Creditreform Bank Rating
Intesa Sanpaolo S.p.A. (Group)

Creditreform Rating

Rating Object	Rating Information	
Intesa Sanpaolo S.p.A. (Group)	Long Term Issuer Rating / Outlook: **BBB- / positive**	Short Term: **L3**
Creditreform ID: 799960158	Type: Update / Unsolicited	

Rating Date:	**12 July 2024**	Rating of Bank Capital and Unsecured Debt Instruments:	
Monitoring until:	withdrawal of the rating	Preferred Senior Unsecured (PSU):	**BBB-**
Rating Methodology:	CRA "Bank Ratings v.3.3" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.2" CRA "Environmental, Social and Governance Score for Banks v.1.1" CRA "Rating Criteria and Definitions v.1.3"	Non-Preferred Senior Unsecured (NPS):	**BB+**
		Tier 2 (T2):	**B+**
Rating History:	www.creditreform-rating.de	Additional Tier 1 (AT1):	**B**

Rating Action

Creditreform Rating affirms Intesa Sanpaolo's (Group) Long-Term Issuer Rating at BBB- (Outlook: positive)

Creditreform Rating (CRA) affirms Intesa Sanpaolo's (Group) Long-Term Issuer Rating at BBB-. The rating outlook is raised to positive.

CRA affirms Intesa Sanpaolo's Preferred Senior Unsecured Debt at BBB-, Non-Preferred Senior Unsecured Debt at BB+, Tier 2 Capital at B+ and AT1 Capital at B.

Please find a complete list of rating actions regarding the bank at the end of this rating update.

Key Rating Drivers

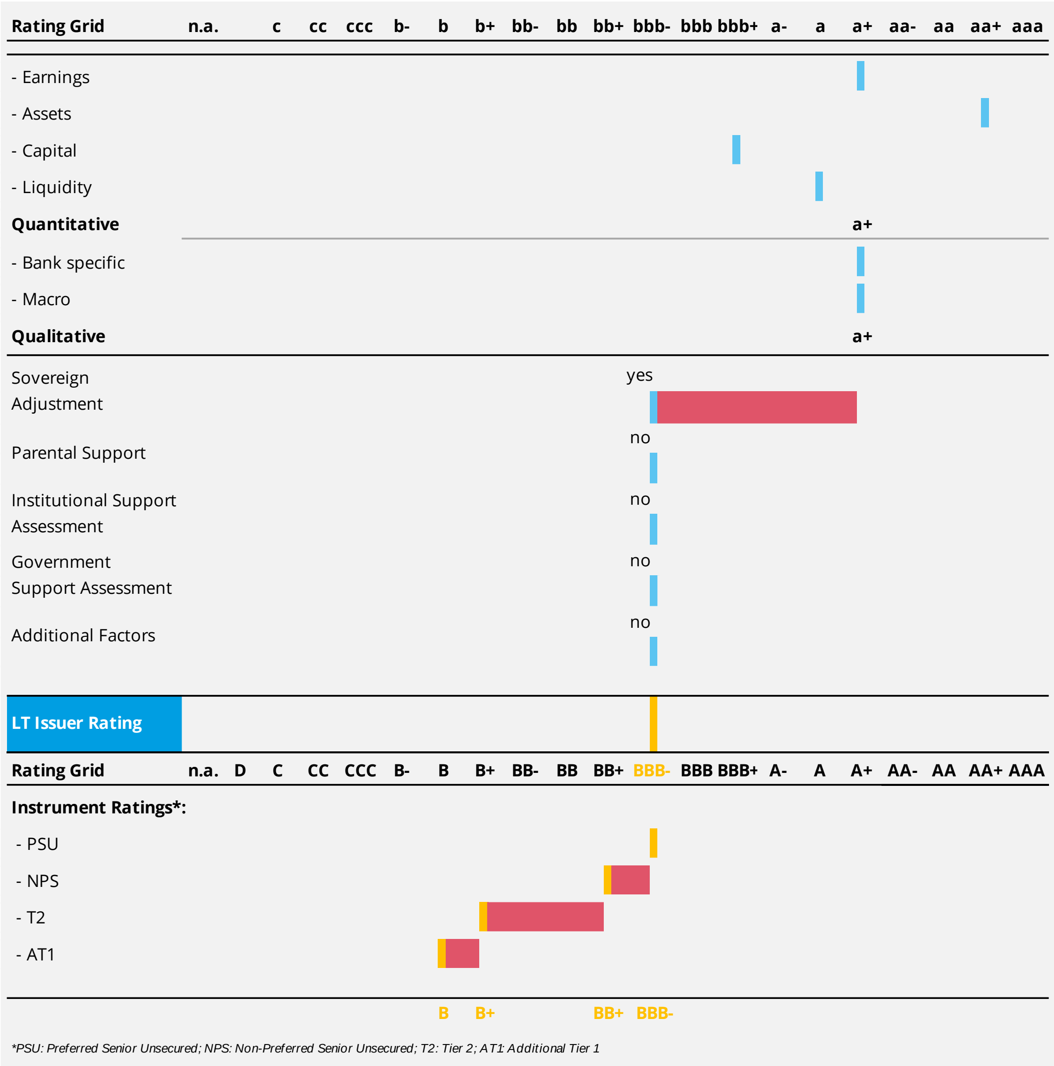
- High exposure to and focus on home market of Italy limits Long-Term Issuer Rating due to low Sovereign Rating of Italian Republic
- New interest rate environment significantly improves profititability to a very good level, with only moderate operating expense increases
- Continuously improving asset quality and significant de-risking overall
- Solid capitalization and sufficient capital buffers)

Analysts
Felix Schürmann
f.schuermann@creditreform-rating.de
Lead-Analyst

Johannes Kühner
j.kuehner@creditreform-rating.de
Senior Analyst

Christian Konieczny
c.konieczny@creditreform-rating.de
Person Approving Credit Ratings
Neuss, Germany

Executive Summary



The rating of Intesa Sanpaolo S.p.A. (hereafter: ISP) is prepared on the basis of group consolidated accounts.

The Long-Term Issuer Rating of ISP as affirmed at BBB-. The outlook is raised to positive.

ISP had a very good year in operational terms due to the new interest rate environment. Operating profit and net profit increased significantly compared to the previous year. At the same time, de-risking was consistently continued and capitalization was kept stable despite a generous distribution policy.

The bank's rating remains negatively influenced by the high exposure to Italy and the rating of the Italian Republic (BBB-/positive), CRA Sovereign Rating as of 19 January, 2024). This confines the Long-Term Issuer Rating of ISP and its subisidiaries to BBB-.

The outlook for ISP's long-term issuer rating was upgraded in line with the upgrade of outlook of the Italian Republic's Sovereign Rating.

Company Overview

Intesa Sanpaolo S.p.A. is a banking group formed by the merger of Banca Intesa and Sanpaolo IMI in 2007. Moreover, Intesa Sanpaolo acquired control of UBI Banca (fifth largest bank in Italy) and merged it by incorporation on April 12, 2021. With total assets of EUR 964bn, ISP is the leading banking group in Italy following the acquisition of UBI Banca. The group's headquarters are in Torino. ISP commands the top spot in market share in most relevant metrics, among which loans, deposits and asset management with 18.4, 22.1 and 24% each.

As a universal bank, as of year-end 2023, ISP operates with over 3300 branches in Italy and maintains branches and representative offices on all five continents. . Other important markets are the USA, Spain and France, which only account for mid-single-digit percentages of the exposure. Intesa Sanpaolo therefore remains essentially an Italian bank. Exposure to Russia has been reduced heavily and now only accounts for a mere 0.1% (1.4bn EUR) of group customer loans.

The group is divided into six business segments in addition to its *Corporate Centre*. *Banca dei Territori* focuses on the domestic commercial banking activities such as lending and deposit collecting in Italy. *IMI Corporate & Investment Banking* deals with corporate banking, investment banking and public finance in Italy and abroad. *International Subsidiary Bank*s is responsible for the group's commercial operations on international markets through subsidiary and affiliated banks primarily involved in retail banking businesses. The *Private Banking* division of ISP serves the private client and high net worth individuals' customer segment. The business segment I*nsurance* represents the subsidiaries of the insurance group such as Intesa Sanpaolo Vita, and Fideuram Vita. *Asset Management* is tasked with the development of asset management solutions for the group and is present on the open market segment.

ISP is currently implementing its new 2022-2025 plan. The business plan rests on four strategic pillars: it continues the massive de-risking of the previous plan. It also pursues structural cost reduction through digitization (e.g. through launch of digital bank *Isybank*), fee growth through asset management and advisory, and a significant ESG commitment. In this sense, we see the new business plan as a continuation of the previous plan. ISP's targets include a net profit of EUR 6.5bn, a cost-income ratio (CIR) of 46.4% (self-reported) and a cost of risk of 38 bp, an NPL ratio (EBA definition) of 1.6% (0.8% net), a CET1 ratio of >12% and a leverage ratio of 6.2%. In addition, ISP targets a cash dividend of 70% per year, including generous share buybacks. As of 2023, with the change in the interest environment, ISP is well ahead of its financial goals for the period.

Business Development

Profitability

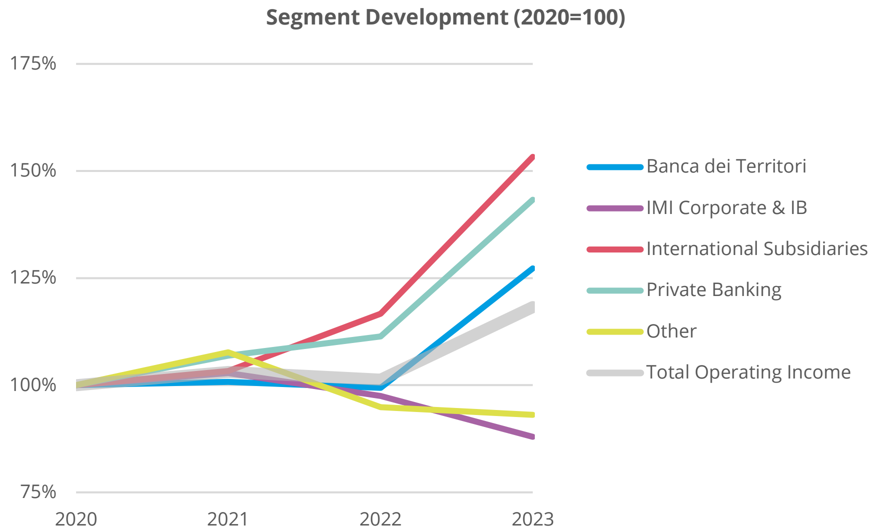
Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of key ratios. The presentation may therefore differ from that of the bank. Creditreform Rating pursues the goal of making financial statements of different banks as well as within the scope of consolidation as comparable as possible. Certain key ratios are also taken or calculated from the Bank's Pillar III Report for reasons of comparability. Balance sheet and income statement figures are taken from the consolidated financial statements of the respective years. One-off or exceptional items are, where possible, relegated to the line items non-recurring revenue and expense.

Operating profit increased significantly in the 2023 reporting year. With only moderate cost increases, operating income increased extraordinarily.

In detail, net interest income (NII) once again increased significantly and is now more than twice as high as in 2021 (2023: EUR 16.9bn, 2021: EUR 8bn). Net fee and commission income, on the other hand, declined for the second year in a row, falling by EUR 0.6bn in the reporting year compared to 2022 (2023: EUR 7.8bn). Declines were recorded in all key business areas, particularly in Portfolio Management (EUR -0.2bn) and Guarantees given (EUR -0.1bn). Fair value income was also significantly below the previous year's level as a result of the interest rate increases, while income from insurance services remained largely stable. In total, operating income increased by just under EUR 3,8bn (+17%) to EUR 26.1bn.

An overview of the segment development of operating income for the years 2020-2023 also shows the strong increase in NII in the last two years. Banca dei Territori and the International Subsidiaries in particular recorded impressive growth, as did the Private Banking segment. By contrast, corporate and investment banking as well as the Insurance and Asset Management (Other) segments declined. Banca dei Territori accounts for 47% (43% in 2022) of total operating income, followed by IMI C&IB with 16% (21%), Private Banking with 13% (12%) and International Subsidiaries with 12% (11%). Both Asset Management and Insurance contribute significantly less than 10% to operating income. The Corporate & Investment Banking segment in particular was suffering from the new interest rate environment. Higher interest income was unable to fully offset the sharp decline in profits from financial assets and liabilities at fair value.

Chart 1: Segment Income Development of ISP | Source: Annual Report



Operating expenses rose only moderately in the reporting year, driven by personnel costs and investment costs in technology. Specifically, personnel costs increased by EUR 0.3bn to EUR 6.8bn due to higher wages and one-off payments. Administrative costs increased slightly, in particular due to higher energy prices. Overall, operating expenses increased by 3.6% to EUR 14.1bn.

According to Creditreform Rating, operating profit amounted to just under EUR 12bn, which corresponds to an increase of almost 38%. Operating profit has thus more than doubled since 2020 (2020: EUR 5bn).

Risk costs in 2023 were significantly lower than in 2022, although they included high provisions relating to the Russia-Ukraine exposure. The baseline was practically unchanged, with the cost of risk at a low 36 basis points.

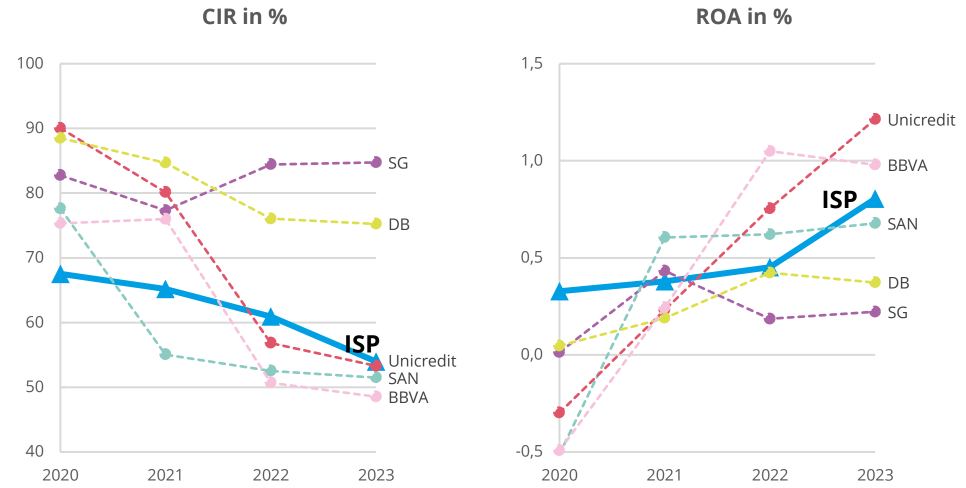
Pre-tax profit amounted to EUR 10.7bn after EUR 6.1bn in the previous year, while net profit for the year was EUR 7.8bn after EUR 4.4bn in the previous year (+EUR 3.4bn, +76.1%).

The Q1-24 figures confirm the trend of the ISP, which was the best quarter since the creation of the bank in 2007. Compared to Q1-23, the NII increased again strongly, but overall a flattening of the development with the peak of the interest rate cycle is recognizable, the NII declined slightly compared to the previous quarter. Net fee and commission income, which have been performing poorly recently, developed positively, while insurance income also recorded a significant increase. Net profit in Q1-24 amounted to EUR 2.3bn, and the bank expects a result of >EUR 8bn for the year as a whole.

As expected, the bank's key earnings figures developed strongly. The cost/income ratio (CIR) fell to 54% after 61% in the previous year (CRA standardized calculation), while the return on equity (ROE) rose to just under 12.1% after 7.2% in the previous year. The return on assets (ROA) was a very high 0.8%.

A peer group comparison with five major European banks provides a general picture of the significant increase in profitability of European banks in the wake of the new interest rate environment. ISP's accelerating increase in profitability compared to the peer group banks is noticeable. ISP is in the mid-range of the peer group. Nevertheless, it can be observed that local conditions and laws, such as in France, lead to very different interest rate spreads and profitability in some cases.

Chart 2: CIR and ROA of ISP in comparison to the peer group | Source: eValueRate / CRA



Asset Situation and Asset Quality

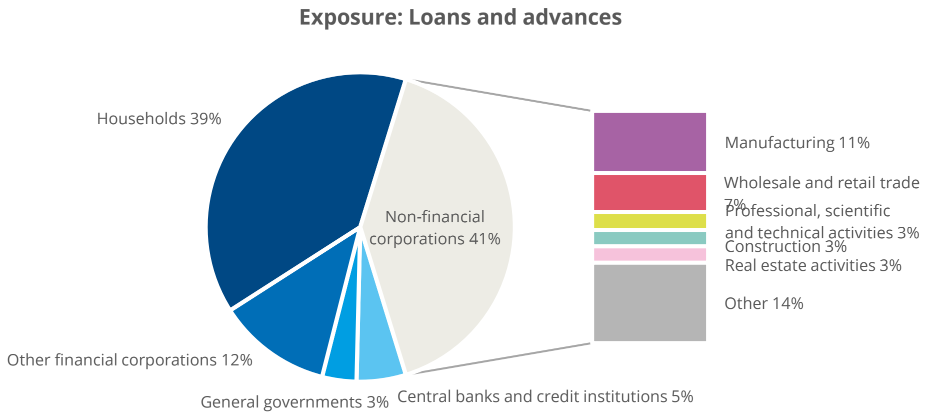
ISP's total assets decreased slightly by EUR 11bn year-on-year to EUR 964bn. The main reason for the decline was the decrease in cash and cash equivalents to EUR 98.8bn (EUR -23.3bn) and loans to customers to EUR 407bn (EUR -18.2bn), which was not fully offset by the increase in securities to EUR 231.6bn (+31.6bn). The decrease in cash and cash equivalents is due to the repayment of TLTRO III funds in the amount of EUR 51bn. Outstanding TLTRO exposure amounted to EUR 45.1bn at the end of the year. The majority was repaid by mid-2024, with the last EUR 60mn maturing in September 2024. In the first quarter, total assets decreased further to just EUR 932bn with the first repayment of EUR 36bn.

The loan portfolio is solidly diversified overall due to the size of the bank. Although a good two-thirds of the on-balance sheet exposure is located in Italy, it is otherwise geographically well diversified. Households and non-financial exposures account for around 40% each of the total loans and advances exposure. The sector mix of non-financial exposures is solidly diversified, but more than a quarter is attributable to the manufacturing sector, while wholesale and retail trade account for around a sixth.

A good two-thirds of the exposure in debt securities consists of sovereigns and more than a quarter of credit institutions and other financial corporations.

The net exposure to Russia amounted to less than EUR 0.5bn as at Q1-24.

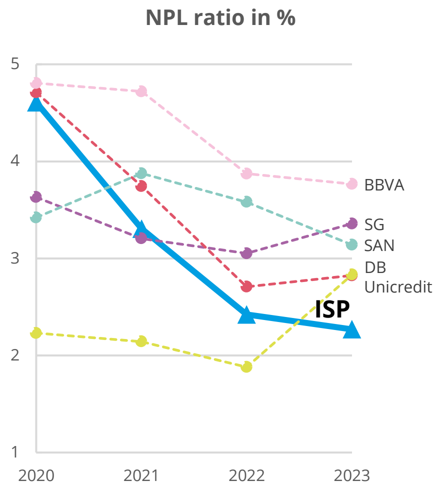
Chart 3: Credit Risk: Exposure Loans and Advances | Source: Pillar III

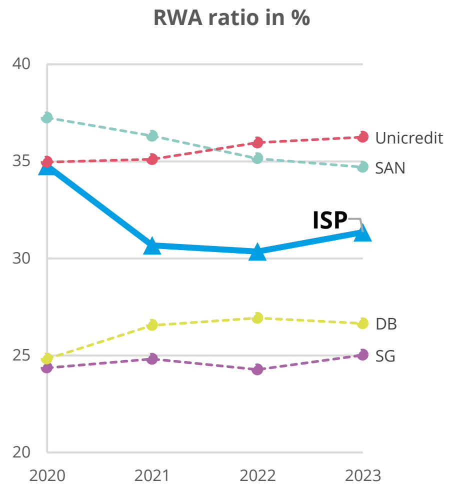


ISP has been pursuing a "Zero NPL" target for some time. In the course of consistent de-risking, the NPL ratio has been significantly reduced since 2015, most recently to 2.3% (CRA standardization); the bank itself publishes a net NPL ratio of less than 1%. The ratio of potential problem loans (IFRS Stage 2) was also further reduced from 10.2% to 8.6% in the reporting year. The low RWA ratio of 31.4% was slightly higher than in the previous year (30.3%). Overall, the asset quality can be rated as very good.

ISP also performs very well in a peer group comparison of asset quality. While the NPL ratios of all peer banks fell in the comparison period, ISP posted a very impressive performance. Whereas peer group banks stabilized at a level between 3% and 4%, the ratio for ISP continued to fall in 2023. However, there are also signs of a developing bottom. In a comparison of regulatory investment risk, ISP's RWA ratio is in the middle of the observed peer group. Overall, the ratios are quite stable and there is no sign of a clear departure from the existing risk structure.

Chart 4: NPL and RWA ratios of ISP in comparison to the peer group | Source: eValueRate / CRA / Pillar III





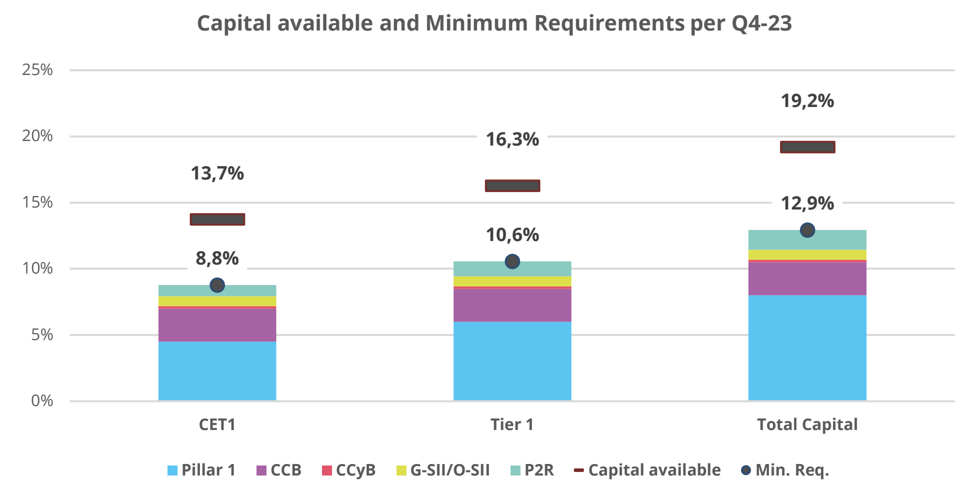
Refinancing, Capital Quality and Liquidity

ISP continues to refinance itself largely from customer deposits and bonds. While customer deposits decreased compared to the previous year, healthy funding activity was recorded in the area of debt capital liabilities. Bank deposits decreased with the repayment of TLTRO liabilities.

Equity increased by EUR 2.9bn. ISP was able to distribute a generous amount of capital to investors as part of its good operating performance. Dividends of EUR 4.3bn and share buybacks of EUR 1.7bn flowed to ISP shareholders in 2023. ISP continues to pursue the target of distributing 70% of net income. However, this ambitious figure is legitimized by the very good operating performance. As of Q1-24, the debt mix consisted of EUR 47bn in senior bonds and EUR 29bn in covered bonds, among other things. The bank also has subordinated liabilities totaling EUR 13bn. Short-term institutional funding exists in the amount of EUR 18bn.

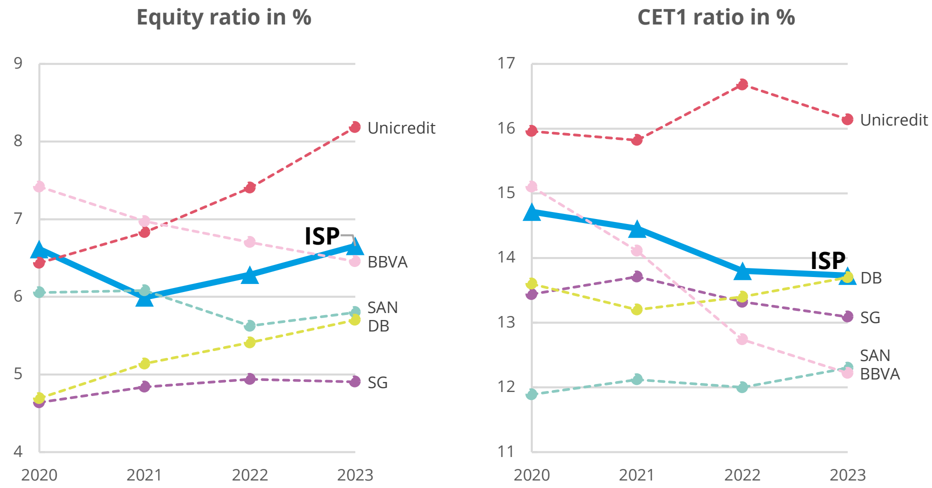
The bank's capitalization is adequate overall. The equity ratio was recently increased despite a generous distribution policy, while the regulatory capital ratios remained stable. The regulatory equity buffer amounts to a good 5% as at the end of 2023 and the MREL minimum ratio is significantly exceeded.

Chart 5: Regulatory Capital Ratios and Minimum Requirements as per Q1-24| Source: Pillar III



The development of capitalization is heterogeneous within the peer group. There is a trend towards higher balance sheet equity for Italian banks and a downward trend for Spanish banks. With regard to the CET1 ratio, an apparent target corridor of approx. 12-14% has been established, with Italian banks tending to hold higher levels of equity. Compared to the peer group, ISP is well capitalized.

Chart 6: Equity and CET1 ratios of ISP in comparison to the peer group | Source: eValueRate / CRA / Pillar III



Due to ISP's bank capital and debt structure, as well as its status as an O-SII, the Group's Preferred Senior Unsecured Debt instruments are not notched down in comparison to the Long-Term Issuer Rating and rated BBB-. Due to the seniority structure, ISP's Non-Preferred Senior Unsecured debt is rated BB+. ISP's Tier 2 Capital is rated B+ based on the capital structure and seniority in accordance with our rating methodology. Additional Tier 1 Capital is rated B, reflecting the capital structure, seniority and a high bail-in risk in the event of resolution.

Environmental, Social and Governance (ESG) Score Card

Intesa Sanpaolo has one significant and two moderate ESG rating drivers

Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated very positive.

Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated neutral due to relatively low amount of green bonds, Coporate Behaviour is rated positive.

ESG Bank Grade

4,0 / 5

Grade Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	( )
Environmental	1.2 Exposure to Environ-mental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	2	( )
Environmental	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
Social	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating.	1	(+)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	4	(+ +)
Governance	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
Governance	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating.	1	(+ +)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Grade is based on the Methodology "Environmental, Social and Governance Grade of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Outlook

In the medium term, CRA expects that the bank will be able to further increase its earnings in the new interest rate environment. At the same time, the bank is demonstrating good expense discipline. Consistent de-risking ensures a comparatively low business risk, while capitalization remains stable despite a generous distribution policy. With the outlook of the Italian Republic's sovereign rating raised to positive, there is a possibility that ISP's long-term issuer rating will be raised.

Scenario Analysis

Best-case scenario: BBB

Worst-case scenario: BB+

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of BBB in the "Best-Case-Scenario" and a Long-Term Issuer Rating of BB+ in the "Worst-Case-Scenario". The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade Intesa Sanpaolo's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt if we see an upgrade of the rating of the Italian Republic (currently BBB-, stable). Given ISP's high Italian exposure, the ratings are confined at the level of the Italian sovereign.

By contrast, a downgrade of Intesa Sanpaolo's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt is likely, if the rating of the Italian Republic is downgraded.

Appendix

Bank ratings Intesa Sanpaolo S.p.A. (Group)

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term	**BBB- / L3 / positive**

Bank Capital and Debt Instruments Ratings Intesa Sanpaolo S.p.A. (Group)

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured (PSU):	**BBB-**
Non-Preferred Senior Unsecured (NPS):	**BB+**
Tier 2 (T2):	**B+**
Additional Tier 1 (AT1):	**B**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
Initialrating	16.04.2018	BBB / stable / L3
Rating Update	02.07.2019	BBB / stable / L3
Monitoring	28.03.2020	BBB / NEW / L3
Rating Update	15.09.2020	BBB- / stable / L3
Rating Update	09.11.2021	BBB- / stable / L3
Rating Update	12.10.2022	BBB- / stable / L3
Rating Update	22.09.2023	BBB- / stable / L3
Rating Update	12.07.2024	BBB- / positive / L3
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 / AT1 (Initial)	16.04.2018	BBB / BB- / B+
PSU / T2 / AT1	02.07.2019	BBB / BB- / B+
PSU / T2 / AT1	28.03.2020	BBB / BB- / B+ (NEW)
PSU / NPS / T2 / AT1	15.09.2020	BBB- / BB+ / B+ / B
PSU / NPS / T2 / AT1	09.11.2021	BBB- / BB+ / B+ / B
PSU / NPS / T2 / AT1	12.10.2022	BBB- / BB+ / B+ / B
PSU / NPS / T2 / AT1	22.09.2023	BBB- / BB+ / B+ / B
PSU / NPS / T2 / AT1	12.07.2024	BBB- / BB+ / B+ / B

Subsidiaries of the Bank	Rating Date	Result
Intesa Sanpaolo Bank Ireland Plc		
Initialrating	16.04.2018	BBB / stable / L3
Rating Update	02.07.2019	BBB / stable / L3
Monitoring	28.03.2020	BBB / NEW / L3
Rating Update	15.09.2020	BBB- / stable / L3
Rating Update	09.11.2021	BBB- / stable / L3
Rating Update	12.10.2022	BBB- / stable / L3
Rating Update	22.09.2023	BBB- / stable / L3
Rating Update	12.07.2024	BBB- / positive / L3
Bank Capital and Debt Instruments of Intesa Sanpaolo Bank Ireland Plc		
Senior Unsecured / T2 / AT1 (Initial)	16.04.2018	BBB / BB- / B+
PSU / T2 / AT1	02.07.2019	BBB / BB- / B+
PSU / T2 / AT1	28.03.2020	BBB / BB- / B+ (NEW)
PSU / NPS / T2 / AT1	15.09.2020	BBB- / BB+ / B+ / B
PSU / NPS / T2 / AT1	09.11.2021	BBB- / n.r. / n.r. / n.r.
PSU	12.10.2022	BBB-
PSU	22.09.2023	BBB-
PSU	12.07.2024	BBB-

Intesa Sanpaolo Bank Luxembourg S.A.		
Initialrating	16.04.2018	BBB / stable / L3
Rating Update	02.07.2019	BBB / stable / L3
Monitoring	28.03.2020	BBB / NEW / L3
Rating Update	15.09.2020	BBB- / stable / L3
Rating Update	09.11.2021	BBB- / stable / L3
Rating Update	12.10.2022	BBB- / stable / L3
Rating Update	22.09.2023	BBB- / stable / L3
Rating Update	12.07.2024	BBB- / positive / L3
Bank Capital and Debt Instruments of Intesa Sanpaolo Bank Luxembourg S.A.		
Senior Unsecured / T2 / AT1 (Initial)	16.04.2018	BBB / BB- / B+
PSU / T2 / AT1	02.07.2019	BBB / BB- / B+
PSU / T2 / AT1	28.03.2020	BBB / BB- / B+ (NEW)
PSU / NPS / T2 / AT1	15.09.2020	BBB- / BB+ / B+ / B
PSU / NPS / T2 / AT1	09.11.2021	BBB- / n.r. / B+ / n.r.
PSU / T2	12.10.2022	BBB- / B+
PSU / T2	22.09.2023	BBB- / n.r.
PSU	12.07.2024	BBB-

Všeobecná úverová banka, a.s.		
Initialrating	12.10.2022	BBB- / stable / L3
Rating Update	22.09.2023	BBB- / stable / L3
Rating Update	12.07.2024	BBB- / positive / L3

Tables Group (if applicable)

Figure 2: Income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2023	%	2022	2021	2020
Income					
Net Interest Income	16.936	+43,1	11.835	7.993	7.732
Net Fee & Commission Income	7.801	-6,8	8.373	9.364	7.978
Net Insurance Income	-3.280	< -100	5.652	1.786	1.503
Net Trading & Fair Value Income	2.354	< -100	-5.848	1.368	1.323
Equity Accounted Results	163	-29,7	232	138	-16
Dividends from Equity Instruments	660	+2,3	645	161	86
Other Income	1.419	+3,2	1.375	1.483	1.208
Operating Income	**26.053**	**+17,0**	**22.264**	**22.293**	**19.814**
Expense					
Depreciation and Amortisation	1.689	+9,0	1.550	1.593	1.396
Personnel Expense	6.781	+5,1	6.455	7.187	6.156
Tech & Communications Expense	1.152	+2,8	1.121	1.292	1.184
Marketing and Promotion Expense	190	+11,1	171	154	142
Other Provisions	326	-30,5	469	374	793
Other Expense	3.921	+3,1	3.803	3.932	3.709
Operating Expense	**14.059**	**+3,6**	**13.569**	**14.532**	**13.380**
Operating Profit & Impairment					
Operating Profit	**11.994**	**+37,9**	**8.695**	**7.761**	**5.028**
Cost of Risk / Impairment	1.416	-46,3	2.636	2.869	4.445
Net Income					
Non-Recurring Income	168	> +100	16	289	2.606
Non-Recurring Expense	-	-	-	-	2.387
Pre-tax Profit	**10.746**	**+76,9**	**6.075**	**5.181**	**2.208**
Income Tax Expense	2.994	+79,0	1.673	1.138	59
Discontinued Operations	-	-	-	-	1.136
Net Profit	**7.752**	**+76,1**	**4.402**	**4.043**	**3.285**
Attributable to minority interest (non-controlling interest)	28	+21,7	23	-142	8
Attributable to owners of the parent	7.724	+76,4	4.379	4.185	3.277

Figure 3: Key earnings figures| Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2023	%	2022	2021	2020
Cost Income Ratio (CIR)	53,96	-6,98	60,95	65,19	67,53
Cost Income Ratio ex. Trading (CIRex)	59,32	+11,06	48,27	69,45	72,36
Return on Assets (ROA)	0,80	+0,35	0,45	0,38	0,33
Return on Equity (ROE)	12,09	+4,90	7,18	6,31	4,95
Return on Assets before Taxes (ROAbT)	1,12	+0,49	0,62	0,48	0,22
Return on Equity before Taxes (ROEbT)	16,76	+6,84	9,92	8,09	3,33
Return on Risk-Weighted Assets (RORWA)	2,57	+1,08	1,49	1,24	0,95
Return on Risk-Weighted Assets before Taxes (RORWAbT)	3,56	+1,50	2,06	1,58	0,64
Net Financial Margin (NFM)	2,16	+1,50	0,66	1,16	1,22
Pre-Impairment Operating Profit / Assets	1,24	+0,35	0,89	0,73	0,40

Change in %Points

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets | Source: eValueRate / CRA

Assets (EUR m)	2023	%	2022	2021	2020
Cash and Balances with Central Banks	98.831	-19,1	122.093	145.844	85.359
Net Loans to Banks	13.203	-22,9	17.122	21.277	25.858
Net Loans to Customers	407.041	-4,3	425.220	440.591	437.484
Total Securities	231.564	+15,8	200.013	141.700	135.818
Total Derivative Assets	26.831	-14,2	31.278	25.244	33.433
Other Financial Assets	117.408	+1,5	115.726	31.401	26.760
Financial Assets	**894.878**	**-1,8**	**911.452**	**806.057**	**744.712**
Equity Accounted Investments	2.501	+24,2	2.013	1.652	1.996
Other Investments	887	+15,2	770	798	759
Insurance Assets	813	> +100	151	207.093	178.474
Non-current Assets & Discontinued Ops	264	-58,6	638	1.422	28.702
Tangible and Intangible Assets	18.462	-2,7	18.972	19.336	18.285
Tax Assets	14.533	-19,8	18.130	18.808	19.503
Total Other Assets	31.232	+39,0	22.461	13.837	10.183
Total Assets	**963.570**	**-1,1**	**974.587**	**1.069.003**	**1.002.614**

Figure 5: Development of asset quality | Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2023	%	2022	2021	2020
Net Loans to Customers / Assets	42,24	-1,39	43,63	41,22	43,63
Risk-weighted Assets[1] / Assets	31,35	+1,04	30,31	30,58	0,00
NPL[2]/ Loans to Customers[3]	2,27	-0,15	2,42	3,31	4,61
NPL[2]/ Risk-weighted Assets[1]	3,14	-0,44	3,58	4,60	6,00
Potential Problem Loans[4]/ Loans to Customers[3]	8,57	-1,62	10,19	12,02	14,80
Reserves[5]/ NPL[2]	87,43	+1,35	86,09	89,65	88,12
Cost of Risk / Loans to Customers[3]	0,34	-0,27	0,60	0,63	0,98
Cost of Risk / Risk-weighted Assets[1]	0,47	-0,42	0,89	0,88	1,28
Cost of Risk / Total Assets	0,15	-0,12	0,27	0,27	0,44

Change in % Points

1 RWA: Pillar 3, EU CR1
2 NPL: Gross; Non-Performing Loans of the categories Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
3 Loans to Customers: Gross; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
4 Potential Problem Loans: Stage 2; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy | Source: eValueRate / CRA

Liabilities (EUR m)	2023	%	2022	2021	2020
Total Deposits from Banks	76.571	-40,9	129.619	175.360	119.003
Total Deposits from Customers	482.356	-5,5	510.528	455.552	424.247
Total Debt	132.030	+48,4	88.970	93.687	99.683
Derivative Liabilities	33.738	-0,7	33.978	35.506	46.088
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	34.920	> +100	14.037	14.851	11.011
Total Financial Liabilities	**759.615**	**-2,3**	**777.132**	**774.956**	**700.032**
Insurance Liabilities	119.849	+1,9	117.575	205.212	175.953
Non-current Liabilities & Discontinued Ops	2	-86,7	15	30	35.676
Tax Liabilities	1.946	-3,7	2.021	2.285	3.029
Provisions	5.290	-9,0	5.812	6.815	7.164
Total Other Liabilities	12.741	+18,4	10.763	15.639	14.439
Total Liabilities	**899.443**	**-1,5**	**913.318**	**1.004.937**	**936.293**
Total Equity	**64.127**	**+4,7**	**61.269**	**64.066**	**66.321**
Total Liabilities and Equity	**963.570**	**-1,1**	**974.587**	**1.069.003**	**1.002.614**

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2023	%	2022	2021	2020
Total Equity / Total Assets	6,66	+0,37	6,29	5,99	6,61
Leverage Ratio[1]	-	-	-	6,60	7,20
Common Equity Tier 1 Ratio (CET1)[2]	13,73	-0,07	13,80	14,45	14,71
Tier 1 Ratio (CET1 + AT1)[2]	16,28	+0,04	16,24	16,37	16,87
Total Capital Ratio (CET1 + AT1 + T2)[2]	19,19	+0,12	19,08	19,10	19,57
CET1 Minimum Capital Requirements[1]	8,78	-0,05	8,84	8,63	8,44
Net Stable Funding Ratio (NSFR)[1]	121,06	-4,99	126,05	127,35	110,34
Liquidity Coverage Ratio (LCR)[1]	168,10	-13,80	181,90	184,50	159,10

Change in %Points

1 Pillar 3 EU KM1

2 Regulatory Capital Ratios: Pillar 3 EU KM1

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.3)
- Rating of bank capital and unsecured debt instruments (v2.2)
- Environmental, Social and Governance Score for Banks (v1.1)

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 12 July 2024, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Intesa Sanpaolo S.p.A., and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Rating Endorsement Status: The rating of Intesa Sanpaolo S.p.A. (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

Creditreform Rating AG guarantees that the provision of ancillary services does not cause a conflict of interest with its rating activities and discloses in the final rating report which ancillary services were provided for the rating object or for third parties associated with it. The following ancillary services were provided for this rating object or for related third parties:

No ancillary services in the regulatory sense were provided for this rating.

The final list of rating-related and credit services can be viewed on the Creditreform Rating AG website at https://www.creditreform-rating.de/de/wir-ueber-uns/regulatorische-anforderungen.html#nebendienstleistungen.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report or in the “Basic data” card as a “Rating action”; first release is indicated as “initial rating”, other updates are indicated as an “update”, “upgrade or downgrade”, “not rated”, “confirmed”, “selective default” or “default”.

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available in the rating report or the „Basic data“ information card.

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml.

An explanatory statement of the meaning of Creditreform’s default rates are available in the credit rating methodologies disclosed on the website.

Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one’s own research, inquiries and assess-ments.

We have assumed that the documents and information made available to us by the client are complete and accurate and that the copies provided to us represent the full and unchanged contents of the original documents. Creditreform Rating AG assumes no responsibility for the true and fair representation of the original information.

This report is protected by copyright. Any commercial use is prohibited without prior written permission from Creditreform Rating AG. Only the full report may be published in order to prevent distortion of the report’s overall assessment. Excerpts may only be used with the express consent of Creditreform Rating AG. Publication of the report without the consent of Creditreform Rating AG is prohibited. Only ratings published on the Creditreform Rating AG web pages remain valid.

Creditreform Rating AG

Contact information

Creditreform Rating AG
Europadamm 2-6
D-41460 Neuss

Phone +49 (0) 2131 / 109-626
Fax +49 (0) 2131 / 109-627

E-Mail info@creditreform-rating.de
www.creditreform-rating.de

CEO: Dr. Michael Munsch

Chairman of the Board: Michael Bruns
HR Neuss B 10522