euro.

Tax assets, net of tax liabilities, amounted to around 16.7 billion euro, a slight increase of 0.2 billion euro (+1.3%) on 31 December 2020.

Provisions for risks and charges amounted to around 5.8 billion euro, down slightly from the end of the previous year (-0.1 billion euro; -1.7%).

Non-current assets held for sale and discontinued operations and related associated liabilities contain assets and related liabilities which no longer refer to continuing operations as they are being disposed

of. As at 30 June 2021, there were assets/groups of assets held for sale totalling 1.3 billion euro, while the associated liabilities amounted to 53 million euro. This caption mainly includes portfolios of non-performing loans as well as several single names, totalling 1.2 billion euro, forming part of the deleveraging initiatives envisaged in the 2018-2021 Business Plan, as well as several single properties for 44 million euro.

Shareholders' equity, including the net income of 2,597 million euro, amounted to 57.7 billion euro compared to 57.1 billion euro as at 31 December 2020.

With regard to the changes in the individual components of shareholders' equity, reserves fell by 2.9 billion euro, mainly as a result of the coverage of UBI Banca's loss for the year 2020.

In addition, the balance of Additional Tier 1 capital instruments decreased by 1.2 billion euro, mainly as a result of the early redemption of a security in January.

In the interest of completeness, a breakdown is provided below of the reserves as at 30 June 2021, including the information required by Article 2427, paragraphs 7-bis and 22-septies, of the Italian Civil Code.

(millions of euro)

	Amount as at 30.06.2021	Principal	Portion of net income	Amount subject to a suspended tax regime	Portion available (a)	Uses in past three years
<b>Shareholders' equity</b>						
– Share capital	10,084	7,560	739	1,785	-	-
– Equity instruments	6,246	6,280	-34	-	-	-
– Share premium reserve (b)	27,444	12,095	11,679	3,670	A, B, C	161
– Legal reserve	2,065	520	1,545	-	A(1), B, C(1)	-
– Extraordinary reserve	5,360	62	5,298	-	A, B, C	-
– Concentration reserve (Law 218 of 30/7/1990, art. 7, para.3)	232	-	-	232	A, B(2), C(3)	-
– Concentration reserve (Law 218 of 30/7/1990, art. 7)	302	-	-	302	A, B(2), C(3)	-
– Other reserves of which:						
– Legal Reserve international branches	15	-	15	-	A, B, C	-
– Reserve for contribution to LECOIP 2.0/POP incentive plans	590	590	-	-	A	-
– Reserve for POP incentive plan novation agreement	-236	-236	-	-	-	-
– IFRS 2 reserve for employee incentive scheme	78	78	-	-	A	-
– Reserve for AT1 equity instruments coupons	-1,098	-	-1,098	-	-	-
– UBI surplus reserve	2,636	-	2,076	560	A, B, C	-
– Reserves: other	249	-	246	3	A	-
Valuation reserves:						
– Revaluation reserve (Law 576 of 2/12/1975)	4	-	-	4	A, B(2), C(3)	-
– Revaluation reserve (Law 72 of 19/3/1983)	146	-	-	146	A, B(2), C(3)	-
– Revaluation reserve (Law 408 of 29/12/1990)	9	-	-	9	A, B(2), C(3)	-
– Revaluation reserve (Law 413 of 30/12/1991)	380	-	-	380	A, B(2), C(3)	-
– Revaluation reserve (Law 342 of 22/11/2000)	457	-	-	457	A, B(2), C(3)	-
– FVOCI revaluation reserve	-219	-	-219	-	-	-
– Property and equipment and intangible assets valuation reserve	1,496	-	1,496	-	(4)	-
– CFH valuation reserve	-681	-	-681	-	-	-
– Defined benefit plans valuation reserve	-346	-	-346	-	-	-
– Financial liabilities designated at fair value through profit or loss valuation reserve	-94	-	-94	-	-	-
– Treasury shares	-57	-57	-	-	-	-
<b>Total Capital and Reserves</b>	<b>55,063</b>	<b>26,892</b>	<b>20,623</b>	<b>7,548</b>	<b>(5)</b>	<b>-</b>
Non-distributable portion (c)	8,059	-	-	-	-	-

(a) A = capital increase; B = loss coverage; C = distribution to shareholders.

(b) This reserve includes 23,734 million euro originating from the merger between Banca Intesa and Sanpaolo IMI, as a result of the application of IFRS 3 relating to business combinations. Pending the issue of legal measures concerning the classification of the reserve recognised in application of that accounting standard, the reserve is considered unavailable up to the amount of goodwill and intangible assets recognised in the financial statements. It should be noted that, solely for the amount classified as suspended tax, if the reserve is used to cover losses, net income cannot be distributed unless the reserve is replenished or correspondingly reduced. In addition, if the suspended tax amount is distributed to shareholders, it contributes to the formation of the company income. The reserve also includes an amount of 3,158 million euro, subject to taxation in the event of distribution, of which 1,685 million euro resulting from the realignment of the tax values to the higher book values of several real estate assets in accordance with Article 1, paragraph 948, of Law 145/2018 and 1,473 million euro resulting from the realignment of the tax values of the brand name and goodwill of the former Banco di Napoli to the higher book values pursuant to Article 110, paragraphs 8 and 8 bis of Law Decree 104/2020.

(c) The non-distributable portion mainly relates to the revaluation reserves, the valuation reserves established as a direct balancing entry to the fair value measurement of property and equipment, the reserve established under the LECOIP 2.0/POP long-term incentive plans, a portion of the share premium reserve, the other suspended tax reserves, the share of net income corresponding to the capital gains recognised in the income statement of the previous year, net of the related tax charge, arising from the application of the fair value measurement, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree 38/2005, and the amount of the legal reserve corresponding to one-fifth of the share capital, pursuant to Article 2430 of the Italian Civil Code.

(1) May be used to increase capital (A) and for distribution to shareholders (C) for the portion exceeding one fifth of the share capital.

(2) In case of use of the reserve to cover losses, net income may not be distributed unless the reserve is integrated or correspondingly reduced.

(3) The reserve, if it is not recorded under shareholders' equity, may be reduced only in compliance with the provisions of par. 2 and 3 of art. 2445 of the Italian Civil Code. If it is distributed to shareholders, it is recorded in the Company's taxable income.

(4) The reserve is unavailable pursuant to art. 6 of Legislative Decree 38/2005.

(5) Pursuant to art. 47, par. 1 of the Combined Tax Regulations, the portion of net income includes retained earnings reserves for 4,208 million euro classified for tax purposes as capital reserves.

The valuation reserves have been included under retained earnings reserves given that these are either reserves destined to be reversed to the income statement at the time of sale or discharge of the corresponding assets or liabilities, i.e. reserves essentially similar to retained earnings reserves.

Own funds amounted to around 60.7 billion euro. The calculation was carried out using the rules introduced, effective as of 1 January 2014, by European Regulation 575/2013 (CRR) and Directive 2013/36/EU (CRD IV) as part of the new regulatory framework of the European Union for banks and investment firms. Capital ratios remained high, far above the regulatory requirements. In particular, the Common Equity Tier 1 ratio was 13.4% according to the transitional rules in effect for 2021.

(millions of euro)	
<b>Own funds and capital ratios</b>	<b>30.06.2021</b>
<b>Own funds</b>	
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	44,990
Additional Tier 1 capital (AT1) net of regulatory adjustments	6,240
<b>TIER 1 CAPITAL</b>	<b>51,230</b>
Tier 2 capital net of regulatory adjustments	9,489
<b>TOTAL OWN FUNDS</b>	<b>60,719</b>
<b>RISK-WEIGHTED ASSETS</b>	<b>336,243</b>
<b>% Capital ratios</b>	
Common Equity Tier 1 capital ratio	13.4%
Tier 1 capital ratio	15.2%
Total capital ratio	18.1%

## Subsequent events

The events after 30 June 2021, and up to 4 August 2021, the date of approval by the Board of Directors of the Financial Information regarding Intesa Sanpaolo S.p.A., included the completion of the merger by incorporation of UBI Sistemi e Servizi S.c.p.a. into the Parent Company, which took place on 12 July 2021, with accounting and tax effects from 1 January 2021.

In addition, on 30 July 2021, the results were announced of the 2021 EU-Wide Stress Test, conducted by the European Banking Authority (EBA), in collaboration with the Bank of Italy, the European Central Bank and the European Systemic Risk Board (ESRB), which also involved the Intesa Sanpaolo Group. Intesa Sanpaolo acknowledged the announcements made by the EBA, fully recognising the results of the exercise. The fully loaded CET1 ratio for the Intesa Sanpaolo Group resulting from the stress test for 2023, the final year considered in the simulation, was 15.06% under the baseline scenario and 9.38% under the adverse scenario, compared to the starting-point figure of 14.04% recorded as at 31 December 2020.

The fully loaded CET1 ratio under the adverse scenario would be 9.97% restoring the actual neutral effect on capital ratios of the 2018-2021 long-term incentive plan LECOIP 2.0 based on financial instruments, not captured by the stress test assumption of a static balance sheet, and considering the sale transactions of the going concerns – related to the acquisition of UBI Banca in 2020 – finalised in the first half of 2021, other things being equal.

It should be noted that the 2021 EU-wide stress test does not establish a minimum pass or fail threshold, whereas it constitutes an important source of information for SREP purposes. The results will be useful to the competent authorities in assessing Intesa Sanpaolo's ability to comply with the related prudential requirements in stress scenarios.

Please also note that:

- (i) the adverse scenario was defined by the ECB/ESRB and covers a time frame of three years (2021-2023);
- (ii) the stress test was conducted on the basis of a static balance sheet assumption as of December 2020 and therefore does not consider future company strategies and management initiatives.

**Financial statements prepared for the determination  
of the half-yearly income of Intesa Sanpaolo S.p.A.**





## Contents

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## Balance Sheet – Assets

(millions of euro)

Assets	30.06.2021	31.12.2020	Changes	
			amount	%
10. Cash and cash equivalents	4,865	5,402	-537	-9.9
20. Financial assets measured at fair value through profit or loss	60,259	57,073	3,186	5.6
<i>a) financial assets held for trading</i>	56,100	53,738	2,362	4.4
<i>b) financial assets designated at fair value</i>	1	1	-	-
<i>c) other financial assets mandatorily measured at fair value</i>	4,158	3,334	824	24.7
30. Financial assets measured at fair value through other comprehensive income	53,820	40,988	12,832	31.3
40. Financial assets measured at amortised cost	591,016	470,245	120,771	25.7
<i>a) due from banks</i>	149,382	90,616	58,766	64.9
<i>b) loans to customers</i>	441,634	379,629	62,005	16.3
50. Hedging derivatives	1,083	1,015	68	6.7
60. Fair value change of financial assets in hedged portfolios (+/-)	1,200	2,333	-1,133	-48.6
70. Equity investments	24,132	24,668	-536	-2.2
80. Property and equipment	7,803	6,558	1,245	19.0
90. Intangible assets	3,778	3,574	204	5.7
<i>Of which:</i>				
- goodwill	67	67	-	-
100. Tax assets	17,421	14,216	3,205	22.5
<i>a) current</i>	2,465	1,428	1,037	72.6
<i>b) deferred</i>	14,956	12,788	2,168	17.0
110. Non-current assets held for sale and discontinued operations	1,261	1,798	-537	-29.9
120. Other assets	5,875	3,862	2,013	52.1
<b>Total Assets</b>	<b>772,513</b>	<b>631,732</b>	<b>140,781</b>	<b>22.3</b>

## Balance Sheet – Liabilities and Shareholders' Equity

Liabilities and Shareholders' Equity		30.06.2021	31.12.2020	(millions of euro)	
				Changes amount	%
10.	Financial liabilities measured at amortised cost	622,483	491,393	131,090	26.7
	<i>a) due to banks</i>	190,675	130,654	60,021	45.9
	<i>b) due to customers</i>	340,681	288,694	51,987	18.0
	<i>c) securities issued</i>	91,127	72,045	19,082	26.5
20.	Financial liabilities held for trading	58,239	60,830	-2,591	-4.3
30.	Financial liabilities designated at fair value	3,362	2,810	552	19.6
40.	Hedging derivatives	3,988	5,387	-1,399	-26.0
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	358	721	-363	-50.3
60.	Tax liabilities	692	832	-140	-16.8
	<i>a) current</i>	70	13	57	
	<i>b) deferred</i>	622	819	-197	-24.1
70.	Liabilities associated with non-current assets held for sale and discontinued operations	53	2,594	-2,541	-98.0
80.	Other liabilities	19,888	8,000	11,888	
90.	Employee termination indemnities	1,018	927	91	9.8
100.	Allowances for risks and charges	4,772	4,124	648	15.7
	<i>a) commitments and guarantees given</i>	444	404	40	9.9
	<i>b) post-employment benefits</i>	262	212	50	23.6
	<i>c) other allowances for risks and charges</i>	4,066	3,508	558	15.9
110.	Valuation reserves	1,153	1,176	-23	-2.0
120.	Redeemable shares	-	-	-	
130.	Equity instruments	6,246	7,053	-807	-11.4
140.	Reserves	10,193	7,609	2,584	34.0
150.	Share premium reserve	27,444	27,603	-159	-0.6
160.	Share capital	10,084	10,084	-	-
170.	Treasury shares (-)	-57	-90	-33	-36.7
180.	Net income (loss) (+/-)	2,597	679	1,918	
<b>Total Liabilities and Shareholders' Equity</b>		<b>772,513</b>	<b>631,732</b>	<b>140,781</b>	<b>22.3</b>

## Income Statement

(millions of euro)

	30.06.2021	30.06.2020	Changes	
			amount	%
10. Interest and similar income	4,145	3,292	853	25.9
<i>of which: interest calculated using the effective interest rate method</i>	3,965	3,437	528	15.4
20. Interest and similar expense	-1,112	-1,179	-67	-5.7
<b>30. Interest margin</b>	<b>3,033</b>	<b>2,113</b>	<b>920</b>	<b>43.5</b>
40. Fee and commission income	3,316	2,354	962	40.9
50. Fee and commission expense	-442	-326	116	35.6
<b>60. Net fee and commission income</b>	<b>2,874</b>	<b>2,028</b>	<b>846</b>	<b>41.7</b>
70. Dividend and similar income	1,599	692	907	
80. Profits (Losses) on trading	375	-33	408	
90. Fair value adjustments in hedge accounting	45	-22	67	
100. Profits (Losses) on disposal or repurchase of:	482	9	473	
<i>a) financial assets measured at amortised cost</i>	105	-77	182	
<i>b) financial assets measured at fair value through other comprehensive income</i>	406	89	317	
<i>c) financial liabilities</i>	-29	-3	26	
110. Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	76	52	24	46.2
<i>a) financial assets and liabilities designated at fair value</i>	-37	54	-91	
<i>b) other financial assets mandatorily measured at fair value</i>	113	-2	115	
<b>120. Net interest and other banking income</b>	<b>8,484</b>	<b>4,839</b>	<b>3,645</b>	<b>75.3</b>
130. Net losses/recoveries for credit risks associated with:	-818	-1,514	-696	-46.0
<i>a) financial assets measured at amortised cost</i>	-811	-1,507	-696	-46.2
<i>b) financial assets measured at fair value through other comprehensive income</i>	-7	-7	-	-
140. Profits/losses from changes in contracts without derecognition	-17	-7	10	
<b>150. Net income from banking activities</b>	<b>7,649</b>	<b>3,318</b>	<b>4,331</b>	
160. Administrative expenses:	-4,484	-3,398	1,086	32.0
<i>a) personnel expenses</i>	-2,714	-2,123	591	27.8
<i>b) other administrative expenses</i>	-1,770	-1,275	495	38.8
170. Net provisions for risks and charges	-92	-57	35	61.4
<i>a) commitments and guarantees given</i>	64	-17	81	
<i>b) other net provisions</i>	-156	-40	116	
180. Net adjustments to / recoveries on property and equipment	-226	-188	38	20.2
190. Net adjustments to / recoveries on intangible assets	-315	-278	37	13.3
200. Other operating expenses (income)	407	368	39	10.6
<b>210. Operating costs</b>	<b>-4,710</b>	<b>-3,553</b>	<b>1,157</b>	<b>32.6</b>
220. Profits (Losses) on equity investments	-224	-80	144	
230. Valuation differences on property, equipment and intangible assets measured at fair value	-4	-	4	
240. Goodwill impairment	-	-	-	
250. Profits (Losses) on disposal of investments	-8	-	8	
<b>260. Income (Loss) before tax from continuing operations</b>	<b>2,703</b>	<b>-315</b>	<b>3,018</b>	
270. Taxes on income from continuing operations	-106	216	-322	
<b>280. Income (Loss) after tax from continuing operations</b>	<b>2,597</b>	<b>-99</b>	<b>2,696</b>	
290. Income (Loss) after tax from discontinued operations	-	1,126	-1,126	
<b>300. Net Income (Loss)</b>	<b>2,597</b>	<b>1,027</b>	<b>1,570</b>	

## Statement of comprehensive income

(millions of euro)

	30.06.2021	30.06.2020	Changes	
			amount	%
<b>10. Net Income (Loss)</b>	<b>2,597</b>	<b>1,027</b>	<b>1,570</b>	
<b>Other comprehensive income (net of tax) that may not be reclassified to the income statement</b>	<b>251</b>	<b>-150</b>	<b>401</b>	
20. Equity instruments designated at fair value through other comprehensive income	228	-164	392	
30. Financial liabilities designated at fair value through profit or loss (change in own credit rating)	5	-	5	
40. Hedging of equity instruments designated at fair value through other comprehensive income	-	-	-	
50. Property and equipment	-6	-1	-5	
60. Intangible assets	-	-	-	
70. Defined benefit plans	24	15	9	60.0
80. Non-current assets held for sale and discontinued operations	-	-	-	
90. Share of valuation reserves connected with investments carried at equity	-	-	-	
<b>Other comprehensive income (net of tax) that may be reclassified to the income statement</b>	<b>-300</b>	<b>-178</b>	<b>-122</b>	<b>-68.5</b>
100. Hedges of foreign investments	-	-	-	
110. Foreign exchange differences	-	-	-	
120. Cash flow hedges	107	-6	113	
130. Hedging instruments (non-designated items)	-	-	-	
140. Financial assets (other than equities) measured at fair value through other comprehensive income	-407	-172	-235	
150. Non-current assets held for sale and discontinued operations	-	-	-	
160. Share of valuation reserves connected with investments carried at equity	-	-	-	
<b>170. Total other comprehensive income (net of tax)</b>	<b>-49</b>	<b>-328</b>	<b>279</b>	<b>85.1</b>
<b>180. Total comprehensive income (Captions 10 + 170)</b>	<b>2,548</b>	<b>699</b>	<b>1,849</b>	

## Statement of changes in shareholders' equity as at 30 June 2021

(millions of euro)

	Share capital		Share premium reserve	Reserves		30.06.2021					Shareholders' equity
	ordinary shares	other shares		retained earnings	other	Valuation reserves	Equity instruments	Treasury shares	Net Income (Loss)		
<b>AMOUNTS AS AT 31.12.2020</b>	10,084	-	27,603	6,620	989	1,176	7,053	-90	679	54,114	
Change in opening balances	-	-	-	-	-	-	-	-	-	-	
<b>AMOUNTS AS AT 1.1.2021</b>	<b>10,084</b>	<b>-</b>	<b>27,603</b>	<b>6,620</b>	<b>989</b>	<b>1,176</b>	<b>7,053</b>	<b>-90</b>	<b>679</b>	<b>54,114</b>	
<b>ALLOCATION OF PRIOR YEAR PROFIT</b>											
Reserves	-	-	-	130	-	-	-	-	-130	-	
Dividends and other allocations	-	-	-	-	-	-	-	-	-549	-549	
<b>CHANGES IN THE PERIOD</b>											
<b>Changes in reserves</b>	-	-	-159	2,431	23	26	-	-	-	2,321	
<b>Operations on shareholders' equity</b>											
Issue of new shares	-	-	-	-	-	-	-	33	-	33	
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	
Distribution of dividends	-	-	-	-	-	-	-	-	-	-	
Changes in equity instruments	-	-	-	-	-	-	-807	-	-	-807	
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	
Stock options	-	-	-	-	-	-	-	-	-	-	
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-49	-	-	2,597	2,548	
<b>SHAREHOLDERS' EQUITY AS AT 30.06.2021</b>	<b>10,084</b>	<b>-</b>	<b>27,444</b>	<b>9,181</b>	<b>1,012</b>	<b>1,153</b>	<b>6,246</b>	<b>-57</b>	<b>2,597</b>	<b>57,660</b>	

## Statement of changes in shareholders' equity as at 30 June 2020

(millions of euro)

	Share capital		Share premium reserve	Reserves		30.06.2020					Shareholders' equity
	ordinary shares	other shares		retained earnings	other	Valuation reserves	Equity instruments	Treasury shares	Net Income (Loss)		
<b>AMOUNTS AS AT 31.12.2019</b>	9,086	-	25,233	2,620	779	1,375	4,103	-61	2,137	45,272	
Change in opening balances	-	-	-	-	-	-	-	-	-	-	
<b>AMOUNTS AS AT 1.1.2020</b>	<b>9,086</b>	<b>-</b>	<b>25,233</b>	<b>2,620</b>	<b>779</b>	<b>1,375</b>	<b>4,103</b>	<b>-61</b>	<b>2,137</b>	<b>45,272</b>	
<b>ALLOCATION OF PRIOR YEAR PROFIT</b>											
Reserves	-	-	-	2,124	-	-	-	-	-2,124	-	
Dividends and other allocations	-	-	-	-	-	-	-	-	-13	-13	
<b>CHANGES IN THE PERIOD</b>											
<b>Changes in reserves</b>	-	-	4	-105	104	-	-	-	-	3	
<b>Operations on shareholders' equity</b>											
Issue of new shares	-	-	-	-	-	-	-	12	-	12	
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	
Distribution of dividends	-	-	-	-	-	-	-	-	-	-	
Changes in equity instruments	-	-	-	-	-	-	1,489	-	-	1,489	
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	
Stock options	-	-	-	-	-	-	-	-	-	-	
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-328	-	-	1,027	699	
<b>SHAREHOLDERS' EQUITY AS AT 30.06.2020</b>	<b>9,086</b>	<b>-</b>	<b>25,237</b>	<b>4,639</b>	<b>883</b>	<b>1,047</b>	<b>5,592</b>	<b>-49</b>	<b>1,027</b>	<b>47,462</b>	

## **Notes to the financial statements**

### **Accounting policies**

The financial statements prepared for the determination of the half-yearly income have been prepared in accordance with the recognition and measurement criteria set out in the International Financial Reporting Standards adopted by the European Union.

The accounting policies adopted for the preparation of these financial statements, with regard to the classification, recognition, measurement and derecognition of asset and liability captions, and the recognition methods for revenues and costs, have remained unchanged with respect to those adopted for the Annual Report of Intesa Sanpaolo as at 31 December 2020, to which reference should be made for further details.





## **Attachments**



## Contents

### **Reconciliation between published financial statements and adjusted financial statements**

Reconciliation between the balance sheet as at 31 December 2020 and the adjusted balance sheet as at 31 December 2020

Reconciliation between the income statement for the period ended 30 June 2020 and the adjusted income statement for the period ended 30 June 2020

### **Reconciliation between adjusted financial statements and restated financial statements**

Reconciliation between the adjusted balance sheet as at 31 December 2020 and the restated balance sheet as at 31 December 2020

Reconciliation between the adjusted income statement for the period ended 30 June 2020 and the restated income statement for the period ended 30 June 2020

### **Restated financial statements**

Restated balance sheet

Restated income statement

### **Reconciliation between restated financial statements and reclassified financial statements**

Reconciliation between the restated balance sheet and the reclassified balance sheet

Reconciliation between the restated income statement and the reclassified income statement

Reclassified balance sheet – Reconciliation with reclassified redetermined figures

Reclassified income statement – Reconciliation with reclassified redetermined figures



## **Reconciliation between published financial statements and adjusted financial statements**

Reconciliation between the balance sheet as at 31 December 2020 and the adjusted balance sheet as at 31 December 2020

The published balance sheet as at 31 December 2020 did not require any adjustments.

Reconciliation between the income statement for the period ended 30 June 2020 and the adjusted income statement for the period ended 30 June 2020

The published income statement for the period ending 30 June 2020 did not require any adjustments.

## Reconciliation between adjusted financial statements and restated financial statements

Reconciliation between the adjusted balance sheet as at 31 December 2020 and the restated balance sheet as at 31 December 2020

The published balance sheet as at 31 December 2020 did not require any adjustments. Accordingly, only the reconciliation between the published balance sheet and the restated balance sheet is presented below.

		(millions of euro)		
Assets	31.12.2020	Changing in	31.12.2020	
	Published	scope of reference (a)	Restated	
10. Cash and cash equivalents	5,402	479	5,881	
20. Financial assets measured at fair value through profit or loss	57,073	1,636	58,709	
<i>a) financial assets held for trading</i>	53,738	1,014	54,752	
<i>b) financial assets designated at fair value</i>	1	-	1	
<i>c) other financial assets mandatorily measured at fair value</i>	3,334	622	3,956	
30. Financial assets measured at fair value through other comprehensive income	40,988	3,262	44,250	
40. Financial assets measured at amortised cost	470,245	85,342	555,587	
<i>a) due from banks</i>	90,616	16,576	107,192	
<i>b) loans to customers</i>	379,629	68,766	448,395	
50. Hedging derivatives	1,015	14	1,029	
60. Fair value change of financial assets in hedged portfolios (+/-)	2,333	3	2,336	
70. Equity investments	24,668	-1,671	22,997	
80. Property and equipment	6,558	1,500	8,058	
90. Intangible assets	3,574	400	3,974	
<i>Of which:</i>				
- <i>goodwill</i>	67	-	67	
100. Tax assets	14,216	3,785	18,001	
<i>a) current</i>	1,428	674	2,102	
<i>b) deferred</i>	12,788	3,111	15,899	
110. Non-current assets held for sale and discontinued operations	1,798	25,581	27,379	
120. Other assets	3,862	923	4,785	
<b>Total Assets</b>	<b>631,732</b>	<b>121,254</b>	<b>752,986</b>	

(a) Effect connected to the absorption of UBI Banca S.p.A., net of the going concern consisting of 455 branches and 132 operating points sold to BPER on 22 February 2021 and the going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata. The balance sheet figures have also been restated due to the sale of 31 branches of the Parent Company to BPER and the absorption of UBI Academy (30 June 2021, with accounting and tax effects from 1 January 2021). The balance sheet entries relating to the going concerns sold have been reported under "Non-current assets held for sale and discontinued operations" and "Liabilities associated with non-current assets held for sale and discontinued operations". The figures for the demerged business lines of the former UBI Banca S.p.A. have not been restated.

(millions of euro)

<b>Liabilities and Shareholders' Equity</b>		<b>31.12.2020 Published</b>	<b>Changing in scope of reference (a)</b>	<b>31.12.2020 Restated</b>
10.	Financial liabilities measured at amortised cost	491,393	81,657	573,050
	<i>a) due to banks</i>	130,654	13,572	144,226
	<i>b) due to customers</i>	288,694	45,823	334,517
	<i>c) securities issued</i>	72,045	22,262	94,307
20.	Financial liabilities held for trading	60,830	-144	60,686
30.	Financial liabilities designated at fair value	2,810	223	3,033
40.	Hedging derivatives	5,387	439	5,826
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	721	5	726
60.	Tax liabilities	832	651	1,483
	<i>a) current</i>	13	33	46
	<i>b) deferred</i>	819	618	1,437
70.	Liabilities associated with non-current assets held for sale and discontinued operations	2,594	32,246	34,840
80.	Other liabilities	8,000	2,182	10,182
90.	Employee termination indemnities	927	193	1,120
100.	Allowances for risks and charges	4,124	655	4,779
	<i>a) commitments and guarantees given</i>	404	122	526
	<i>b) post-employment benefits</i>	212	79	291
	<i>c) other allowances for risks and charges</i>	3,508	454	3,962
110.	Valuation reserves	1,176	-3	1,173
120.	Redeemable shares	-	-	-
130.	Equity instruments	7,053	388	7,441
140.	Reserves	7,609	5,534	13,143
150.	Share premium reserve	27,603	-	27,603
160.	Share capital	10,084	-	10,084
170.	Treasury shares (-)	-90	-	-90
180.	Net income (loss) (+/-)	679	-2,772	-2,093
<b>Total Liabilities and Shareholders' Equity</b>		<b>631,732</b>	<b>121,254</b>	<b>752,986</b>

(a) Effect connected to the absorption of UBI Banca S.p.A., net of the going concern consisting of 455 branches and 132 operating points sold to BPER on 22 February 2021 and the going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata. The balance sheet figures have also been restated due to the sale of 31 branches of the Parent Company to BPER and the absorption of UBI Academy (30 June 2021, with accounting and tax effects from 1 January 2021). The balance sheet entries relating to the going concerns sold have been reported under "Non-current assets held for sale and discontinued operations" and "Liabilities associated with non-current assets held for sale and discontinued operations". The figures for the demerged business lines of the former UBI Banca S.p.A. have not been restated.



## Reconciliation between adjusted income statement for the period ended 30 June 2020 and restated income statement for the period ended 30 June 2020

The published income statement for the period ending 30 June 2020 did not require any adjustments. Accordingly, only the reconciliation between the published income statement and the restated income statement is presented below.

		(millions of euro)		
		30.06.2020	Changing in	30.06.2020
		Published	scope of reference (a)	Restated
10.	Interest and similar income	3,292	343	3,635
	<i>of which: interest income calculated using the effective interest rate method</i>	3,437	357	3,794
20.	Interest and similar expense	-1,179	119	-1,060
<b>30.</b>	<b>Interest margin</b>	<b>2,113</b>	<b>462</b>	<b>2,575</b>
40.	Fee and commission income	2,354	161	2,515
50.	Fee and commission expense	-326	-111	-437
<b>60.</b>	<b>Net fee and commission income</b>	<b>2,028</b>	<b>50</b>	<b>2,078</b>
70.	Dividend and similar income	692	-34	658
80.	Profits (Losses) on trading	-33	562	529
90.	Fair value adjustments in hedge accounting	-22	-4	-26
100.	Profits (Losses) on disposal or repurchase of:	9	538	547
	<i>a) financial assets measured at amortised cost</i>	-77	36	-41
	<i>b) financial assets measured at fair value through other comprehensive income</i>	89	521	610
	<i>c) financial liabilities</i>	-3	-19	-22
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	52	11	63
	<i>a) financial assets and liabilities designated at fair value</i>	54	19	73
	<i>b) other financial assets mandatorily measured at fair value</i>	-2	-8	-10
<b>120.</b>	<b>Net interest and other banking income</b>	<b>4,839</b>	<b>1,585</b>	<b>6,424</b>
130.	Net losses/recoveries for credit risks associated with:	-1,514	-21	-1,535
	<i>a) financial assets measured at amortised cost</i>	-1,507	-8	-1,515
	<i>b) financial assets measured at fair value through other comprehensive income</i>	-7	-13	-20
140.	Profits/losses from changes in contracts without derecognition	-7	-	-7
<b>150.</b>	<b>Net income from banking activities</b>	<b>3,318</b>	<b>1,564</b>	<b>4,882</b>
160.	Administrative expenses:	-3,398	-189	-3,587
	<i>a) personnel expenses</i>	-2,123	-74	-2,197
	<i>b) other administrative expenses</i>	-1,275	-115	-1,390
170.	Net provisions for risks and charges	-57	-20	-77
	<i>a) commitments and guarantees given</i>	-17	-20	-37
	<i>b) other net provisions</i>	-40	-	-40
180.	Net adjustments to / recoveries on property and equipment	-188	-	-188
190.	Net adjustments to / recoveries on intangible assets	-278	-	-278
200.	Other operating expenses (income)	368	-96	272
<b>210.</b>	<b>Operating costs</b>	<b>-3,553</b>	<b>-305</b>	<b>-3,858</b>
220.	Profits (Losses) on equity investments	-80	-	-80
230.	Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-
240.	Goodwill impairment	-	-	-
250.	Profits (Losses) on disposal of investments	-	-	-
<b>260.</b>	<b>Income (Loss) before tax from continuing operations</b>	<b>-315</b>	<b>1,259</b>	<b>944</b>
270.	Taxes on income from continuing operations	216	-422	-206
<b>280.</b>	<b>Income (Loss) after tax from continuing operations</b>	<b>-99</b>	<b>837</b>	<b>738</b>
290.	Income (Loss) after tax from discontinued operations	1,126	-	1,126
<b>300.</b>	<b>Net Income (Loss)</b>	<b>1,027</b>	<b>837</b>	<b>1,864</b>

(a) Effects connected to the absorption of Banca IMI (20 July 2020, with accounting and tax effects from 1 January 2020).

## Restated financial statements

### Restated balance sheet

Assets	30.06.2021	31.12.2020	(millions of euro)	
			Restated	Changes amount %
10. Cash and cash equivalents	4,865	5,881	-1,016	-17.3
20. Financial assets measured at fair value through profit or loss	60,259	58,709	1,550	2.6
<i>a) financial assets held for trading</i>	56,100	54,752	1,348	2.5
<i>b) financial assets designated at fair value</i>	1	1	-	-
<i>c) other financial assets mandatorily measured at fair value</i>	4,158	3,956	202	5.1
30. Financial assets measured at fair value through other comprehensive income	53,820	44,250	9,570	21.6
40. Financial assets measured at amortised cost	591,016	555,587	35,429	6.4
<i>a) due from banks</i>	149,382	107,192	42,190	39.4
<i>b) loans to customers</i>	441,634	448,395	-6,761	-1.5
50. Hedging derivatives	1,083	1,029	54	5.2
60. Fair value change of financial assets in hedged portfolios (+/-)	1,200	2,336	-1,136	-48.6
70. Equity investments	24,132	22,997	1,135	4.9
80. Property and equipment	7,803	8,058	-255	-3.2
90. Intangible assets	3,778	3,974	-196	-4.9
<i>Of which:</i>				
- <i>goodwill</i>	67	67	-	-
100. Tax assets	17,421	18,001	-580	-3.2
<i>a) current</i>	2,465	2,102	363	17.3
<i>b) deferred</i>	14,956	15,899	-943	-5.9
110. Non-current assets held for sale and discontinued operations	1,261	27,379	-26,118	-95.4
120. Other assets	5,875	4,785	1,090	22.8
<b>Total Assets</b>	<b>772,513</b>	<b>752,986</b>	<b>19,527</b>	<b>2.6</b>

Liabilities and Shareholders' Equity		30.06.2021	31.12.2020	(millions of euro)	
				Changes	
			Restated	amount	%
10.	Financial liabilities measured at amortised cost	622,483	573,050	49,433	8.6
	<i>a) due to banks</i>	190,675	144,226	46,449	32.2
	<i>b) due to customers</i>	340,681	334,517	6,164	1.8
	<i>c) securities issued</i>	91,127	94,307	-3,180	-3.4
20.	Financial liabilities held for trading	58,239	60,686	-2,447	-4.0
30.	Financial liabilities designated at fair value	3,362	3,033	329	10.8
40.	Hedging derivatives	3,988	5,826	-1,838	-31.5
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	358	726	-368	-50.7
60.	Tax liabilities	692	1,483	-791	-53.3
	<i>a) current</i>	70	46	24	52.2
	<i>b) deferred</i>	622	1,437	-815	-56.7
70.	Liabilities associated with non-current assets held for sale and discontinued operations	53	34,840	-34,787	-99.8
80.	Other liabilities	19,888	10,182	9,706	95.3
90.	Employee termination indemnities	1,018	1,120	-102	-9.1
100.	Allowances for risks and charges	4,772	4,779	-7	-0.1
	<i>a) commitments and guarantees given</i>	444	526	-82	-15.6
	<i>b) post-employment benefits</i>	262	291	-29	-10.0
	<i>c) other allowances for risks and charges</i>	4,066	3,962	104	2.6
110.	Valuation reserves	1,153	1,173	-20	-1.7
120.	Redeemable shares	-	-	-	
130.	Equity instruments	6,246	7,441	-1,195	-16.1
140.	Reserves	10,193	13,143	-2,950	-22.4
150.	Share premium reserve	27,444	27,603	-159	-0.6
160.	Share capital	10,084	10,084	-	-
170.	Treasury shares (-)	-57	-90	-33	-36.7
180.	Net income (loss) (+/-)	2,597	-2,093	4,690	
<b>Total Liabilities and Shareholders' Equity</b>		<b>772,513</b>	<b>752,986</b>	<b>19,527</b>	<b>2.6</b>

## Restated income statement

		(millions of euro)			
		30.06.2021	30.06.2020	Changes	
			Restated	amount	%
10.	Interest and similar income	4,145	3,635	510	14.0
	<i>of which: interest income calculated using the effective interest rate method</i>	3,965	3,794	171	4.5
20.	Interest and similar expense	-1,112	-1,060	52	4.9
<b>30.</b>	<b>Interest margin</b>	<b>3,033</b>	<b>2,575</b>	<b>458</b>	<b>17.8</b>
40.	Fee and commission income	3,316	2,515	801	31.8
50.	Fee and commission expense	-442	-437	5	1.1
<b>60.</b>	<b>Net fee and commission income</b>	<b>2,874</b>	<b>2,078</b>	<b>796</b>	<b>38.3</b>
70.	Dividend and similar income	1,599	658	941	
80.	Profits (Losses) on trading	375	529	-154	-29.1
90.	Fair value adjustments in hedge accounting	45	-26	71	
100.	Profits (Losses) on disposal or repurchase of:	482	547	-65	-11.9
	<i>a) financial assets measured at amortised cost</i>	105	-41	146	
	<i>b) financial assets measured at fair value through other comprehensive income</i>	406	610	-204	-33.4
	<i>c) financial liabilities</i>	-29	-22	7	31.8
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	76	63	13	20.6
	<i>a) financial assets and liabilities designated at fair value</i>	-37	73	-110	
	<i>b) other financial assets mandatorily measured at fair value</i>	113	-10	123	
<b>120.</b>	<b>Net interest and other banking income</b>	<b>8,484</b>	<b>6,424</b>	<b>2,060</b>	<b>32.1</b>
130.	Net losses/recoveries for credit risks associated with:	-818	-1,535	-717	-46.7
	<i>a) financial assets measured at amortised cost</i>	-811	-1,515	-704	-46.5
	<i>b) financial assets measured at fair value through other comprehensive income</i>	-7	-20	-13	-65.0
140.	Profits/losses from changes in contracts without derecognition	-17	-7	10	
<b>150.</b>	<b>Net income from banking activities</b>	<b>7,649</b>	<b>4,882</b>	<b>2,767</b>	<b>56.7</b>
160.	Administrative expenses:	-4,484	-3,587	897	25.0
	<i>a) personnel expenses</i>	-2,714	-2,197	517	23.5
	<i>b) other administrative expenses</i>	-1,770	-1,390	380	27.3
170.	Net provisions for risks and charges	-92	-77	15	19.5
	<i>a) commitments and guarantees given</i>	64	-37	101	
	<i>b) other net provisions</i>	-156	-40	116	
180.	Net adjustments to / recoveries on property and equipment	-226	-188	38	20.2
190.	Net adjustments to / recoveries on intangible assets	-315	-278	37	13.3
200.	Other operating expenses (income)	407	272	135	49.6
<b>210.</b>	<b>Operating costs</b>	<b>-4,710</b>	<b>-3,858</b>	<b>852</b>	<b>22.1</b>
220.	Profits (Losses) on equity investments	-224	-80	144	
230.	Valuation differences on property, equipment and intangible assets measured at fair value	-4	-	4	
240.	Goodwill impairment	-	-	-	
250.	Profits (Losses) on disposal of investments	-8	-	8	
<b>260.</b>	<b>Income (Loss) before tax from continuing operations</b>	<b>2,703</b>	<b>944</b>	<b>1,759</b>	
270.	Taxes on income from continuing operations	-106	-206	-100	-48.5
<b>280.</b>	<b>Income (Loss) after tax from continuing operations</b>	<b>2,597</b>	<b>738</b>	<b>1,859</b>	
290.	Income (Loss) after tax from discontinued operations	-	1,126	-1,126	
<b>300.</b>	<b>Net Income (Loss)</b>	<b>2,597</b>	<b>1,864</b>	<b>733</b>	<b>39.3</b>

## Reconciliation between restated financial statements and reclassified financial statements

### Reconciliation between the restated balance sheet and the reclassified balance sheet

		(millions of euro)	
Assets		30.06.2021	31.12.2020 Restated
<b>Due from banks</b>		<b>147,735</b>	<b>105,520</b>
<i>Caption 40a (partial)</i>	<i>Financial assets measured at amortised cost - Due from banks</i>	147,710	105,495
<i>Caption 20a (partial)</i>	<i>Financial assets held for trading - Due from banks</i>	-	-
<i>Caption 20c (partial)</i>	<i>Other financial assets mandatorily measured at fair value - Due from banks</i>	25	25
<b>Loans to customers</b>		<b>407,014</b>	<b>408,810</b>
<b>Loans to customers measured at amortised cost</b>		<b>405,175</b>	<b>407,512</b>
<i>Caption 40b (partial)</i>	<i>Financial assets measured at amortised cost - Loans to customers</i>	398,579	400,572
<i>Caption 40b (partial)</i>	<i>Financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)</i>	6,596	6,940
<b>Loans to customers at fair value through other comprehensive income and through profit or loss</b>		<b>1,839</b>	<b>1,298</b>
<i>Caption 20a (partial)</i>	<i>Financial assets held for trading - Loans to customers</i>	20	23
<i>Caption 20b (partial)</i>	<i>Financial assets designated at fair value - Loans to customers</i>	-	-
<i>Caption 20c (partial)</i>	<i>Other financial assets mandatorily measured at fair value - Loans to customers</i>	971	1,003
<i>Caption 30 (partial)</i>	<i>Financial assets measured at fair value through other comprehensive income - Loans to customers</i>	848	272
<b>Financial assets measured at amortised cost which do not constitute loans</b>		<b>38,131</b>	<b>42,580</b>
<i>Caption 40a (partial)</i>	<i>Financial assets measured at amortised cost - Debt securities with banks</i>	1,672	1,697
<i>Caption 40b (partial)</i>	<i>Financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)</i>	36,459	40,883
<b>Financial assets at fair value through profit or loss</b>		<b>59,243</b>	<b>57,658</b>
<i>Caption 20a (partial)</i>	<i>Financial assets held for trading</i>	56,080	54,729
<i>Caption 20b (partial)</i>	<i>Financial assets designated at fair value - Debt securities</i>	1	1
<i>Caption 20c (partial)</i>	<i>Other financial assets mandatorily measured at fair value</i>	3,162	2,928
<b>Financial assets at fair value through other comprehensive income</b>		<b>52,972</b>	<b>43,978</b>
<i>Caption 30 (partial)</i>	<i>Financial assets measured at fair value through other comprehensive income</i>	52,972	43,978
<b>Equity investments</b>		<b>24,132</b>	<b>22,997</b>
<i>Caption 70</i>	<i>Equity investments</i>	24,132	22,997
<b>Property, equipment and intangible assets</b>		<b>11,581</b>	<b>12,032</b>
<b>Assets owned</b>		<b>10,448</b>	<b>10,735</b>
<i>Caption 80 (partial)</i>	<i>Property and equipment</i>	7,803	8,058
<i>Caption 90</i>	<i>Intangible assets</i>	3,778	3,974
- <i>Caption 90 (partial)</i>	<i>Intangible assets (concession rights - intangible component)</i>	-1,133	-1,297
<b>Rights of use acquired under leases</b>		<b>1,133</b>	<b>1,297</b>
<i>Caption 80 (partial)</i>	<i>Property and equipment</i>	1,133	1,297
<b>Tax assets</b>		<b>17,421</b>	<b>18,001</b>
<i>Caption 100</i>	<i>Tax assets</i>	17,421	18,001
<b>Non-current assets held for sale and discontinued operations</b>		<b>1,261</b>	<b>27,379</b>
<i>Caption 110</i>	<i>Non-current assets held for sale and discontinued operations</i>	1,261	27,379
<b>Other assets</b>		<b>13,023</b>	<b>14,031</b>
<i>Caption 10</i>	<i>Cash and cash equivalents</i>	4,865	5,881
<i>Caption 50</i>	<i>Hedging derivatives</i>	1,083	1,029
<i>Caption 60</i>	<i>Fair value change of financial assets in hedged portfolios (+/-)</i>	1,200	2,336
<i>Caption 120</i>	<i>Other assets</i>	5,875	4,785
<b>Total Assets</b>		<b>772,513</b>	<b>752,986</b>

		(millions of euro)	
Liabilities		30.06.2021	31.12.2020
			Restated
<b>Due to banks at amortised cost</b>		<b>190,669</b>	<b>144,222</b>
<i>Caption 10 a)</i>	<i>Financial liabilities measured at amortised cost - Due to banks</i>	190,675	144,226
<i>Caption 10 a) (partial)</i>	<i>Due to banks - Lease payables</i>	-6	-4
<b>Due to customers at amortised cost and securities issued</b>		<b>430,655</b>	<b>427,501</b>
<i>Caption 10 b)</i>	<i>Financial liabilities measured at amortised cost - Due to customers</i>	340,681	334,517
<i>Caption 10 c)</i>	<i>Financial liabilities measured at amortised cost - Securities issued</i>	91,127	94,307
<i>Caption 10 b) (partial)</i>	<i>Due to customers - Lease payables</i>	-1,153	-1,323
<b>Financial liabilities held for trading</b>		<b>58,239</b>	<b>60,686</b>
<i>Caption 20</i>	<i>Financial liabilities held for trading</i>	58,239	60,686
<b>Financial liabilities designated at fair value</b>		<b>3,362</b>	<b>3,033</b>
<i>Caption 30</i>	<i>Financial liabilities designated at fair value</i>	3,362	3,033
<b>Tax liabilities</b>		<b>692</b>	<b>1,483</b>
<i>Caption 60</i>	<i>Tax liabilities</i>	692	1,483
<b>Liabilities associated with non-current assets held for sale and discontinued operations</b>		<b>53</b>	<b>34,840</b>
<i>Caption 70</i>	<i>Liabilities associated with non-current assets held for sale and discontinued operations</i>	53	34,840
<b>Other liabilities</b>		<b>25,393</b>	<b>18,061</b>
<i>Caption 40</i>	<i>Hedging derivatives</i>	3,988	5,826
<i>Caption 50</i>	<i>Fair value change of financial liabilities in hedged portfolios (+/-)</i>	358	726
<i>Caption 80</i>	<i>Other liabilities</i>	19,888	10,182
<i>Caption 10 a) (partial)</i>	<i>Due to banks - Lease payables</i>	6	4
<i>Caption 10 b) (partial)</i>	<i>Due to customers - Lease payables</i>	1,153	1,323
<b>Allowances for risks and charges</b>		<b>5,790</b>	<b>5,899</b>
<i>Caption 90</i>	<i>Employee termination indemnities</i>	1,018	1,120
<i>Caption 100 a)</i>	<i>Allowances for risks and charges - Loan commitments and guarantees given</i>	444	526
<i>Caption 100 b)</i>	<i>Allowances for risks and charges - Post-employment benefits</i>	262	291
<i>Caption 100 c)</i>	<i>Allowances for risks and charges - Other allowances for risks and charges</i>	4,066	3,962
<b>Share capital</b>		<b>10,084</b>	<b>10,084</b>
<i>Caption 160</i>	<i>Share capital</i>	10,084	10,084
<b>Reserves</b>		<b>37,580</b>	<b>40,656</b>
<i>Caption 140</i>	<i>Reserves</i>	10,193	13,143
<i>Caption 150</i>	<i>Share premium reserve</i>	27,444	27,603
<i>Caption 170</i>	<i>Own shares</i>	-57	-90
<b>Valuation reserves</b>		<b>1,153</b>	<b>1,173</b>
<i>Caption 110</i>	<i>Valuation reserves</i>	1,153	1,173
<b>Equity instruments</b>		<b>6,246</b>	<b>7,441</b>
<i>Caption 130</i>	<i>Equity instruments</i>	6,246	7,441
<b>Net income (loss)</b>		<b>2,597</b>	<b>-2,093</b>
<i>Caption 180</i>	<i>Net income (loss) (+/-)</i>	2,597	-2,093
<b>Total Liabilities and Shareholders' Equity</b>		<b>772,513</b>	<b>752,986</b>

## Reconciliation between the restated income statement and the reclassified income statement

(millions of euro)

	30.06.2021	30.06.2020
		Restated
<b>Net interest income</b>	<b>3,026</b>	<b>2,577</b>
Caption 30 Interest margin	3,033	2,575
- Caption 30 (partial) Interest margin (Effect of purchase price allocation)	-9	37
+ Caption 60 (partial) Fee and commission income at negative rates (holding and management of overdrafts)	28	9
+ Caption 70 (partial) Interest margin (Dividends received and paid within securities lending operations)	6	-
+ Caption 80 (partial) Interest margin (Components of profits (losses) on trading relating to net interest)	-31	-41
+ Caption 160 a (partial) Personnel expenses (Time value employee termination indemnities and other)	-1	-3
+ Caption 170 b (partial) Net provisions for risks and charges (Time value allowances for risks and charges)	-	-
<b>Net fee and commission income</b>	<b>2,880</b>	<b>2,143</b>
Caption 60 Net fee and commission income	2,874	2,078
- Caption 60 (partial) Components of net fee and commission income relating to profits (losses) on trading	-	87
- Caption 60 (partial) Fee and commission income at negative rates (holding and management of overdrafts)	-28	-9
+ Caption 80 (partial) Profits (Losses) on trading (Placement of Certificates)	27	-
+ Caption 110 a (partial) Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (Placement of certificates)	24	-
+ Caption 160 b (partial) Other administrative expenses (Recovery of other expenses)	-17	-13
<b>Profits (Losses) on financial assets and liabilities designated at fair value</b>	<b>1,048</b>	<b>1,149</b>
Caption 80 Profits (Losses) on trading	375	529
Caption 90 Fair value adjustments in hedge accounting	45	-26
Caption 100 b Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income	406	610
Caption 100 c (partial) Profits (Losses) on disposal or repurchase of financial liabilities	-29	-22
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	-37	73
Caption 110 b Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) financial assets mandatorily measured at fair value through profit or loss	113	-10
+ Caption 60 (partial) Components of net fee and commission income relating to profits (losses) on trading	-	-87
+ 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)	81	58
- Caption 70 (partial) Interest margin (Dividends received and paid within securities lending operations)	-6	-
- Caption 80 (partial) Components of profits (losses) on trading relating to net interest	31	41
- Caption 80 (partial) Profits (Losses) on trading (Valuation effects of derivatives related to equity investments held)	-	-44
- Caption 80 (partial) Profits (Losses) on trading (Placement of Certificates)	-27	-
- Caption 80 (partial) Profits (Losses) on trading (Economic effect of purchase price allocation)	12	-
+ Caption 100 a (partial) Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Effect associated with profits (losses) on trading	154	27
- Caption 100 b (partial) Profits (Losses) on disposal or repurchase of financial assets at FVOCI (Effect of purchase price allocation)	-29	-
- Caption 100 c (partial) Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation)	-17	-
- Caption 110 a (partial) Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (Placement of certificates)	-24	-
- Caption 110 b (partial) Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) financial assets mandatorily measured at fair value through profit or loss - Charges concerning the banking industry	2	-
+ Caption 200 (partial) Other operating income (expenses) (Trading and valuation of other assets)	-2	-
<b>Other operating income (expenses)</b>	<b>1,620</b>	<b>692</b>
Caption 70 Dividend and similar income	1,599	658
Caption 200 Other operating income (expenses)	407	272
- 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)	-81	-58
- Caption 200 (partial) Other operating income (expenses) (Recovery of expenses and indirect taxes)	-307	-248
- Caption 200 (partial) Other operating income (expenses) (Valuation effects of other assets)	-	61
- Caption 200 (partial) Other operating income (expenses) (Trading and valuation of other assets)	2	-
- Caption 200 (partial) Other operating income (expenses) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	6	14
- Caption 200 (partial) Other operating income (expenses) (Charges for integration)	-6	-7
+ Caption 220 (partial) Profits (losses) on investments in associates and companies subject to joint control (carried at equity)	-	-
<b>Operating income</b>	<b>8,574</b>	<b>6,561</b>

(millions of euro)

		30.06.2021	30.06.2020 Restated
<b>Personnel expenses</b>			
	Caption 160 a) Personnel expenses	-2,671	-2,193
	- Caption 160 a) (partial) Personnel expenses (Charges for integration and exit incentives)	-2,714	-2,197
		42	1
	- Caption 160 a) (partial) Personnel expenses (Time value employee termination indemnities and other)	1	3
	+ Caption 200 (partial) Other operating income (expenses) (Recovery of costs)	-	-
<b>Other administrative expenses</b>			
	Caption 160 b) Other administrative expenses	-1,085	-820
	- Caption 160 b) (partial) Other administrative expenses (Charges for integration and exit incentives)	-1,770	-1,390
	- Caption 160 b) (partial) Other administrative expenses (Resolution fund and deposit guarantee scheme)	10	5
	- Caption 160 b) (partial) Other administrative expenses (Recovery of other expenses)	351	304
	+ Caption 200 (partial) Other operating income (expenses) (Recovery of expenses and indirect taxes)	17	13
		307	248
<b>Adjustments to property, equipment and intangible assets</b>			
	Caption 180 Net adjustments to / recoveries on property and equipment	-489	-433
	Caption 190 Net adjustments to / recoveries on intangible assets	-226	-188
	- Caption 180 (partial) Net adjustments to / recoveries on property and equipment (Charges for integration)	-315	-278
	- Caption 190 (partial) Net adjustments to / recoveries on intangible assets (Charges for integration)	11	8
		29	21
	- Caption 190 (partial) Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	12	4
<b>Operating costs</b>			
		-4,245	-3,446
<b>Operating margin</b>			
		4,329	3,115
<b>Net adjustments to loans</b>			
	Caption 140 Profits/losses from changes in contracts without derecognition	-772	-1,625
	Caption 170 a) Net provisions for risks and charges for credit risk related to commitments and guarantees given	-17	-7
	Caption 100 a) (partial) Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans	64	-37
	- Caption 100 a) (partial) Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost (Effect of purchase price allocation)	-49	-68
	Caption 130 a) (partial) Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans	50	14
	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)	-830	-1,531
	Caption 130 b) (partial) Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Loans	7	9
	- Caption 170 a) (partial) Net provisions for risks and charges for credit risk related to commitments and guarantees given	2	-5
		1	-
<b>Other net provisions and net impairment losses on other assets</b>			
	Caption 170 b) Net provisions for risks and charges - Other net provisions	-217	-113
	Caption 230 Valuation differences on property, equipment and intangible assets measured at fair value	-156	-40
	+ Caption 80 (partial) Profits (Losses) on trading (Valuation effects of derivatives related to equity investments held)	-4	-
	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)	-	44
	- Caption 130 a) (partial) Net losses/recoveries for credit risk associated with financial assets measured at amortised cost (Charges concerning the banking industry)	12	10
	Caption 130 b) (partial) Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Debt securities	-	-3
	+ Caption 170 a) (partial) Net provisions for risks and charges (Net provisions for risks and charges for credit risk related to commitments and guarantees given)	-9	-15
	+ Caption 200 (partial) Other operating income (expenses) (Valuation effects of other assets)	-1	-
	+ Caption 220 (partial) Profits (Losses) on equity investments (Adjustments/recoveries due to impairment of associates)	-	-61
		-59	-48
<b>Other income (expenses)</b>			
	Caption 220 Profits (Losses) on equity investments	-14	-14
	Caption 250 Profits (Losses) on disposal of investments	-224	-80
	+ Caption 100 a) (partial) Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	-8	-
	- Caption 100 a) (partial) Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Effect associated with profits (losses) on trading	154	27
	+ Caption 200 (partial) Other operating income (expenses) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	-154	-27
	- Caption 220 (partial) Profits (Losses) on equity investments (Adjustments/recoveries due to impairment of associates)	-6	-14
	- Caption 220 (partial) Profits (Losses) on equity investments (impairment of controlling interests)	59	48
	- Caption 250 (partial) Profits (Losses) on disposal of investments (Effect of purchase price allocation)	165	32
		-	-



(millions of euro)

	30.06.2021	30.06.2020
		Restated
<b>Income (Loss) from discontinued operations</b>	-	1,153
Caption 290 Income (Loss) after tax from discontinued operations	-	1,126
- Caption 290 (partial) Income (Loss) after tax from discontinued operations (Tax)	-	27
<b>Gross income (loss)</b>	<b>3,326</b>	<b>2,516</b>
<b>Taxes on income</b>	<b>-255</b>	<b>-359</b>
Caption 270 Taxes on income from continuing operations	-106	-206
+ Caption 290 (partial) Income (Loss) after tax from discontinued operations (Tax)	-	-27
- Caption 270 (partial) Taxes on income from continuing operations (Charges for integration)	-28	-9
- Caption 270 (partial) Taxes on income from continuing operations (Effect of purchase price allocation)	-6	-18
- Caption 270 (partial) Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	-114	-99
- Caption 270 (partial) Taxes on income from continuing operations (Impairment losses on financial assets - investments for the stability of the banking system)	-1	-
<b>Charges (net of tax) for integration and exit incentives</b>	<b>-58</b>	<b>-19</b>
+ Caption 160 a) (partial) Personnel expenses (Charges for integration and exit incentives)	-42	-1
+ Caption 160 b) (partial) Other administrative expenses (Charges for integration and exit incentives)	-10	-5
+ Caption 180 (partial) Net adjustments to / recoveries on property and equipment (Charges for integration)	-11	-8
+ Caption 190 (partial) Net adjustments to / recoveries on intangible assets (Charges for integration)	-29	-21
+ Caption 200 (partial) Other operating expenses (income) (Recovery of costs from Group Companies)	6	7
+ Caption 270 (partial) Taxes on income from continuing operations (Charges for integration)	28	9
<b>Effect of purchase price allocation (net of tax)</b>	<b>-13</b>	<b>-37</b>
+ Caption 30 (partial) Interest margin (Effect of purchase price allocation)	9	-37
+ Caption 80 (partial) Profits (Losses) on trading (Economic effect of purchase price allocation)	-12	-
+ Caption 100 a) (partial) Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost (Effect of purchase price allocation)	-50	-14
+ Caption 100 b) (partial) Profits (Losses) on disposal or repurchase of financial assets at FVOCI (Effect of purchase price allocation)	29	-
+ Caption 100 c) (partial) Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation)	17	-
+ Caption 190 (partial) Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	-12	-4
+ Caption 270 (partial) Taxes on income from continuing operations (Effect of purchase price allocation)	6	18
<b>Levies and other charges concerning the banking industry (net of tax)</b>	<b>-238</b>	<b>-205</b>
Caption 110 b) (partial) Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) financial assets mandatorily measured at fair value through profit or loss - Charges concerning the banking industry	-2	-
+ Caption 160 b) (partial) Other administrative expenses (Resolution fund and deposit guarantee scheme)	-351	-304
+ Caption 270 (partial) Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	114	99
+ Caption 270 (partial) Taxes on income from continuing operations (Impairment losses on financial assets - investments for the stability of the banking system)	1	-
<b>Impairment (net of tax) of goodwill, other intangible assets and controlling interests</b>	<b>-165</b>	<b>-32</b>
Caption 240 Goodwill impairment	-	-
+ Caption 220 (partial) Profits (Losses) on equity investments (impairment of controlling interests)	-165	-32
<b>Net income (loss)</b>	<b>2,597</b>	<b>1,864</b>

## Reclassified balance sheet – Reconciliation with reclassified redetermined figures

(millions of euro)

<b>Assets</b>	<b>30.06.2021</b>	<b>31.12.2020 Restated figures</b>	<b>Business lines demerger (a)</b>	<b>31.12.2020 Redetermined figures</b>
Due from banks	147,735	105,520	-	105,520
Loans to customers	407,014	408,810	-603	408,207
- <i>Loans to customers measured at amortised cost</i>	405,175	407,512	-603	406,909
- <i>Loans to customers at fair value through other comprehensive income and through profit or loss</i>	1,839	1,298	-	1,298
Financial assets measured at amortised cost which do not constitute loans	38,131	42,580	-	42,580
Financial assets measured at fair value through profit or loss	59,243	57,658	-	57,658
Financial assets measured at fair value through other comprehensive income	52,972	43,978	-	43,978
Equity investments	24,132	22,997	-107	22,890
Property, equipment and intangible assets	11,581	12,032	-1	12,031
- <i>Assets owned</i>	10,448	10,735	-1	10,734
- <i>Rights of use acquired under leases</i>	1,133	1,297	-	1,297
Tax assets	17,421	18,001	-	18,001
Non-current assets held for sale and discontinued operations	1,261	27,379	711	28,090
Other assets	13,023	14,031	-	14,031
<b>Total Assets</b>	<b>772,513</b>	<b>752,986</b>	<b>-</b>	<b>752,986</b>
<b>Liabilities</b>	<b>30.06.2021</b>	<b>31.12.2020 Restated figures</b>	<b>Demerger of going concerns (a)</b>	<b>31.12.2020 Redetermined figures</b>
Due to banks at amortised cost	190,669	144,222	-	144,222
Due to customers at amortised cost and securities issued	430,655	427,501	-3,301	424,200
Financial liabilities held for trading	58,239	60,686	-	60,686
Financial liabilities designated at fair value	3,362	3,033	-	3,033
Tax liabilities	692	1,483	-	1,483
Liabilities associated with non-current assets held for sale and discontinued operations	53	34,840	3,468	38,308
Other liabilities	25,393	18,061	-3	18,058
- <i>of which lease payables</i>	1,159	1,327	-1	1,326
Allowances for risks and charges	5,790	5,899	-11	5,888
- <i>of which allowances for commitments and financial guarantees given</i>	444	526	-	526
Share capital	10,084	10,084	-	10,084
Reserves	37,580	40,656	-130	40,526
Valuation reserves	1,153	1,173	-	1,173
Equity instruments	6,246	7,441	-	7,441
Net income (loss)	2,597	-2,093	-23	-2,116
<b>Total Liabilities and Shareholders' Equity</b>	<b>772,513</b>	<b>752,986</b>	<b>-</b>	<b>752,986</b>

(a) Effect connected to the demerged going concerns of the former UBI Banca S.p.A.

## Reclassified income statement – Reconciliation with reclassified redetermined figures

(millions of euro)

	30.06.2021	Disposal of going concerns (a)	30.06.2021 Redetermined figures	30.06.2020 Restated figures	Inclusion of UBI Banca (b)	Disposal of going concerns (a)	30.06.2020 Redetermined figures
Net interest income	3,026	-67	2,959	2,577	706	-249	3,034
Net fee and commission income	2,880	-123	2,757	2,143	708	-356	2,495
Profits (Losses) on financial assets and liabilities designated at fair value	1,048	-1	1,047	1,149	86	-4	1,231
Other operating income (expenses)	1,620	4	1,624	692	132	-	824
<b>Operating income</b>	<b>8,574</b>	<b>-187</b>	<b>8,387</b>	<b>6,561</b>	<b>1,632</b>	<b>-609</b>	<b>7,584</b>
Personnel expenses	-2,671	73	-2,598	-2,193	-595	186	-2,602
Other administrative expenses	-1,085	15	-1,070	-820	-378	50	-1,148
Adjustments to property, equipment and intangible assets	-489	-	-489	-433	-58	18	-473
<b>Operating costs</b>	<b>-4,245</b>	<b>88</b>	<b>-4,157</b>	<b>-3,446</b>	<b>-1,031</b>	<b>254</b>	<b>-4,223</b>
<b>Operating margin</b>	<b>4,329</b>	<b>-99</b>	<b>4,230</b>	<b>3,115</b>	<b>601</b>	<b>-355</b>	<b>3,361</b>
Net adjustments to loans	-772	4	-768	-1,625	-340	82	-1,883
Other net provisions and net impairment losses on other assets	-217	-	-217	-113	-10	-	-123
Other income (expenses)	-14	-	-14	-14	16	-	2
Income (Loss) from discontinued operations	0	74	74	1,153	-	92	1,245
<b>Gross income (loss)</b>	<b>3,326</b>	<b>-21</b>	<b>3,305</b>	<b>2,516</b>	<b>267</b>	<b>-181</b>	<b>2,602</b>
Taxes on income	-255	7	-248	-359	-61	60	-360
Charges (net of tax) for integration and exit incentives	-58	-	-58	-19	13	-	-6
Effect of purchase price allocation (net of tax)	-13	1	-12	-37	-1	-	-38
Levies and other charges concerning the banking industry (net of tax)	-238	13	-225	-205	-39	19	-225
Impairment (net of tax) of goodwill, other intangible assets and controlling interests	-165	-	-165	-32	-23	-	-55
<b>Net income (loss)</b>	<b>2,597</b>	<b>-</b>	<b>2,597</b>	<b>1,864</b>	<b>156</b>	<b>-102</b>	<b>1,918</b>

(a) Effect connected to the going concerns of the former UBI Banca S.p.A. that were sold (going concern consisting of 455 branches and 132 operating points and going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata) and the going concern of 31 branches of the Parent Company sold to BPER. It also includes the income results of the "Top Private" and "Service IW Bank" business lines, which will be partially demerged to Intesa Sanpaolo Private Banking and Banca Fideuram respectively.

(b) Effect of the absorption of UBI Banca S.p.A. and the absorption of UBI Academy.



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

The Manager responsible for preparing the company's financial reports, Fabrizio Dabbene, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this document corresponds to the document results, books and accounting records.

Milan, 4 August 2021

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