FIDEURAM
INTESA SANPAOLO PRIVATE BANKING

Half-year Report at 30 June 2022

Bank of INTESA SANPAOLO

Mission

of Fideuram - Intesa Sanpaolo Private Banking

Taking care of our clients' well-being lies at the heart of what we do. We are committed to protecting the assets of those who rely on us with outstanding advice.

A relationship based on listening, satisfaction and trust between customer and private banker is what makes our business model unique: we foster it every day with passion, dedication, and transparency and by complying with the rules.

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Introductory note

Global economic activity in the first half of 2022 showed signs of slowing down due to the military conflict between Russia and Ukraine and the increasing spread of the COVID19 omicron variant. Since the end of February, the Russian invasion of Ukraine has caused a sharp rise in the prices of many commodities. The impact has been particularly robust in the natural gas market due to the greater significance of infrastructure constraints and the European Union's high dependence on imports from Russia to cover its energy needs. In addition, strategic considerations have led many European states to expedite the effort to cut oil and gas imports from Russia, a phenomenon that has exacerbated pressures on the global energy market. Inflation, already rising since 2021, has accelerated rapidly on a global scale, partly due to the indirect effects of the energy shock on other goods and services. The global economy has also been affected by the lockdowns imposed in China to control new pandemic outbreaks, resulting in a dramatic slowdown in Chinese GDP in the first half of the year. In the United States, domestic demand has begun to slow down. In the eurozone, GDP growth still remained positive in the first half of the year, despite the impact of the energy shock on household purchasing power and profit margins of businesses. Demand was buoyed by fiscal measures aimed at damping the effect of price increases on the budgets of households and businesses, while the recovery of activity in services most affected by the pandemic crisis in 2020-21 continued. Total employment grew further. A similar trend has characterised Italy’s economy, which also benefits from strong growth in construction activity.
The first half of 2022 saw a strong bearish trend in international stock markets and a general increase in risk aversion. There are growing investor concerns about the outlook for the business cycle and corporate earnings due to the combined effect of factors such as: further increase in inflationary pressures, now extended from energy and commodity prices to major consumer goods; new bottlenecks in global supply chains, accentuated by the zero-Covid policy in China; restrictive monetary policies adopted by central banks.
The first half of 2022 saw a reduction of the debt securities that families hold at banks. The continuation of this trend reflects the continued decline in bank bonds as well as government bonds in the portfolios of retail customers. In contrast, as noted in 2021, there was an increase in the holdings measured at fair value of equity securities for custody, including stocks and mutual funds. The managed assets market has been quite resilient overall, particularly with regard to mutual fund inflows, which saw good inflows in the first quarter and moderate outflows in April and May, with the overall result for the period remaining positive. Equity and balanced funds continued to record net inflows despite the high volatility in equity markets. In contrast, outflows were recorded from bond funds. Inflows related to retail asset management were good, while institutional asset management recorded substantial outflows. The life insurance business recorded a decline in new business, both for highly financial and traditional policies.

BUSINESS CONTINUITY

High vaccination coverage levels in advanced countries have made it possible to withstand the impact of the latest pandemic wave without suffering significant consequences on mobility and consumption. Vaccines have also shown good efficacy against new viral variants. In this context, in the first half of 2022, the Private Banking Division continued to put in place measures to mitigate the effects of the epidemic, continuing to communicate with staff and customers to safeguard people's health. As far as safety measures are concerned, the essential precautions to be followed are still in place, in line with the indications of national and international health institutions and sector protocols governing the carrying out of working activities hinged on the following cardinal principles:

- social distancing;
- rigorous personal hygiene and cleaning of premises;
- use of personal protective equipment;
- compliance with technical, organisational and behavioural guidelines;
- clinical monitoring of health.

As of 15 June 2022, the requirement to wear a face mask on company premises has ceased. However, the requirement to wear personal protective equipment (FFP2 mask) for ten days in cases of close contact with a Covid-positive person is still in place. The improved national health care scenario has allowed for a minimum office attendance of 40%. The recommendation not to involve personnel with fragile conditions or belonging to categories most at risk in case of infection in the planning of attendance is still in place.
As of 1 April 2022, the colour-coded zones system (red, orange, yellow, white) to classify risk of Italian regions and the restrictive measures to be applied based on the colour of each region is no longer in force. The requirement to show Covid19 green certification (so-called Green Pass) is no longer in effect for access to work sites. As regards the Network, attendance at branches is provided for without appointment, subject to the maximum capacity of the branch, which must allow for the minimum social distance of one metre.

SUPPORTING INITIATIVES

In response to the difficulties faced by numerous customers, concrete financial support measures have been provided since the beginning of the public health emergency, either directly or through the services offered by Intesa Sanpaolo. Specifically:

- arrangements were made with Intesa Sanpaolo so that our customers can obtain the business loans prescribed by the Liquidity Decree;
- specific commercial offers were created for both private customers and business customers, designed to satisfy their liquidity requirements tied to the emergency period;
- suspension of payments on outstanding medium-long term loan instalments on customer request were allowed either for the amount of principal alone or for the entire instalment.

PROSPECTS

The economic scenario is made particularly uncertain by the Russia-Ukraine conflict and its repercussions on relations between Russia and the European Union, particularly in the energy field. If Russian energy supplies continue in the coming months, and if fiscal policy continues to partially offset the effects of higher oil and gas prices, growth in services will offset the contraction in manufacturing, averting the risk of a recession. In contrast, if gas supplies are disrupted, the fall in economic activity could be significant, starting in the fall. In the former case, inflation would have already peaked in this cycle and would fall sharply in the remainder of 2022. In the latter case, it would be likely to rise further. The combination of energy shock and monetary restriction increases the risk of global recession.
The next few months will see an acceleration of the hike in U.S. official interest rates, which markets see reaching 3.25%-3.50% by year-end. In the eurozone, markets are discounting more than 160 basis points of ECB official rate hikes by the end of 2022, including 50 basis points already made on July 21.
Italy is preparing to renew its parliament on September 25. The early end of the legislative term has already increased risk premiums on sovereign debt, despite the low volume of issues expected in the second half of the year and the reduction in the debt-to-GDP ratio. Uncertainty about post-election developments in economic policy will continue to weigh on markets in the second half of 2022.
As regards the Italian banking system, modest growth in corporate lending is expected to continue for the rest of 2022, sustained mainly by needs related to current operations against a backdrop of high increases in production costs and restricted conditions for access to financial markets, particularly bonds. Household lending is seen to be maintaining a relatively more robust pace than lending to businesses, although slowing as a result of lower demand for mortgages partly due to rising interest rates. The trend of banking supply, after all, will remain influenced in a prudential sense by the perception of increased risks.
Customer deposits are expected to continue to grow well, albeit at a gradually slowing pace. The conditions for moderate growth in current accounts will remain in place, especially given the continuing climate of uncertainty. On the other hand, on the corporate side, the accumulation of liquidity in current accounts should continue to decline, while households are likely to gradually shift their portfolios towards more remunerative forms of investment. The cost of banking inflows and lending rates will begin to reflect the impacts of the normalisation of monetary policy and the higher risk premium on sovereign debt. For the asset management and life insurance businesses, although the underlying factors remain positive, the second half of the year may be affected by an unfavourable landscape in financial markets and rising interest rates.

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

In the first half of 2022, as part of the process of reorganising the Group’s activities, with the aim of strengthening the Group's positioning in the Private Banking and High Net Worth Individuals segments, while increasing size, market share and profitability, the following transactions were carried out:

- merger by incorporation of Intesa Sanpaolo Private Bank (Suisse) Morval into Reyl & Cie;
- acquisition of UBI Trustee by Fideuram Bank (Luxembourg);
- partial demerger of IW Bank in favour of Fideuram of a business unit consisting of banking relationships and activities;
- partial demerger of Fideuram in favour of Intesa Sanpaolo of a compendium consisting of performing loans and related funding and personnel;
- transformation of IW Bank into a stockbroking company;
- Fideuram's acquisition of a 14.9% stake in the share capital of Alpian, a Swiss digital bank in the start-up phase based in Geneva, formerly owned by Reyl & Cie;
- sale of the stake in Morval Vonwiller Advisors;
- acquisition by Fideuram Bank (Luxembourg) of 100% of Compagnie de Banque Privée Quilvest, a Luxembourg private bank with branches in Belgium, with the aim of creating an additional hub in the EU in addition to Reyl & Cie in Switzerland.

Finally, the merger by incorporation of the subsidiary Sanpaolo Invest SIM into Fideuram was resolved; it will be carried out by year-end, subject to obtaining the necessary authorisation from the ECB.

The Condensed half-year consolidated financial statements comprises the compulsory statements provided for by IAS 1 (namely a balance sheet, income statement, statement

of comprehensive income, statement of changes in shareholders' equity and statement of cash flows), accompanied by explanatory notes on the Group's performance, as indicated by IAS 34 – Interim Financial Reporting.
The balance sheet and income statement as at and for the period ended 30 June 2022 referred to in the explanatory notes have been reclassified to facilitate comparison of the figures for different periods and to enable a clearer and more immediate understanding of the Group's financial position and results. These statements were prepared using appropriate groupings of the items in the official financial statements. Detailed information on the reclassifications is presented in specific reconciliation statements provided in the schedules accompanying this Report.
The comparative analysis of the operating data and accounting balances of the first half of 2022 compared to those of the corresponding comparison periods of 2021 is affected by the impact of the transactions that took place in the half-year. In the notes to the financial statements, to allow for a like-for-like comparison and to adequately represent the effects of changes in the scope of consolidation, the operating data and accounting balances presented in the balance sheet have been restated, where necessary. In preparing the restated financial statements, appropriate adjustments have been made to the historical data to reflect retrospectively, assuming that the corporate transactions took place on or after 1 January 2021, the changes in the scope of consolidation that took place in 2022, without changing the result for the year and shareholders' equity compared to the official financial statements published in previous periods. The net effects of the adjustments were recognised in minority interests in the restated balance sheet.
The Interim directors' report and the Condensed half-year consolidated financial statements also contain certain information - such as, for example, data on quarterly trends and other alternative performance indicators - that is not directly attributable to the financial statements.

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Group Structure

UNITED KINGDOM | LONDON

Branch of
FIDEURAM ASSET MANAGEMENT IRELAND

REYL & Co. (Holdings)
REYL & Co. (UK)

IRELAND | DUBLIN

FIDEURAM ASSET MANAGEMENT IRELAND

BELGIUM | BRUSSELS GHENT

Branches of
CBP QUILVEST

LUXEMBOURG | LUXEMBOURG

FIDEURAM BANK LUXEMBOURG

CBP QUILVEST
CBP Quilvest PE Fund
Gap ManCo
Iberia Distressed Assets Manager
Portugal Real Estate Opportunities
REYL Private Office
Ubi Trustee

SWITZERLAND | GENEVA ZURICH BERN

REYL INTESA SANPAOLO
ASTERIA Investment Managers
RB Participations
1875 Finance Holding
Alpian
Inveniam in liquidation
Obviam
REYL Overseas

MALTA | VALLETTA

REYL & Cie (Malta) Holding
REYL & Cie (Malta)

SINGAPORE | SINGAPORE

REYL Singapore Holding PTE
REYL Singapore PTE

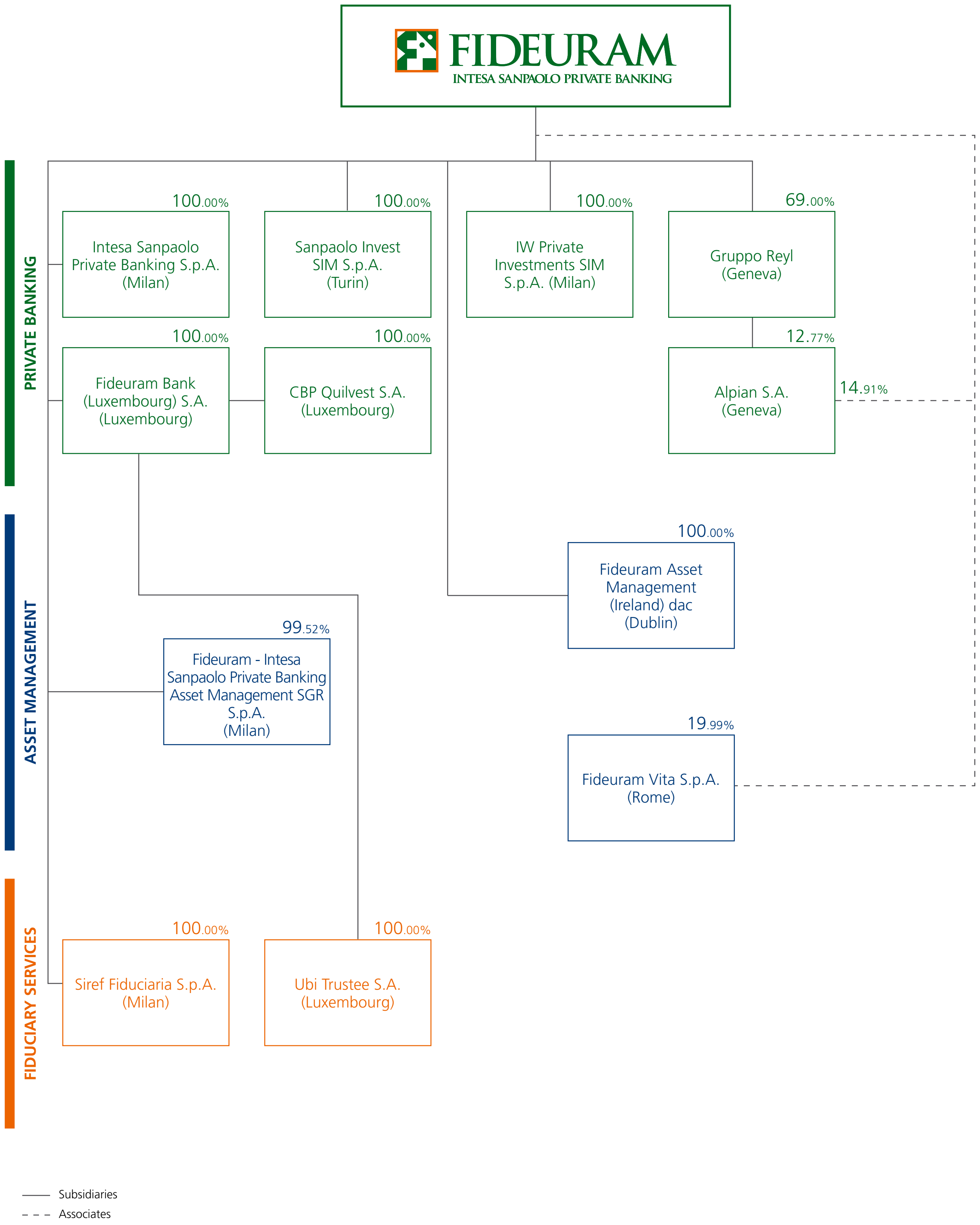
ITALY | MILAN TURIN ROME

FIDEURAM INTESA SANPAOLO PRIVATE BANKING
INTESA SANPAOLO PRIVATE BANKING
SANPAOLO INVEST
IW Private Investments
FIDEURAM INTESA SANPAOLO PRIVATE BANKING Asset Management
SIREF FIDUCIARIA
FIDEURAM VITA

UNITED ARAB EMIRATES | DUBAI

REYL Finance (MEA)


CAYMAN ISLANDS | GEORGE TOWN
morvalbank&trust
in liquidation
IIF SME Manager
ARGENTINA | BUENOS AIRES
INTESA SANPAOLO
PRIVATE
Argentina


FIDEURAM
INTESA SANPAOLO PRIVATE BANKING
PRIVATE BANKING
ASSET MANAGEMENT
FIDUCIARY SERVICES
100.00%
Intesa Sanpaolo Private Banking S.p.A. (Milan)
100.00%
Sanpaolo Invest SIM S.p.A. (Turin)
100.00%
IW Private Investments SIM S.p.A. (Milan)
69.00%
Gruppo Reyl (Geneva)
100.00%
Fideuram Bank (Luxembourg) S.A. (Luxembourg)
100.00%
CBP Quilvest S.A. (Luxembourg)
12.77%
Alpian S.A. (Geneva)
14.91%
100.00%
Fideuram Asset Management (Ireland) dac (Dublin)
99.52%
Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. (Milan)
19.99%
Fideuram Vita S.p.A. (Rome)
100.00%
Siref Fiduciaria S.p.A. (Milan)
100.00%
Ubi Trustee S.A. (Luxembourg)
Subsidiaries
Associates

Company Officers

Shareholders' Meeting

Board of Directors

Board of Statutory

Related Parties Committee

Chairman
GIOVANNI BATTISTA BISOGNI

Members
GIORGIO BARBA NAVARETTI
MARCELLO NALDINI

General Management

General Manager
TOMMASO CORCOS

Joint General Managers
FABIO CUBELLI (Business Coordination Area)
LINO MAINOLFI (Operational and Financial Coordination Area)

Chief Financial Officer
DOMENICO SFALANGA

Chairman
PAOLO MOLESINI

Acting Deputy Chairman
PAOLO MARIA VITTORIO GRANDI

Acting Deputy Chairman
FEDERICO VISCONTI

Managing Director
TOMMASO CORCOS

Directors
GIORGIO BARBA NAVARETTI
GIOVANNI BATTISTA BISOGNI
ELENA DAVID
CLAUDIA DE BENEDETTI
DANIELE PIETRO GIUDICI
ELIANO LODESANI
MARCELLO NALDINI

Secretary to the Board of Directors
FILIPPO MAMMOLA

Chairman
GIULIO STEFANO LUBATTI

Statutory Auditors
ELISA BAUCHIERO
MARCO ANTONIO MODESTO DELL'ACQUA

Acting Auditors
ALESSANDRO COTTO
FRANCESCA MONTI

Independent Auditors
EY S.p.A.

Highlights

OPERATING RESULTS

Personal Financial Advisers No. 6,641

Customers

Fideuram No. 714,278

Sanpaolo Invest No. 170,873

Siref Fiduciaria No. 1,737 mandates

Intesa Sanpaolo Private Banking No. 46,994 households

Foreign Network No. 8,724

IW Private Investments No. 60,966

Total Net Inflows

€6.8 bn

of which *Net inflows into managed assets*

€1.5 bn

Client Assets

€322.4 bn

of which *Managed Assets*

€202.5 bn

of which *Advanced Advisory Service*

€42.8 bn

FINANCIAL RESULTS

Fideuram and Sanpaolo Invest
12 years

Intesa Sanpaolo Private Banking
15 years

IW Private Investments
11 years

Average length of customer relationship

Net Recurring Fees €968 m

Cost / Income Ratio
34%
(32% in the first half of 2021)

Consolidated Net Profit
€528 m

Return On Equity
32%
(35% in the first half of 2021)

Key Performance Indicators

	30.6.2022	30.6.2021 (*)	% CHANGE
CUSTOMER FINANCIAL ASSETS			
Net inflows into managed assets (€m)	1,460	5,794	-75
Total net inflows (€m)	6,770	8,580	-21
Client assets (€m)	322,373	333,032	-3
OPERATING STRUCTURE			
Personal Financial Advisers (No.)	6,641	6,672	
Staff (No.)	4,204	4,216	
Bank Branches (No.)	270	280	
Personal Financial Advisers' Offices (No.)	380	376	
CONSOLIDATED FINANCIAL RESULTS			
Consolidated net profit (€m)	528	646	-18
Group shareholders' equity (€m)	3,281	3,338	-2
Basic consolidated net earnings per share (€)	0.352	0.430	-18
Total assets (€m)	66,292	65,105	2
PROFITABILITY INDICATORS			
Return on Equity (%)	32	35	
Return on Assets (%)	2	2	
Cost / Income Ratio (%)	34	32	
Payroll costs / Operating margin (%)	19	18	
Annualised net profit / Average client assets (%)	0.3	0.4	
Economic Value Added (€m)	460	580	

Counterparty rating (S&P Global Ratings)	**Long term: BBB**	**Short term: A-2**	**Outlook: Positive**

(*) Figures restated, where necessary, on a consistent basis to take account of changes in the scope of consolidation.

Glossary

Net inflows: total subscriptions minus disinvestments.

Client assets consist of:
- Managed assets, which include mutual funds and pension funds, asset management and life insurance technical reserves.
- Non-managed assets, which include securities deposited (net of units in Group mutual funds), non-life insurance technical reserves and current account overdrafts.

Personal Financial Adviser: professionals registered in Italy's Unified Register of Financial Advisers, including Trainee Financial Advisers. At the foreign companies, the Personal Financial Advisers are professionals, natural and legal persons, engaged in the sales business.

Bank Branches: branches where one can carry out banking transactions.

Basic consolidated net earnings per share: ratio of consolidated net profit to weighted average ordinary shares outstanding.

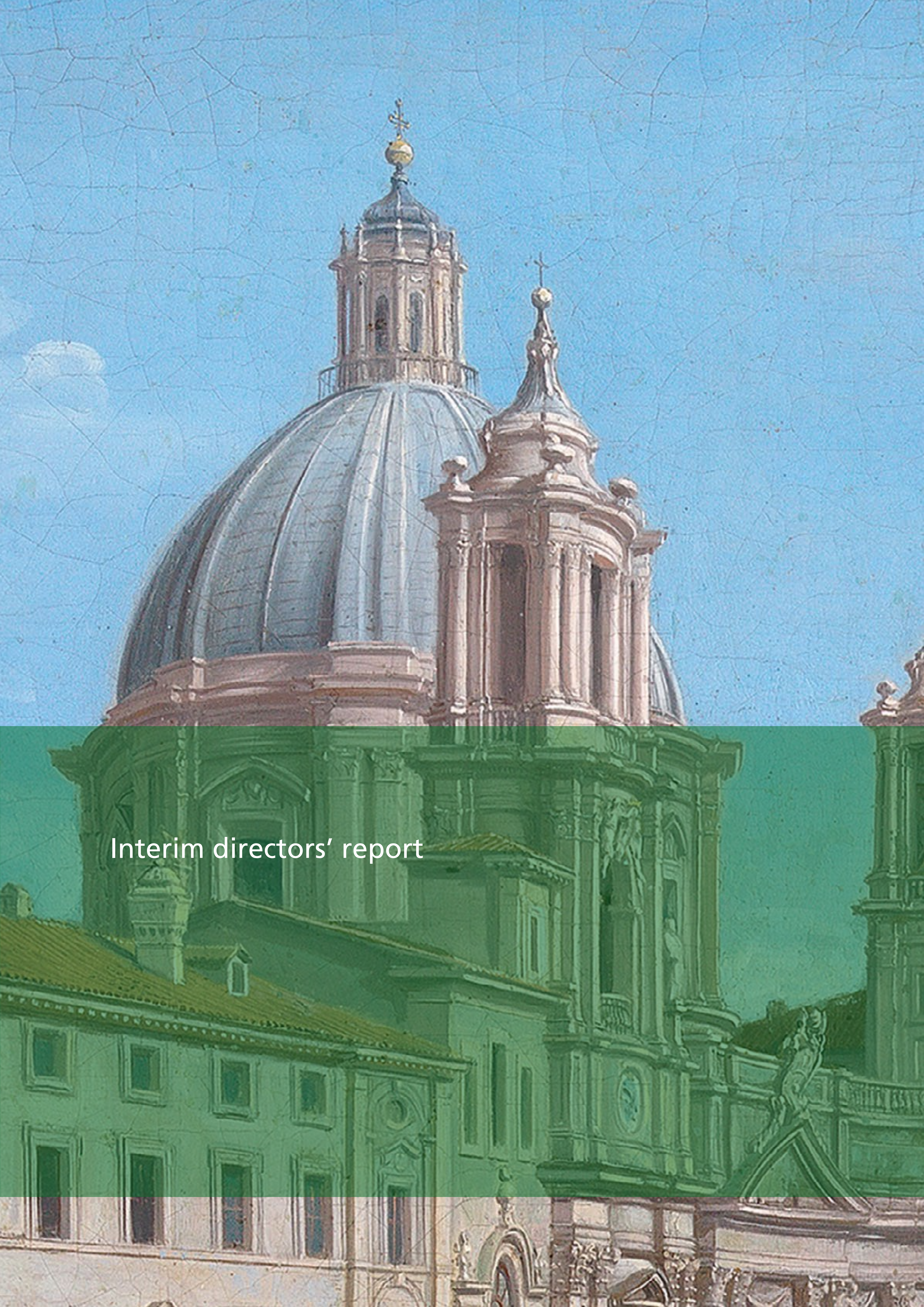
R.O.E. (Return On Equity): the ratio of annualised consolidated net profit to average shareholders' equity.

R.O.A. (Return On Assets): the ratio of annualised consolidated net profit to total assets for the period.

Cost / Income Ratio: the ratio of net operating expenses to net operating income.

E.V.A. (Economic Value Added): an internal financial ratio used to calculate the monetary value created by a company in a given period. It is calculated by subtracting the shareholder's expected return on consolidated shareholders' equity from net profit. The expected return is generally taken to equal the net return on 12-month Treasury Bills issued at the beginning of the year, plus a market risk premium, which is assumed to be constant at 4.5 percent over the periods concerned.

Interim directors’ report



Reclassified financial statements

Consolidated balance sheet

(reclassified - €m)

	30.6.2022	31.12.2021 (*)	CHANGE	
			AMOUNT	%
ASSETS				
Cash and cash equivalents	5,461	4,464	997	22
Financial assets measured at fair value through profit or loss	537	554	(17)	-3
Financial assets measured at fair value through other comprehensive income	3,069	3,125	(56)	-2
Debt securities measured at amortised cost	20,419	20,776	(357)	-2
Loans to banks	18,465	20,352	(1,887)	-9
Loans to customers	14,607	14,450	157	1
Hedging derivatives	218	32	186	n.s.
Equity investments	269	238	31	13
Property and equipment and intangible assets	1,195	1,106	89	8
Tax assets	243	191	52	27
Other assets	1,809	1,621	188	12
TOTAL ASSETS	**66,292**	**66,909**	**(617)**	**-1**
LIABILITIES				
Due to banks	3,701	4,000	(299)	-7
Due to customers	56,334	56,306	28	-
Financial liabilities held for trading	41	30	11	37
Hedging derivatives	461	730	(269)	-37
Tax liabilities	146	211	(65)	-31
Other liabilities	1,810	1,729	81	5
Provisions for risks and charges	516	649	(133)	-20
Share capital, reserves and equity instruments	2,753	2,218	535	24
Equity attributable to non-controlling interests	2	(65)	67	n.s.
Net profit	528	1,101	(573)	-52
TOTAL LIABILITIES	**66,292**	**66,909**	**(617)**	**-1**

n.s.: not significant

(*) Figures restated on a consistent basis to take account of changes in the scope of consolidation.

Consolidated income statement

(reclassified - €m)

	1ST HALF 2022	1ST HALF 2021	CHANGE	
			AMOUNT	%
Net interest income	99	106	(7)	-7
Net profit (loss) on financial assets and liabilities at fair value	19	32	(13)	-41
Net fee and commission income	1,009	1,030	(21)	-2
INTERMEDIATION MARGIN	**1,127**	**1,168**	**(41)**	**-4**
Profit on equity investments and other income (expense)	8	14	(6)	-43
NET OPERATING INCOME	**1,135**	**1,182**	**(47)**	**-4**
Personnel expenses	(211)	(213)	2	-1
Other administrative expenses	(142)	(133)	(9)	7
Depreciation and amortisation	(38)	(36)	(2)	6
NET OPERATING EXPENSES	**(391)**	**(382)**	**(9)**	**2**
OPERATING MARGIN	**744**	**800**	**(56)**	**-7**
Net impairment of loans	(3)	1	(4)	n.s.
Net provisions for risks and charges and net impairment of other assets	13	(17)	30	n.s.
Net non-recurring income (expenses)	-	219	(219)	-100
GROSS INCOME (LOSS)	**754**	**1,003**	**(249)**	**-25**
Income taxes for the period on continuing operations	(190)	(299)	109	-36
Integration and voluntary redundancy expenses (net of tax)	(15)	(10)	(5)	50
Effects of purchase price allocation (net of tax)	(10)	(11)	1	-9
Expenses regarding the banking system (net of tax)	(11)	(13)	2	-15
Net profit (loss) attributable to non-controlling interests	-	(24)	24	n.s.
NET PROFIT	**528**	**646**	**(118)**	**-18**

n.s.: not significant

Economic scenario

The first half of the year was marked by escalating geopolitical tensions globally, brought about by Russia's invasion of Ukraine in late February and the unprecedented sanctions imposed on Russia by Western governments. The repercussions of the conflict in Ukraine have been particularly evident in the trends of commodity prices (primarily energy and food), of which the countries at war are significant exporters. Inflation in the U.S. and Europe has thus reached levels not seen in several decades, while prices were significantly more under control in China and Japan. The global growth outlook, which still appeared quite buoyant at the beginning of the year, has gradually been downgraded, and business confidence indicators showed a significant deterioration in the latter part of the half-year, although they remained consistent with a scenario of continued growth, even as fears of a relatively imminent recession increased in the markets. Also contributing to the weakening economic scenario during the spring was the strict enforcement of the zero-tolerance strategy toward Covid by Chinese authorities, which came at a heavy cost in terms of growth, exacerbating tensions in global production and distribution chains. The rapid and unexpected rise in inflation has led to a shift in a clearly more restrictive direction of monetary policy in advanced economies (with the significant exception of the Bank of Japan, which has not varied its ultra-expansive strategy). The Federal Reserve raised rates by 25 basis points in mid-March and by 50 basis points in early May when it also started the asset reduction process but, faced with further upward surprises in inflation, had to accelerate the pace of the hikes to 75 basis points at its mid-June meeting, anticipating further significant hikes in the short term. Also decidedly abrupt was the turnaround of the European Central Bank, which, after sending rather accommodative signals at its December 2021 meeting, surprisingly changed its conduct significantly more aggressively at its meeting in early February and, after completing the pandemic emergency purchase programme (PEPP) in March and securities purchases in the APP programme in late June, raised rates by 50 basis points at its July meeting. On the other hand, in the face of weak domestic demand and the absence of significant price pressures, monetary policy in China has instead moved in a cautiously expansionary direction in order to support economic activity.

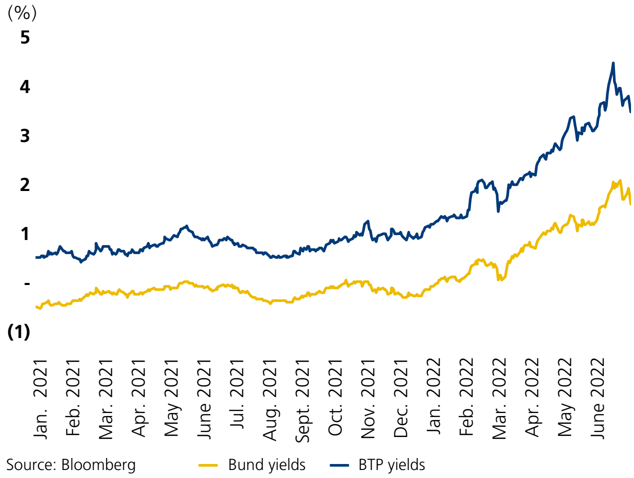
In the **USA** there was an unexpected decline in GDP in the first quarter of the year, due to the loss of support from the increase in inventories and especially a large negative contribution from the international channel. Domestic household final demand remained relatively robust, however, still buoyed by clearly favourable jib market conditions, reflected in significant increases in employment and a further decline in the unemployment rate from historically already quite low levels. Growth remained weak even in the second quarter when the recovery in consumption of services, due to post-Covid reopenings, only partly offset the weakening in spending on goods, which rose above the trend during the pandemic. Business confidence also suffered a non-negligible deterioration during the spring. Inflation picked up steam from 7% in late 2021 to 9.1% in June, although net of food and energy the cyclical peak may have been reached in March.

In the **eurozone**, 2022 opened with concerns about the worsening health situation due to the spread of new and more easily transmissible Covid variants and issues concerning the global production chain, which recorded disruptions as early as the second half of 2021. There had also already been a sharp rise in commodity prices since the fall of 2021: natural gas prices in particular had reached unprecedented levels. GDP growth in the first quarter, moreover, was stronger than expected, but Russia's invasion of Ukraine dramatically worsened the economic scenario, leading to both a marked new upward push to inflation due to soaring energy and commodity prices in general and a negative shock on growth due to the significant loss of purchasing power and increased uncertainty. Inflation in the eurozone has consistently surprised on the upside by reaching 7.5% in March, closing the six-month period at 8.6%. European governments have responded firmly and jointly to Russia's aggression, imposing heavy sanctions and adopting fiscal measures to limit the negative effects of increasing costs on businesses and households, but coordination of common defense and energy security policies has appeared more complicated. On the other hand, Russia severely restricted gas supplies to Europe between April and June, raising significant concerns about growth prospects. The ECB has progressively increased its alarm over rising inflation by changing its stance to a more aggressive one and prospecting a series of rate hikes. The markets' reaction was very nervous and peripheral government bond spreads widened rapidly again, forcing the ECB to announce the launch of a new anti-fragmentation tool to ensure the uniform transmission of its monetary policy.

In **Asia** the trend in economic activity was moderate overall due to the negative impact of the spread of the Omicron variant, while the increase in inflation was confirmed to be much more limited than in the United States and Europe. In China, the trend in economic activity at the beginning of the year was more robust than expected, including in the real estate sector, which has been experiencing weakness since the second half of 2021. During the spring, significant mobility restrictions resulting from the release of the Omicron variant of Covid were reflected in a slowdown in economic activity, although signs of recovery have been evident since June. Economic policy, particularly fiscal policy, has gradually moved in a more expansionary direction to cope with weakening domestic demand. In Japan, growth at the beginning of the year was adversely affected by measures taken to deal with the spread of the Omicron variant, but signs of recovery emerged during the second quarter. Inflation picked up steam moderately, but remained much lower than in the U.S. and Europe, and the Bank of Japan made no major changes to its strategy even in the face of a noticeable weakening of the currency.

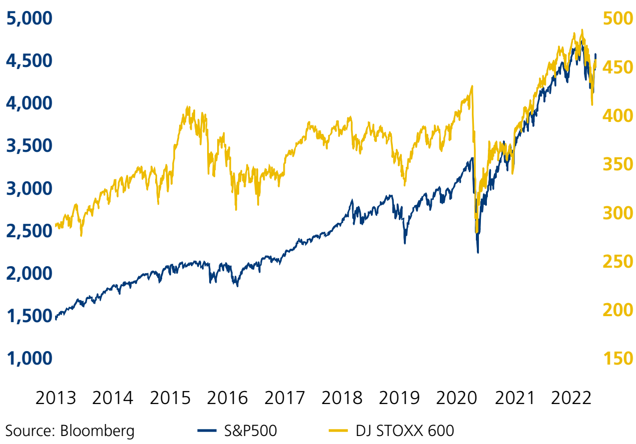
The tightening of monetary policy by central banks in the face of continuing upward trends in inflation and deteriorating growth prospects has been reflected in a heavy correction in stock prices and a significant rise in yields in the bond market. In the United States, the S&P 500 index declined by 20.6%, and the performance of European (-16.5% for the Stoxx-600 index) and emerging markets (-18.8% for the related MSCI dollar index) was also decidedly negative. By contrast, losses were more limited for the Japanese stock market (-6.1% for the Topix). There has been a sharp rise in yields in the bond market: about 150 basis points between the beginning and end of the period for both the 10-year U.S. government bond (which closed the first half at 3% after approaching 3.5%) and the German government bond (which exceeded 1.75% from negative levels). The spread of Italian bonds over the German Bund also widened significantly, eased, however, by the announcement of the introduction of an anti-fragmentation tool by the ECB.

10-year Bund and BTP yields



Source: Bloomberg

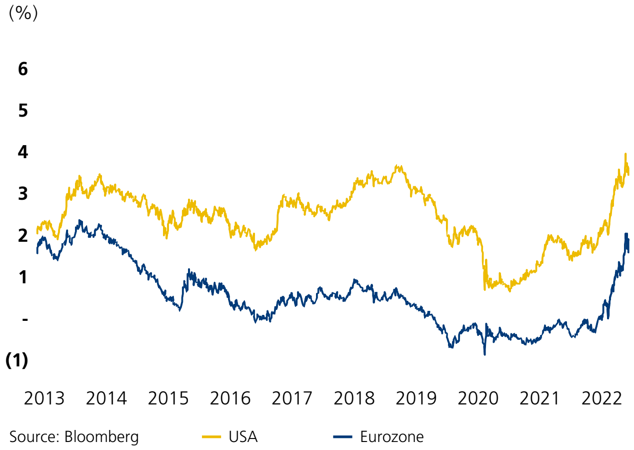
Stock market performance



Source: Bloomberg

Bond market performance

(10-year government bond yields)



Source: Bloomberg

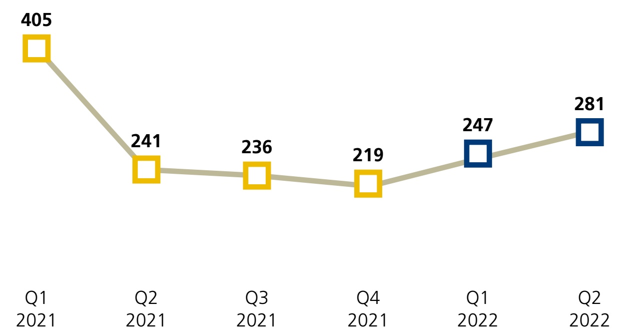
Overview of consolidated results

In an economic landscape impacted by the negative effects of the military conflict between Russia and Ukraine and the health crisis resulting from the spread of Covid-19, the Fideuram - Intesa Sanpaolo Private Banking Group closed the first half of 2022 with a consolidated net profit of €528 million, down €118 million from the same period in 2021 (-18%). Excluding non-recurring income of €219m (€164m after tax) posted in the first quarter of last year from the sale of the Depositary Bank and Fund Administration business unit of Fideuram Bank (Luxembourg), net profit recorded an increase of €46m (+10%). The Cost / Income Ratio stood at 34%, down from 32% in the same period of last year. R.O.E. was 32% (34% at the end of 2021).

The analysis of the main income statement items shows that net operating income fell by €47m (-4%), due to the reduction in net fee and commission income (-€21m), profit on financial assets measured at fair value (-€13m), net interest income (-€7m) and income from equity investments and other income (-€6m). Operating expenses increased by €9m. Conversely, provisions for risks and charges recorded a positive change of €30m. Gross income (loss) stood at a €754m.

Consolidated net profit (*)

(€m)



(*) Profit for the first quarter of 2021 includes for €164m the net capital gain realised on the sale of the Depositary Bank and Fund Administration business unit of Fideuram Bank (Luxembourg).

At 30 June 2022, there were a total of 6,641 Personal Financial Advisers, up from 6,621 at 31 December 2021. Client assets per Personal Financial Adviser as at 30 June 2022 amounted to around €49m, down from €53m at the end of 2021. The Group's workforce consisted of 4,204 employees, up from 4,159 employees at 31 December 2021. There were 270 bank branches and 380 Personal Financial Advisers' offices.

Business model

Fideuram - Intesa Sanpaolo Private Banking is a member of the Intesa Sanpaolo Banking Group and wholly owned by Intesa Sanpaolo S.p.A..

Fideuram - Intesa Sanpaolo Private Banking is the Division that comprises the companies providing the Group's financial advisory, asset management and fiduciary services; it is the leading private bank in Italy and among the first in Europe, with assets equal to €322.4bn, with an international asset management presence with expertise in both liquid and private markets to support Personal Financial Advisers and their customers.

Fideuram is committed every day to protecting and enhancing the assets of families and entrepreneurs, playing a key role in the country's growth and the construction of a sustainable future.

The Division counts over 6,600 Personal Financial Advisers in five Networks: Fideuram, Intesa Sanpaolo Private Banking, Sanpaolo Invest, IW Private Investments and the International Network. Within a framework of shared values and a service model based on professional advice and on the strength of the relationship of trust between customers and Personal Financial Advisers, each Network has its own offering model aimed at satisfying the various customer segments.

The approach to wealth management is comprehensive and includes both family and corporate assets, with financial, tax, legal, trust, M&A, Art and Real Estate Advisory services, offered using the skills of the Private Banking Division, in synergy with the Intesa Sanpaolo Group, or developed in partnership with the best professionals in the sector.

The investment solutions are implemented according to an open architecture model, which combines the products and services of the Division's companies with those of leading international investment firms.

The range of the offering is completed by both banking and insurance products and services, according to the best market standards and with a strong focus on the digital evolution and ESG issues.

With the aim of offering a broad and dedicated range of products, enjoying digital solutions that will be expanded over time, the new business unit Banca Diretta was created to meet the needs of customers who want to operate independently on investments and online trading. In trading there is the possibility of 24-hour trading through advanced platforms on more than fifty Italian and international cash and derivative markets, including long and short leverage transactions.

Fideuram - Intesa Sanpaolo Private Banking considers environmental, social and governance issues to be key values in its way of being and operating, promoting balanced development that directs capital flows towards sustainable investments.

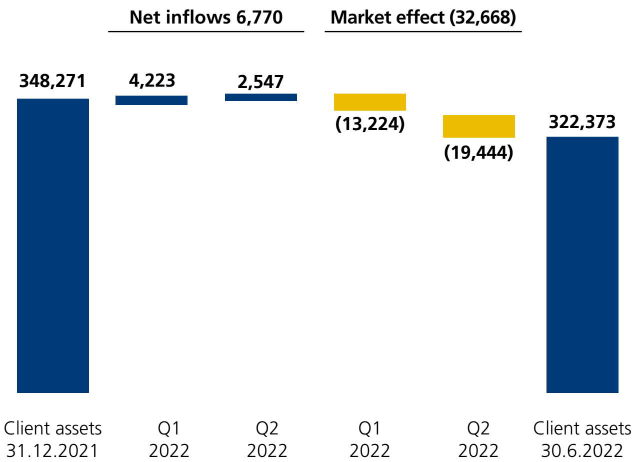
Client financial assets

Client assets as at 30 June 2022 amounted to **€322.4bn**, down €25.9bn compared to 31 December 2021 (-7%). This trend is the result of the market performance, which, in the first six months of the year, was affected by the repercussions of the military conflict between Russia and Ukraine negatively impacting assets by €32.7bn. Conversely, net inflows stood at €6.8bn, a decrease of €1.8bn compared to the first half of last year.

An analysis by aggregate shows that the **managed assets** component (63% of total assets) amounted to **€202.5bn**, down €22.8bn on the figure at the end of 2021. The decrease involved mutual funds (-€11.5bn), asset management (-€6.5bn) and life insurance (-€4.7bn). Average managed assets rose from €203.3bn as at 30 June 2021 to €209.5bn at the end of June 2022 (+€6.2bn, +3%).
Non-managed assets totalled **€119.9bn**, down €3.1bn from 31 December 2021.

Client assets (*)

(€m)



Client assets (*)

(€m)

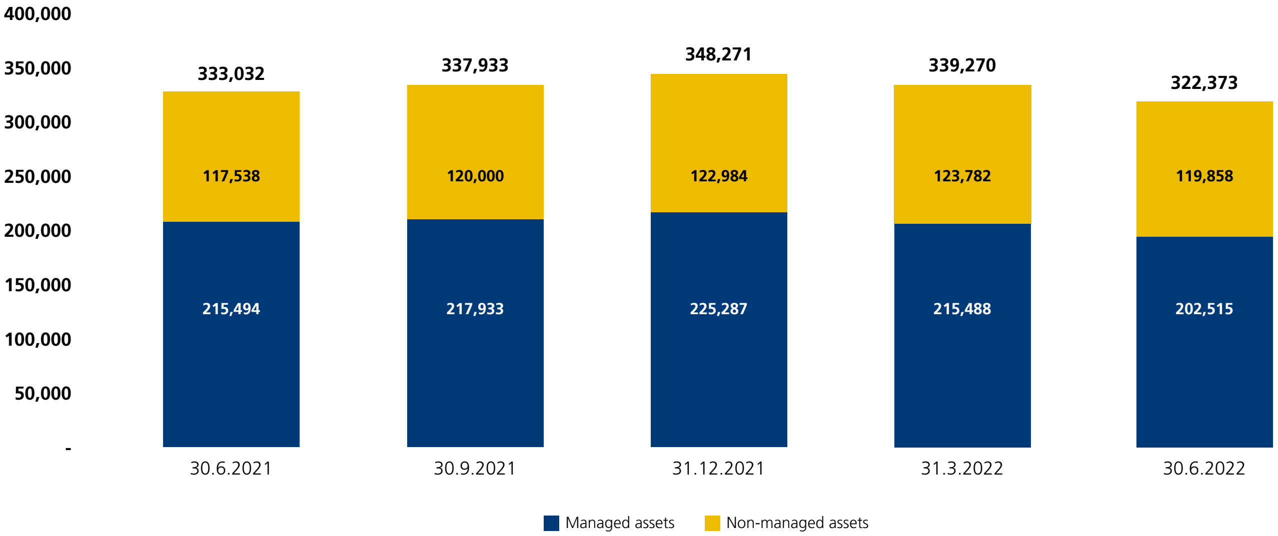
	30.6.2022	31.12.2021	CHANGE AMOUNT	CHANGE %
Mutual funds	72,094	83,558	(11,464)	-14
Discretionary accounts	61,560	68,064	(6,504)	-10
Life insurance	65,744	70,434	(4,690)	-7
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*41,179*	*46,313*	*(5,134)*	*-11*
Pension funds	3,117	3,231	(114)	-4
Total managed assets	**202,515**	**225,287**	**(22,772)**	**-10**
Total non-managed assets	**119,858**	**122,984**	**(3,126)**	**-3**
including: Securities	*70,756*	*74,502*	*(3,746)*	*-5*
Total client assets	**322,373**	**348,271**	**(25,898)**	**-7**

(*) Figures restated, where necessary, on a consistent basis to take account of changes in the scope of consolidation.

The following graphs show the quarterly trend of client assets, analysed by **type of inflow** and **sales network**.

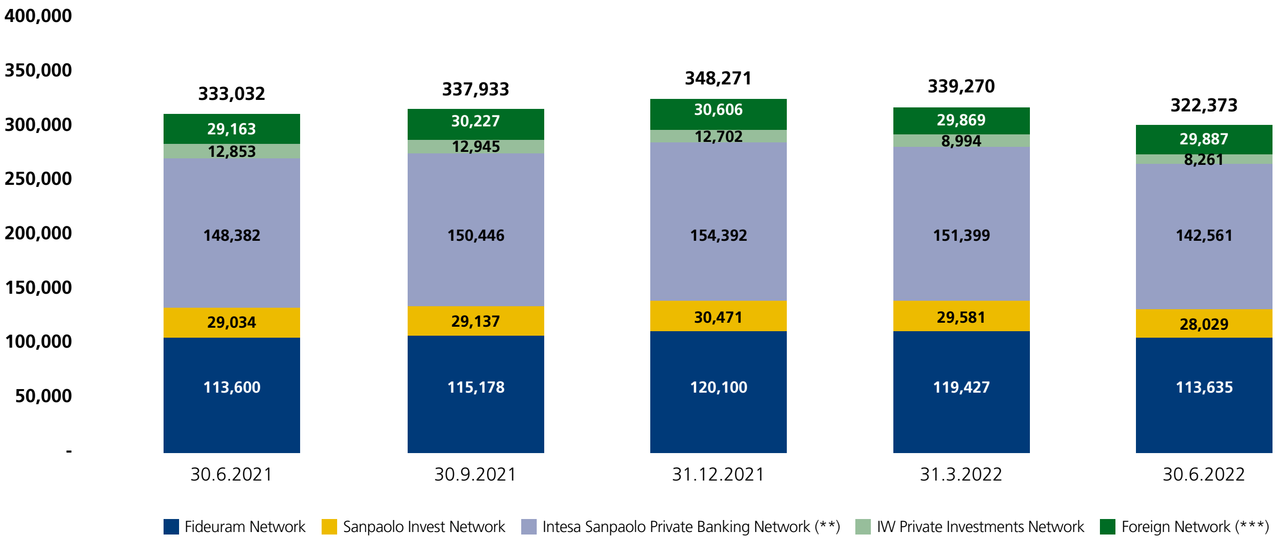
Client assets - by type of inflows (*)

(€m)



Client assets - by sales network (*)

(€m)



(*) Figures restated, where necessary, on a consistent basis to take account of changes in the scope of consolidation.

(**) The figures for the Intesa Sanpaolo Private Banking sales network include the client assets of Siref Fiduciaria.

(***) The figures for the international network includes the CA of Reyl, Fideuram Bank (Luxembourg) and CBP Quilvest.

Inflows into managed and non-managed assets

In the first half of 2022, the Group's Distribution Networks brought in **net inflows** of **€6.8bn**, down €1.8 billion from the same period in 2021 (-21%). The analysis by aggregate shows that the inflows into managed assets dropped from the corresponding period of the previous year by +€4.3bn. This was mainly attributable to the Group personal financial advisers directing inflows from customers towards liquid, bond and monetary instruments. The non-managed assets component was positive at €5.3bn, up €2.5bn compared to the first half of 2021.

Net inflows (*)

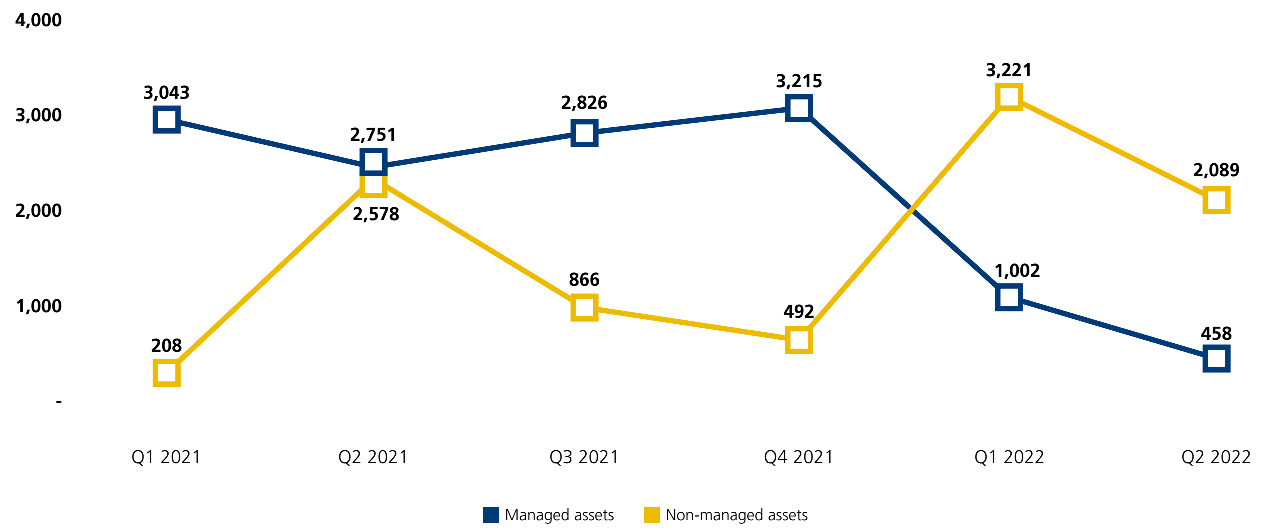
(€m)

	1ST HALF 2022	1ST HALF 2021	CHANGE AMOUNT	CHANGE %
Mutual funds	(924)	1,179	(2,103)	n.s.
Discretionary accounts	1,761	3,419	(1,658)	-48
Life insurance	515	1,103	(588)	-53
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*365*	*1,113*	*(748)*	*-67*
Pension funds	108	93	15	16
Total managed assets	**1,460**	**5,794**	**(4,334)**	**-75**
Total non-managed assets	**5,310**	**2,786**	**2,524**	**91**
including: Securities	*5,119*	*2,378*	*2,741*	*115*
Total net inflows	**6,770**	**8,580**	**(1,810)**	**-21**

n.s.: not significant

Trend Net inflows (*)

(€m)



(*) Figures restated, where necessary, on a consistent basis to take account of changes in the scope of consolidation.

Customer segmentation

CLIENT ASSETS at 30 June 2022

- Fideuram: €113.6 bn
- Sanpaolo Invest: €28 bn
- Intesa Sanpaolo Private Banking: €138.3 bn
- IW Private Investments: €8.3 bn
- Siref Fiduciaria: €4.3 bn (*)
- Foreign network: €29.9 bn

(*) The figure does not include the fiduciary mandates regarding Group client assets. The total number of fiduciary mandates is 52,882, with total client assets of €12 bn.

CUSTOMERS at 30 June 2022

- Fideuram: no. 714,278
- Sanpaolo Invest: no. 170,873
- Intesa Sanpaolo Private Banking: no. 46,994 (**)
- IW Private Investments: no. 60,966
- Siref Fiduciaria: no. fiduciary mandates 1,737 (*)
- Foreign network: no. 8,724

(**) Number of households with client assets in excess of €250k.

Analysis of the Group's customer base shows that it is concentrated in the Private Banking and High Net Worth Individual (HNWI) segments.
This focus on high-end customers (about 77% of client assets, corresponding to about 15% of customers, come from Private Banking and HNWI customers) enables our Personal Financial Advisers to target a segment with high growth prospects in the Italian market. The Group supports its customers with a dedicated service model using ad hoc organisational management (Private Banking and HNWI branches) and customised products and services. The table and graphs below analyse client assets by type of customer.

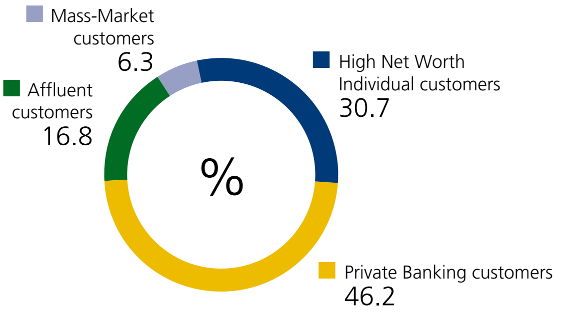
Client assets by type of customer (***)

(€m)

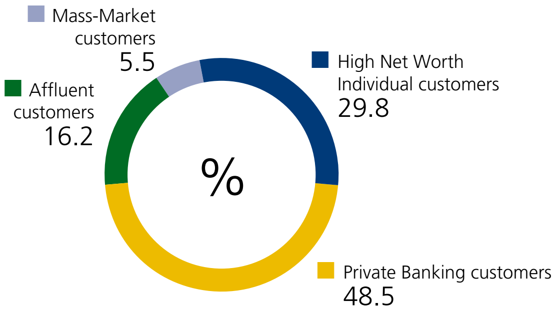
	30.6.2022	31.12.2021 (****)	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	99,119	103,832	(4,713)	-5
Private Banking customers	148,851	168,746	(19,895)	-12
Affluent customers	54,241	56,550	(2,309)	-4
Mass-Market customers	20,162	19,143	1,019	5
Total	**322,373**	**348,271**	**(25,898)**	**-7**

Percentage of client assets by type of customer

30.6.2022



31.12.2021 (****)



(***) The Fideuram Group's customers are segmented as follows:
High Net Worth Individuals: customers with financial assets potentially totalling in excess of €10,000,000.
Private Banking customers: customers with financial assets totalling between €500,000 and €10,000,000.
Affluent customers: customers with financial assets totalling between €100,000 and €500,000.
Mass-Market customers: customers with financial assets totalling less than €100,000.

(****) Figures restated on a consistent basis to take account of changes in the scope of consolidation.

Advanced advisory services

The Fideuram Group is a leading Italian banking group in the provision of financial advisory services and in the distribution, development and management of financial services and products for private individuals. The Group's principal distinctive strengths, emblematic of its market leadership, are founded on a business model that anchors the distribution of products and services in the professional relationships between our Personal Financial Advisers and their customers. This is supported by the strength of a banking group with four renowned brands – Fideuram, Intesa Sanpaolo Private Banking, Sanpaolo Invest and IW Private Investments – and a network of 270 bank branches and 380 Personal Financial Advisers' offices, which make a decisive contribution to customer loyalty. Our guided open-architecture model offers third-party products to complement our Group products. The professional relationship between each Personal Financial Adviser and customer is based on a financial advisory service model governed by a specific contract. The services under this model are delivered in two ways:

- Basic Advisory Services: offered free of charge to all customers and consisting in the provision of personalised advisory services supporting each customer's investments, paying careful attention to risk management and the suitability of their overall portfolio.
- Advanced Advisory Services: provided on the basis of a dedicated contract and subject to the payment of commission.

In particular, the Group offers its customers the following fee-paying Advanced Advisory Services:

- **SEI Advanced Advisory Services:** advisory service offered by Fideuram, Sanpaolo Invest and IW Private Investments. SEI provides customers with a highly personalised advisory service, able to support them in achieving their investment objectives and in realising their plans, including through value-added ancillary services dedicated to responding to particular asset needs. SEI puts the customer and their needs centre stage and supports Personal Financial Advisers in identifying optimal customised solutions to meet those needs and in monitoring their progress over time. All this while keeping a constant eye on the risk level and diversification of the customer's overall assets. Personal Financial Advisers are supported by the Advisory Platform at all stages of providing the SEI service. This technologically advanced application provides Personal Financial Advisers with all the features and reporting necessary to provide the customer with the Advanced Advisory Services.
- **VIEW (Value Investment Evolution Wealth) Advanced Advisory Services:** an advisory service offered by Intesa Sanpaolo Private Banking. VIEW takes all assets into consideration and supports the Personal Financial Advisers in their work of identifying each customer's specific requirements, categorised by area of need, including with the assistance of guideline customer "archetype" profiles. VIEW provides a complete advisory model, which, in addition, benefits from incorporating the Bank's Active Advisory Service, the real estate tool and the asset protection tool. VIEW also allows the customer and their Personal Financial Adviser to identify investment strategies and solutions for each individual area of need in accordance with the customer's risk/return profile and to monitor their wealth from a global standpoint over time.
- **Private Banking Advanced Advisory Services:** a personalised advisory service offered by Intesa Sanpaolo Private Banking, with high added value for customers who want to be actively involved in their asset allocation choices with the assistance of their Personal Financial Adviser and the support of one of our Financial Advisory Unit specialists.

A total of approximately 63,000 customers were subscribed to our Advanced Advisory Services at the end of June 2022, totalling approximately €43bn of client assets.

The customer and client assets data for our Advanced Advisory Services are shown below.

Customers subscribed to Advanced Advisory Services

(number)

	30.6.2022	31.12.2021	CHANGE AMOUNT	%
High Net Worth Individual customers	1,234	1,038	196	19
Private Banking customers	16,967	19,244	(2,277)	-12
Affluent customers	29,579	30,132	(553)	-2
Mass-Market customers	14,999	13,356	1,643	12
Total	**62,779**	**63,770**	**(991)**	**-2**

Advanced Advisory Services client assets

(€m)

	30.6.2022	31.12.2021	CHANGE AMOUNT	%
High Net Worth Individual customers	9,685	8,524	1,161	14
Private Banking customers	24,470	29,333	(4,863)	-17
Affluent customers	7,661	7,952	(291)	-4
Mass-Market customers	947	772	175	23
Total	**42,763**	**46,581**	**(3,818)**	**-8**

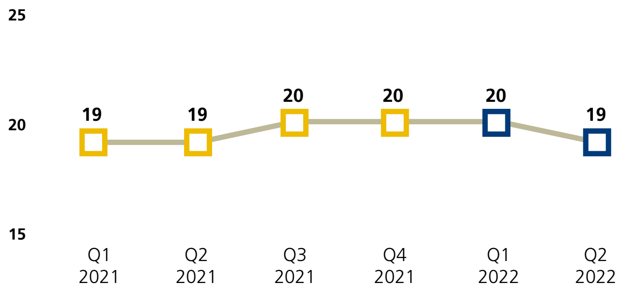
Advanced Advisory Services fee and commission income (*)

(€m)

	1ST HALF 2022	1ST HALF 2021	CHANGE AMOUNT	%
Fee and commission income	60	60	-	-
Fee and commission expense	(21)	(22)	1	-5
Net fee and commission income	**39**	**38**	**1**	**3**

Quarterly Advanced Advisory Services net fee and commission income (*)

(€m)



(*) Figures restated on a consistent basis to take account of changes in the scope of consolidation.

Segment reporting

The Group's operating structure covers three main Business Segments related to the types of financial products offered to customers:

- **Managed Financial Assets Segment**, which extends from mutual funds to SICAVs, speculative funds and individual discretionary accounts;
- **Life Insurance Assets Segment**, which covers unit-linked and traditional managed insurance asset products, as well as pension and protection products;
- **Banking Services Segment**, which covers the Group's banking and financial services.

Our segment reporting presents the Group's financial results, transaction data and key profitability indicators by Business Segment. These Segments are analysed using data that show their contribution to Group income after consolidation adjustments.

Segment reporting at 30 June 2022

(€m)

	MANAGED FINANCIAL ASSETS	LIFE INSURANCE ASSETS	BANKING SERVICES	TOTAL FOR FIDEURAM GROUP
Net interest income	-	-	99	99
Net profit (loss) on financial assets and liabilities at fair value	-	-	19	19
Net fee and commission income	654	289	66	1,009
Intermediation margin	**654**	**289**	**184**	**1,127**
Net operating expenses	(186)	(47)	(158)	(391)
Other	8	4	6	18
Gross income (loss)	**476**	**246**	**32**	**754**
Average client assets	**138,294**	**71,166**	**119,576**	**329,036**
Client assets	**133,654**	**68,861**	**119,858**	**322,373**
Net inflow	**837**	**623**	**5,310**	**6,770**
Key indicators				
Cost / Income Ratio	28%	16%	82%	34%
Annualised net fee and commission income / Average client assets	0.9%	0.8%	0.1%	0.6%
Annualised gross income (loss) / Average client assets	0.7%	0.7%	0.1%	0.5%

MANAGED FINANCIAL ASSETS SEGMENT

The managed financial assets segment covers the asset management and mutual funds business, totalling €133.7bn at 30 June 2022 (42% of total client assets), down €11.1bn on 30 June 2021. Net inflows, positive at €837m, declined sharply from the same period last year (-€3.8bn) as a result of new inflows that were largely directed toward non-managed asset products already from the beginning of the year. The segment's contribution to gross income (loss) totalled €476m, down €36m on the first six months of 2021, principally due to the decrease in net fee and commission income. The ratio of net fee and commission income to client assets was 0.9%, while the ratio of gross income (loss) to client assets was 0.7%.

Managed financial assets

(€m)

	1ST HALF 2022	1ST HALF 2021	CHANGE	
			AMOUNT	%
Net interest income	-	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-	-
Net fee and commission income	654	701	(47)	-7
Intermediation margin	**654**	**701**	**(47)**	**-7**
Net operating expenses	(186)	(177)	(9)	5
Other	8	(12)	20	n.s.
Gross income (loss)	**476**	**512**	**(36)**	**-7**
Average client assets	**138,294**	**134,384**	**3,910**	**3**
Client assets	**133,654**	**144,725**	**(11,071)**	**-8**
Net inflow	**837**	**4,598**	**(3,761)**	**-82**
Key indicators				
Cost / Income Ratio	28%	25%		
Annualised net fee and commission income / Average client assets	0.9%	1.0%		
Annualised gross income (loss) / Average client assets	0.7%	0.8%		

During the first half of 2022, the development of the range of products and services was driven by the search for new investment opportunities, despite the changing landscape strongly impacted by geopolitical events and their effects on commodity and financial markets.
Following on the process of enhancing sustainability factors in the Group's advisory activities, the development of the range of offerings involved a significant number of new products with investment policies integrating ESG factors.

For **in-house mutual funds**, the main initiative involved the development by Fideuram Asset Management (Ireland) of the Willerfunds Private Suite platform dedicated to Intesa Sanpaolo Private Banking. These are a selection of sub-funds of the open-ended investment company Willerfunds with which clients can build diversified portfolios with core/satellite combinations adaptable to different market conditions. In addition, Fideuram Asset Management (Ireland) has taken a particularly sensitive approach to sustainability issues, integrating ESG criteria into the construction of individual strategy portfolios.
Specifically, eight sub-funds were implemented in the first half of the year: seven that feature, inter alia, environmental and social characteristics (Article 8 SFDR) including in collaboration with leading asset managers, and one with the goal of achieving sustainable investment with positive environmental impact (Article 9 SFDR):

- Willerfunds Private Suite Fidelity Flexible Short Duration, a strategy dedicated to investors seeking a bond portfolio with high credit quality and low sensitivity to interest rate changes;
- Willerfunds Private Suite BNY Global Real Return, a flexible strategy with a global multi-asset portfolio diversified in terms of asset classes (equities, bonds, commodities, and real assets), designed with the goal of generating positive returns with low volatility, even in an environment characterised by possible inflation spikes;
- Willerfunds Private Suite Schroders Global Climate Change, a strategy designed for investors seeking long-term capital growth by investing in a global equity portfolio through the selection of companies that have actively engaged in decarbonization and/or carbon reduction;
- Willerfunds Private Suite Blackrock Balanced ESG, a strategy that invests globally with a goal of generating positive returns consistent with environmental, social, and governance principles by building a diversified portfolio by combining three approaches: exclusion of controversial issuers, best-in-class integration, and thematic investment;
- Willerfunds Private Suite Millennials Equity, a global equity-based strategy that invests in companies best positioned to benefit from the changes brought about by the growing role of millennials in society;
- Willerfunds Private Suite Janus Henderson Strategic Bond, a flexible bond-based strategy with a focus on long-term structural factors that can create disruption in traditional economic models and keep volatility of the bond component low;
- Willerfunds Private Suite Pictet Health Innovation Trends, a global equity-based strategy that invests primarily in companies in three segments: health prevention, i.e., companies producing solutions that enable people to stay healthy; health restoration, or companies that help patients recover or improve their quality of life; health financing, typically insurance companies or companies that finance the health care system;
- Willerfunds Private Suite Lombard Odier Natural Capital (Article 9 SFDR), which invests globally in equities whose growth will benefit from new regulations, product and service innovations that will support a transition to a circular economy and one that values natural capital. Major areas of investment include the circular bioeconomy, resource efficiency, and the zero waste-oriented economy.

The offering component of **funds and third-party open-ended investment companies** is also undergoing a process of transition to sustainability issues. In the course of reviewing its range of offerings, Fideuram has entered into new partnerships with international asset management companies recognised for their active role in sustainable investments: Axa Investment Managers, Candriam, Raiffeisen, Columbia Threadneedle and Legg Mason. New strategies of existing partners with a marked focus on products characterised by sustainability goals or advancing social and environmental features were also selected.
For the Intesa Sanpaolo Private Banking Network, in addition to the usual updating and maintenance of the range of companies already in placement with the introduction of new strategies of particular interest, the partnership with BNY Mellon was also launched.
With reference to the entire range of mutual funds on offer, both in-house and third-party, the first half of 2022 saw continued efforts by asset management companies to integrate the investment policies of traditional funds with ESG criteria, leading to an increasingly sustainability-oriented offering. In the area of alternative investment funds, Fideuram Asset Management SGR - in collaboration with Blackrock - has created for the Group's customers the new programme of the Fideuram Alternative Investments (FAI) platform that invests in the main private market asset classes (Private Equity, Infrastructure Equity and Private Credit) through the master fund FAI Sustainable Private Markets, the placement of which will be completed in the second half of the year, among the first illiquid sustainable funds in the Italian market that promotes, inter alia, environmental and/or social characteristics in accordance with Article 8 of the SFDR. In addition, the Group offered the dedicated closed-end alternative real estate investment fund Milan Urban Private Fund of Castello SGR and the second closing of Neva First, the reserved closed-end alternative real estate investment fund of Neva SGR, to more sophisticated customers.

As regards **individual asset management**, the main changes affected the entire scope of investment services in range. Specifically:

- for Intesa Sanpaolo Private Banking, the individual management service was revised and broadened with new investment lines offered through the Wealth Collection single multi-line management contract. In parallel, the usual maintenance and refinement of the lines dedicated to Intesa Sanpaolo Private Banking customers of Eurizon Capital SGR was carried out;
- For Fideuram, four new lines were introduced on Folios:
  - Equity Net Zero Emission Folio, with a portfolio consisting of funds and ETFs, invests in companies committed to the energy transition with the goal of reducing CO_2 emissions both in production processes and in the products and services produced. The Folio adopts an investment approach which, in addition to integrating sustainability risk management, allows the pursuit of specific objectives capable of generating a positive and measurable social or environmental impact (so-called impact investing). Given the characteristic of pursuing sustainable investment objectives, it has been classified as meeting Article 9 SFDR;
  - Sustainable Infrastructure Folio, with a portfolio consisting of funds and ETFs, offers exposure to the major sectors involved in infrastructure investments needed to ensure the achievement of environmental sustainability and climate change control goals. The investment strategy is therefore characterised by defining an investment-grade mix in sectors with the best financial prospects related to long-term structural growth themes and more generally sustainable development (so-called Sustainability Themed Investing). The Folio pursues environmental and social goals in accordance with Article 8 SFDR;
  - Equity Strategies Folio and Bond Strategies Folio, two single asset class Folios in funds and ETFs for portfolio building. In addition, the offering of step-in dynamic lines to the markets of the Folios platform continued, with investment proposals on the Global Equity and Smart Trends equity lines and with the launch of the Equity Strategies 70 solution, which combines the strategies of the Equity and Bond Strategies Folios in a balanced 70/30 logic.

Omnia Asset Management also continued the step-in dynamic offering of the Active Beta 100 management line to provide customers with a progressive entry solution for equity markets.

The Group offers asset management products classified under Articles 8 and 9 SFDR with 33% of total client assets.

LIFE INSURANCE ASSETS SEGMENT

This segment covers the Group's life insurance and pension fund business, which totalled €68.9bn at 30 June 2022 (21% of total client assets), down €1.9bn compared to 30 June 2021. Net inflows, positive at €623m, showed a decrease of €573m compared to the same period last year. The contribution to gross income amounted to €246m, an increase of €6m compared to the same period last year. The ratio of net fee and commission income to CA was 0.8%, while the ratio of gross income (loss) to CA was 0.7%.

Life insurance assets

(€m)

	1ST HALF 2022	1ST HALF 2021	CHANGE AMOUNT	CHANGE %
Net interest income	-	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-	-
Net fee and commission income	289	293	(4)	-1
Intermediation margin	**289**	**293**	**(4)**	**-1**
Net operating expenses	(47)	(48)	1	-2
Other	4	(5)	9	n.s.
Gross income (loss)	**246**	**240**	**6**	**3**
Average client assets	**71,166**	**68,947**	**2,219**	**3**
Client assets	**68,861**	**70,769**	**(1,908)**	**-3**
Net inflow	**623**	**1,196**	**(573)**	**-48**
Key indicators				
Cost / Income Ratio	16%	16%		
Annualised net fee and commission income / Average client assets	0.8%	0.8%		
Annualised gross income (loss) / Average client assets	0.7%	0.7%		

As part of the **insurance-based** products aimed at Fideuram, Sanpaolo Invest and IW Private Investments, the first half of 2022 was marked by the marketing, with a totally digital process, of the new Class III policy Fideuram Vita Futura. An innovative product that provides for proposals for specific target customers to be created through a single contract with various flexible paths that allow for modulating the insurance, financial and service components. The portfolio construction is carried out in open architecture, and the investment-grade mix available is strongly oriented toward sustainable investments. Two additional internal funds were introduced in May that allow investment in equity markets with a step-in approach.

As part of the new features for Intesa Sanpaolo Private Banking customers, Intesa Sanpaolo Life's Selezione Private Pro unit-linked policy was enhanced with the Crescita Stabile internal fund. This is a flexible multi-asset fund that aims to generate a stable return through a mechanism of maintaining it in predefined fluctuation bands. Also in Private Insurance policies, the range of underlying assets of La Mondiale Europartner and Sogelife policies was enhanced with the introduction of new collective internal funds.

BANKING SERVICES SEGMENT

The Banking Services Segment covers the Group's banking and financial services, together with its central departments, holding activities and finance activities, as well as - generally speaking - the coordination and control activities for its other operating segments. This segment includes non-managed assets, mainly securities and current accounts, which totalled €119.9bn at 30 June 2022 (37% of total client assets), up €2.3bn compared with the figure at 30 June 2021. Net inflows were positive at €5.3bn, up sharply from the net inflows of €2.8bn in the first half of last year (+€2.5bn), due to the activities of the Group's financial advisers, who directed new inflows from customers to liquid instruments and the bond and money market.
This area contributed €32m to gross income, down €219m from the balance in the first half of last year, which included the profit realised from the sale of the Depositary Bank and Fund Administration business unit of Fideuram Bank (Luxembourg) to State Street Bank. The ratio of net fee and commission income to client assets and the ratio of gross income (loss) to client assets were 0.1%.

Banking Services

(€m)

	1ST HALF 2022	1ST HALF 2021	CHANGE AMOUNT	CHANGE %
Net interest income	99	106	(7)	-7
Net profit (loss) on financial assets and liabilities	19	32	(13)	-41
Net fee and commission income	66	36	30	83
Intermediation margin	**184**	**174**	**10**	**6**
Net operating expenses	(158)	(157)	(1)	1
Other	6	234	(228)	-97
Gross income (loss)	**32**	**251**	**(219)**	**-87**
Average client assets	**119,576**	**108,142**	**11,434**	**11**
Client assets	**119,858**	**117,538**	**2,320**	**2**
Net inflow	**5,310**	**2,786**	**2,524**	**91**
Key indicators				
Cost / Income Ratio	82%	84%		
Annualised net fee and commission income / Average client assets	0.1%	0.1%		
Annualised gross income (loss) / Average client assets	0.1%	0.5%		

For **banking services**, initiatives to support banking and the acquisition of new customers continued specifically, commercial initiatives were developed for Fideuram, Sanpaolo Invest, and IW Private Investments aimed at new customers and new inflows (accounts with favourable rates) dedicated to the transition from savings to investment in managed assets. Similarly, for Intesa Sanpaolo Private Banking, there were initiatives for individual customers and family holding companies by means of savings vouchers at favourable rates.

In addition, at Group level, lending initiatives continued with the granting of new loans on favourable terms.

At Banca Diretta, the unit dedicated to advanced trading, the main innovations involved a set of products built by combining current accounts and services dedicated to securities trading through online trading features. Specifically:

- IW Conto Start, which is aimed at customers who wish to access product and service offerings on their own, using digital channels and are interested in trading in securities via online self-service channels. The contract includes a number of bundled services: in addition to the euro current account, payment services, debit card, and remote (online) trading, a securities custody account is also automatically opened, with which customers can manage their own non-managed and carry out online securities trading on the main Italian and foreign markets, including the customer-owned securities lending service, which allows for additional remuneration of the securities portfolio. In addition, for the more strictly banking part, the interoperability service is also available, allowing deposit and withdrawal transactions at branches of other Intesa Sanpaolo Group banks.
- IW Conto Trader, a package of products and services designed for customers who wish to trade using innovative and advanced trading platforms, through a current account package with transactions limited to the receipt and execution of transfers functional to trading. IW Conto Trader allows trading in 35 equity markets, 5 bond markets, 10 derivative markets, even on the move, with advanced and innovative tools such as: IW QuickTrade, 4 Trader+ and the Trading+ app. Additional advanced services are also available: Derivatives to buy and sell options and futures, SuperDerivatives to trade derivatives with reduced intraday margins, the services to have IW Scalper and Super Scalper leverage, and the combination Scalper Short Selling and Securities Lending to trade short. Finally, IW Conto Trader customers can, when there are specific characteristics of experience and knowledge, request activation of the Sphera platform with the concurrent opening of the IW Conto Sphera account with trading limits. Access to the evolved trading platform called "Sphera®" allows trading on Italian, cash and derivatives markets (MTA, MOT, SEDEX, EuroTLX, IDEM) and on the ExtraMOT PRO segment if a customer is classified as a Professional under MiFID.

Finally, Intesa Sanpaolo Private Banking entered into a distribution agreement with Fideuram Bank (Luxembourg) for the promotion and distribution of a range of Fideuram Bank (Luxembourg) products and services to customers through its branches, such as multi-currency current account and payment services, securities custody and administration service, and internet banking. The offering is aimed at customers, both individuals and legal entities, with international diversification needs and/or with business activities also abroad and investing both directly and through investment vehicles.

For **non-managed assets**, in the first half the placement activities of Investment Certificates by Intesa Sanpaolo on equity indices and baskets of equity indices, with protection of the total capital or in any event not less than 95% of the amount invested and full participation in the performance of the various underlying securities continued with customers most sensitive to the protection of their capital. For Intesa Sanpaolo Private Banking, Intesa also created Investment Certificates on individual securities.

The Group also placed four new Intesa issues, took part in the placement of BTP Italia indexed to the Italian national inflation rate, and joined the share offering of Thecnoprobe S.p.A. and Generalfinance S.p.A. companies intended for professional customers only.

Human capital

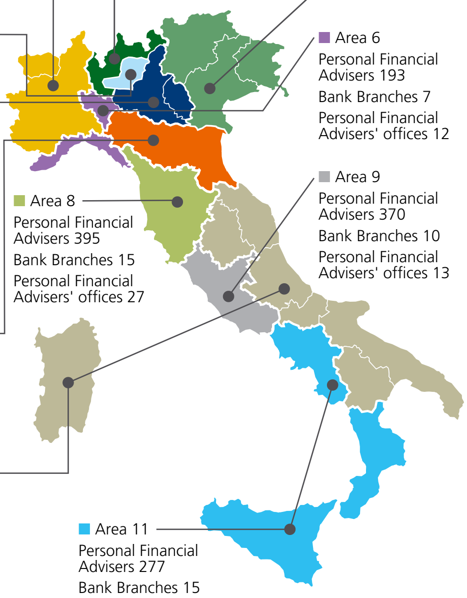
DISTRIBUTION NETWORKS

At 30 June 2022, the Group's distribution organisation (Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking, IW Private Investments and Foreign Network) totalled 6,641 Personal Financial Advisers compared with 6,621 at the beginning of 2022.

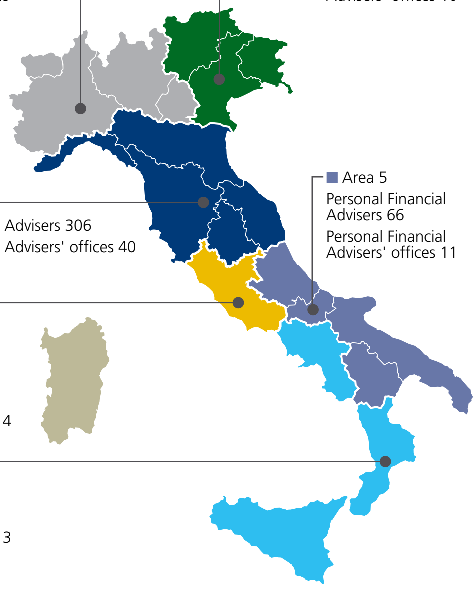
	BEGINNING OF PERIOD 1.1.2022	IN	OUT	NET	END OF PERIOD 30.6.2022
Fideuram Network	3,638	131	77	54	3,692
Sanpaolo Invest Network	1,191	46	33	13	1,204
Intesa Sanpaolo Private Banking Network	629	11	41	(30)	599
IW Private Investments Network	1,056	34	42	(8)	1,048
Foreign Network	107	16	25	(9)	98
Total	**6,621**	**238**	**218**	**20**	**6,641**

	BEGINNING OF PERIOD 1.7.2021	IN	OUT	NET	END OF PERIOD 30.6.2022
Fideuram Network	3,621	257	186	71	3,692
Sanpaolo Invest Network	1,213	80	89	(9)	1,204
Intesa Sanpaolo Private Banking Network	653	34	88	(54)	599
IW Private Investments Network	1,068	53	73	(20)	1,048
Foreign Network	117	22	41	(19)	98
Total	**6,672**	**446**	**477**	**(31)**	**6,641**

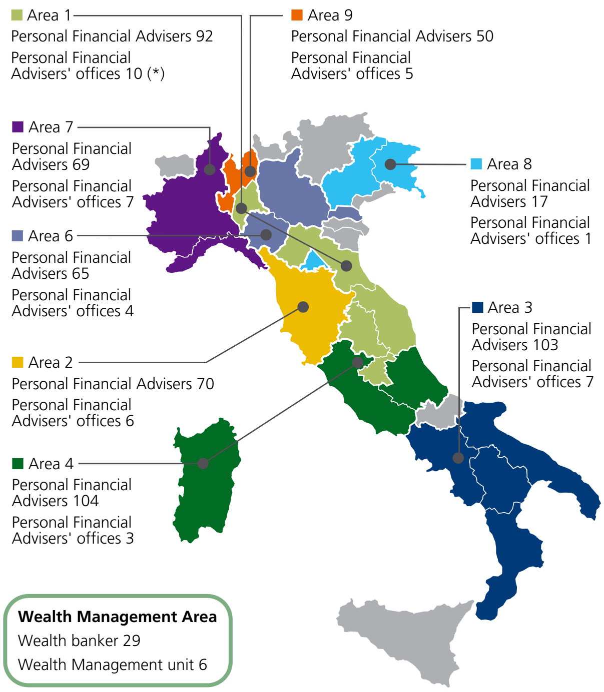
Fideuram Network: 11 areas



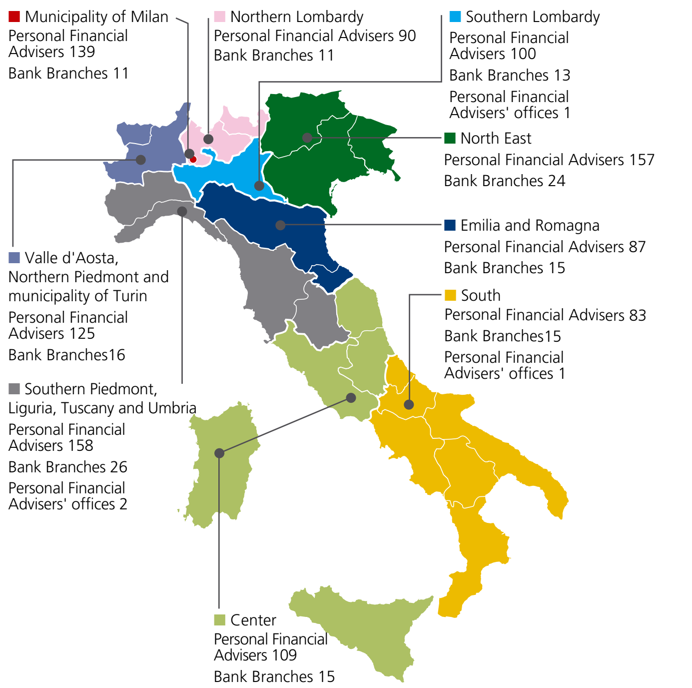
Sanpaolo Invest Network: 6 areas



IW Private Investments: 9 areas



Intesa Sanpaolo Private Banking Network: 9 areas



(*) The Milan office is shared by the Personal Financial Advisers of areas 1 and 9.

The Fideuram, Sanpaolo Invest and IW Private Investments Networks' recruitment programmes brought in 188 new professionals in the first half of 2022 (compared with 185 new Personal Financial Advisers recruited in the same period of 2021); and 371 over the past 12 months, compared with 274 in the previous twelve-month period. 151 Personal Financial Advisers left the Group in the first half of the year, only 32% of whom, however, moved to competitor networks.

Fideuram Network Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1ST HALF					
1.1.2022 - 30.6.2022	3,638	131	77	54	3,692
1.1.2021 - 30.6.2021	3,579	130	88	42	3,621
TWELVE-MONTH PERIOD					
1.7.2021 - 30.6.2022	3,621	257	186	71	3,692
1.7.2020 - 30.6.2021	3,603	179	161	18	3,621

Sanpaolo Invest Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1ST HALF					
1.1.2022 - 30.6.2022	1,191	46	33	13	1,204
1.1.2021 - 30.6.2021	1,220	39	46	(7)	1,213
TWELVE-MONTH PERIOD					
1.7.2021 - 30.6.2022	1,213	80	89	(9)	1,204
1.7.2020 - 30.6.2021	1,242	60	89	(29)	1,213

IW Private Investments Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1ST HALF					
1.1.2022 - 30.6.2022	629	11	41	(30)	599
1.1.2021 - 30.6.2021	698	16	61	(45)	653
TWELVE-MONTH PERIOD					
1.7.2021 - 30.6.2022	653	34	88	(54)	599
1.7.2020 - 30.6.2021	716	35	98	(63)	653

The Intesa Sanpaolo Private Banking Network currently numbers 953 Personal Financial Advisers who are salaried employees registered in Italy's Unified Register of Financial Advisers and 95 freelance professionals on agency contracts.

Intesa Sanpaolo Private Banking Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1ST HALF					
1.1.2022 - 30.6.2022	1,056	34	42	(8)	1,048
1.1.2021 - 30.6.2021	889	208	29	179	1,068
TWELVE-MONTH PERIOD					
1.7.2021 - 30.6.2022	1,068	53	73	(20)	1,048
1.7.2020 - 30.6.2021	901	221	54	167	1,068

The Foreign Network consisted of 53 Personal Financial Advisers from the Reyl Group, 17 from Fideuram Bank (Luxembourg) and 28 from CBP Quilvest.

Foreign Network Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1ST HALF					
1.1.2022 - 30.6.2022	107	16	25	(9)	98
1.1.2021 - 30.6.2021	122	1	6	(5)	117
TWELVE-MONTH PERIOD					
1.7.2021 - 30.6.2022	117	22	41	(19)	98
1.7.2020 - 30.6.2021	123	4	10	(6)	117

The recruitment programmes were conducted with the greatest rigour and professionalism by management of the Group's Networks, and focused on finding Personal Financial Advisers of high standing, in line with the role of market leader which has always distinguished the Fideuram Group. The training and work of these top professionals are guided by the principles of ethics and transparency which differentiate the Group and aim, among other things, to secure customer loyalty and provide them with financial advisory services tailored to each customer's personal investment needs and risk profile.

Moreover, we continued to see steady growth in the Personal Financial Advisers who have joined our Team project, conceived to promote collaboration between Personal Financial Advisers with a view to developing and providing enhanced support for their customers. At the end of June 2022, 1,852 Personal Financial Advisers had joined together in teams, collectively managing around €21.2bn assets for over 140,000 customers.

EMPLOYEES

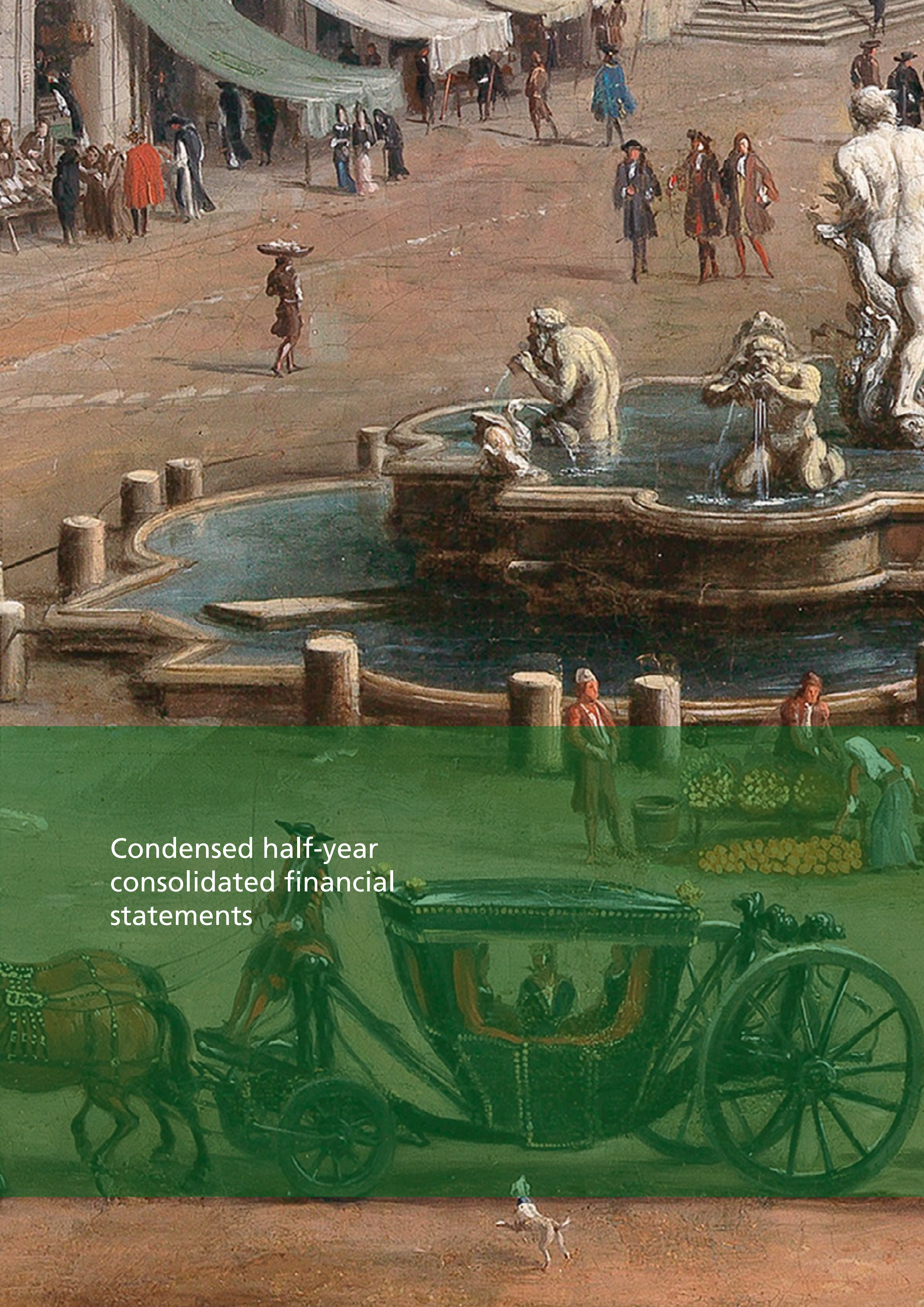
Total Group staff, including secondments to and from other companies in the Intesa Sanpaolo Group not included in the scope of consolidation of the Fideuram Group and atypical staff, came to 4,204 at 30 June 2022, compared with 4,159 at 31 December 2021.
Direct employees totalled 4,025.

Employees

(number)

	30.6.2022	31.12.2021 (*)	30.6.2021 (*)
Private Banking	**3,871**	**3,835**	**3,899**
Fideuram - Intesa Sanpaolo Private Banking	1,651	1,601	1,595
Intesa Sanpaolo Private Banking	1,559	1,550	1,592
IW Bank Private Investments	37	42	44
Sanpaolo Invest SIM	14	15	15
Fideuram Bank (Luxembourg)	55	50	52
CBP Quilvest	145	139	146
Reyl Group	410	438	455
Asset Management	**241**	**232**	**231**
Fideuram Asset Management (Ireland)	65	63	66
Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR	176	169	165
Fiduciary and treasury services	**92**	**92**	**86**
Financière Fideuram	-	-	3
Siref Fiduciaria	87	85	76
Ubi Trustee	5	7	7
Total	**4,204**	**4,159**	**4,216**

(*) Figures restated on a consistent basis to take account of changes in the scope of consolidation.



Condensed half-year consolidated financial statements

Notes

Analysis of the income statement

The Fideuram – Intesa Sanpaolo Private Banking Group ended the first half of 2022 with consolidated net profit of €528m, down €118m on the same period last year (-18%). Excluding the net capital gain of €164m posted in the first quarter of last year from the sale of the Depositary Bank and Fund Administration business unit of Fideuram Bank (Luxembourg), net profit recorded an increase of €46m (+10%).

Consolidated income statement

(reclassified - €m)

	1ST HALF 2022	1ST HALF 2021	CHANGE	
			AMOUNT	%
Net interest income	99	106	(7)	-7
Net profit (loss) on financial assets and liabilities at fair value	19	32	(13)	-41
Net fee and commission income	1,009	1,030	(21)	-2
INTERMEDIATION MARGIN	**1,127**	**1,168**	**(41)**	**-4**
Profit on equity investments and other income (expense)	8	14	(6)	-43
NET OPERATING INCOME	**1,135**	**1,182**	**(47)**	**-4**
Personnel expenses	(211)	(213)	2	-1
Other administrative expenses	(142)	(133)	(9)	7
Depreciation and amortisation	(38)	(36)	(2)	6
NET OPERATING EXPENSES	**(391)**	**(382)**	**(9)**	**2**
OPERATING MARGIN	**744**	**800**	**(56)**	**-7**
Net impairment of loans	(3)	1	(4)	n.s.
Net provisions for risks and charges and net impairment of other assets	13	(17)	30	n.s.
Net non-recurring income (expenses)	-	219	(219)	-100
GROSS INCOME (LOSS)	**754**	**1,003**	**(249)**	**-25**
Income taxes for the period on continuing operations	(190)	(299)	109	-36
Integration and voluntary redundancy expenses (net of tax)	(15)	(10)	(5)	50
Effects of purchase price allocation (net of tax)	(10)	(11)	1	-9
Expenses regarding the banking system (net of tax)	(11)	(13)	2	-15
Net profit (loss) attributable to non-controlling interests	-	(24)	24	n.s.
NET PROFIT	**528**	**646**	**(118)**	**-18**

n.s.: not significant

Quarterly consolidated income statements

(reclassified - €m)

	2022		2021			
	Q2	Q1	Q4	Q3	Q2 (*)	Q1 (*)
Net interest income	52	47	51	55	54	52
Net profit (loss) on financial assets and liabilities at fair value	8	11	5	9	11	21
Net fee and commission income	506	503	521	510	511	519
INTERMEDIATION MARGIN	**566**	**561**	**577**	**574**	**576**	**592**
Profit on equity investments and other income (expense)	5	3	1	7	7	7
NET OPERATING INCOME	**571**	**564**	**578**	**581**	**583**	**599**
Personnel expenses	(108)	(103)	(121)	(110)	(106)	(107)
Other administrative expenses	(72)	(70)	(78)	(65)	(67)	(66)
Depreciation and amortisation	(19)	(19)	(19)	(18)	(18)	(18)
NET OPERATING EXPENSES	**(199)**	**(192)**	**(218)**	**(193)**	**(191)**	**(191)**
OPERATING MARGIN	**372**	**372**	**360**	**388**	**392**	**408**
Net impairment of loans	(5)	2	3	(1)	(1)	2
Net provisions for risks and charges and net impairment of other assets	9	4	(9)	(11)	(10)	(7)
Net non-recurring income (expenses)	-	-	-	-	(1)	220
GROSS INCOME (LOSS)	**376**	**378**	**354**	**376**	**380**	**623**
Income taxes for the period on continuing operations	(81)	(109)	(96)	(110)	(113)	(186)
Integration and voluntary redundancy expenses (net of tax)	(8)	(7)	(25)	(3)	(6)	(4)
Effects of purchase price allocation (net of tax)	(5)	(5)	(6)	(5)	(6)	(5)
Expenses regarding the banking system (net of tax)	-	(11)	(4)	(15)	(4)	(9)
Net profit (loss) for the period attributable to non-controlling interests	(1)	1	(4)	(7)	(10)	(14)
NET PROFIT	**281**	**247**	**219**	**236**	**241**	**405**

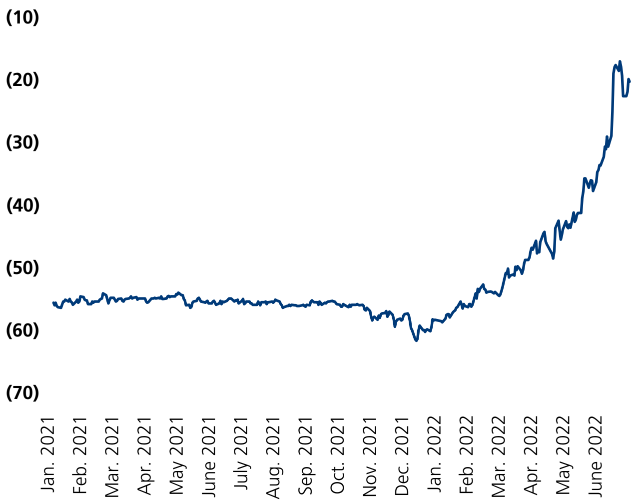
(*) Figures restated on a consistent basis to take account of changes in the scope of consolidation.

Net operating income totalled €1.1bn, down €47m (-4%) compared to the first half of 2021. This result is attributable to:

- the drop in net interest income (-€7m);
- the decrease in net profit on financial assets (-€13m);
- reduced net fee and commission income (-€21m);
- decrease in profit from equity investments and other income (-€6m).

Euribor 3 months rate

(bp)



Source: Bloomberg

Net interest income

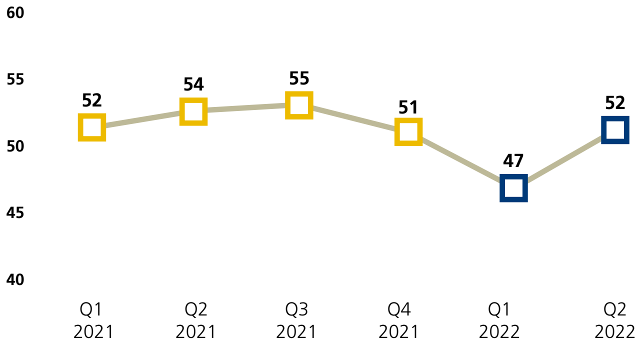
(€m)

	1ST HALF 2022	1ST HALF 2021	CHANGE	
			AMOUNT	%
Business with customers	36	25	11	44
Business with banks	(4)	14	(18)	n.s.
Interest income on debt securities	112	111	1	1
Net interest on hedging derivatives	(45)	(44)	(1)	2
Total	**99**	**106**	**(7)**	**-7**

Net interest income totalled €99m, down €7 million compared to the first half of last year due to the maturity of bonds and the resulting increase in average volumes of cash used in the interbank market at negative rates, partly offset by the positive contribution of floating-rate positions. Analysis of quarterly dynamics showed an upward trend in net interest income in the second quarter of the year, reflecting the reversal of the trend recorded by interest rates from the downward trend that had characterised the second part of 2021.

Quarterly net interest income

(€m)



Net profit (loss) on financial assets and liabilities

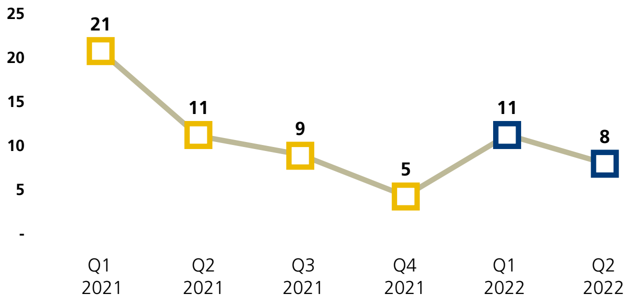
(€m)

	1ST HALF 2022	1ST HALF 2021	CHANGE AMOUNT	CHANGE %
Net profit (loss) on sale of financial assets	2	6	(4)	-67
Net profit (loss) of financial assets measured at fair value through profit or loss	13	25	(12)	-48
Net profit (loss) on hedging derivatives	4	1	3	n.s.
Total	**19**	**32**	**(13)**	**-41**

Net profit (loss) on financial assets and liabilities amounted to €19m, down €13m compared with the same period last year, mainly due to losses on financial instruments held to service the incentive plans of risk takers and distribution networks (-€12m) and the decline in profits from the sale of debt securities (-€4m), only partly offset by the increase in net profit on hedging derivatives (+€3m).

Quarterly net profit (loss) on financial assets and liabilities

(€m)



Net fee and commission income

(€m)

	1ST HALF 2022	1ST HALF 2021	CHANGE AMOUNT	CHANGE %
Net recurring fees	968	970	(2)	-
Net performance fees	-	2	(2)	-100
Net front-end fees	131	130	1	1
Commission expense for incentives and others	(90)	(72)	(18)	25
Total	**1,009**	**1,030**	**(21)**	**-2**

For further information on the breakdown of revenues from contracts with customers, please refer to the section in Interim Directors' Report - Segment reporting.

Net fee and commission income totalled €1bn, slightly down from the first six months of 2021 (-2%).

Net recurring fees

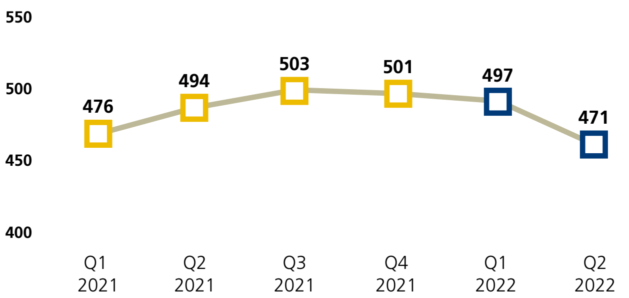
(€m)

	Q1	Q2	TOTAL
2022	497	471	968
2021	476	494	970
Change	**21**	**(23)**	**(2)**

Net recurring fees totalled €968m, broadly in line with the figure for the same period of the previous year (-€2m). Analysis of quarterly dynamics showed a downward trend in net recurring fees, reflecting the correction in financial markets resulting from the war between Russia and Ukraine, which significantly affected average client assets.

Quarterly net recurring fees

(€m)



Performance fees amounted to zero, compared to €2m in the first half of last year. The Fideuram Group charges the performance fees on individual discretionary accounts annually, except when the customer decides to close the account early. The Group calculates the performance fees on its internal insurance funds on a daily accrual basis in relation to the performance of the fund, applying a High Water Mark clause that means performance fees are only charged when the value of the fund rises above the highest value reached on the previous dates when performance fees were charged. The performance fees on the Group's mutual funds are charged annually (applying a High Water Mark clause).

Net front-end fees

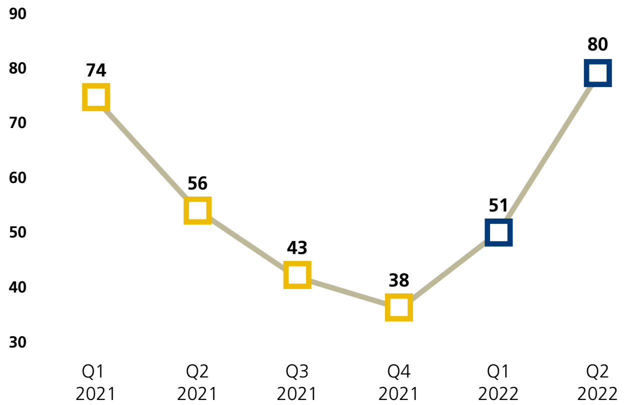
(€m)

	Q1	Q2	TOTAL
2022	51	80	131
2021	74	56	130
Change	**(23)**	**24**	**1**

Net front-end fees totalled €131m, broadly in line with the first half of 2021 buoyed by good performance in the placement of non-managed assets. In the first half of 2022, the Group's networks distributed bonds and certificates, largely issued by Intesa Sanpaolo Group companies, that brought in approximately €4.1bn in gross inflows, compared with €1.3bn placed in the first half of 2021.

Quarterly net front-end fees

(€m)



Other fee and commission expense

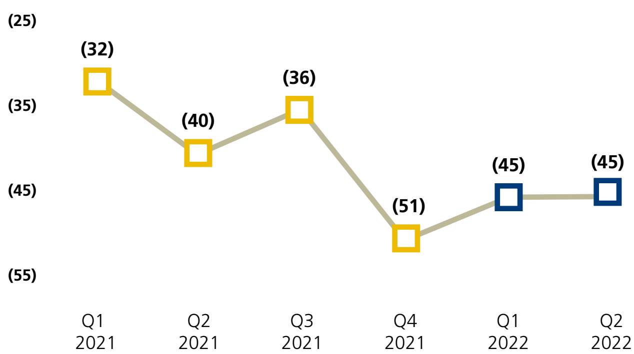
(€m)

	Q1	Q2	TOTAL
2022	(45)	(45)	(90)
2021	(32)	(40)	(72)
Change	**(13)**	**(5)**	**(18)**

The **other fee and commission expense** totalled €90m, up €18m on the figure for the first half of 2021 due to the higher incentive fees accrued by the distribution networks.

Quarterly other fee and commission expense

(€m)



Profit on equity investments and other income (expense) was €8m and decreased by €6m compared to the same period last year mainly due to higher charges related to Personal Financial Advisers.

Net operating expenses

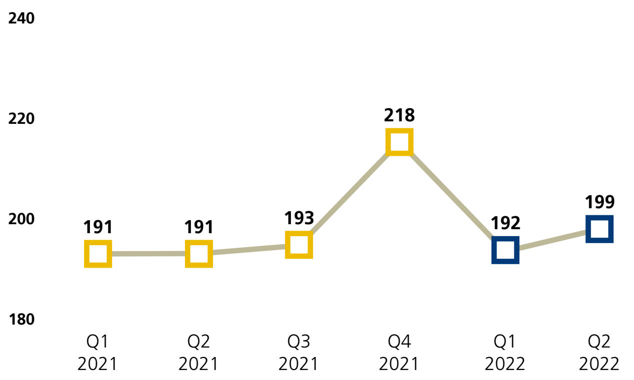
(€m)

	1ST HALF 2022	1ST HALF 2021	CHANGE AMOUNT	CHANGE %
Personnel expenses	211	213	(2)	-1
Other administrative expenses	142	133	9	7
Depreciation and amortisation	38	36	2	6
Total	**391**	**382**	**9**	**2**

Net operating expenses, totalling €391m, rose by €9m (+2%) from the same period last year. The detailed analysis showed how personnel expenses, which totalled €211m, decreased by €2m mainly due to the changed trend in the variable component of remuneration. Other administrative expenses, totalled €142m, up €9m largely attributable to higher costs for info-providers, third-party services, promotional/advertising expenses and IT expenses. Depreciation and amortisation increased by €2m, due to higher amortisation of software.

Quarterly net operating expenses

(€m)



Net impairment of loans recorded a negative balance of €3m mainly consisting of reversals of impairment of loans to customers. The positive balance of €1m in the first half of last year consisted mainly of reversals on bank exposures to Intesa Sanpaolo.

Net provisions for risks and charges and net impairment of other assets

(€m)

	1ST HALF 2022	1ST HALF 2021	CHANGE AMOUNT	CHANGE %
Personal Financial Advisers' termination indemnities and incentives	14	(16)	30	n.s.
Litigation and complaints	(1)	(2)	1	-50
Network Loyalty Schemes	3	(2)	5	n.s.
Net impairment of (recoveries on) debt securities	(3)	3	(6)	n.s.
Total	**13**	**(17)**	**30**	**n.s.**

Net provisions for risks and charges and net impairment of other assets recorded a positive balance of €13m compared with a negative balance of €17m in the first half of 2021. A detailed analysis shows that provisions for contractual indemnities due to Personal Financial Advisers increased by €30m due mainly to the increase in discounting rates of the fund. Provisions for litigation decreased by €1m due to the decreased riskiness of positions arising during the period. Provisions for Network Loyalty Schemes increased by €5m due to the aforementioned trend in the discounting rates of the fund. Net impairment on debt securities recorded a negative balance of €3m, attributable to impairments on bonds due to the deteriorating macroeconomic scenario that led to the increased probability of default.

Net non-recurring income (expenses) include income and expenses that are not attributable to ordinary operations. In the first half of 2022 the item recorded a zero balance compared to an income of €219m posted in the same period of last year for the sale of the Depositary Bank and Fund Administration business unit of Fideuram Bank (Luxembourg).

Income taxes of €190m decreased by €109m compared to the first six months of last year due to lower gross profit for the period. The item also includes tax benefits totalling €43m, recognised as a result of the posting of the higher values of the investment in Reyl & Cie and intangible assets related to the acquisition of the UBI Top Private Branch and the acquisition of UBI tax losses, for the portion attributed to the Branches demerged from Intesa Sanpaolo in favour of Fideuram and Intesa Sanpaolo Private Banking. The tax rate was 25% (30% in the first half of 2021).

Integration and voluntary redundancy expenses (net of tax) recorded a balance of €15m (+€5m compared to the first half of 2021) and include €1m for early-retirement incentive expenses and €14m for non-recurring integration transactions involving Group companies.

The **effects of purchase price allocation (net of tax)**, amounting to €10m, refer to amounts attributable to the revaluation of securities and the recognition of intangible assets in the financial statements following the acquisition of the Reyl Group, the UBI Top Private Branch and IW Private Investments.

The item **expenses regarding the banking system (net of tax)**, includes the expenses related to maintaining the stability of the banking system, recognised in the income statement in accordance with current regulations. In the first six months of 2022, this item totalled €11m, down €2m on the same period of last year due to lower charges set aside for the contribution to the to the Single Resolution Fund introduced by Directive (EU) no. 2014/59.

Asset and liability management

The tables below show the main balance sheet items compared with the corresponding figures at 31 December 2021.

Consolidated balance sheet

(reclassified - €m)

	30.6.2022	31.12.2021 (*)	CHANGE	
			AMOUNT	%
ASSETS				
Cash and cash equivalents	5,461	4,464	997	22
Financial assets measured at fair value through profit or loss	537	554	(17)	-3
Financial assets measured at fair value through other comprehensive income	3,069	3,125	(56)	-2
Debt securities measured at amortised cost	20,419	20,776	(357)	-2
Loans to banks	18,465	20,352	(1,887)	-9
Loans to customers	14,607	14,450	157	1
Hedging derivatives	218	32	186	n.s.
Equity investments	269	238	31	13
Property and equipment and intangible assets	1,195	1,106	89	8
Tax assets	243	191	52	27
Other assets	1,809	1,621	188	12
TOTAL ASSETS	**66,292**	**66,909**	**(617)**	**-1**
LIABILITIES				
Due to banks	3,701	4,000	(299)	-7
Due to customers	56,334	56,306	28	-
Financial liabilities held for trading	41	30	11	37
Hedging derivatives	461	730	(269)	-37
Tax liabilities	146	211	(65)	-31
Other liabilities	1,810	1,729	81	5
Provisions for risks and charges	516	649	(133)	-20
Share capital, reserves and equity instruments	2,753	2,218	535	24
Equity attributable to non-controlling interests	2	(65)	67	n.s.
Net profit	528	1,101	(573)	-52
TOTAL LIABILITIES	**66,292**	**66,909**	**(617)**	**-1**

n.s.: not significant

(*) Figures restated on a consistent basis to take account of changes in the scope of consolidation.

Quarterly consolidated balance sheets

(reclassified - €m)

	30.6.2022	31.3.2022 (*)	31.12.2021 (*)	30.9.2021 (*)	30.6.2021 (*)	31.3.2021 (*)
ASSETS						
Cash and cash equivalents	5,461	5,105	4,464	4,590	3,714	3,177
Financial assets measured at fair value through profit or loss	537	538	554	566	492	481
Financial assets measured at fair value through other comprehensive income	3,069	2,899	3,125	3,185	3,214	3,252
Debt securities measured at amortised cost	20,419	20,747	20,776	20,574	19,800	19,957
Loans to banks	18,465	23,901	20,352	20,529	21,240	20,874
Loans to customers	14,607	14,330	14,450	13,803	13,539	13,331
Hedging derivatives	218	111	32	20	15	14
Equity investments	269	276	238	211	207	198
Property and equipment and intangible assets	1,195	1,090	1,106	1,062	1,059	780
Tax assets	243	202	191	201	191	218
Non-current assets held for sale and discontinued operations	-	-	-	-	-	4
Other assets	1,809	1,658	1,621	1,557	1,634	1,395
TOTAL ASSETS	**66,292**	**70,857**	**66,909**	**66,298**	**65,105**	**63,681**
LIABILITIES						
Due to banks	3,701	4,972	4,000	5,031	6,307	5,320
Due to customers	56,334	59,093	56,306	54,227	51,768	51,640
Financial liabilities held for trading	41	30	30	70	65	73
Hedging derivatives	461	588	730	822	833	865
Tax liabilities	146	207	211	241	210	212
Other liabilities	1,810	1,931	1,729	1,704	1,982	1,478
Provisions for risks and charges	516	614	649	623	603	622
Share capital, reserves and equity instruments	2,753	3,268	2,218	2,695	2,692	3,141
Equity attributable to non-controlling interests	2	(93)	(65)	3	(1)	(75)
Net profit	528	247	1,101	882	646	405
TOTAL LIABILITIES	**66,292**	**70,857**	**66,909**	**66,298**	**65,105**	**63,681**

(*) Figures restated on a consistent basis to take account of changes in the scope of consolidation.

Cash and cash equivalents comprises cash and on-demand receivables from banks. At 30 June 2022, the item recorded a balance of €5.5bn, up €1bn compared to 31 December 2021 mainly due to an increase in demand deposits with central banks (+€647m) and, to a lesser extent, higher cash on hand in bank current accounts (+€353m).

Cash and cash equivalents

(€m)

	30.6.2022	31.12.2021	CHANGE	
			AMOUNT	%
Cash	64	67	(3)	-4
Demand deposits with Central Banks	2,117	1,470	647	44
Current accounts with banks	3,280	2,927	353	12
Total	**5,461**	**4,464**	**997**	**22**

Financial assets

(€m)

	30.6.2022	31.12.2021	CHANGE	
			AMOUNT	%
Financial assets measured at fair value through profit or loss	537	554	(17)	-3
Financial assets measured at fair value through other comprehensive income	3,069	3,125	(56)	-2
Debt securities measured at amortised cost	20,419	20,776	(357)	-2
Hedging derivatives	218	32	186	n.s.
Total	**24,243**	**24,487**	**(244)**	**-1**

The Group's **financial assets** totalled €24.2bn, slightly from 31 December 2021 (-1%). The reduction in debt securities measured at amortised cost due to redemptions during the period (-€357m) was largely offset by the increase in hedging derivatives (+€186m).

Financial liabilities

(€m)

	30.6.2022	31.12.2021	CHANGE	
			AMOUNT	%
Financial liabilities held for trading	41	30	11	37
Hedging derivatives	461	730	(269)	-37
Total	**502**	**760**	**(258)**	**-34**

Financial liabilities totalled €502m, consisting entirely of derivatives. This item was down €258m (-34%) compared to the figure at 31 December 2021, mainly due to fair value changes in the derivatives used to hedge the interest rate risk of certain fixed-rate bonds in the portfolio.

Loans to banks

(€m)

	30.6.2022	31.12.2021	CHANGE	
			AMOUNT	%
Due from Central Banks	316	260	56	22
Term deposits	17,448	18,942	(1,494)	-8
Other	701	1,150	(449)	-39
Total	**18,465**	**20,352**	**(1,887)**	**-9**

Loans to banks amounted to €18.5bn, down €1.9bn compared to 31 December 2021 (-9%), mainly due to the reduction in term deposits with Intesa Sanpaolo (-€1.5bn) and, to a lesser extent, the decrease in other loans (-€449m).

Due to banks

(€m)

	30.6.2022	31.12.2021	CHANGE	
			AMOUNT	%
Current accounts	439	451	(12)	-3
Term deposits	407	400	7	2
Repurchase agreements	2,441	2,818	(377)	-13
Debts for leases	52	47	5	11
Other	362	284	78	27
Total	**3,701**	**4,000**	**(299)**	**-7**

Due to banks totalled €3.7bn, down €299m on the figure at the end of 2021, mainly due to reduced inflows in repurchase agreements (-€377m). Repurchase agreements include €581m in securities lending transactions with Intesa Sanpaolo (€751m at the end of 2021) and €1.6bn in liquidity obtained by Intesa Sanpaolo under the TLTRO long-term refinancing programme.

The Group continued to be a net lender on the interbank market, with **net interbank deposits** of €18bn, to which contribute €21.7bn in loans receivable (of which €20.1bn to Intesa Sanpaolo Group companies) and €3.7bn in loans payable (of which €3.3bn to Intesa Sanpaolo Group companies).

Loans to customers

(€m)

	30.6.2022	31.12.2021	CHANGE	
			AMOUNT	%
Current accounts	9,955	9,516	439	5
Loans	2,031	2,226	(195)	-9
Other	2,537	2,673	(136)	-5
Non-performing assets	84	35	49	140
Total	**14,607**	**14,450**	**157**	**1**

Loans to customers totalled €14.6bn and mainly comprised short-term loans (repayable within 12 months or revocable loans without a specified term). The €157m increase from 31 December 2021 is mainly attributable to the growth in current account overdrafts (+€439bn), partly offset by the reduction in mortgage loans (-€195m) and other loans (-€136m).
Net problem loans, representing a minimal amount in the portfolio, totalled €84m, up €49m on the figure at the end of 2021. In detail: doubtful loans totalled €1m, in line with the figure at the end of 2021); unlikely to pay loans totalled €61m, up €40m on 31 December 2021; past due or overdue loans amounted to €22m, an increase of €9m compared to the end of 2021.

Due to customers

(€m)

	30.6.2022	31.12.2021	CHANGE	
			AMOUNT	%
Current accounts	54,899	51,329	3,570	7
Term deposits	784	4,450	(3,666)	-82
Repurchase agreements	158	21	137	n.s.
Debts for leases	270	274	(4)	-1
Other	223	232	(9)	-4
Total	**56,334**	**56,306**	**28**	**-**

At €56.3bn, amounts **due to customers** remained broadly in line with the balance at the end of 2021 (+28m). A detailed analysis showed a sharp increase in current account deposits (+€3.6bn) and repurchase agreements (+137m), which was almost entirely offset by a decrease in term deposits (-€3.7bn).

The table below shows the book value of the Group's exposure to sovereign credit risk.

(€m)

	LOANS	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (*)	TOTAL
Italy	1,744	183	1,927
Spain	-	287	287
United States	-	174	174
Belgium	-	36	36
Luxembourg	-	22	22
Portugal	-	19	19
Ireland	-	17	17
Iceland	-	10	10
France	-	9	9
Total	**1,744**	**757**	**2,501**

(*) Italian government bonds, with a face value of €200m, are covered by financial-guarantee contracts.

Fair value of assets and liabilities measured at cost

(€m)

	30.6.2022		31.12.2021	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Debt securities measured at amortised cost	20,419	19,741	20,776	20,831
Loans to banks	18,465	18,461	20,352	20,268
Loans to customers	14,607	14,601	14,450	14,552
Total	**53,491**	**52,803**	**55,578**	**55,651**
Due to banks	3,701	3,701	4,000	4,000
Due to customers	56,334	56,334	56,306	56,306
Total	**60,035**	**60,035**	**60,306**	**60,306**

Property and equipment and intangible assets

(€m)

	30.6.2022	31.12.2021	VARIAZIONE	
			ASSOLUTA	%
Owned real estate	59	59	-	-
Rights of use of leased assets	320	318	2	1
Other property and equipment	19	20	(1)	-5
Property and equipment	**398**	**397**	**1**	**-**
Goodwill	455	356	99	28
Intangible Client Assets	245	250	(5)	-2
Other intangible assets	97	103	(6)	-6
Intangible assets	**797**	**709**	**88**	**12**
Total property and equipment and intangible assets	**1,195**	**1,106**	**89**	**8**

Property, plant and equipment and intangible assets, amounting to €1.2bn, increased by €89m compared to 31 December 2021 and consisted of €455m of goodwill, of which €140m related to Private Banking divisions acquired by the subsidiary Intesa Sanpaolo Private Banking, €224m attributable to the acquisition of the Swiss banking group Reyl and €91m related to Compagnie de Banque Privée Quilvest, Luxembourg-based private bank acquired by Fideuram Bank (Luxembourg) at 30 June 2022. The latter value, corresponding to the difference between the cost of the acquisition and the total shareholders' equity of CBP Quilvest, was provisionally recognised as goodwill pending the allocation of the purchase price under the accounting standard IFRS3 (Business Combinations) by the end of the year. Other intangible assets also include intangible assets with a finite useful life relating to the valuation of client assets linked to the acquisition of the UBI Top Private business unit (€78m), IW Private Investments (€64m), and the Reyl Group (€103m).
Based on the analyses conducted, the Group did not find any internal and external loss indicators that would require a new impairment test on goodwill, compared to the one conducted for the purpose of the 2021 consolidated financial statements. As regards other intangible assets with a finite useful life related to the valuation of client assets, based on the analysis of the macroeconomic scenario, inflow trends, and client assets, no indicators of impairment emerged.

The **provisions for risks and charges** at 30 June 2022 were down €133m from the figure at the end of 2021, illustrated as follows:

Provisions for risks and charges

(€m)

	30.6.2022	31.12.2021	CHANGE	
			AMOUNT	%
Litigation, securities in default and complaints	82	85	(3)	-4
Personnel expenses	121	182	(61)	-34
Personal Financial Advisers' termination indemnities	250	273	(23)	-8
Network Loyalty Schemes	61	102	(41)	-40
Provision for integration costs	-	3	(3)	-100
Other	2	4	(2)	-50
Total	**516**	**649**	**(133)**	**-20**

The provision for litigation, disputes, securities in default and complaints was down €3m, as a result of utilisation during the period. The provisions for personnel expenses fell by €61m, due to the payment of variable components of remuneration. The provision for contractual indemnities due to personal financial advisers decreased by €23m mainly due to the discounting component of the liability which resulted in a release of provisions to profit or loss. The provisions for Network Loyalty Schemes decreased by €41m mainly due to the decrease in the fair value of insurance policies made to cover the Personal Financial Advisers.

Shareholders' equity

Group shareholders' equity including net profit for the period totalled €3.3bn at 30 June 2022, having changed as follows:

Group shareholders' equity

(€m)

Shareholders' equity at 31 December 2021	**3,319**
Dividend distribution	(501)
Change in equity instruments	1
Change in valuation reserves	(75)
Other changes	9
Net profit	528
Shareholders' equity at 30 June 2022	**3,281**

The €75m decrease in valuation reserves refers mainly to the worsening of the reserve on financial assets with impact on overall profitability resulting from the negative fair value changes recorded by the securities portfolio during the period. At 30 June 2022, the valuation reserve for financial assets at fair value through comprehensive income was negative at -€39m (+€19m at the end of 2021).
The Group did not hold any treasury shares at 30 June 2022.

Fideuram S.p.A.'s own funds and main capital ratios at 30 June 2022 are shown below.

Fideuram S.p.A. Capital Ratios

(€m)

	30.6.2022	**31.12.2021**
CET1	1,371	1,132
Tier 1	1,371	1,132
Own funds	1,371	1,132
Total risk-weighted assets	8,404	7,358
CET1 Ratio	**16.3%**	**15.4%**
Tier 1 Ratio	**16.3%**	**15.4%**
Total Capital Ratio	**16.3%**	**15.4%**

As a member of the Intesa Sanpaolo Banking Group, Fideuram is subject to the laws and regulations regarding capital requirements on the basis of its separate accounts, but is not required to present this information on a consolidated basis. In order to provide comprehensive information, the Group voluntarily estimates its consolidated capital requirements, taking its membership of the Intesa Sanpaolo Banking Group into account. At 30 June 2022, this calculation showed a Common Equity Tier 1 Ratio of 14.8% (13.6% at 31 December 2021) and a Total Capital Ratio of 14.9% (13.8% at 31 December 2021).

Risk management and control

The Fideuram Group considers the effective management and organisation of risk control essential for ensuring the dependable and sustainable creation of value in a context of controlled risk, in which adequate capital, stable profits, substantial liquidity and a strong reputation form the foundation for maintaining present and future profitability.
Our risk management strategy is based on a complete and coherent vision of risk, considering both the macroeconomic scenario and the specific risk profile of the Group, stimulating the growth of risk culture and strengthening our transparent presentation of portfolio risk.
The underlying principles of risk management and control organisation are as follows:

- clearly identify the responsibilities pertaining to the assumption of risks;
- implement measurement and control systems aligned with international best practice;
- maintain organisational separation of the departments responsible for management and the departments responsible for control.

The Fideuram Group has formulated Risk Management Guidelines which implement the Guidelines issued by Intesa Sanpaolo. These documents specify the roles and responsibilities of the company bodies, departments and units, together with the methods and procedures required to ensure prudent corporate risk management.
The company bodies play a core role in the Group's risk management and control, each of which has specified competencies for ensuring appropriate risk management, identifying strategic and management policies, continuously verifying their effectiveness and specifying the duties and responsibilities of the departments and units involved in the processes.
The following are involved in this work:

- the company bodies (Board of Directors and Board of Statutory Auditors);
- CEO and Joint General Managers;
- the Internal Audit Department;
- the Chief Financial Officer;
- the Banking Services, Finance and Treasury departments, each in their respective areas of responsibility;
- Corporate Affairs;
- the Chief Risk Officer.

Fideuram - Intesa Sanpaolo Private Banking has also established special committees, which have consultative roles and duties that include monitoring the risk management process and disseminating risk culture. The Chief Risk Officer is responsible for the following in the risk management process:

- drawing up risk management guidelines and policies in line with the Group's strategies and objectives as well as Intesa Sanpaolo's guidelines, and coordinating their implementation;
- ensuring effective measurement and control of exposure to the various different types of risk.

The Chief Risk Officer is independent from the company units with operational management duties in risk areas, and reports hierarchically to the CEO and General Manager and functionally to Intesa Sanpaolo's Chief Risk Officer.
The dissemination of risk culture is supported through the publication and constant updating of internal regulations and through special training and refresher training courses for the personnel involved, using training catalogue courses and dedicated class-based training courses.

CREDIT RISK

The Fideuram Group's lending activities support its core business of providing investment services to private customers. Loans and advances to customers principally consist of repayable-upon-demand current account overdrafts to counterparties who also receive investment services. Loans are mainly granted by agreeing a current account overdraft facility and are linked directly to the bank's private banking business. Lines of credit granted are normally secured by collateral in the form of pledges on products distributed by the Group (mutual funds and asset management), or securities or bonds listed on major regulated markets, or to a marginal extent by irrevocable mandates to sell financial instruments selected from those distributed within the Group. Loans and advances to banks consist of short-term interbank loans, principally to Intesa Sanpaolo and leading banks in the eurozone.

The Group's credit strategies are directed towards the efficient selection of individual borrowers. Irrespective of any collateral, the granting of any loan is subject to an appropriate analysis of the applicant's creditworthiness and their current and prospective ability to generate adequate cash flows to repay the debt. The quality of the loan portfolio is ensured through the adoption of special operating procedures at every stage in the life of each loan, which use special monitoring systems to obtain prompt notification of any symptoms of impairment in the collateral securing the loans granted. In addition, dedicated application procedures monitor any signs of non-performing loan positions. This monitoring is carried out during every stage in the loan management process (enquiry, granting and monitoring) and consists of a critical analysis of the relevant indicators and the periodic review of positions. Further controls are carried out by our central departments on both the nature and quality of the overall exposures. In addition, special controls are carried out to limit the concentration of exposure within the Intesa Sanpaolo Group. Risk monitoring and measurement tools and techniques developed within the Group are also used to this end.

In the first half of 2022, the ECL amounted to €44m, up from 31 December 2021 (+€1.2m) essentially related to owned securities portfolio and resulting from unfavourable market trends. Receivables from Russian counterparties at 30 June 2022 were negligible. Loans due to Russian counterparties, which are largely secured by client assets and other collateral, accounted for about 1% of the Group's loans and advances to customers.

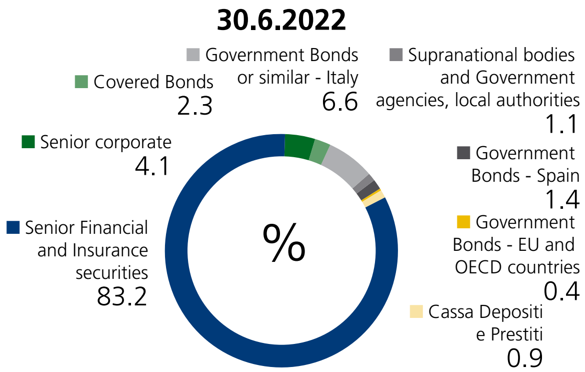
Loans and advances to customers: credit quality

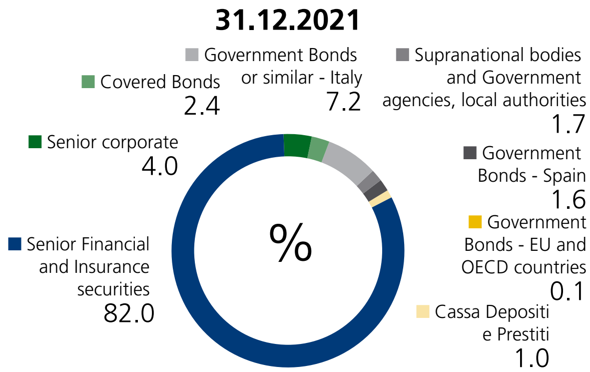
(€m)

	30.6.2022		31.12.2021		CHANGE
	NET EXPOSURE	%	NET EXPOSURE	%	NET EXPOSURE
Doubtful loans	1	-	1	-	-
Unlikely to pay	61	-	21	-	40
Past due or overdue loans	22	-	13	-	9
Non-performing assets	**84**	**-**	**35**	**-**	**49**
Performing loans	14,523	88	14,415	86	108
Debt instruments	1,944	12	2,222	14	(278)
Loans to customers	**16,551**	**100**	**16,672**	**100**	**(121)**

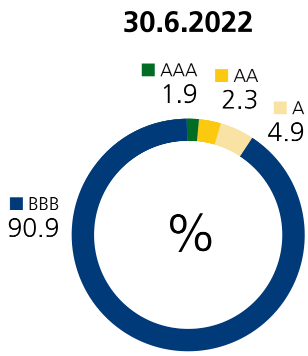
At 30 June 2022, the Group debt securities portfolio was broken down as follows by product type and rating class.

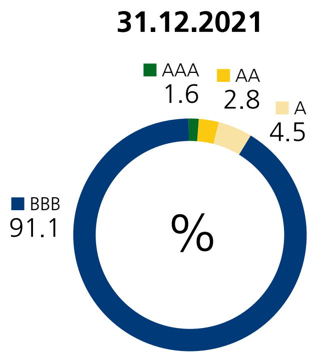
Analysis by product type





Analysis by rating class





BANKING BOOK

The Banking Book includes the Liquidity Portfolio, which is activated to provide a liquidity reserve through eligible securities at central banks; the Service Portfolio needed to address any customer needs and the stable investment portfolio set up to invest excess structural liquidity over the medium term comprising long-term investment securities, interest rate hedging derivatives and short and medium-long term loans.
In this portfolio, the shift sensitivity of the economic value (or shift sensitivity of the fair value) measures the change in the economic value of the banking book and is calculated at the level of individual cash flow for each financial instrument, on the basis of different instantaneous rate shocks and reflects the changes in the discounted value of the cash flows of positions already carried on the balance sheet for the entire remaining duration until maturity (run-off balance sheet).
For a parallel upward movement in the rate curve by 100 bps, the sensitivity value at 30 June 2022 was a negative €20m; even net interest income sensitivity was negative -€77.7m in the event of a -50 bps shock.
The Value at Risk is calculated as the maximum potential loss of the market value of the portfolio that might occur during the following ten business days with a statistical confidence level of 99% (parametric VaR). The VaR is also used to consolidate the exposure to financial risks assumed after banking book activities, and thus also considering the benefits generated by the diversification effect. The VaR calculation models feature several limits, since they are based on the statistical assumption of a normal distribution of yields and on the observation of historic data, which might not be followed in future. Therefore, the results of the VaR do not guarantee that any possible future losses cannot exceed the calculated statistical estimates. At 30 June 2022, VaR, calculated over a one-day time horizon, taking into account the rate and credit spread components, stood at €7.4m.

The banking book comprises long-term investment securities, interest rate hedging derivatives and short and medium-long term loans. The banking book totalled €56.8bn at 30 June 2022.

Banking book

(€m)

	30.6.2022	31.12.2021	CHANGE	
			AMOUNT	%
Financial assets measured at fair value through other comprehensive income	3,069	3,125	(56)	-2
Debt securities classified as loans to banks	18,475	18,554	(79)	-
Debt securities classified as loans to customers	1,944	2,222	(278)	-13
Hedging derivatives	218	32	186	n.s.
Total securities and derivatives	**23,706**	**23,933**	**(227)**	**-1**
Loans to banks	18,465	20,352	(1,887)	-9
Loans to customers	14,607	14,450	157	1
Total loans	**33,072**	**34,802**	**(1,730)**	**-5**
Total banking book	**56,778**	**58,735**	**(1,957)**	**-3**

n.s.: not significant

EXCHANGE RATE RISK

The principle sources of exchange rate risk are:

- purchases of securities and other financial instruments in foreign currencies;
- buying and selling of foreign currencies;
- collection and/or payment of interest, commission, dividends or administrative expenses in foreign currencies;
- equity investment in foreign currency.

Spot and forward transactions on foreign exchange markets were mainly entered into with the aim of optimising proprietary risk arising in relation to the buying and selling of foreign currencies to and from customers.
EU regulations concerning own funds requirements for foreign exchange risk, provide for the possibility under Art. 352 (2) EU Reg. No. 575 of 26 June 2013 (so-called CRR - Capital Requirements Regulation) to exempt subject positions in cur-

rencies other than the consolidated balance sheet currency held as equity investments from the requirement (structural position). It is therefore possible, with the approval of the relevant authority, to neutralise the potential negative effects of exchange rates on capital ratios. In response to the waiver application, Intesa Sanpaolo received permission from the ECB to apply this approach through the waiver, up to a maximum amount (so-called optimal position) corresponding to that amount of the foreign currency position that can neutralize the sensitivity of the capital ratio to exchange rate fluctuations. As part of Intesa Sanpaolo's FX Risk Capital Requirements project, a hedge accounting framework was set up to manage hedging transactions to reduce structural foreign exchange risk in excess of the optimal position. As regards the Fideuram Group, structural foreign exchange risk was mainly represented by equity investments held Swiss franc related to the Reyl Group. Forex forward outrights, which involve the forward sale of CHF against the forward purchase of EUR, to be renewed from time to time as maturity approaches, ranging from 3 to 6 months, were identified as hedging instruments. The first hedge, finalised on 23 March 2022 directly by Fideuram as the entity holding the hedged equity investments, was initially sized at €180m in equivalent CHF, against a total carrying amount of the equity investments of approximately €318m. A second outright for €28m in equivalent CHF was finalised on June 16, bringing total coverage to €208m.
Hedge accounting involves a periodic effectiveness test at the individual, sub-consolidated and consolidated levels, with impacts on profit or loss in trading income related to the residual component represented by the forward point differential in interest rates between the two currencies, as well as the spot purchase of Swiss francs on the maturity date of the derivative to be delivered to the counterparty.
On the other hand, for the spot component, i.e., that relating to the change in the exchange rate on the valuation date relative to the designation date, there is provision for treatment as a result of hedging activities, with offsetting effects.

LIQUIDITY RISK

The internal system for control and management of liquidity risk is developed within the Group Risk Appetite Framework and in compliance with the maximum limits of tolerance of liquidity risk approved in that Framework, which require that the Group has to maintain adequate liquidity so as to deal with periods of tension, even prolonged, on different funding markets, inter alia through the formation of adequate liquidity reserves represented by marketable securities that can be refinanced at central banks. Accordingly, a balanced relationship has to be maintained between inflows and outflows over both the short and medium-long term.

In regard to measurement metrics and tools to attenuate liquidity risk, aside from defining the methodological framework used to measure the short-term and structural liquidity indicators, the maximum tolerance limit for liquidity risk (risk appetite), the methods used to define the Liquidity Reserves, and the rules and parameters for performing the stress tests are formalised.
The short-term liquidity indicators aim to assure an adequate and balanced level between negative and positive cash flows having a certain or estimated due date falling within a 12-month time horizon, with the aim of confronting periods of tension, including extended ones, on the different funding markets, including through the establishment of adequate liquidity reserves represented by liquid assets on private markets or eligible for central bank refinancing. Accordingly and consistently with the maximum limit on tolerance for liquidity risk, the system of limits is defined by envisaging two short-term indicators of one week (cumulative forecast imbalance of wholesale transactions) and one month (Liquidity Coverage Ratio - LCR).
The LCR indicator, whose minimum limit has been 100%, has the purpose of reinforcing the short-term liquidity risk profile, assuring that it holds sufficient, unrestricted High-Quality Liquid Assets (HQLA) that may be easily and immediately converted into cash on private markets to satisfy liquidity requirements at 30 days in a liquidity stress scenario as defined in the Delegated Regulation (EU) no. 2015/61.
The structural Liquidity Policy requires adoption of the structural requirement mandated by the Basel III Net Stable Funding Ratio (NSFR) regulation. That indicator aims to promote greater use of stable inflows, preventing medium and long-term operations from causing excessive imbalances to be financed on a short-term basis. Accordingly, it sets a minimum acceptable amount of funding for more than one year according to the needs originating from the liquidity and residual duration characteristics of off-balance sheet assets and exposures.
In that context, the Contingency Funding Plan (CFP) has been implemented. This contains different lines of action that can be activated to deal with potential stress situations, indicating the dimension of the mitigating effects that could be pursued over a short-term time horizon. Moreover, it is required that governance procedures be in place to govern a possible liquidity crisis, defined as a situation of difficulty or incapacity to meet one’s own cash commitments as they fall due, unless procedures are activated and/or tools are used in a way that cannot be associated with ordinary administration in terms of their intensity or procedures.
The Contingency Liquidity Plan (CLP), which sets itself the goals of protecting Group assets and, at the same time, guaranteeing the continuation of operations in the face of a grave liquidity emergency, assures that warning signs are identified, that they are continuously monitored, that the procedures to be activated are defined in the case that liquidity tensions occur, as well as the immediate lines of action and the tools for intervening to resolve the emergency.

The Group's solidity is based on balance sheet liabilities that are mainly centred on retail customer deposits. These are deposits that benefit from considerable stability over time, meaning that the Fideuram Group does not need to depend on the interbank market and can thus avoid exposure to the risk of a liquidity crisis in that market. In addition to the stability of customer deposits, where interest-bearing assets are concerned, the Group has an investment portfolio that is governed by stringent liquidity limits for securities (readily-negotiable and eligible for Central Bank refinancing) in accordance with the provisions of the Financial Portfolio Policy based on highly-prudential criteria suitable for ensuring high and stable liquidity.
In the first half of 2022 all the indicators (regulatory and internal policy) confirmed the solidity of the Group's liquidity position. Both regulatory indicators, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), remain well above the minimum regulatory requirements. At the end of June 2022, the Liquidity Coverage Ratio (LCR), measured in accordance with Delegated Regulation (EU) 2015/61, stood at 175.8% (136.6% at December 2021). Liquidity reserves, including High-Quality Liquid Assets (HQLA) and other eligible components, rose to reach around €6bn. Again at the end of June 2022, the NSFR stood at 136.5%. All the necessary preventive management and control measures remain in place with the aim of detecting any signs of a potential tightening of liquidity conditions.

DISCLOSURE ON FINANCIAL PRODUCTS

Assets and liabilities measured at fair value on a recurring basis: analysis by fair value level

(€m)

	30.6.2022			31.12.2021		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets measured at fair value through profit or loss	17	520	-	33	521	-
Financial assets measured at fair value through other comprehensive income	3,065	4	-	3,099	26	-
Hedging derivatives	-	218	-	-	32	-
Property and equipment	-	-	60	-	-	60
Total	**3,082**	**742**	**60**	**3,132**	**579**	**60**
Financial liabilities held for trading	-	41	-	-	30	-
Hedging derivatives	-	461	-	-	730	-
Total	**-**	**502**	**-**	**-**	**760**	**-**

Assets measured at fair value showed the prevalence of Level 1 instruments measured through the use of market quotations. OTC hedging derivatives and treasury FX derivatives are among Level 2 assets/liabilities. There are no Level 3 financial assets or liabilities.

OPERATIONAL RISK

Operational risk is defined as the risk of loss arising from inadequate or ineffective internal processes, human resources or systems, or from external events. For the economic loss component, operational risk also includes: legal, conduct, non-compliance, financial crime, IT and cyber, physical security, business continuity, financial reporting, third party and model. Strategic and reputational risks are not included.

Losses of approximately €4.5m were recorded in the first half of 2022, of which €1.2m for the payment of penalties as a result of the unfavourable ruling by the Court of Cassation in connection with a past dispute, €1.1m for provisions, indemnities and legal expenses for unlawful acts committed by financial advisers, €0.6m for charges as a result of disputes over business relations with customers, €0.6m for external fraud (cyber fraud, ATM theft and card cloning), €0.5m for charges resulting from relations with personnel, and €0.5m attributable to anomalies in IT flows and errors in the execution and management of processes. There were no new cases of appropriation involving personal financial advisers during the first half.

LEGAL AND TAX RISK

The Group is involved in civil and tax lawsuits as well as in criminal proceedings against third parties as part of its normal business operations.
The Group monitors pending cases constantly in consultation with external legal advisers, examining them in the light of the relevant contractual documents, the conduct concerned, internal investigations and any critical aspects highlighted by the aforesaid legal advisers during lawsuits. The Group has set aside provisions for legal disputes to cover, among other things, the liabilities that could, according to internal and external legal advice, be incurred as a result of pending legal and other disputes.
At 30 June 2022, these provisions totalled €82m. The total provisions and the amount of the individual provisions set aside are calculated based on external and internal legal advisers' estimations of the proceedings having negative outcomes. At 30 June 2022, the number and value of pending proceedings were not sufficient to have any potential significant impact on the business, assets or financial position of the Group.
The situation regarding legal and tax risk at 30 June 2022 had changed as follows with respect to the situation described in the consolidated financial statements at 31 December 2021.

CASES REGARDING ALLEGED UNLAWFUL AND/OR IMPROPER CONDUCT BY FORMER PERSONAL FINANCIAL ADVISERS AUTHORISED TO OFFER PRODUCTS AND SERVICES OUTSIDE GROUP PREMISES

An inspection performed by the Audit Department exposed major irregularities committed by a Personal Financial Adviser of Sanpaolo Invest. The audits confirmed that serious irregularities were committed that caused damage to several customers, such as the misappropriation of funds and reports showing untrue increases in value. On 28 June 2019, the Company terminated with cause the agency agreement it had with the Personal Financial Adviser and reported the facts of the case to the Judicial Authorities and Supervisory Authority for Personal Financial Advisers, which first suspended and then expelled the Personal Financial Adviser from the Unified Register of Financial Advisers in December 2019. After the crime was committed, the Company received a total of 278 claims for compensation (including claims, mediation, and lawsuits), for a total of about €63m, mostly based on alleged embezzlement of money, losses from disavowed transactions involving financial instruments, false statements and debiting of fees and commission related to the advisory service. At 30 June 2022, 30 claims were pending, having a present value of about €15.2m, after the settlement of 248 positions (57 settled and 191 withdrawn or settled in consequence of commercial agreements). A total amount of €4.7m was recovered from the wrongly credited customers (already returned to the aggrieved customers), steps are being taken to forfeit the sum of €1.8m released in favour of the company, and seizures of approximately €2m are pending to date. The company has set aside adequate provisions connected with the aforementioned fraud case, considering the foreseeable outlays without taking the insurance coverage into account.

Tax disputes
With regard to Intesa Sanpaolo Private Banking, there is an ongoing dispute, following an audit carried out in 2012, concerning the deductibility of goodwill arising from the contribution of business units by Group companies. Given the multi-year nature of the item, the adjustment itself covered all the years from 2011 to 2016, with the request for taxes totalling €24.7m, plus penalties and interest. To date, the outcomes in the courts of first and second instance of the proceedings already initiated by the company with appeals against the notices of assessment have all been positive, with two exceptions (latest unfavourable ruling of 4 July 2022). The various cases are currently awaiting the outcome of the hearing in the Regional and Provincial Tax Court or in the Court of Cassation. Since the tax office's claim is groundless, no amount has been set aside in the provisions for risks and charges.
On 7 April 2022, notices of assessment were served concerning the same dispute as the previous ones for the year 2017 for a total of €4m, plus penalties and interest, which have already been appealed before the Provincial Tax Court.

Transactions with related parties

Fideuram - Intesa Sanpaolo Private Banking S.p.A. is wholly owned and controlled directly by Intesa Sanpaolo S.p.A..
In accordance with the law and the internal procedures issued by Intesa Sanpaolo and by Fideuram, all transactions with related parties at 30 June 2022 were conducted under arms-length conditions as for unrelated parties of corresponding nature and risk, or - in the absence of any reference - under mutually-beneficial conditions, verified taking all the related circumstances, the distinctive characteristics of the transaction and Group interests into account. The bank did not in any case engage in any atypical or unusual transactions and/or transactions under non-standard financial and contractual conditions for the types of related parties concerned.
The Fideuram Board of Directors meeting of 29 June 2022 approved the renewal of the service contract in place with Intesa Sanpaolo, as amended with the provision of new policymaking, monitoring and support services.
There was a similar update of the service contracts in place between Intesa Sanpaolo and the following Fideuram subsidiaries: Sanpaolo Invest, Siref Fiduciaria, Intesa Sanpaolo Private Banking, IW Private Investments, Fideuram Asset Management, Fideuram Asset Management (Ireland), Fideuram Bank (Luxembourg) and Reyl & Cie. Fideuram's new service contract with Intesa Sanpaolo, signed in July 2022, provides for an estimated annual fee of just under €76m, an increase of about €24m compared to the actual figure at the end of 2021, mainly due to the additional activities and volumes attributable to the partial demerger of IW Bank.
Overall, the service contracts in place between Intesa Sanpaolo and the above-mentioned companies of the Fideuram Group will entail, subject to year-end adjustment, the payment of an estimated fee for 2022 of approximately €117m, also an increase compared to the amount recorded at the end of 2021.

All Fideuram's other relations with its own subsidiaries and with other Intesa Sanpaolo Group companies may be considered to form part of the Bank's ordinary operations. Fideuram uses the brokerage services of Intesa Sanpaolo for buying and selling securities. These transactions have always been settled on an arm's-length basis.

All amounts receivable and payable and all income and expenses at 30 June 2022 regarding companies in the Intesa Sanpaolo Group are summarised below:

Assets 30.6.2022

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Cash	2,574	47
Debt and equity securities	19,050	79
Loans to banks	17,514	95
Loans to customers	201	1
Financial derivatives	222	92
Property and equipment	55	14
Other	20	1

Liabilities 30.6.2022

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Due to banks	3,340	90
Due to customers	349	1
Financial derivatives	312	62
Other	209	12
Guarantees and commitments	663	9

Income statement 1st Half 2022

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Interest income	72	48
Interest expense	(32)	56
Fee and commission income	497	32
Fee and commission expense	(20)	4
Net profit (loss) on financial assets	365	n.s.
Administrative expenses	(76)	13
Depreciation of property and equipment	(6)	23

n.s. not significant

Events after 30 June 2022 and outlook

There were no significant events after the reporting period requiring any changes to be made to the consolidated financial statements at 30 June 2022.

On 14 July 2022, Fideuram's Board of Directors approved, to the extent of its remit and subject to the release of the required authorisations, the reverse merger by incorporation of Fideuram Bank (Luxembourg) into its subsidiary Compagnie de Banque Privée Quilvest, a Luxembourg-based private bank owner with branches in Belgium. Compagnie de Banque Privée Quilvest was acquired by Fideuram Bank (Luxembourg) on 30 June 2022, as part of the strategic project to refocus on the private banking business and expand the Private Banking Division abroad, with the aim of consolidating a European hub to support Italian and international customers. The merger between the two Luxembourg banks is expected to be finalised by January 2023, in order to fully tap the business potential of the two banks and to pursue the initiative's objectives in terms of generating synergies and developing international private banking activities.

Due to the limited size of the business in the two countries, the evolution of the war between Russia and Ukraine is not likely to significantly affect the Group’s economic, financial and asset outlook. Any decisions that may be taken at EU and international level, and their possible repercussions on the operations, which cannot be forecast at present, will be carefully monitored. The policies for development of inflows, growing both inside and outside Italy, the amount of client assets, which continue to generate recurring fees, together with cost controls and constant focus on risk management, will allow the Group end the current year with a net profit, though lower than in the previous year.

The Board of Directors
28 July 2022

Consolidated financial statements

Consolidated balance sheet

(€m)

	30.6.2022	31.12.2021
ASSETS		
10. Cash and cash equivalents	5,461	3,707
20. Financial assets measured at fair value through profit or loss	537	552
a) financial assets held for trading	24	17
b) financial assets measured at fair value	-	-
c) other financial assets mandatorily measured at fair value	513	535
30. Financial assets measured at fair value through other comprehensive income	3,069	2,908
40. Financial assets measured at amortised cost	53,491	54,943
a) loans and advances to banks	36,940	38,888
b) loans and advances to customers	16,551	16,055
50. Hedging derivatives	218	32
60. Adjustments to financial assets subject to macro-hedging (+/-)	(41)	8
70. Equity investments	269	238
80. Reinsurers' share of technical reserves	-	-
90. Property and equipment	398	393
100. Intangible assets	797	706
of which: goodwill	455	356
110. Tax assets	243	191
a) current	19	11
b) deferred	224	180
120. Non-current assets held for sale and discontinued operations	-	-
130. Other assets	1,850	1,598
TOTAL ASSETS	**66,292**	**65,276**

Chairman of the
Board of DirectorS
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated balance sheet

(€m)

	30.6.2022	31.12.2021
LIABILITIES AND SHAREHOLDERS' EQUITY		
10. Financial liabilities measured at amortised cost	60,035	58,607
a) due to banks	3,701	3,988
b) due to customers	56,334	54,619
c) debt on issue	-	-
20. Financial liabilities held for trading	41	28
30. Financial liabilities measured at fair value	-	-
40. Hedging derivatives	461	730
50. Adjustments to financial liabilities subject to macro-hedging (+/-)	(24)	(4)
60. Tax liabilities	146	204
a) current	60	50
b) deferred	86	154
70. Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80. Other liabilities	1,794	1,668
90. Provision for employment termination indemnities	40	47
100. Provisions for risks and charges:	516	648
a) commitments and guarantees	3	2
b) pensions and other commitments	14	42
c) other provisions for risks and charges	499	604
110. Technical reserves	-	-
120. Valuation reserves	(13)	62
130. Redeemable shares	-	-
140. Equity instruments	25	24
150. Reserves	2,235	1,626
160. Share premium reserve	206	206
170. Share capital	300	300
180. Treasury shares (-)	-	-
190. Equity attributable to non-controlling interests (+/-)	2	29
200. Net profit (loss) for the period (+/-)	528	1,101
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**66,292**	**65,276**

Chairman of the
Board of DirectorS
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated income statement

(milioni di euro)

	1ST HALF 2022	1ST HALF 2021
10. Interest income and similar income	152	132
of which: interest income calculated with the effective interest method	*186*	*168*
20. Interest expense and similar expense	(58)	(48)
30. Net interest income	**94**	**84**
40. Fee and commission income	1,551	1,444
50. Fee and commission expense	(513)	(468)
60. Net fee and commission income	**1,038**	**976**
70. Dividends and similar income	-	-
80. Net profit (loss) on trading activities	22	9
90. Net profit (loss) on hedging derivatives	4	1
100. Profit (loss) on sale or repurchase of:	2	6
a) financial assets measured at amortised cost	-	-
b) financial assets measured at fair value through other comprehensive income	2	6
c) financial liabilities	-	-
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	(70)	29
a) financial assets and liabilities measured at fair value	-	-
b) other financial assets mandatorily measured at fair value	(70)	29
120. Total net interest and trading income	**1,090**	**1,105**
130. Net impairment for credit risk related to:	(6)	-
a) financial assets measured at amortised cost	(5)	(1)
b) financial assets measured at fair value through other comprehensive income	(1)	1
140. Gains/losses on contractual changes without cancellation	-	-
150. Operating income	**1,084**	**1,105**
160. Net insurance premiums	-	-
170. Other income/expense from insurance activities	-	-
180. Operating income from financing and insurance activities	**1,084**	**1,105**
190. Administrative expenses:	(570)	(474)
a) personnel expenses	(235)	(191)
b) other administrative expenses	(335)	(283)
200. Net provisions for risks and charges	55	(35)
a) commitments and guarantees	-	-
b) other net provisions	55	(35)
210. Depreciation of property and equipment	(28)	(25)
220. Amortisation of intangible assets	(23)	(15)
230. Other income/expense	177	151
240. Operating expenses	**(389)**	**(398)**
250. Profit (loss) on equity investments	8	6
260. Net fair value gains (losses) on property and equipment and intangible assets	-	-
270. Goodwill impairment	-	-
280. Gain (loss) on disposal of investments	-	219
290. Profit (loss) before tax from continuing operations	**703**	**932**
300. Income taxes for the period on continuing operations	(175)	(277)
310. Profit (loss) after tax from continuing operations	**528**	**655**
320. Profit (loss) after tax from discontinued operations	-	-
330. Net profit (loss) for the period	**528**	**655**
340. Net profit (loss) for the period attributable to non-controlling interests	-	(9)
350. Parent company interest in net profit (loss) for the period	**528**	**646**

Chairman of the
Board of DirectorS
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated statement of comprehensive income

(€m)

	1ST HALF 2022	1ST HALF 2021
10. Net profit (loss) for the period	**528**	**655**
Other comprehensive income after tax not transferred to the income statement	**25**	**8**
20. Equity instruments measured at fair value through other comprehensive income	(2)	-
30. Financial liabilities measured at fair value through profit or loss (changes in own credit rating)	-	-
40. Hedging of equity instruments measured at fair value through other comprehensive income	-	-
50. Property and equipment	-	-
60. Intangible assets	-	-
70. Defined-benefit plans	27	8
80. Non-current assets held for sale and discontinued operations	-	-
90. Valuation reserves related to investments carried at equity	-	-
Other comprehensive income after tax that may be transferred to the income statement	**(100)**	**(12)**
100. Hedging of net investments in foreign operations	(8)	-
110. Exchange rate differences	9	(2)
120. Cash flow hedges	(31)	(4)
130. Hedging instruments (undesignated elements)	-	-
140. Financial assets (other than equity instruments) measured at fair value through other comprehensive income	(56)	(5)
150. Non-current assets held for sale and discontinued operations	-	-
160. Valuation reserves related to investments carried at equity	(14)	(1)
170. Total other comprehensive income after tax	**(75)**	**(4)**
180. Total comprehensive income	**453**	**651**
190. Total comprehensive income attributable to non-controlling interests	-	9
200. Total comprehensive income attributable to parent company	453	642

Chairman of the
Board of DirectorS
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Statement of changes in consolidated shareholders’ equity

(€m)

	BALANCE AT 31.12.2021	CHANGE IN OPENING BALANCES	BALANCE AT 1.1.2022	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE PERIOD									SHAREHOLDERS' EQUITY AT 30.6.2022	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY AT 30.6.2022	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS AT 30.6.2022
							TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY										
				RESERVES	DIVIDENDS AND OTHER	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	DERIVATIVES BASED ON TREASURY SHARES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	TOTAL COMPREHENSIVE INCOME 1ST HALF 2022			
Share capital:	**305**	**-**	**305**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**305**	**300**	**5**
- ordinary shares	305	-	305	-	-	-	-	-	-	-	-	-	-	-	305	300	5
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**212**	**-**	**212**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**212**	**206**	**6**
Reserves:	**1,624**	**-**	**1,624**	**620**	**-**	**(18)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,226**	**2,235**	**(9)**
- from net income	1,299	-	1,299	620	-	-	-	-	-	-	-	-	-	-	1,919	1,928	(9)
- other	325	-	325	-	-	(18)	-	-	-	-	-	-	-	-	307	307	-
Valuation reserves	**62**	**-**	**62**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(75)**	**(13)**	**(13)**	**-**
Equity instruments	**24**	**-**	**24**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**25**	**25**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the period	**1,121**	**-**	**1,121**	**(620)**	**(501)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**528**	**528**	**528**	**-**
Shareholders' equity	**3,348**	**-**	**3,348**	**-**	**(501)**	**(18)**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**453**	**3,283**	**3,281**	**2**
Equity attributable to owners of the parent company	**3,319**	**-**	**3,319**	**-**	**(501)**	**9**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**453**	**3,281**		
Equity attributable to non-controlling interests	**29**	**-**	**29**	**-**	**-**	**(27)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**		

Chairman of the
Board of DirectorS
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Statement of changes in consolidated shareholders' equity

(€m)

	BALANCE AT 31.12.2020	CHANGE IN OPENING BALANCES	BALANCE AT 1.1.2021	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR: RESERVES	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR: DIVIDENDS AND OTHER	CHANGES IN THE PERIOD: CHANGES IN RESERVES	CHANGES IN THE PERIOD – TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY: ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	DERIVATIVES BASED ON TREASURY SHARES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	TOTAL COMPREHENSIVE INCOME 1ST HALF 2021	SHAREHOLDERS' EQUITY AT 30.6.2021	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY AT 30.6.2021	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS AT 30.6.2021
Share capital:	**300**	**-**	**300**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15**	**-**	**315**	**300**	**15**
- ordinary shares	300	-	300	-	-	-	-	-	-	-	-	-	15	-	315	300	15
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**206**	**-**	**206**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13**	**-**	**219**	**206**	**13**
Reserves:	**1,784**	**-**	**1,784**	**315**	**-**	**207**	**-**	**-**	**(177)**	**-**	**-**	**-**	**53**	**-**	**2,182**	**2,126**	**56**
- from net income	1,680	-	1,680	315	-	-	-	-	(177)	-	-	-	53	-	1,871	1,815	56
- other	104	-	104	-	-	207	-	-	-	-	-	-	-	-	311	311	-
Valuation reserves	**41**	**-**	**41**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(4)**	**36**	**37**	**(1)**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23**	**-**	**-**	**-**	**-**	**23**	**23**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the period	**816**	**-**	**816**	**(315)**	**(501)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**655**	**655**	**646**	**9**
Shareholders' equity	**3,147**	**-**	**3,147**	**-**	**(501)**	**207**	**-**	**-**	**(177)**	**23**	**-**	**-**	**80**	**651**	**3,430**	**3,338**	**92**
Equity attributable to owners of the parent company	**3,147**	**-**	**3,147**	**-**	**(501)**	**204**	**-**	**-**	**(177)**	**23**	**-**	**-**	**-**	**642**	**3,338**		
Equity attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**80**	**9**	**92**		

Chairman of the
Board of DirectorS
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Statement of consolidated cash flows
(Indirect method)

(€m)

	1ST HALF 2022	1ST HALF 2021
A. OPERATING ACTIVITIES		
1. Operations	**611**	**689**
- profit (loss) for the period (+/-)	528	646
- net profit (loss) on financial assets held for trading and on other assets/liabilities measured at fair value through profit or loss (-/+)	48	(36)
- net profit (loss) on hedging activities (-/+)	(4)	(1)
- net impairment for credit risk (+/-)	5	-
- net depreciation and amortisation (+/-)	51	40
- net provisions for risks and charges and other expense/income (+/-)	(55)	76
- uncollected net insurance premiums (-)	-	-
- uncollected other insurance income/expense (-/+)	-	-
- unpaid taxes and tax credits (+/-)	176	277
- net impairment of discontinued operations net of tax effect (-/+)	-	-
- other adjustments (+/-)	(138)	(313)
2. Cash from/used in financing activities	**1,010**	**(2,065)**
- financial assets held for trading	8	(19)
- financial assets measured at fair value	-	-
- other assets mandatorily measured at fair value	(45)	-
- financial assets measured at fair value through other comprehensive income	(2)	(162)
- financial assets measured at amortised cost	2,083	(2,593)
- other assets	(1,034)	709
3. Cash from/used in financial liabilities	**(410)**	**2,285**
- financial liabilities measured at amortised cost	(271)	2,599
- financial liabilities held for trading	17	(4)
- financial liabilities measured at fair value	-	-
- other liabilities	(156)	(310)
Net cash from/used in operating activities	**1,211**	**909**
B. INVESTING ACTIVITIES		
1. Cash from	**-**	**220**
- disposal of equity investments	-	-
- dividend income from equity investments	-	-
- sale of property and equipment	-	-
- sale of intangible assets	-	-
- sale of subsidiaries and company divisions	-	220
2. Cash used in	**1,044**	**(177)**
- acquisition of equity investments	(20)	-
- acquisition of property and equipment	(1)	-
- purchase of intangible assets	(10)	(2)
- acquisition of subsidiaries and company divisions	1,075	(175)
Net cash from/used in operating activities	**1,044**	**43**
C. FUNDING ACTIVITIES	**-**	
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	-	23
- distribution of dividends and other	(501)	(678)
- sale/purchase of control of others	-	-
Net cash from/used in funding activities	**(501)**	**(655)**
NET CASH GENERATED/USED IN THE PERIOD	**1,754**	**297**

Reconciliation

Cash and cash equivalents at the beginning of the period	3,707	288
Total net cash generated/used in the period	1,754	297
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at the end of the period	5,461	585

(*) In relation to the disclosure prescribed in paragraph 44B of IAS 7, we note that the changes in liabilities resulting from financing activities totalled -€410m (generated liquidity) and reflect the net amount of -€272m in cash flows, +€60m in changes in fair value, and -€198 in other changes.

Chairman of the
Board of DirectorS
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Accounting policies

BASIS OF PREPARATION

The Condensed Half-year Consolidated Financial Statements at 30 June 2022 were prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission. The Condensed Half-year Consolidated Financial Statements were in particular prepared in accordance with IAS 34 on interim financial reporting.

The accounting policies used to prepare these Condensed Half-Year Consolidated Financial Statements are the same as those adopted for the financial statements at 31 December 2021, to which reference is made for a complete presentation.

With reference to the development of accounting regulations, as of 1 January 2022, Regulation No. 1080/2021 of 28 June 2021, which incorporates some minor amendments to International accounting standards IAS 16 - Property, Plant and Equipment, IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and IFRS 3 - Business Combinations. The usual annual improvements clarifying the wording or correcting errors, oversights or conflicts between the requirements of the standards are also incorporated with this Regulation. The changes and clarifications introduced by this Regulation do not have any significant impact on the Group.

During the first half of 2022, the following transactions were completed between companies belonging to the Intesa Sanpaolo Group:

- merger by incorporation of Intesa Sanpaolo Private Bank (Suisse) Morval into Reyl & Cie;
- acquisition of UBI Trustee by Fideuram Bank (Luxembourg);
- the partial demerger of IW Bank in favour of Fideuram of a Business Unit consisting of banking relationships and assets, advanced trading activities, finance activities and management of the owned securities portfolio;
- the partial demerger of Fideuram in favour of Intesa Sanpaolo of a compendium consisting of performing loans and related funding and personnel.

These transactions are not specifically governed by IAS/IFRS because IFRS 3, which governs business combinations, excludes business combinations between companies under common control from its scope of application. From an accounting point of view, these transactions qualify as business combinations between companies "under common control", carried out to better configure the Group's structure and accounted for in continuity of values with respect to the financial statements of the companies involved or to Intesa Sanpaolo's consolidated financial statements.

On 30 June 2022, having received the necessary approvals from the supervisory authorities, Fideuram - Intesa Sanpaolo Private Banking, through its subsidiary Fideuram Bank (Luxembourg), finalised the acquisition of 100% of Compagnie de Banque Privée Quilvest (CBPQ), a Luxembourg-based private bank with branches in Belgium, €6.8bn in client assets, €2.1bn in total assets and approximately 140 employees, which serves a solid base of European and non-European High Net Worth Individuals. The transaction will lead to the creation of an additional hub in the European Union, alongside Reyl & Cie in Switzerland, which will enable the development of private banking activities in areas with promising growth prospects. The price paid on the date of the closing, €180m, was recognised on the basis of the company's balance sheet at 31 December 2021, and will be subject to adjustment by the 2022 Financial Statements to take into account changes in assets between 31 December 2021 and the closing.

From an accounting point of view, the transaction is a business combination governed by IFRS 3. The comparison between the acquisition cost and shareholders' equity resulted in a difference of €91m, which was provisionally recognised as goodwill in the condensed consolidated interim financial statements, based on the IFRS 3 option that allows the acquiring entity 12 months to complete the process. The acquisition cost allocation activities will be finally completed by the end of the 2022 Financial Statements.

In line with the Private Banking Division's development initiatives envisaged in the 2022-2025 Business Plan and as part of the Division's reorganisation process, the Boards of Directors of Fideuram and Sanpaolo Invest approved, to the extent of their respective remits and subject to the release of the required authorisations, the merger of Sanpaolo Invest into Fideuram. The transaction is part of the rationalisation of the corporate organisation of the Private Banking Division and completes a long-started path, which sees Sanpaolo Invest already integrated with Fideuram in organisational and operational terms, business model and product catalogue, management and incentive model of the Financial Adviser Network. Full business continuity will be ensured after the merger while maintaining the same level of service, supervision and risk management. Specifically, the catalogue of products and services offered to customers already covered by Fideuram will be maintained, the distribution model will continue to be based on the current Financial Adviser Network, which will be transferred to the Bank.

These Condensed Half-year Consolidated Financial Statements comprise the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity and Statement of Cash Flows, accompanied by explanatory notes on the Group's performance. The financial statements are published in the format mandated in the 7th update to Bank of Italy Circular 262/2005, in force from 29 October 2021. These Financial Statements use the euro as their presentation currency, and all the figures herein are stated in millions of euro unless specified otherwise.

The Interim directors' report and the Condensed half-year consolidated financial statements contain certain information - such as, for example, data on quarterly trends and other alternative performance indicators - that is not directly attributable to the financial statements.

As required by IAS 34, the income statement for the first six months of 2022 was compared with the income statement for the same period in 2021, while the balance sheet at 30 June 2022 was compared with the balance sheet at 31 December 2021. The balance sheet and income statement as at and for the period ended 30 June 2022 referred to in the explanatory notes have been reclassified to facilitate comparison of the figures for different periods and to enable a clearer and more immediate understanding of the Group's financial position and results.

These statements were prepared using appropriate groupings of the items in the official financial statements. Detailed information on the reclassifications is presented in specific reconciliation statements provided in the schedules accompanying these Financial Statements.

The comparative analysis of the accounting balances and operating data of the first half of 2022 compared to those of the corresponding comparison periods of 2021 is affected by the impact of the acquisition of CBP Quilvest on 30 June 2022. In the notes to the financial statements, to allow for a like-for-like comparison and to adequately represent the effects of changes in the scope of consolidation, the operating data and accounting balances presented in the balance sheet have been restated, where necessary. In preparing the restated financial statements, appropriate adjustments have been made to the historical data to reflect retrospectively, assuming that the corporate transactions took place on or after 1 January 2021, the changes in the scope of consolidation that took place in 2022, without changing the result for the year and shareholders' equity compared to the official financial statements published in previous periods. The net effects of the adjustments were recognised in minority interests in the restated balance sheet. Since the acquisition of CBP Quilvest on 30 June 2022, the income statement for the first half of 2021 was not restated.

The Condensed Half-year Consolidated Financial Statements have been reviewed by EY S.p.A..

SCOPE AND METHODS OF CONSOLIDATION

The companies consolidated by Fideuram at 30 June 2022 are listed below.

Equity investments in subsidaries at 30 June 2022

COMPANY NAME	OPERATIONAL HEAD OFFICE	REGISTERED OFFICE	TYPE OF OWNERSHIP (*)	OWNERSHIP		% VOTES (**)
				ASSOCIATE COMPANY	% OWNED	
1. Intesa Sanpaolo Private Banking S.p.A. Share capital €117,497,424	Milan	Milan	1	Fideuram	100.000%	
2. Sanpaolo Invest SIM S.p.A. Share capital €15,264,760	Turin	Turin	1	Fideuram	100.000%	
3. Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. Share capital €25,870,000	Milan	Milan	1	Fideuram	99.517%	
4. Siref Fiduciaria S.p.A. Share capital €2,600,000	Milan	Milan	1	Fideuram	100.000%	
5. IW Private Investments S.p.A. Share capital €29,100,000	Milan	Milan	1	Fideuram	100.000%	
6. Fideuram Asset Management (Ireland) dac Share capital €1,000,000	Dublin	Dublin	1	Fideuram	100.000%	
7. Fideuram Bank (Luxembourg) S.A. Share capital €40,000,000	Luxembourg	Luxembourg	1	Fideuram	100.000%	
8. RB Participations S.A. Share capital CHF 100,000	Geneva	Geneva	1	Fideuram	100.000%	
9. REYL & Cie S.A. Share capital CHF 31,500,001	Geneva	Geneva	1	Fideuram RB Participations	39.000% 30.000%	
10. Compagnie de Banque Privée Quilvest S.A. Share capital €32,537,000	Luxembourg	Luxembourg	1	Fideuram Bank (Luxembourg)	100.000%	
11. Intesa Sanpaolo Private Argentina S.A. Share capital ARS 13,404,506	Buenos Aires	Buenos Aires	1	REYL & Cie Fideuram	95.033% 4.967%	
12. Morval Bank & Trust Cayman Ltd in liquidation Share capital USD 7,850,000	George Town	George Town	1	REYL & Cie	100.000%	
13. REYL Overseas A.G. Share capital CHF 500,000	Zurich	Zurich	1	REYL & Cie	100.000%	
14. REYL Prime Solutions S.A. in liquidation Share capital CHF 100,000	Geneva	Geneva	1	REYL & Cie	100.000%	
15. Gap ManCo Sàrl Share capital €12,500	Luxembourg	Luxembourg	1	REYL & Cie	100.000%	
16. REYL Singapore Holding PTE Ltd Share capital SGD 1,201	Singapore	Singapore	1	REYL & Cie	75.000%	
17. REYL Singapore PTE Ltd Share capital SGD 500,000	Singapore	Singapore	1	REYL & Cie REYL Singapore Holding PTE	76.000% 24.000%	
18. REYL & Co. (Holdings) Ltd Share capital GBP 3,700,000	London	London	1	REYL & Cie	100.000%	
19. REYL & Co. (UK) LLP Share capital GBP 3,800,000	London	London	1	REYL & Co. (Holdings)	100.000%	
20. REYL & Cie (Malta) Holding Ltd Share capital €730,000	Valletta	Valletta	1	REYL & Cie	100.000%	
21. REYL & Cie (Malta) Ltd Share capital €730,000	Valletta	Valletta	1	REYL & Cie (Malta) Holding	100.000%	
22. REYL Finance (MEA) Ltd Share capital USD 2,875,000	Dubai	Dubai	1	REYL & Cie	100.000%	
23. Portugal Real Estate Opportunities Manager SARL Share capital €12,500	Luxembourg	Luxembourg	1	REYL Finance (MEA)	100.000%	
24. Iberia Distressed Assets Manager SARL Share capital €12,500	Luxembourg	Luxembourg	1	REYL Finance (MEA)	100.000%	
25. REYL Private Office Sàrl Share capital €50,000	Luxembourg	Luxembourg	1	REYL & Cie	100.000%	
26. Inveniam S.A. in liquidation Share capital CHF 50,000	Geneva	Geneva	1	REYL Private Office Sàrl	100.000%	
27. Asteria Investment Managers S.A. Share capital CHF 14,000,000	Geneva	Geneva	1	REYL & Cie	64.000%	
28. IIF SME Manager Ltd Share capital USD 1,000	George Town	George Town	1	Asteria Investment Managers	100.000%	
29. Obviam A.G. Share capital CHF 500,000	Bern	Bern	1	Asteria Investment Managers	100.000%	
30. Ubi Trustee S.A. Share capital €250,000	Luxembourg	Luxembourg	1	Fideuram Bank (Luxembourg)	100.000%	
31. CBP Quilvest PE Fund SARL Share capital USD 20,000	Luxembourg	Luxembourg	1	Compagnie de Banque Privée Quilvest	100.000%	

LEGEND
(*) Type of relationship
1 = majority voting rights at general shareholders' meetings.

(**) Voting rights at general shareholders' meetings. Voting rights are only shown when they differ from % capital ownership.

The Condensed Half-year Consolidated Financial Statements include Fideuram and its direct and indirect subsidiaries and the companies over which it exercises significant influence.

The subsidiaries were consolidated line-by-line, except the entities which, due to their limited significance (less than €10m in total assets carried on the books), are consolidated with the equity method, in accordance with Group accounting policies. A company is considered to be an associate company if it is subject to significant influence, which is to say if Fideuram holds 20% of the voting rights (including potential voting rights) directly or indirectly, or if it is able to participate in determining the company's financial and management policies by virtue of special legal ties even though it has fewer voting rights. Fideuram Vita S.p.A. (an insurance company in which Fideuram holds a 19.99% equity interest), 1875 Finance Holding AG (a finance company in which Reyl & Cie holds a 40% equity interest) and Alpian (a finance company in which Fideuram holds 14.9% and Reyl 12.8%) are considered to be associate companies recognised in the consolidated financial statements with the equity method.

The financial statements used for the consolidation were those at 30 June 2022, as approved by the competent bodies of the subsidiaries, adjusted where necessary to align them with Group accounting policies. The financial statement data of companies operating outside the European Monetary Union are translated to euro applying the period-end exchange rates to balance sheet items and the average exchange rates for the period to income statement items. Any exchange rate differences arising from translations at said exchange rates are recognised in the valuation reserve.

Compared to 31 December 2021, the Group's scope of consolidation has changed as follows:

- Intesa Sanpaolo Private Bank (Suisse) Morval left the Group as a result of the merger by incorporation into Reyl & Cie;
- Morval Vonwiller Advisors left the group following the sale of the interest;
- Ubi Trustee joined the Group following the purchase of the equity investment by Fideuram Bank (Luxembourg);
- Compagnie de Banque Privée Quilvest joined the Group following the purchase of the equity investment by Fideuram Bank (Luxembourg).

Independent Auditors’ Report

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Building a better working world

Relazione di revisione contabile limitata sul bilancio consolidato semestrale abbreviato

All'Azionista unico della
Fideuram - Intesa Sanpaolo Private Banking S.p.A.

Introduzione

Ab mestrale
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IN ATTESA DI VERSIONE ENG

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Co

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che l'allegato bilancio consolidato semestrale abbreviato del Gruppo Fideuram - Intesa Sanpaolo Private Banking al 30 giugno 2022, non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

Roma, 4 agosto 2022

EY S.p.A.

Francesco Chiulli
(Revisore Legale)

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

Schedules

Basis of preparation of the restated financial statements

The comparative analysis of the balance sheet figures at the end of June 2022 compared to the corresponding balances at 31 December 2021 is affected by the impacts of the acquisition of CBP Quilvest on 30 June 2022.
In order to allow for a like-for-like comparison and to adequately represent the effects of the aforementioned transaction, the reconciliation of the official balance sheet and income statement at 31 December 2021 and the corresponding restated statement are shown below, obtained by making appropriate adjustments to the historical data to retroactively reflect the changes that occurred during 2022, without however changing the result for the year and shareholders' equity compared to the official financial statements published on 31 December 2021. Specifically, the balance sheet has been restated to include the full contribution of CBP Quilvest in the consolidated results at 31 December 2021. The net effects of the adjustments were recognised in minority interests in the restated balance sheet. Since the acquisition of CBP Quilvest on 30 June 2022, the income statement for the first half of 2021 was not restated.

Reconciliation statements of the official and restated financial statements

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

(€m)

ASSETS	PUBLISHED BALANCE SHEET AS AT 31 DECEMBER 2021	CHANGE IN SCOPE OF CONSOLIDATION (*)	RESTATED BALANCE SHEET AT 31 DECEMBER 2021
10. Cash and cash equivalents	3,707	757	4,464
20. Financial assets measured at fair value through profit or loss	552	2	554
a) financial assets held for trading	17	2	19
b) financial assets measured at fair value	-	-	-
c) other financial assets mandatorily measured at fair value	535	-	535
30. Financial assets m asured at fair value through other comprehensive income	2,908	217	3,125
40. Financial assets measured at amortised cost	54,943	635	55,578
a) loans and advances to banks	38,888	18	38,906
b) loans and advances to customers	16,055	617	16,672
50. Hedging derivatives	32	-	32
60. Adjustments to financial assets subject to macro-hedging (+/-)	8	-	8
70. Equity investments	238	-	238
80. Reinsurers' share of technical reserves	-	-	-
90. Property and equipment	393	4	397
100. Intangible assets	706	3	709
of which: goodwill	356	-	356
110. Tax assets	191	-	191
a) current	11	-	11
b) deferred	180	-	180
120. Non-current assets held for sale and discontinued operations	-	-	-
130. Other assets	1,598	15	1,613
TOTAL ASSETS	**65,276**	**1,633**	**66,909**

LIABILITIES AND SHAREHOLDERS' EQUITY	PUBLISHED BALANCE SHEET AS AT 31 DECEMBER 2021	CHANGE IN SCOPE OF CONSOLIDATION (*)	RESTATED BALANCE SHEET AT 31 DECEMBER 2021
10. Financial liabilities measured at amortised cost	58,607	1,699	60,306
a) due to banks	3,988	12	4,000
b) due to customers	54,619	1,687	56,306
c) debt on issue	-	-	-
20. Financial liabilities held for trading	28	2	30
30. Financial liabilities measured at fair value	-	-	-
40. Hedging derivatives	730	-	730
50. Adjustments to financial liabilities subject to macro-hedging (+/-)	(4)	-	(4)
60. Tax liabilities	204	7	211
a) current	50	7	57
b) deferred	154	-	154
70. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-
80. Other liabilities	1,668	18	1,686
90. Provision for employment termination indemnities	47	-	47
100. Provisions for risks and charges:	648	1	649
a) commitments and guarantees	2	-	2
b) pensions and other commitments	42	-	42
c) other provisions for risks and charges	604	1	605
110. Technical reserves	-	-	-
120. Valuation reserves	62	-	62
130. Redeemable shares	-	-	-
140. Equity instruments	24	-	24
150. Reserves	1,626	-	1,626
160. Share premium reserve	206	-	206
170. Share capital	300	-	300
180. Treasury shares (-)	-	-	-
190. Equity attributable to non-controlling interests (+/-)	29	(94)	(65)
200. Net profit (loss) for the period (+/-)	1,101	-	1,101
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**65,276**	**1,633**	**66,909**

(*) Data related to the contribution of CBP Quilvest S.A.

Basis of preparation of the reclassified financial statements

The balance sheet and income statement as at and for the period ended 30 June 2022 have been reclassified to facilitate comparison of the figures for different periods and to enable a clearer and more immediate understanding of the financial position and results. These statements were prepared using appropriate groupings of the items in the official financial statements.

Moreover, the reclassified consolidated income statement has been changed as follows to provide a clearer presentation of the Group's operating performance:

- Net profit (loss) on financial assets, fee and commission income and expense, and the provisions have been stated net of the returns on the insurance policies taken out as part of the Personal Financial Adviser Networks' Loyalty Schemes, recognised in the official Bank of Italy schedule as net profit (loss) on financial assets mandatorily measured at fair value, which – as pertaining to the Personal Financial Advisers – have been recognised as fee and commission expense and provisions.
- The reversal of the time value for the provision for employment termination indemnities and provisions for risks and charges arising from the application of the amortised cost method has been reclassified to net interest income.
- Expenses for stamp duty on current and deposit accounts, which are recognised in the official Bank of Italy schedule under administrative expenses, have been stated net of income from amounts recovered.
- The soft commissions have been reallocated to the administrative expenses that generated them.
- Expenses for fee and commission income, which are recognised in the official Bank of Italy schedule under administrative expenses, have been reclassified among fee and commission income.
- Charges related to certain incentive schemes for the employees of the Distribution Networks, financed on the basis of quantification criteria of a deterministic nature with commission revenues generated by the Networks, have been reclassified under fee and commission expense;
- Net provisions for risks and charges relating to credit risk on commitments and guarantees issued have been reclassified among net impairment of loans.
- Net impairment on debt securities have been reclassified among "Net provisions for risks and charges and net impairment of other assets".
- Non-recurring income and expenses have been reclassified as a separate item in the line "Net non-recurring income (expenses)";
- Integration and voluntary redundancy expenses have been reclassified, net of tax effect, in a separate item designated "Integration and voluntary redundancy expenses (net of tax)".
- The effects of purchase price allocation have been recognised in a specific item, net of the tax effect, designated "Effects of purchase price allocation (net of tax)".
- The expenses incurred for maintaining the stability of the banking system (consisting of the contributions to the Deposit Guarantee Scheme and to the Single Resolution Fund) have been reclassified in a separate item, net of tax, designated "Expenses regarding the banking system (net of tax)".

Reconciliation statements of the restated and reclassified financial statements

Reconciliation of the restated consolidated balance sheet and reclassified consolidated balance sheet

(€m)

RECLASSIFIED BALANCE SHEET ITEMS – ASSETS	RESTATED CONSOLIDATED BALANCE SHEET ITEMS – ASSETS	30.6.2022	31.12.2021 RESTATED
Cash and cash equivalents		5,461	4,464
	Item 10. Cash and cash equivalents	*5,461*	*4,464*
Financial assets measured at fair value through profit or loss		537	554
	Item 20. Financial assets measured at fair value through profit or loss	*537*	*554*
Financial assets measured at fair value through other comprehensive income		3,069	3,125
	Item 30. Financial assets m asured at fair value through other comprehensive income	*3,069*	*3,125*
Debt securities measured at amortised cost		20,419	20,776
	Item 40. a) (partial) Financial assets measured at amortised cost - Loans and advances to banks - securities	*18,475*	*18,554*
	Item 40. b) (partial) Financial assets measured at amortised cost - Loans and advances to customers - securities	*1,944*	*2,222*
Loans to banks		18,465	20,352
	Item 40. a) Financial assets measured at amortised cost - Loans and advances to banks	*36,940*	*38,906*
	Item 40. a) (partial) Financial assets measured at amortised cost - Loans and advances to banks - securities	*(18,475)*	*(18,554)*
Loans to customers		14,607	14,450
	Item 40. b) Financial assets measured at amortised cost - Loans and advances to customers	*16,551*	*16,672*
	Item 40. b) (partial) Financial assets measured at amortised cost - Loans and advances to customers - securities	*(1,944)*	*(2,222)*
Hedging derivatives		218	32
	Item 50. Hedging derivatives	*218*	*32*
Equity investments		269	238
	Item 70. Equity investments	*269*	*238*
Property and equipment and intangible assets		1,195	1,106
	Item 90. Property and equipment	*398*	*397*
	Item 100. Intangible assets	*797*	*709*
Tax assets		243	191
	Item 110. Tax assets	*243*	*191*
Other assets		1,809	1,621
	Item 60. Adjustments to financial assets subject to macro-hedging (+/-)	*(41)*	*8*
	Item 130. Other assets	*1,850*	*1,613*
Total assets	**Total assets**	**66,292**	**66,909**

RECLASSIFIED BALANCE SHEET ITEMS – LIABILITIES	RESTATED CONSOLIDATED BALANCE SHEET ITEMS – LIABILITIES	30.6.2022	31.12.2021 RESTATED
Due to banks		3,701	4,000
	Item 10. a) Financial liabilities measured at amortised cost - due to banks	*3,701*	*4,000*
Due to customers		56,334	56,306
	Item 10. b) Financial liabilities measured at amortised cost - due to customers	*56,334*	*56,306*
Financial liabilities held for trading		41	30
	Item 20. Financial liabilities held for trading	*41*	*30*
Hedging derivatives		461	730
	Item 40. Hedging derivatives	*461*	*730*
Tax liabilities		146	211
	Item 60. Tax liabilities	*146*	*211*
Other liabilities		1,810	1,729
	Item 50. Adjustments to financial liabilities subject to macro-hedging (+/-)	*(24)*	*(4)*
	Item 80. Other liabilities	*1,794*	*1,686*
	Item 90. Provision for employment termination indemnities	*40*	*47*
Provisions for risks and charges		516	649
	Item 100. Provisions for risks and charges	*516*	*649*
Equity, reserves and equity instruments		2,753	2,218
	Items 120., 140., 150., 160., 170. Equity attributable to owners of the parent company	*2,753*	*2,218*
Equity attributable to non-controlling interests		2	(65)
	Item 190. Equity attributable to non-controlling interests (+/-)	*2*	*(65)*
Net profit		528	1,101
	Item 200. Net profit (loss) for the period	*528*	*1,101*
Total liabilities	**Total liabilities and shareholders' equity**	**66,292**	**66,909**

Reconciliation of the restated consolidated income statement and reclassified consolidated income statement

(€m)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT ITEMS	OFFICIAL CONSOLIDATED INCOME STATEMENT ITEMS	1ST HALF 2022	1ST HALF 2021
Net interest income		99	106
	Item 30. Net interest income	*93*	*95*
	- Item 30. (partial) Net interest income PPA IW Private Investments and Fideuram	*6*	*11*
Net profit (loss) on financial assets and liabilities		19	32
	Item 80. Net profit (loss) on trading activities	*23*	*16*
	Item 90. Net profit (loss) on hedging derivatives	*4*	*1*
	Item 100. Gains (losses) on disposal or repurchase of financial assets	*2*	*6*
	Item 110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	*(70)*	*29*
	- Item 110. (partial) Component of the returns on insurance policies for the Networks	*60*	*(20)*
Net fee and commission income		1,009	1,030
	Item 60. Net fee and commission income	*1,038*	*1,043*
	- Item 60. (partial) Soft commission	*-*	*(1)*
	- Item 110. (partial) Component of the returns on insurance policies for the Networks	*(8)*	*3*
	- Item 190. a) (partial) Component of staff expenses relating to fee and commission income	*(17)*	*(12)*
	- Item 190. b) (partial) Component of administrative expenses relating to fee and commission income	*(4)*	*(3)*
Net interest and trading income		**1,127**	**1,168**
Profit on equity investments and other income (expense)		8	14
	Item 230. Other income/expense	*177*	*155*
	Item 250. Profit (loss) on equity investments	*8*	*8*
	- Item 230. (partial) Recovery of indirect taxes	*(164)*	*(149)*
	- Item 230. (partial) Component of the returns on insurance policies for the Networks	*(13)*	*-*
Net operating income		**1,135**	**1,182**
Personnel expenses		(211)	(213)
	Item 190. a) Personnel expenses	*(235)*	*(231)*
	- Item 190. a) (partial) Component of staff expenses relating to fee and commission income	*17*	*12*
	- Item 190. a) (partial) Integration expenses	*7*	*6*
Other administrative expenses		(142)	(133)
	Item 190. b) Other administrative expenses	*(335)*	*(308)*
	- Item 60. (partial) Soft commission	*-*	*1*
	- Item 190. b) (partial) Integration expenses	*9*	*3*
	- Item 190. b) (partial) Costs related to banking system	*16*	*19*
	- Item 190. b) (partial) Component of administrative expenses relating to fee and commission income	*4*	*3*
	- Item 230. (partial) Recovery of indirect taxes	*164*	*149*
Depreciation and amortisation		(38)	(36)
	Item 210. Depreciation of property and equipment	*(28)*	*(28)*
	Item 220. Amortisation of intangible assets	*(23)*	*(17)*
	- Item 220. (partial) Integration costs	*5*	*5*
	- Item 220. (partial) Amortisation of client assets recognised in intangible assets following PPA Morval, IW Private Investments, UBI Top Private Business Unit and Reyl	*8*	*4*
Net operating expenses		**(391)**	**(382)**
Net operating income (expenses)		**744**	**800**
Net impairment of loans		(3)	1
	Item 130. Net impairment for credit risk	*(6)*	*3*
	- Item 130. a) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at amortised cost - Debt securities	*2*	*(1)*
	- Item 130. b) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at fair value through other comprehensive income - Debt securities	*1*	*(1)*
Net provisions for risks and charges and net impairment of other assets		13	(17)
	Item 200. b) Net provisions for risks and charges	*55*	*(36)*
	- Item 110. (partial) Component of the returns on insurance policies for the Networks	*(39)*	*17*
	- Item 130. a) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at amortised cost - Debt securities	*(2)*	*1*
	- Item 130. b) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at fair value through other comprehensive income - Debt securities	*(1)*	*1*
	- Item 130. b) (partial) Net impairment/reversal of impairment for credit risk (Effect of allocation of acquisition costs)	*-*	*1*
Net non-recurring income (expenses)		-	219
	Item 280. Profit (loss) on disposal of investments	*-*	*219*
Gross income (loss)		**754**	**1,003**
Income taxes for the period on continuing operations		(190)	(299)
	Item 300. Income taxes for the period on continuing operations	*(175)*	*(285)*
	- Item 300. (partial) Tax impact on integration costs	*(6)*	*(4)*
	- Item 300. (partial) Tax impact on costs related to the banking system	*(5)*	*(6)*
	- Item 300. (partial) Tax impact on PPA Morval, IW Private Investments, UBI Top Private Business unit, Reyl and Fideuram	*(4)*	*(4)*
Integration and voluntary redundancy expenses (net of tax)		(15)	(10)
	- Item 190. a) (partial) Integration expenses	*(7)*	*(6)*
	- Item 190. b) (partial) Integration expenses	*(9)*	*(3)*
	- Item 220. (partial) Integration costs	*(5)*	*(5)*
	- Item 300. (partial) Tax impact on integration costs	*6*	*4*
Effects of purchase price allocation (net of tax)		(10)	(11)
	- Item 30. (partial) Net interest income PPA IW Private Investments and Fideuram	*(6)*	*(11)*
	- Item 220. (partial) Amortisation of client assets recognised in intangible assets following PPA Morval, IW Private Investments, UBI Top Private Business Unit and Reyl	*(8)*	*(4)*
	- Item 300. (partial) Tax impact on PPA Morval, IW Private Investments, UBI Top Private Business unit, and Reyl	*4*	*4*
Expenses regarding the banking system (net of tax)		(11)	(13)
	- Item 190. b) (partial) Costs related to banking system	*(16)*	*(19)*
	- Item 300. (partial) Tax impact on costs related to the banking system	*5*	*6*
Net profit (loss) attributable to non-controlling interests		-	(24)
	Item 340. Net profit (loss) for the period attributable to non-controlling interests	*-*	*(24)*
Net profit	**Item 350. Parent company interest in net profit (loss) for the period**	**528**	**646**

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(updated 30 June 2022)

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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.

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