INTESA SANPAOLO

Basel 3 Pillar 3

Disclosure as at 30 September 2022

This is an English translation of the original Italian document "Terzo Pilastro di Basilea 3 Informativa al pubblico al 30 settembre 2022". In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails. The Italian original is available on group.intesasanpaolo.com.

This document contains certain forward-looking statements, projections, objectives, estimates and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. Forward-looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding Intesa Sanpaolo's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where Intesa Sanpaolo participates or is seeking to participate.

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Intesa Sanpaolo S.p.A. Registered Office: Piazza S. Carlo, 156 10121 Torino Italy Secondary Registered Office: Via Monte di Pietà, 8 20121 Milano Italy Share Capital Euro 10,368,870,930.08 Torino Company Register and Fiscal Code No. 00799960158 “Intesa Sanpaolo” VAT Group representative Vat Code No. 11991500015 (IT11991500015) Included in the National Register of Banks No. 5361 ABI Code 3069.2 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund and Parent Company of the banking group “Intesa Sanpaolo” included in the National Register of Banking Groups.

Contents

Introduction

Notes to the Basel 3 Pillar 3 disclosure

With effect from 1 January 2014, the reforms of the accord by the Basel Committee ("Basel 3") were implemented in the EU legal framework. Their aim is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, improve risk management and governance, and increase banks' transparency and disclosures. In doing so, the Committee maintained the approach founded on three Pillars, underlying the previous capital accord, known as "Basel 2", supplementing and strengthening it to increase the quantity and quality of intermediaries' available capital as well as introducing counter-cyclical regulatory instruments, provisions on liquidity risk management and financial leverage containment.
In particular, with the aim of better regulating the market, Pillar 3 identifies a set of public disclosure obligations on capital adequacy, the composition of regulatory capital, the methods used by banks to calculate their capital ratios, and on risk exposure and the general characteristics of related management and control systems.

That said, the content of "Basel 3" was incorporated into two EU legislative acts:

– Regulation (EU) 575/2013 of 26 June 2013 (Capital Requirements Regulation - CRR), as amended, applicable from 1 January 2014, which governs the prudential supervision requirements of Pillar 1 and public disclosure requirements (Pillar 3);
– Directive 2013/36/EU of 26 June 2013 (CRD IV, Capital Requirement Directive) as amended, which, among other things, deals with the access to the activity of credit institutions, freedom of establishment, freedom to provide services, supervisory review process, and additional capital buffers.

On 7 June 2019, following the publication in the Official Journal of the European Union of Regulation (EU) 2019/876 (CRR II), which was part of the broader package of regulatory reforms, also referred to as the Risk Reduction Measures (RRM), which also include the CRD V (Capital Requirements Directive), the BRRD II (Banking Recovery and Resolution Directive) and the SRMR II (Single Resolution Mechanism Regulation), significant changes were introduced to the EU framework established by the two above-mentioned regulations.

EU legislation is complemented by the provisions issued by the Bank of Italy, in particular with Circular 285 of 17 December 2013, as subsequently amended, which contains the prudential supervision regulations applicable to Italian banks and banking groups, reviewed and updated to adjust the internal regulations to the new elements of the international regulatory framework, with special reference to the new regulatory and institutional structure of banking supervision of the European Union and taking into account the needs detected while supervising banks and other intermediaries.

The public disclosure by institutions (Pillar 3) is therefore directly governed by:

– CRR, Part Eight "Disclosure by Institutions" (Articles 431-455), as amended by Regulation (EU) 2019/876 (CRR II), applicable from 28 June 2021;
– the Regulations of the European Commission that transpose the regulatory or implementing technical standards drawn up by the EBA. Of particular importance in this respect is Regulation (EU) 2021/637 of 15 March 2021, applicable from 28 June 2021, discussed further below;
– the Guidelines issued by the EBA – in line with the mandate entrusted to it by Regulation (EU) 1093/2010, which created it – for the purpose of establishing uniform templates for the publication of various types of information.

In line with the regulatory changes introduced by CRR II, the above-mentioned Implementing Regulation (EU) 2021/637, stemming from the mandate given to the EBA by Article 434a CRR II ("Uniform disclosure formats"), was published on 21 April 2021, with the aim of streamlining and harmonising the periodic disclosures to the market by providing institutions with a complete integrated set of formats, templates and tables for uniform disclosures (the single framework), able to ensure high quality disclosure and a consistent framework aligned to international standards. This Regulation, applicable from 28 June 2021, establishes implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of the CRR.
In addition, to facilitate the application of the disclosure requirements by institutions and strengthen their consistency and comparability, the EBA also has made a mapping tool available to institutions, consisting of a file that links most of the quantitative public disclosure templates with those in the prudential supervisory reports.
From the reporting date of 30 June 2021, the Intesa Sanpaolo Group will publish disclosures on the basis of the provisions contained in the above-mentioned Regulation.

In addition, the requirement established by Article 448 CRR II (paragraph 1, points a) and b)), relating to the disclosure of exposures to interest rate risk on positions not held in the trading book (IRRBB – Interest Rate Risk in the Banking Book) has also been applicable from June 2021. The forms and instructions to fulfil those obligations of disclosure to the public are set out in Implementing Regulation (EU) 2022/631 of the Commission of 13 April 2022, which - in endorsing the implementing technical standards (ITS) drawn up by the EBA, and in compliance with which the Intesa Sanpaolo Group, starting from the reporting date of 30 June 2021, publishes that detailed disclosure - amends Implementing Regulation (EU) 2021/637.
With regard to the Pillar 3 instructions provided by the EBA through the Guidelines, the reference standards are:

– EBA/GL/2014/14 on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 CRR;
– EBA/GL/2018/01 regarding the templates for the publication of information relating to the impacts on own funds resulting from the introduction of the Regulation (EU) 2017/2395, containing "Transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds". As the Intesa Sanpaolo Group opted for the transitional arrangement through the "static" approach to mitigate this impact, it is also required to provide market disclosure on the amounts of its fully loaded own funds, Common Equity Tier 1 Capital, Tier 1 Capital, CET1 ratio, Tier 1 ratio, Total ratio and Leverage ratio, as if it had not adopted this transitional arrangement. As explained below in this introduction, these guidelines were amended by the Guidelines EBA/GL/2020/12, cited below, as part of the measures introduced as a result of the COVID-19 pandemic.

As part of the context linked to the COVID-19 pandemic, in order to mitigate the possible negative effects of the current crisis generated by the COVID-19 pandemic and ensure disclosure regarding the areas affected by the containment measures adopted for that purpose, thereby promoting sufficient and suitable understanding of the risk profile of supervised institutions, on 2 June 2020, the EBA published the final version of the document "*Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis*" (EBA/GL/2020/07), which contains the guidelines for reporting and disclosure of exposures subject to the measures applied in response to the COVID-19 crisis, whose first-time application, for disclosure purposes, started on 30 June 2020.
From that date, therefore, the three templates required by the above-mentioned Guidelines have been added to the Intesa Sanpaolo Group's public disclosure – "Credit risk: credit quality" Section.
Also within the emergency scenario mentioned above, Regulation (EU) 2020/873 of 24 June 2020, amending Regulations (EU) 575/2013 and Regulation (EU) 2019/876 containing temporary support provisions in terms of capital and liquidity, was published with an accelerated approval procedure (the "quick-fix").
The Regulation establishes that institutions that decide to apply the provisions of the new transitional IFRS 9 rules relating to adjustments to loans after 31 December 2019, amending the rules introduced by Regulation (EU) 2017/2395, and/or the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic (the prudential filter for exposures to central governments classified as FVOCI), in addition to disclosing the information required in Part Eight of the CRR, they are required to disclose the amounts of own funds, Common Equity Tier 1 capital and Tier 1 capital, the total capital ratio, the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio, and the leverage ratio they would have in case they did not apply that treatment.
To complete the regulatory framework developed for the pandemic crisis, following the adoption of the CRR 'quick-fix', the EBA clarified the disclosure requirements for temporary treatments introduced with the quick-fix ("Guidelines amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR 'quick-fix' in response to the COVID-19 pandemic" - EBA/GL/2020/12).
With regard to the various provisions set out in Regulation (EU) 2020/873, the Intesa Sanpaolo Group does not make use either of the changes to the transitional regime for the application of IFRS 9 (Article 473a CRR) or the FVOCI prudential filter (Article 468 CRR) for the purpose of calculating own funds, in line with the approach adopted starting from 30 June 2020.

With regard to the growing importance that the monitoring of social, environmental and governance risks (ESG risks) is assuming in the European regulatory framework, it is worth noting the publication by the EBA in January 2022 of the final version of the implementing technical standards (ITS) on Pillar 3 disclosure requirements for these risks, developed in accordance with the mandate given to the EBA by Article 449a CRR and intended for large institutions that have issued securities traded on a regulated market in any Member State. The original proposal – with respect to which the European Commission has indicated its intention to make some changes to the methods of disclosure of the BTAR (Banking book Taxonomy Alignment Ratio) during transposition – envisages that banks will provide the first disclosure starting from December 2022 and thereafter every six months, with gradual application of the disclosure obligations (phase-in period from December 2022 to June 2024).

With regard to the impacts for the Intesa Sanpaolo Group of the military conflict between Russia and Ukraine and the impacts of the scenario resulting from the COVID-19 pandemic, refer to that described in detail in the Interim Statement as at 30 September 2022 and the 2021 Annual Report of the Group.

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In accordance with the above-mentioned provisions, this document has been prepared on a consolidated basis with reference to a "prudential" scope of consolidation, essentially corresponding to the definition of Banking Group for Regulatory purposes (integrated by the proportional consolidation of the jointly controlled entities).

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

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

The changes in the prudential scope of consolidation with respect to 31 December 2021 were the same as those indicated in the section above, except for Newco TPA (which is an insurance entity and therefore not included in the prudential scope). In addition, solely for the prudential scope of consolidation, we note the entry of Mooney Group S.p.A. following the acquisition, in July, of a further 20% stake in that company by Banca 5 S.p.A., bringing the total interest to 50%, with joint control between Banca 5 and Enel X, which holds the remaining 50% (in ISP's accounting scope of consolidation the entity continues to be consolidated using the equity method, without any change).

With regard to the Ukrainian subsidiary Pravex Bank and the subsidiary Banca Intesa Russia, as at 31 March 2022 and 30 June 2022 they were subject to line-by-line consolidation on the basis of reporting packages referring to prior dates (31 December 2021 for Pravex Bank and 31 March 2022 for Banca Intesa Russia), due their low materiality with respect to the consolidated figure for the Group and the obvious logistical and execution difficulties for the administrative structures (in particular for the Ukrainian Bank) also with respect to the IT channels and related cybersecurity aspects[1]. Taking advantage of a more stable operating environment, in this document – as in the Interim Statement as at 30 September 2022 – Pravex Bank and Banca Intesa Russia are being consolidated on a line-by-line basis again on the basis of accounts aligned to the reporting date.

In line with the related supervisory reports, the comparative data relating to previous periods were not restated to take account of the changes in the scope of consolidation.

In accordance with Article 433 of the CRR II, banks publish the Pillar 3 Disclosures required by European regulations at the same time as the financial statements or as soon as possible after that date. The frequency of publication of disclosures by large institutions (the category the Intesa Sanpaolo Group belongs to) is specifically regulated by Article 433a CRR II ("Disclosures by large institutions").

In relation to the scope of application of the provisions of the CRR, which refers - as previously indicated - to a "prudential" consolidation scope, and the provisions of the CRR, this document does not illustrate all the types of risk that the Intesa Sanpaolo Group is exposed to. For more details, see the Group's Interim Statement as at 30 September 2022, Half-yearly Report as at 30 June 2022 and 2021 Annual Report.

All the amounts reported in this disclosure, unless otherwise specified, are stated in millions of euro.

The preparation of the Pillar 3 disclosure on capital adequacy, risk exposure and the general characteristics of the related management and control systems of Intesa Sanpaolo is governed, in compliance with the applicable regulations, by the "Guidelines on the disclosure of Financial information to the Market", approved by the Board of Directors. The governance of the Pillar 3 disclosure requires the Chief Risk Officer to ensure that the risk information provided therein complies with the prudential regulation and is consistent with Group risk management guidelines and policies and with the measurement and control of the Group's exposure to the different risk categories.

Furthermore, as regards public disclosure, the document is accompanied by the declaration of the Manager responsible for preparing the Company's financial reports, pursuant to paragraph 2 of Art. 154-bis of the Consolidated Law on Finance, which confirms that the accounting information contained in the document corresponds to the supporting documentation, ledgers and other accounting records.
The preparation of Financial disclosures to the Market is one of the processes subject to assessment under the Group "Administrative and Financial Governance Guidelines", which were also approved by the Board of Directors.

Lastly, as required by the G-SIBs assessment exercise conducted by the EBA, the Group's website publishes information, upon the required deadlines, on the value of the indicators of global systemic importance (Governance\Risk management Section of the website: "Indicators of the assessment methodology to identify the global systemically important banks").

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

Own funds

Qualitative and quantitative disclosure

Introduction

As previously mentioned, the harmonised rules for banks and investment companies contained in Directive 2013/36/EU (CRD IV) and in Regulation (EU) 575/2013 (CRR) of 26 June 2013 and amended respectively by Directive 2019/878/EU (CRD V) and Regulation (EU) 2019/876 (CRR II), which transpose the banking supervision standards defined by the Basel Committee on Banking Supervision (the Basel 3 Framework) into European Union laws, became applicable from 1 January 2014.

The above provisions have been incorporated into the following two regulations:

- Bank of Italy Circular 285: "Supervisory regulations for banks" which renders the above-mentioned provisions operational;
- Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) 575/2013 with regard to supervisory reporting of institutions and repealing Commission Implementing Regulation (EU) 680/2014.

These provisions are supplemented by the European Commission Delegated Regulations and the ECB Decisions on the definition of Own Funds, listed below:

- Commission Delegated Regulation (EU) 342/2014 of 21 January 2014, supplementing Directive 2002/87/EC of the European Parliament and of the Council and Regulation (EU) 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the application of the calculation methods of capital adequacy requirements for financial conglomerates;
- Commission Delegated Regulation (EU) 2015/923 of 11 March 2015, amending Delegated Regulation (EU) 241/2014 (as amended) supplementing Regulation (EU) 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions;
- Commission Delegated Regulation (EU) 2016/101 of 26 October 2015 supplementing Regulation (EU) 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for prudent valuation;
- Decision No. 2015/656 of the European Central Bank of 4 February 2015 on the conditions under which credit institutions are permitted to include interim or year-end profits in Common Equity Tier 1 capital;
- Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017, amending Regulation (EU) 575/2013, through the addition of the new Article 473a ("Introduction of IFRS 9"), in relation to the transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State. The above article was amended in turn by Regulation (EU) 2020/873 of 24 June 2020 (so-called "CRR quick fix"), which makes adjustments in response to the COVID-19 pandemic;
- Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) 575/2013 as regards minimum loss coverage for non-performing exposures;
- Commission Delegated Regulation (EU) 2020/2176 of 12 November 2020 amending Commission Delegated Regulation (EU) 241/2014 as regards the deduction of software assets from Common Equity Tier 1 items.

This regulatory framework requires that Own Funds (or regulatory capital) are made up of the following tiers of capital:

- Tier 1 Capital, in turn composed of:
  - Common Equity Tier 1 Capital (CET1);
  - Additional Tier 1 Capital (AT1);
- Tier 2 Capital (T2).

Tier 1's predominant element is Common Equity, mainly composed of equity instruments (e.g. ordinary shares net of treasury shares), share premium reserves, retained earnings reserves, undistributed income for the period, valuation reserves, eligible minority interests, net of the deducted items.
In order to be eligible for Common Equity, the equity instruments issued must guarantee absorption of losses on going concern, by satisfying the following characteristics:

- maximum level of subordination;
- option for suspending the payment of dividends/coupons at the full discretion of the issuer and in a non-cumulative manner;
- unredeemability;
- absence of redemption incentives.

At present, with reference to the Intesa Sanpaolo Group, no equity instrument other than ordinary shares is eligible for inclusion in Common Equity.
A number of prudential filters are also envisaged with effects on Common Equity:

- filter on profits associated with future margins deriving from securitisations;
- filter on cash flow hedge (CFH) reserves;
- filter on profits or losses on liabilities designated at fair value (derivatives or otherwise) associated with changes in own credit risk (DVA);

– adjustments to fair value assets associated with the "prudent valuation".

The regulation also envisages a series of elements to be deducted from Common Equity Tier 1:

– losses for the current year;
– goodwill, intangible assets and residual intangible assets;
– deferred tax assets (DTA) associated with future income not deriving from temporary differences (e.g. DTA on losses carried forward);
– expected losses exceeding total credit risk adjustments (the shortfall reserve) for exposures weighted according to IRB approaches;
– net assets deriving from defined benefit plans;
– direct, indirect or synthetic holdings of the entity in Common Equity Tier 1 Capital instruments;
– exposures for which it is decided to opt for deduction rather than a 1,250% weighting among RWA;
– non-significant investments in CET1 instruments issued by companies operating in the financial sector (less the amount exceeding the thresholds envisaged in the regulations);
– deferred tax assets (DTA) that rely on future profitability and arise from temporary differences (deducted for the amount exceeding the thresholds envisaged in the regulation);
– significant investments in CET1 instruments issued by companies operating in the financial sector (deducted for the amount exceeding the thresholds envisaged in the regulation);
– the applicable amount of insufficient coverage for non-performing exposures, as governed by Regulation (EU) 2019/630 (minimum loss coverage);
– any negative difference between the current market value of the units or shares in CIUs held by retail customers and the present value of the minimum amount that the institution has committed as a guarantee for those customers (minimum value commitment).

The AT1 category includes equity instruments other than ordinary shares (which are eligible for Common Equity), which meet the regulatory requirements for inclusion in that level of own funds (e.g. savings shares or AT1 equity instruments), once the deductions of items and exemptions provided for in Regulation (EU) 575/2013 (CRR) and amended by Regulation (EU) 2019/876 (CRR II) have been applied.

Tier 2 Capital is mainly composed of items such as eligible subordinated liabilities and any excess of credit risk adjustments over and above expected losses (the excess reserve) for exposures weighted according to IRB approaches, once the deductions of items and exemptions provided for in Regulation (EU) 575/2013 (CRR) have been applied. Following the issue of Regulation (EU) 2019/876 (CRR II), the eligibility of Tier 2 instruments with a residual maturity of less than five years (being amortised) is determined based on the carrying amount instead of the nominal value.

The transitional period (2018-2022), also aimed at mitigating the capital impacts linked to the introduction of the new financial reporting standard IFRS 9, started from 1 January 2018. The Intesa Sanpaolo Group has exercised the option provided in the above-mentioned Regulation (EU) 2017/2395 of adopting the "static" approach that allows the neutralisation of a progressively decreasing amount of the impact of IFRS 9 in its CET1 solely for the FTA component of the impairment.

In particular, the result from the comparison between the IAS 39 adjustments at 31 December 2017 and the IFRS 9 adjustments at 1 January 2018 – relating to performing loans and securities (stage 1 and 2) and adjustments to NPLs (stage 3), net of tax and having eliminated any shortfall reserve – is re-included in the capital according to phase-in percentages of 95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021, and 25% in 2022. During the transitional period, the possibility of electing to change this approach is only allowed once, subject to authorisation from the Supervisory Authority, moving from the "static" approach to the "dynamic" approach or suspending the application of the transitional treatment in favour of the fully loaded regime. During 2018, two EBA Q&As were published (2018_3784, 2018_4113) which specified that, during the transitional period, any Deferred Tax Assets (DTAs) connected to IFRS 9 FTA-related adjustments should not be considered as deductions from CET1 as envisaged by the CRR.

Considering that the approval of Law 145 of 30 December 2018 (2019 Budget Act) led to the recognition of DTAs linked to the deferred deductibility, over 10 financial years starting from 2018, of the value adjustments recognised in shareholders' equity because they are related to the first-time adoption of IFRS 9, as envisaged by the aforementioned Regulation and the subsequent EBA Q&As, those DTAs have been neutralised for the purposes of CET 1 Capital during the transitional period established for the IFRS 9 impact (which extends until 2022) limited to the complementary portion of the phase-in percentages detailed above. Law 160 of 27 December 2019 (2020 Budget Act), like the previous Law, deferred the deduction of the portions pertaining to 2019 of the above value adjustments to the tax period 2028.

In November 2019, Q&A 2018_4302 was published which allows the amount of net deferred tax assets that rely on future profitability to be treated for prudential purposes, within the deductions from the CET1 items provided for in the CRR, independently and distinctly from the accounting framework applied to them. In this respect, the EBA clarified that for the deduction of the above-mentioned DTAs from CET1 items, the netting rules established by the CRR apply and that therefore the amount of the DTAs – calculated for prudential purposes – may differ from the related net balance reported in the periodic reports and determined according to the applicable accounting rules.

The above-mentioned Regulation (EU) 2019/876 (CRR II), in Article 494b "Grandfathering of Own Funds instruments and eligible liabilities instruments", introduced a new transitional regime, applicable until 28 June 2025, which allows Own Funds instruments – issued before 27 June 2019 (the date of entry into force of CRR II) – which do not meet the specific conditions set out in points p), q) and r) of Article 52 ("Additional Tier 1 instruments"), as amended by Article 1 point 23) of CRR II, and in points n), o) and p) of Article 63 ("Tier 2 instruments"), as amended by Article 1 point 27) of CRR II – to qualify as AT1 and T2 instruments. Since July 2020, the Intesa Sanpaolo Group has no longer held any subordinated instruments subject to the above-mentioned transitional rules.
In addition, as already mentioned in the introduction to this document, since June 2020 the Intesa Sanpaolo Group has not adopted the new IFRS 9 transitional rules relating to adjustments to loans after 31 December 2019 or the reintroduction of the prudential filter for exposures to central governments classified to the FVOCI category, both introduced by the European Commission in Regulation (EU) 2020/873 of 24 June 2020 (quick fix).

Lastly, since December 2020, the Intesa Sanpaolo Group has applied Commission Delegated Regulation (EU) 2020/2176, which entered into force on 23 December 2020 and amends Commission Delegated Regulation (EU) 241/2014 as regards the deduction of software assets from Common Equity Tier 1 items. The Regulation introduced the criterion of prudential amortisation applied to all software assets over a three-year period, regardless of their estimated useful lives for accounting purposes. Specifically, the difference, where positive, between prudential cumulative amortisation and accounting cumulative amortisation (including impairment losses) is fully deducted from CET1. The remainder, i.e. the portion of the net carrying amount of each software asset not deducted as a result of the prudential treatment, is included in the RWAs with a 100% risk weight.

Breakdown of Own Funds

The structure of the Intesa Sanpaolo Group's Own Funds as at 30 September 2022 is summarised in the table below.

(millions of euro)

	30.09.2022	31.12.2021
A. Common Equity Tier 1 (CET1) before the application of prudential filters	**53,459**	**55,955**
of which CET1 instruments subject to transitional adjustments	-	-
B. CET1 prudential filters (+ / -)	**-37**	**492**
C. CET1 before items to be deducted and effects of transitional period (A +/- B)	**53,422**	**56,447**
D. Items to be deducted from CET1	**-13,181**	**-10,712**
E. Transitional period - Impact on CET1 (+/-)	**754**	**1,512**
F. Total Common Equity Tier 1 (CET1) (C-D +/-E)	**40,995**	**47,247**
G. Additional Tier 1 (AT1) before items to be deducted and effects of transitional period	**7,207**	**6,264**
of which AT1 instruments subject to transitional adjustments	-	-
H. Items to be deducted from AT1	**-**	**-**
I. Transitional period - Impact on AT1 (+/-)	**-**	**-**
L. Total Additional Tier 1 (AT1) (G - H +/- I)	**7,207**	**6,264**
M. Total Tier 1 (T1) (F + L)	**48,202**	**53,511**
N. Tier 2 (T2) before items to be deducted and effects of transitional period	**8,480**	**9,164**
of which T2 instruments subject to transitional adjustments	-	-
O. Items to be deducted from T2	**-**	**-223**
P. Transitional period - Impact on T2 (+ / -)	**-**	**-**
Q. Total Tier 2 (T2) (N - O +/- P)	**8,480**	**8,941**
R. Total own funds (F + L + Q)	**56,682**	**62,452**

The tables below provide a detailed summary of the various capital levels before regulatory adjustments and transitional regime adjustments, together with the reconciliation between Common Equity Tier 1 and net book value. As also described below, as at 30 September 2022, own funds take account of the deduction following the authorisation from the ECB to buyback own shares for their annulment, as approved by the Shareholders' Meeting on 29 April 2022, for the amount, already partially realised, of 3.4 billion euro.

The own funds disclosure required by the above-mentioned Regulation (EU) 2021/637, applicable from June 2021, is provided:

– Attachment 1, which contains details of the terms and conditions of the Additional Tier 1 instruments issued during the first nine months of 2022, in line with template EU CCA of Regulation (EU) 2021/637;
– Attachment 2: template EU CC1 – Composition of regulatory own funds.

The full terms and conditions of all the other Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments have been reported in Attachment 1 to the Basel 3 Pillar 3 - Disclosure as at 31 December 2021.

Reconciliation of net book value and Common Equity Tier 1 Capital

(millions of euro)

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

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

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

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

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

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

Common Equity Tier 1 Capital (CET1)

(millions of euro)

Information	30.09.2022	31.12.2021
Common Equity Tier 1 capital (CET1)		
Share capital - ordinary shares	10,369	10,084
Share premium reserve	28,056	27,286
Reserves (a)	16,753	17,662
Accumulated other comprehensive income (b)	-2,660	-234
Net income (loss) for the period	3,284	4,185
Net income (loss) for the period not eligible (c)	-2,343	-
Dividends and other foreseeable charges (d)	-	-3,031
Minority interests	-	3
Common Equity Tier 1 capital (CET1) before regulatory adjustments	**53,459**	**55,955**
Common Equity Tier 1 capital (CET1): Regulatory adjustments		
Treasury shares	-2,258	-266
Goodwill	-4,313	-4,146
Other intangible assets	-3,925	-3,609
Deferred tax assets that rely on future profitability and do not arise from temporary differences	-1,944	-1,914
Negative amounts resulting from the calculation of expected losses (shortfall reserve)	-289	-318
Defined benefit pension funds assets	-	-
Prudential filters	-37	492
- of which Cash Flow Hedge Reserve	*394*	*602*
- of which Gains or Losses due to changes in own credit risk (DVA)	*-206*	*125*
- of which Prudent valuation adjustments	*-225*	*-235*
- of which Other prudential filters	-	-
Exposures to securitisations deducted rather than risk weighted at 1250%	-77	-155
CET1 instruments of financial sector entities where the institution does not have a significant investment, held directly, indirectly and synthetically, which exceed the threshold of 10% of Common Equity	-	-
Deductions with 10% threshold (e)	-	-
- of which Deferred tax assets (DTA) that rely on future profitability and arise from temporary differences	-	-
- of which CET1 instruments of financial sector entities where the institution has a significant investment, held directly, indirectly and synthetically	-	-
Deductions with threshold of 17.65% (e)	-	-
Positive or negative elements - other (f)	-375	-304
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**-13,218**	**-10,220**
Total adjustments in the transitional period (CET1)	**754**	**1,512**
Common Equity Tier 1 (CET1) - Total	**40,995**	**47,247**

(a) Amount included in CET1, includes a negative effect of about 3,265 million euro deriving from the adoption of IFRS 9, in addition to the 2021 income allocated to reserves.

(b) The caption "Accumulated other comprehensive income" includes a positive effect of about 328 million euro deriving from the adoption of IFRS 9.

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

(d) As at 31 December 2021, the figure considers the dividends on 2021 results, the portion of the remuneration of the AT1 instruments issued at that date and the portion of 2021 income allocated to charity, net of the tax effect.

(e) See the specific table for the details of the calculation of the deduction thresholds.

(f) The caption includes also "Foreseeable tax charges relating to CET1 items".

As at 30 September 2022, own funds take account of the deduction following the authorisation from the ECB to buyback own shares for their annulment, as approved by the Shareholders' Meeting on 29 April 2022, for the total amount of 3.4 billion euro, already partially realised.
For the purposes of calculating own funds as at 30 September 2022 the net income for the first nine months of 2022 was considered, less the related dividend - calculated considering a payout ratio of 70%, equal to that envisaged in the 2022-2025 Business Plan - and other foreseeable charges.

As envisaged by Article 36 (1)(k)(ii) of Regulation (EU) 575/2013 which governs this circumstance, in place of the weighting of the positions towards securitisations that meet the requirements to receive a weighting of 1,250%, it was chosen to proceed with the direct deduction of these exposures from the Own Funds.
The amount of such deduction as at 30 September 2022 is equal to 77 million euro.

Additional Tier 1 Capital (AT1)

(millions of euro)

Information	30.09.2022	31.12.2021
Additional Tier 1 capital (AT1)		
AT1 instruments	7,207	6,263
Minority interests	-	1
Additional Tier 1 capital (AT1) before regulatory adjustments	**7,207**	**6,264**
Regulatory adjustments to Additional Tier 1 (AT1)	**-**	**-**
Adjustments in the transitional period, including minority interests (AT1)	**-**	**-**
Additional Tier 1 (AT1) - Total	**7,207**	**6,264**

Additional Tier 1 (AT1) equity instruments

Issuer	Interest rate	Step-up	Issue date	Expiry date	Early redemption as of	Currency	Subject to grandfather-ing	Original amount in currency	Contribution to the own funds (millions of euro)
Intesa Sanpaolo	7.70% fixed rate	NO	17-Sep-2015	perpetual	17-Sep-2025	USD	NO	1,000,000,000	866
Intesa Sanpaolo	6.25% fixed rate	NO	16-May-2017	perpetual	16-May-2024	Eur	NO	750,000,000	741
Intesa Sanpaolo	7.75% fixed rate	NO	11-Jan-2017	perpetual	11-Jan-2027	Eur	NO	1,250,000,000	1,231
Intesa Sanpaolo	3.75% fixed rate	NO	27-Feb-2020	perpetual	27-Feb-2025	Eur	NO	750,000,000	745
Intesa Sanpaolo	4.125% fixed rate	NO	27-Feb-2020	perpetual	27-Feb-2030	Eur	NO	750,000,000	747
Intesa Sanpaolo	5.875% fixed rate (payable semi-annually)	NO	01-Sep-2020	perpetual	01-Sep-2031	Eur	NO	750,000,000	739
Intesa Sanpaolo	5.5% fixed rate (payable semi-annually)	NO	01-Sep-2020	perpetual	01-Mar-2028	Eur	NO	750,000,000	747
Intesa Sanpaolo	5.875% fixed rate (payable semi-annually)	NO	20-Jan-2020	perpetual	20-Jan-2025	Eur	NO	400,000,000	383
Intesa Sanpaolo	6.375% fixed rate (payable semi-annually)	NO	30-Mar-2022	perpetual	30-Sep-2028	Eur	NO	1,000,000,000	985
REYL & Cie SA	4.75%	NO	30-Nov-2019	perpetual	30-Nov-2024	CHF	NO	15,000,000	13
REYL & Cie SA	4.75%	NO	30-Nov-2018	perpetual	30-Nov-2023	CHF	NO	12,000,000	10
Total Additional Tier 1 equity instruments									**7,207**

Tier 2 Capital (T2)

(millions of euro)

	30.09.2022	31.12.2021
Tier 2 Capital (T2)		
T2 Instruments	8,295	9,163
Minority interests	-	1
Excess of provisions over expected losses eligible (excess reserve)	185	-
Tier 2 capital before regulatory adjustments	**8,480**	**9,164**
Tier 2 Capital (T2): Regulatory adjustments		
T2 instruments of financial sector entities where the institution does not have a significant investment, held directly, indirectly and synthetically	-	-
T2 instruments of financial sector entities where the institution has a significant investment, held directly, indirectly and synthetically	-	-223
Positive or negative items - other	-	-
Total regulatory adjustments to Tier 2 (T2)	**-**	**-223**
Total adjustments in the transitional period, including minority interests (T2)	**-**	**-**
Tier 2 Capital (T2) - Total	**8,480**	**8,941**

Tier 2 (T2) equity instruments

Issuer	Interest rate	Step-up	Issue date	Expiry date	Early redemption as of	Currency	Subject to grandfather-ing	Original amount in currency	Contribution to the own funds (millions of euro)
Intesa Sanpaolo	6.625% fixed rate	NO	13-Sep-2013	13-Sep-2023	NO	Eur	NO	1,445,656,000	275
Intesa Sanpaolo	5.017% fixed rate	NO	26-Jun-2014	26-Jun-2024	NO	USD	NO	2,000,000,000	702
Intesa Sanpaolo	3.928% fixed rate	NO	15-Sep-2014	15-Sep-2026	NO	Eur	NO	1,000,000,000	747
Intesa Sanpaolo	2.855% fixed rate	NO	23-Apr-2015	23-Apr-2025	NO	Eur	NO	500,000,000	244
Intesa Sanpaolo	5.71% fixed rate	NO	15-Jan-2016	15-Jan-2026	NO	USD	NO	1,500,000,000	956
Intesa Sanpaolo	3-month Euribor + 1.9%/4	NO	26-Sep-2017	26-Sep-2024	NO	Eur	NO	723,700,000	286
Intesa Sanpaolo	5.875% fixed rate	NO	04-Mar-2019	04-Mar-2029	04-Mar-2024	Eur	NO	500,000,000	519
Intesa Sanpaolo	4.375% fixed rate	NO	12-Jul-2019	12-Jul-2029	12-Jul-2024	Eur	NO	300,000,000	296
Intesa Sanpaolo	1.98% fixed rate	NO	11-Dec-2019	11-Dec-2026	NO	Eur	NO	160,250,000	119
Intesa Sanpaolo	3-month Euribor + 206 bps/4	NO	11-Dec-2019	11-Dec-2026	NO	Eur	NO	188,000,000	152
Intesa Sanpaolo	5.148% fixed rate	NO	10-Jun-2020	10-Jun-2030	NO	GBP	NO	350,000,000	277
Intesa Sanpaolo	3.75% fixed rate	NO	29-Jun-2020	29-Jun-2027	NO	Eur	NO	309,250,000	251
Intesa Sanpaolo	3-month Euribor + 405 bps/4	NO	29-Jun-2020	29-Jun-2027	NO	Eur	NO	590,500,000	506
Intesa Sanpaolo	2.925% fixed rate	NO	14-Oct-2020	14-Oct-2030	NO	Eur	NO	500,000,000	427
Intesa Sanpaolo	4.198% fixed rate	NO	01-Jun-2021	01-Jun-2032	01-Jun-2031	USD	NO	750,000,000	659
Intesa Sanpaolo	4.95% fixed rate	NO	01-Jun-2021	01-Jun-2042	01-Jun-2041	USD	NO	750,000,000	655
Intesa Sanpaolo	3-month Euribor + 345 bps/4	NO	16-Jun-2022	16-Jun-2032	NO	Eur	NO	861,800,000	831
Intesa Sanpaolo	8.505% fixed rate	NO	20-Sep-2022	20-Sep-2032	NO	GBP	NO	400,000,000	393
Total Tier 2 instruments									**8,295**

Deduction thresholds for DTAs and investments in companies operating in the financial sector

(millions of euro)

	30.09.2022	31.12.2021
A. Threshold of 10% for CET1 instruments of financial sector entities where the institution does not have a significant investment	4,028	4,576
B. Threshold of 10% for CET1 instruments of financial sector entities where the institution has a significant investment and for DTA that rely on future profitability and arise from temporary differences	4,028	4,576
C. Threshold of 17.65% for significant investments and DTA not deducted in the threshold described under point B	6,325	7,268

The regulations envisage that for certain regulatory adjustments, such as those for DTAs based on future income and deriving from temporary differences, and for significant and minor investments in CET1 instruments issued by companies in the financial sector, certain thresholds or “deductibles” are specified, calculated on Common Equity estimated using different approaches:

- for minor investments in CET1 instruments issued by companies in the financial sector, the deduction of amounts exceeding 10% of CET1 prior to deductions deriving from exceeding the thresholds is envisaged;
- for significant investments in CET1 instruments and DTAs, on the other hand, the following is envisaged:
  - an initial threshold for deductions, calculated as 10% of CET1 prior to deductions deriving from exceeding the thresholds, adjusted to take into account any excess over the threshold described in the previous point;
  - a further threshold is indicated, calculated on 17.65% of Common Equity (calculated in the same way as the point above, minus the DTAs that are dependent on future profitability and arise from temporary differences and significant investments in CET1 instruments issued by financial sector entities), to be applied in aggregate on amounts not deducted using the first threshold.

All amounts not deducted must be weighted among risk-weighted assets at 250%.

Capital requirements

Qualitative and quantitative disclosure

According to the regulations for the prudential supervision of banks (Bank of Italy Circular 285 of 17 December 2013 and subsequent amendments), which adopt the provisions on capital measurement and capital ratios (Basel 3), the Banking Group's total own funds must amount to at least 13.09% of total risk-weighted assets (total capital ratio, of which 8.81% in terms of Common Equity Tier 1 ratio[2]) arising from the risks typically associated with banking and financial activity (credit, counterparty, market and operational risk), weighted according to the regulatory segmentation of borrowers and considering credit risk mitigation techniques and the decrease in operational risks following insurance coverage. The competent authorities, as part of the Supervisory Review and Evaluation Process (SREP), may require higher capital requirements compared to those resulting from the application of the regulatory provisions.

As already illustrated in the Section on "Own Funds", the total regulatory capital is made up of the algebraic sum of the elements specified below:

- Tier 1 Capital (capable of absorbing losses under going concern conditions). This capital is divided into Common Equity Tier 1 Capital and Additional Tier 1 Capital;
- Tier 2 Capital (capable of absorbing losses in the event of a crisis).

The elements indicated above are subject to the following limits:

- Common Equity Tier 1 must at all times be equal to at least 4.5% of risk-weighted assets;
- Tier 1 Capital must at all times be equal to at least 6% of risk-weighted assets;
- Own Funds (i.e. the total regulatory capital), equal to Tier 1 plus Tier 2 Capital, must at all times be equal to at least 8.0% of risk-weighted assets.

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

On 3 February 2022, Intesa Sanpaolo announced that it had received notification of the ECB's final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 March 2022, following the results of the Supervisory Review and Evaluation Process (SREP).
Fully loaded, the overall requirement to be met in terms of Common Equity Tier 1 ratio is currently 8.92%.
This is the result of:

- the SREP requirement in terms of Total Capital ratio of 9.79% comprising a minimum Pillar 1 capital requirement of 8%, of which 4.5% is CET1, and an additional Pillar 2 capital requirement of 1.79%, of which 1.01% is CET1 applying the regulatory amendment introduced by the ECB and effective from 12 March 2020[3];
- additional requirements, entirely in terms of Common Equity Tier 1 ratio, relating to:
  - a Capital Conservation Buffer of 2.5%,
  - an O-SII Buffer (Other Systemically Important Institutions Buffer) of 0.75%,
  - a Countercyclical Capital Buffer of 0.16%[4].

With regard to credit risks, the ECB's authorisation to use the new Retail models for regulatory purposes was implemented starting from September 2022.
There were no changes in the scope of application of the internal models for counterparty risk and operational risk compared to 30 June 2022.

The annual Internal Capital Adequacy Assessment Process (ICAAP) Report, based on the extensive use of internal risk measurement methodologies, internal capital and total capital available, was approved and sent to the ECB in April 2022.

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[2] This requirement is determined by: the minimum Pillar 1 capital requirement of 8% (of which 4.5% is CET1), the additional Pillar 2 capital requirement of 1.79% (of which 1.01% is CET1) and the Combined Buffer of 3.3% (the institution-specific countercyclical capital buffer was 0.05% in the third quarter of 2022).

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

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

Overview of total risk exposure amounts (EU OV1 Reg. 2021/637)

(millions of euro)

		Total risk exposure amounts (TREA)		Total own funds requirements
		30.09.2022	30.06.2022	30.09.2022
1	**Credit risk (excluding CCR)**	**270,455**	**270,212**	**21,636**
2	*Of which the standardised approach*	*87,859*	*87,376*	*7,029*
3	*Of which the Foundation IRB (F-IRB) approach*	*1,312*	*1,330*	*105*
4	*Of which slotting approach*	*1,059*	*1,033*	*85*
EU 4a	*Of which equities under the simple riskweighted approach*	*25,714*	*25,921*	*2,057*
5	*Of which the Advanced IRB (A-IRB) approach*	*148,907*	*148,668*	*11,913*
6	**Counterparty credit risk - CCR**	**6,336**	**5,038**	**507**
7	*Of which the standardised approach*	*832*	*770*	*67*
8	*Of which internal model method (IMM)*	*3,967*	*3,211*	*317*
EU 8a	*Of which exposures to a CCP*	*278*	*234*	*22*
EU 8b	*Of which credit valuation adjustment - CVA*	*726*	*554*	*58*
9	*Of which other CCR*	*533*	*269*	*43*
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap) (*)**	**8,989**	**9,559**	**719**
17	*Of which SEC-IRBA approach*	*4,409*	*4,601*	*353*
18	*Of which SEC-ERBA (including IAA)*	*109*	*110*	*9*
19	*Of which SEC-SA approach*	*4,471*	*4,848*	*357*
EU 19a	*Of which 1250%*	*-*	*-*	*-*
20	**Position, foreign exchange and commodities risks (Market risk)**	**12,249**	**14,197**	**980**
21	*Of which the standardised approach*	*3,882*	*3,843*	*311*
22	*Of which IMA*	*8,367*	*10,354*	*669*
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**26,335**	**26,335**	**2,107**
EU 23a	*Of which basic indicator approach*	*598*	*598*	*48*
EU 23b	*Of which standardised approach*	*2,661*	*2,661*	*213*
EU 23c	*Of which advanced measurement approach*	*23,076*	*23,076*	*1,846*
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (**)	10,562	10,511	845
29	**TOTAL**	**324,364**	**325,341**	**25,949**

* Memo item: deducted securitisations equivalent to 942 million euro of RWEAs and 75 million euro of requirement.

** The amount is shown for information purposes only, as these exposures are already included in row 1 (Credit risk) and related “of which”.

The total amount of risk-weighted exposures recorded as at 30 September 2022 was 324.4 billion euro, a decrease of around 1 billion euro compared to June 2022. In particular, please note the following:

– for credit risk (+0.2 billion euro compared to the previous quarter, excluding counterparty risk and including the amount below the thresholds for deduction), the decrease generated by the reduction in exposures to some Russian counterparties was mainly offset by the early termination of some synthetic securitisations, as well as the effect attributable to the implementation of the new retail models following the receipt of the related authorisation from the ECB and the natural evolution of the portfolio;
– for counterparty risk (+1.3 billion euro compared to the previous quarter), the increase was almost entirely attributable to the default risk component, due to both market trends in the derivatives segment and portfolio changes in the SFT segment;
– with regard to the securitisation exposures in the banking book (-0.6 billion euro compared to the previous quarter), the decrease was mainly related to the early termination of some synthetic securitisations, as well as the natural evolution of other outstanding securitisations;
– for market risk (-1.9 billion euro compared to the previous quarter), the decrease was mainly related to the part of the portfolio measured using internal models (due to the reduction in the IRC and Stressed VaR component);
– for operational risk, in line with the half-yearly update of the calculation, there was no change.

For details of the RWEA changes with the IRB, IMM and IMA approaches, see the qualitative comments at the bottom of the flow statements below (EU CR8, EU CCR7 and EU MR2-B). As required by the regulations (Commission Implementing Regulation (EU) 2021/637 of 15 March 2021), these tables show the RWEA flows during the last quarter.

Key metrics template (EU KM1 Reg. 2021/637)

In accordance with the requirements of Article 447 CRR II (Disclosure of key metrics), the table below reports the key capital and risk measures for the Intesa Sanpaolo Group.

(millions of euro)

		30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	40,995	41,321	45,629	47,247	46,992
2	Tier 1 capital	48,202	48,528	52,877	53,511	53,256
3	Total capital	56,682	56,845	61,336	62,452	62,431
	Risk-weighted exposure amounts					
4	Total risk exposure amount	324,364	325,341	330,514	326,903	328,176
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	12.64%	12.70%	13.81%	14.45%	14.32%
6	Tier 1 ratio (%)	14.86%	14.92%	16.00%	16.37%	16.23%
7	Total capital ratio (%)	17.47%	17.47%	18.56%	19.10%	19.02%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.79%	1.79%	1.79%	1.50%	1.50%
EU 7b	*of which: to be made up of CET1 capital (percentage points)*	*1.01%*	*1.01%*	*1.01%*	*0.84%*	*0.84%*
EU 7c	*of which: to be made up of Tier 1 capital (percentage points)*	*1.34%*	*1.34%*	*1.34%*	*1.13%*	*1.13%*
EU 7d	Total SREP own funds requirements (%)	9.79%	9.79%	9.79%	9.50%	9.50%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.05%	0.04%	0.04%	0.04%	0.04%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.75%	0.75%	0.75%	0.75%	0.75%
11	Combined buffer requirement (%)	3.30%	3.29%	3.29%	3.29%	3.29%
EU 11a	Overall capital requirements (%)	13.09%	13.08%	13.08%	12.79%	12.79%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.13%	7.19%	8.30%	9.11%	8.98%
	Leverage ratio					
13	Total exposure measure	915,574	916,977	825,225	805,561	792,111
14	Leverage ratio (%)	5.26%	5.29%	6.41%	6.64%	6.72%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	*of which: to be made up of CET1 capital (percentage points)*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.09%	3.09%	3.09%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.09%	3.09%	3.09%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	169,140	172,053	169,964	163,182	160,318
EU 16a	Cash outflows - Total weighted value	117,322	115,001	113,752	114,097	114,105
EU 16b	Cash inflows - Total weighted value	25,705	25,163	24,751	25,491	24,512
16	Total net cash outflows (adjusted value)	91,617	89,838	89,001	88,606	89,593
17	Liquidity coverage ratio (%)	184.7%	191.7%	191.1%	184.5%	179.5%
	Net Stable Funding Ratio					
18	Total available stable funding	568,560	580,303	614,602	628,694	626,529
19	Total required stable funding	447,127	457,086	479,155	493,679	505,925
20	NSFR ratio (%)	127.2%	127.0%	128.3%	127.3%	123.8%

With regard to the above table, see the comments at the bottom of the table EU OV1 (in this section) for more details on the change in risk-weighted exposure (RWEA) and the section on Own Funds for more details on their movements.

RWEA flow statements of credit risk exposures under the IRB approach in the third quarter (EU CR8 Reg. 2021/637)

(millions of euro)

		Risk weighted exposure amount
1	**Risk weighted exposure amount as at 30 June 2022**	**182,836**
2	Asset size (+/-)	-2,790
3	Asset quality (+/-)	-696
4	Model updates (+/-)	1,574
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	1,146
8	Other (+/-)	526
9	**Risk weighted exposure amount as at 30 September 2022 (*)**	**182,596**

(*) As at 30 September 2022, the RWEA amount relating to IRB models was 182,596 million euro and was attributable to the Foundation IRB approach for 1,312 million euro (Row 3 EU OV1), to the slotting criteria approach for 1,059 million euro (Row 4 EU OV1), Advanced IRB approach for 148,907 million euro (Row 5 EU OV1), to equity instruments measured using the simple risk weight approach for 25,714 million euro (Row 4a EU OV1), to amounts below the deduction thresholds for 1,752 million euro (of which Row 24 EU OV1), and to capital instruments measured at PD/LGD for 3,852 million euro.

As at September 2022, the aggregate of the RWEAs relating to the exposures subject to credit risk measured using advanced approaches[5] amounted to 182,596 million euro, a net decrease of 240 million euro on June 2022, when the aggregate amounted to 182,836 million euro. The change during the quarter was attributable to the following:

– -2,790 million euro due to a decrease in transaction volumes, mainly in the Corporate portfolio as a result of the rescheduling of loans to Russian counterparties, particularly influenced by the sale of a major exposure;
– -696 million euro due to an improvement in the risk profile of Corporate, Equity and Retail SME transactions, partially offset by an increase in the risk-weighted assets in the Banks portfolio;
– +1,574 million euro due to the implementation of the ECB authorisation for the use of the new Retail models;
– +1,146 million euro due to changes in foreign currency exposures, reflecting exchange rate fluctuations, driven in particular by the appreciation of the US dollar (USD) over the currency of the European Union (EUR);
– +526 million euro attributable to the termination of some synthetic securitisations during the quarter, with the consequent reinstatement of the credit risk of the underlying assets.

[5] The risk-weighted exposures have been calculated in accordance with the instructions of the CRR, Part Three, Title II, Chapter 3, and the capital requirement has been calculated in accordance with Article 92(3)(a).

RWEA flow statements of CCR exposures under the IMM in the third quarter (EU CCR7 Reg. 2021/637)

(millions of euro)

		RWEA amounts
1	**RWEAs as at 30 June 2022**	**3,211**
2	Asset size	886
3	Credit quality of counterparties	-133
4	Model updates (IMM only)	-
5	Methodology and policy (IMM only)	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	4
8	Other	-1
8	**RWEAs as at 30 September 2022**	**3,967**

As required by Reg. 2021/637, the table does not include exposures to central counterparties (CCPs).

With regard to the changes in RWEAs related to CCR exposures (derivatives and SFTs, determined based on the IMM, in accordance with part three, title II, chapter 6 of the CRR) the value of the aggregate increased in the quarter: 3,211 million euro at the end of June 2022 and 3,967 million euro at the end of September 2022. The increase of 756 million euro was mainly attributable to the following components:

- +886 million euro due to the increase in exposures held in portfolio, mainly in the Corporate and Banks portfolio;
- -133 million euro due to the improvement in the credit rating of the Corporate portfolio;
- +4 million euro due to foreign currency exposures, as a result of exchange rate fluctuations.

RWEA flow statements of market risk exposures under the IMA in the third quarter (EU MR2-B Reg. 2021/637)

(millions of euro)

		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements
1	**RWEAs as at 30 June 2022**	**1,634**	**5,092**	**3,478**	**-**	**150**	**10,354**	**828**
1a	*Regulatory adjustment*	*871*	*3,469*	*372*	*-*	*4*	*4,716*	*377*
1b	*RWEAs at the previous quarter-end (end of the day)*	*763*	*1,623*	*3,106*	*-*	*146*	*5,638*	*451*
2	Movement in risk levels	45	-474	-1,124	-	31	-1,522	-122
3	Model updates/changes	-	-	-	-	-	-	-
4	Methodology and policy	-	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-	-
7	Other	-	-	-	-	-	-	-
8a	*RWEAs at the end of the disclosure period (end of the day)*	*808*	*1,149*	*1,982*	*-*	*177*	*4,116*	*329*
8b	*Regulatory adjustment*	*1,243*	*2,755*	*240*	*-*	*13*	*4,251*	*340*
8	**RWEAs as at 30 September 2022**	**2,051**	**3,904**	**2,222**	**-**	**190**	**8,367**	**669**

The capital requirements as at 30 September 2022 were down from the previous quarter.
Specifically, the Stressed VaR and IRC measures benefited from the lower average exposure to the Italian government segment and the turnover of credit indices exposures. The VaR metric was up due to the higher volatility of interest rates and credit spreads.

Institution-specific Countercyclical Capital Buffer

Below is the information relating to the “Countercyclical capital buffer”, prepared based on the ratios applicable at 30 September 2022 and Implementing Regulation (EU) 2021/637 of the Commission of 15 March 2021 (repealing Delegated Regulation (EU) 2015/1555) which supplements Regulation (EU) 575/2013 of the European Parliament and of the Council (CRR) with regard to regulatory technical standards for the disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer in accordance with Article 440 of the same CRR. As established by Article 140, paragraph 1, of directive 2013/36/EU (so-called CRD IV), the institution-specific countercyclical capital buffer is the weighted average of the countercyclical ratios which are applied in the countries where the relevant credit exposures of the institutions are located.

CRD IV established the obligation for the designated national authorities to activate an operational framework for the definition of the ratio of the countercyclical capital buffer (CCyB) starting from 1 January 2016. The ratio is subject to review on a quarterly basis. The European regulation was implemented in Italy with Bank of Italy circular 285, which contains suitable regulations concerning CCyB. Based on the analysis of the reference indicators, the Bank of Italy decided to set the countercyclical buffer rate (for exposures towards Italian counterparties) at 0% also for the fourth quarter of 2022.

The relevant credit exposures include all the classes of exposure other than those under Article 112, letters from a) to f), of Regulation (EU) 575/2013. The following portfolios are excluded: exposures to central administrations or central banks; exposures to regional administrations or local authorities; exposures to public-sector entities; exposures to multilateral development banks; exposures to international organisations; exposures to institutions.

With reference to 30 September 2022:

– the countercyclical capital ratios at individual country level were set, with the methods summarised above, generally equal to 0%, with the exception of the following countries: Slovakia (1.00%), Hong Kong (1.00%), Norway (1.50%), Czech Republic (1.00%), Bulgaria (0.50%), Luxembourg (0.50%), Denmark (1.00%), Iceland (2.00%) and Sweden (1.00%);
– at consolidated level, Intesa Sanpaolo’s specific countercyclical ratio amounts to 0.05%.

Amount of the Institution-specific countercyclical capital buffer as at 30 September 2022 (EU CCyB2 Reg. 2021/637)

(millions of euro)

Total risk exposure amount	324,364
Institution specific countercyclical capital buffer rate	0.05%
Institution specific countercyclical capital buffer requirement	162

Comparison of own funds, capital ratios and leverage ratio with and without the application of transitional provisions for IFRS 9 (EU IFRS 9-FL LG EBA 2020/12)

(millions of euro)

	Available capital (amounts)	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
1	Common Equity Tier 1 capital (CET1)	40,995	41,321	45,629	47,247	46,992
2	Common Equity Tier 1 capital (CET1) if IFRS 9 or analogous ECLs transitional arrangements had not been applied	40,241	40,566	44,874	45,735	45,476
3	Tier 1 capital	48,202	48,528	52,877	53,511	53,256
4	Tier 1 capital if IFRS 9 or analogous ECLs transitional arrangements had not been applied	47,448	47,773	52,122	51,999	51,740
5	Total capital	56,682	56,845	61,336	62,452	62,431
6	Total capital if IFRS 9 or analogous ECLs transitional arrangements had not been applied	56,675	56,837	61,328	61,856	61,822
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	324,364	325,341	330,514	326,903	328,176
8	Total risk-weighted assets if IFRS 9 or analogous ECLs transitional arrangements had not been applied	324,733	325,736	330,942	327,834	329,098
	Capital ratios					
9	Common Equity Tier 1 capital (as a percentage of the risk exposure amount)	12.6%	12.7%	13.8%	14.5%	14.3%
10	Common Equity Tier 1 capital (as a percentage of the risk exposure amount) if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.4%	12.5%	13.6%	14.0%	13.8%
11	Tier 1 capital (as a percentage of the risk exposure amount)	14.9%	14.9%	16.0%	16.4%	16.2%
12	Tier 1 capital (as a percentage of the risk exposure amount) if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.6%	14.7%	15.7%	15.9%	15.7%
13	Total capital (as a percentage of the risk exposure amount)	17.5%	17.5%	18.6%	19.1%	19.0%
14	Total capital (as a percentage of the risk exposure amount) if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.5%	17.4%	18.5%	18.9%	18.8%
	Leverage ratio					
15	Leverage ratio total exposure measure	915,574	916,977	825,225	805,561	792,111
16	Leverage ratio	5.3%	5.3%	6.4%	6.6%	6.7%
17	Leverage ratio if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5.2%	5.2%	6.3%	6.5%	6.5%

As described in the chapter “Own Funds”, the first-time adoption of IFRS 9 and the adoption of the “static” approach during the transition period (2018-2022), as permitted by Regulation (EU) 2017/2395, resulted in the effects on regulatory capital and prudential ratios as at 30 September 2022 (with and without applying the transitional provisions for IFRS 9) shown in the table above due to the following:

– the reduction of CET1, due to the FTA impact linked to the adoption of IFRS 9, after eliminating the shortfall existing as at 31 December 2017 on IRB exposures;
– the increase in CET1 due to the re-inclusion of the gradually decreasing transitional component as a result of the adoption of the adjustment introduced by the afore-mentioned Regulation, aimed at mitigating the impact of FTA;
– a positive impact on CET1 resulting from the change in the classification of the financial assets in the categories established by IFRS 9 and the consequent change in measurement metrics;
– a reduction in the CET1 ratio as a result of the increase in DTAs that rely on future profitability limited to the complementary portion of the phase-in percentages envisaged for the transitional period, as established by the related EBA Q&As (2018_3784 and 2018_4113);
– the increase in the excess reserve, based on the provisions of the aforementioned Regulation, which may be added to the Tier 2 Capital, up to the amount of 0.6% of IRB RWA, solely for the part in excess of the amount re-included in CET1 as a result of the adoption of said transitional adjustment;
– the reduction of the risk-weighted assets (RWA) on standard exposures which, as a result of the increase in the provisions linked to the first-time adoption of IFRS 9, reduced the risk exposure (EAD);
– the increase in risk-weighted assets (RWA) on standard exposures due to the application, under said provisions, of the scaling factor set out in Regulation (EU) 2017/2395.

From 30 September 2019, the deduction of DTAs and investments in companies in the financial sector described in the section on Own Funds ceased to be applied following the application of the Danish Compromise. As a consequence, the difference between the amount of the 250% risk-weighted DTAs in the IFRS 9 transitional approach and those redetermined on the assumption IFRS 9 had not been applied (fully-loaded IFRS 9), as described in detail in the above-mentioned section, results in an increase in risk-weighted exposures for the latter, which will cease at the end of the transitional period (2022).

Liquidity risk

LIQUIDITY RISK

The Group's liquidity position - supported by suitable high-quality liquid assets (HQLA) and the significant contribution from stable customer deposits - remained well within the risk limits set out in the current Group Liquidity Policy in the first nine months of 2022. Both regulatory indicators, LCR and NSFR, were above the minimum regulatory requirements.

Over the last 12 months, the Liquidity Coverage Ratio (LCR) of the Intesa Sanpaolo Group, measured according to Delegated Regulation (EU) 2015/61, has amounted to an average of 184.7% (184.5% in December 2021).

The table below contains the quantitative information on the Liquidity Coverage Ratio (LCR) of the Intesa Sanpaolo Group, measured in accordance with the EU regulations and subject to periodic reporting to the competent Supervisory Authority. The figures shown refer to the simple quarterly average of the last 12 months of monthly observations, in accordance with Regulation (EU) 2021/637.

Quantitative information on LCR (Liquidity Coverage Ratio) (EU LIQ1 Reg. 2021/637)

(millions of euro)

SCOPE OF CONSOLIDATION		TOTAL UNWEIGHTED VALUE (AVERAGE)				TOTAL WEIGHTED VALUE (AVERAGE)			
EU1a	Quarter ending on	30-sep-22	30-jun-22	31-mar-22	31-dec-21	30-sep-22	30-jun-22	31-mar-22	31-dec-21
EU1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	**Total high-quality liquid assets (HQLA) (a)**					**169,140**	**172,053**	**169,964**	**163,182**
CASH-OUTFLOWS									
2	**Retail deposits and deposits from small business customers, of which:**	**295,906**	**292,159**	**287,585**	**283,180**	**21,335**	**21,007**	**20,584**	**20,154**
3	*Stable deposits*	*208,481*	*206,475*	*204,326*	*202,381*	*10,424*	*10,324*	*10,216*	*10,119*
4	*Less stable deposits*	*87,425*	*85,684*	*83,259*	*80,799*	*10,911*	*10,683*	*10,368*	*10,035*
5	**Unsecured wholesale funding**	**151,842**	**149,064**	**145,896**	**145,352**	**64,740**	**63,812**	**62,892**	**64,512**
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*51,717*	*49,838*	*48,256*	*47,038*	*12,926*	*12,456*	*12,061*	*11,756*
7	*Non operational deposits (all counterparties)*	*97,702*	*97,050*	*95,553*	*96,083*	*49,391*	*49,180*	*48,744*	*50,525*
8	*Unsecured debt*	*2,423*	*2,176*	*2,087*	*2,231*	*2,423*	*2,176*	*2,087*	*2,231*
9	**Secured wholesale funding**					**2,006**	**1,705**	**1,639**	**1,646**
10	**Additional requirements**	**79,277**	**76,358**	**74,560**	**72,212**	**18,834**	**17,910**	**17,795**	**17,428**
11	*Outflows related to derivative exposure and other collateral requirements*	*4,214*	*4,050*	*4,540*	*4,875*	*4,187*	*3,969*	*4,420*	*4,736*
12	*Outflos related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*75,063*	*72,308*	*70,020*	*67,337*	*14,647*	*13,941*	*13,375*	*12,692*
14	**Other contractual funding obligations**	**7,147**	**5,731**	**5,367**	**4,947**	**4,725**	**5,022**	**5,359**	**4,930**
15	**Other contingent funding obligations**	**116,991**	**114,361**	**113,022**	**115,414**	**5,682**	**5,545**	**5,483**	**5,427**
16	**TOTAL CASH OUTFLOWS**					**117,322**	**115,001**	**113,752**	**114,097**
CASH-INFLOWS									
17	Secured lending (e.g. reverse repos)	22,834	22,007	20,019	18,440	697	945	1,027	972
18	Inflows from fully performing exposures	22,849	22,279	22,173	23,172	14,936	14,836	14,928	16,197
19	Other cash inflows	26,476	25,126	24,027	22,981	10,072	9,382	8,796	8,322
EU19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**TOTAL CASH INFLOWS**	**72,159**	**69,412**	**66,219**	**64,593**	**25,705**	**25,163**	**24,751**	**25,491**
EU20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU20c	*Inflows subject to 75% cap*	*72,159*	*69,412*	*66,219*	*64,593*	*25,705*	*25,163*	*24,751*	*25,491*
TOTAL ADJUSTED VALUE									
EU21	**LIQUIDITY BUFFER**					**169,140**	**172,053**	**169,964**	**163,182**
22	**TOTAL NET CASH OUTFLOWS**					**91,617**	**89,838**	**89,001**	**88,606**
23	**LIQUIDITY COVERAGE RATIO**					**184.7%**	**191.7%**	**191.1%**	**184.5%**

(a) Liquidity reserves held by subsidiaries based in a third country subject to restrictions to assets transferability are recognised only for the portion intended to cover net cash outflows in that third country. All excess amounts are therefore excluded from the Group's consolidated LCR.

At the end of September 2022, the exact value of unencumbered HQLA reserves at the various Treasury Departments of the Group totalled 159.1 billion euro (187.1 billion euro at the end of December 2021), over 72% of which consisted of cash as a result of temporary excess liquidity payments in the form of unrestricted deposits held at central banks. Including the other marketable reserves and/or eligible Central Bank reserves, including retained self-securitisations, the Group's unencumbered liquidity reserves amounted to 162.8 billion euro (192.4 billion euro in December 2021).

(millions of euro)

	Unencumbered (net of haircut)	
	30.09.2022	**31.12.2021**
HQLA Liquidity Reserves	**159,135**	**187,066**
Cash and Deposits held with Central Banks (HQLA)	114,812	135,061
Highly liquid securities (HQLA)	44,323	52,005
Other eligible and/or marketable reserves	**3,671**	**5,306**
Total Group's Liquidity Buffer	**162,806**	**192,372**

As at 30 September 2022, the Intesa Sanpaolo Group's NSFR, supported by a solid base of stable deposits from customers, adequate wholesale medium/long-term securities funding and the TLTRO funding from the ECB, was 127.2% (127.3% at the end of 2021). This indicator remains significantly higher than 100%, even excluding the positive contribution from TLTRO funding.

The stress tests, in view of the high availability of unencumbered liquidity reserves, yielded results in excess of the maximum threshold for the Intesa Sanpaolo Group, with a liquidity surplus capable of meeting extraordinary cash outflows for a period longer than 3 months. Adequate and timely information regarding the development of market conditions and the position of the Bank and/or Group was regularly provided to the corporate bodies and internal committees in order to ensure full awareness and manageability of the main risk factors. All the necessary preventive management and control measures implemented from the outset of the COVID-19 emergency remain in place to detect any signs of potential exacerbation of liquidity conditions.

Leverage Ratio

Qualitative and quantitative disclosure

Under the Basel 3 prudential regulations, the Leverage ratio entered definitively into effect on 1 January 2015. The Leverage ratio measures the degree to which Tier 1 Capital covers the Banking Group's total exposure. The ratio is calculated by considering off-balance sheet exposures and assets.
The objective of the indicator is to contain the degree of indebtedness on banks' accounts by establishing a minimum level of coverage of exposures with equity. The ratio, which is monitored by the authorities, is expressed as a percentage and is subject to a minimum threshold of 3%. From June 2021, this limit became a Pillar 1 requirement under the provisions of Article 92(1)(d) of Regulation (EU) 2019/876 (CRR II).

The Leverage ratio is calculated quarterly. The indicator is monitored at both the individual and Banking Group level.

The Leverage ratio is calculated as the ratio of Tier 1 Capital to total exposure. The total exposure includes the on-balance sheet exposures, net of deductions and offsetting allowed by the regulations, and the off-balance sheet exposures.

The temporary measures related to the exclusion of certain exposures to Central Banks from the Total Exposure, and introduced as a result of the pandemic, ended on 1 April 2022.

Leverage ratio of the Intesa Sanpaolo Group

The disclosure of the leverage ratio of the Intesa Sanpaolo Group as at 30 September 2022, provided in accordance with the regulatory principles of the CRR amended by Regulation 2019/876 (CRR II), is presented below.
The quantitative disclosure required by the above-mentioned Regulation 2021/637, applicable from June 2021, is published half-yearly, in accordance with the regulatory requirement for large institutions. In the interest of completeness, a summary quantitative disclosure of the leverage ratio is provided below.

The Leverage ratio is indicated according to the transitional provisions.

(millions of euro)

Capital and total exposure measure	30.09.2022	31.12.2021
Tier 1 capital	48,202	53,511
Leverage ratio total exposure measure	915,574	805,561
Leverage ratio	**5.26%**	**6.64%**
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**n.a.**	**5.76%**

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 par. 2 of art. 154-bis of the Consolidated Law on Finance, that the accounting information contained in this document “Basel 3 - Pillar 3 as at 30 September 2022” corresponds to the corporate records, books and accounts.

Milan, 4 November 2022

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

Attachment 1

Own funds: Main features of regulatory own funds instruments issued during the period (EU CCA Reg. 2021/637)

1	Issuer	Intesa Sanpaolo S.p.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS2463450408
2a	Public or private placement	public placement
3	Governing law(s) of the instrument	Italian law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
	REGULATORY TREATMENT	
4	Current treatment taking into account, where applicable, transitional CRR rules	Additional Tier 1 capital
5	Post-transitional CRR rules	Additional Tier 1 capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Debt instrument - Art. 52 CRR
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	985
9	Nominal amount of instrument	1,000 EUR
EU 9a	Issue price	100
EU 9b	Redemption price	100
10	Accounting classification	Shareholders' equity
11	Original date of issuance	30/03/2022
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	30/09/2028
16	Subsequent call dates, if applicable	Early redemption exercisable on each interest payment date starting from 30/09/2028 and thereafter on each interest payment date
	COUPONS / DIVIDENDS	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	6.375% per annum, payable semi-annually (up to the first call date)
19	Existence of a dividend stopper	No
EU 20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
EU 20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	Yes
31	If write-down, write-down trigger(s)	Write-down of nominal capital if CET1 of Intesa Sanpaolo or Intesa Sanpaolo Group is below 5.125 pct.
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Temporary
34	If temporary write-down, description of write-up mechanism	If CET1 of ISP or the Group returns to 5.125 pct or above, the issuer may decide to revaluate the Nominal Capital within the limits of the Maximum Distributable Amount.
34a	Type of subordination (only for eligible liabilities)	N/A
EU 34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior to Equity and subordinate to instruments having a lower subordination level (i.e. T2)
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	https://group.intesasanpaolo.com/it/investor-relations/prospetti/emissioni-internazionali/durata-perpetua

N/A = Not applicable

1	Issuer	Intesa Sanpaolo S.p.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	IT0005495244
2a	Public or private placement	public placement
3	Governing law(s) of the instrument	Italian law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A
	REGULATORY TREATMENT	
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Debt instrument - Art. 62 CRR
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	831
9	Nominal amount of instrument	861.8 EUR
EU 9a	Issue price	100
EU 9b	Redemption price	100
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	16/06/2022
12	Perpetual or dated	Dated
13	Original maturity date	16/06/2032
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	Regulatory call
16	Subsequent call dates, if applicable	N/A
	COUPONS / DIVIDENDS	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	3-month Euribor + 345 bps / 4
19	Existence of a dividend stopper	No
EU 20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
EU 20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU 34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Except in case of bail-in, the loan shall be redeemed: i) only after fulfilment of the obligations towards all the Issuer's non-subordinated creditors (including the depositors) or those having a lower subordination level compared to the Bonds; ii) pari passu with the holders of all the Issuer's financial instruments having the same subordination level and with the Issuer's creditors having the same subordination level; iii) in any case, before the Issuer's shares and the other Tier 1 equity instruments.
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A

N/A = Not applicable

1	Issuer	Intesa Sanpaolo S.p.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS2534883363
2a	Public or private placement	public placement
3	Governing law(s) of the instrument	Italian law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
	REGULATORY TREATMENT	
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Debt instrument - Art. 62 CRR
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	393
9	Nominal amount of instrument	400 GBP
EU 9a	Issue price	100
EU 9b	Redemption price	100
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	20/09/2022
12	Perpetual or dated	Dated
13	Original maturity date	20/09/2032
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Regulatory call
16	Subsequent call dates, if applicable	N/A
	COUPONS / DIVIDENDS	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	8.505% per annum, payable semi-annually
19	Existence of a dividend stopper	No
EU 20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
EU 20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU 34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Except in case of bail-in, the loan shall be redeemed: i) only after fulfilment of the obligations towards all the Issuer's non-subordinated creditors (including the depositors) or those having a lower subordination level compared to the Bonds; ii) pari passu with the holders of all the Issuer's financial instruments having the same subordination level and with the Issuer's creditors having the same subordination level; iii) in any case, before the Issuer's shares and the other Tier 1 equity instruments.
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	https://group.intesasanpaolo.com/it/investor-relations/prospetti/emissioni-internazionali/mtn

N/A = Not applicable

Attachment 2

Own funds: Composition of regulatory own funds (EU CC1 Reg. 2021/637)

(millions of euro)

			30.09.2022	31.12.2021	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation	Reference article of Regulation (EU) 575/2013
Common Equity Tier 1 (CET1) capital: instruments and reserves						
1		Capital instruments and the related share premium accounts	38,425	37,370	9, 10	26, paragraph 1, 27, 28, 29
		of which: instrument type 1	38,425	37,370	9, 10	EBA list as per article 26 (3)
		of which: instrument type 2	-	-		EBA list as per article 26 (3)
		of which: instrument type 3	-	-		EBA list as per article 26 (3)
2		Retained earnings	20,018	20,927	8	26, paragraph 2(c)
3		Accumulated other comprehensive income (and other reserves)	-5,925	-3,499	6, 8	26, paragraph 1, 27, 28, 29
EU3a		Funds for general banking risk	-	-		26, paragraph 1(f)
4		Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-		486, paragraph 2
5		Minority interests (amount allowed in consolidated CET1)	-	3	12.1	84
EU5a		Independently reviewed interim profits net of any foreseeable charge or dividend	941	1,154	13	26, paragraph 2
6		**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**53,459**	**55,955**		**Sum of rows from 1 to 5a**
Common Equity Tier 1 (CET1) capital: regulatory adjustments						
7		Additional value adjustments (negative amount)	-225	-235	15	34, 105
8		Intangible assets (net of related tax liability) (negative amount)	-8,238	-7,755	1.1, 2, 5.2.1	36, paragraph 1(b), 37
9		Not applicable				
10		Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-1,944	-1,914	3, 3.1	36, paragraph 1(c), 38
11		Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	394	602	6, 6.3	33, paragraph 1(a)
12		Negative amounts resulting from the calculation of expected loss amounts	-289	-318	17	36, paragraph 1(d), 40, 159
13		Any increase in equity that results from securitised assets (negative amount)	-	-		32, paragraph 1
14		Gains or losses on liabilities measured at fair value resulting from changes in own credit standing	-122	77	14	33, paragraph 1(b)
15		Defined-benefit pension fund assets (negative amount)	-	-		36, paragraph 1(e), 41
16		Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-2,258	-266	11	36, paragraph 1(f), 42
17		Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-		36, paragraph 1(g), 44
18		Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	1	36(1)(h), 43, 45, 46, 49 (2 and 3), 79
19		Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	1	36(1)(i), 43, 45, 47, 48(1)(b), 49 (1,2 and 3), 79
20		Not applicable				
EU20a		Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	-77	-155	16	36, paragraph 1(k)
	EU20b	of which: qualifying holdings outside the financial sector (negative amount)	-	-		36, paragraph 1(k)(i), 89, 90, 91
	EU20c	of which: securitisation positions (negative amount)	-77	-155	16	36, paragraph 1(k)(ii), 244 (1)(b), 245 (1)(b), 253
	EU20d	of which: free deliveries (negative amount)	-	-		36, paragraph 1(k)(iii), 379 (3)
21		Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	-		36, paragraph 1(c), 38, 48 (1)(a)
22		Amount exceeding the 17.65% threshold (negative amount)	-	-		48, paragraph 1
	23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-		36(1)(i), 48(1)(b)
24		Not applicable				
	25	of which: deferred tax assets arising from temporary differences	-	-		36, paragraph 1(c), 38, 48 (1)(a)
EU25a		Losses for the current financial year (negative amount)	-	-		36, paragraph 1(a)
EU25b		Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-242	21	36, paragraph 1(l)
26		Not applicable				
27		Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-		36, paragraph 1(j)
27a		Other regulatory adjustments	295	1,498	8.1, 19, 21	
28		**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-12,464**	**-8,708**		**Sum of rows from 7 to 20a, 21, 22 and from 25a to 27a**
29		**Common Equity Tier 1 (CET1) capital**	**40,995**	**47,247**		**Row 6 less row 28**

(millions of euro)

			30.09.2022	31.12.2021	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation	Reference article of Regulation (EU) 575/2013
Additional Tier 1 (AT1) capital: instruments						
30		Capital instruments and the related share premium accounts	7,307	6,307	7	51, 52
	31	of which: classified as equity under applicable accounting standards	7,307	6,307	7	
	32	of which: classified as liabilities under applicable accounting standards	-	-		
33		Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	-		486, paragraph 3
EU33a		Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	-		494a, paragraph 1
EU33b		Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	-		494b, paragraph 1
34		Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	1	12.2	85, 86
	35	of which: instruments issued by subsidiaries subject to phase out	-	-		486, paragraph 3
36		**Additional Tier 1 (AT1) capital before regulatory adjustments**	**7,307**	**6,308**		**Sum of rows 30, 33, 33a, 33b and 34**
Additional Tier 1 (AT1) capital: regulatory adjustments						
37		Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-100	-44	7	52, paragraph 1(b), 56 (a), 57
38		Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-		56 (b), 58
39		Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-		56 (c), 59, 60, 79
40		Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-		56 (d), 59, 79
41		Not applicable				
42		Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-		56 (e)
42a		Other regulatory adjustments to AT1 capital	-	-		
43		**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-100**	**-44**		**Sum of rows from 37 to 42a**
44		**Additional Tier 1 (AT1) capital**	**7,207**	**6,264**		**Row 36 less row 43**
45		**Tier 1 capital (T1 = CET1 + AT1)**	**48,202**	**53,511**		**Sum of rows 29 and 44**
Tier 2 (T2) capital: instruments						
46		Capital instruments and the related share premium accounts	8,446	9,336	4, 4.2	62, 63
47		Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2	-	-		486, paragraph 4
EU47a		Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	-		494a, paragraph 2
EU47b		Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	-		494b, paragraph 2
48		Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	1	12.3	87, 88
	49	of which: instruments issued by subsidiaries subject to phase out	-	-		486, paragraph 4
50		Credit risk adjustments	932	916	18	62 (c)(d) and Art. 473a Reg. 2395/2017 (7)(c)
51		**Tier 2 (T2) capital before regulatory adjustments**	**9,378**	**10,253**		
Tier 2 (T2) capital: regulatory adjustments						
52		Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-151	-173	4, 4.2	63 (b)(i), 66 (a), 67
53		Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-		66 (b), 68
54		Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-		66 (c), 69, 70, 79
54a		Not applicable				
55		Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-223	20	66 (d), 69, 79
56		Not applicable				
EU56a		Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-		66 (e)
EU56b		Other regulatory adjustments to T2 capital	-747	-916		
57		**Total regulatory adjustments to Tier 2 (T2) capital**	**-898**	**-1,312**		**Sum of rows from 52 to 56b**
58		**Tier 2 (T2) capital**	**8,480**	**8,941**		**Row 51 less row 57**
59		**Total capital (TC = T1 + T2)**	**56,682**	**62,452**		**Sum of rows 45 and 58**
60		**Total Risk exposure amount**	**324,364**	**326,903**		

(millions of euro)

		30.09.2022	31.12.2021	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation	Reference article of Regulation (EU) 575/2013
Capital ratios and requirements including buffers					
61	Common Equity Tier 1 capital (as a percentage of the risk exposure amount)	12.64%	14.45%		92, paragraph 2(a)
62	Tier 1 capital (as a percentage of the risk exposure amount)	14.86%	16.37%		92, paragraph 2(b)
63	Total capital (as a percentage of the risk exposure amount)	17.47%	19.10%		92, paragraph 2(c)
64	Institution CET1 overall capital requirements	8.81%	8.63%		CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2.50%	2.50%		
66	of which: countercyclical buffer requirement	0.05%	0.04%		
67	of which: systemic risk buffer requirement	-	-		
EU67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.75%	0.75%		
EU67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.01%	0.84%		
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements (a)	7.13%	9.11%		CRD 128
National minima (if different from Basel III)					
69	Not applicable				
70	Not applicable				
71	Not applicable				
Amounts below the thresholds for deduction (before risk weighting)					
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2,703	2,364		36(1)(h), 46, 45, 56 (c) 59, 60; 66 (c), 69, 70
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below the 10% threshold and net of eligible short positions)	1,021	1,294		36, paragraph 1(i), 45, 48
74	Not applicable				
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	3,187	2,820		36, paragraph 1(c), 38, 48
Applicable caps on the inclusion of provisions in Tier 2					
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	-		62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	1,450	1,859		62
79	Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	932	916		62
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)					
80	Current cap on CET1 instruments subject to phase-out arrangements	-	-		484 (3), 486 (2 and 5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-		484 (3), 486 (2 and 5)
82	Current cap on AT1 instruments subject to phase-out arrangements	-	615		484 (4), 486 (3 and 5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-		484 (4), 486 (3 and 5)
84	Current cap on T2 instruments subject to phase-out arrangements	-	1,418		484 (5), 486 (4 and 5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-		484 (5), 486 (4 and 5)

(a) The minimum capital requirements considered in the calculation are the CET1 ratio (4.5%, Article 92(1)(a) CRR) and the additional SREP requirement for CET1 (Article 104a CRD).

Contacts

Intesa Sanpaolo S.p.A.

Registered office
Piazza San Carlo, 156
10121 Torino
Telephone: +39 011 555 1

Secondary registered office
Via Monte di Pietà, 8
20121 Milano
Telephone: +39 02 879 11

Investor Relations & Price-Sensitive Communication
Telephone: +39 02 8794 3180
Fax: +39 02 8794 3123
E-mail investor.relations@intesasanpaolo.com

Media Relations
Telephone: +39 02 8796 3845
Fax: +39 02 8796 2098
E-mail stampa@intesasanpaolo.com

Internet: group.intesasanpaolo.com

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GALLERIE D'ITALIA.
FOUR MUSEUMS, A NATIONWIDE CULTURAL NETWORK.

Gallerie d'Italia enables Intesa Sanpaolo to share its artistic and architectural heritage with the general public: the art collections of the Bank, ranging from archaeological artefacts to contemporary works of art, are housed in historic buildings located in four cities, in a unique network of museums.

Gallerie d'Italia - Piazza Scala in Milan hosts, in a highly prestigious architectural setting, a selection of two hundred masterpieces of the nineteenth century in Lombardy, that are part of art collections of Fondazione Cariplo and Intesa Sanpaolo, and an exhibition dedicated to twentieth century Italian art.

Gallerie d'Italia - Palazzo Leoni Montanari, Vicenza is home to art of the region Veneto from the 1700s as well as pottery from Attica and Magna Graecia. It also holds one of the most important collections of Russian icons in the West.

Gallerie d'Italia - Palazzo Zevallos Stigliano, Naples hosts the Martyrdom of Saint Ursula, the last known painting by Caravaggio, alongside more than 120 examples of Neapolitan art dating from the early 17th to the early 20th century. New premises within the majestic building which was formerly the Bank of Naples in Via Toledo mean that the museum space is tripled in size, increasing exhibition opportunities.

There is also the newly-open fourth location of **Gallerie d'Italia in Piazza San Carlo in Turin**, a site which is mainly dedicated to photography and the digital world.

Cover photo:

Gaspar van Wittel (also known as Gaspare Vanvitelli, or Gaspare degli Occhiali)
(Amersfoort, 1652 - Rome, 1736)
A View of the Piazza Navona in Rome, 1688-1721
oil on canvas, 62.5 x 125.5 cm
Intesa Sanpaolo Collection
Gallerie d'Italia -
Palazzo Zevallos Stigliano, Naples

A *View of the Piazza Navona in Rome* is a work by Gaspar van Wittel. A Dutch painter who relocated to Italy, he is considered the forerunner of modern vedutism, as a result of the almost topographic precision of the scene.

The painting belongs to a series of nine landscapes that van Wittel dedicated to Piazza Navona between 1688 and 1721, the largest square in Rome after St. Peter's Square, and undoubtedly the most picturesque thanks to its market and countless related activities. The piazza, a "grand example of theatrical Baroque" was blessed in the mid-seventeenth century with an architectural renovation that gave it a reputation as one of the most beautiful squares in Rome, famous for the magnificence of its buildings and fountains. The view is from the first floor of Palazzo Lancelotti; on the left, the light highlights a series of buildings including the Church of Sant'Agnese in Agone which was rebuilt under the guidance of Francesco Borromini. On the right, in the shadows and strongly shortened, it is possible to see the sixteenth century façade of San Giacomo degli Spagnoli; the roof terrace of Palazzo Altemps stands out against the background, while in the centre there is the *Fontana dei Fiumi* by Gian Lorenzo Bernini and the sixteenth-century fountains known as *del Moro* and *dei Calderari*.
The painting excels for its splendid colours and the clarity of its lines and volumes. The sky is intensely bright with a hue of light blue that is characteristic of the Dutch artist's best works.

The work is part of the art collections on permanent display in Gallerie d'Italia of Intesa Sanpaolo in Naples. The collection traces the most important moments of art in Naples and Campania from the early seventeenth century up to the first decades of the twentieth century, from Caravaggio and the naturalist turning point which took place with the artist's arrival in the city in 1606, right up to the works by Vincenzo Gemito, through the pomp and splendour of the Spanish viceroyalty and the Bourbon era.