FIDEURAM
INTESA SANPAOLO
PRIVATE BANKING

Integrated Annual Report 2022

Bank of INTESA SANPAOLO

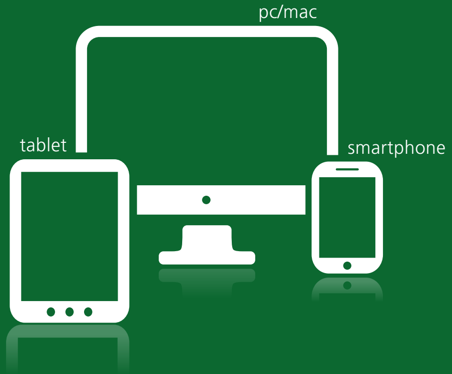
Mission

of Fideuram - Intesa Sanpaolo Private Banking

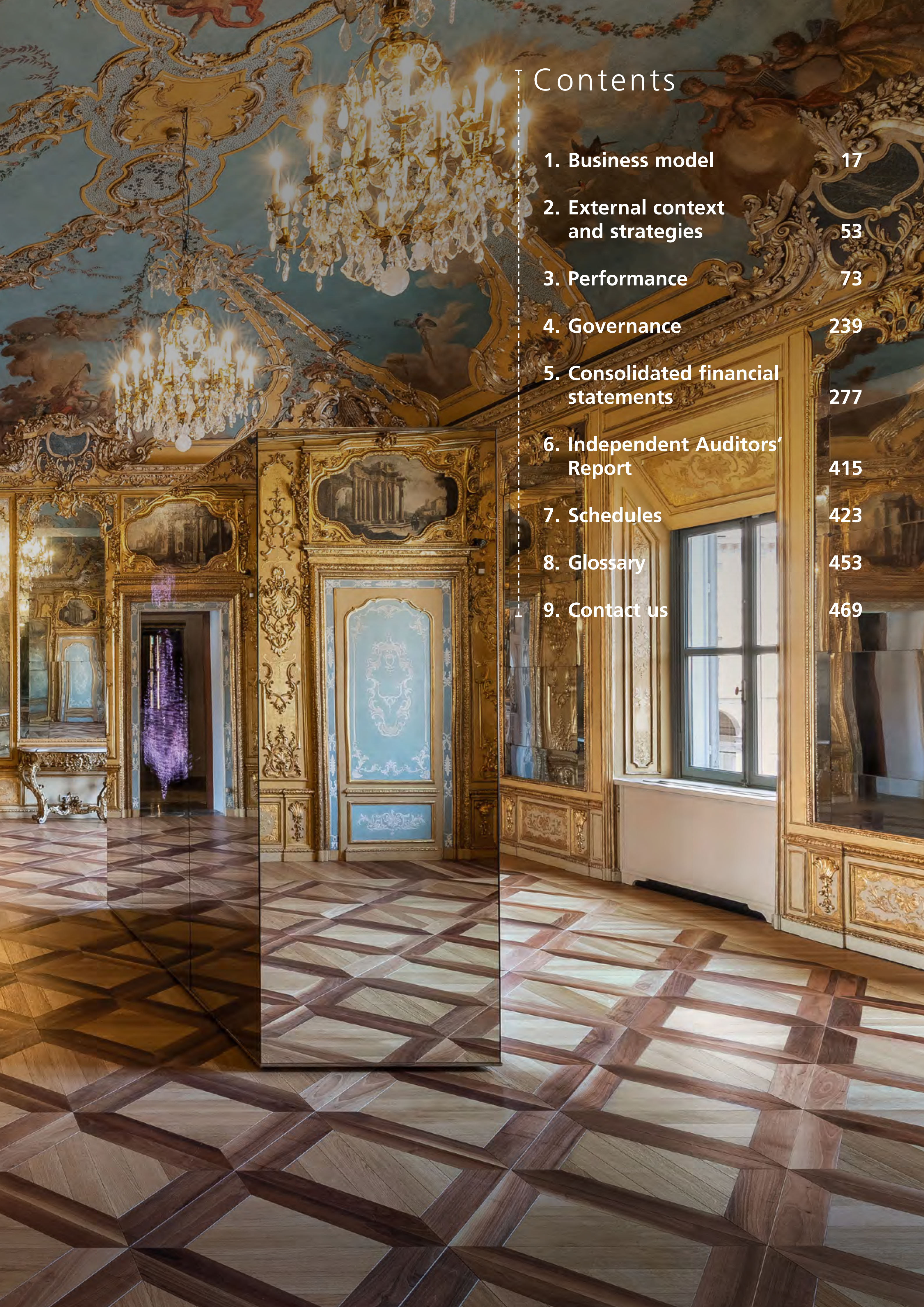
Taking care of our customers' well-being lies at the heart of what we do. We are committed to protecting the assets of those who rely on us with outstanding advice.

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

This report can be browsed in its interactive form, with multimedia additional information, using a variety of devices on our website **www.fideuram.it** where it is also compatible with Apple and Android systems.




Customers
Shareholders
Colleagues
Suppliers
Community
Environment



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About this Report

> **The Integrated Report includes strategy, the business model, financial and non-financial performance in financial reporting, fully integrating sustainability from the perspective of value creation**

In line with recent international reporting developments, the Fideuram Group has published an Integrated Annual Report addressed to all stakeholders since 2013. The typical financial information of a traditional annual report and non-financial information are presented in integrated form by taking a comprehensive view in a single document, using capital analysis to illustrate how the business model, strategies, and financial, social, environmental and governance performance influence the value creation process and sustainability over the medium and long term.

The Annual Report has been prepared in accordance with the International <IR> Framework published by the International Integrated Reporting Council (IIRC) in 2021. The Board of Directors is responsible for the preparation of the Report. The reporting process was conducted under its responsibility, applying the guiding principles and significant elements of the International <IR> Framework. The Report measures and monitors performance based on a set of indicators selected from the GRI Standards 2021 with the "in accordance with the GRI Standards" option. In addition, the indicators provided by the Sustainability Accounting Standards Board (SASB) have been included, where deemed applicable. Integrated reporting is a journey on which perfection is gradually achieved as reporting processes for the production of the supporting information are fully developed. In line with this philosophy, our Group has continued its actions to improve the quality of its reporting. Group staff were involved in document design activities and in drafting the texts, identifying issues relevant to internal and external stakeholders. Our Personal Financial Advisers and Customers appreciate the contents and support this corporate communication tool as an essential means for guaranteeing transparency and quality information and training.

Although it is subject to the provisions of Article 2 of Legislative Decree 254/2016, Fideuram has not prepared a Non-financial Statement, by claiming the exemption allowed under Article 6 of that decree, since it is included in the Consolidated Non-financial Statement presented by Intesa Sanpaolo.

We extend our thanks to all the stakeholders who played an active role in improving our Annual Report and who would like to join us in the process of disseminating a new communications philosophy based on transparency, both now and in the years to come.

GUIDE TO READING THE INTEGRATED ANNUAL REPORT

The document begins with an introductory section presenting a summary of the Group's identity with the main key indicators that highlight the performance of capital over a period of five years. This is followed by Chairman's Statement and the Chief Executive Officer's Statement.

The first chapter, **Business Model**, shows how the Group creates value, describing the key factors and stakeholders involved in the process, as well as the Group's commitment to sustainable development.

The second chapter, **External context and strategies**, outlines the economic environment in which the Group operates with an overview of its positioning in the reference market and presents the strategic objectives and main lines of action that contribute towards creating sustainable value over time.

The third chapter, **Performance**, represents the extent to which the capital invested in the production process contributes to the creation of value. Qualitative reporting is accompanied by the use of quantitative indicators that facilitate the analysis of the interdependencies between the various capitals.

The fourth chapter, **Governance**, describes the body of rules and organisational structures that enable effective management of the Group with a particular focus on the internal control system.

The fifth chapter, **Consolidated financial statements**, contains the financial statements and the notes to the consolidated financial statements.

Our identity

Fideuram was established more than 50 years ago with the aim of providing investors with an alternative to the traditional banking channel. It now has a strong identity on the market, an identity built over time with a business model focused on advanced advisory services and the professional expertise of its Personal Financial Advisers.

1968 Fideuram was formed to create the first network of personal financial advisers in Italy, to offer Luxembourg mutual funds to Italian investors.

1984 Fideuram distributed the first Italian mutual funds.

1992 Fideuram and Banca Manusardi combined: the new company was listed on the Milan Stock Exchange.

1997 Fideuram launched Personal Financial Planning, the first financial planning service benefiting from an advanced technological platform to the advantage of its customers.

2007 Delisting of the Fideuram stock.

WHO WE ARE

With over €327bn in Client Assets, Fideuram is the biggest Italian private bank (and one of the largest in Europe).
Fideuram heads an integrated Group, comprised of the companies providing the Group's financial advisory, asset management and fiduciary services.

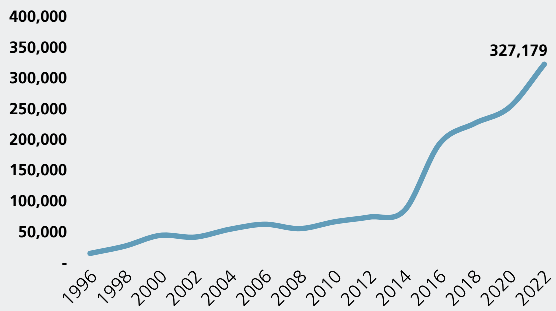
WHAT WE OFFER OUR CUSTOMERS

Fideuram offers personalised advice based on a long-term relationship, which is in turn founded on the Personal Financial Advisers' trust and professional expertise. A distinctive model based on:

- fee-paying advanced advisory services;
- excellent in-house products;
- rounding out its offering with products of major global investment firms.

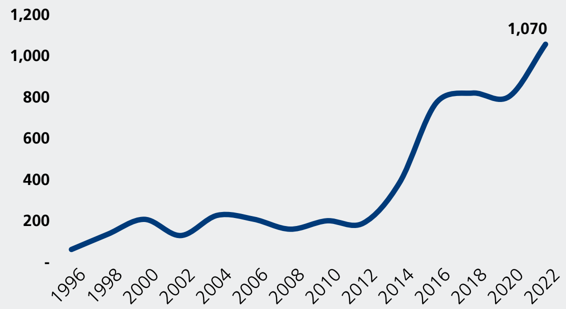
Client Assets

(€m)



Net profit

(€m)



2009 Fideuram launched fee-paying advanced advisory services.

2015 Fideuram and Intesa Sanpaolo Private Banking combined to create Fideuram - Intesa Sanpaolo Private Banking, the first Italian private bank.

2016 Fideuram introduced Alfabeto, a platform supporting Personal Financial Advisers in providing digitalised financial advice.

2018 Fideuram acquired the Swiss Morval Vonwiller Group and launched its foreign hub for international growth.

2021 Fideuram acquired IW Bank, the UBI Top Private Business Unit and the Swiss Group Reyl & Cie.

2022 Fideuram acquired CBP Quilvest, a Luxembourg-based private bank, and incorporated Sanpaolo Invest while retaining the commercial network brand.

WHERE WE ARE

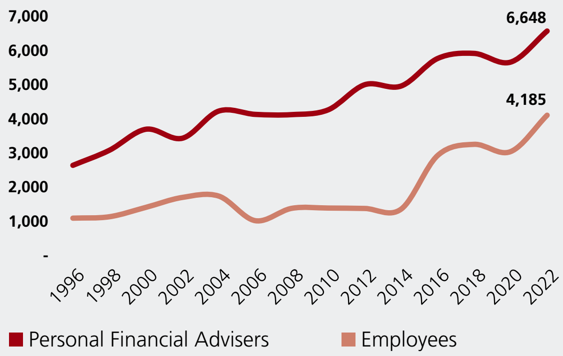
The Group has a strong local presence throughout Italy, with 261 Bank Branches and 392 Personal Financial Adviser Offices. The Group also operates abroad with seven bank branches and seven Personal Financial Adviser offices.
With 3 Private Banking Centres, 9 hubs, and 6 Wealth Management Units, the Fideuram, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Private Banking Networks are organised to assist High Net Worth Individuals.
After the acquisition of the Swiss Reyl & Cie Group, the Group consolidated its foreign presence with the acquisition of the Luxembourg bank CBP Quilvest.

TOGETHER, HORIZONS NOT BORDERS

We have enclosed our essence in a few words: our commitment to our customers and society, our ability to always look beyond and chart new paths, to know how to push forward in search of new solutions, our way of interpreting our profession and seizing an opportunity in every situation, to grow and to give our best. An inclusive, courageous and ambitious Purpose. Together to make a dream come true - to tear down barriers and borders and create a united community. We look to the future, to the desire to grow, to be leaders by guiding change, in the full awareness of our strength. And above all, our ability to do this TOGETHER, not as individuals but as a community.

Personal Financial Advisers and Employees

(No.)



Our awards

PRIVATE BANKING AWARDS 2022

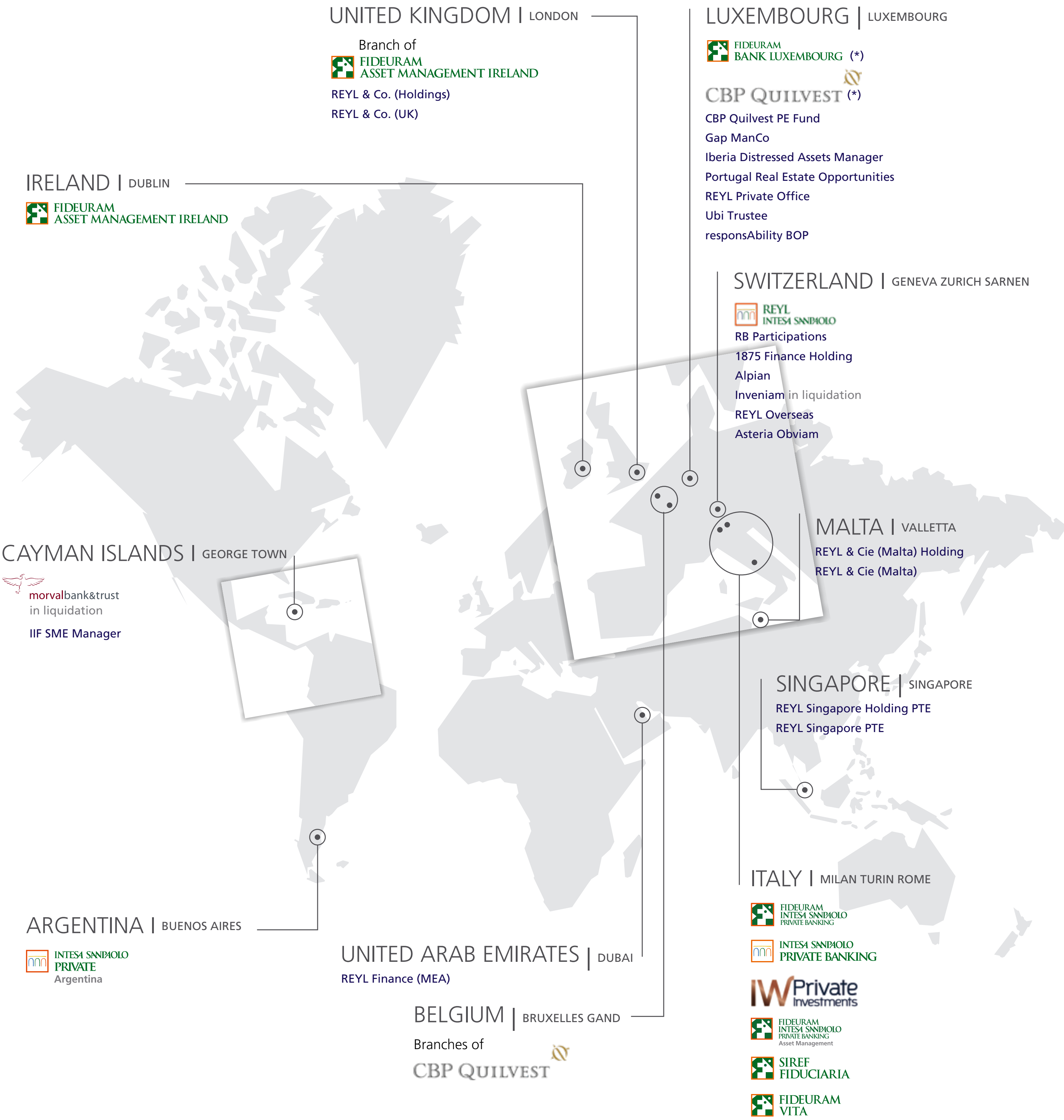
CITYWIRE WINNER PRIVATE BANKING AWARDS ITALY 2022

CITYWIRE WINNER PRIVATE BANKING AWARDS ITALY 2022

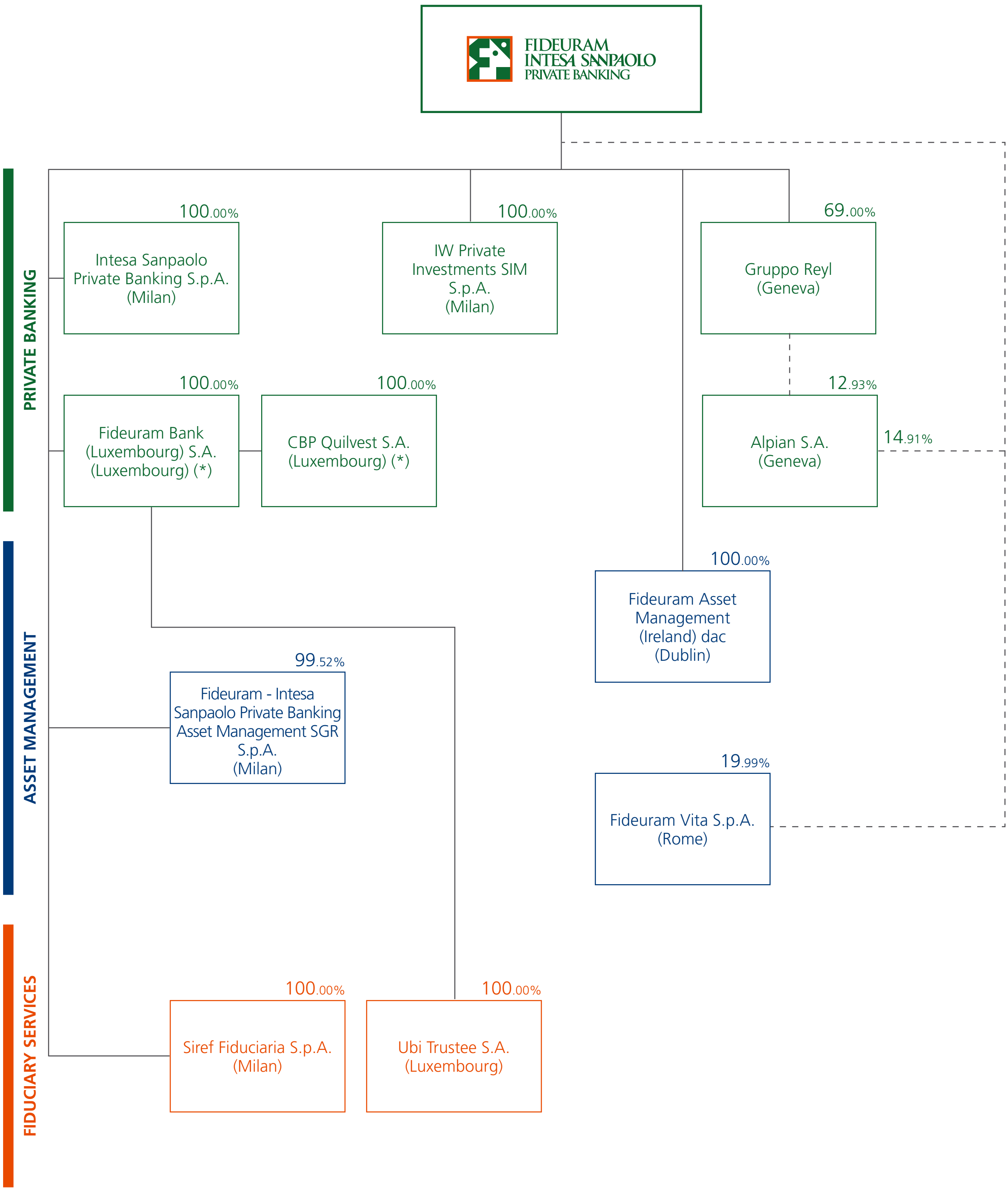
CITYWIRE WINNER PRIVATE BANKING AWARDS ITALY 2022

Group structure

The Fideuram - Intesa Sanpaolo Private Banking Group operates in eleven countries and consists of the Parent Company **Fideuram - Intesa Sanpaolo Private Banking** ("Fideuram") and the following companies:



(*) Effective January 1, 2023, Fideuram Bank (Luxembourg) merged into CBP Quilvest. The new company has taken the name of Intesa Sanpaolo Wealth Management.



—— Subsidiaries
– – – Associates

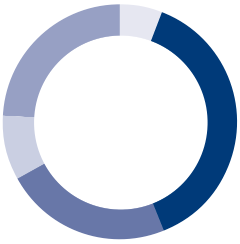
(*) Effective January 1, 2023, Fideuram Bank (Luxembourg) merged into CBP Quilvest. The new company has taken the name of Intesa Sanpaolo Wealth Management.

Highlights

Financial Capital

WEALTH CREATED

€3.7 bn



RETURN ON EQUITY 30%

COST/INCOME RATIO 34%

SHAREHOLDERS' EQUITY €3.8 bn

NET PROFIT €1.1 bn

NET FEE AND COMMISSION INCOME €2 bn

of which recurring €1.9 bn

TOTAL NET INFLOWS

€12.9 bn

of which Net inflows into Managed Assets €2.1 bn

CLIENT ASSETS

€327.2 bn

of which managed Client Assets €200.1 bn

Productive Capital

NO. OF BANK BRANCHES

268

outside Italy 7

NO. OF PERSONAL FINANCIAL ADVISERS OFFICES

399

outside Italy 7

Intellectual Capital

INVESTMENTS IN INFORMATION SYSTEMS

€80 m annually

NO. OF PROJECTS

125

Human Capital

NO. OF PERSONAL FINANCIAL ADVISERS
6,648

NO. OF EMPLOYEES
4,185

NO. OF CUSTOMERS PER PERSONAL FINANCIAL ADVISER

Fideuram Network	Sanpaolo Invest Network	Intesa Sanpaolo Private Banking Network	IW Private Investments Network	Foreign Network
193:1	145:1	45:1	108:1	90:1

CLIENT ASSETS PER PERSONAL FINANCIAL ADVISER
€49 m

NET INFLOWS PER PERSONAL FINANCIAL ADVISER
€2 m

TRAINING (HRS)

Personal Financial Advisers
517,656 hours

Employees
188.083 hours

AVERAGE LENGTH OF SERVICE

Personal Financial Advisers
16 years

Employees
18 years

Relational Capital

NO. OF CUSTOMERS

Fideuram	Sanpaolo Invest	Intesa Sanpaolo Private Banking	IW Private Investments	Siref Fiduciaria	Foreign Network
724,103	174,460	46,628 households	60,251	1,714 mandates	8,396

AVERAGE LENGTH OF CUSTOMER RELATIONSHIP

Fideuram and Sanpaolo Invest	Intesa Sanpaolo Private Banking	IW Private Investments
12 years	16 years	10 years

CLIENT RETENTION RATE 96%

NEW CLIENT RATE 13%

NET PROMOTER SCORE (NPS)

Fideuram Networks / Sanpaolo Invest / IW Private Investments	Intesa Sanpaolo Private Banking Network
59	66

CUSTOMER SATISFACTION INDEX (CSI)

Fideuram Networks / Sanpaolo Invest / IW Private Investments	Intesa Sanpaolo Private Banking Network
8.3	8.5

CUSTOMER SEGMENTATION

HNWI
AUM €102.5 bn

Private
AUM €149.2 bn

Affluent
AUM €54.9 bn

Mass
AUM €20.6 bn

Key Performance Indicators (*)

	2022	2021	2020	2019	2018
CLIENT FINANCIAL ASSETS					
Net inflows into managed assets (€m)	2,134	11,835	6,153	4,605	3,591
Total net inflows (€m)	12,859	15,979	13,082	10,926	10,189
Client Assets (€m)	327,179	348,271	303,711	242,715	213,069
OPERATING STRUCTURE					
Personal Financial Advisers (No.)	6,648	6,621	6,475	5,834	5,995
Staff (No.)	4,185	4,151	4,054	3,179	3,335
- outside Italy (No.)	668	689	545	310	314
Bank Branches (No.)	268	279	281	235	228
Personal Financial Advisers' Offices (No.)	399	377	375	321	326
CONSOLIDATED FINANCIAL RESULTS					
Consolidated net profit (€m)	1,070	1,101	817	906	834
Group shareholders' equity (€m)	3,815	3,319	3,147	2,960	2,804
Basic consolidated net earnings per share (€)	0.713	0.734	0.545	0.604	0.556
Dividends per share (€)	0.600	0.334	0.434	0.433	0.540
Total assets (€m)	62,871	66,909	60,938	47,767	41,032
Wealth created (€m)	3,684	3,902	3,277	2,906	2,775
Value distributed (€m)	3,448	3,373	2,982	2,572	2,713
PROFITABILITY INDICATORS					
Return on Equity (%)	30	34	27	31	30
Return on Assets (%)	2	2	1	2	2
Cost / Income ratio (%)	34	35	36	31	32
Payroll costs / Operating margin	20	20	21	18	19
Net profit / Average Client Assets (%)	0.3	0.3	0.3	0.4	0.4
E.V.A. (€m)	934	981	704	791	735
NON-FINANCIAL INDICATORS					
Customer requests (no.)	6,479	4,430	3,795	2,260	1,874
Personal Financial Adviser training (hrs.)	517,656	424,419	394,090	447,338	470,731
Employees on open-ended contracts (%)	99.2	98.4	98.8	99.4	98.8
Women in management positions (% out of the total number of senior managers)	13	8	11	10	9
Staff turnover (%)	17	11	10	15	15
Employees training (hrs.)	188,083	166,300	134,243	142,832	131,862
Donations (€m)	0.4	1.1	1.2	0.5	0.2
Operating margin / Number of employees (€m)	0.6	0.6	0.5	0.6	0.6
Client Assets / Number of Personal Financial Advisers (€m)	49	53	47	42	36
Paper consumption per employee (kg)	38	46	39	53	60
Direct and indirect emissions (scope 1 and scope 2) (tCO_2)	2,874	3,454	2,483	2,833	3,960

Counterparty rating (Standard & Poor's)	**Long term: BBB**	**Short term: A-2**	**Outlook: Stable**

(*) The figures for 2022 and 2021 were restated on a consistent basis to take account of changes in the scope of consolidation. The figures for 2020, 2019 and 2018 were not restated.

The Management Report contains financial information extracted from or traceable to the consolidated financial statements as well as other information. For more detailed information on alternative performance indicators, please refer to the Glossary.

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Introductory note

Economic scenario

In 2022, the outlook for the world economy deteriorated in the face of heightened uncertainty over geopolitical conditions and steadily rising inflation. Russia's invasion of Ukraine amplified already existing critical aspects: a growing inflation, obstacles to the functioning of distribution chains and an increased volatility in the financial markets. These critical aspects, coupled with a change in tone of monetary policies, led to a general worsening of the short- and medium-term outlook for the international economy.

Year-end projections estimate world GDP growth of 2.7% in 2022, following the 6% rebound observed in 2021. The expansion in world trade fell off dramatically and the deceleration in growth was geographically widespread, both in advanced and emerging economies. The inflationary crisis was further exacerbated and prompted many central banks to quickly remove the monetary stimuli introduced in previous years. In particular, the Fed's monetary policy changed rapidly in a restrictive direction during 2022, starting to curb the most interest rate-sensitive components of domestic demand, such as residential construction. The Fed funds rate range was raised during the year from 0-0.25% to 4.25-4.50%, and a reduction in the central bank's portfolio of public and private securities got underway.

In 2022, the Eurozone was hit by the effects of a very strong increase in natural gas prices, reflecting the Russian invasion of Ukraine and the subsequent deterioration of political and economic relations between the European Union and Russia. The almost complete interruption of gas imports from Russia was tackled by a combination of reducing consumption, increasing production from renewable and other fossil sources, and increasing imports from other suppliers. This strategy averted the need for supply rationing, but has not prevented steep increases in gas prices on the European market. The drastic worsening of trade terms due to the crisis was reflected in a drop of around 4 percentage points in the aggregate trade balance. The recessionary impact of the shock was, however, almost entirely offset by public support measures for households and businesses and by the fall in the average household's propensity to save towards pre-pandemic levels; as a result, GDP grew by 3.3% in 2022, well above the potential growth estimates. Inflation rose to levels well above those predicted a year ago before the war; the average annual change was 8.4%. Much of the increase is attributable to the direct and indirect effects of higher natural gas prices, but statistical analyses also point to demand factors significantly contributing to underlying inflation dynamics.

In Italy, GDP growth in 2022 was estimated at 3.8%, about half a point lower than the figure predicted before the war in Ukraine. The reduction in growth was due to the drastic worsening of the trade balance, reflected internally in a fall in real household income (inflation rose to 8.2% year-on-year) and a deterioration in corporate profitability. The final impact was mitigated by fiscal measures and a large reduction in the average household's propensity to save. The unemployment rate dropped to 8.2%. GDP growth gradually slowed during the year and could have been moderately negative on a cyclical basis at the end of 2022, in light of a weakening industrial production and construction activity. Italy achieved all the intermediate targets set out in the National Recovery and Resilience Plan (NRRP), and obtained the release of the payment tranches under the plan.

The European Central Bank raised official rates rapidly as from July 2022, starting a tightening phase that will extend into the first part of 2023. 2022 ended with a deposit rate at 2% and a main refinancing operations rate at 2.5%. At its meeting at the end of 2022, the ECB announced that the increases would continue at a steady pace in early 2023. With regard to unconventional measures, the ECB discontinued net purchases linked to the Pandemic Emergency Programme (PEPP) at the end of March and those of the APP programme at the end of June. In October, it also announced changes to the terms of TLTRO III operations in order to encourage early repayment by borrowing banks. In order to reduce the risk of severe local market turmoil during the monetary tightening phase, the ECB decided to reinvest the maturities of the PEPP portfolio in a flexible manner and announced a new instrument, the Transmission Protection Instrument (TPI), which can be activated to support jurisdictions that meet minimum conditions of compliance with EU rules on public accounts and macroeconomic imbalances and fulfil the commitments made in the NRRP. The discontinuation of net bond purchases, rising interest rates and worsening growth prospects led to a significant widening of risk premiums on BTPs: the differential rose from 128 basis points in December 2021 to 190 basis points one year later. The government crisis and elections in September 2022 caused tensions on the government debt market, and a further disengagement of foreign investors since July. The tensions receded in the last two months in the face of evidence that the new government was adopting prudent fiscal policies that were consistent overall with EU recommendations.

International equity markets experienced an overall bearish trend in 2022, mainly driven by exogenous shocks, including the war in Ukraine, the energy crisis, rising inflationary pressures, restrictive central bank policies and the resumption of contagion from COVID in China. The first half of the year saw a general increase in risk aversion: the outbreak of the war between Russia and Ukraine at the end of February introduced a strong element of uncertainty over the economic outlook and listed companies, particularly in the euro area. After hitting the lows of the year at the end of September, equity indices partially recovered in the final quarter of 2022. Despite a partial recovery during the latter part of the year, European corporate bond markets closed 2022 on a negative note, with risk premiums rising sharply. Central banks' monetary policies have been among the main drivers of market performance since January, when expectations of less monetary stimulus from the ECB affected spreads. Investor sentiment then gradually worsened due to the war in Ukraine, concerns about the outlook for the business cycle and, above all, the sudden price increases that pushed the ECB and the Fed to adopt a more aggressive stance in terms of rates. Against this backdrop, spreads reached highs at the end of June, followed by a substantially lateral phase before a partial recovery in November. The primary market was affected by the rise in interest rates with a fall in new issues. In this context, according to data from Bloomberg, issues related to sustainable finance (ESG) declined by 27% compared to 2021, after the continual growth of recent years. The breakdown by type of bond shows that the decrease was mainly due to the decline in Social bonds (-67% compared to 2021) and sustainability-linked bonds (-47%), while green bond issues were broadly in line with the previous year (around €180bn).

During 2022, increases in monetary policy benchmark rates began to impact bank rates. Rates on new loans to non-financial corporations rose rapidly in the second half of the year: rates on loans of up to €1m roughly doubled compared to the start of the year, the rate on loans of larger amounts more than tripled. Rates on loans to households for the purchase of homes also increased significantly, in particular the fixed rate, which returned to being higher than the variable rate by 0.9 percentage points in the second half of 2022, after two years of substantial alignment between the two rates. As a result of the increases on new operations, the average rate on bank loan stocks also rose faster in the latter part of 2022, to 3.2% (+1.1 percentage points compared to the end of 2021). Deposit rates were more resilient, in particular the average rate on current accounts, which increased only marginally towards the end of the year. The rate's viscosity on the demand component had an effect on the evolution in the average deposit rate, which rose only slightly. The increase in the overall cost of customer deposits also started very gradually, incorporating the moderate upward movements in the average bond rate. As a result, the spread between lending and deposit rates increased significantly and rose to levels not seen since 2009.

The credit market in 2022 was characterised by two phases, the first with improved growth until the summer, followed by a moderate slowdown in the final months. This development reflects the progressive tightening of supply conditions, consistent with the clamp down of monetary policy and the increase in perceived risks, while as regards banks' financial positions, the good liquidity and funding situation was confirmed and the capital base remained solid.

Household financing in 2022 maintained a robust pace of growth. Once again, the trend was supported by home mortgages, with dynamics reaching 5%, the highest figure in the last decade, with a less brilliant performance in the last quarter of the year. The rapid and significant increase in the fixed rate on disbursements reversed the trend for mortgage rate preferences, with 65% of mortgages taken out in autumn at variable rates, up from 17% over the first quarter of 2022 and the previous two years.

On the credit quality side, there were no particular signs of deterioration. The stock of impaired loans net of write-downs amounted to 1.2% of total loans in September for significant banks, and was stable compared to mid-year, but fell further compared to 1.4% at the end of 2021. The rate at which new impaired loans formed remained historically very low, at 1.1% in Q3 2022 in terms of flow in relation to performing loans and annualised.

With the turnaround in monetary policy and rapid rise in interest rates, the long and strong growth in bank deposits, which had lasted for more than a decade, came to a halt in the autumn of 2022. After the highs reached in 2021 and subsequent gradual slowdown, the growth rate of total deposits fell to zero, following the slowdown of the current account component, which showed a slightly negative annual change towards the end of 2022. This trend reflects that of the current accounts of non-financial companies, which fell in the autumn months. From the beginning of the year to November, the balance of total deposits of non-financial companies was negative by €30bn, compared to an inflow of €17bn in the same period in 2021, indicating that companies started to use part of the resources accumulated in bank accounts in previous years. Household deposits also slowed down during the year, but remained slightly on the rise in the last quarter. Within the deposit aggregate, as expected, there was an increasing shift towards on-demand savings from time deposits. Fixed-term deposits recorded a growth trend towards the end of the year, after a long period of weakness. This recovery is due to the rise in rates paid on these instruments. Bank bonds also improved during the year, although still falling on average, closing in December with zero change.

With rising market yields, a renewed interest in direct investment in government and corporate bonds was observed. For Client Assets, the second half of 2022 saw a reversal in the trend, with a return to growth in household debt securities held in custody at banks. In 2022, the asset management business was negatively impacted by the sharp rise in interest rates and the unfavourable performance of stock market indices. Mutual funds recorded moderately positive net inflows, thanks to inflows to the equity, balanced and money market segments, mainly in the first four months of the year. Asset management was characterised by negative net inflows. With regard to life insurance, the overall trend was downwards, as a result of the decline in new business, in both traditional policies and policies with a high financial content.

Impacts of the Covid-19 pandemic

High levels of vaccination coverage in advanced countries made it possible to withstand the impact of the latest pandemic waves without major consequences. Vaccines proved to be effective against new variants of the virus. Following the end of the state of emergency on 31 March 2022, and at the same time as the Government lifted obligations, the Group embarked on a gradual easing of restrictive and containment measures, both at branches and its central offices.

Since 1 April 2022, the system of coloured zones (red, orange, yellow, white) to indicate the risk classification of Italian regions and the restrictive measures to be implemented according to the colour of each region has no longer been in use. To access workplaces, the requirement to show the Covid-19 Green Pass is no longer in force.

As regards the Network, appointments do not have to be made at branches, subject to their maximum capacity, but a minimum distance of one metre between persons must be observed.

The obligation to wear a face mask on company premises ended on 15 June 2022. However, the obligation to wear personal protective equipment (FFP2 mask) for ten days in cases of close contact with a person that has tested positive for Covid still applies.

In view of the cyclical recurrence of waves of infection, the essential recommendations for a cautious and mindful conduct on company premises have remained in place (one-metre distance between people, hygiene, recommendation to use protective equipment indoors during gatherings, and the prohibition to access company premises in the event of symptoms caused by Covid-19 according to the treating doctor, as well as reporting positive cases diagnosed with molecular/antigenic tests based on the specific company procedure).

For the executive offices, a minimum staff presence (at least 40% of working days at the job location) was confirmed. The use of smart working by central structures is an integral part of a new work model based on the strengthening of individual empowerment and a better balance between professional and non-professional life, aimed at introducing new, post-Covid working methods, through the "Next Way of Working" project. This includes real estate and technological activities which are preparatory to the creation of new working environments designed to encourage the adoption of the Next Way of Working and support staff in the structural use of a flexible working method, based on alternating office and remote work. The new workspaces are in fact designed to enhance times when staff are on-site, creating co-working opportunities to strengthen the sense of belonging and expand networking, as well as foster a gradual adoption of hybrid working. Alongside the redesign of the workspaces, technological tools were implemented (release of the space booking function in the planning and booking tool) and communication campaigns were run to support the change.

In this scenario, our Group's stability remains based on a five-fold foundation:

- a business model which integrates production and distribution;
- sustainable revenue deriving mainly from recurring fees generated by a solid base of Client Assets;
- appropriate staff distribution across our branches and networks, with a good balance between fixed and variable costs;
- a structured risk monitoring system on different control levels;
- effective management of legal and tax disputes with sufficient provisions set aside.

Consolidated shareholders' equity at the end of December 2022 was €3.8bn, the Common Equity Tier 1 ratio was 15.8% and the Total Capital Ratio was 16%. The financial resources acquired from customers through direct deposits, amounting to €50.8bn, consist mainly of current accounts and deposits which are highly stable over time. Liquidity from liabilities is mainly invested in a portfolio of securities with medium-to-long term maturities containing a substantial proportion of eligible securities. The Group's business model and the strategies adopted to put our future growth plans into effect leave us strongly placed to tackle the volatility of the financial markets without any impact on our business continuity.

Significant events in 2022

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

- 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 activities;
- the partial demerger of Fideuram in favour of Intesa Sanpaolo of a compendium consisting of performing loans and related funding and personnel;
- the 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, already owned by Reyl & Cie;
- the sale of the shareholding in Morval Vonwiller Advisors;
- the acquisition by Fideuram Bank (Luxembourg) of the Luxembourg bank Compagnie de Banque Privée Quilvest;
- the total acquisition of the Asteria shares held by third parties;
- the merger by incorporation of Sanpaolo Invest into Fideuram, with maintenance of the Sanpaolo Invest distribution network;
- the merger by incorporation of Obviam into Asteria.

Finally, as part of the reorganisation process of the Group's activities, the following operations will become effective in the first quarter of 2023:

- the start of operations by Fideuram Asset Management (Ireland) of a new investment company in the United Kingdom, to carry out the activities managed by the London branch;

- the merger by incorporation of Fideuram Bank (Luxembourg) into Compagnie de Banque Privée Quilvest, with the renaming of the merged company as Intesa Sanpaolo Wealth Management.

The 2023 outlook

The recovery characterising the world economy appears to be strongly conditioned by the outcome of the war in Ukraine, by possible new waves of Covid-19 contagion due to China stopping its zero-Covid policy, and by the intensity and duration of the monetary tightening phase in advanced countries.

In many advanced countries, real GDP growth rates are expected to slow sharply in 2023. Inflation is expected to decline in the US and the euro area. The monetary tightening phase should soon end in the US, while it should be extended through the first half of the year in the euro area. The European Central Bank has signalled that rate hikes will still be significant in early 2023. The prospect of the monetary policy tightening phase ending will keep the spread between long-term and short-term rates very compressed.

With regard to the Italian banking system, a further slowdown in short-term loans to businesses is expected in 2023, while for medium-/long-term loans, after a still-weak first part of the year, the recovery in GDP should favour a return to a positive trend, supported by the spillover of private investments from NRRP projects. However, financial needs may be partly met by using the considerable liquidity reserves accumulated by companies in the 2020-2021 period, deposited at banks, and through the issue of bonds and self-financing. Household loans should continue to slow down as a result of rising interest rates, a decline in real estate transactions and a marked weakening in house price dynamics.

For direct deposits, a moderate contraction in current accounts is expected to continue in 2023 as well, as a result of a combination of several factors, including the use by businesses and households of cash in deposits and the reallocation of savings towards more remunerative forms. The shift towards term deposits, supported by supply policies at more attractive rates, will continue. Encouraged by a return to positive yields, the diversification of household investments towards government and corporate bonds will continue. For bank bonds, after more than a decade of decline, 2023 will see growth resume. With the repayment of TLTRO III, banks will go back to the wholesale institutional market, through diversified short- and medium-/long-term funding channels and instruments. Bond issues will also be fuelled by the placement of instruments eligible for loss absorption requirements (MREL), as well as green and social bonds.

With the completion of the policy rate hike in 2023, asset management and life insurance are expected to recover. Savings flows to these segments may come from the cash in bank deposits. Another decisive factor is the demand for advice on financial investment choices. In 2023, moderately positive inflows are expected for mutual funds and asset management, with a possible recovery in bond funds. For life insurance, premium income is expected to increase.

Chairman's Statement

Paolo Molesini
Chairman

"We have a responsibility to manage and direct the savings of our country's households in the best possible way."

In this complex year, I would first like to thank the women and men of Fideuram - Intesa Sanpaolo Private Banking: all our professionals, who worked on the Network and at Head Office, were able to keep up with the emotional growth of our Customers, supporting them step by step and bringing into play unparalleled problem-solving skills and resilience.

I am proud of what you have done to stem the tide of fear in this year of extraordinary events: the dramatic invasion of Ukraine, the skyrocketing cost of energy, inflation and rising rates. Your seriousness and authority have been exemplary, and have helped to strengthen the relationship of great trust that has always bound us to our Customers.

People are central in the life of our Division and in our daily work.

We have a responsibility to manage and direct the savings of our country's households in the best possible way: a highly prestigious task, but also a commitment to the community of which we are aware and which guides our daily choices.

We have a responsibility to build a better future for the new generations: that is why sustainability for us is not a promise but a concrete, daily choice. We have created products and services that increasingly meet ESG criteria and have implemented numerous initiatives in this direction on all fronts.

We have a responsibility to identify important opportunities for those who rely on us: we have grown significantly in the foreign market, thanks to the foresight and hard work of the CEO and a team of excellent managers. Today we are a reality that counts even more in Switzerland and Luxembourg, which has the space and a desire to grow further.

We have a responsibility to excel and look further ahead than others: a role we share with the Intesa Sanpaolo Group, the undisputed market leader in Italy and a major player in Europe. The results achieved by our Division, the quality of our service, and the unique advisory skills of our Personal Financial Advisers are a source of pride and value for all.

I am very positive about our future because I am aware that a team of capable, motivated and responsible professionals is the best guarantee of success for the challenges that the coming years will bring.

Chief Executive Officer's Statement

Much more happened in 2022 than we could have imagined.

The breaking of fragile equilibria has led to important consequences. The energy crisis, rising interest rates, and accelerating inflation have fuelled general uncertainty, but also highlighted the strong, resilient realities that are able to reassure people and the country in difficult times.

Once again, the women and men who work at Fideuram - Intesa Sanpaolo Private Banking have shown that they are capable of making a difference with their passion, positive attitude, ability to listen, willingness to share and forward-looking focus.

These distinctive traits of ours are recognised and appreciated by our customers, who have rewarded us with renewed trust: we continue to be their indispensable reference point, to protect their assets and help them realise their life goals, and their dreams. The excellent advisory work that the 6,648 Personal Financial Advisers of Fideuram - Intesa Sanpaolo Private Banking do every day has once again been a winner. The figures prove just that: in 2022, Client Assets amounted to €327.2bn and net inflows reached €12.9bn.

We have strengthened our capacity for innovation with the launch of the Fideuram Direct digital platform, which will enable us to offer an increasingly varied and comprehensive multi-channel experience. With the latest technology, we have expanded our advisory services and invested heavily in digital security.

Another area of activity that we were very pleased to be involved in this year was the development of our international presence, with the strengthening of our presence in Switzerland thanks to the growth of Reyl Intesa Sanpaolo and the innovative contribution of Alpian to drive our digital wealth management offer. In addition, Intesa Sanpaolo Wealth Management, resulting from the merger of Fideuram Bank (Luxembourg) into Compagnie de Banque Privée Quilvest, has been operational in Luxembourg since 1 January 2023.

We always look to the future in a constructive and positive way, our most attentive gaze is always on people, on new generations of talent, on training, with personalised growth paths, on inclusion and on valuing everyone's contribution.
We rely on the extraordinary potential of technology, to generate proximity and multiply opportunities, and on sustainability as the undisputed guide to the pursuit of peace of mind and shared values with the Intesa Sanpaolo Group's structures, our partners, customers and civil society.

I am deeply grateful to those who give us confidence every day, and to those who with us look to the future with optimism and planning. I would especially like to thank the Intesa Sanpaolo Group for its constant support to all stakeholders and to our country.
A heartfelt thank you to the Personal Financial Advisers, Managers and all colleagues, who make our journey concrete and our leadership solid to reach new horizons together.

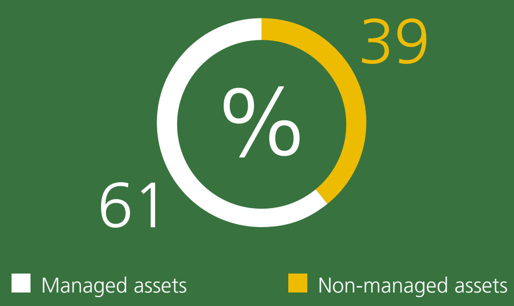
Tommaso Corcos
Chief Executive Officer and
General Manager

"I am deeply grateful to those who give us confidence every day, and to those who with us look to the future with optimism and planning."

€3.7 bn
Wealth created
in 2022 amounted
(-6% compared to 2021)

Fideuram - Intesa Sanpaolo Private Banking operates on a **business model** centred on the provision of **financial advisory services**

Client Assets (CA) 2022:



1. Business model

1.1 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 €327.2bn, with an international asset management presence boasting 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 has 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 Group's companies with those of leading international investment firms.

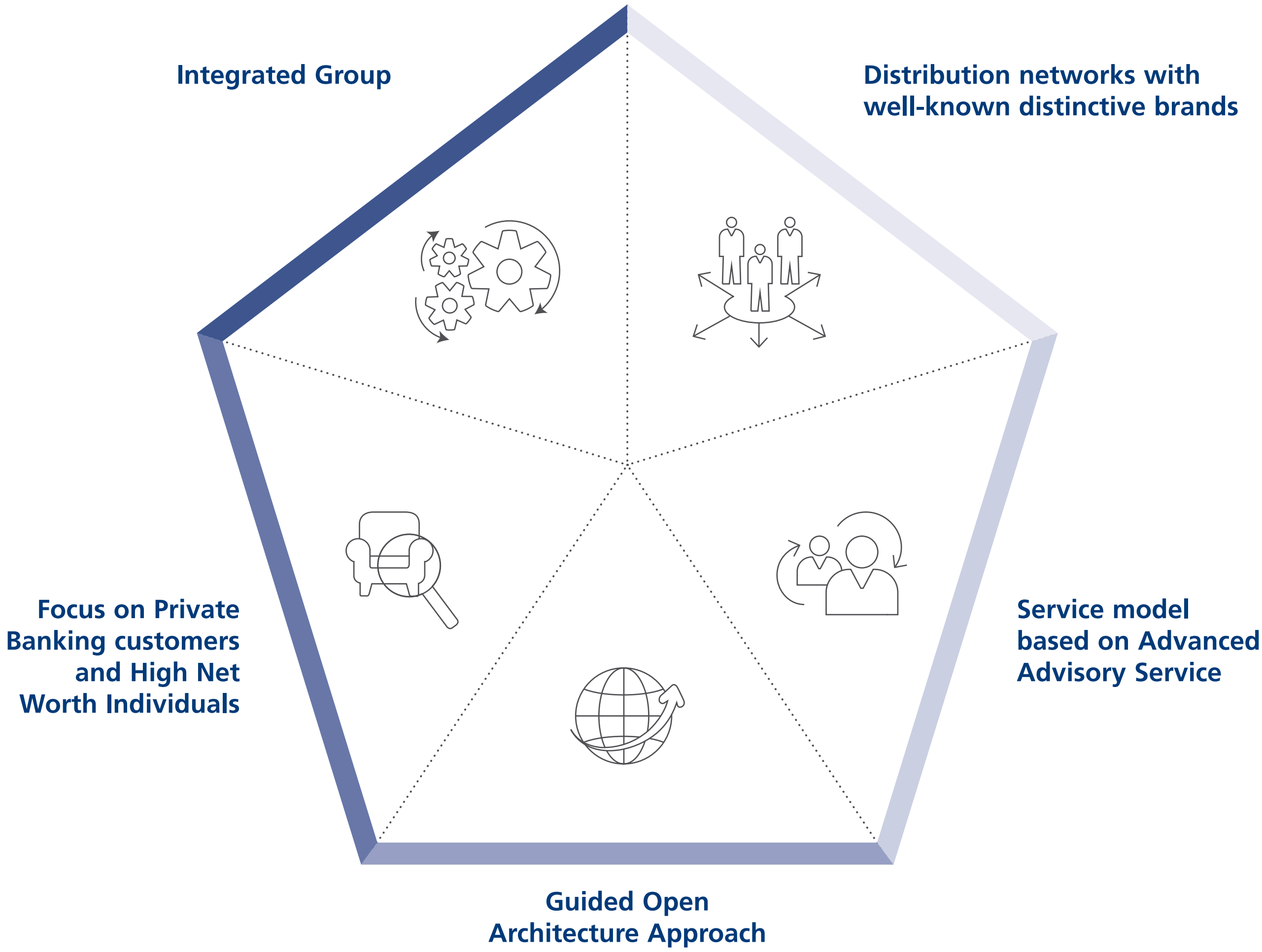
The range of the offering is completed by both banking and insurance products and services, according to the best market standards and with a strong focus on the digital evolution and ESG issues.

With the aim of offering a wide and dedicated range of products, benefiting from digital solutions that will be expanded over time, the new Fideuram Direct digital platform was created to meet the needs of customers who want to operate independently with investments and online trading. As regards trading, customers have the option of 24-hour trading through advanced platforms on more than fifty cash and derivative markets, both Italian and international, also with long and short leverage.

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

1.2 Key factors in the value creation process

The core distinctive elements of success underlying the value creation process are:



An **Integrated Group** of companies based inside and outside Italy, with product companies that enable both prompt responses to changes in the market, exploiting the related opportunities, and the maintenance of management margins. This model of integration is based on a strategy of specialisation that allocates each Group company its own professional expertise. Through direct interaction with the Personal Financial Adviser Networks, the product companies are kept constantly updated on any changes in customer needs and are able to create the most appropriate investment solutions. This is also accomplished through the Group Investment Centre, whose aim is to establish a unified market view that uses different types of asset allocation approaches according to customer profile, risk appetite and distribution network.

Distribution networks with well-known distinctive brands: a model centred on the professional relationships between our Personal Financial Advisers and customers, underpinned by the strength of the Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking and IW Private Investments, and their consolidated longstanding reputation on the Italian market. The latter are key to attracting new customers and top professionals in the sector with a complete offering of products and services, bank branches and leading-edge expertise. In addition, with the acquisition of the Luxembourg bank CBP Quilvest, the expansion of the distribution networks in international markets continued. A bricks and mortar presence, with 268 bank branches and 399 Personal Financial Advisers Offices, enables us to offer our customers a complete service that secures their loyalty and strengthens the Group's role as a one-stop-shop provider of banking products and services.

A **service model based on Advanced Advisory Services support**: the professional relationship between each Personal Financial Adviser and customer is based on a financial advisory service model governed by a specific contract. These services are delivered in the following two ways:

- *Basic Advisory Services*: provided free of charge to all customers and consisting in personalised advisory services regarding the customer's investments, paying careful attention to risk management and the suitability of their overall portfolio.
- *Advanced Advisory Services*: paid services provided on the basis of a dedicated contract:
  - *SEI Advanced Advisory Service*: this service identifies the customer's individual requirements classified by area of need, analyses their overall position and risk/return profile, and identifies appropriate investment strategies and solutions for each individual area of need, monitoring them over time.
  - *Private Banking Advanced Advisory Service*: a personalised advisory service 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.
  - *VIEW (Value Investment Evolution Wealth) Advanced Advisory Service*: an advisory service that takes all of a customer's assets into consideration and supports the Personal Financial Advisers in their work of identifying each customer's specific requirements, classified by area of need, including with the assistance of guideline customer "archetype" profiles. The "View" service enables the customer and their Personal Financial Adviser to identify investment strategies and solutions for each individual area of need in accordance with their risk/ return profile and to monitor their wealth from a global standpoint over time.

In addition, the Group also offers the following specialist advisory services:

- Tax, legal and succession advisory services for asset planning.
- Fiduciary services, supported by Siref Fiduciaria.
- Advisory support to assist entrepreneurs manage the liquidity generated during significant business transitions, such as Mergers & Acquisitions or Initial Public Offerings.
- Art Advisory services provided with the support of external consultants.
- Real Estate Advisory services to support customers' real estate management needs both regarding disposable property and property of potential interest. The needs analysis is conducted internally or with the support of external consultants, including international consultants, for valuation and agency services.

As part of the Banca Diretta Business Unit, Fideuram Direct, the digital platform for savers and traders who want to invest remotely in the financial markets - independently or through a guided approach - via a fully digital experience, was presented to the market on 30 September 2022.

Fideuram Direct is the result of the integration of the expertise and solidity of Fideuram - Intesa Sanpaolo Private Banking and the digital experience of IW Bank and has around 60,000 customers and €2.4bn of Client Assets.

Thanks to Fideuram Direct, more digitised customers can start to operate with Fideuram via the Welcome App and immediately begin trading and investing in asset management products with the Alfabeto suite. The wide range of digital, innovative and secure solutions includes:

- a specialised trading platform that enables trading on over 50 markets with various instruments and advanced services (leverage, derivatives) to satisfy the most sophisticated traders;
- asset management, for customers who want to rely on the specialists of Fideuram Asset Management SGR to invest in portfolios consistent with their risk and sustainability profile;
- a selection of funds and SICAVs from leading international investment houses, in an open architecture logic attentive to ESG principles;
- a current account and payment cards, to enable full day-to-day customer operations through digital channels.

This new way of operating, which complements the successful and consolidated approach of the Financial Advisor Networks, now allows more digital customers to invest independently and will be expanded in 2023, to include the support of remote advisors, drawing on the best expertise of Fideuram Asset Management SGR and Alpian, the Swiss start-up with an already existing integrated strategic development model.

A **Guided Open Architecture Approach**: a model that offers third-party products alongside our Group products to complement them, satisfying even the most sophisticated needs through partnerships with world-leading investment companies.

A clear focus on **Private Banking customers and High Net Worth Individuals**, segments that account for approximately 77% of the Group's Client Assets and which have high growth prospects in the Italian and foreign markets. Client Assets are, moreover, substantially above the threshold necessary to obtain significant economies of scale and ensure the creation of value in a manner that is sustainable over time.

The process to upgrade the Private Wealth Management unit (PWM) continued in 2022, in view of developing and serving the Private Banking and High Net Worth Individuals segments of the Fideuram, Sanpaolo Invest and IW Private Investments Networks, through a pro-active approach and dedicated business model. The Private Wealth Management unit supports the Personal Financial Advisers in assessing the needs of Private Banking customers through a dedicated service model and an array of special products and services targeted principally at business owner and professional households, who tend to demand solutions that protect value in its various forms, while also being highly articulate about their varied and complex requirements.

The dedicated business unit within Fideuram comprises the following units:

- the Private Advisory Unit, which develops the array of financial services dedicated to Private Banking customers, by coordinating with delegated and specialised Group units, creating solutions to develop and protect the customer's financial assets;
- the Wealth Solution Competence Centre, which provides value added services for non-financial assets (e.g. household wealth protection analyses, corporate finance and M&A deals, luxury goods management, property management, philanthropy, etc.) by using the Group's specialised companies or competent, select external providers for the realisation of deals and projects.
- the Service Development and Monitoring unit, which develops the products and services offered and the model as a whole, also in coordination the affected Group units. Additionally, it monitors the distribution of services offered by Private Wealth Management to the Networks, analyses market trends in the Wealth Management sector, develops commercial projects targeting Private Banking customers, and manages the partnership with the external providers of specialised services in the Wealth Management field.
- Private Wealth Management and Network Relations Coordination, which supports the network for access to banking services dedicated to Private Banking customers. It provides a dedicated lending desk, facilitating the exchange of information, with Central Departments or Group companies specialising in access to credit, as necessary.

Fideuram has local Private Banking Centres dedicated to meetings with customers.

Moreover, the Group enhances its provision for High Net Worth Individual customers through an Intesa Sanpaolo Private Banking Department that supports the Personal Financial Adviser Network with dedicated products and strategies. The Department is made up of the following units:

- Client Business Development, which develops the support provided to existing customers and for acquiring new ones, including through the establishment of a network of relationships with private sector operators and external professionals, and through offering ordinary and extraordinary financial services and lending services to business customers.
- Wealth Planning, which provides specialist advisory support providing wealth advisory, philanthropy advisory, art advisory and real estate advisory services.
- Investment Solutions HNWI & Family Office, which is responsible for the dedicated model, the offering of customised investment solutions for specific customer needs, the development of the international offering on the Italian Network and the study of customised solutions with international content. In addition, the team works as an idea generator for new products and services, to respond to market developments, managing and coordinating relations with Family Offices and providing oversight of institutional counterparts.
- the Advisory Unit, which analyses the customer's portfolio, draws up customised allocation proposals, provides targeted advice on the purchase and sale of individual financial instruments, and carries out constant risk monitoring.

The HNWI customer service model, delivered through specialisation of the network with dedicated resources (HNWI Branches), aims to bring the most important relationships together in a small number of operating centres and to strengthen our market coverage of the HNWI segment through the creation of ad hoc organisational solutions. These branches will liaise with the HNWI Competence Centre on a regular basis in order to resolve any issues typical of a dedicated service model.

THE CREATION OF VALUE

REGULATIONS

EXTERNAL CONTEXT

MAIN STRATEGIES

1. **STRENGTHEN THE IDENTITY OF THE DIVISION**
   Fully tapping the potential of its People and their skills

2. **CONSOLIDATE THE CORE BUSINESS ITALY**
   Positioning Fideuram as the Group's centre of excellence in Wealth Management and specialising the Service Models

3. **EXPAND THE INTERNATIONAL BUSINESS**
   Reinforcing our European leadership in Wealth Management, also by hiring Personal Financial Adviser teams

4. **DEVELOPING THE DIRECT BANKING AND ADVANCED TRADING DIGITAL CHANNEL**
   Development of a platform for investment and trading dedicated to customers with a significant propensity for technology

5. **INTEGRATE ESG ASPECTS**
   Across the board integration into the business proposition, operating model and Division processes

Financial capital
- CA €327.2bn of which Managed Assets €200.1bn
- Capital solidity CET1 15.8% and Total Capital Ratio 16%

Productive capital
- No. 268 bank branches
- No. 399 Personal Financial Advisers' offices

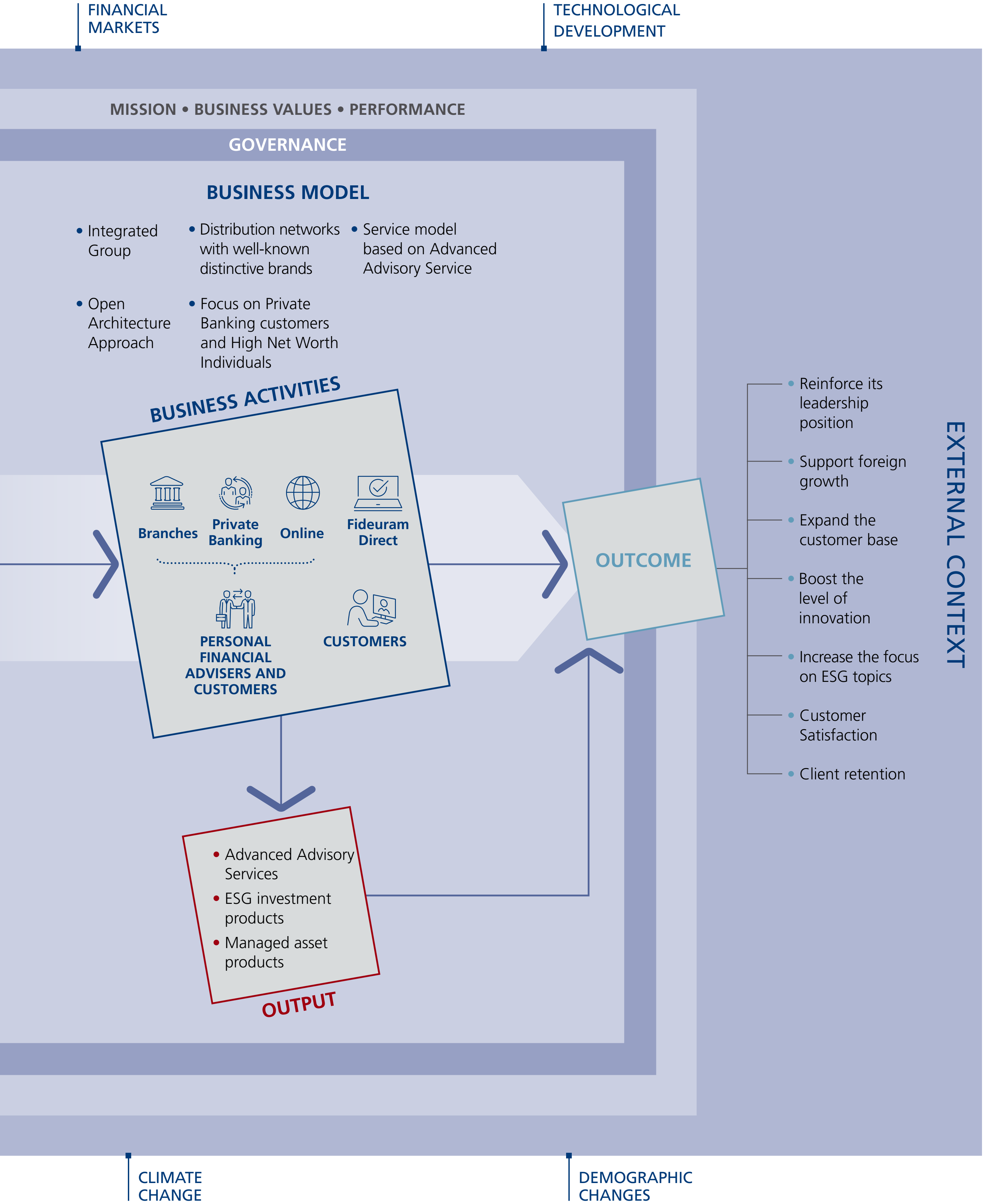
Intellectual capital
- Investment in information systems €80m
- No. 125 project initiatives

Human capital
- No. 6,648 personal financial advisers
- No. 4,185 employees
- No. 517,656 hours of training provided to personal financial advisers and 188,083 hours to employees

Relational capital
- Client retention rate 96%
- New client rate 13%
- Net promoter score for Fideuram / Sanpaolo Invest / IW Private Investments Networks of 59 and for the Intesa Sanpaolo Private Banking Network of 66
- Customer satisfaction index for Fideuram / Sanpaolo Invest / IW Private Investments Networks of 8.3 and for the Intesa Sanpaolo Private Banking Network of 8.5

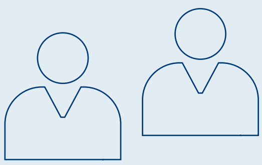
INPUT

CONSUMER BEHAVIOUR

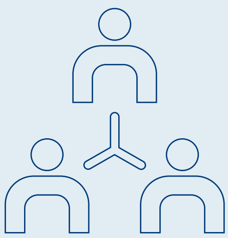

FINANCIAL MARKETS
TECHNOLOGICAL DEVELOPMENT
MISSION • BUSINESS VALUES • PERFORMANCE
GOVERNANCE
BUSINESS MODEL
• Integrated Group
• Distribution networks with well-known distinctive brands
• Service model based on Advanced Advisory Service
• Open Architecture Approach
• Focus on Private Banking customers and High Net Worth Individuals
BUSINESS ACTIVITIES
Branches
Private Banking
Online
Fideuram Direct
PERSONAL FINANCIAL ADVISERS AND CUSTOMERS
CUSTOMERS
• Advanced Advisory Services
• ESG investment products
• Managed asset products
OUTPUT
OUTCOME
• Reinforce its leadership position
• Support foreign growth
• Expand the customer base
• Boost the level of innovation
• Increase the focus on ESG topics
• Customer Satisfaction
• Client retention
EXTERNAL CONTEXT
CLIMATE CHANGE
DEMOGRAPHIC CHANGES

1.3 Stakeholders

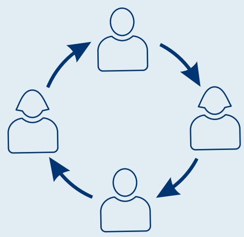
The Group considers it crucial to pursue its growth objectives through constant interaction with all the stakeholders encountered in the course of its business. Moreover, having the creation of sustainable value as a prime objective, it is a strategic imperative for us to identify our reference stakeholders accurately and engage each of them in an ongoing dialogue.



The Group's core business objective is to satisfy each and every one of its **customers**, assisting them in the informed management of their assets, offering them financial and insurance advisory services and building longstanding relationships of trust. Our customers thus play a central role in the Group's mission.



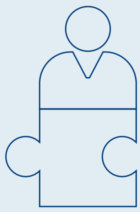
Our commitment to our **shareholder** is the starting point in our pursuit of quantitative and qualitative growth that is both sustainable over time and distinguished by consistently excellent profitability.



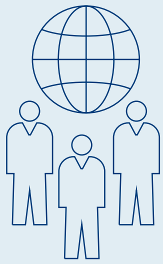
Our **colleagues** play a prime key role in enabling us to achieve our corporate objectives. The Group constantly invests in them, to enhance individual skills and promote professional growth. The Group's staff include Personal Financial Advisers, on whom the business model is also centred. Our Personal Financial Advisers are professionals registered in the Italian National Register of Personal Financial Advisers and committed to the Group through agency contracts or employed by the Group.

Effective stakeholder engagement has numerous benefits for the development of the Group's strategy:

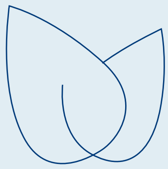
- promoting more effective risk management and enhancing our reputation;
- enabling us to take all resources (knowledge, people and technologies) into account to achieve our strategic objectives;
- helping us to achieve a more in-depth understanding of the social environment in which the Group operates, including market developments and new business opportunities;
- building a climate of trust with its many reference interlocutors;
- leading to more equitable and sustainable social development by involving more parties in the decision-making processes;
- allowing us to play a social role through the management of our customers' assets and the succession management of their financial assets.



Our **suppliers** are business partners with whom the Group works to our mutual benefit to achieve the objective of satisfying needs connected with the purchase of goods and services.



Our **community** comprises all the social and cultural entities with which the Group interacts in the performance of its business, including the leading investment companies with which it has strategic relations.



The **environment** is the set of ecological and energy variables which the Group may affect in the performance of its business. The Fideuram Group believes that its work to create sustainable value can only proceed hand in hand with a commitment to reducing its ecological footprint.

STAKEHOLDER MAP

		2022	2021
CUSTOMERS			
High Net Worth Individuals Private Banking customers Affluent customers Mass Market customers	Fideuram customers (No.)	724,103	638,710
	Sanpaolo Invest customers (No.)	174,460	167,262
	Intesa Sanpaolo Private Banking customers (No. of households)	46,628	49,031
	Siref Fiduciaria customers (No. fiduciary mandates)	1,714	1,770
	IW Private Investments customers (No.)	60,251	138,975
	Foreign Network customer (No.)	8,396	8,545
	Client Assets (€m)	327,179	348,271
	Average length of customer relationship Fideuram and Sanpaolo Invest Networks (years)	12	13
	Average length of customer relationship IW Private Investments Network (years)	10	11
	Average length of customer relationship Intesa Sanpaolo Private Banking Network (years)	16	15
SHAREHOLDER			
Intesa Sanpaolo S.p.A.	Fideuram ordinary shares (No.)	1,500,000,000	1,500,000,000
	Par value	no-par shares	no-par shares
	Shareholders' equity (€m)	3,815	3,319
	Consolidated pay-out (%)	84.09	63.68
	Separate pay-out (%)	82.97	88.50
	Counterparty rating (S&P Global Ratings)	BBB/Stable	BBB/Positive
COLLEAGUES			
Employees	Employees (No.)	4,185	4,151
	Graduate employees (%)	55	54
	Turnover (%)	17	11
	Average training hours per employee (No.)	46	46
Private Banker	Personal Financial Advisers (No.)	6,648	6,621
	Client Assets / Number of Personal Financial Advisers (€m)	49	53
	Average training hours per Personal Financial Adviser (No.)	79	65
SUPPLIERS			
	IT services (€m)	46	48
	Building management (€m)	17	17
	Third-party services (€m)	147	142
	Professional and insurance costs (€m)	33	33
	Advertising and promotional costs (€m)	7	7
	Other expenses (€m)	46	29
COMMUNITY			
Leading investment companies Non-profit organisations Public institutions Local Media	Charitable and other donations (€m)	0.4	1.1
	Current taxes (€m)	473	420
	Indirect taxes and levies (€m)	338	337
	Expenses regarding the banking system (€m)	53	47
ENVIRONMENT			
Environmental organisations Future generations	Paper consumption per employee (kg)	38	46
	Direct and indirect GHG emissions (scope 1 and scope 2) (tCO_2)	2,874	3,454
	Other indirect GHG emissions (scope 3) (TCO_2)	2,672	2,676

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

(*) Since 2022, customers of the Banca Diretta business unit, previously counted under customers of IW Private Investments, have been included in Fideuram.

Creating value for our stakeholders is one of the Fideuram Group's goals.

The distribution of the wealth created by the Group and transferred to its stakeholders is illustrated below:

DISTRIBUTION OF WEALTH CREATED

	% 2021	% 2022
The value created for our **CUSTOMERS** is reflected in the returns obtained through the subscription of financial products offered by the Group		
The value created by the Group is distributed to the **SHAREHOLDER** as dividend income.	19	24
The value created by the Group is distributed to the **COLLEAGUES** through: • *Fee and commission expense;* • *Personnel expenses;* • *Provisions for the termination of agency agreements and for the Personal Financial Adviser network loyalty schemes.*	38	38
The value created for the **SUPPLIERS** is distributed through Administrative expenses.	8	9
The Group distributes the value created for the **COMMUNITY** and the **ENVIRONMENT** through: • *Fee and commission expense* • *Administrative expenses (donations)* • *Direct and indirect taxes and levies* • *Expenses for the resolution fund and deposit guarantee scheme*	21	23
VALUE RETAINED This is the value remaining in the Group, mainly in the form of provisions, depreciation and amortisation, deferred tax assets and liabilities.	14	6

1.4 Business segments

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, alternative funds and 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.

MANAGED FINANCIAL ASSETS SEGMENT

The Group offers its customers:

MUTUAL FUNDS

The Group's mutual fund products are developed following an open architecture approach. They comply both with the UCITS Directive (mutual funds and SICAVs) and AIFM Directive (alternative investment funds - AIF), whether Group products or offered by third-party asset managers, and whether based inside or outside Italy.

The range covers the following different types of funds:

- **benchmark funds**, with a return objective linked to a market index.
- **flexible funds**, which seek to obtain positive absolute returns for different levels of risk without being linked to a reference benchmark.
- **alternative funds**, which seek to obtain absolute returns through a wider range of investments than traditional funds. They mainly consist of AIF products that provide access to private markets, enabling greater portfolio diversification and market decorrelation. These funds have high subscription thresholds and are intended for Private Banking customers.

Since 2022, the distribution of UCITS funds has taken place not only through the Group's Personal Financial Adviser Networks, but also through Fideuram Direct, the new platform dedicated to customers who want to be able to invest in the financial markets with the help of fully digitalised systems.

DISCRETIONARY ACCOUNTS

The individual discretionary accounts solutions offered differ by **management style** and the **types of financial instruments** in which they can invest.

MANAGEMENT STYLES

Benchmark lines
Lines that aim to generate an excess return with respect to a market index. This category also includes individual discretionary accounts that invest in Group and third-party funds and discretionary accounts that invest in securities, both with a range of risk profiles.

For more information, see pages 97-103

Flexible lines
These are lines that have the objective of obtaining positive absolute returns with limited correlation with the financial markets. As such, they are products with a risk control policy based on respecting a maximum potential loss level or a maximum volatility level that constitutes a management limit.

Personalised lines
Lines built around a customer's specific requirements which may aim to generate an excess return with respect to a customer-specific market index or to obtain positive absolute returns through a risk control policy that reflects the customer's specific requirements with the option of reviewing the parameters over time in relation to their changing needs.

TYPES OF FINANCIAL INSTRUMENTS

Multimanager Asset Management Funds
Mainly invest in mutual funds and SICAVs offered both by the Group and third-party fund managers and in ETFs.

Portfolio Management
Mainly invests in financial instruments other than units/shares in funds/SICAVs.

The Group offers a flexible range of solutions in this area that can be tailored to different customer needs in terms of the service, operational efficiency and tax efficiency required (Fideuram OMNIA, Fogli Fideuram, Fideuram Tesoreria, GP Wealth Collection and Direct Value +).

Through Fideuram, Sanpaolo Invest and IW Private Investments Networks, Fideuram OMNIA and Fogli Fideuram asset management give customers access to a wide range of Fideuram Asset Management SGR investment lines offering different management styles, geographical areas and investment instruments that can be combined following a diversified approach to investment type and risk. Fideuram OMNIA also offers solutions that provide increasing levels of customisation in relation to the amount which may be invested and can extend to the construction of "dedicated" lines for Private Banking customers, supported by a specialist team.

Intesa Sanpaolo Private Banking offers a wide spectrum of investment lines organised by customer type, management style and investment risk. In particular, two dedicated solutions are available: the "Wealth Collection" multi-line asset management by Fideuram Asset Management SGR and the "Eurizon Capital management lines" managed by a team of specialists dedicated to high net worth customers.

Fideuram Tesoreria and the Wealth Collection - Private Treasury management line are solutions designed specifically for the Group's corporate and institutional clients for their treasury management.

Direct Valore + is the new asset management service of Fideuram Asset Management SGR, dedicated to Fideuram Direct customers, with five benchmark management lines diversified by risk profile.

LIFE INSURANCE ASSETS SEGMENT

The Group provides its customers with a wide range of insurance products, including:

- Life insurance asset products (traditional insurance products, unit linked insurance products and multi-class insurance asset products combining both the former) that pay a capital sum or an annuity upon the occurrence of a life-related event (survival or death).

- Pension products (personal pension plans and open pension funds) that pay a capital sum or an annuity on retirement.
- Protection products that insure against the risk of certain specified events.

INSURANCE PRODUCTS – TRADITIONAL

Traditional insurance products provide for the payment of a premium by the policyholder against the guaranteed return of a revalued capital sum, with the option of conversion into a life annuity which may be reversible (the latter form which allows the annuity to continue being paid to another person on the death of the beneficiary), upon the occurrence of a life-related event (survival or death). This category includes the "Fideuram Vita Garanzia e Valore 2" products proposed by the Fideuram, Sanpaolo Invest and IW Private Investments Networks and the "Patrimonio per Giovani Insurance" and "Base sicura Tutelati" products proposed by Intesa Sanpaolo Private Banking.

INSURANCE PRODUCTS – UNIT LINKED

Unit linked insurance products provide for the payment of a capital sum upon the occurrence of a life-related event (survival or death), in return for the payment of a premium by the policyholder. The value of the capital sum is linked to the value of the internal funds or mutual funds in which the premiums paid by the policyholder have been invested. These policies thus provide a financial management service, while simultaneously offering optional basic insurance coverage. This category of products includes the "Fideuram Vita Futura" policy proposed by the Fideuram, Sanpaolo Invest and IW Private Investments Networks and the "Selezione Private Pro" policy proposed by Intesa Sanpaolo Private Banking. These are flexible solutions combining investment opportunities and insurance coverage. The "Fideuram Vita Futura" policy addresses different customer targets thanks to a modularity with which it is possible, through a single contract, to combine different insurance, financial and service components.

The insurance products offered also extend to multi-class policies, which allow the customer's investment to be allocated in varying percentages to a traditional segregated insurance fund and to the Group's mutual and unit-linked funds. This category includes the policy "Fideuram Vita Sintonia" distributed by the Fideuram, Sanpaolo Invest and IW Private Investments Networks, and the "Synthesis", "Synthesis HNWI" and "Synthesis Business" policies - a version expressly for Private Banking Clients of high-standing, distributed by Intesa Sanpaolo Private Banking.

The Group offers its customers personal pension plans and open pension funds that pay the policyholder, upon retirement, a life annuity which can also be reversible ("pension products"). This category includes the "Fondo Pensione Fideuram" open pension fund offered by Fideuram, Sanpaolo Invest and IW Private Investments, as well as the "Il Mio Domani" open pension fund and the "Il Mio Futuro" personal pension plan offered by Intesa Sanpaolo Private Banking.

PENSION AND PROTECTION PRODUCTS

The Group also offers its customers insurance products that cover the policyholder against the risk of certain specified events ("protection products"). These are "pure risk" life or accident products such as Term Life Insurance policies, which pay a capital sum upon the death of the policyholder within the contractual term of the policy in return for the payment of regular premiums, and health insurance policies, which reimburse the expenses required due to accident or illness. "Fideuram Vita Serena" proposed by the Fideuram, Sanpaolo Invest and IW Private Investments Networks comes under this product category.

BANKING SERVICES SEGMENT

The Group offers its customers the following services in this segment:

- Banking services and in particular current accounts with ancillary services for the deposit of securities, debit cards (issued by Fideuram and Intesa Sanpaolo Private Banking), credit cards (issued by Fideuram and Intesa Sanpaolo Private Banking, Nexi and American Express), mortgages issued by Fideuram or Intesa Sanpaolo, and lease products for Intesa Sanpaolo Private Banking (issued by Intesa Sanpaolo), and lending products (principally secured by assets held with the Group itself).
- Non-managed asset investment opportunities.

The products and services offered in the Banking Services Segment complement and complete the products and services offered in the Managed Financial Assets and Life Insurance Assets Segments.

CURRENT ACCOUNTS

The Group offers a range of current accounts with different conditions to suit different customer needs and levels of financial assets.
Fideuram solutions satisfy customers' specific needs and different target groups of customers. In particular, the "Conto Fideuram One" account is dedicated to those customers who use their own current account in the traditional way. The "Conto Fideuram Prime" is aimed at customers who use digital channels. The "Conto Fideuram Private Banking" and "Conto Esclusivo Fideuram Private Wealth Management" accounts are dedicated to HNWI. Other lines of current accounts are also available, and are dedicated to specific commercial offers with favourable rate conditions for specific periods and maximum deposit limits.
For Fideuram Direct customers, the IW Conto Start, IW Conto Trader and IW Conto Sphera accounts are available, which are complemented by a range of services aimed in particular at trading.
Intesa Sanpaolo Private Banking offers the "Conto Private Zero Spese" and "Conto Private Flessibile". The Group offers a range of credit card solutions tailored for different customer profiles.

CREDIT SERVICES

The Group offers its customers lines of credit that afford them cash flow flexibility, secured by investment products held with the Group or substantial Client Assets held by the Group, and short-term and medium-long term loans for up to fifteen years.

NON-MANAGED ASSETS

The Group offers its customers the option of investing directly in shares, bonds, structured bonds, certificates and other financial instruments on the primary and secondary markets. Repo and securities lending transactions are also possible. The Group offers bonds and certificates on the primary market. These instruments are developed and issued by IMI Corporate & Investment Banking - Intesa Sanpaolo, supranational institutions or leading international issuers. The certificates with protected capital offered by Fideuram, Sanpaolo Invest and IW Private Investments Networks, and the special interest investment theme certificates and bonds dedicated to customers of Intesa Sanpaolo Private Banking are of particular importance in this category.

ESG PRODUCTS

Within the asset management and insurance-based investment areas, there are solutions, created by the Group or selected from the proposals of major international investment firms, that promote environmental and/or social issues or that have a sustainable investment objective.
These solutions are implemented through investment processes designed to guide the selection of investments in accordance with sustainability principles, which are broken down into three areas of interest:

- **Environmental** concerning environmental protection, inter alia through control of the direct and indirect impacts that economic activities can have, for example in terms of greenhouse gas emissions, energy efficiency and water resource management.
- **Social** referring to social values, i.e. upholding human rights, worker rights and conditions, diversity, minors, and everything pertaining to the sphere of respect for human dignity.
- **Governance** pertaining to the rules of conduct in the management of an entity, which may be a company, an institution, a local community or other. In particular, by applying the concept to companies, governance refers to the ways in which companies are managed and controlled and thus, for example, to the composition of the Board of Directors, shareholder relations, manager remuneration policy and legal compliance.

Since 2021, based on Regulation (EU) 2019/2088, the "Sustainable Finance Disclosure Regulation" (SFDR), a classification of products connotated as ESG has been introduced based on the extent to which sustainability principles and criteria are integrated into their investment objectives or approaches. With reference to the Regulation, products are classified:

- Article 8: a financial product that promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics.
- Article 9: a financial product that has sustainable investment as its objective.

At a Group level, in compliance with Regulation (EU) 2019/2088 (the SFDR), additional criteria have been adopted which, in addition to the classification pursuant to Articles 8 and 9 of the SFDR, also consider the presence of sustainable/ecosustainable investments (Article 2 paragraph 17) and PAI (Principle Adverse Impacts, Article 7).

Products covered by the SFDR include Mutual Funds, Alternative Investment Funds, Discretionary accounts, Insurance-based Investment Products and Pension Products.

With reference to the Group's products, ESG solutions implemented during 2022 include for funds:

- Willerfunds Private Suite, the vehicle for the Intesa Sanpaolo Private Banking Network, with 11 sub-funds of which 3 pursuant to Article 9 of the SFDR with sustainable investment objectives (Willerfunds Private Suite - Eurizon Multi-Asset Circular Economy, Willerfunds Private Suite - Lombard Odier Natural Capital, Willerfunds Private Suite - Vontobel Equity Global Impact) and the remaining sub-funds promoting, among others, environmental and/or social characteristics (Article 8 of the SFDR);
- FAI Mercati Privati Sostenibili, the Fideuram Asset Management SGR programme, realised in conjunction with Blackrock, among the first Alternative Investment Funds pursuant to Article 8 of the SFDR realised for the Italian market.

In addition, new sustainable management lines were implemented during the year, including:

- for Fogli Fideuram: Foglio Equity Net Zero Emission Folio classified pursuant to Article 9 of the SFDR, Foglio Sustainable Infrastructure, Il Mio Foglio ESG and the lines, with a step-in and step-in Dynamic mechanism, which allow for a progressive entry in the equity strategies of Foglio Global Equity, Foglio Equity Strategies 100 Sheet and Foglio Smart Trends, which are all classified pursuant to Article 8 of the SFDR;
- for Fideuram Omnia: the lines, with step-in and step-in Dynamic mechanism, which allow a progressive entry into the equity strategy of the Active Beta 100 line classified pursuant to Article 8 of the SFDR;
- for Direct Value +: the five management lines (Direct Value + Cautious, Direct Value + Constructive, Direct Value + Proactive, Direct Value + Decisive, Direct Value + Intrapreneurial) are consistent with the classification pursuant to Article 8 of the SFDR.

With reference to the Group's insurance products, ESG solutions include the two unit-linked policies pursuant to Article 8 of the SFDR: Fideuram Vita Futura for the Fideuram, Sanpaolo Invest and IW Private Investments Networks, and Selezione Private Pro and Synthesis Business for Intesa Sanpaolo Private Banking, and among pension products with ESG characteristics, the Fideuram Open Pension Fund classified pursuant to Article 8 of the SFDR.

The search for investment solutions with sustainable characteristics also involves non-managed assets, with issues of Intesa Equity Protection Certificates with underlying ESG-type indices.

The Fideuram Group carefully selects outstanding international partners to offer its own customers a greater possibility of diversification. Over one third of our customers' assets are invested in asset management products offered by the world's best managers.

TOP CLASS PARTNERS

abrdn
Amundi Asset Management
AXA Investment Managers
BlackRock
BNP Paribas Asset Management
BNY Mellon
Candriam – A New York Life Investments Company
Capital Group
Carmignac – Investing in your interest
Columbia Threadneedle Investments
Credit Suisse
DNCA Investments
Epsilon SGR
Eurizon Asset Management
Fidelity International
Fideuram Asset Management Ireland
Fideuram Intesa Sanpaolo Private Banking Asset Management
Franklin Templeton
GAM Investments
Goldman Sachs Asset Management
Invesco
Janus Henderson Investors
J.P.Morgan Asset Management
Kairos – a Julius Baer Group company
La Financière de l'Échiquier
Lemanik
Lombard Odier Investment Managers
Lyxor Asset Management – Societe Generale Group
M&G Investments
Morgan Stanley Investment Management
Muzinich & Co
Neuberger Berman
Nordea Asset Management
Pictet Asset Management
PIMCO
Raiffeisen Capital Management – Member of RBI Group
Robeco – The Investment Engineers
Schroders
UBP Union Bancaire Privée
UBS
Vontobel

1.5 Commitment to sustainable development

THE SUSTAINABILITY CONTEXT

People started talking about sustainable development in 1987 when the United Nations World Commission on Environment and Development drafted a document, the Brundtland Report (also known as "Our Common Future"), in which sustainable development was defined as "meeting the needs of the present generation without compromising the ability of future generations to meet theirs". This definition exposes a vision of progress that is inseparable from environmental well-being: economic development improves the current and potential possibilities of current and future generations only if at the same time it respects the limits of the environment and natural resources. Subsequently, since the Treaty of Amsterdam in 1997, the European Union has recognised the fundamental and all-encompassing value of sustainable development. The treaty does not provide definitions of sustainable development guidelines and therefore the task has been left to secondary legislation. In the strategies of the European Union, the concept of sustainable development is interpreted in a broad way to include not only the responsible use of environmental resources, but also the achievement of social, health and economic well-being, while respecting human rights. Integration is the core principle of sustainable development, as it takes into account all dimensions (environmental, social and economic) necessary for far-reaching policy-making. Numerous institutional initiatives by the United Nations and the European Union have followed since then, significantly increasing the attention paid to these issues, launching the transition of the economy towards a sustainable development model.

UNITED NATIONS GLOBAL COMPACT

"Specifically, I call on you – individually through your firms, and collectively through your business associations – to embrace, support and enact a set of core values in the areas of human rights, labour standards, and environmental practices"

(Kofi Annan, UN Secretary General, World Economic Forum, 31 January 1999, Davos)

The United Nations Global Compact is a United Nations initiative established in 2000 with the aim of promoting a sustainable global economy. This initiative encourages companies around the world to adopt sustainable policies and to share, support and implement in their own sphere of influence a series of fundamental principles for human rights, labour standards, environmental protection and the fight against corruption, and to publish the results of the actions taken.
This initiative was proposed for the first time in 1999, at the World Economic Forum in Davos, by the former Secretary General of the United Nations, Kofi Annan, who asked world economic leaders to initiate a Global Compact in support of the ten Universal Principles concerning human rights, labour, environmental protection and the fight against corruption, and to implement the United Nations Sustainable Development Goals. The Global Compact is a network bringing together governments, enterprises, United Nations agencies, trade union organisations and social organisations, guiding them towards a more inclusive and sustainable global economy by sharing, implementing and spreading the principles and values promoted by the initiative.
Since 2000, the year when the initiative was launched at UN headquarters in New York and became operational, the Global Compact has steadily grown to become a genuine global forum called to address the most critical aspects of globalisation. The Compact originated with the idea that those enterprises that have a strategic, long-term vision focused on social responsibility, innovation and accountability can contribute to a new form of globalisation characterised by sustainability, international cooperation and partnership in a multi-stakeholder perspective that assures everyone the opportunity to share its benefits. The enterprises that support the Global Compact commit themselves to integrate the ten Universal Principles in their own strategic vision as well as in their organisational culture and daily operations and, more generally, to support the broader development goals set by the United Nations.

The ten Universal Principles that the members of the Global Compact promise to uphold in the operation of their own activities are listed in the following table:

Human rights

PRINCIPLE 1

Support and respect the protection of internationally proclaimed human rights in one's respective spheres of influence.

PRINCIPLE 2

Do not be complicit in human rights abuses, either directly or indirectly.

Labour

PRINCIPLE 3

Uphold the freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE 4

Eliminate all forms of forced and compulsory labour.

PRINCIPLE 5

Abolish child labour

PRINCIPLE 6

Eliminate discrimination in respect of employment and occupation.

Environment

PRINCIPLE 7

Support a precautionary approach to environmental challenges.

PRINCIPLE 8

Undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9

Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

PRINCIPLE 10

Work against corruption in all its forms, including extortion and bribery.

PRINCIPLES FOR RESPONSIBLE INVESTMENT – PRI

In 2005, Kofi Annan, Secretary General of the United Nations, invited the principal international institutional investors to develop a set of Principles for Responsible Investment. These principles were presented at the New York Stock Exchange in 2006. They highlight the financial relevance of environmental, social and good corporate governance (ESG) issues, defining a reference framework for investors as a contribution to the development of a more stable and sustainable financial system.

Principles for Responsible Investment

1. Incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes.
2. Be active owners and incorporate ESG issues into one's own ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which one invests.
4. Promote acceptance and implementation of the Principles within the investment industry.
5. Work together to enhance mutual effectiveness in implementing the Principles.
6. Report on one's activities and progress towards implementing the Principles.

SUSTAINABLE DEVELOPMENT GOALS – SDGS

On 25 September 2015, the General Assembly of the United Nations adopted the Agenda 2030 for sustainable development, an action plan for individuals, the planet and prosperity signed by the governments of the 193 member states of the United Nations. It incorporates 17 Sustainable Development Goals (SDGs) - in an extensive action programme with a total of 169 "targets" or goals to be achieved over a 15-year period. The SDGs and associated targets establish the global priorities for 2030 and define an integrated action plan for individuals, the planet, prosperity and peace.

The adoption of Agenda 2030 represented an historic event in various ways. The current development model was clearly found to be unsustainable for the first time, not only in environmental terms but also in economic and social terms, in an integrated conception of the various dimensions of development. All countries are called on to contribute to the effort to lead the world on the path of sustainability, without any more distinctions between developed, emerging and developing countries. Therefore, every country has to commit to defining its own strategy to achieve the SDGs by the established deadline.

Given its scope, implementation of the Agenda 2030 demands major involvement by all members of society, from companies to the public sector, from civil society to philanthropic institutions, from universities and research centres to information and culture specialists. A key role is given to all companies, regardless of their size, sector or geographic location, which are called on to take a strongly proactive approach to sustainable development, through the implementation of new models for responsible business, investments, innovation, technological development and action in partnership. In particular, companies are called on to add the SDGs to their own plans and financial statements, aiming at a reduction in the impact of their own activities on the ecosystem, streamlining the use of human and material resources, and drastically reducing waste, while encouraging the creation of new jobs and redistribution of the wealth produced as a contribution to the struggle to eliminate poverty.

In this context, the European Union is also engaged in the transposition and definition of the principles of the 2030 Agenda for Sustainable Development according to a targeted action programme: the European Commission, during the opening speech of the plenary session of the European Parliament chaired by Ursula von der Leyen (July 2019), presented the EU Action Programme, in which the main objective is to achieve the sustainable development goals in the shortest possible time, consistent with the Paris Agreement on climate change.

PARIS CLIMATE AGREEMENT

At the Paris Climate Conference (COP21) in December 2015, 195 countries adopted the first universal and legally binding climate agreement, agreeing to commit themselves effectively to limit the average increase in global temperature to 1.5°C by 2030, to cooperate at the international level to achieve that goal, and to reinforce the capacity of societies to deal with the impact of climate change. The Paris agreement came into force on 4 November 2016. All Member States of the European Union ratified the agreement.

COP21-CMP11
PARIS 2015
UN CLIMATE CHANGE CONFERENCE

The Sustainable Development Goals (SDGs) and the Paris Climate Agreement offer the strongest common agenda for achieving peace and prosperity at the global level. The Global Compact serves to be the catalyst for future changes, guiding the private sector towards achievement of the SDGs by 2030.

CLIMATE ACTION SUMMIT

The Climate Action Summit was held in New York from 21 to 23 September 2019 as part of the United Nations General Assembly. During the summit, another 77 countries announced their commitment to set a target of zero net emissions by 2050, and another 70 countries committed themselves to achieving even more ambitious reduction targets by 2020 than those adopted with the Paris Agreement. More than 100 private sector entrepreneurs have committed to accelerating their transition to the green economy; numerous countries and more than 100 cities, including many of the world's largest, have announced new concrete steps to combat the climate crisis. A major contribution was received from the financial and corporate world. Various fund managers will try to present financial plans based on zero net emissions by 2050, and numerous private companies will align themselves with the obligations established by the Paris Global Climate Conference. Moreover, 130 banks from around the world have adopted the **Principles for Responsible Banking** (PRB), an initiative of the United Nations Environment Programme in the financial sector (UNEP-FI). The programme aims to promote measures in favour of the development of a sustainable banking sector, by aligning it with the targets of the United Nations Agenda 2030 and those of the Paris Climate Agreement.

Principles for Responsible Banking

1. Alignment: Orient corporate strategies to compliance with the Paris Climate Agreement.
2. Impact and target setting: Concretely pursue the goal of reducing the actions that negatively impact the environment and publishing the results achieved in that sense.
3. Clients and Customers: Commit to supporting activities aimed at the well-being and prosperity of future generations.
4. Stakeholders: Raise the awareness of the various stakeholders involved in banking activity concerning the sustainability goals.
5. Governance and culture: Take action so that the sustainability goals become full-fledged benchmarks for internal governance systems.
6. Transparency and accountability: Make the progress towards ever-greater compliance with sustainable development principles public and verifiable, by pursuing a responsible approach oriented towards a reduced environmental impact.

The Principles for Responsible Banking represent a key step marking another goal in the definition of various reference frameworks in different economic, financial and political sectors. In particular, the activities operated by the banking sector are aligned with the Principles for Responsible Investment and allow the creation of a scope of action to determine what a "responsible bank" is.

COP27

COP27, the climate conference organised annually by the United Nations within the framework of the United Nations Framework Conference on Climate Change (UNFCCC), ended in Sharm El Sheikh on 20 November 2022. Under the Paris Agreement, parties are required to carry out a review of their commitments every five years, a process commonly known as the "ratchet mechanism". The countries that attended the meeting of world leaders with the aim of finding solutions and actions to be planned to combat global warming, however, did not reach an agreement on reducing emissions and the use of fossil fuels. As a sustainability goal, an agreement was reached, though, on the establishment of the "Loss and Damage" fund for countries with a high poverty line that are most affected by the consequences of climate change. Details of the fund's composition, starting with the lenders, will be provided, at the 2023 conference.

The main objectives of COP27 were:

1. **Mitigation**: maintain the goal of limiting global warming to 1.5°C compared to pre-industrial levels;
2. **Adaptation**: establish an enhanced global programme of action on adaptation, ensuring urgently needed progress towards significantly improving resilience to climate change and targeted action to help the world's most vulnerable communities;
3. **Finance**: review progress on making USD 100bn a year available by 2025 to help developing countries cope with the adverse impacts of climate change;
4. **Collaboration**: ensure adequate representation of all relevant stakeholders at COP27, especially vulnerable communities, because by definition UN negotiations are consensus-based and therefore based on the principle that reaching an agreement is based on the inclusive and active participation of all stakeholders.

Global Roadmap to expedite action on SDG7 (Clean and Affordable Energy) in support of the 2030 Agenda and the Paris Agreement

One year after the UN High-level Dialogue on Energy, which brought together leaders from around the world to focus on ways to accelerate the energy transition, UN leaders, national governments and civil society came together again for the EnergyNow SDG7 Action Forum with the main objective of discussing the challenges and opportunities that have emerged over the past year and taking stock of progress on the more than 185 voluntary Energy Compact commitments, worth more than USD 600bn, announced at the 2021 meeting. The EnergyNow SDG7 Action Forum, organised by UN-Energy, took place on 23 September 2022 on the sidelines of the opening of the seventy-seventh session of the United Nations General Assembly (UNGA) with the goal of catalysing the achievement of the SDG7 Sustainable Development Goal (affordable and clean energy) by 2030 and zero net emissions by 2050. Key targets for 2025 include a 100% increase in modern renewable energy capacity globally and a doubling of annual investments in renewable energy and energy efficiency, as well as 500 million more people with access to electricity and 1 billion more people with access to clean-fuel cooking solutions.

To address these challenges on a large scale, the Plan identifies seven areas of work:
1. intensifying UN-Energy collective action to close the energy access gap and ensure just and inclusive energy transitions that leave no one behind;
2. catalysing multilateral partnerships by intensifying energy pacts, including through the Action Network;
3. increasing momentum by leading a global campaign for SDG7 action;
4. setting an example by greening the operations of UN-Energy organisations;
5. convening an annual action forum on SDG7 on the sidelines of the UN General Assembly High-Level Week in September;
6. informing global agenda setting by providing analytical input and policy guidance to key intergovernmental processes;
7. harnessing the power of data, digitisation and visualisation to strengthen monitoring, accountability and reporting of results.

EUROPEAN GREEN DEAL

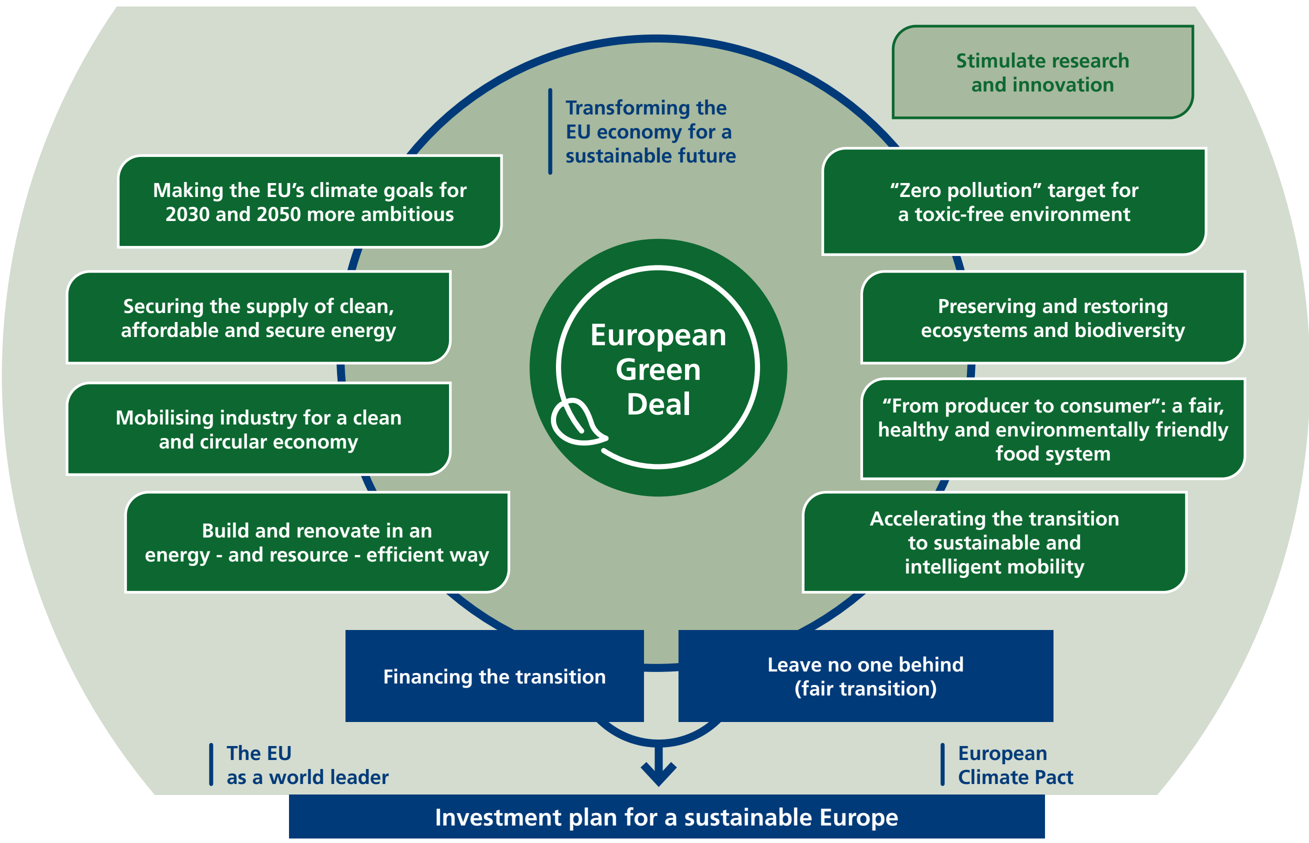
Since the Paris Climate Agreement, the European Union has desired to affirm itself as the global leader in the fight against climate change. This orientation was reinforced with the appointment of Ursula von der Leyen as President of the European Commission. Since her first introductory speech to the European Parliament on 11 December 2019, the environmental issues and initiatives to combat climate change have assumed a central role in planning activities. Consequently, the first act taken by the new European Commission was to issue its announcement on the "Green Deal", with the aim of establishing the path for a just and socially fair transition to be undertaken to eliminate greenhouse gas emissions by 2050. The core of the plan is the establishment of a €100bn fund to be allocated to the most vulnerable regions and sectors, to encourage the power conversion of all European industry and 50 actions affecting the life and health of individuals, industry, the energy sector, mobility, and heating of buildings.

The green agenda will be the heart of the European Union growth strategy. One third of the €1,800bn investment of the NextGenerationEU recovery plan and the EU's seven-year budget will finance the European Green Deal. By integrating the EU Green Deal in the economic recovery plan, European institutions have decided not to postpone their environmental and climate targets but rather to leverage them to create new jobs and render the economy more resilient and competitive over the long term. Finance is crucial to making this plan work, and the aim of the EU is to ensure that capital flows are directed towards projects, organisations, and sectors in line with the environmental ambitions of the European Union. At least 30% of NextGenerationEU and of the 2021-2027 budget will have to be spent to realise the climate targets adopted with the Paris Climate Agreement and the Agenda 2030 of the United Nations. The European Council approved the proposal by the Commission, specifying that all EU expenditure will be bound by the principle of "do no significant harm": it may not finance activities or projects that negatively impact the climate and environment. As for the private sector, the European Commission announcement specifies that investments may be guided by the taxonomy of eco-sustainable activities, the classification of economic sectors and the technical criteria that define which activities can be considered sustainable in environmental terms.

To achieve the targets of the EU Green Deal, the financial sector will have to undergo a profound transformation. The new strategy will focus on three areas:

- encourage sustainable investments by introducing a new framework of more efficient structures and instruments;
- provide financial operators, undertakings and citizens with more opportunities to adopt sustainable solutions;
- improve the understanding and management of climate-related and environmental risks by financial firms.

After a long legislative process, the Green Deal targets have been approved by the European Council and Parliament. The Green Deal calls for a major overhaul of the European Union's energy and climate policies in order to reduce emissions by 55% instead of 40%.



Source: Communication from the European Commission, Brussels 12.11.2019

TIMELINE OF THE EUROPEAN GREEN DEAL

2019

11 December Presentation of the European Green Deal

2020

14 January	European Green Deal Investment Plans and the mechanism for a fair transaction
4 March	Proposal for a European climate law and European climate pact
10 March	European industrial strategy
11 March	Circular Economy Action Plan
20 May	Producer to consumer strategy and EU biodiversity strategy for 2030
8 July	European Strategy for the Integration of the Energy System and Hydrogen
17 September	Presentation of the 2030 climate goals plan
14 October	Wave of renovations, strategy on methane and strategy on chemicals for sustainability
19 November	Offshore renewable energy
9 December	European Climate Pact
10 December	European Battery Alliance

2021

New European Bauhaus	**18 January**
EU strategy for adapting to climate change	**24 February**
Action plan for organic products	**25 March**
Action Plan "Eliminate air, water and soil pollution"	**12 May**
Sustainable blue economy	**17 May**
Realising the European Green Deal	**14 July**
New European Bauhaus: new actions and funding	**15 September**
New strategies for deforestation, waste and soil	**17 November**
Commission proposals on sustainable transport, CO_2 removal and storage, decarbonisation of markets	**14/15 December**

2022

8 March	RepowerEU for safer, more sustainable and more affordable energy
23/30 March	The commission's proposals to lower energy prices and make products sustainable
5 April	Commission proposals on industrial emissions, fluorinated greenhouse gases and substances that deplete the ozone layer
22 April	The European Commission adheres to the European Climate Pact and is committed to making its operations climate-neutral by 2030
18 May	RepowerEU for secure, sustainable and affordable energy for Europe
22 June	Nature Protection Package
20 July/ 15 September	Commission proposals for gas savings and emergency market intervention
26 October	Stricter regulations against air and water pollution
27 October	Council and European Parliament reach provisional political agreement on more stringent levels of CO_2 performance for new cars and vans
17 November	MoED Green New Deal incentive for the Italian ecological and circular transition
30 November	EU policy framework on bio-based, biodegradable and compostable plastics
6 December	Agreement to reduce global deforestation
7 December	ETS air transport: interim agreement between the Council and Parliament to reduce aircraft emissions
18 December	Provisional agreement on the EU Emissions Trading System and on the Social Climate Fund
19 December	Member States agree on new rules to reduce methane emissions; the Council adopts a decision on air transport emission compensation obligations (CORSIA regime)

EUROPEAN UNION ACTION PLAN ON SUSTAINABLE FINANCE

The European Union played a decisive role in defining the Global Agenda 2030.
On 22 November 2016, the European Commission published a document entitled "Next steps for a sustainable European future": in which it links the SDGs to the EU strategic framework to ensure that all actions and strategic initiatives take the Sustainable Development Goals into account from the very beginning. The European Commission has repeatedly revisited this issue, with the aim of expressing the ways through which the Sustainable Development Goals can be achieved in the best way and how the European Union can make its best contribution by the scheduled deadlines, assuring a sustainable future for European citizens. In light of the Sustainable Development Goals, the Paris Agreement and the transition to a low-carbon, climate change resistant, circular and efficient economy in terms of resources, the European Union believes that a crucial role has to be played by banks and financial institutions, since they can channel financial flows to activities in the Green Economy and promote the growth of sustainable investments. To this end, the Commission has been developing a comprehensive policy agenda on sustainable finance since 2018. The Sustainable Finance Strategy published in 2021 aims to support the financing of the transition to a sustainable economy by proposing actions in four areas: transition financing, inclusiveness, resilience and the contribution of the financial system and global ambition.
The Sustainable Finance Action Plan aims to funnel capital flows towards sustainable investments, while managing financial risks arising from environmental, social and governance (ESG) issues.
The regulatory actions proposed by the European Commission aim to: (i) direct capital flows towards sustainable investments; (ii) manage the financial risks arising from climate change, resource consumption, environmental degradation and social inequalities; (iii) promote transparency in the financial system.

The 10 points of the EU Action Plan on Sustainable Finance

OBJECTIVES	THE 10 POINTS OF THE EU ACTION PLAN
Reorient capital flows towards sustainable investment	1. Establishing an EU classification system for sustainability activities. 2. Creating standards and labels for green financial products. 3. Fostering investment in sustainable projects. 4. Incorporating sustainability when providing investment advice. 5. Developing sustainability benchmarks.
Mainstreaming sustainability into risk management	6. Better integrating sustainability in ratings and research. 7. Clarifying institutional investors and asset managers' duties. 8. Incorporating sustainability in prudential requirements.
Foster transparency and long-termism in financial and economic activity	9. Strengthening sustainability disclosure and accounting rule-making. 10. Encourage the integration of ESG criteria and the adoption of a long-term approach in the decision-making processes of Boards of Directors.

The various actions to **steer capital flows towards sustainable investments** include the Regulation (EU) 2020/852 (Taxonomy Regulation), which sets out the criteria for determining whether an economic activity qualifies as environmentally sustainable and determines the degree of environmental sustainability of an investment.
The Taxonomy Regulation applies to financial market participants offering financial products in the EU, large companies that are already required to provide a non-financial statement under the Non-Financial Reporting Directive (NFRD), (and subsequently pursuant to the CSRD) the EU and its Member States when establishing public measures, standards or labels for green financial products or green corporate bonds.
Taxonomy legislation is a classification tool to identify environmentally sustainable economic activities. This tool allows companies and law-makers to make more targeted decisions by identifying activities that can make a substantial contribution to environmental objectives, thus helping to finance the transition to a more sustainable economy.

The taxonomy identifies six environmental objectives:

1. climate change mitigation;
2. climate change adaptation;
3. sustainable use and protection of water and marine resources;
4. transition to a circular economy, referring also to the reduction and recycling of waste;
5. pollution control and prevention;
6. the protection and restoration of biodiversity and ecosystems.

To be eco-sustainable, an activity must:

- contribute positively to at least one of the six environmental objectives;
- not produce negative impacts on any other objective;
- be operated in compliance with minimum social protections (e.g. those contained in the OECD Guidelines and United Nations documents).

Article 8 of the Taxonomy Regulation requires companies subject to the NFRD, and subsequently to the CSRD, to publish information on the alignment of activities with the taxonomy. On 6 July 2021, the European Commission published the final version of the Taxonomy Regulation - Commission Delegated Regulation (EU) 2021/2178, which details the content, timing and manner in which this information is to be published. In particular, non-financial companies must publish information on: the share of turnover from products or services associated with taxonomy-aligned economic activities; the share of capital expenditure (Capex) and operating expenditure (Opex) related to assets or processes associated with taxonomy-aligned economic activities. Financial companies are required to publish key performance indicators expressing the percentage of alignment with the taxonomy of Client Assets and in the balance sheet. The main indicator is the Green Asset Ratio (GAR), which indicates the share of exposures related to taxonomy-aligned assets in relation to the total assets of these credit institutions. The GAR refers to the core lending and investment activity of credit institutions, including loans, advances and debt securities, and their equity holdings, to reflect the extent to which these institutions finance taxonomy-aligned activities.

The European Commission has envisaged a gradual application of the Delegated Regulation, in particular for reports referring to 2021 and 2022 data, the disclosure is limited and refers to the share of eligible exposures. Starting instead with reports on 2023 data (data published as of 1 January 2024) the application will be in full. Once the limited eligibility period is over, disclosure must be mandatorily published according to the templates provided in the Delegated Regulation, which for credit institutions are under Annex VI.

In order to **integrate sustainability in risk management**, the CRR (Capital Requirements Regulation) was supplemented in 2019, to include Article 449a on the disclosure of environmental, social and governance risks. This article requires large institutions, which have issued securities admitted to trading on a regulated market, to publish information on ESG risks, including physical risks and transition risks.
In January 2022, the EBA published the "Final draft Implementing Technical Standards on prudential disclosures on ESG risks" on Pillar 3 disclosure requirements, in accordance with Article 449a of the Capital Requirements Regulation (CRR). The report specifies through templates, models and instructions, the obligations under Article 449a of the CRR to disclose prudential disclosures including transitional and physical risks, addressed to large financial institutions with instruments listed on a regulatory market in any Member State. These Implementing Technical Standards will allow investors and all stakeholders to compare the sustainability performance of institutions and their financial activities. Furthermore, it will help institutions to be transparent about the criteria adopted for mitigating these risks, including information on the activities carried out to support customers and counterparties in the process of adapting to, for example, climate change and the transition to a more sustainable economy. In addition to the GAR (Green Asset Ratio), the EBA also introduced another performance indicator towards the ecological transition, the BTAR (Banking Book Taxonomy Alignment Ratio), which are both synthetic indices to quantify the "sustainable" exposures of a banking institution. Pillar 3 quantitative disclosure in the area of ESG Risk, as regulated by the EBA ITS, covers 3 information areas with a total of 10 templates: the first 4 templates cover Transitional Risk, the 5th template covers Physical Risk and the last 5 templates cover GAR, BTAR and all other climate change mitigation actions that do not fall under Taxonomy-aligned activities, but still support counterparts in the transition and adaptation process in accordance with the 2 objectives of the currently standardised taxonomy (Climate Change Mitigation / Climate Change Adaptation). ESG-area Pillar 3 disclosure will be produced starting from the reporting date of 31 December 2022 and every six months thereafter. There is, however, a phase-in period for the GAR/BTAR templates that delays implementation until 31 December 2023 and 30 June 2024, respectively.

In addition, the following main regulations are in place to **promote transparency in the financial system**:

- The **Non-Financial Reporting Directive (NFRD)** sets out the rules for non-financial and diversity disclosure for public interest entities, including environmental, social and governance information. On 28 November 2022, the European Council finally approved the **Corporate Sustainability Reporting Directive (CSRD)** amending the NFRD. One of the main new aspects is the broadening of the scope of application: In fact, the new Directive concerns all European-based companies with more than 250 employees (the NFRD has a threshold of 500 employees) and all SMEs listed on European markets (with the exception of micro-enterprises). Furthermore, data will have to be reported on the basis of common reporting standards, developed by EFRAG; they will be audited according to the limited assurance method and will have to be published in an XHTML and XBRL electronic format. Within 18 months of its publication in the Official Journal, each EU Member State will have to transpose the Directive into their own national laws.
- The **Sustainable Financial Disclosure Regulation (SFRD)** requires financial institutions to disclose – in prospectuses, on the web and in periodic reporting – how they take into account environmental, social and governance risks and impacts. The regulation, which entered into force on 10 March 2021, also explains what is meant by "sustainable investment" in environmental and social terms (Article 2(17), and sets minimum disclosure standards to be followed in order to avoid so-called greenwashing, especially in the case of products that promote environmental or social characteristics (Article 8) and those with ESG objectives (Article 9). European Supervisory Authorities prepared the Regulatory Technical Standards (RTS) implementing the SFDR. The RTS contain detailed guidance on how to provide disclosure regarding: adverse impacts on sustainability issues based on specific indicators (Principal Adverse Impact Indicators, PAIIs); product characteristics in accordance with Articles 8 and 9; alignment with the taxonomy of products targeting environmentally sustainable investments. On 25 July 2022, Delegated Regulation (EU) 2022/1288 was published, which supplements Regulation (EU) 2019/2088 on Sustainability Reporting in the Financial Services Sector (SFDR) with new Regulatory Technical Standards (RTS) and applies from 1 January 2023.

PRUDENTIAL MEASURES IN THE EUROPEAN SYSTEM OF FINANCIAL SUPERVISION

The transition to a low-carbon economy carries risks and opportunities for the economic system and financial institutions, while the physical damage caused by climate change may have a significant impact on the real economy and the financial sector. So, their impact, and the likelihood that they will manifest themselves through financial transmission channels, have made climate-related risks a priority on the agendas of leading Central Banks, Regulatory Authorities and Supervisory Authorities, which are responsible for monitoring and maintaining financial stability. The European Banking Authority (EBA) published in June 2021 a document entitled "EBA Report on management and supervision of ESG risks for credit institutions and investment firms". It is a report on those risks that the EBA believes should be included in the regulatory and supervisory framework for credit institutions and investment firms. The document outlines the impact that ESG factors, in particular climate change, may have on institutions' counterparties or invested assets, affecting financial risks. It illustrates the indicators, metrics and assessment methods required for effective ESG risk management and identifies remaining gaps and challenges on this front. The report proposes a step-by-step approach, starting with the inclusion of climate and environmental factors and risks in the supervisory model and internal governance analysis, while also encouraging institutions and supervisors to build data and tools to develop quantification approaches to increase the scope of supervisory analysis to other elements. This report should be considered in conjunction with the EBA and European Supervisory Authority information publications under the Capital Requirements Regulation (CRR), the Taxonomy Regulation and the Sustainable Finance Disclosure Regulation (SFDR), which provide key parameters to support strategies and risk management. The ECB also recognises, within its mandate, the need to further integrate climate change considerations into its monetary policy framework. Climate change and the transition to a more sustainable economy affect the prospects for price stability through their impact on macroeconomic indicators (such as inflation, output, employment, interest rates, investment and productivity), financial stability and the transmission of monetary policy. In addition, climate change and the transition to a low-carbon economy affect the value and risk profile of the assets held on the Eurosystem's balance sheet and could lead to an undesirable build-up of climate-related financial risks. The Governing Council of the ECB has established a comprehensive action plan, with the publication in July 2021 of an ambitious roadmap to further integrate climate change considerations into its monetary policy framework. Moreover, the European Central Bank is closely watching the developments that will have an impact on entities in the Euro Area and, in that regard, published the "Guide on climate-related and environmental risks" at the end of 2020, in which it sets out its own view in regard to the safe and prudent management of climate and environmental risks in the scope of the current prudential framework, describing its expectations as to how institutions should account for those risks in the formulation and implementation of business strategies and risk governance and management systems. The guide also illustrates how, according to the ECB, institutions should enhance their own transparency by strengthening their disclosures on climate and environmental issues. That guide also contains detailed directions on the integration of climate-related and environmental risks in the management of credit, operational, market and liquidity risks, and in the Internal Capital Adequacy Assessment Process (ICAAP), including the quantification of risks through sector analyses and stress tests.

REPORTING STANDARDS

"Theory and good management practice emphatically underscore that measurement is the premise for guiding the behaviour of individuals and organisations. If you can't measure it, you can't improve it".

(Peter Drucker, Economist)

The need for common, well-defined reporting standards concerning ESG (Environmental, Social, Governance) issues is a hot topic in the debate concerning non-financial corporate reporting. Indeed, investors and all market participants need transparent, comparable and credible information to make choices that are truly in line with a more sustainable economic approach, without risking financing companies that engage in greenwashing practices rather than having a real impact and making a real commitment to environmental, social and governance issues.
So, measuring sustainability is fundamental and possible through adequate indicators. Likewise, the measurement of traditional business performance entails the existence of a reliable database and designing a system of interrelated indicators, to acquire and govern an overview of performance. The SDGs render sustainable development a global and measurable goal to be reported in corporate financial statements in relation to corporate strategies and performance.

Financial markets need an increasing amount of high-quality ESG information to measure the value of the companies they invest in. While voluntary guidelines and reporting frameworks have stimulated organisations to provide this information in innovative ways, their sheer number and heterogeneity have increased costs and complexity for organisations, investors and regulators.

The following is an overview of voluntary standards and frameworks as well as a preview of the future scenario for reporting non-financial information.

GRI Standards
The GRI Standards issued by the Global Reporting Initiative are an international standard for sustainability reporting and constitute a universally accepted reporting model, guided by the goal of facilitating the comparability, reliability and verifiability of

information. The new revised GRI Universal Standards were published on 5 October 2021 to improve the quality and consistency of sustainability reporting, as well as the way organisations use the standards to disclose their impact on the economy, the environment and people.
Furthermore, the Global Reporting Initiative (GRI) and the IFRS Foundation announced in March 2022 a collaboration agreement under which their respective standards bodies, the International Sustainability Standards Board (ISSB) and the Global Sustainability Standards Board (GSSB), will seek to coordinate their work programmes and standard-setting activities.

CDP, CDSB, GRI, IIRC and SASB collaboration
In September 2020, the five principal international institutions that create the standards for financial and non-financial reports – the Carbon Disclosure Project (CDP), the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) – published a joint document that illustrates the essential elements for producing a complete corporate reporting system. The document, entitled "Joint Statement: Working Together Towards Comprehensive Corporate Reporting", proposes a joint vision on how sustainability standards can be integrated with international financial reporting standards and serve as the basis for a consistent and complete corporate reporting system. Conditions are now ripe to proceed towards an integrated reporting system that makes it possible to direct investments towards more sustainable firms.

Value Reporting Foundation (VRF)
The Value Reporting Foundation came into being in June 2021, from the merger of the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB), with the aim of providing investors and companies with a comprehensive framework for corporate reporting using the entire range of drivers of business value and standards to guide the performance of global sustainability.
The initiative responds to the need for companies to simplify and harmonise their corporate reporting on ESG issues, while at the same time giving investors access to reliable and comparable ESG data. For the preparation of integrated reports, the VRF provides companies with three tools:

- **Integrated Reporting Principles**: principles containing a management approach to consider sustainability risks and opportunities in business strategy and decision-making.
- **International <IR> Framework**: reference framework for the preparation of Integrated Financial Statements in accordance with the principles set out by the International Integrated Reporting Council (IIRC).
- **SASB Standards**: industry standards identified by the Sustainability Accounting Standards Board to measure key sustainability issues for use in decision-making and reporting.

Since 1 August 2022, the Value Reporting Foundation, the home of SASB standards, has been a part of the IFRS Foundation. The SASB standards are therefore now under the supervision of the ISSB, which has pledged to encourage investors to use the SASB standards until the IFRS Sustainability Disclosure Standards replace them.

IFRS Sustainability Disclosure Standards
The IFRS Foundation created the International Sustainability Standards Board (ISSB), with the aim of developing a single global reference for sustainability disclosures, which encourages transparency and comparability of information and promotes sustainable investment decisions.
In the months leading up to the creation of the ISSB, leading sustainability and integrated reporting organisations and initiatives worked together in the Technical Readiness Working Group (TRWG), set up by the IFRS Foundation trustees to enable the ISSB to build on existing initiatives and provide a foundation on which to begin activities. This work was supported by the International Organisation for Securities Commission (IOSCO). Two prototype standards were published through the Technical Readiness Working Group: the General Requirements Prototype, which provides a set of indicators to report information related to corporate sustainability aspects, and the Climate Prototype, which provides standards that incorporate the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and are primarily aimed at climate-related business aspects.
The proposals, and all of the ISSB's work, build on existing reporting initiatives, including the Climate Disclosure Standards Board, the Task Force for Climate-related Financial Disclosure (TCFD), the Value Reporting Foundation's Integrated Reporting Framework and Sustainability Accounting Standards Board (SASB) standards, and the World Economic Forum's Stakeholder Capitalism Metrics. The ISSB's goal is to publish a global standard for sustainability reporting for financial markets.

European reporting standards
The European Commission has mandated EFRAG (European Financial Reporting Advisory Group) to develop sustainability reporting standards in the context of the revision of the Non-Financial Reporting Directive. The ad-hoc appointed multi-stakeholder task force, after a series of round tables, published two documents and a roadmap for the definition of a single European standard.
Specifically, the first document aims at proposing a standard with specific disclosure requirements, metrics and indicators, the second document concerns the presentation of a new EFRAG governance in case it becomes the new standard setter.
In November 2022, EFRAG approved the final version of the European Sustainability Reporting Standards (ESRS), which set out the rules and requirements for companies to report on sustainability impacts, opportunities and risks, in accordance with the Corporate Sustainable Reporting Directive (CSRD).

Reporting requirements will be introduced gradually over time according to different types of companies. The first companies affected will have to implement the standards in the financial year 2024, for reporting to be published in 2025. Listed SMEs will be obliged to report from 2026 but will have a voluntary opt-out that can be extended until 2028 and will be able to report according to separate and proportionate rules to be developed by EFRAG next year.

THE FUTURE OF REPORTING[1]

Although 96% of the G250 (the world's top 250 companies) report on ESG issues and 64% recognise climate change as a risk for the company, less than half of these companies have appointed a Chief Sustainability Officer (CSO) and cite the risk of biodiversity loss. However, the need to report on ESG issues by adopting recognised, measurable and comparable standards is well known. Against a backdrop of an increasing focus on regulations related to ESG issues and their disclosure, responding to the growing, binding need to provide comparable, measurable-over-time and quality data to make non-financial reporting equivalent to financial reporting, the levers on which banks are working mainly concern the adaptation of the organisational structure and governance, the definition of an internal control system and the strengthening of reporting and information systems. On 28 November 2022, the European Council finally approved the Corporate Sustainability Reporting Directive (CSRD) amending the NFRD; the sustainability reporting required by this directive is to be produced according to a single European standard drafted by EFRAG (European Financial Reporting Advisory Group). Consistent with CSRD, the new European Sustainability Reporting Standards (ESRS) endorsed by EFRAG are therefore set to become the standards for sustainability reporting. The structure of the ESRS envisages four reporting areas (Governance, Strategy, Management of Impacts, Risks and Opportunities, Metrics and Targets), on three levels of disclosure (Sector-agnostic, Sector-specific and Company-specific) covering the three key topics: environmental, social and governance information. The reporting boundary is based on that of the balance sheet, but also extends to the upstream and downstream value chain, thus covering risks, opportunities and impacts.

OUR COMMITMENT

"We will always be more willing to vote against executives and board members when companies do not make sufficient progress in terms of sustainability disclosures and do not prepare sustainability guidelines and business plans".

(Laurence D. Fink, Chairman and CEO of BlackRock)

Our Group has been committed for years to reporting on the factors on which the value creation process and sustainable growth are based. Fideuram has reported its ESG activities and results since 2005, first with the social responsibility report and, beginning in 2013, with its Integrated Annual Report, prepared in accordance with the International Framework standards issued by the International Integrated Reporting Council (IIRC).

Sustainability governance

Through governance based on important organisational controls, the Fideuram Group builds and pursues an integrated corporate strategy that looks beyond business results to human, social, relational and environmental capital.

As part of the activities of the Intesa Sanpaolo Management Committee, an ESG Steering Committee has been set up with the aim of identifying ESG initiatives, their strategic priority as well as coordinating the activities necessary for their implementation. Depending on the sessions and the issues addressed, the Steering Committee is supported by the Sustainability Managers identified in each Area and Division of the Intesa Sanpaolo Group. The Sustainability Manager of the Private Banking Division performs comprehensive and integrated supervision of the ESG initiatives in the Division and act as liaison between the initiatives of the Division and those of the Control Unit.

Management Committee - Sustainability Session

A "Sustainability (ESG)" session was set up in the Division Management Committee. It meets at least once quarterly with the purpose of collaborating on the identification of sustainability issues, the determination of strategic projects in that area, while also evaluating its financial feasibility and impact on the image of the Division. Its assigned functions include the coordination and integration of Division activities with the sustainability initiatives of Intesa Sanpaolo and the Control Unit, and policymaking on the consistency of technological development with the principles of the Group Code of Ethics.

1.The information in this paragraph is taken from the "Big shifts, small steps" KPMG Survey 2022.

To ensure proper management of issues at the level of the Fideuram Group's product factories, Fideuram Asset Management SGR, has also set up a structure called "ESG & Strategic Activism". This unit, which reports directly to the CEO/General Manager, is dedicated, among other things, to integration of the ESG metrics in the financial analysis of the products managed by the product factories, evaluation of the sustainability aspects of the products distributed and managed by third parties, the management of products focused on sustainability, and protection of the corporate governance activities and engagement with issuers. It is also responsible for the implementation of the Net Zero Asset Management Initiative and climate change initiatives.

Net Zero Asset Managers Initiative
As evidence of the awareness of its active role in combating climate change, in November 2021, Fideuram Asset Management SGR, the only undertaking in Italy together with Eurizon Capital, as well as Fideuram Asset Management (Ireland) and Asteria Obviam, joined the Net Zero Asset Managers Initiative (NZAMI). The initiative, launched in December 2020, consists of international asset managers committed to supporting the goal of zero net greenhouse gas emissions by 2050 in line with efforts to limit global warming to 1.5 degrees Celsius by supporting investments in line with this goal. The membership also includes setting an interim target for the portions of Client Assets to be managed in line with the achievement of the above-mentioned target and reviewing the interim target at least every five years to increase the percentage of Client Assets covered to include 100%.
NZAMI is a partner in "Race to Zero", the UN-led campaign that brings together a coalition of initiatives committed to achieving zero net emissions by 2050. Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) have also joined the Institutional Investors Group on Climate Change (IIGCC), the European body for investor collaboration on climate change that promotes a reduction in carbon emissions.

For more information, see pages 231-232

In order to achieve net emissions, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) are firmly committed to increasing investments in climate solutions over time and work by fostering awareness and proactive collaboration between asset managers and investee issuers, through targeted Engagement and Stewardship activities, that underpin the acceleration and awareness of issuers towards net zero transition.

Engagement and Stewardship Activities

	2022	
	FIDEURAM ASSET MANAGEMENT SGR	**FIDEURAM ASSET MANAGEMENT (IRELAND)**
Companies that make up the portfolios (no.)	1,191	4,424
Companies for which engagement activities have been carried out (no.)	63	90
Companies for which ESG engagement activities have been carried out (no.)	47	75
Companies for which ESG engagement activities have been carried out (%)	**74.6**	**83.3**
Engagement activities (no.)	78	106
Engagement activities on ESG issues (no.)	62	91
ESG issues engagement activity of total engagement activities (%)	**79.5**	**85.9**

S&P Global Sustainability Yearbook 2023 - Top 10% ESG Score 2022
The Sustainability Yearbook publishes an annual ranking of the world's best-performing companies in the field of sustainability. S&P Global is the company that annually evaluates companies for inclusion in the Dow Jones Sustainability Index.
Intesa Sanpaolo was confirmed in the S&P Global Sustainability Yearbook 2023 - Top 10% ESG Score 2022. As part of Intesa Sanpaolo's 2022 assessment, the Private Banking Division obtained the maximum score of 100/100 (in line with last year) in the section "ESG Products & Services for Wealth Management/ Private Banking" and a score of 83/100 in the section "Integration of ESG Criteria in Wealth Management/ Private Banking", up 32 points from last year, demonstrating the Division's commitment to ESG.

ESG integration in the investment process

The Fideuram Group considers the integration of environmental, social and governance factors in its business model to be of fundamental importance, in the conviction that these elements not only encourage sustainable economic and social development but can also contribute positively to the financial results of customer portfolios, while reducing their risks at the same time.
During the year, the Group integrated its service model based on personalised advice to manage its customers' sustainability preferences, which are collected through the MiFID profiling questionnaire. On the basis of the questionnaires given to customers, at 31 December 2022, an absolute majority of customers declared they had sustainability preferences (about 86% for Fideuram and around 92% for Intesa Sanpaolo Private Banking) with an environmental preference at Group level accounting for more than 90%.
In August 2022, new functions were added to the advisory platform, and in particular, the display of portfolio compositions in relation to environmental, social and good governance investment characteristics and the monitoring of consistency with customer preferences over time. A new control on the consistency of hypothesized investments was carried out during the proposal stage, in relation to the sustainability preferences indicated by customers measured in terms of ESG impact on the portfolio.

The Group updated its internal regulations, incorporating changes attributable to sustainability and regulatory developments introduced at European and national level on customer preferences, product governance and financial product management, processes for the provision of investment services, financial product advice and the distribution of insurance products.

With reference to the development and selection of new investment solutions:

- Analyses were incorporated in the process to select issuers and product companies, to assess their positioning with respect to ESG factors, sustainability risk management and applicable regulations.
- Criteria for classifying sustainable products were adopted at Group level. These take into account, in addition to the SFDR classification where applicable, the presence of sustainable/eco-sustainable investments, and whether or not PAI (Principle Adverse Impacts) are considered. This approach strengthens the assessment of the sustainability of products at the selection stage and in monitoring the product range over time.

Moreover, in accordance with Articles 3 and 4 of the SFDR, the document on "Policies on the Integration of Sustainability Risks and Information on the Main Adverse Impacts on Sustainability Factors in the Provision of Investment Advisory Services and Insurance Distribution" was published on the institutional website. This document illustrates the policy implemented with respect to the integration of environmental, social and governance (ESG) sustainability risks in the company's activities and processes for selecting issuers and defining the catalogue of financial products and the provision of the advisory service.

With the aim of outlining an approach focused not only on the preference for sustainable and responsible investments (SRI), but also on the integration of environmental, social and governance (ESG) factors, the Group's product companies have adopted Sustainable and Responsible Investment Policies. These policies involve all employees and are applied to company activities and investment processes. The Commitment Policies aimed at describing the action that the companies should take to encourage a dialogue with issuers and favour a long-term commitment in the companies in which they invest were also adopted. In addition, both companies carry out activities relating to the exercise of administrative and voting rights, adopting the ISS proxy voting platform for securities held by managed funds. Fideuram Asset Management SGR has also adhered, in compliance with the SRD II Directive, to the "Italian Stewardship Principles" sponsored by Assogestioni for the exercise of administrative and voting rights in listed companies, ensuring full transparency on issuer performance and strategy, governance, corporate social responsibility and risk management.

The ESG Programme

The recent acceleration demanded by regulators and civil society towards the transition to a more sustainable economy has led the Fideuram Group to further intensify the evolution of its approach to sustainability by launching in June 2021 the ESG Programme, an ambitious project that cuts across all areas of the Group and aims to integrate sustainability into all aspects of business management and activities. The main objectives of the ESG Programme are:

- defining the Group's strategic positioning with regard to ESG issues;
- integrating sustainability into the service model;
- including sustainability factors and risks in both the investment process and financial advice;
- complying with regulatory requirements.

The Programme, which actively involves all corporate functions, is structured into seven main working areas and four cross-cutting working areas, for each of which key objectives have been set out, representing priority areas for the evolution of the ESG approach. In 2022, the contents and activities of the ESG Programme were enhanced, due partly to the introduction of new regulatory requirements and partly to meet the increasingly specific and ESG-oriented needs of stakeholders.

Objectives and description of the seven main working areas

NAME	OBJECTIVE	DESCRIPTION
Working area 1: Regulations and Policy	Definition and publication of the internal ESG framework based on evolving EU regulatory requirements	The main activities of the working area include supporting the definition of ESG requirements for the evolution of the suitability engine, updating sustainability risk policies and policies on managing the negative impacts of investment decisions on ESG factors. In addition, the working area follows the updating of internal policies to the regulatory requirements of the EU Sustainable Financial Package and related delegated acts.
Working area 2: ESG Investment Process	Integration of ESG factors into key asset management processes	The working area follows the main project activities related to the Group's Asset Managers, including the definition of a framework for the classification of Article 8 and 9 (SFDR) products, as well as the integration of ESG factors into the investment process. It also monitors Stewardship and Engagement activities and initiatives. After joining the Net Zero Asset Managers Initiative, the relevant targets were determined and made public by the Group's asset management companies in October 2022.
Working area 3: ESG Service Model	Review and update of the service model to integrate ESG factors into the suitability engine and advisory platforms	In addition to selecting the infoprovider and defining the criteria for classifying ESG products, the main activities of the working area are to ensure the evolution of advisory platforms and commercial tools.
Working area 4: Sustainable offer	Implementation of new offer strategies focusing on sustainable products	A sustainable offer is one of the pillars of the Group’s ESG transformation. Among the main activities of the working area are the definition of the 2023 Product Plan, the identification of KPIs to consolidate the sustainable offer with its 2022-2025 roadmap, the updating of Product Governance policies and processes to integrate sustainability elements and the gradual introduction of these elements in the Networks’ incentive system.
Working area 5: Engagement and Networking	Definition and implementation of ESG training initiatives for all financial advisor networks.	Targeted training plans were defined within the working area with the aim of ensuring an adequate level of knowledge of ESG issues and investment opportunities. In this context, an EFPA certification course for all financial advisors was evaluated, and these courses started in 2022.
Working area 6: Marketing and Communication	Definition and implementation of a marketing strategy to promote the ESG vision in all the financial advisor networks	A marketing and communication strategy dedicated also to sustainability issues has been defined in the working area. During 2022, brand-awareness and sponsorship initiatives on ESG issues were started, and dedicated tools were made available on institutional websites to support Sales Networks in presenting ESG content to customers. In addition, the Kick Off of the NATIVA Project (Italy’s first B Corp) was held in September 2022, with the involvement of main ESG project stakeholders.
Working area 7: Impact - Environment, Community and Territory	Promoting a positive impact on the environment and society	A plan of initiatives was defined, dedicated to resources and aimed at creating a new corporate culture attentive to ESG issues. Initiatives with an impact on the world outside the Group are also provided for to implement community and local support programmes.

At the start of the Programme, the following four working areas that cut across the seven main working areas were identified:

- Working area A - Risk Model, which involves the Risk Management structures, with the aim of defining the logics for measuring, managing and monitoring sustainability risk.
- Working area B - Information Systems, which involves the units tasked with the development of information systems to ensure the correct implementation of the solutions adopted in the field of sustainability.
- Working area C - Organisation and Processes, with the aim of identifying a common approach to the new processes developed and the existing processes, whether modified or integrated, in the context of the activities carried out by each working area and in the implementation of new developments in the field of sustainability.
- Working area D - Reporting & Disclosure, with the aim of producing and updating the disclosures provided for in the financial statements in the field of sustainability, providing timely and comprehensive evidence of commitment in this area.

During 2022, there were changes in the project design involving cross-cutting working areas. More specifically, Working Area C - Foreign Subsidiaries - was introduced, with the aim of strengthening the role of the supervision and coordination of foreign subsidiaries regarding ESG issues and ensuring consistency, uniformity and a common direction for the various topics dealt with by the other working areas in a sustainability dimension - in place of the previous Working Area C - Organisation and Processes, which is naturally included in the performance of all project activities.

Focus on the Impact Working Area

As part of the ESG programme, the Impact - Environment, Community and Territory working area is aimed at promoting projects, initiatives and activities with the aim of fostering, disseminating and developing a culture of sustainability with the corporate community and local area, including through the dissemination of good practices and the sharing of knowledge on ESG-related issues.

As regards activities carried out for the corporate community, an internal communication channel was created that gives ample space to specific areas and content aimed at conveying information and in-depth analysis on sustainability; training programmes were implemented to promote an inclusive culture, also aimed at consolidating gender equality and strengthening female leadership and actions were developed to affirm a new corporate identity and consolidate values with the Value & Purpose project, and to broaden and disseminate knowledge related to digital issues through the Digital Evolution path.

In support of the territory, initiatives were launched to protect the environment, such as the Birthtree project, for the planting of a forest in Guatemala, and solidarity projects were launched, including Digital Restart, funding 75 Master's scholarships for workers over 40 and 50 seeking employment, as well as a professional reskilling programme dedicated to a specific target group that more than others has suffered the effects of the pandemic crisis.

Focus on NATIVA Initiative - sustainability pathway 2022

Fideuram is fully committed to its attention and strategic focus on sustainability issues, aware of its responsibility towards the market and customers. For this reason, it launched the "SUSTAINABILITY PATHWAY 2022" initiative.

This new project came about, in partnership with NATIVA, Italy's first B Corp. The objective of the project is to perform an assessment of the Group's ESG profile (using the B Corp methodology) and define a development plan based on mapping potential strategic approaches for improving project impact (with an assessment of the drivers, feasibility, resources and alignment with the Group's overall mission and strategy).

The initiative has two stages:

- completion of an internal analysis, called "B Impact Assessment (BIA)", aimed at identifying the Division's impact profile and associated score;
- definition of the strategic approaches to evolution and a Master Plan for improvement.

The project, which will be completed in 2023, involves the participation of all corporate functions involved in the Division's ESG Programme. In particular, a "B Team" was set up with the heads of key areas of the Group. The analysis will involve all areas of the company: Governance, People, Community, Suppliers, Environment and Customers.

Dissemination of the ESG culture
Over the last few years, the ESG investment approach has moved from being a niche issue to the mainstream and represents a factor of the distinction and quality of the Asset Management industry. Likewise, comprehension of the ESG investment logic in the Financial Advisory Service is fundamental to presenting its merits to customers.

The Group, also in support of the expansion of the ESG product offering, launched numerous information and training activities during the year, including:

- an ESG training pathway, in collaboration with some of Italy's most prestigious universities, for the Personal Financial Advisers of the Fideuram, Sanpaolo Invest and IW Private Investments Networks, at the end of which participants can take an exam to certify the skills they have gained;
- a plan with six meetings for the Division's Top Management in collaboration with Intesa Sanpaolo's Institutional Affairs Department, focusing on the evolution of EU legislation on ESG issues;
- more than 6 hours of ESG training content on the Apprendo platform for all Division employees interested in mandatory CONSOB training;
- the delivery of the ESG Advisor EFPA certification course to 3,057 Personal Financial Advisers of the Fideuram, Sanpaolo Invest and IW Private Investments Networks for over 51 thousand hours and to 1,043 Personal Financial Adviser employees and agents of Intesa Sanpaolo Private Banking for about 14 thousand hours. During the year, 414 financial advisors and 182 employed personal financial advisers and agents obtained ESG /EFPA certification.

The Group also held 47 events for its customers in 2022 (28 in-person and 19 digital) with a total of 11,150 participants (5,000 in-person and 6,150 digital).

Fideuram - Intesa Sanpaolo Private Banking - Permanent Secondary Office - Milan

The Group's contribution to Sustainable Development Goals

The Fideuram Group is also called on to make its own contribution to achieving the Sustainable Development Goals of Agenda 2030, through the company's activities as a whole that will have a positive impact on the Sustainable Development Goals. The following table describes the existing connections between the main material topics identified, the stakeholders and the Sustainable Development Goals impacted by corporate activities.

CAPITALS	MATERIAL TOPICS	RELEVANCE FOR OUR STAKEHOLDERS: CUSTOMERS	SHAREHOLDER	COLLEAGUES	SUPPLIERS	COMMUNITY	ENVIRONMENT	CONTRIBUTIONS TO THE SDGS (SUSTAINABLE DEVELOPMENT GOALS)
Financial Capital	- Maintenance of group solidity and profitability	●	●	●	●	●	●	8 Decent work and economic growth
Productive Capital	- Customer Satisfaction	●	●	●				10 Reduced inequalities; 11 Sustainable cities and communities
Intellectual Capital	- Customer portfolio management - Development of commercial networks and dissemination of financial culture - Adequacy and innovation of the financial products on offer - Privacy - Digitisation	●		●			●	9 Industry, innovation and infrastructure
Human Capital	- Well-being and human capital development (personal financial advisers and employees) - Labour Standards			●				3 Good health and well-being; 4 Quality education; 5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities
Relational Capital	- Management of customer portfolios - Customer satisfaction - Development of sales networks and dissemination of financial literacy - Development and distribution of sustainable (ESG) investments	●	●	●	●			2 Zero hunger; 3 Good health and well-being; 4 Quality education; 12 Responsible consumption and production; 16 Peace, justice and strong institutions
Natural Capital	- Climate Change - Consumption of natural resources		●			●	●	13 Climate action; 15 Life on land

Fideuram Group's ESG Offering

For years, the products and services offered by the Fideuram Group have allowed it to satisfy the demands of customers who are most sensitive to ESG issues, simultaneously reconciling the risk, return and diversification goals required by professional portfolio management with moral values and convictions.

The Fideuram Group's ESG offering consists of 197 asset management products (190 products classified under Article 8 of the SFDR, and 7 products classified under Article 9 of the SFDR, for total CA at 31 December 2022 of €46.4bn, made up of €26.6bn in mutual funds (including alternative funds), €17.2bn in discretionary accounts and €2.6bn in insurance and pension funds.

To complement the Group's product offering according to the Guided Open Architecture Approach to meet even the most sophisticated needs, customers can also access third-party ESG products in collaboration with leading international investment houses. At 31 December 2022, 57% of Client Assets subscribed by customers were classified under Articles 8 and 9 of the SFDR.

(€m)

	SFDR TYPE	PLATFORM	PRODUCTS NO.	31.12.2022 AUM	31.12.2021 AUM	31.12.2020 AUM
Mutual funds	Art. 8	AILIS Sicav	3	1,307	741	-
		FIDEURAM FUND	2	997	-	-
		FONDITALIA	39	13,539	1,655	707
		INTERFUND Sicav	21	8,954	-	-
		WILLERFUNDS - PRIVATE SUITE	8	937	-	-
		FIDEURAM MASTER SELECTION	3	172	-	-
		ALTERNATIVE FUNDS - MAKE PRIVATE MARKETS SUSTAINABLE	1	394	-	-
	Art. 9	FONDITALIA	1	255	191	-
		WILLERFUNDS - PRIVATE SUITE	3	44	-	-
		TOTAL MUTUAL FUNDS	**81**	**26,599**	**2,587**	**707**
Discretionary accounts	Art. 8	FOGLI	43	6,072	50	-
		OMNIA	35	10,008	548	279
		ISPB WEALTH COLLECTION	9	965	82	53
		DIRECT VALUE +	5	-	-	-
	Art. 9	FOGLI	2	181	94	-
		TOTAL DISCRETIONARY ACCOUNTS	**94**	**17,226**	**774**	**332**
Insurance and pension funds	Art. 8	FIDEURAM VITA	9	160	1	-
	Art. 8	INTESA SANPAOLO LIFE	6	27	-	-
	Art. 8	FIDEURAM PENSION FUND	6	2,387	-	-
	Art. 9	FIDEURAM VITA	1	42	-	-
		TOTAL INSURANCE AND PENSION FUNDS	**22**	**2,616**	**1**	**-**
	Total		**197**	**46,441**	**3,362**	**1,039**
	of which Art. 8		*190*	*45,919*	*3,077*	*1,039*
	of which Art. 9		*7*	*522*	*285*	*-*

For more information, see pages 225-228

As a member of the Intesa Sanpaolo Group, Fideuram also enjoys benefits deriving from the membership and active participation of Intesa Sanpaolo in international networks and associations on sustainable development.

Intesa Sanpaolo has joined the Global Compact, the Equator Principles and the Principles for Responsible Banking of the United Nations Environment Programme – Finance Initiative (UNEP-FI), Net-Zero Banking Alliance (NZBA) and the Task Force on Climate-related Financial Disclosures (TCFD). Moreover, Intesa Sanpaolo is included in numerous sustainability indices, including the Dow Jones Sustainability Indices, S&P ESG Indices, the FTS4Good Index Series, the MSCI ESG Indexes, CDP's Climate Change A list, the index of the 100 most sustainable companies in the world, managed by Corporate Knights, Euronext ESG Indices including MIB ESG Index, Solactive ESG Indices, Qontigo STOXX® Sustainability Indices and the thematic indices: 2023 Bloomberg Gender - Equality Index and the 2022 Refinitive Diversity & Inclusion.

The **MSCI ACWI** index (in dollars) stood at **605.38** at the end of 2022 (754.83 at the end of 2021)

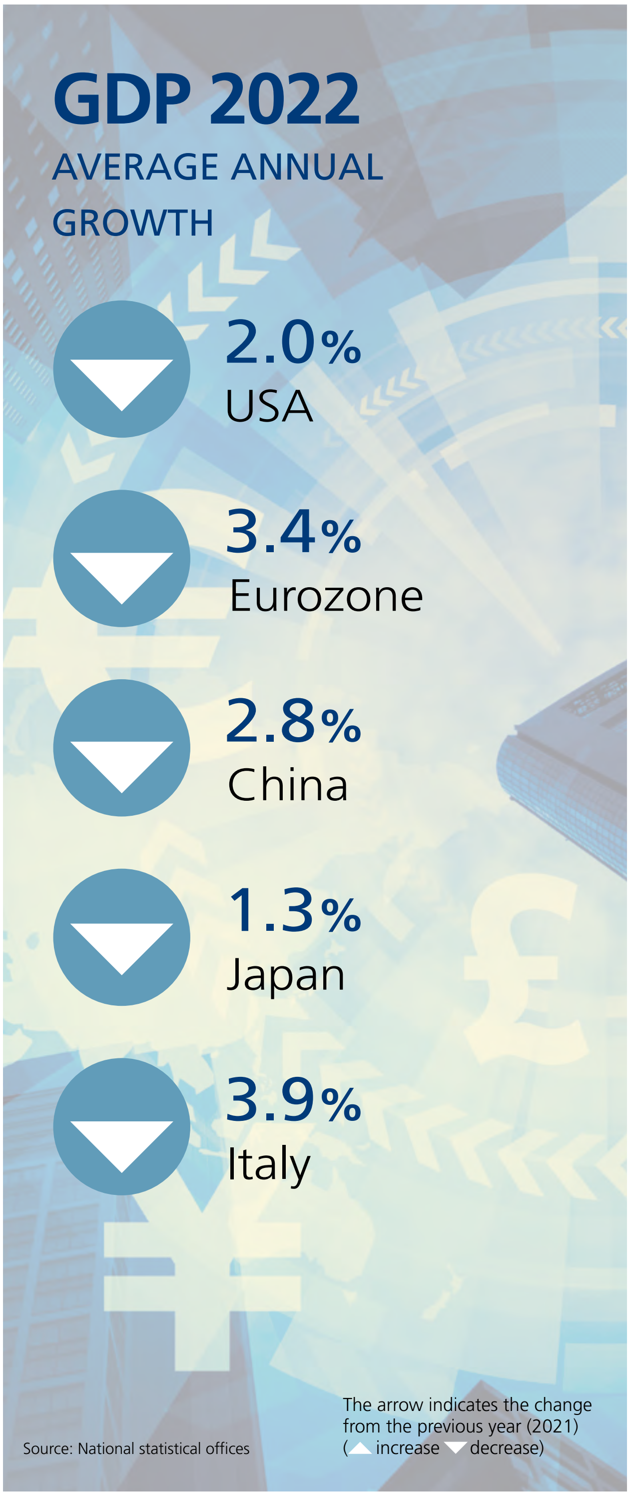
Source: Bloomberg

Drivers of the managed assets market 2022-2024:

- **Penalised liquidity** due to the high opportunity cost and reallocation of savings to other forms of investment.
- **Reallocation of portfolios** in favour of the managed asset and insurance components.

2. External context and strategies

2.1 Economic scenario



In 2022 there was a much more marked slowdown in global growth than expected, associated with a further significant increase in inflation, which led to a decidedly restrictive approach to monetary policy in the main advanced economies (with the exception of Japan). Inflation, which had already clearly increased in 2021, also as a result of the supply-side displacements caused by the pandemic, was driven up further by Russia's invasion of Ukraine, which was reflected in a significant increase in commodity prices (particularly energy). The negative supply shock resulting from the war thus affected growth prospects particularly in Europe, given the area's considerable reliance on energy supplies from Russia. Despite the impact of the war, economic activity in the Euro area maintained a rather sustained pace until the beginning of autumn, when a clear slowdown was then recorded. Conversely, in the USA and China, growth during the year was much weaker than expected despite the direct impact of the war in Ukraine being much lower. In the USA, GDP growth was even negative in the first two quarters of 2022, but economic activity then recovered in the second half of the year, while in China there was a rather restrained growth trend, with GDP collapsing in the second quarter coinciding with the lockdown in Shanghai and other cities. Inflation, on the other hand, reached levels not seen for decades both in the USA, with a peak above 9% in June (and a subsequent moderate drop in the following months), and in the Euro area where the maximum reached in October was close to 11%. In the case of the USA, inflation mainly reflected the boost in demand, while in the Euro area the acceleration in prices was mainly the result of the supply shock on the prices of energy and food products. Conversely, the increase in inflation was much more modest in Japan and, given the weakness of domestic demand, substantially absent in China.

In the **USA**, after the strong acceleration recorded in the first part of 2021 thanks to the fiscal stimulus decided by the Biden Administration, domestic demand from end customers slowed down significantly from as early on as the second half of 2021, and GDP then suffered an unexpected decline in the first two quarters of 2022, also due to considerable negative contributions from the foreign channel (in the first quarter) and inventories (in the second quarter). Economic activity therefore recorded a significant recovery in the second half of the year, with growth once again returning to above its potential, thanks to a recovery in private consumption and a considerably positive contribution from net exports.
Despite the decline in GDP in the first half of the year, the conditions of the labour market remained decidedly robust, confirming that the economy was actually still far

from recessionary conditions: the growth in employment, albeit gradually decelerating, remained very high in historical terms (the monthly increase in employees never fell below 200,000 units) and the unemployment rate, already very low at the beginning of the period, then reached a new cyclical low, just under 3.5% at the end of the year.
The strength of the labour market was also reflected in a somewhat dynamic salary trend, albeit with some evidence of moderation in the second half of the year. Inflation, which had already reached 7% at the end of 2021, continued to increase in the first part of the year, further driven also by the impact of the war in Ukraine on commodity prices.
In the final part of the year, price dynamics turned out to be less high than market expectations and the growth in wages also decelerated. Despite the clear signs of acceleration in inflation and wage dynamics, at the beginning of the year the Fed was still operating an expansive monetary policy and, in particular, had not yet interrupted the securities bond purchase programme launched at the beginning of the pandemic.
However, continual rises in inflation prompted the Fed to tighten its monetary policy even more: the first increase of 25 basis points was decided at the FOMC meeting in March and during the year the rate increase amounted to a total of 425 basis points.
The Fed also began to reduce its assets starting from the middle of the year, which gathered pace more rapidly than the Quantitative Tightening started in October 2017.

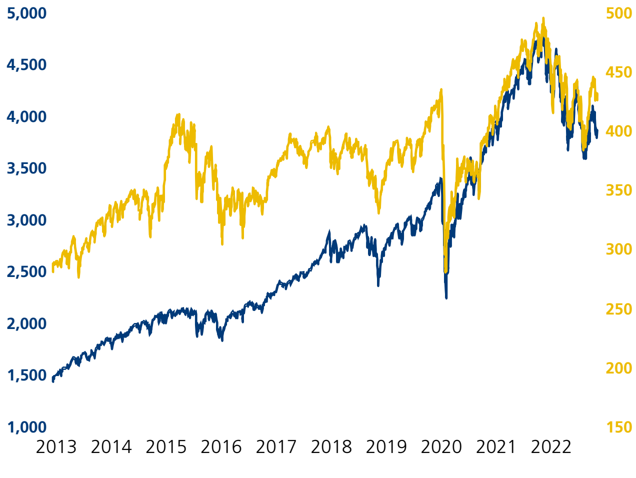
During the year, the **Euro area** continued to grow at a rather robust pace, despite being the area most impacted by the Russian aggression against Ukraine, which took place at the end of February. This shock profoundly influenced both fiscal and monetary economic policies for the entire year, also contributing to raising the prices of energy and food products and causing inflation to reach levels not seen since the 1980s. Economic activity at the beginning of the year was still held back by the spread of the Omicron variant of Covid-19, but from as early on as the spring, with the increase in the population's immunity, the pandemic phase began to end, with a brisk recovery in the services industry, which supported GDP in the middle quarters of the year, while industrial activity, affected by the uncertainty caused by the war in Ukraine, decreased. The war seriously undermined the energy security of Europe, which is highly dependent on Russian gas, forcing the production system to save gas. Moreover, Russia, already in the autumn of 2021, had begun to reduce gas supplies to Europe but the crisis worsened during the summer, with Russia's decision to progressively close the Nord Stream I gas pipeline during the delicate phase of replenishing supplies in Europe, in view of the winter season. Thus there was a further surge in gas and electricity prices in the third quarter which impacted GDP growth in the second half of 2022 and forced governments to increase the already considerable fiscal support measures for households and businesses, and also coordinate a response at European level, which then came with the decision in the final months of the year to prepare a European gas price cap. The energy crisis was also reflected in record levels of inflation, with food and energy prices contributing to about two-thirds of this trend. The European Central Bank, concerned since the beginning of the year over the consequences of accelerating prices on inflation expectations, decided in March to suspend the emergency purchase program of securities launched during the pandemic (PEPP) and at its July meeting it then began the most aggressive tightening cycle in its history, with increases of 50 or 75 basis points during all the remaining meetings of the year, thus bringing the deposit rate (still at -0.50% in June) to 2% in December and at the same time establishing the Transmission Protection Instrument (TPI) for the government bond markets, after spread tensions in the most indebted countries. The tensions then subsided and the ECB did not have to resort to using TPI.

In **Asia**, the trend in economic activity was affected by the impact of the spread of the Omicron variant of Covid and was not particularly dynamic, while price trends were far more moderate than in the USA and Europe. In China, after a first quarter of fairly robust growth, economic activity was held back by the authorities adopting a zero-tolerance strategy for Covid, which was reflected in a sharp drop in GDP in the second quarter. The continuing crisis in the residential sector also contributed to significantly moderating domestic demand. To support growth, fiscal and monetary policies, the country adopted a cautiously expansionary approach, but had to wait until the end of the year, after the Communist Party Congress, held in October, further strengthened control of the President Xi Jinping, for change to come about. In fact, in December the authorities decided, rather abruptly, to start reopening the economy, essentially abandoning the zero-tolerance strategy for Covid. A more proactive approach was also adopted to manage the crisis in the residential sector. In Japan, the recovery of economic activity from the impact of the pandemic continued, albeit at a rather modest pace. Inflation gradually increased during the year but remained at levels very far from those reached in the USA and Europe, and despite a significant depreciation of the yen, the Bank of Japan did not therefore change its ultra-expansionary monetary policy until the end of December when, somewhat surprisingly, it decided to widen the range of fluctuation on its 10-year rate target.

The move towards a tightening phase by central banks was reflected in a significant increase in yields both in the US and in the Euro area during the year: the rate on 10-year Treasuries went up from 1.50% at the end of 2021 to almost 3.90% at the end of 2022, while the yield on Bunds on the same maturity, still negative at the beginning of the year, closed 2022 slightly below 2.60%.

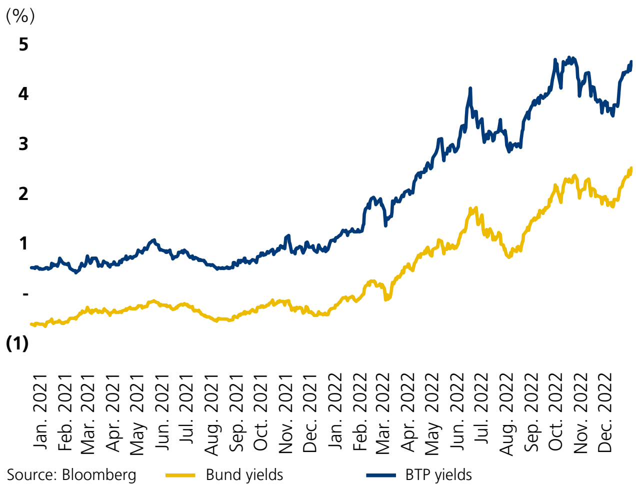
The dollar, on the other hand, appreciated for most of the 2022 (and went below parity with the euro between the end of August and the beginning of November), but then weakened partially in the final part of the year. Furthermore, continued upside surprises in inflation and deteriorating growth prospects resulted in a sharp correction in equity markets, with a relative underperformance in the US (-19.4% for the S&P 500 index) and emerging markets (-22.4% for the MSCI index in dollars) compared to Europe (-12.9% for the Stoxx-600 index, with the Italian market which was slightly weaker) and Japan (-5.1% for the Topix).

Stock market performance



Source: Bloomberg

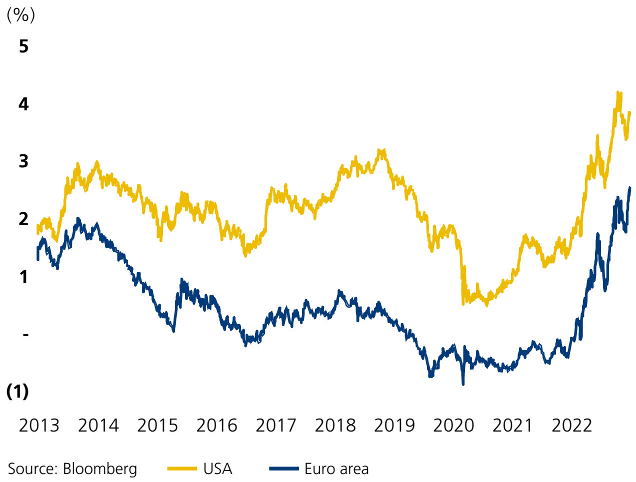
10-year Bund and BTP yields



Source: Bloomberg

Bond market performance

(10-year government bond yields)



Source: Bloomberg

Historic market returns 2013-2022

The following table shows the historic market result broken down by return bands.

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
USA shares	USA shares	ITALY shares	Oil	EM shares	USA Monetary	USA shares	GOLD	Oil	Commodity
EUROPE shares	USA Government Bonds	USA shares	USA shares	ITALY shares	USA Government Bonds	ITALY shares	Convertible	USA shares	Oil
ITALY shares	Global Inflation Linked	USA Government Bonds	EM shares	GOLD	Germany Government Bonds	Oil	USA shares	Commodity	USA Monetary
Convertible	Italy Government Bonds	USA Monetary	Commodities	EUROPE shares	Euro Government Bonds	EUROPE shares	EM shares	ITALY shares	GOLD
Euro HY	USA Monetary	EUROPE shares	GLOBAL HY Euro hdg	Pac formerly Japan shares	USA shares	EM shares	Global Inflation Linked	EUROPE shares	EMU Monetary
Financial Euro sub	Pac formerly Japan shares	Global Inflation Linked	EM local debt	EM external debt hdg	Global Government Euro hdg	Pac formerly Japan shares	Italy Government Bonds	JAPAN shares	Global Hedge Fund EUR
Italy Government Bonds	EMU Government Bonds	Italy Government Bonds	Pac formerly Japan shares	Financial Euro sub	EMU Monetary	GOLD	Global Corp Hdg Eur	USA Monetary	USA Government
GLOBAL HY Euro hdg	EM shares	Convertible	Euro HY	USA shares	Euro Corporate Bonds	EM local debt	Euro Government Bonds	Euro Inflation Linked	EUROPE shares
Global Hedge Fund EUR	Germany Government Bonds	Pac formerly Japan shares	EM external debt hdg	Euro HY	Italy Government Bonds	EM external debt hdg	Global Government Euro hdg	EM shares	ITALY shares
EU Corporate Bonds	Financial Euro sub	EMU Government Bonds	GOLD	GLOBAL HY Euro hdg	Euro Inflation Linked	Euro HY	GLOBAL HY Euro hdg	USA Government Bonds	Euro Inflation Linked
EMU Government Bonds	Global Government Bonds Euro hdg	Financial Euro sub	Global Inflation Linked	Oil	EM local debt	GLOBAL HY Euro hdg	EM external debt hdg	Global Inflation Linked	Japan shares
Pac formerly Japan shares	EU Corporate Bonds	Global Government Bonds Euro hdg	Financial Euro sub	Convertible	GOLD	Italy Government Bonds	Global Hedge Fund EUR	GOLD	EM HDG external debt
EMU Monetary	Global Corporate Bonds Euro hdg	Euro Inflation Linked	EU Corporate Bonds	Global Corporate Bonds Euro hdg	Global Inflation Linked	Euro subordinated financials	EM local debt	Euro HY	Euro HY
Global Government Bonds Euro hdg	EUROPE shares	Euro HY	Global Corporate Bonds Euro hdg	Global Hedge Fund EUR	Euro subordinated financials	Convertible	Euro Inflation Linked	Global Hedge Fund EUR	Euro subordinated financials
Global Corporate Bonds Euro hdg	EM local debt	EM external debt hdg	USA Government Bonds	EU Corporate Bonds	Global Corporate Bonds Euro hdg	Global Corporate Bonds Euro hdg	Germany Government Bonds	Global HY Hdg Eur	Global HY Hdg Eur
Germany Government Bonds	EM external debt hdg	Germany Government Bonds	Germany Government Bonds	Euro Inflation Linked	Euro HY	USA Government Bonds	Euro subordinated financials	Euro subordinated financials	EU Corporate Bonds
Euro Inflation Linked	Euro HY	EMU Monetary	Euro Inflation Linked	EM local debt	Global HY Euro hdg	Commodity	Euro HY	EMU Monetary	USA shares
USA Monetary	Euro Inflation Linked	EU Corporate Bonds	USA Monetary	Italy Government Bonds	Convertible	Euro Government Bonds	Euro Corporate Bonds	Euro Corporate Bonds	EM shares
Oil	Convertible	Global Corporate Bonds Euro hdg	EUROPE shares	Global Government Bonds Euro hdg	Pac formerly Japan shares	Euro Inflation Linked	EMU Monetary	Global Corporate Bonds Euro hdg	Global government Hdg Euro
EM external debt hdg	Italy shares	GLOBAL HY Euro hdg	EMU Government Bonds	EMU Government Bonds	EM external debt hdg	Euro Corporate Bonds	USA Government Bonds	Convertible	Global Corp Hdg Eur
EM shares	GLOBAL HY Euro hdg	Global Hedge Fund EUR	Global Government Bonds Euro hdg	EMU Monetary	Commodities	Global Inflation Linked	Pac formerly Japan shares	Germany Government Bonds	Italy Government Bonds
USA Government Bonds	EMU Monetary	EM shares	Italy Government Bonds	Germany Government Bonds	EM shares	Global Government Euro hdg	EUROPE shares	EM local debt	Convertible
Global Inflation Linked	Global Hedge Fund EUR	EM local debt	Global Hedge Fund EUR	Global Inflation Linked	Europe shares	USA Monetary	ITALY shares	Global Government Euro hdg	Germany Government Bonds
EM local debt	GOLD	GOLD	Convertible	USA Government Bonds	Global Hedge Fund EUR	Global Hedge Fund EUR	USA Monetary	Italy Government Bonds	Euro Government Bonds
Commodities	Commodities	Commodities	EMU Monetary	USA Monetary	ITALY shares	Germany Government Bonds	Commodities	Euro Government Bonds	Global Inflation Linked
GOLD	Oil	Oil	ITALY shares	Commodities	Oil	EMU Monetary	Oil	EM external debt hdg	EM local debt

> 3% 0% / 3% -3% / 0% < -3%

The information, opinions and data contained in this table do not in any way constitute research, recommendation, investment advice, investment advisory or any other form of advice and are subject to change.

The data shown refers to the past. Past results do not constitute a reliable indicator of future results.

Source: Prepared by Fideuram Asset Management SGR S.p.A..

2.2 Market growth prospects

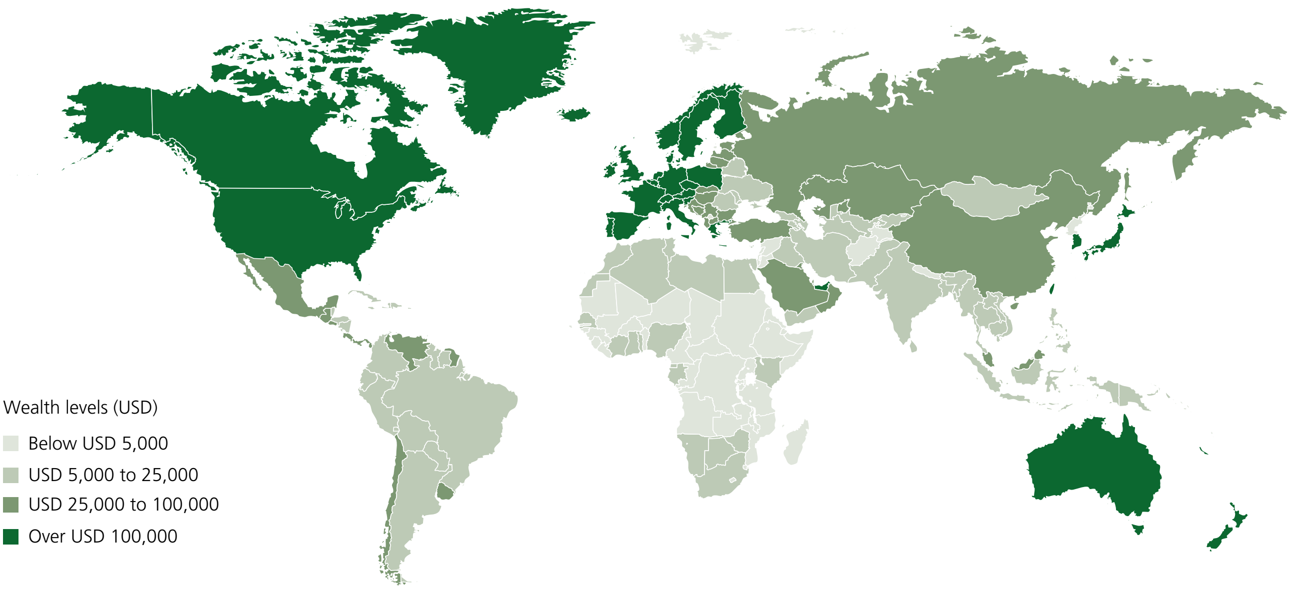
THE WORLD MARKET[1]

At the beginning of 2022, global wealth amounted to an estimated total of $463.6 trillion, up 9.8% from the previous year and well above the annual average of +6.6% recorded since the turn of the century. Excluding exchange rate movements, aggregate global wealth grew by 12.7%, making it the fastest growth rate this century and almost certainly the fastest rate recorded at any point in history.

While it is too early to assess the impact of widespread inflation and the war in Ukraine, the growth in wealth has already proved resilient in 2020, when Covid caused severe losses. The recovery of macroeconomic activity in a low interest rate environment led to exceptionally favourable conditions for the growth of household wealth in 2021. Wealth per adult grew by $6,800 (+8.4%) to $87,489, but the appreciation of the dollar during 2021 lowered dollar growth rates by an average of 2.9 percentage points.

Interest rate growth in 2022 has already negatively affected bond and share prices and is also capable of hampering investment in non-financial assets. For these reasons, growth in household wealth in the near future is likely to be limited, despite forecasts of a rapid growth in GDP.

World Wealth Map, 2021



Source: Original estimates by the authors.

1. The information presented in this part was taken from the “Global Wealth Report 2022” published by Credit Suisse in September 2022.

As indicated in the table below, all regions contributed to the global increase in wealth, and in particular North America and China. North America accounts for just over half of the total growth and China about a quarter. Instead, Africa, Europe, India and Latin America together contribute only 11.1% to the growth in global wealth. This low percentage reflects the widespread depreciation against the dollar in these regions. As a percentage, North America and China had the highest growth (around 15% each), while at a growth of 1.5%, Europe was by far the lowest among different regions.

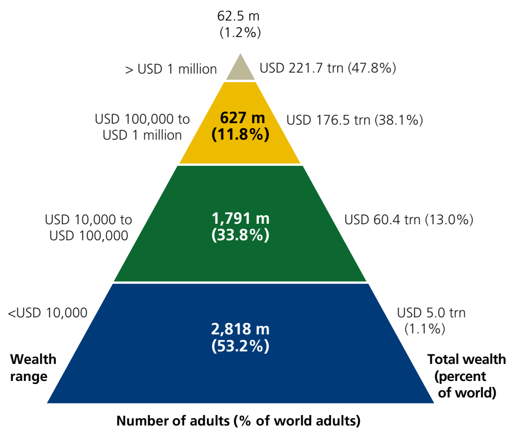
Change in household wealth in 2021, by region

	TOTAL WEALTH	CHANGE IN TOTAL WEALTH		WEALTH PER ADULT	CHANGE IN WEALTH PER ADULT	CHANGE IN FINANCIAL ASSETS		CHANGE IN NON-FINANCIAL ASSETS		CHANGE IN DEBTS	
	USD BN	USD BN	%	USD	%	USD BN	%	USD BN	%	USD BN	%
North America	158,199	21,275	15.5	560,846	14.7	14,351	12.9	8,396	19.0	1,472	8.1
Europe	106,330	1,573	1.5	180,275	1.5	524	1.0	777	1.2	-273	-1.8
China	85,107	11,168	15.1	76,639	14.5	5,898	16.1	6,349	13.7	1,079	12.1
Asia-Pacific	81,319	4,298	5.6	64,700	4.0	1,376	3.1	2,924	6.7	3	0.0
India	14,225	1,524	12.0	15,535	10.1	271	8.1	1,317	12.4	63	5.1
Latin America	12,579	1,194	10.5	27,717	8.9	576	9.8	725	10.6	107	7.9
Africa	5,808	417	7.7	8,419	4.7	306	11.9	121	3.7	10	2.3
World	**463,567**	**41,450**	**9.8**	**87,489**	**8.4**	**23,301**	**9.0**	**20,609**	**9.4**	**2,460**	**4.4**

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2022.

WEALTH CONCENTRATION

The global wealth pyramid 2021



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2022.

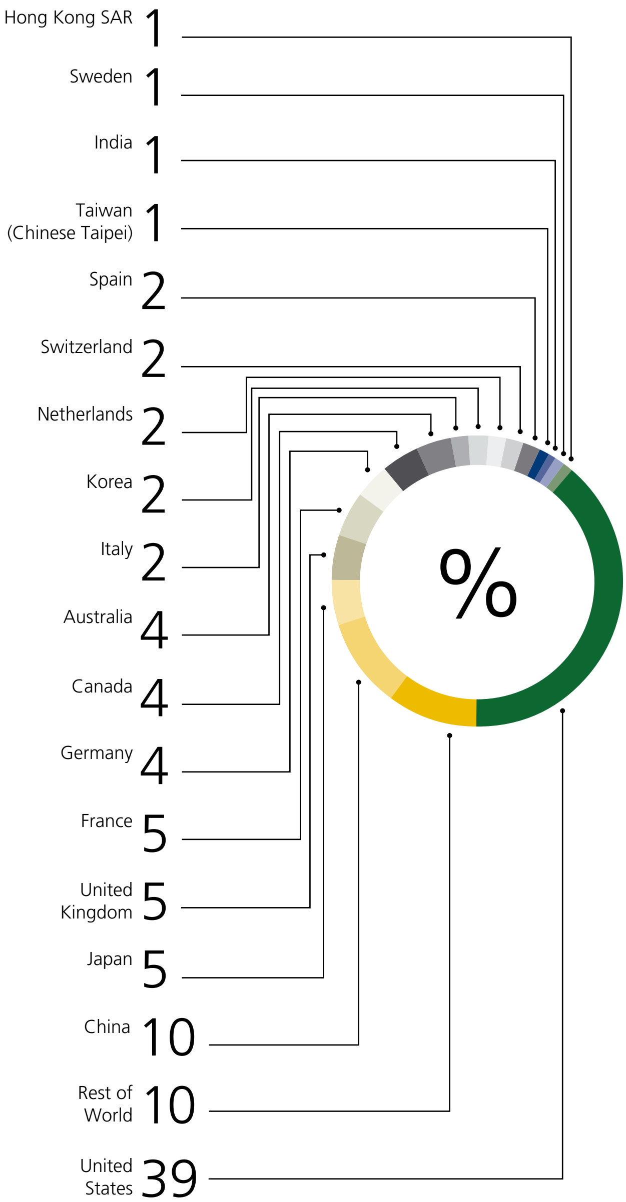
The wealth pyramid summarizes the distribution of wealth among the global adult population. A large base of low-wealth holders is located at the lowest level of the pyramid, while the upper levels are occupied by a progressively smaller number of individuals.

An estimated 2.8 billion individuals (53% of all adults in the world) had a wealth under $10,000 in 2021. The next segment, which includes individuals with a wealth between $10,000 and $100,000, saw the largest increase with numbers more than tripling (from $504m in 2000 to $1.8bn at the end of 2021). This reflects the growing prosperity of emerging economies, especially China, and the expansion of the middle class in developing countries. The average wealth of this group is equal to $33,724, or about 40% of the global average wealth level. The upper-middle segment, with wealth ranging from $100,000 to $1m, tripled to 627 million individuals. Members of this group currently own a combined net worth of $176.5 trillion (38.1% of global wealth). The middle class in developed countries typically belongs to this group. At the top of the pyramid, there are relatively small numbers of HNWs (i.e. dollar millionaires). This group has expanded rapidly in recent years and now numbers 62.5 million (1.2% of total adults). The aggregate wealth of HNW adults has grown five-fold: from $41.4 trillion in 2000 to $221.7 trillion in 2021, and their share of global wealth has increased from 35% to 48% over the same period.

The groups classified in the layers of the wealth pyramid are diversified in terms of residence and personal characteristics. The basic level has the most even distribution across countries, but also the widest difference in personal situations. In developed countries, about 30% of adults fall into this category; on the contrary, in many low-income countries more than 80% of the adult population is at this level. The main feature of the two central segments of the pyramid is the dominance of China, which represents 38% of the total number of members, against 9% of India, 7% of Latin America and only 4% of Africa. Regional representation is further skewed among millionaires, where 43% of all members reside in North America, 27% in Europe, and 17% in Asia-Pacific (excluding China and India).

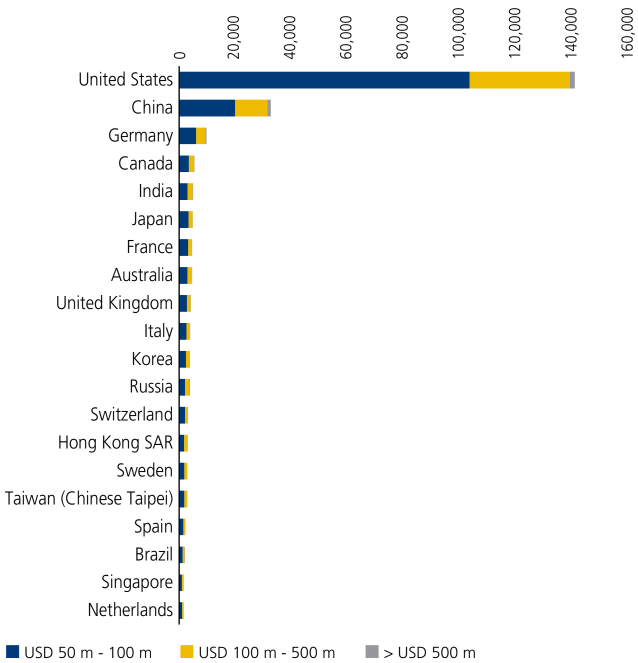
There were an estimated 62.5 million millionaires worldwide at the end of 2021, up 5.2 million from the previous year. The United States added nearly 2.5 million new millionaires, half of the global total. This is the largest increase in the number of millionaires recorded for any country in any year this century and reinforces the rapid increase in the number of millionaires already seen in the United States since 2016. The number of millionaires also increased by over a million in China and by another million in Canada, Australia and the United Kingdom combined. The number of millionaires fell by 395,000 in Japan and by 135,000 in Italy.

Number of dollar millionaires (% of world total) by country 2021



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2022.

Ultra-high net worth individuals in 2021, top 20 countries



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2022.

The rapid increase in the number of millionaires in 2021 was accompanied by an equally rapid increase in the number of those at the top of the wealth distribution. The vast majority of the 62.5 million millionaires in 2021 had a wealth between $1m and $5m (about 54.1 million or 87% of the HNW group), 5.4 million adults (8.6%) had a wealth between $5m and $10m, and about 3 million adults had a wealth of more than $10m. Of the latter group, 2.7 million individuals had assets between $10m and $50m, and 264,200 ultra-high net worth (UHNW) individuals exceeded $50m at the end of 2021 (46,000 more than the 218,200 registered at the end of 2020, which itself was 43,400 higher than in 2019). Taken together, this means the number of adults with assets over $50m increased by more than 50% over the two-year period.

THE ITALIAN MARKET[2]

CONSUMER SPENDING

Consumer spending in the countries of the European Monetary Union increased further in the third quarter of 2022. European households consolidated their spending on average in the summer despite inflation, not yet at its peak, exerting a considerable pressure on real incomes. Italy confirmed its strong growth in consumer spending, already seen at an economic level in the spring (2.5%). Compared to the main European countries, Italian consumer spending stands out as the most dynamic, thus exceeding pre-pandemic levels (0.4% compared to the last quarter of 2019) and also recording a robust trend growth (3.6%). Once again, Italian families preferred to spend despite the considerable pessimism highlighted by consumer confidence surveys. This indicator of the economic climate in the summer even recorded a drop of 12.1% over the previous quarter, highlighting the significant concern for the rise in prices. The contribution from more well-off households was probably decisive for the growth in spending in this context, thanks to the savings made due to the pandemic. Once again services were the main players (3.1%) but other components were also relevant. The summer season also continued to encourage spending on semi-durable (2.8%) and durable (4.6%) goods, both now well above pre-Covid levels unlike services (-1.4% compared to the last quarter of 2019). Non-durable goods continued to suffer from inflationary pressure (-0.3%), mainly due to savings in energy consumption and, probably, food products.

THE INVESTMENT MARKET

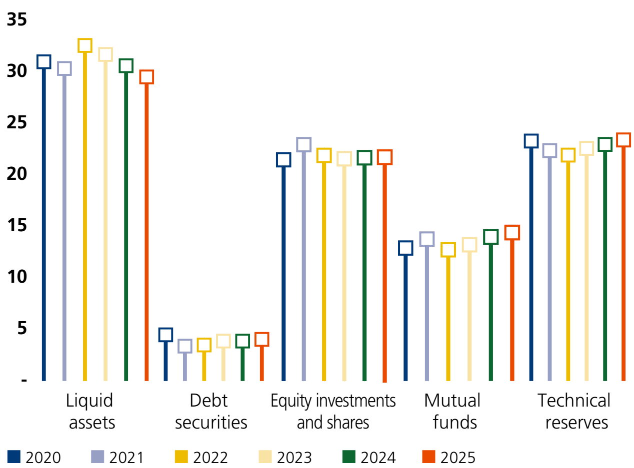
The allocation choices of individuals are changing, as are the offer policies by operators. In the current context of high inflation, the holding of liquid assets is penalized by the opportunity cost, which is expected to increase as interest rates rise until March 2023. The stock of household deposits, while continuing to grow during the year, reported a significant slowdown due to less savings and a progressive reallocation towards other forms of investment. As a consequence, the percentage of deposits held by Italian households on disposable income decreased, coming to 105% in October (106.9% at the end of 2021), following a reduction in the demand component in recent months. With policy rates decreasing only since September 2024, it is believed that this trend will continue in the coming years, with private sector investment decisions increasingly geared towards mutual funds, insurance and savings managed by banks.

The financial wealth of households decreased in the first half of 2022. Stocks at current prices fell by 6.5% compared to the end of 2021, reaching €4,911bn, below the levels at the end of 2020; the reasons for these losses were the declines in share and bond indices which eroded wealth by more than €360bn. With the sole exception of liquid assets, all components of the portfolio decreased, with more marked declines for shares and equity investments, mutual funds and technical provisions (at market value in Bank of Italy statistics). Financial assets should close with a 5.3% reduction as an effect of the recovery of a part of the losses on the financial markets, and a contribution of new flows invested in financial assets halved compared to 2021. For the next three years, financial wealth should grow by an annual average of 2.4%, at a slower pace than in 2019-2021 (6.4% annual average), as a result of less savings and assuming that financial markets recover, but not at the pace of 2021, in a context of economic weakness.

The geopolitical and macro-financial scenario had effects on the investment choices of savers. Firstly, the accumulation of liquidity was decidedly lower than in the past, as an effect of fewer savings, the growing opportunity cost of retaining savings due to inflation, the use of household savings on a budget to finance higher expenses and, last but not least, the greater attractiveness of investing in debt securities. Investments in public securities, in particular, were largely positive thanks also to the placement in June of the BTP Italia for over €7bn. The climate of uncertainty and negative returns led savers to divest from mutual funds which had attracted the greatest investments in 2021, but outflows were contained, with a non-obvious resilience given the sharp declines in share prices with which net inflows are correlated, that would have led to early releases decidedly more significant than those that actually took place. Finally, insurance and pension product flows were still positive, thanks to the demand for investments with forms of capital protection. On the basis of available advances, the de-accumulation of liquidity was also confirmed in recent months, while the market for mutual funds improved, thanks also to the activation of banks, and investments in life policies which were still positive, albeit with a further downsizing due to the recovery of investments in public securities.

Households: breakdown of financial assets in Italy

(percentages)



Source: Prometeia forecasts using Bank of Italy data.

2. The information presented in this section has been taken from the Prometeia publication "Forecast Report – December 2022".

FOCUS ON THE PRIVATE MARKET[3]

2021 was the year the world' economy's recovered, with economic policies focussed on a progressive normalization of their support. By the end of the year, pre-Covid levels had recovered in many areas. In Italy, economic activity also recovered to levels close to pre-pandemic figures. real GDP increased by 6.6% on average in 2021 and stood at €1,781bn at current prices. The growth in GDP was mainly driven by domestic demand, with a contribution of 6.2 percentage points, while foreign demand and the change in inventories provided very limited contributions. The launch of projects financed with the PNRR helped fill and overcome the gaps still left by the health crisis. Besides the clearly positive elements, the last few months of 2021 also highlighted various critical aspects of the recovery phase, including those deriving from the spread of the Omicron variant, which were reflected in supply bottlenecks and difficulties in international logistics, with inflationary tensions and overheating in some areas/sectors.

In 2021, the scenario was particularly favourable for the management of household savings. The good economic recovery was accompanied by a marked improvement in household confidence and a high level of savings for the second consecutive year. The savings rate (share of income not consumed by households) was still high (12.5%), well above pre-pandemic levels (7.4% in 2019) and in line with figures for the first half of the 2000s, affected by a behaviour that was still cautious and by changes in the consumer habits of Italian families that emerged with the pandemic crisis. However, the indicator recovered from the unusual levels of 2020, when it stood at 15%: the reopening of economic activities, made possible by a well-established vaccination campaign, was in fact accompanied by a recovery in consumption (+5.2%) at a faster pace than disposable income (+2.1% in real terms), which also grew thanks to higher employment and budgetary measures put in place to support households. Confidence returned to the highest levels of the last five years, also having positive effects on the propensity of households to invest in long-term projects, although still influenced by the evolution of the pandemic. The growth of investable financial wealth was brisk, supported by asset and insurance components. Based on Prometeia estimates, the formation of considerable savings and a good contribution from the markets, thanks to rising share prices, have produced a growth in investable financial wealth (deposits, administrative investments, managed and insurance products) of 6.2% (at €3,454bn) from 3.8% in 2020, the highest rate in recent years together with 2019. The contribution to growth was in fact significant both for new investment flows (3.4%) and for the markets (2.8%).

A third of the wealth that can be invested by Italian households belongs to an elite group of savers whose capital characteristics (financial assets exceeding €500k) make them eligible as target customers for Private Banking services. This population cluster is united not only by large financial portfolios, but also by needs that are becoming more and more sophisticated and drive them to search for new investment solutions for the protection, enhancement and transmission of their savings.

According to Prometeia estimates for AIPB, the wealth of these well-off families has reached €1,281bn, with an annual change of +8.6%. The growth rate of stocks has been revised upwards compared to initial assumptions (which envisaged a change of 4.9% with the July 2021 scenario), due to higher new savings flows (+4.1%) and a significant revaluation of the effect of the markets (+4.5%). Against the sharp increase in wealth, over 15,000 households exceeded the asset threshold of €500k (7,700 in 2020), bringing the number of private target households to 678,956 units. Average financial assets increased to €1.9m. This distribution is confirmed in line with last year with 95% of households in the range between €500k and €5m owning approximately two-thirds of private wealth.

In this context, the Private Banking industry has shown consistently positive results, confirming the central significance of a sector that deals with protecting and enhancing the country's wealth through a service model based on professionalism and closeness to the customer.

In 2021, Private Banking reached the threshold of 1,000 billion of Client Assets, recording an all-time high and consolidating the growth of its market share of financial wealth, which stands at 30%. A comparison of the evolution of wealth entrusted to various system operators clearly shows the effectiveness of the Private Banking advisory service, which has driven a decidedly bigger increase in wealth than the other distribution channels (+11.5% compared to +4.1%). The Private Banking service intercepted and attracted half of new flows of wealth, with over €50bn in net inflows, a figure never seen so high in the past. New inflows were extremely positive throughout the year, peaking in the second quarter. A success for the Industry which once again highlighted the closeness of the service to families, convincing private investors to take advantage of the opportunities generated by the economic recovery, in a context of growing market complexity and with the start of the first geopolitical uncertainties. Approximately 80% of new funding flows were channelled into investments other than deposits (39bn), with the largest portion for managed savings (27bn compared to 15bn in other channels). Other households invested just over a third of new savings (25bn), with a considerable outflow from direct investments in securities (-16bn compared to -4 in Private Banking). The attention paid to the insurance sector was high for the entire system (+16bn and +22bn respectively for Private Banking and the other channels).

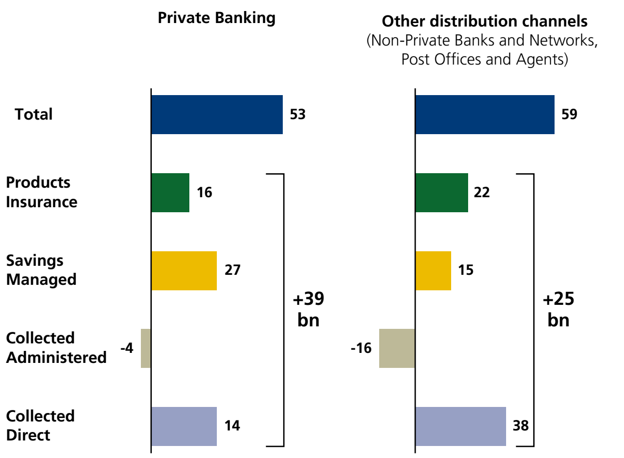
Towards the end of the year, the large amount of savings was also matched by high deposit flows. What emerges from a comparison with the other channels is that for Private Banking operators, this trend has accelerated compared to the previous year, while other households recorded slowing rates, after the strong growth in 2020. This

3. The information presented in this section has been taken from the "Report on Private Banking in Italy (2022)", produced by AIPB in conjunction with Prometeia.

evolution suggests that Private operators have adopted offering policies to attract savings from other channels and obtain a share of this liquidity that has formed in the last two years at the level of overall households, probably with the aim of directing it towards investments.
Private Banking portfolios appreciated three times faster than other channels. This result is due to the advisory service, which was able to correctly interpret market trends and adapt portfolio choices through an effective diversification of investments.

Net inflows by investment segment

(€bn)



Source: Prometeia estimates based on AIPB, Bank of Italy, Assogestioni, Ania, Assoreti and Cdp data.

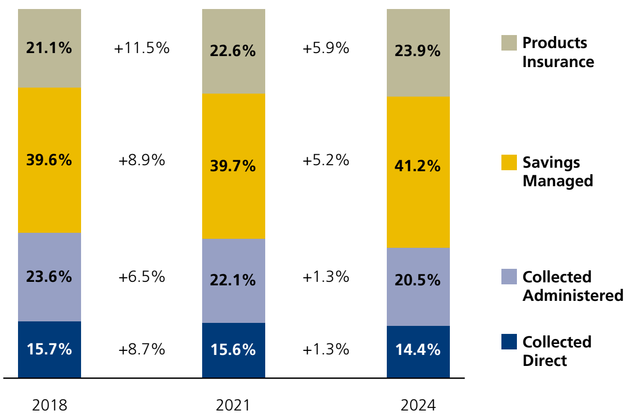
STRATEGIES

In a context already characterized by growing uncertainty, the Russian invasion of Ukraine represents a new shock to the world economy. Given the crucial role of the two countries in the production and supply of many commodities, particularly energy and agriculture, the scarcity of supply came to the fore, once again, in a situation where prices were already overheated. The international prices of many raw materials have exceeded the peaks reached in 2021, while confidence has begun to decline, especially for households who are currently suffering from a sharp fall in purchasing power and have concerns over the possible extension of the conflict. These factors have led to a downwards revision of estimates of world economic growth, already expected to decelerate compared to 2021.
The scenario assumes that tensions will continue in Ukraine, but without escalation towards other countries. This means that sanctions already agreed (plus further sanctions currently under discussion) are likely to remain in place for a long time. Inflation has been revised upwards and global economic growth downwards, the latter to 2.5% in 2022 after 5.8% in 2021, before moving to an average rate of around 3% over the next three years. This global picture sees Europe, and Italy, as the most exposed area, not only due to an energy reliance above the average of European partners, but also due to a significant exposure in terms of commercial and financial trade. Growth in Italy in 2022 was also revised downwards (GDP at 2.2% compared to 4% in the December forecast), while inflation was revised upwards (to 5% from 2.1%), mainly referring to the first half of the year, when the fall in industrial production was compounded by supply difficulties, high energy costs and uncertainty, all factors exacerbated by the war. However, the hypothesis of an accelerated implementation of the PNRR has been maintained, though slight delays could occur. Even in the coming years, the recovery of economic growth could still be held back by permanently higher energy prices.
Interpreting the scenario for the next few years is a challenge that is becoming increasingly critical for operators involved in managing and administering private wealth. 2022 started with a situation that made it hard to implement liquidity re-composition policies in the short term.
The scenario of rising inflation might not be sufficient to induce savers to reduce excess liquidity. In fact, several forces have contributed to influencing investment decisions. On the one hand the increase in inflation could push savers to abandon liquidity, to retain the purchasing power of their savings. On the other hand in the current context characterized by market tensions, uncertainty and supply shocks, the need to retain safe assets could prevail, as risk aversion increases. It should also be considered that the increase in prices and consequent increase in interest rates has resulted in a greater remuneration of liquidity, while in the first phase it has affected the value of bond investments and also equity investments due to the rate at which expected cash flows are discounted.
Over the three-year period as a whole, we expect we will confirm a positive performance by Private Banking operators in all asset management and administration components. However, the growth scenario will be less than the three-year period 2019-2021, due to the worsening of the macroeconomic situation and upwards revision of monetary policy rates, that will weigh on the valuation of more traditional portfolio components. After the anomalous growth of liquidity stocks (which in any case maintained a physiological level in terms of impact on the Private Banking portfolio), direct deposits in the two-year period 2023-2024 will begin to settle in favour of invested instruments, taking growth over the next three years to a rate close to +1%, against the average of +3.9% of total assets. As a result, the percentage of the sector out of all private portfolios will return to levels which are not only lower than pre-Covid figures, but which have not been reached since 2017 (14.4%). We expect investments in the managed assets of households that rely on a private banking service, to be more robust, alongside an offer capable of proposing adequate tools to deal with the situation and seize market opportunities (+5.2%). The impact of this sector will also gain an importance not recorded in the last four years (41.2%), while customers of other operators, characterized by more prudential profiles, could see a stronger slowdown, even halving the growth of managed components (+3.3%).

As seen in other phases of the crisis, operators will continue to develop the insurance component of their portfolios, targeted by a demand during periods of uncertainty (+5.9% for Private Banking compared to 5.1% for other operators). The product offering should continue to focus on multi-class and class III policies.
The non-managed assets sector is also growing for Private Banking operators who, thanks to their expertise in selecting investment markets and sectors, will be able to further limit the negative impact from the reduction in bond prices compared to the scenario for other operators (+1.3% against -9.3%). Non-private households are in fact characterized by fewer diversification possibilities, a large share of debt securities and consequently are more exposed to the very intense drop in the price of bonds in 2022, which cannot be fully offset by share market trends, that are less brilliant in the forecast three-year period.

Changes in deposits in private portfolios

(Client Assets shares and annual average changes)



Source: AIPB-Prometeia.

FOCUS ON ESG INVESTMENTS[4]

Following the 2021 COP26 and COP27 climate summits that concluded in November 2022, it seemed that the environmental, social and governance (ESG) movement had finally reached maturity. Recognizing public concerns about climate change, numerous companies and governments have committed to ambitious "net zero" commitments. In parallel, investors have identified the enormous potential associated with financing the transition to a low-carbon economy. When the summit took place in November, it was accompanied by the launch of a new global standard-setter for sustainability information, the International Sustainability Standards Board (ISSB). Data shows that ESG is the fastest growing segment of the asset management industry, with ESG fund assets growing 53% year over year to $2.7 trillion in 2021. More recently, however, there has been a shift in perceptions, in part due to the priorities of policymakers and investors evolving in response to new economic and geopolitical challenges (e.g., inflation, the Russian invasion of the Ukraine and the growing US-China tensions). It is also a result of growing greenwashing allegations. The primary question from ESG investors is whether or not they are effectively served by the broader sustainability information ecosystem. This question is relevant to both investors who focus on financial risk and those who focus on social impact. One of the problems with approaching ESG as an investment is defining exactly what an ESG asset is, especially in today's complex and rapidly changing environment.

Generally speaking, a sustainable and responsible investment is an investment which aims to create value for the investor and for society as a whole through a medium-long term strategy and which, in the assessment of companies and institutions, integrates financial analysis with environmental, social and good governance analysis[5].
Sustainable investments can be broken down according to various strategies that can be applied simultaneously to the same portfolio and to different asset classes (shares, bonds, private equity, private debt, etc.).

The most common SRI strategies are as follows:

- **Exclusions** (Negative/exclusionary screening): exclusion of several issuers, sectors or countries according to specific principles and values (including the most frequently used criteria: arms, pornography, tobacco, etc.).
- **Best in class** (Positive/best-in-class screening): selection or weight of the portfolio investments according to ESG criteria, privileging the best ones in a sector, a category or an asset class.
- **International conventions** (Norms-based screening): selection of investments according to compliance with international regulations and treaties (the most commonly used ones are those defined by the OECD, UN and UN agencies).
- **ESG integration** selection of investments according to the integration of environmental, social and governance criteria with financial criteria.
- **Engagement** (Corporate engagement and shareholder action): constructive dialogue with issuers on sustainability issues and exercise of voting rights connected with participation in share capital.
- **Thematic investments** (Sustainability themed investing): selection of investments according to one or more ESG themes (e.g. climate change, energy efficiency, health, etc.).
- **Impact investing** (Impact/community investing): investments in companies, organisations and funds made with the intention of generating a positive and measurable socio-environmental impact, together with a financial return.

4. The information contained in this paragraph is taken from the publications "A sustainable investment framework" – Credit Suisse; "The emerging sustainability information ecosystem" – EY, July 2022; "Green debt slows but remains key to climate challenge" and "2022: progress on the ESG front" – ESG News, October-December 2022.

5. Definition identified in 2013 by a working group of the Forum for Sustainable Finance.

2022 was characterized by numerous innovations on the regulatory front: firstly, the European Taxonomy was defined and published, an EU delegated act that outlines the list of the most sensitive activities in terms of the environment and climate transition. The CSRD (Corporate Sustainability Reporting Directive) was also approved, which amends existing legislation on sustainability reporting and which will be become effective from 1 January 2024.

Green bonds appear to have left the niche label behind, with one in four euros raised by companies and governments in Europe last quarter through these debt structures.

$125bn of green, social and sustainable (GSS) bonds were issued in the third quarter of 2022, down from $175bn in the second quarter. The Italian market went against the trend, with the equivalent of $11bn issued in the third quarter, up from 6bn issued in the previous three months.

Green bond issuance, in particular, held up better than more traditional debt instruments, up 25% in the second quarter compared to the first but the sector is still lagging behind its 2021 highs, with annual issuance in the first nine months of 2022 of just under $240bn, thus marking a decrease of 38% compared to the same period of the previous year. The contraction of GSS issuance in Italy was less pronounced, with 32% less debt raised in the first nine months of 2022 compared to 2021.

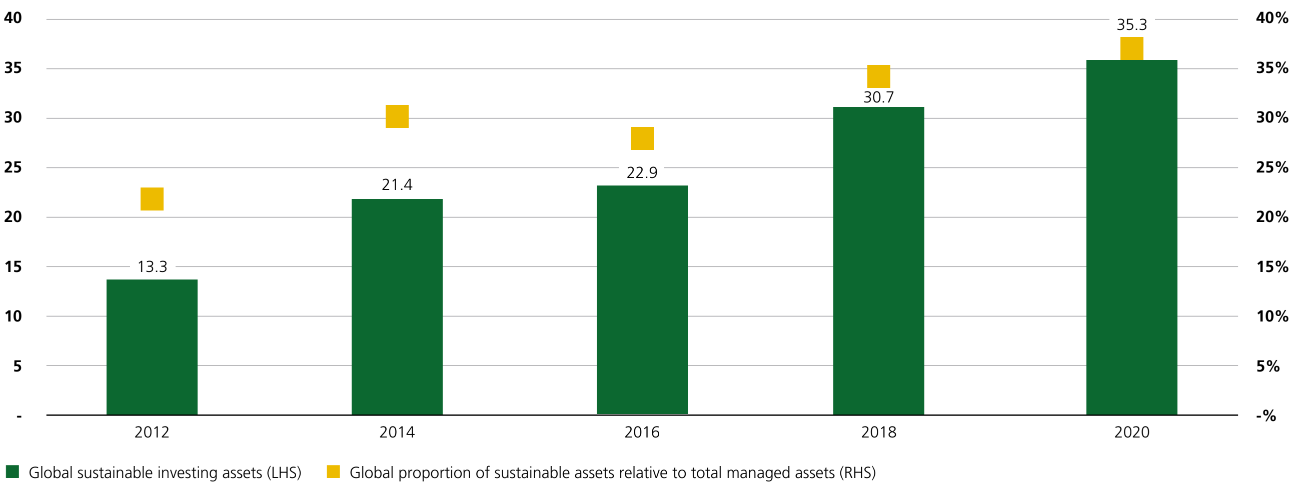
Geopolitical tensions, inflationary pressures and the most recent energy crisis have adversely affected capital markets globally, with few asset classes remaining unscathed and green bonds were no exception. However, it is encouraging to see issues recover in the second quarter, as regards green debt, especially since this recovery has been stronger than in the traditional segment of the market. However, it is inevitable that greater visibility means greater control.

While primary market activity in 2022 has so far been below expectations, the direction is clear: forecasts see green bonds playing an important role in tackling the unprecedented climate challenge ahead. According to the International Energy Agency, 1.5% of global GDP should be allocated to the fight against climate change. Of this, only a fraction will be funded by governments, while more and more investment from the private sector will need to go towards transition efforts. We believe that green bonds will continue to be one of the most effective tools for securing the necessary capital flows.

In 2021, 36% of all financial assets globally were managed with sustainable strategies. During the past 18 months, the share of financial assets linked to so-called "net zero targets" has more than tripled to $140 trillion. But sustainability does not only concern financial companies. The number of companies that have committed to net zero goals or had them approved by Science Based Targets has increased more than seven-fold since 2019 to 3,500 companies. Together they represent around 40% of the global market capitalization. At the beginning of 2020, the amount of Client Assets with a sustainable investment strategy in Europe, the United States, Canada, Australia, New Zealand and Japan reached $35.3 trillion, up approximately 15% and 55% compared to two and four years earlier. This equates to approximately 35.9% of total Client Assets (CA), up 33.4% and 27.9% since the start of 2018 and 2016, respectively.

Over the past 10 years, the market for sustainable investing has grown significantly. Currently over 35% of all business globally is operated with some form of sustainable linkage. Climate change is at the heart of sustainability goals, with 84% investing by 2024, up from 34% in 2020. The investment opportunities related to sustainability are very substantial. Development goals exceed $11 trillion, according to the UN. The Climate Policy Initiative believes that climate-related investments will need to increase seven-fold to achieve related targets by 2030. In addition to traditional asset managers/owners, other major participants in the sustainable investment landscape are banks, which collectively account for approximately 40% of the global financial system (approximately $150 trillion); in fact, with almost half (about $70 trillion) of global banking assets and more than 75% of global fossil fuel financing assets committed to achieving the target of net zero financed emissions by 2050, many have identified their own sustainable finance goals by 2030. To date, we have seen 9 of the world's top 10 largest lenders of fossil fuel activity commit to financed net zero emissions by 2050 and deliver sector targets.

Global sustainable investing assets with proportion of total managed assets (2012-20) in USD trn



Source: Global Sustainable Investment Review 2020.

2.3 Group competitive position

The Fideuram - Intesa Sanpaolo Private Banking is a leader in the provision of advisory support and financial products and services for high-end clients.

The Group's distribution model is built on four well-known brands, Fideuram, Intesa Sanpaolo Private Banking, Sanpaolo Invest and IW Private Investments. All four have consolidated reputations on the Italian market among customers and Personal Financial Advisers alike, strengthened by their Networks' constant ability to act as a reference point, synergistically bringing together not just individual professionals in the sector but entire companies as well. As part of the Group's foreign development project, further momentum to international growth came from the acquisition of CBP Quilvest, in order to expand the radius of action beyond national borders.
The Group has a leading position in its reference market (Asset Gathering), being ranked sixth in Europe and second in the Euro area for Client Assets.

The Group is, moreover, the undisputed leader of the Italian managed assets market and in the distribution of financial products through Networks of Personal Financial Advisers registered in the Unified Register of Financial Advisors, taking a very solid first place in the Assoreti ranking with a 41.1% market share at 31 December 2022 (amounting to approximately €287.4bn). Moreover, the Group took first place in 2022 both for total net inflows (€10.9bn).

Top 10 Private Banking operators in Europe

(31.12.2022 - €bn)

	CLIENT ASSETS
UBS [1]	2,639
Credit Suisse [2]	549
Julius Bar	431
BNP Paribas	411
HSBC	359
Fideuram - Intesa Sanpaolo Private Banking	327
Deutsche Bank [3]	262
Pictet [4]	249
Santander	237
ABN-AMRO	202

(1) Invested Assets (Global Wealth Management division).
(2) Client Assets of the Wealth Management division
(3) Client Assets of IPB Private Banking and Wealth Management (partially estimated figure)
(4) Figure at September 2022
Source: Internal processing based on financial statements, presentations, press releases and websites.

The following tables show the market breakdown of Client Assets and net inflows among the main Groups operating in Italy.

Market shares by Client Assets

(€bn)

	31.12.2022		31.12.2021	
	CLIENT ASSETS	% OF TOTAL CLIENT ASSETS	CLIENT ASSETS	% OF TOTAL CLIENT ASSETS
Fideuram Group (*)	287.4	41.1	310.4	39.5
Finecobank	93.2	13.3	94.6	12.0
Banca Mediolanum	92.9	13.3	96.6	12.3
Banca Generali Group	82.2	11.8	84.6	10.8
Allianz Bank	59.8	8.6	63.6	8.1
Credito Emiliano Group	40.6	5.8	41.1	5.2
Zurich Group	16.0	2.3	N/A	N/A
BNP Paribas Group	9.4	1.3	8.9	1.1
Mediobanca Group	7.8	1.1	7.6	1.0
Monte dei Paschi di Siena Group	7.5	1.1	8.2	1.0

(*) Includes the Client Assets of the Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking Networks and IW Private Investments.
N/A: not available
Source: Assoreti.

Total net inflows and into managed assets

(€bn)

	2022		2021	
	TOTAL NET INFLOWS	NET INFLOWS INTO MANAGED ASSETS	TOTAL NET INFLOWS	NET INFLOWS INTO MANAGED ASSETS
Fideuram Group (*)	10.9	2.3	16.1	11.2
Finecobank	8.8	3.0	9.9	7.1
Banca Mediolanum	7.3	3.0	7.8	5.9
Banca Generali Group	5.7	4.4	7.7	4.8
Allianz Bank	5.2	4.4	5.4	4.8
Credito Emiliano Group	2.2	1.2	2.3	2.1
BNP Paribas Group	1.4	1.2	1.7	1.2
Azimut Group	1.1	3.2	2.8	2.8
Mediobanca Group	1.0	3.2	1.5	1.2
Deutsche Bank Group	0.8	0.1	1.5	1.3

(*) Includes the deposits of the Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking Networks and IW Private Investments Networks.
Source: Assoreti.

2.4 Brand Equity and Customer Satisfaction

The Fideuram Group constantly monitors the perception that Italian Personal Financial Advisers have as regards the Fideuram and Intesa Sanpaolo Private Banking Networks, evaluating their rate of satisfaction and the reputation of the Brand.

BRAND EQUITY SURVEY

In the **FINER CF EXPLORER 2022** survey, the Fideuram Network confirmed its leadership position for the consideration of Italian financial advisors, **in terms of reputation and brand image** and for the component relating to the overall satisfaction of the financial advisor network. Fideuram boasts **97% of satisfied financial advisors**.

The survey was carried out based on 3,734 telephone interviews with the financial advisors of the 15 main networks in Italy.

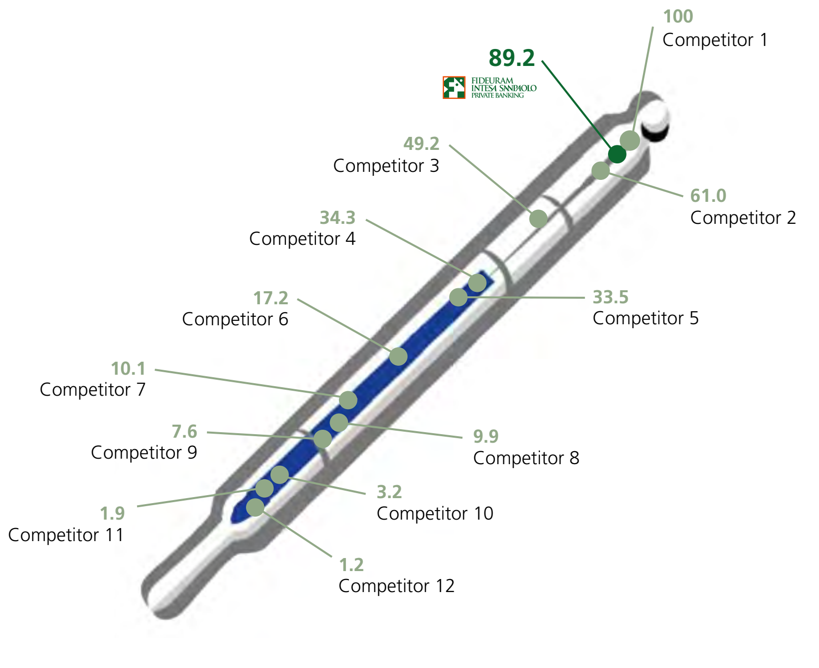
The survey revealed that Fideuram is recognized as one of the first places for seriousness and reliability, growth potential in the reference market, management expertise, advisory and training services, availability and competence of staff at headquarters, growth and career opportunities, as well employee satisfaction.

The **FINER PB EXPLORER 2022**, with its annual survey on the world of Italian personal financial advisers and wealth managers, has once again confirmed Intesa Sanpaolo Private Banking as the best Equity Brand in terms of consideration and appreciation from the Private Banking professionals.

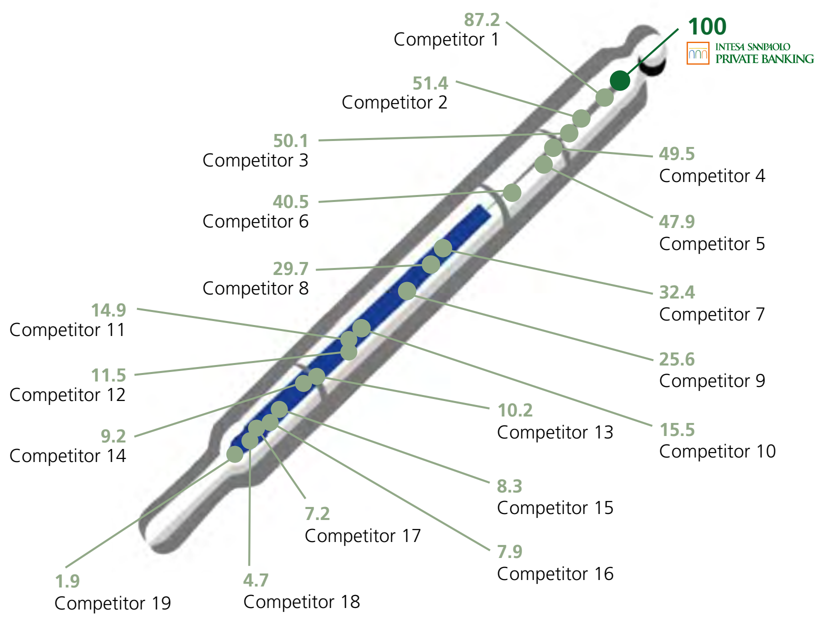
The survey was carried out based on 1,717 telephone interviews with Personal Financial Advisers from the 34 main and most significant Private Banking and Wealth Management organisations in Italy.

The strong sense of belonging and loyalty to the company of the commercial network remains unchanged and continues to be met through communication, the possibility of interacting with Management and the commitment towards Personal Financial Advisers; moreover, trust in the Company's management and Group was confirmed.

Synthetic index of Brand Equity 2022



Synthetic index of Brand Equity 2022



The positive assessment also refers to the breadth of the commercial offering, including wealth planning and corporate advisory services, specialized banking services including Internet Banking, the support received from network managers, the central structure and advisory desk.

CUSTOMER SATISFACTION SURVEY

The ability to create lasting customer relationships based on professionalism and trust is the key to success.

Listening to customers is a powerful tool that guides all stages of the relationship: in the definition and development of financial products and services, in the placement of products and in the measurement of satisfaction or dissatisfaction factors.

The listening process is designed to readily identify the latent needs to be addressed with the development of new products and services, the measurement of success and failure factors with a view to taking action where corrective measures are necessary.
The Customer Satisfaction survey was introduced a few years ago in order to obtain customers' opinions on the services offered and on the quality of relations with Personal Financial Advisers.

The analysis of Customer Satisfaction is one of the most important aspects for planning and checking the quality of our offered services. In a highly competitive environment like the current one, in which the development of digital channels makes it easy for customers to reach products independently, banks are increasingly attentive in analysing the satisfaction and changing needs of customers so as to meet their requirements promptly and effectively.

In 2022, a Customer Satisfaction survey was carried out by the Private Banking Division for customers of the Fideuram, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Private Banking Networks, taking into account the distinctive features of the service models.

33,893 customers responded to the survey (22,906 for Fideuram, 5,779 for Sanpaolo Invest, 1,774 for IW Private Investments and 3,434 for Intesa Sanpaolo Private Banking). The results confirmed a good level of customer satisfaction for all Networks: the relationship with the Personal Financial Adviser is always one of the fundamental elements in appreciating the service; in particular, customers recognize the Adviser's availability, competence and ability to propose solutions suited to their needs.

Net Promoter Score (NPS)

Fideuram/Sanpaolo Invest/ IW Private Investments Networks:

59

Intesa Sanpaolo Private Banking Network:

66

Customer Satisfaction Index (CSI)

Fideuram/Sanpaolo Invest/ IW Private Investments Networks:

8.3

Intesa Sanpaolo Private Banking Network:

8.5

The following aspects emerged from the survey:

- Fideuram, Sanpaolo Invest and IW Private Investments Networks: the survey confirmed that, in the current context, appreciation for solidity and reliability, for belonging to a large group and for the multi-channel system was consolidated further. Among the most valuable tools, customers confirmed the importance of financial and asset advice, but also online banking and digital tools. In 2022, the NPS indicator was 59 and the CSI indicator was 8.3. A good knowledge of ESG issues was confirmed: more than 60% customers know about this type of investment and 44% of them believe that ESG investments create value for themselves, for the community and for the environment.
- Intesa Sanpaolo Private Banking: the solidity and reliability of the Group, the professionalism of the bankers and branch staff, the understanding of customers' needs, the ability to make them feel privileged, as well as the attention to privacy and the ability to anticipate critical issues were all appreciated. In 2022, the NPS was 66 and the CSI 8.5. As regards ESG issues and products, it emerged that 53% of customers involved know these products, 34% already have them in their portfolio and over 65% of the sample, with returns being equal, prefer to invest in these instruments.

2.5 Group strategy

BUSINESS PLAN 2022-2025

In recent years, the Intesa Sanpaolo Group has demonstrated that it is capable of generating value for all stakeholders, achieving excellent results even in a challenging external landscape characterised, for example, by the crisis generated by Covid-19, the uncertainty caused by the Ukraine conflict, rising inflation, the growing competitiveness of international competitors and new tech-oriented operators and increased regulatory pressure.

Fideuram - Intesa Sanpaolo Private Banking is already well poised to take full advantage of market opportunities, thanks to the new distinctive skills it has acquired in recent years, partly through the integration of various Italian and international companies, to its ongoing investments in technology, digital channels and ESG, and to an efficient and streamlined operating model that evolves proactively, anticipating new market dynamics.

The objectives of the new business plan are in the following areas:

1. **Strengthening the Division's identity** identity by fully tapping the potential of its People and their skills. The key activities include:
   - Continuation of the 'Value & Purpose' project to share common values within the Division.
   - Management training and the evolution of digital culture.
   - Further optimisation of the recruiting machine, with dedicated strategies for the acquisition of teams of Consultants and Personal Financial Advisers, also to bring new blood into the Networks, and organisation and segmentation of the Consultant Networks to differentiate management, training, development and induction of young talents.
   - Consolidation of head office and branch units by hiring young talents to cope with the specialist skills required for plan initiatives (e.g., Credit, Digitalisation, Analytics) and to support growth.
   - Development of innovative contractual forms (e.g., mixed contracts).
2. **Consolidate the core business in Italy**, positioning Fideuram - Intesa Sanpaolo Private Banking as the Group's centre of excellence in Wealth Management and specialising the Service Models.

   To achieve this goal, it will aim to:
   - Increasingly build a complete and dedicated product offering by customer segment with the updating of the product range in innovative areas (e.g., alternative investments, ESG products), in continuous collaboration with Eurizon/Epsilon/Eurizon Capital Real Asset (ECRA) and leveraging external partnerships.
   - Increase lending to the Private segment by improving the product catalogue (e.g., new Lombard loans, mortgages for HNWIs) and strengthen the credit platform in terms of supporting tools and skills.
   - Introduce a CRM system to support the commercial offering using Advanced Analytics/AI technology and evolving the Service Model of the Networks and the direct channel.
   - Strengthen the service model dedicated to the management of large assets and Family Office and create a service dedicated to Lower Private and Young customers.
   - Consolidate the premium advisory model by incorporating ESG principles and including real estate advice.
   - Introduce cutting-edge solutions (e.g., Robo Advisory) to support the commercial offering and in a multi-channel perspective.
3. **Strengthen and expand the international business**, business by reinforcing our European leadership in Wealth Management, also by hiring Personal Financial Adviser teams and evaluating possible selective small acquisitions in strategic geographic areas. Specifically, the main activities include:
   - Definition of a distinctive value proposition for each country covered.
   - Development of synergies with the domestic customer base.
   - Launch and enhancement of the digital channel, also by leveraging other Group initiatives as growth tools in countries with limited Network presence and/or specific customer segments.
   - Further development of a product offering dedicated to international customers (e.g., Private Insurance, RAIF).
   - Development of international factories as specialist competence centres of the Group.
   - Start of the convergence process of the Group's international IT platforms.

4. **Developing the digital channel of Banca Diretta & Advanced Trading**, through the development of an investment and trading platform dedicated to customers with a significant technological inclination and limited use of traditional channels, centred on the evolution of the digital service model. The initiatives in this area are:
    - Creation of a new digital channel for customers who prefer to manage their investments themselves and strengthening of the hybrid service model for financial advisors.
    - Development of digital products and services (e.g., Robo Advisor, channels for self-service activities).
    - Enhancement of the investment and trading platform (Fideuram Direct) to offer distinctive services to customers with significant technological appetite and limited use of traditional channels.
    - Introduction of Advanced Analytics systems to manage customer journeys between different channels and maximise cross-selling.
    - Development of an online consulting tool dedicated to international customers, leveraging Alpian's innovative digital platform.

5. **Integrate ESG aspects** across the board into the business proposition, operating model and Division processes.

The main activities include:

- Introduction of initiatives and best practices to reduce the Division's environmental impact, also in line with the Group's initiative plan.
- Consolidation of the Division's leadership in the Italian and European markets with regard to ESG governance aspects, leveraging its membership of NZAMI.
- Integration of commercial tools that enhance the ESG value proposition.
- Set-up of IT tools for defining and monitoring sustainability parameters.
- Integration of ESG factors in all Division processes also in line with Group standards.
- Introduction of a best-in-class ESG advisory service through the definition of a new ESG advisory model aimed at assisting customers, also by implementing dedicated customer journeys and the set-up of dedicated ESG teams within the networks with the introduction of specialist skills through ESG training.
- Creation of a dedicated ESG product offering.
- Definition of specific targets and sustainable investment policies per sector/customer.
- Analysis of the integration of sustainability factors for third-party companies and their products.

Fideuram and Sanpaolo Invest - Trento office

Further information on page 87

Total net inflows

€**12.9bn**
(including €**2.1bn**
inflows into managed assets)

R.O.E.
30%
Cost / Income Ratio
34%

3. Performance

3.1 Overview of 2022

In an economic context affected by the uncertainty of geopolitical conditions and progressively increasing inflation, the Fideuram - Intesa Sanpaolo Private Banking Group closed 2022 with a consolidated net profit of €1.1bn, down €31m compared to 2021 (-3%). Excluding non-recurring income of €219m (€164m after taxes) from the first quarter of the year, with the sale of the Custodian Bank and Fund Administration business unit of Fideuram Bank (Luxembourg), net profit increased by €133m, (+14%). The Cost / Income Ratio stood at 34%, an improvement from 35% the previous year. The Return On Equity (R.O.E.) was 30% (34% at the end of 2021).

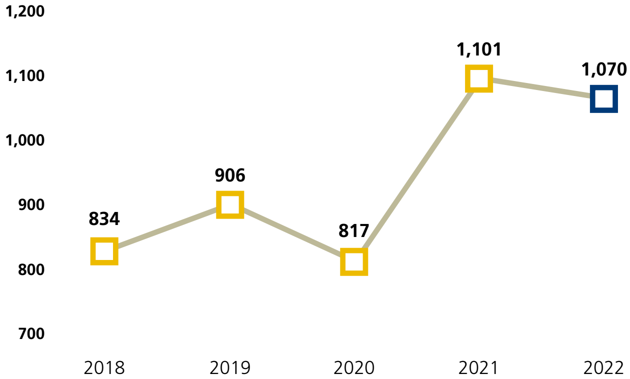
The analysis of the main income statement items shows that net operating income increased by €85m (+4%) due to the growth in the interest margin (+€202m) and result from financing activities (+€4m), partly offset by the decline in net interest income (-€115m) and result of equity investments and other income (-€6m). Instead, net operating costs (+€18m), adjustments to loans (+€15m) and non-recurring income (-€220m) moved in the opposite direction. Provisions for risks and charges registered a positive change of €49m. Gross income amounted to €1.6bn down 7% compared to 2021.

Fideuram - Intesa Sanpaolo Private Banking - Turin, Registered Office

At 31 December 2022, there were a total of 6,648 Personal Financial Advisers, up from 6,621 at 31 December 2021. Client Assets per Personal Financial Adviser at 31 December 2022 amounted to around €49m, down from €53m in 2021. The Group's workforce consisted of 4,185 employees, up from 4,151 employees at 31 December 2021. There were 268 bank branches and 399 Personal Financial Advisers' offices.

Consolidated net profit (*)

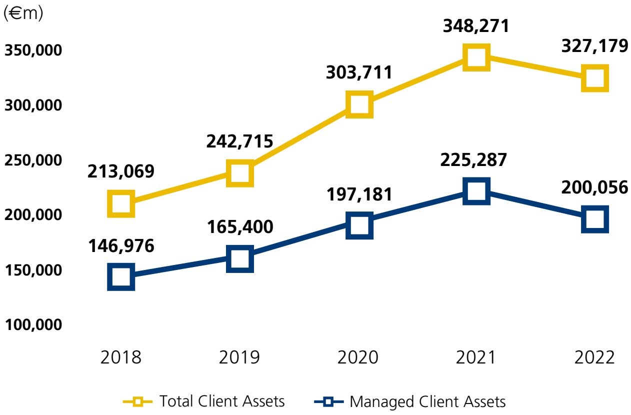
(€m)



(*) Consolidated net profit for 2021 includes, for €164m, the net capital gain realised on the sale of the Custodian Bank and Fund Administration Business unit of Fideuram Bank (Luxembourg).

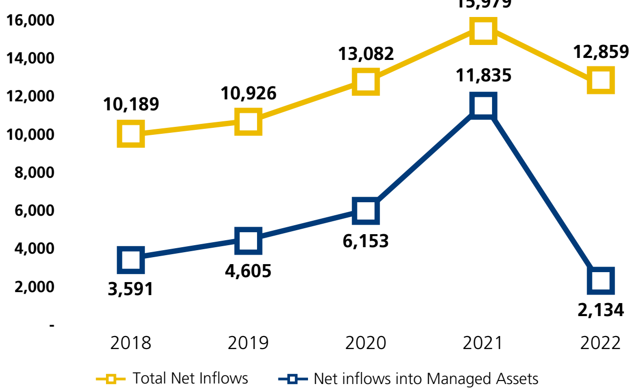
Client Assets (**)

(€m)



Net Inflows (**)

(€m)



(**) The figures for 2021 and 2020 were restated on a consistent basis to take account of changes in the scope of consolidation. The figures for 2019 and 2018 were not restated.

3.2 Reclassified financial statements

Consolidated balance sheet

(reclassified - €m)

	31.12.2022	31.12.2021 (*)	CHANGE	
			AMOUNT	%
ASSETS				
Cash and cash equivalents	5,873	4,464	1,409	32
Financial assets measured at fair value through profit or loss	618	554	64	12
Financial assets measured at fair value through other comprehensive income	3,096	3,125	(29)	-1
Debt securities measured at amortised cost	19,916	20,776	(860)	-4
Loans to banks	14,465	20,352	(5,887)	-29
Loans to customers	15,104	14,450	654	5
Hedging derivatives	317	32	285	n.s.
Equity investments	232	238	(6)	-3
Property and equipment and intangible assets	1,227	1,106	121	11
Tax assets	273	191	82	43
Other assets	1,750	1,621	129	8
TOTAL ASSETS	**62,871**	**66,909**	**(4,038)**	**-6**
LIABILITIES				
Due to banks	5,419	4,000	1,419	35
Due to customers	50,847	56,306	(5,459)	-10
Financial liabilities held for trading	21	30	(9)	-30
Hedging derivatives	344	730	(386)	-53
Tax liabilities	177	211	(34)	-16
Other liabilities	1,724	1,729	(5)	-
Provisions for risks and charges	523	649	(126)	-19
Share capital, reserves and equity instruments	2,745	2,218	527	24
Equity attributable to non-controlling interests	1	(65)	66	n.s.
Net profit	1,070	1,101	(31)	-3
TOTAL LIABILITIES	**62,871**	**66,909**	**(4,038)**	**-6**

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)

	2022 (*)	2021 (*)	CHANGE	
			AMOUNT	%
Net interest income	419	217	202	93
Net profit (loss) on financial assets and liabilities	60	56	4	7
Net fee and commission income	1,980	2,095	(115)	-5
INTERMEDIATION MARGIN	**2,459**	**2,368**	**91**	**4**
Profit on equity investments and other income (expense)	17	23	(6)	-26
NET OPERATING INCOME	**2,476**	**2,391**	**85**	**4**
Personnel expenses	(484)	(470)	(14)	3
Other administrative expenses	(284)	(285)	1	-
Depreciation and amortisation	(81)	(76)	(5)	7
NET OPERATING EXPENSES	**(849)**	**(831)**	**(18)**	**2**
OPERATING MARGIN	**1,627**	**1,560**	**67**	**4**
Net impairment of loans	(12)	3	(15)	n.s.
Net provisions for risks and charges and net impairment of other assets	12	(37)	49	n.s.
Net non-recurring income (expenses)	(1)	219	(220)	n.s.
GROSS INCOME (LOSS)	**1,626**	**1,745**	**(119)**	**-7**
Income taxes for the year on continuing operations	(464)	(507)	43	-8
Integration and voluntary redundancy expenses (net of tax)	(36)	(37)	1	-3
Effects of purchase price allocation (net of tax)	(21)	(22)	1	-5
Expenses regarding the banking system (net of tax)	(36)	(33)	(3)	9
Net profit (loss) attributable to non-controlling interests	1	(45)	46	n.s.
NET PROFIT	**1,070**	**1,101**	**(31)**	**-3**

n.s.: not significant

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

3.3 Customer financial assets

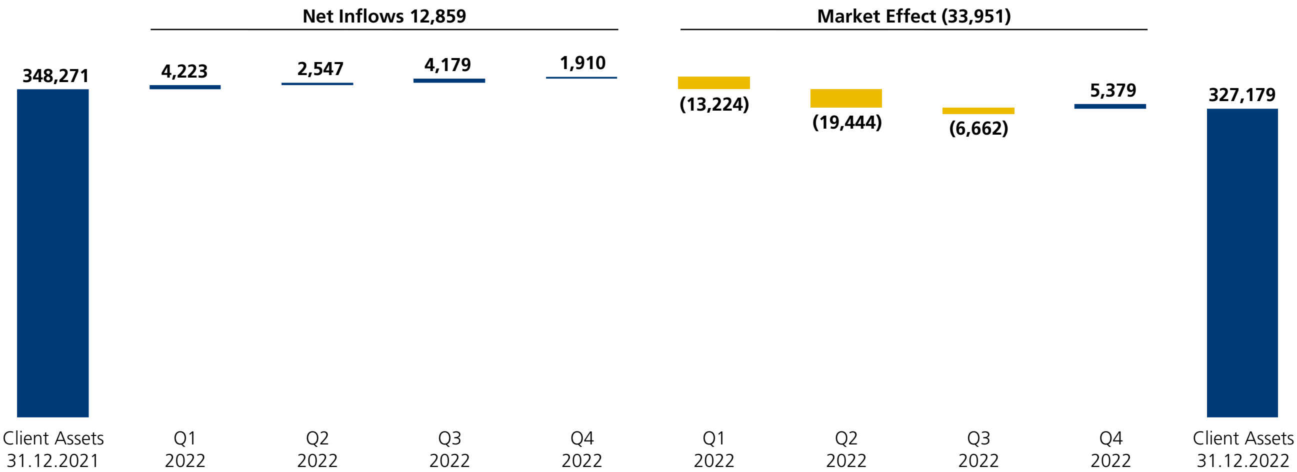
€327.2 bn

Client Assets

Client Assets at 31 December 2022 amounted to **€327.2bn,** down €21.1bn, compared to 31 December 2021. This dynamic is attributable to market performance, which was affected by the repercussions of the military conflict between Russia and Ukraine, with an adverse impact on assets of €34bn. Conversely, net inflows were positive for €12.9bn.

Trend in Client Assets (*)

(€m)



An analysis by aggregate shows that the **managed assets** component (61% of total client assets) amounted to **€200.1bn**, down €25.2bn on the end-2021 figure. The reduction concerned mutual funds (-€13.8bn), discretionary accounts (-€5.7bn) and life insurance (-€5.6bn).
Non-managed assets increased to a total of **€127.1bn**, or €4.1bn higher than at 31 December 2021.

Client Assets (*)

(€m)

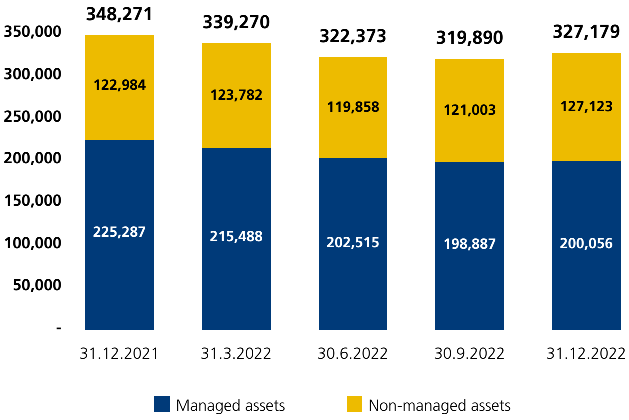
	31.12.2022	**31.12.2021**	**CHANGE**	
			AMOUNT	**%**
Mutual funds	69,735	83,558	(13,823)	-17
Discretionary accounts	62,337	68,064	(5,727)	-8
Life insurance	64,834	70,434	(5,600)	-8
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*40,245*	*46,313*	*(6,068)*	*-13*
Pension funds	3,150	3,231	(81)	-3
Total managed assets	**200,056**	**225,287**	**(25,231)**	**-11**
Total non-managed assets	**127,123**	**122,984**	**4,139**	**3**
including: Securities	*82,157*	*74,502*	*7,655*	*10*
Total Client Assets	**327,179**	**348,271**	**(21,092)**	**-6**

(*) Figures restated 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 (*)

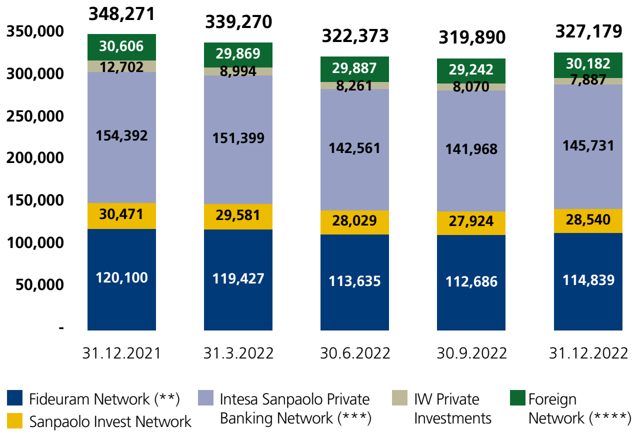
(€m)



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

Client Assets - by Sales Network (*)

(€m)



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

(**) Starting from the first quarter of 2022, the Fideuram Network has included the Banca Diretta business unit (previously included in the IW Private Investments Network).

(***) The figures for the Intesa Sanpaolo Private Banking network include the Client Assets of Siref Fiduciaria.

(****) The international network includes the Client Assets of Reyl, Fideuram Bank (Luxembourg) and CBP Quilvest.

Fideuram - Forlì Office

3.4 Inflows into managed and non-managed assets

€12.9 bn

Net inflows

The Group's sales Networks brought in **€12.9bn** of **net inflows** in 2022, down €3.1bn compared to 2021 (-20%). Aggregate analysis shows that asset management deposits decreased by €9.7bn compared to the previous year, largely attributable to the activities of the Group's financial advisors who directed customer savings flows towards liquid instruments and the bond and money markets. Non-managed assets, positive by €10.7bn, increased by €6.6bn compared to 2021.

Net inflows (*)

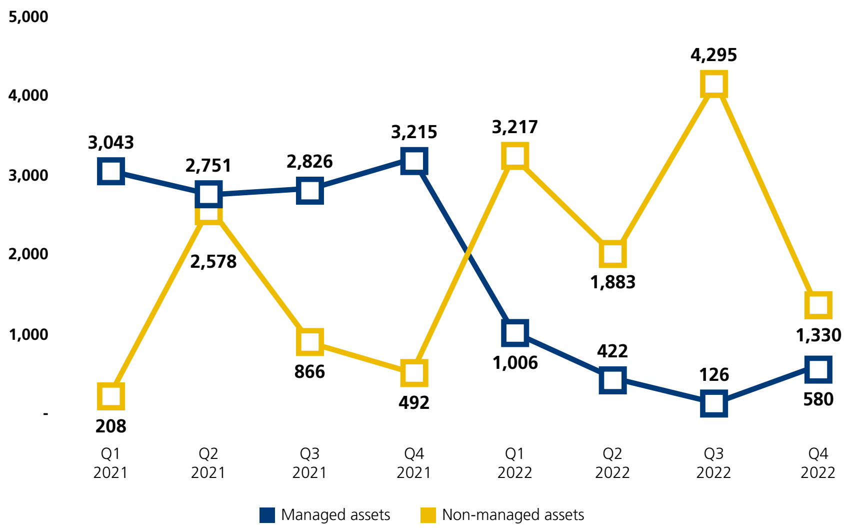
(€m)

	2022	2021	CHANGE	
			AMOUNT	%
Mutual funds	(2,058)	1,726	(3,784)	n.s.
Discretionary accounts	3,317	7,107	(3,790)	-53
Life insurance	620	2,740	(2,120)	-77
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*450*	*2,401*	*(1,951)*	*-81*
Pension funds	255	262	(7)	-3
Total managed assets	**2,134**	**11,835**	**(9,701)**	**-82**
Total non-managed assets	**10,725**	**4,144**	**6,581**	**159**
including: Securities	*14,553*	*803*	*13,750*	*n.s.*
Total Net inflows	**12,859**	**15,979**	**(3,120)**	**-20**

n.s.: not significant

Trend Net inflows (*)

(€m)



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

3.5 Customer segmentation

CLIENT ASSETS at 31 December 2022

- Fideuram: €114,8bn
- Sanpaolo Invest: €28.6bn
- Intesa Sanpaolo Private Banking: €141.4bn
- IW Private Investments: €7.9bn
- Siref Fiduciaria: €4.3bn (*)
- International network: €30.2bn

(*) The figure does not include the fiduciary mandates regarding Group Client Assets. Fiduciary mandates. The total number of fiduciary mandates is 52,746, with total Client Assets of €11.8bn.

CUSTOMERS at 31 December 2022

- Fideuram: no. 724,103
- Sanpaolo Invest: no. 174,460
- Intesa Sanpaolo Private Banking: no. 46,628 (**)
- IW Private Investments: no. 60,251
- Siref Fiduciaria: no. fiduciary mandates 1,714 (*)
- International network: no. 8,396

(**) 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 (***)

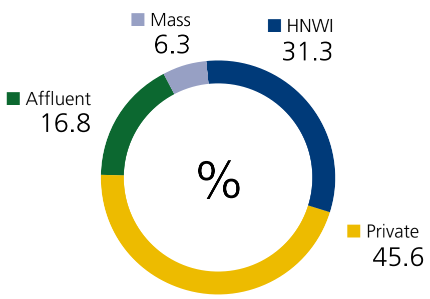
(€m)

	31.12.2022	31.12.2021 (****)	CHANGE AMOUNT	CHANGE %
High Net Worth Individual customers	102,492	103,832	(1,340)	-1
Private Banking customers	149,175	168,746	(19,571)	-12
Affluent customers	54,930	56,550	(1,620)	-3
Mass-Market customers	20,582	19,143	1,439	8
Total	**327,179**	**348,271**	**(21,092)**	**-6**

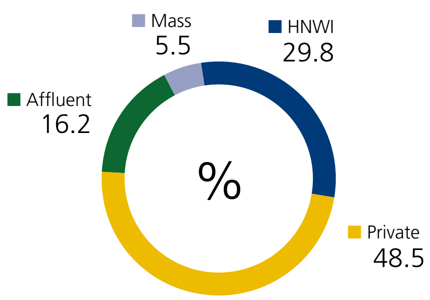
(***) The Fideuram Group's customers are segmented as follows:
High Net Worth Individuals: customers with financial assets potentially totalling in excess of €10,000,000.
Private Banking customers: customers with financial assets totalling between €500,000 and €10,000,000.
Affluent: customers with financial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

Percentage of client assets by type of customer

31.12.2022



31.12.2021 (****)



3.6 Advanced advisory services

€42.1bn

Advanced Advisory Services Client Assets

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, and is supported by the strength of a Group with four recognised brands: Fideuram, Intesa Sanpaolo Private Banking, Sanpaolo Invest and IW Private Investments that contribute decisively 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 Service: 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 Service.
- VIEW (Value Investment Evolution Wealth) Advanced Advisory Service: 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 service, 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 Service: 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 62,000 customers were subscribed to our Advanced Advisory Services at the end of December 2022, accounting for approximately €42bn of Client Assets.

The customer and Client Assets data for our Advanced Advisory Services are shown below.

62 k

Customers subscribed to Advanced Advisory Services

Customers subscribed to Advanced Advisory Services

(number)

	31.12.2022	31.12.2021	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	1,264	1,038	226	22
Private Banking customers	16,413	19,244	(2,831)	-15
Affluent customers	29,011	30,132	(1,121)	-4
Mass-Market customers	15,100	13,356	1,744	13
Total	**61,788**	**63,770**	**(1,982)**	**-3**

Advanced Advisory Service Client Assets

(€m)

	31.12.2022	31.12.2021	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	9,732	8,524	1,208	14
Private Banking customers	23,830	29,333	(5,503)	-19
Affluent customers	7,545	7,952	(407)	-5
Mass-Market customers	964	772	192	25
Total	**42,071**	**46,581**	**(4,510)**	**-10**

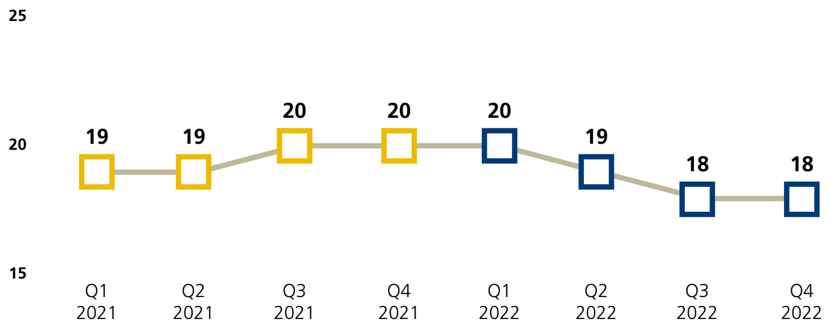
Advanced Advisory Service fee and commission income

(€m)

	2022	2021	CHANGE	
			AMOUNT	%
Fee and commission income	116	124	(8)	-6
Fee and commission expense	(41)	(46)	5	-11
Net fee and commission income	**75**	**78**	**(3)**	**-4**

Quarterly Advanced Advisory Service fee and commission income

(€m)



3.7 Financial risk

The main risks and uncertainties that the Group faces in doing business in the current macroeconomic and market scenario are summarised below.

GOING CONCERN

The Group ended this year with net profit totalling €1.1bn and a Return on Equity of 30%. Financial resources acquired as customer deposits through current accounts, deposits and repurchase agreements totalled €50.8bn, down 10% compared to the end of 2021. Consolidated shareholders' equity totalled €3.8bn. Fideuram's own funds totalled €1.6bn and its Total Capital Ratio was 17.4%. The Fideuram Group voluntarily estimates its consolidated capital requirements, taking its membership of the Intesa Sanpaolo Banking Group into account. At 31 December 2022, our Common Equity Tier 1 Ratio was estimated to be 15.8% and the Total Capital Ratio 16%.

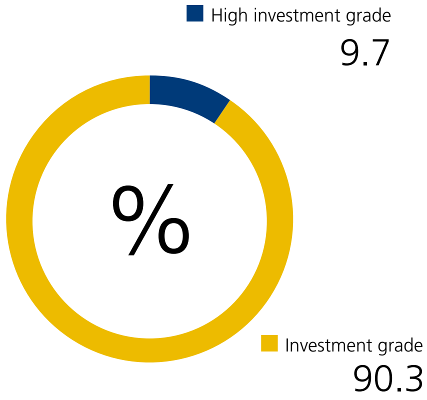
The Group's stability has a fivefold foundation:

- a business model which integrates production and distribution;
- sustainable revenue deriving mainly from recurring fees generated by a solid base of Client Assets;
- appropriate staff distribution across our branches and networks, with a good balance between fixed and variable costs;
- a structured risk monitoring system on different control levels;
- effective management of legal and tax disputes with sufficient provisions set aside (the provision for litigation, securities in default and complaints totalled 2% of consolidated shareholders' equity).

SECURITIES HOLDINGS AND RELATED FINANCIAL RISKS

In regard to the method used to determine the fair value of the bonds held in its portfolio, the Group continued referring directly to market values and made only marginal use of financial models for the pricing of unlisted or illiquid assets.
The banking book, which totalled €57bn at 31 December 2022 (€61bn at 31 December 2021), consisted of €34bn in current accounts and loans to banks and customers, with the remainder being comprised of bonds and hedging derivatives. 8% of the securities portfolio consisted of Italian government bonds and 79% of bonds issued by Intesa Sanpaolo Group companies. A negative reserve for financial assets measured at fair value through other comprehensive income was recorded under shareholders' equity at year-end, totalling -€39m (a positive €19m at 31 December 2021). The €58m negative change resulted from decreases in fair value recorded by the bond portfolio.
Analysis of the portfolio showed continued high loan quality: with 9.7% of the investments having a high investment grade rating and 90.3% belonging to the investment grade.
The Group's total exposure to interest rate risk (shift sensitivity) was mitigated following a strategy of making asset swap contracts linked to the individual fixed-coupon bonds in the portfolio.

Composition of portfolio



LIQUIDITY RISK

Analysis of the Group's consolidated liabilities shows the prime role of customer deposits, which totalled approximately €50.8bn at year-end and principally consisted of current accounts and deposits that are highly stable over time. More volatile markets exposed to crisis of confidence situations, such as the money market (through interbank loans), are conversely allocated a more limited role in funding the Group's business.
Liquidity from liabilities is mainly invested in a portfolio of securities with medium/long-term maturities containing a substantial proportion of eligible securities. The Group has put in place a liquidity monitoring system based on the quantification of inflows and outflows, focusing its controls both on indicators quantifying short-term risk and on structural liquidity indicators, aiming to monitor and manage mismatch risk regarding the medium/long-term maturities of assets and liabilities.

CONCLUSIONS

The Group's business model and the strategies adopted to put our future growth plans into effect leave us strongly placed to tackle the volatility of the financial markets without any impact on our business continuity.

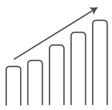
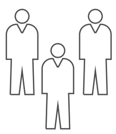
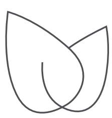
The following are shown below for the principal activities of the Group: the type of risk, the mitigation measures adopted and the stakeholders involved. The impact of each activity on the income statement is also illustrated.

	ACTIVITY	TYPE OF RISK	RISK MITIGATION MEASURES	INCOME EFFECTS	STAKEHOLDERS INVOLVED
INCOME	The Group specialises in the provision of **financial advisory services** and the development, **management and distribution** of banking, insurance, pension and investment products through its Personal Financial Adviser Networks and through the Banca Diretta services	Operational risk Reputational risk Performance risk Social risk	- Application of Intesa Sanpaolo operational risk measurement, management and control guidelines - Establishment of a litigation fund for any legal proceedings - Insurance policy taken out to cover any offences by Personal Financial Advisers - Dynamic customised management of Client Financial Assets - Commercial Due Diligence for Private Banking customers - In-depth knowledge of customers and counterparties and compliance with regulations regarding anti-money laundering and combating the financing of terrorism	- Fee and commission income - Other income	CUSTOMERS PERSONAL FINANCIAL ADVISERS SHAREHOLDER COMMUNITY
INCOME	The Group **operates on the financial markets** as a proprietary trader, buying and selling financial instruments and putting instruments in place to mitigate the related risks	Credit risk Liquidity risk Market risk Operational risk	- Application of the Group Investment Policy which subjects the securities holdings to limits regarding asset allocation, rating, currency area, geographical area, sector and counterparty concentration - Monitoring current exposures and auditing hedge effectiveness	- Net interest income - Net profit (loss) on financial assets and liabilities	SHAREHOLDER
INCOME	The Group provides **loans** to its customers and operates on the interbank market	Credit risk Liquidity risk Market risk Operational risk Environmental risk	- Acquisition of collateral and personal security or irrevocable mandates to sell financial instruments - Analysis of counterparty creditworthiness, monitoring of any deterioration in collateral and regular reviews of every position - Inclusion on environmental risk in the creditworthiness assessment, gathering specific supplementary information concerning customers belonging to the most risky sectors	- Interest income	SHAREHOLDER CUSTOMERS COMMUNITY
COSTS	The Group's main sources of **inflows** are deposits and current accounts (banks and customers)	Liquidity risk Market risk Operational risk	- Liquidity control, maintaining a balanced relationship between inflows and outflows in both the short and medium-to-long term	- Interest expense	SHAREHOLDER CUSTOMERS
COSTS	The Group **invests in its people**: Employees Personal Financial Advisers	Operational risk Reputational risk Social risk	- Training activities - Development of written procedures, circulars and regulations - Personnel selection policies respecting human rights	- Personnel expenses - Fee and commission expense - Net provisions for risks and charges - Other expense	EMPLOYEES PERSONAL FINANCIAL ADVISERS SHAREHOLDER COMMUNITY
COSTS	The Group **invests in its operating departments**	Operational risk Reputational risk Environmental risk	- Application of internal regulations regarding expenditure which aim to ensure continual improvement in quality standards and an attentive supplier selection process	- Other administrative expenses - Depreciation and amortisation	CUSTOMERS EMPLOYEES PERSONAL FINANCIAL ADVISERS SUPPLIERS SHAREHOLDER
COSTS	The Group **procures goods** and services as part of its daily operations	Social risk Environmental risk	- Ethical suppliers - Professional assignments respecting human rights	- Other administrative expenses	SUPPLIERS SHAREHOLDER

3.8 Financial and non-financial results

The Fideuram Group uses the resources at its disposal in the value creation process by means of its business model and modifies them in line with its strategies. The Group has five strategic objectives, which combine to enable it to achieve its prime objective of creating sustainable value over time.

In the process of creating value, the Group allocates, modifies and makes use of the following types of capital:

 **Financial** capital	Funds available to the Group, obtained from diverse internal and external sources of finance for use in the conduct of its business.
 **Productive** capital	Property owned, bank branches, Personal Financial Advisers' offices and plant and equipment necessary to conduct our business.
 **Intellectual** capital	Intangible assets and knowledge that bring to the Group a competitive advantage, including the processes and procedures, intellectual property and other intangible assets associated with our brand and its reputation.
 **Human** capital	The capital formed by the skills, abilities and knowledge of the people who work in the Group, including our Personal Financial Advisers and employees.
 **Relational** capital	Intangible resources attributable to the Group's relations with its key stakeholders, necessary to enhance its image and reputation.
 **Natural** capital	Set of processes and environmental resources, both renewable and otherwise, which contribute to generating goods or services for the Group's business.

Below there is a connection grid showing the contribution of the different types of capital to the value creation process, indicating the relations between the capital, the Group's strategic objectives and its Key Performance Indicators. The grid shows the procedures used by the Group to achieve its strategic objectives by combining the different types of capital available, following its business model.

STRATEGIC OBJECTIVES

	STRENGTHEN THE IDENTITY OF THE DIVISION	CONSOLIDATE THE CORE BUSINESS IN ITALY	EXPAND INTERNATIONAL BUSINESS	DEVELOPMENT OF THE DIRECT BANKING DIGITAL CHANNEL AND ADVANCED TRADING	INTEGRATE ESG FACTORS
Financial capital	- Net profit - Net fees and commissions - Personnel expenses - Wealth created	- Net Profit - Net Fees and Commission - Client Assets - Client Assets by customer group - Wealth created - Number of customers subscribing to the Advanced Advisory service - Advanced Advisory Services Client Assets	- Net Profit - Net Fees and Commission - Client Assets - Client Assets by customer group - Wealth created	- Net Profit - Net fee and commission income - Client Assets - Wealth created	- Client Assets of Products under Art. 8 and Art. 9 of the SFDR - Donations and Sponsorships
Productive capital	- Client Assets by Business Area - Personal Financial Advisers by Geographical and Business Area	- Area presence of the Group's logistical structure - Strengthening of operations in Private Banking Customer Centres and HNWI Branches in key geographical areas - Personal Financial Advisers by geographical and commercial area	- Growth of offices in strategic international centres - Area presence of the Group's logistical structure - Personal Financial Advisers by geographical and commercial area	- Development of direct customer service channel	- Implementation of measures in branches and offices to reduce environmental impact on the area
Intellectual capital	- Strengthening the organisational structure dedicated to institutional communication and training	- Strengthening of digital tools to support of the consultancy - Strengthening of the garrison organization dedicated to training	- Growth in foreign markets with high development potential	- Fideuram Alfabeto 2.0 - Aladdin platform - Investments in operating systems - Consolidation of online services - Personalised offered advice - Fideuram Direct Platform	- Consolidation of the ESG product offering - Integration of Sustainability Criteria into Advisory
Human capital	- Recruitment of highstanding Personal Financial Advisers - Composition of employees and Personal Financial Advisers by grade and age - Training hours for employees and Personal Financial Advisers - Highly specialised training	- Recruitment of highstanding Personal Financial Advisers - Turnover by gender and age - Assessment of Personal Financial Adviser satisfaction	- Recruitment of Personal Financial Advisers with high standing and international experience - Employees by region	- Online Training - Digital Specialist	- ESG skills development of employees and Personal Financial Advisers
Relational capital	- Number of clients per Personal Financial Adviser - Client Assets / number Personal Financial Advisers - Total Net Inflows / number Personal Financial Advisers - Net Promoter Score and Customer Satisfaction Index	- Online events for customers - Image and product communication in print and on the internet - Complaint response time	- Number of customers - Number of customers per Personal Financial Adviser	- Extension of digital customer interaction features - Number of customer contacts received by the Customer Care Service	- Commitment to sustainable finance - Improving corporate image, reputation and customer and community satisfaction
Natural capital	- Reduced paper consumption thanks to the digitisation of forms and the use of biometric signatures and remote digital signatures	- Reduced emissions (net zero initiative)	- Reduced emissions (net zero initiative)	- Reduced paper consumption with the digitisation of forms and the use of biometric signatures and remote digital signatures	- Reduced emissions (net zero initiative) - Improvement of environmental KPIs, with a focus on greenhouse gas emissions (scope 1, scope 2 and scope 3)

3.8.1 **Financial** capital

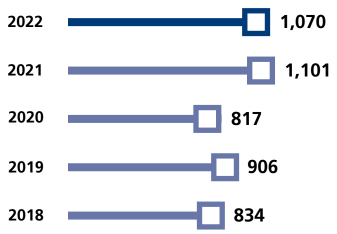
Financial Capital is the set of funds available to the Group and the performance resulting from the use of these funds.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Protection of the Group's solidity and profitability Capital adequacy Tax governance Competitiveness on the market Contribution to the real economy Contribution to employment Social prosperity	The Group provides products and services of excellence tailored to customer needs through careful advice by highly qualified professionals with particular attention to transparency and compliance with the rules.	The Code of Ethical Conduct is a voluntary self-regulatory tool and an integral part of the Corporate Social Responsibility management model. It contains the mission, corporate values, and principles that govern relations with stakeholders, beginning with the corporate identity. In certain particularly important areas (e.g. human rights, protection of employee rights, environmental protection, the fight against corruption), it cites rules and principles consistent with the best international standards.

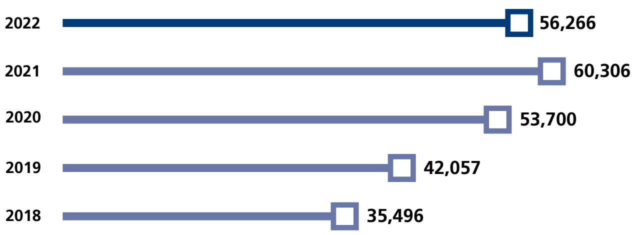
KEY INDICATORS (*)

Group shareholder's equity
(€m)

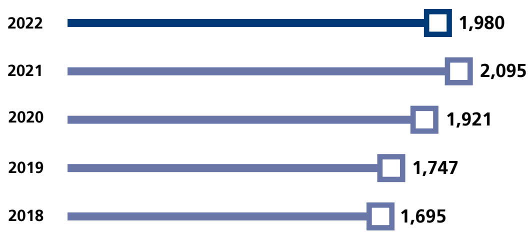
Consolidated net profit
(€m)



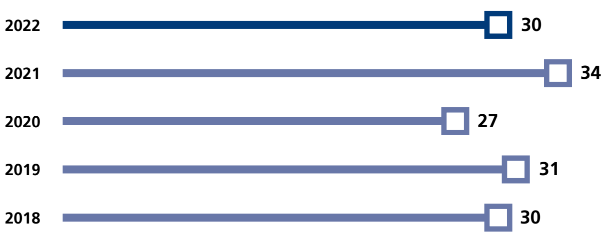
Bank and customer deposit
(€m)



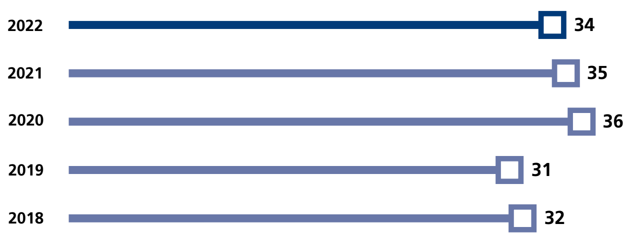
Net fee and commission income
(€m)



R.O.E.
(%)



Cost / Income Ratio
(%)



(*) The figures for 2021 and 2022 were restated, where necessary, to take account of changes in the scope of consolidation; shareholders' equity and consolidated net profit were not restated. The figures for 2018, 2019 and 2020 were not restated.

ANALYSIS OF THE INCOME STATEMENT

The Fideuram - Intesa Sanpaolo Private Banking Group ended 2022 with consolidated net profit of €1.1bn, down by €31m from 2021 (-3%). Excluding the net capital gain of €164m realised in the first quarter of the previous year with the sale of the Custodian Bank and Fund Administration Branch of Fideuram Bank (Luxembourg), net profit increased by €133m (+14%).

Consolidated income statement

(reclassified - €m)

	2022 (*)	2021 (*)	CHANGE	
			AMOUNT	%
Net interest income	419	217	202	93
Net profit (loss) on financial assets and liabilities	60	56	4	7
Net fee and commission income	1,980	2,095	(115)	-5
INTERMEDIATION MARGIN	**2,459**	**2,368**	**91**	**4**
Profit on equity investments and other income (expense)	17	23	(6)	-26
NET OPERATING INCOME	**2,476**	**2,391**	**85**	**4**
Personnel expenses	(484)	(470)	(14)	3
Other administrative expenses	(284)	(285)	1	-
Depreciation and amortisation	(81)	(76)	(5)	7
NET OPERATING EXPENSES	**(849)**	**(831)**	**(18)**	**2**
OPERATING MARGIN	**1,627**	**1,560**	**67**	**4**
Net impairment of loans	(12)	3	(15)	n.s.
Net provisions for risks and charges and net impairment of other assets	12	(37)	49	n.s.
Net non-recurring income (expenses)	(1)	219	(220)	n.s.
GROSS INCOME (LOSS)	**1,626**	**1,745**	**(119)**	**-7**
Income taxes for the year on continuing operations	(464)	(507)	43	-8
Integration and voluntary redundancy expenses (net of tax)	(36)	(37)	1	-3
Effects of purchase price allocation (net of tax)	(21)	(22)	1	-5
Expenses regarding the banking system (net of tax)	(36)	(33)	(3)	9
Net profit (loss) attributable to non-controlling interests	1	(45)	46	n.s.
NET PROFIT	**1,070**	**1,101**	**(31)**	**-3**

n.s.: not significant

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

Quarterly consolidated income statements

(reclassified - €m)

	2022				2021			
	Q4	Q3	Q2 (*)	Q1 (*)	Q4 (*)	Q3 (*)	Q2 (*)	Q1 (*)
Net interest income	216	102	53	48	52	57	54	54
Net profit (loss) on financial assets and liabilities	31	4	12	13	7	11	15	23
Net fee and commission income	475	482	511	512	530	519	519	527
INTERMEDIATION MARGIN	**722**	**588**	**576**	**573**	**589**	**587**	**588**	**604**
Profit on equity investments and other income (expense)	5	3	6	3	2	6	9	6
NET OPERATING INCOME	**727**	**591**	**582**	**576**	**591**	**593**	**597**	**610**
Personnel expenses	(145)	(115)	(115)	(109)	(129)	(116)	(112)	(113)
Other administrative expenses	(72)	(64)	(76)	(72)	(79)	(68)	(70)	(68)
Depreciation and amortisation	(20)	(21)	(20)	(20)	(20)	(19)	(18)	(19)
NET OPERATING EXPENSES	**(237)**	**(200)**	**(211)**	**(201)**	**(228)**	**(203)**	**(200)**	**(200)**
OPERATING MARGIN	**490**	**391**	**371**	**375**	**363**	**390**	**397**	**410**
Net impairment of loans	(5)	(4)	(5)	2	3	(1)	(1)	2
Net provisions for risks and charges and net impairment of other assets	(10)	9	9	4	(9)	(11)	(10)	(7)
Net non-recurring income (expenses)	1	(2)	-	-	-	-	(1)	220
GROSS INCOME (LOSS)	**476**	**394**	**375**	**381**	**357**	**378**	**385**	**625**
Income taxes for the year on continuing operations	(157)	(118)	(80)	(110)	(96)	(110)	(115)	(186)
Integration and voluntary redundancy expenses (net of tax)	(15)	(6)	(8)	(7)	(23)	(4)	(6)	(4)
Effects of purchase price allocation (net of tax)	(6)	(5)	(5)	(5)	(6)	(5)	(6)	(5)
Expenses regarding the banking system (net of tax)	(2)	(23)	-	(11)	(4)	(15)	(5)	(9)
Net profit (loss) attributable to non-controlling interests	3	1	(1)	(1)	(9)	(8)	(12)	(16)
NET PROFIT	**299**	**243**	**281**	**247**	**219**	**236**	**241**	**405**

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

€2.5 bn

Net operating income

Net operating income, equal to €2.5bn, increased by €85m compared to 2021 (+4%). This result is attributable to:

- growth in net interest income (+€202m);
- the increase in net profit of financial assets (+€4m);
- the decrease in net fee and commission income (-€115m);
- the decrease in results from equity investments and other income (-€6m).

Net interest income

(€m)

	2022	2021	CHANGE	
			AMOUNT	%
Relation with customers	121	63	58	92
Relation with banks	57	18	39	n.s.
Interest income on debt securities	316	226	90	40
Net interest on hedging derivatives	(75)	(90)	15	-17
Total	**419**	**217**	**202**	**93**

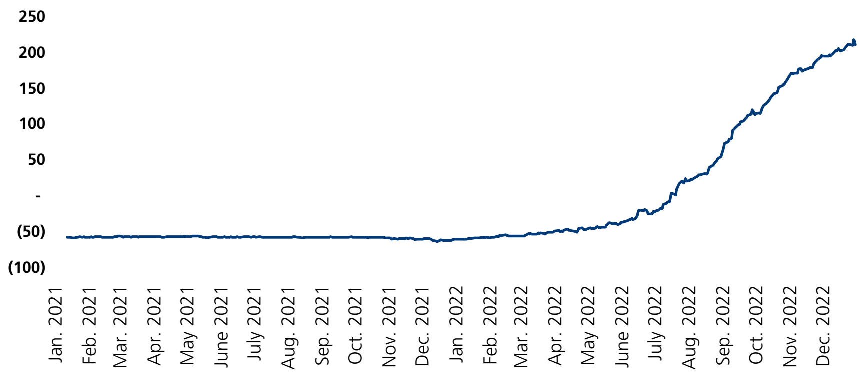
€419 m

Net interest income

Net interest income, equal to €419m, increased by €202m compared to 2021 due to the higher contribution of securities loans and intermediation with banks and customers, in a scenario of rising market interest rates. Analysis of the quarterly dynamics shows a strong acceleration of the margin in the second half of the year, linked to floating-rate loans that benefited from the progressive rise in interest rates in 2022 compared to the negative interest rate scenario that had characterized 2021.

3-month Euribor rate

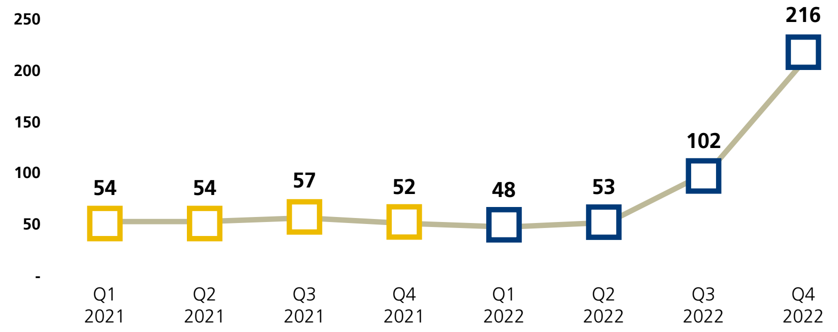
(bps)



Source: Bloomberg

Quarterly net interest income

(€m)



Net profit (loss) on financial assets and liabilities

(€m)

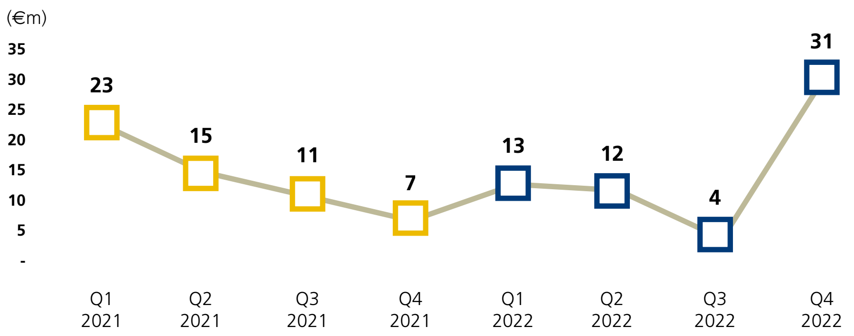
	2022	2021	CHANGE	
			AMOUNT	%
Net profit (loss) on sale of financial assets	1	2	(1)	-50
Net profit (loss) of financial assets measured at fair value through profit or loss	55	55	-	-
Net profit (loss) on hedging derivatives	4	(1)	5	n.s.
Total	**60**	**56**	**4**	**7**

The **net profit on financial assets and liabilities**, equal to €60m, showed an increase of €4m compared to last year attributable to the increase in the net profit (loss) on hedging derivatives (+€5m), partly offset by the lower contribution of profits from the sale of debt securities (-€1m). The analysis of the quarterly trend shows a strong increase in the result in the last quarter of the year, due to the capital gains recorded by the financial instruments held to service the incentive plans of risk takers and, to a lesser extent, to the improvement in the result of trading activities.

€60 m

Net profit on financial assets and liabilities

Quarterly net profit (loss) on financial assets and liabilities



Net fee and commission income

(€m)

	2022	2021	CHANGE	
			AMOUNT	%
Fee and commission income	3,087	3,199	(112)	-4
Fee and commission expense	(1,107)	(1,104)	(3)	-
Net fee and commission income	**1,980**	**2,095**	**(115)**	**-5**

Net fee and commission income amounted to €2bn, down moderately (-5%) compared to 2021.

€2 bn

Net fee and commission income

Net recurring fees

(€m)

	Q1	Q2	Q3	Q4	TOTAL
2022	504	477	476	469	1,926
2021	482	501	512	509	2,004
Change	**22**	**(24)**	**(36)**	**(40)**	**(78)**

Net recurring fees, equal to €1.9bn, was slightly down compared to 2021 (-€78m, -4%) mainly attributable to the reduction in average Cli-

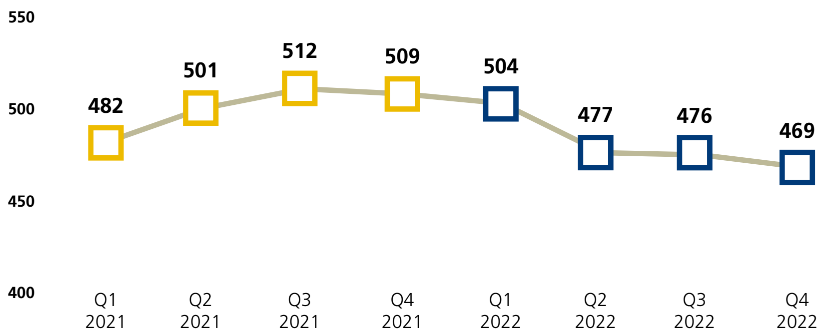
€1.9 bn

Net recurring fees

ent Assets, which fell from €213.5bn at 31 December 2021 to €208.4bn at 31 December 2022 (-€5.1bn, -2%) and, to a lesser extent, the reduction in commissions on administrative services, as a result of the sale of the Custodian Bank and Fund Administration Branch of Fideuram Bank (Luxembourg) in the first quarter of last year.
The analysis of the quarterly trend shows a decreasing dynamic in net recurring fee and commission income, reflecting the correction in financial markets following the military conflict between Russia and Ukraine, which had a significant impact on asset composition.

Quarterly net recurring fees

(€m)



Net performance fees

(€m)

	Q1	Q2	Q3	Q4	TOTAL
2022	-	-	-	11	11
2021	1	1	-	33	35
Change	**(1)**	**(1)**	**-**	**(22)**	**(24)**

€11m
Performance fees

Performance fees totalled €11m, down by €24m over 2021. The Fideuram Group charges performance fees on discretionary accounts on an annual basis, 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. For UCITS set up by the Group, performance fees are applied annually (but a High-Water Mark clause is present).

Net front-end fees

(€m)

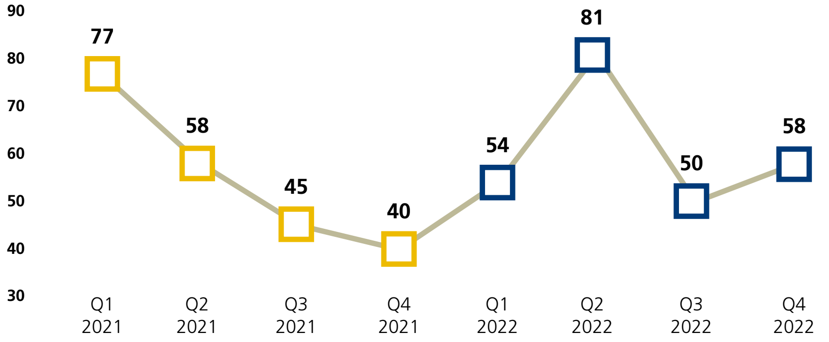
	Q1	Q2	Q3	Q4	TOTAL
2022	54	81	50	58	243
2021	77	58	45	40	220
Change	**(23)**	**23**	**5**	**18**	**23**

€243m
Net front-end fees

Net front-end fees, equal to €243m, increased by €23m compared to 2021 (+10%) attributable to the good performance of the placement of non-managed assets. In 2022, the Group's sales networks distributed bond loans and certificates, largely issued by Intesa Sanpaolo Group companies, that brought in approximately €7.9bn in gross inflows, compared with €1.8bn placed in 2021.

Quarterly net front-end fees

(€m)



Other fee and commission expense

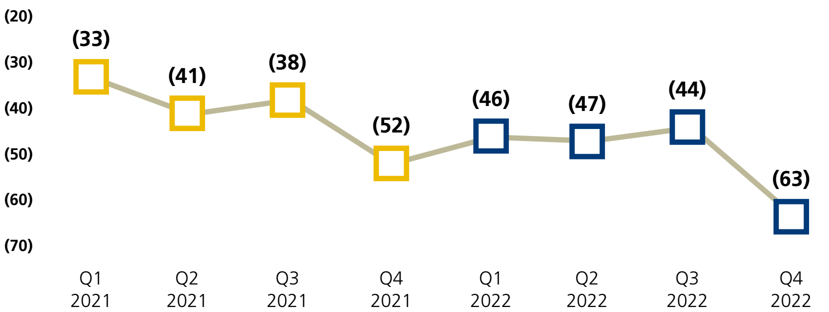
(€m)

	Q1	Q2	Q3	Q4	TOTAL
2022	(46)	(47)	(44)	(63)	(200)
2021	(33)	(41)	(38)	(52)	(164)
Change	**(13)**	**(6)**	**(6)**	**(11)**	**(36)**

Other fee and commission expense amounted to €200m, up €36m compared to 2021, largely due to higher incentive fees recognised in favour of distribution networks.

Quarterly other fee and commission expense

(€m)



The **profit on equity investments and other income (expense)**, equal to €17m, decreased by €6m compared to the previous year, due to lower operating income for services, insurance reimbursements and the collection of penalties on non-competition agreements of former Personal Financial Advisers compared to amounts recognised in 2021.

Net operating expenses

(€m)

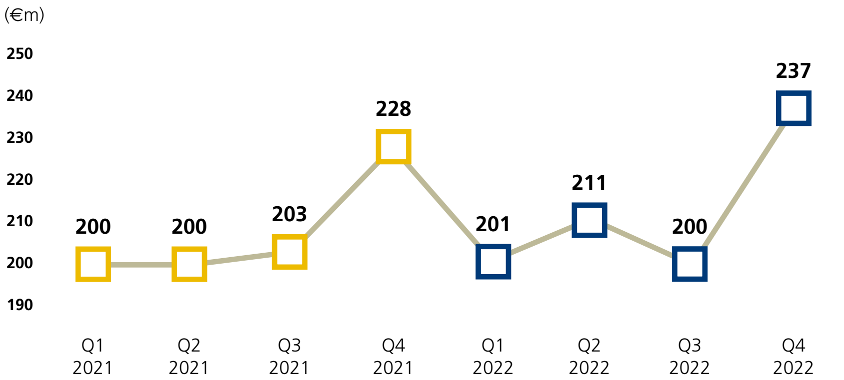
	2022	2021	CHANGE	
			AMOUNT	%
Personnel expenses	484	470	14	3
Other administrative expenses	284	285	(1)	-
Depreciation and amortisation	81	76	5	7
Total	**849**	**831**	**18**	**2**

€849 m

Net operating expenses

Net operating expenses, equal to €849m, increased slightly (+€18m, +2%) compared to the previous year. Detailed analysis shows that personnel expenses, amounting to €484m, recorded an increase of €14m attributable to compensation dynamics, the strengthening of the foreign component and the variable component of remuneration. Other administrative expenses, amounting to €284m, were substantially in line with 2021. Depreciation and amortisation increased by €5m, due to the higher amortisation of software.

Quarterly net operating expenses



Net impairment of loans recorded a balance of -€12m, mainly consisting of impairment losses on loans to customers, compared with a positive balance of €3m, recorded in 2021, attributable to reversals on bank exposures to Intesa Sanpaolo.

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

(€m)

	2022	2021	CHANGE	
			AMOUNT	%
Personal Financial Advisers' termination indemnities and incentives	13	(26)	39	n.s.
Litigation and complaints	(4)	(8)	4	-50
Network Loyalty Schemes	2	(5)	7	n.s.
Net impairment of (recoveries on) debt securities	1	2	(1)	-50
Total	**12**	**(37)**	**49**	**n.s.**

€12 m

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

Net provisions for risks and charges and net impairment of other assets registered a positive balance of €12m compared to a negative balance of €37m in 2021. Detailed analysis shows that the provisions for contractual indemnities due to Personal Financial Advisers recorded a positive change of €39m mainly attributable to the increase in discount rates, which led to the release of funds in the income statement. Provisions for litigation decreased by €4m, due to the lower risk of positions arising during the year. Provisions for Network Loyalty Schemes recorded a positive change of €7m due to the trend in the discounting rates of the fund mentioned above. Net impairment of debt securities showed a negative change of €1m due to impairment losses on bonds.

Net non-recurring income (expenses) include income and expenses that are not attributable to ordinary operations. In 2022, this item recognised a charge of €1m relating to a one-off extraordinary disbursement approved by Intesa Sanpaolo in favour of Group employees, aimed at mitigating the effects of the sharp increase in inflation. The balance for 2021 included the proceeds of €219m from the sale of the Custodian Bank and Fund Administration branch of Fideuram Bank (Luxembourg).

Income taxes, equal to €464m, decreased by €43m compared to the previous year, due to lower gross profit during the year. This item also includes tax benefits for a total of €43m, recognised following the detaxation of the higher values of the investment in Reyl & Cie and the intangible assets related to the purchase of the UBI Top Private business unit and the acquisition of UBI tax losses, for the portion attributed to the Units disposed of by Intesa Sanpaolo in favour of Fideuram and Intesa Sanpaolo Private Banking. The tax rate was 29% (unchanged from 2021).

Integration and voluntary redundancy expenses (net of tax) recorded a balance of €36m, down by €1m compared to 2021 and include €4m for early-retirement incentive expenses and €32m for non-recurring integration transactions involving Group companies.

The **economic effects of acquisition costs (net of tax)**, of €21m refer to amounts attributable to the revaluations of securities and the recognition of intangible assets recognised in the financial statements following the acquisition of the Reyl Group, the UBI Top Private business unit, IW Private Investments and CBP Quilvest.

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 2022, the net amount for this item was €36m, up €3m from the previous year. It includes €24m in expenses for the contribution to the Deposit Guarantee Scheme (DGS Fund) introduced by Directive 2014/49/EU and €12m in expenses accrued for the contribution to the Single Resolution Fund of credit institutions introduced by Directive 2014/59/EU.

Profit attributable to non-controlling interests of €1m refers to the net results of companies included in the full consolidation area attributable to non-controlling interests. The balance consists primarily of minority interests of the Reyl Group companies and the result of the first six months of CBP Quilvest, held by minority interests, as it pre-dates the acquisition.

DISTRIBUTION OF VALUE

Creating value for our stakeholders is one of Fideuram's prime objectives. The Group considers it crucial to pursue this objective through constant interaction with all the stakeholders it encounters in the course of its business.

The table showing the Wealth created by the Group was prepared using the income statement figures from the Consolidated Financial Statements for 2022, reclassified in accordance with the instructions of the Italian Banking Association (Associazione Bancaria Italiana - ABI) following the guidelines of the GRI-Global Reporting Initiative. The Wealth created is the economic value generated in the year, which is for the most part distributed to the stakeholders with whom the Group has relations as part of its daily operations. The Value retained is the difference between the Wealth created and the Value distributed, and it is used for productive investments with the aim of enabling economic growth and financial stability, as well as to ensure the creation of new wealth to the benefit of our stakeholders. The Wealth created by the global business of the Group totalled €3.7bn (-€218m on 2021).

This wealth was distributed to stakeholders as follows:

- Colleagues received 37.5% of the Wealth created, amounting to a total of €1.4bn. This included the remuneration paid to employees and the amounts set aside for and paid to the Personal Financial Adviser Networks;
- our Shareholder and non-controlling interests received 24.4% of the Wealth created, in the form of the proposed dividend pay-out totalling €900m and the result attributable to non-controlling interests (-€1m);
- the Government, public authorities, institutions and the Community received €854m, principally in the form of direct and indirect taxes, amounting to 23.2% of the Wealth created; this amount also includes the expenses for the European Single Resolution Fund and Deposit Guarantee Scheme;
- Suppliers received 8.5% of the Wealth created totalling €312m paid for goods and services;
- the remainder of €236m was retained by the Group. This amount includes the following items in particular: deferred tax assets and liabilities, amortisation and depreciation, and provisions for risks and charges.

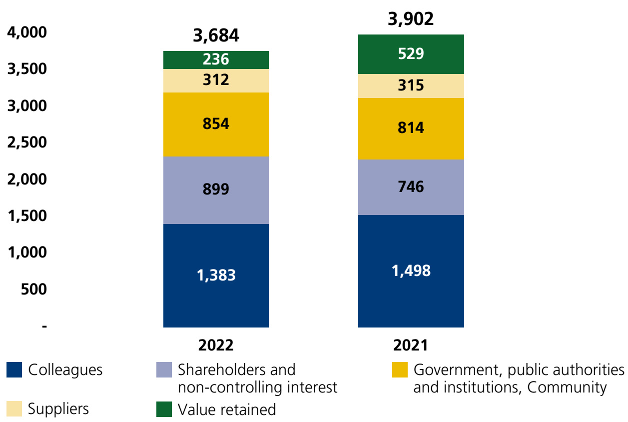
Economic value added (*)

(€m)

	2022	2021	CHANGE	
			AMOUNT	%
Wealth created	**3,684**	**3,902**	**(218)**	**-6**
Value distributed	**(3,448)**	**(3,373)**	**(75)**	**2**
Colleagues	(1,383)	(1,498)	115	-8
Shareholders and non-controlling interest	(899)	(746)	(153)	21
Government, public authorities and institutions, Community	(854)	(814)	(40)	5
Suppliers	(312)	(315)	3	-1
Value retained	**236**	**529**	**(293)**	**-55**

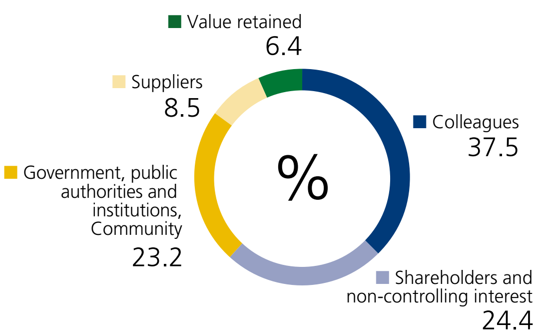
Wealth created (*)

(€m)

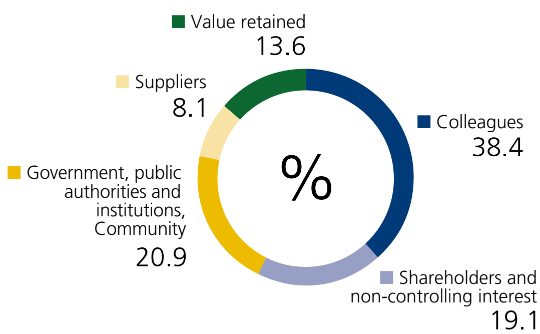


Distribution of wealth created (*)

2022



2021



(*) 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.

The following analyses outline the products and services offered, together with the initiatives and research and development carried out in the year, while also presenting the Group's financial results, operational 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 31 December 2022 (*)

(€m)

	MANAGED FINANCIAL ASSETS	LIFE INSURANCE ASSETS	BANKING SERVICES	TOTAL FOR FIDEURAM GROUP
Net interest income	-	-	419	419
Net profit (loss) on financial assets and liabilities	-	-	60	60
Net fee and commission income	1,332	557	91	1,980
Intermediation margin	**1,332**	**557**	**570**	**2,459**
Net operating expenses	(402)	(98)	(349)	(849)
Other	8	3	5	16
Gross income (loss)	**938**	**462**	**226**	**1,626**
Average Client Assets	**138,468**	**69,899**	**123,335**	**331,702**
Client Assets	**132,072**	**67,984**	**127,123**	**327,179**
Net inflows	**1,259**	**875**	**10,725**	**12,859**
Key indicators				
Cost / Income Ratio	30%	18%	59%	34%
Net fee and commission income / Average Client Assets	1.0%	0.8%	0.1%	0.6%
Gross income (loss) / Average Client Assets	0.7%	0.7%	0.2%	0.5%

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

MANAGED FINANCIAL ASSETS SEGMENT

The Managed Financial Assets Segment covers the Group's discretionary accounts and mutual fund business, which totalled €132.1bn at 31 December 2022 (40% of total Client Assets), down €19.6bn on 31 December 2021. Net inflows were positive at €1.3bn and recorded a sharp decrease from the previous year (-€7.6bn). This was mainly attributable to the Group's Personal Financial Advisers directing new inflows from customers towards liquid instruments and the bond and money markets. The segment's contribution to gross income (loss) totalled €938m, down €75m from the previous year, principally due to the reduction net fee and commission income. The ratio of net fee and commission income to Client Assets was 1%, while the ratio of gross income (loss) to Client Assets was 0.7%.

In 2022, the development of the range of products and services supporting the Group's service models was driven by the search for new investment opportunities despite a changing context, strongly influenced by geopolitical events and the related impacts on real and financial markets.
In continuity with a process to harness sustainability factors in advisory activities, the development of the product range was characterized by distinctive solutions, with a considerable focus on environmental and social sustainability issues and by the selection of new products from third-party partners featuring investment policies integrated with ESG factors. As part of the general offer expansion, investments in the real economy are confirmed as key in the diversification of HNW and Private customer portfolios, allowing for further space for solutions outside listed markets. Finally, the further integration of quality products in the range continued, particularly in the context of à la carte funds. A number of changes have been introduced to the traditional investment fund scope, both by the company and third-party partners.
For own **mutual funds**, the main activity concerned the development by Fideuram Asset Management (Ireland) of the Willerfunds Private Suite platform dedicated to Intesa Sanpaolo Private Banking. This is a selection of Willerfunds SICAV sub-funds, which customers can access to create diversified portfolios with core/satellite combinations adaptable to different market conditions. In addition, the Irish product company took a particularly sensitive approach to sustainability issues, integrating ESG criteria in the construction of individual strategy portfolios. Eleven sub-funds were placed, eight of which promoted, among others, environmental and social characteristics (Article 8 of the SFDR) also in collaboration with leading asset managers and three with the aim of obtaining a sustainable investment with a positive environmental impact (Article 9 of the SFDR).

Managed financial assets (*)

(€m)

	2022	2021	CHANGE AMOUNT	CHANGE %
Net interest income	-	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-	-
Net fee and commission income	1,332	1,448	(116)	-8
Intermediation margin	**1,332**	**1,448**	**(116)**	**-8**
Net operating expenses	(402)	(409)	7	-2
Other	8	(26)	34	n.s.
Gross income (loss)	**938**	**1,013**	**(75)**	**-7**
Average Client Assets	**138,468**	**143,012**	**(4,544)**	**-3**
Client Assets	**132,072**	**151,622**	**(19,550)**	**-13**
Net inflows	**1,259**	**8,833**	**(7,574)**	**-86**
Key indicators				
Cost / Income Ratio	30%	28%		
Net fee and commission income / Average Client Assets	1.0%	1.0%		
Gross income (loss) / Average Client Assets	0.7%	0.7%		

n.s.: not significant

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

€132.1bn

Managed financial assets

(40% of total Client Assets)

Specifically:

- Willerfund Private Suite_Fidelity_ Flexible_Short_Duration, a strategy dedicated to investors looking for a bond portfolio of high credit quality and low sensitivity to changes in interest rates.
- Willerfund Private Suite_Fidelity US Bond, an active strategy, which invests mainly in bonds issued by corporate and government issuers denominated in US dollars, and which aims to generate excess returns in any market environment while maintaining a defensive profile with respect to deviations from the reference benchmark.
- Willerfunds_Private_Suite_BNY_ Global_Real_Return, a flexible strategy with a global MultiAsset portfolio diversified in terms of asset classes (equities, bonds, commodities and real assets), with the aim of generating positive returns with low volatility even in an environment characterized by possible inflation peaks.
- Willerfund Private Suite_Schroders_Global_Climate_Change, a strategy for investors seeking long-term capital growth, investing in a global equity portfolio through the selection of companies that have actively engaged in a process of decarbonization and/or reduction of carbon dioxide emissions.
- Willerfunds_Private_Suite_Blackrock Balanced ESG, a strategy that invests globally with the aim of generating positive returns consistently with ESG principles, through the construction of a diversified portfolio combining three approaches: exclusion of controversial issuers, best-in-class integration and thematic investing.
- Willerfunds Private Suite_Millennials_Equity, a global equity 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 fixed income strategy with a focus on long-term structural factors that can disrupt traditional economic models and keep bond volatility at low levels.
- Willerfunds Private Suite Pictet Health Innovation Trends, a global equity strategy that invests primarily in companies in three segments: health preservation, i.e. companies producing solutions to keep the population healthy; health restoration, i.e. companies that help patients recover or improve their quality of life; health financing, i.e. typically insurance companies or companies that finance the health system.
- Willerfunds Private Suite Lombard Odier Natural Capital (Article 9 of the SFDR), which invests globally in equities whose growth will benefit from new regulations, product and service innovations that will facilitate a transition to a circular economy and that enhances natural capital. Among the main areas of investment are the circular bio-economy, resource efficiency and the economy oriented towards achieving Zero Waste.
- Willerfunds Private Suite Eurizon Multi-Asset Circular Economy (Article 9 of the SFDR), a flexible global multi-asset strategy characterized by a portfolio that invests in a geographic- and sector-diversified manner, with the aim of generating positive returns consistently with ESG principles.
- Willerfunds Private Suite Vontobel Equity Global Impact (Article 9 of the SFDR), a global asset strategy characterized by a portfolio that invests in a geographic- and sector-diversified manner, with the aim of generating positive returns consistently with ESG principles.

For the Intesa Sanpaolo Private Banking Network, Eurizon SGR also set up the Eurizon Diversified Income window fund, a new solution for investing in the European bond market, in both traditional instruments and structured credit instruments, with the aim of distributing an attractive coupon flow on an annual basis. After initial placement during the summer, the fund is subject to a second funding window that will end in 2023.

In addition to the usual updating and maintenance of the range of Houses already placed with the introduction of new strategies of particular interest to existing partners, new partnerships were also launched. For Fideuram, the funds of Axa Investment Managers, Candriam, Raiffeisen, Columbia Threadneedle, Robeco and Legg Mason were placed, while for Intesa Sanpaolo Private Banking, the funds of BNY Mellon, Lombard Odier and Algebris began to be placed. The offering component of funds and SICAVs is also subject to a transition towards sustainability issues, not only with the selection of new solutions characterized by a marked focus on sustainability objectives or that promote environmental and social characteristics, but also with the activity carried out by the Asset Management houses for the range already in place, in favour of integrating the investment policies of traditional funds with ESG criteria.

As regards alternative funds, Fideuram Asset Management SGR, in collaboration with Blackrock, implemented the new programme of the Fideuram Alternative Investments (FAI) platform, which invests in the main private market asset classes: Private Equity, Infrastructure Equity and Private Credit through the master fund. FAI Sustainable Private Markets, whose placement will end in the second half of the year, is among the first illiquid sustainable funds in the Italian market, which promotes, among others, environmental and/or social characteristics pursuant to Article 8 of the SFDR.

In addition, the Group proposed to its most sophisticated customers the dedicated, reserved closed-end real estate investment fund Milan Urban Private Fund of Castello SGR and at the second closing of Neva First, the reserved closed-end alternative fund of Neva SGR.

With regard to **individual discretionary accounts**, the main changes affected the entire scope of investment services in the range. Specifically:

- for Intesa Sanpaolo Private Banking, Fideuram Asset Management

SGR introduced, as part of the single multi-line management contract "Wealth Collection", the new Private Treasury and Private Bond lines for 2024, 2025 and 2026. At the same time, the usual maintenance and refinement of the lines dedicated to Intesa Sanpaolo Private Banking customers of Eurizon Capital SGR took place;

- for Fideuram Folios, five new investment lines were introduced in the catalogue, as well as new editions of Folios with a gradual entry on the markets (step-in mechanism) and the protection of invested capital:
  - Foglio Equity Net Zero Emission, with a portfolio made up of funds and ETFs, invests in companies engaged in energy transition, with the aim of reducing CO_2 emissions both in production processes and in the products and services produced. The Folio adopts an investment approach that, in addition to integrating sustainability risk management, makes it possible to pursue specific objectives capable of generating a positive and measurable social and environmental impact (so-called "Impact investing"). Given the characteristic of pursuing sustainable investment objectives, it was classified as meeting the requirements of Article 9 of the SFDR.
  - Foglio Sustainable Infrastructure, with a portfolio made up of funds and ETFs, offers exposure to the main sectors involved in infrastructure investments necessary to ensure the achievement of environmental sustainability and climate change control objectives. The investment strategy is therefore characterized by the definition of an investable universe in sectors with the best financial prospects linked to long-term structural growth themes and more generally sustainable development (so-called "Sustainability Themed Investing"). The Foglio promotes environmental and social characteristics within the meaning of Article 8 SFDR.
  - Il Mio Foglio ESG, the new management line with an opportunity set prepared and updated over time by Fideuram Asset Management SGR, containing only ETFs and UCIs that meet certain minimum standards in financial and sustainability terms.
  - Foglio Equity Strategies (Article 8 of the SFDR) and Foglio Bond Strategies, two mono asset class products in funds and ETFs, to dynamically exploit structural and tactical opportunities depending on the market context.
  - Foglio Obiettivo Protezione 2028, a "Target Date" management line that offers at maturity the protection of 100% of the assets conferred net of one-off expenses and stamp duty, while seeking growth in invested capital through the use of options (call warrants) on global equity indices.

The offer of Step-in Dynamic and Dynamic Plus lines with progressive entry on some strategies of the Fogli platform was also renewed, with new investment proposals on the Global Equity, Equity Strategies and Smart Trends equity lines and with the introduction of the Equity Strategies 70 Step-in Dynamic solution, which combines the strategies of the Fogli Equity and Bond Strategies in a balanced 70/30 logic, allowing for a gradual entry on the equity strategy of up to 70% of the overall portfolio. Finally, a new progressive investment solution, "Equity Strategies Step-in 36+", was created, which allows customers to gradually invest over a 36-month time horizon in the strategy of the Foglio Equity Strategies, starting from a portfolio of securitized government bonds with maturities aligned with the individual steps of progressive investment.

For Fideuram Omnia discretionary accounts, the Step-in Dynamic offer of the Active Beta 100 management line continued, giving customers a solution for gradual entry on the stock markets.

In addition, during the year, the Fogli Fideuram and Fideuram Omnia asset management services were also activated for customers of IW Private Investments.

Besides the new investment lines, the new Step-up and Guided Routes Option services were introduced for Fogli Fideuram. The first gives the customer the possibility of greater customization in the construction of a progressive investment plan on the markets according to their risk appetite through the activation of a plan of programmed conversions from one source Foglio to one or more target Foglios, while the second is a new way of configuring Il Mio Foglio and Il Mio Foglio ESG lines, that allows for the use of Recommended Portfolios, differentiated according to risk and defined by Fideuram Asset Management SGR, which will be subject to automatic reallocation over time by the SGR.

As regards Eurizon discretionary accounts, Fideuram Asset Management SGR continued performing its ordinary maintenance and evolutionary adjustments to the product line during the year.

Finally, Fideuram Asset Management SGR, only for Fideuram Direct, created the new Direct Valore + discretionary account contract, which has five management lines classified within the meaning of Article 8 of the SFDR and diversified with respect to the risk profile of customers.

LIFE INSURANCE ASSETS SEGMENT

This area comprises assets relating to the life insurance and pension funds segment, which at 31 December 2022 totalled €68bn (21% of total Client Assets), down €5.7bn compared to 31 December 2021. Net inflows were positive at €875bn, down €2.1bn compared to 2021. The contribution to gross profit amounted to €462m, down €13m compared to the previous year. The ratio of net fee and commission income to Client Assets was 0.8%, while the ratio of gross income (loss) to Client Assets was 0.7%.

As part of the **insurance products** aimed at Fideuram, Sanpaolo Invest and IW Private Investments, 2022 saw the marketing, with an entirely digital process, of the new Fideuram Vita Futura Class III policy. This innovative product allows for proposals to be made to specific target customers through a single contract, with various flexible approaches that make it possible to modulate the insurance, financial and service components. Portfolio construction based on an open architecture and the investable universe available is strongly oriented towards sustainable investments. In May, two additional in-house funds were introduced that allow for a progressive investment in equity markets. With regard to Private Insurance policies, there was Cardif Lux's new Cardif Private Insurance Italia policy, the restyling of the La Mondiale Europartner policy and the enrichment of the opportunity set with six new Internal Collective Funds and ten new investment profiles for the Dedicated Internal Funds, managed by Intesa Sanpaolo Wealth Management.

For IW Private Investments, the offer of insurance products was completed, aligning with the offer available in Fideuram and starting the placement of Fideuram Vita Insieme Premium, Fideuram Vita Sintonia, Poste Vita Valore Solido and the policies Fideuram In Prima Persona and Fideuram In Persona. As part of innovations dedicated to Intesa Sanpaolo Private Banking customers, the internal Crescita Stabile fund was added to Intesa Sanpaolo Life's Unit Linked Selezione Private Pro policy. This flexible multi-asset fund aims to generate a stable return through return maintaining in predefined fluctuation bands. The range of underlying of La Mondiale Europartner and Sogelife policies was also added to, with the introduction of new Collective Internal Funds and new Dedicated Internal Funds.
As regards Intesa Vita's offering for Intesa Sanpaolo Private Banking, the Class I Equity policy for Young Insurance and the Multi-Class Synthesis and Synthesis HNWI policies were restyled during the year, while the new Synthesis Business policy for legal entities was also introduced.

Life insurance assets (*)

(€m)

	2022	2021	CHANGE AMOUNT	CHANGE %
Net interest income	-	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-	-
Net fee and commission income	557	581	(24)	-4
Intermediation margin	**557**	**581**	**(24)**	**-4**
Net operating expenses	(98)	(96)	(2)	2
Other	3	(10)	13	n.s.
Gross income (loss)	**462**	**475**	**(13)**	**-3**
			-	
Average Client Assets	**69,899**	**70,487**	**(588)**	**-1**
Client Assets	**67,984**	**73,665**	**(5,681)**	**-8**
Net inflows	**875**	**3,002**	**(2,127)**	**-71**
Key indicators				
Cost / Income Ratio	18%	17%		
Net fee and commission income / Average Client Assets	0.8%	0.8%		
Gross income (loss) / Average Client Assets	0.7%	0.7%		

n.s.: not significant

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

€68 bn

Life insurance assets

(21% of total Client Assets)

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 the coordination and control activities for its other operating segments. This segment includes non-managed assets, mainly securities and current accounts, which totalled €127.1bn at 31 December 2022 (39% of total Client Assets), up €4.1bn compared to 31 December 2021. Net inflows, positive for €10.7bn, increased by €6.6bn compared to 2021, largely attributable to the aforementioned activity of directing customer savings flows towards non-managed assets. The contribution of this area to gross profit amounted to €226m, down €31m compared to the previous year. The ratio of net fee and commission income to Client Assets was 0.1%, while the ratio of gross income (loss) to Client Assets was 0.2%.

For **banking services**, initiatives to support banking and the acquisition of new customers continued. For the Fideuram, Sanpaolo Invest and IW Private Investments Networks, commercial initiatives were proposed aimed at new customers and new funding (current accounts with subsidized rates) and dedicated to the transition from savings to investment in Client Assets (combined Repo). Similarly, Intesa Sanpaolo Private Banking implemented initiatives aimed at customers who are individuals and family holding companies through savings vouchers at subsidised rates, also combined with the subscription of asset management products. Lending initiatives also continued with new loans granted at favourable conditions.

As regards Banca Diretta, the Fideuram unit dedicated to advanced trading, Fideuram Direct was launched with the release of a number of dedicated products and services. Main innovations include a set of products created by combining current accounts and services dedicated to securities transactions through the online trading function. Specifically:

- IW Conto Start, which is aimed at customers who want to have access to products and services in full autonomy using the Bank's digital channels and interested in operating in self-service securities through on-line channels. The contract provides for a series of combined services. In addition to the euro current account, payment services, debit cards and remote transactions (online), IW Conto Start also automatically opens a securities file, which the customer can use to manage their investments in non-managed assets and carry out online securities trading on the main Italian and foreign markets. IW Conto Start also includes the customer Securities Loan service, allowing customers to obtain additional remuneration for the securities portfolio. In addition, for the more strictly banking part, the Interoperability Service is available, which allows deposits and withdrawals to be made at Branches of other banks of the Intesa Sanpaolo Group.
- IW Conto Trader, a package of products and services designed for customers who wish to carry out trading activities through innovative and advanced trading platforms, with a current account package featuring limited transactions, for the receipt and execution of transfers functional to trading. With IW Conto Trader, you can trade on 35 stock markets, 5 bond markets, 10 derivative markets, even on the move, using advanced and innovative tools such as IW QuickTrade, 4 Trader + and the Trading+ app. Other advanced services are also available: Derivatives to operate with options and futures to buy and sell, SuperDerivatives to operate in derivatives with reduced intraday margins, services for IW Scalper and Super Scalper leverage and the combination Scalper Short Selling and Securities Lending to operate short.

Banking Services (*)

(€m)

	2022	2021	CHANGE AMOUNT	CHANGE %
Net interest income	419	217	202	93
Net profit (loss) on financial assets and liabilities	60	56	4	7
Net fee and commission income	91	66	25	38
Intermediation margin	**570**	**339**	**231**	**68**
Net operating expenses	(349)	(326)	(23)	7
Other	5	244	(239)	-98
Gross income (loss)	**226**	**257**	**(31)**	**-12**
			-	
Average Client Assets	**123,335**	**115,526**	**7,809**	**7**
Client Assets	**127,123**	**122,984**	**4,139**	**3**
Net inflows	**10,725**	**4,144**	**6,581**	**159**
Key indicators				
Cost / Income Ratio	59%	90%		
Net fee and commission income / Average Client Assets	0.1%	0.1%		
Gross income (loss) / Average Client Assets	0.2%	0.2%		

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

€127.1bn
Non-managed assets
(39% of total Client Assets)

In addition, customers with IW Conto Trader may, if they have specific experience and knowledge profiles, request the activation of the Sphera platform, with the simultaneous opening of the IW Sphera Account with limited transactions. Access to the advanced trading platform called "Sphera®" allows customers to operate on Italian, cash and derivatives markets (MTA, MOT, SEDEX, EuroTLX, IDEM) and on the ExtraMOT PRO segment if the customer is classified as Professional under MiFID regulations.

In general, for banking products and services, during the year activities were carried out for the existing range and some innovations were introduced:

- for e-money products, application measures were introduced, in order to combat fraud, to make the card activation process safer, both through Group ATMs and remote services;
- for transactional products, the marketing of Viacard, a motorway toll payment service dedicated to non-consumer customers, and Telepass - a cashback initiative on motorway tolls for new Telepass Family subscribers - was introduced also for Intesa Sanpaolo Private Banking;
- for digital payment services, the new Huawei Pay service was released, a digital payment service offered to customers with a Huawei device, with the possibility of virtualizing a debit card with PagoBancomat® circuit to make in-store payments through the Huawei Pay wallet. A number of implementations relating to the digital payment service Bancomat Pay® were also released for Intesa Sanpaolo Private Banking.

Lastly, Intesa Sanpaolo Private Banking finalised a distribution agreement with Intesa Sanpaolo Wealth Management for the promotion and distribution to customers, through its branches, of a series of products and services of the Group's Luxembourg Bank, such as multi-currency current accounts and payment services, custody and securities administration services and Internet banking. The offer is for customers, both natural and legal persons, with international diversification needs and/or with entrepreneurial activities also abroad and who invest both directly and through investment vehicles. The product offered to legal-entity counterparties may be purchased regardless of the legal status of the customers.

For **non-managed assets** in 2022, the offering of placement solutions to customers who are more sensitive to capital protection issues was augmented by new issues of Investment Certificates by Intesa Sanpaolo on equity indices and baskets of equity indices, with total capital protection on maturity and participation in the performance of the various underlying securities. For Intesa Sanpaolo Private Banking, Intesa Sanpaolo also produced Investment Certificates for individual shares. In addition, bond placements resumed during the year, thanks to the changed market environment. The Fideuram Group participated in the placements of some Intesa issues. The placement of bonds of third-party issuers also started up again, and in particular a Mediobanca issue and a Citigroup issue. In addition, with the IMI CIB Division of Intesa Sanpaolo, some Private Placements were carried out. Still on the subject of bonds, the Group participated in the placement of two BTP Italia issues indexed to the national inflation rate and participated in the offer of shares of the companies Thecnoprobe S.p.A., Generalfinance S.p.A. and Erredue S.p.A. intended only for professional customers.

Fideuram - Savona Office

OPERATIONS OUTSIDE ITALY

Product companies

Fideuram Asset Management (Ireland) dac continued to act as manager of collective investment products in 2022 (Luxembourg and Italian collective investment undertakings) and of the products developed by the Group's insurance companies (Italian pension fund and Irish unit-linked policies). Client Assets in Luxembourg products offered by Fideuram Asset Management (Ireland) totalled €39.2bn at 31 December 2022.

Fideuram Asset Management (Ireland) dac

Distribution networks

Reyl & Cie S.A. is a Swiss-registered bank headquartered in Geneva with foreign subsidiaries in Europe, the Middle East, Asia and South America. Reyl pursues an innovative development strategy focused on integrated solutions across five lines of business: Wealth Management, Entrepreneur & Family Services, Corporate Finance, Asset Services and Asset Management.

On 1 January 2022, the merger by incorporation of Intesa Sanpaolo Private Bank (Suisse) Morval S.A. into Reyl & Ciè S.A. became effective. in the same month, the IT migration to Reyl's IT platform was completed. In April 2022, the subsidiary Alpian carried out a share capital increase of CHF19m, fully subscribed by Fideuram, aimed at supporting the launch of the full range of private and online banking services of Alpian in Switzerland.

In May 2022, Fideuram and Alpian entered into a strategic collaboration to accelerate the development of Fideuram's digital wealth management offering for customers, leveraging the expertise gained by Alpian in technological development and user experience design applied to an app-based wealth management service.

As part of activities to simplify the corporate perimeter, at the end of April 2022 the subsidiary in Uruguay (Morval Vonwiller Advisors) was sold to the local management, while at the end of May, the UK Supervisory Authority authorised the withdrawal of the banking license of the London branch of Intesa Sanpaolo Private Bank (Suisse) Morval. The Swiss company REYL Prime Solutions was liquidated at the beginning of July, while on 31 December 2022 the merger of Obviam into Asteria Investment Managers was completed.

At 31 December 2022, Reyl's consolidated Client Assets amounted to CHF21.5bn, of which CHF16.9bn related to the Wealth Management business line, CHF2.4bn to the Asset Services business line and CHF2.2bn to the Asset Management business line.

Reyl & Cie S.A. - Geneva - Registered Office

Fideuram Bank (Luxembourg) S.A. is a limited liability company incorporated in Luxembourg, with €2.8bn of Client Assets at 31 December 2022. Fideuram Bank (Luxembourg), 100% controlled by Fideuram and specialized in offering financial advisory services to meet the financial, pension and insurance needs of its customers. It focuses mainly on the Private Customer and High Net Worth Individuals segments, offering a variety of solutions, including international banking products, insurance products with a very wide range, the structuring of investment vehicles (RAIF, Trust, Soparfi, SICAR) and Asset Servicing. It also offers treasury, direct debit, distribution and lending agent services for Luxembourg UCITS promoted by Fideuram, and custodian activities for insurance companies, supporting the organisation and development of services for private customers.

Compagnie de Banque Privée Quilvest S.A. is a bank incorporated under Luxembourg law with branches in Belgium, that provides private banking services to HNWI and UHNWI customers. On 30 June 2022, it was acquired by Fideuram through its Luxembourg subsidiary Fideuram Bank (Luxembourg).
With effect from 1 January 2023, CBP Quilvest incorporated the parent company Fideuram Bank (Luxembourg) and took the new name of Intesa Sanpaolo Wealth Management S.A..
With total customer assets of €10bn resulting from the merger, the teams of the new company will work to increase support for HNWI customers, upping the offering of high value-added services for the most sophisticated clients.

ISP House - Headquarters of the Intesa Sanpaolo Group companies present in Luxembourg

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)

	31.12.2022	31.12.2021 (*)	CHANGE	
			AMOUNT	%
ASSETS				
Cash and cash equivalents	5,873	4,464	1,409	32
Financial assets measured at fair value through profit or loss	618	554	64	12
Financial assets measured at fair value through other comprehensive income	3,096	3,125	(29)	-1
Debt securities measured at amortised cost	19,916	20,776	(860)	-4
Loans to banks	14,465	20,352	(5,887)	-29
Loans to customers	15,104	14,450	654	5
Hedging derivatives	317	32	285	n.s.
Equity investments	232	238	(6)	-3
Property and equipment and intangible assets	1,227	1,106	121	11
Tax assets	273	191	82	43
Other assets	1,750	1,621	129	8
TOTAL ASSETS	**62,871**	**66,909**	**(4,038)**	**-6**
LIABILITIES				
Due to banks	5,419	4,000	1,419	35
Due to customers	50,847	56,306	(5,459)	-10
Financial liabilities held for trading	21	30	(9)	-30
Hedging derivatives	344	730	(386)	-53
Tax liabilities	177	211	(34)	-16
Other liabilities	1,724	1,729	(5)	-
Provisions for risks and charges	523	649	(126)	-19
Share capital, reserves and equity instruments	2,745	2,218	527	24
Equity attributable to non-controlling interests	1	(65)	66	n.s.
Net profit	1,070	1,101	(31)	-3
TOTAL LIABILITIES	**62,871**	**66,909**	**(4,038)**	**-6**

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)

	31.12.2022	30.9.2022	30.6.2022	31.3.2022 (*)	31.12.2021 (*)	30.9.2021 (*)	30.6.2021 (*)	31.3.2021 (*)
ASSETS								
Cash and cash equivalents	5,873	5,099	5,461	5,105	4,464	4,590	3,714	3,177
Financial assets measured at fair value through profit or loss	618	642	537	538	554	566	492	481
Financial assets measured at fair value through other comprehensive income	3,096	2,921	3,069	2,899	3,125	3,185	3,214	3,252
Debt securities measured at amortised cost	19,916	20,708	20,419	20,747	20,776	20,574	19,800	19,957
Loans to banks	14,465	20,295	18,465	23,901	20,352	20,529	21,240	20,874
Loans to customers	15,104	14,839	14,607	14,330	14,450	13,803	13,539	13,331
Hedging derivatives	317	308	218	111	32	20	15	14
Equity investments	232	272	269	276	238	211	207	198
Property and equipment and intangible assets	1,227	1,207	1,195	1,090	1,106	1,062	1,059	780
Tax assets	273	266	243	202	191	201	191	218
Non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	4
Other assets	1,750	1,711	1,809	1,658	1,621	1,557	1,634	1,395
TOTAL ASSETS	**62,871**	**68,268**	**66,292**	**70,857**	**66,909**	**66,298**	**65,105**	**63,681**
LIABILITIES								
Due to banks	5,419	5,389	3,701	4,972	4,000	5,031	6,307	5,320
Due to customers	50,847	56,585	56,334	59,093	56,306	54,227	51,768	51,640
Financial liabilities held for trading	21	86	41	30	30	70	65	73
Hedging derivatives	344	391	461	588	730	822	833	865
Tax liabilities	177	184	146	207	211	241	210	212
Other liabilities	1,724	1,607	1,810	1,931	1,729	1,704	1,982	1,478
Provisions for risks and charges	523	506	516	614	649	623	603	622
Share capital, reserves and equity instruments	2,745	2,747	2,753	3,268	2,218	2,695	2,692	3,141
Equity attributable to non-controlling interests	1	2	2	(93)	(65)	3	(1)	(75)
Net profit	1,070	771	528	247	1,101	882	646	405
TOTAL LIABILITIES	**62,871**	**68,268**	**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

(€m)

	31.12.2022	31.12.2021	CHANGE	
			AMOUNT	%
Cash	59	67	(8)	-12
Demand deposits with Central Banks	1,702	1,470	232	16
Current accounts with banks	4,112	2,927	1,185	40
Total	**5,873**	**4,464**	**1,409**	**32**

Cash and cash equivalents include cash and all items due from banks on demand. At 31 December 2022, the item reported a balance of €5.9bn, up €1.4bn compared to 31 December 2021, mainly due to higher liquidity in current bank accounts (+€1.2bn) and, to a lesser extent, to the increase in sight deposits held with Central Banks (+€232m).

Financial assets

(€m)

	31.12.2022	31.12.2021	CHANGE	
			AMOUNT	%
Financial assets measured at fair value through profit or loss	618	554	64	12
Financial assets measured at fair value through other comprehensive income	3,096	3,125	(29)	-1
Debt securities measured at amortised cost	19,916	20,776	(860)	-4
Hedging derivatives	317	32	285	n.s.
Total	**23,947**	**24,487**	**(540)**	**-2**

€23.9 bn
Financial assets

The Group's **financial assets**, amounting to €23.9bn, decreased by €540m compared to the end of 2021, mainly due to the reduction in portfolio debt securities at amortised cost (-€860m) as a result of sales and redemptions during the year, partially offset by the increase in the fair value of hedging derivatives (+€285m).

Financial liabilities

(€m)

	31.12.2022	31.12.2021	CHANGE	
			AMOUNT	%
Financial liabilities held for trading	21	30	(9)	-30
Hedging derivatives	344	730	(386)	-53
Total	**365**	**760**	**(395)**	**-52**

€365 m
Financial liabilities

Financial liabilities totalled €365m, consisting entirely of derivatives. This item was down €395m (-52%) compared to the figure at 31 December 2021, mainly due to fair value changes on the derivatives used to hedge the interest rate risk of certain fixed-rate bonds in the portfolio.

Loans to banks

(€m)

	31.12.2022	31.12.2021	CHANGE	
			AMOUNT	%
Due from Central Banks	1,487	260	1,227	n.s.
Term deposits	12,311	18,942	(6,631)	-35
Other	667	1,150	(483)	-42
Total	**14,465**	**20,352**	**(5,887)**	**-29**

€14.5 bn
Loans to banks

Loans to banks amounting to €14.5bn, decreased by €5.9bn compared to the figure at the end of 2021. The reduction in deposits maturing with Intesa Sanpaolo (-€6.6bn) and other loans (-€483m) was partially offset by the increase in loans to Central Banks (+€1.2bn).

Due to banks

(€m)

	31.12.2022	31.12.2021	CHANGE	
			AMOUNT	%
Current accounts	174	451	(277)	-61
Term deposits	2,220	400	1,820	n.s.
Repurchase agreements	2,587	2,818	(231)	-8
Debts for leases	53	47	6	13
Other	385	284	101	36
Total	**5,419**	**4,000**	**1,419**	**35**

Due to banks, amounting to €5.4bn, increased by €1.4bn compared to the end of 2021, mainly attributable to the increase in deposits at maturity. Current accounts (-€277mn) and repos (-€231m) moved in the opposite direction. Repurchase agreements include €678m 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.

€5.4 bn

Due to banks

The Group continued to be a **net lender on the interbank market**, with net interbank deposits of €13.2bn, in addition to €18.6bn in loans receivable (of which €16.2bn to Intesa Sanpaolo Group companies) and €5.4bn in loans payable (of which €5.3bn to Intesa Sanpaolo Group companies).

Loans to customers

(€m)

	31.12.2022	31.12.2021	CHANGE	
			AMOUNT	%
Current accounts	11,678	9,516	2,162	23
Mortgages	2,029	2,226	(197)	-9
Other loans	1,295	2,673	(1,378)	-52
Non-performing assets	102	35	67	191
Total	**15,104**	**14,450**	**654**	**5**

Loans to customers totalled €15.1bn and mainly comprised short-term loans (repayable within 12 months or revocable loans without a specified term). The increase of €654m compared to 31 December 2021 is mainly attributable to the growth in current account loans (+€2.2bn), partly offset by the reduction in other loans (-€1.4bn) and mortgages (-€197m). Net problem loans, representing a minimal amount in the portfolio, totalled €102m with an increase of €67m on the figure at the end of 2021. In detail: non-performing loans amounted to €30m, up €29m compared to the balance at the end of 2021; unlikely-to-pay loans totalled €62m, up €41m on 31 December 2021; past due or overdue loans amounted to €10m, down €3m compared to the end of 2021.

€15.1 bn

Loans to customers

Due to customers

(€m)

	31.12.2022	31.12.2021	CHANGE	
			AMOUNT	%
Current accounts	47,881	51,329	(3,448)	-7
Term deposits	2,474	4,450	(1,976)	-44
Repurchase agreements	9	21	(12)	-57
Debts for leases	260	274	(14)	-5
Other	223	232	(9)	-4
Total	**50,847**	**56,306**	**(5,459)**	**-10**

€50.8 bn

Due to customers

Due to customers, amounting to €50.8bn, decreased by €5.5bn compared to the balance at the end of 2021. Detailed analysis shows a sharp decrease in current account deposits (-€3.4bn) and term deposits (-€2bn).

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

(€m)

	FINANCIAL ASSETS MEASURED AT AMORTISED COST (*)	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	TOTAL
Italy	1,627	122	1,749
Spain	-	267	267
United States	-	169	169
Belgium	-	43	43
Austria	-	40	40
Germany	-	20	20
Netherlands	-	19	19
Portugal	-	17	17
Iceland	-	9	9
France	-	9	9
Luxembourg	-	8	8
Total	**1,627**	**723**	**2,350**

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

Property and equipment and intangible assets

(€m)

	31.12.2022	31.12.2021	CHANGE	
			AMOUNT	%
Owned real estate	59	59	-	-
Rights of use of leased assets	313	318	(5)	-2
Other property and equipment	19	20	(1)	-5
Property and equipment	**391**	**397**	**(6)**	**-2**
Goodwill	409	356	53	15
Intangible Client Assets	308	250	58	23
Other intangible assets	119	103	16	16
Intangible assets	**836**	**709**	**127**	**18**
Total property and equipment and intangible assets	**1,227**	**1,106**	**121**	**11**

€1.2 bn

Property and equipment and intangible assets

Property and equipment and intangible assets, amounting to €1.2bn, increased by €121m compared to 31 December 2021 and amounted to €409m in goodwill, of which €140m attributable to Private businesses acquired by the subsidiary Intesa Sanpaolo Private Banking, €227m related to the acquisition of the Swiss banking group Reyl and €42m related to CBP Quilvest, the Luxembourg private bank acquired by Fideuram Bank (Luxembourg) on 30 June 2022. The latter value was recorded in the financial statements following the allocation of the purchase price of CBP Quilvest, which also entailed valuation of Client Assets with initial recognition in the consolidated financial statements of an intangible asset with a defined useful life of €70m, to be amortised in the income statement over 16 years based on the estimated life cycle of the acquired assets. 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 (€76m), IW Private Investments (€63m), and the Reyl Group (€99m).

Provisions for risks and charges at 31 December 2022 were down €126m on the figure at the end of 2021, as shown below.

Provisions for risks and charges

(€m)

	31.12.2022	31.12.2021	CHANGE	
			AMOUNT	%
Litigation, disputes, securities in default and complaints	81	85	(4)	-5
Personnel expenses	138	182	(44)	-24
Personal Financial Advisers' termination indemnities	241	273	(32)	-12
Network Loyalty Schemes	59	102	(43)	-42
Provision for integration costs	-	3	(3)	-100
Other	4	4	-	-
Total	**523**	**649**	**(126)**	**-19**

The provision for litigation, disputes, securities in default and complaints was down €4m, as a result of use during the year. The provision for personnel expenses decreased by €44m due to the increase in discount rates and for uses for redundancy incentives. The provision for Personal Financial Advisers' termination indemnities decreased by €32m mainly due to the discounting component of the liability which led to the release of funds to the income statement. Provisions for Network Loyalty Schemes decreased by €43m mainly due to the reduction in the fair value of insurance policies made to cover the Personal Financial Advisers.

Intesa Sanpaolo Private Banking - General Directorate - Milan

1. BUSINESS MODEL 2. EXTERNAL CONTEXT AND STRATEGIES 3. PERFORMANCE 4. GOVERNANCE 5. CONSOLIDATED FINANCIAL STATEMENTS

SHAREHOLDERS' EQUITY

€3.8 bn

Shareholders' equity

Group shareholders' equity, including net profit for the year, totalled €3.8bn at 31 December 2022, having changed as follows:

Group shareholders' equity

(€m)

Shareholders' equity at 31 December 2021	**3,319**
Dividend distribution	(501)
Change in valuation reserves	(86)
Other changes	13
Net profit	1,070
Shareholders' equity at 31 December 2022	**3,815**

Group shareholders' equity includes consolidated profit of €1.1bn and offsets dividend payments from 2021 profit and changes in valuation reserves.
Valuation reserves reported a negative value of €24m, compared to a positive balance of €62m recorded at 31 December 2021 (-€86m). The change is largely attributable to the worsening of the reserve on financial assets with an impact on overall profitability, following the negative changes in fair value recorded by the securities portfolio during the year (-€58m).

Reconciliation of the shareholders' equity and net profit of the Parent Company Fideuram S.p.A. with those of the Group

(€m)

	31.12.2022	
	SHAREHOLDERS' EQUITY	INCLUDING: NET PROFIT
Parent company's balances	**2,641**	**1,085**
Net profit of subsidiaries consolidated line-by-line	664	664
Effect of consolidation of subsidiaries and associated companies	430	20
Valuation reserves of subsidiaries consolidated line-by-line	56	-
Equity instruments of fully consolidated companies	24	-
Dividend income from Group companies	-	(699)
Consolidated balances	**3,815**	**1,070**

Fideuram S.p.A.'s own funds and main capital ratios at 31 December 2022 are shown below.

Fideuram S.p.A. Capital Ratios

(€m)

	31.12.2022	31.12.2021
CET1	1,588	1,132
Tier 1	1,588	1,132
Own funds	1,588	1,132
Total risk-weighted assets	9,126	7,358
CET1 Ratio	**17.4%**	**15.4%**
Tier 1 Ratio	**17.4%**	**15.4%**
Total Capital Ratio	**17.4%**	**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 31 December 2022, this calculation showed a Common Equity Tier 1 ratio of 15.8% (13.6% at 31 December 2021) and a Total Capital Ratio of 16% (13.8% at 31 December 2021).

Fideuram - Vicenza Office

3.8.2 **Productive** capital

Productive capital includes property owned, the organisation of bank branches and Personal Financial Advisers' offices at territorial level, and all the equipment needed to conduct the Group's business.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Customer satisfaction Accessibility of services for customers with physical disabilities	The Personal Financial Adviser occupies a central role in the Group's business model, publicising and promoting banking services outside bank premises. The meeting between the customer and the Personal Financial Adviser is pivotal to the relationship of trust that is established and the Group therefore makes available an extensive network of Branches and Offices to Personal Financial Advisers. Of particular importance for the Group is its ability to interact with all customers at its structures, thus eliminating architectural barriers and equipping ATMs with special interfaces.	The Group applies the "Physical Safety Rules", which are included in the "Security Principles" governance document, containing the rules and most appropriate conduct to optimise the safety measures adopted, and consequently, minimise risks to people and assets.

Bank Branches and Personal Financial Advisers' offices of the Group

(No.)	**2022**	**2021 (*)**	**2020 (*)**
Bank branches - Fideuram Network	115	120	118
Bank branches - Intesa Sanpaolo Private Banking Network	146	150	154
- of which High Net Worth Individual Branches	*9*	*10*	*10*
Bank branches outside Italy	7	9	12
Total Bank Branches	**268**	**279**	**284**
Personal financial advisers' offices - Fideuram Network	204	203	202
- of which Private Banking Centres	*3*	*3*	*3*
Personal financial advisers' offices - Sanpaolo Invest Network	117	114	115
Personal financial advisers' offices - IW Private Investments Network	67	49	47
- of which Wealth Management Unit	*6*	*6*	*6*
Personal financial advisers' offices - Intesa Sanpaolo Private Banking Network	4	4	4
Personal financial advisers' offices outside Italy	7	7	7
Total Personal Financial Advisers' offices	**399**	**377**	**375**

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

No. 268
Bank Branches

No. 399
Personal Financial Advisers' offices

LOGISTICS STRUCTURE SUPPORTING THE NETWORKS

Our Personal Financial Advisers are supported in their work by a logistics structure consisting of 261 bank branches across Italy (115 in the Fideuram Network, 146 in the Intesa Sanpaolo Private Banking Network) and 7 branches outside Italy (Brussels, Gand, Geneva, Lugano, Luxembourg (2), and Zurich), as well as 399 Personal Financial Advisers' offices (204 in the Fideuram Network, 117 in the Sanpaolo Invest Network, 67 in the IW Private Investments Network, 4 in the Intesa Sanpaolo Private Banking Network, and 7 in the international network).
For our high-end clients, there are three Private Banking Centres, supporting the sales activities of the Fideuram and Sanpaolo Invest Networks, and six Wealth Management Units for the IW Private Investments Network, and nine HNWI Branches for the Intesa Sanpaolo Private Banking Network.
During 2022, there was continued strengthening of the operational synergies between the Networks, which included increasing the number of shared Offices where Personal Financial Advisers of the Fideuram Network and the Sanpaolo Invest Network operate side by side. The objective for 2023 is to further consolidate the integration and sharing of spaces between the Networks, also motivated by the shared sales strategies, creating synergies also with the IW Private Investments Network.

GEOGRAPHICAL DISTRIBUTION OF NETWORKS

For the provision of investment services, the Fideuram Group uses the Fideuram, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Private Banking Networks of Personal Financial Advisers, located and operating throughout Italy, and abroad the Network composed of Reyl, CBP Quilvest and Fideuram Bank (Luxembourg) operating in Belgium, Luxembourg and Switzerland.

The four Italian Networks are organised into Areas. Each Area is sized to suit the business potential of the territory concerned and may cover several regions or just a few provinces.

On 1 January 2023 a new structure of the sales areas came into force for the Fideuram and Sanpaolo Invest Networks. In order to achieve increasingly challenging growth objectives, it was considered appropriate to continue the strategy of change in the organisational structure, started some years ago, favouring both the generational transition of the managerial structure and the empowerment of female talent.

In particular, the new organisation, which provides for 11 areas for the Fideuram Network and 6 for the Sanpaolo Invest Network, takes into account the various requirements imposed by the market in terms of:

- widespread local coverage for an increasingly more dedicated and adequate quality of service offered to customers;
- improvements to the coordination management of the Personal Financial Advisers of the two Networks;
- achievement of the growth and recruitment objectives, an activity of crucial importance for business development;
- further focus on the differentiated and dedicated management of the Personal Financial Advisers of the two Networks with greater oversight and focus on training and professional development.

For the IW Private Investments Network, with effect from 1 January 2023, the organisational structure of the commercial areas was redefined, in order to facilitate the penetration and monitoring of the territory and achieve growth objectives, reducing the areas from 9 to 8.

For the Intesa Sanpaolo Private Banking Network, the process of developing and modifying the commercial structure continued, now divided into 9 Areas.

As part of the international development project of the Private Banking Division, during the first half of 2022, Fideuram Bank (Luxembourg) acquired CBP Quilvest, a Luxembourg private bank with branches in Belgium.

OFFICE REORGANISATION

During 2022, the rationalisation of real estate assets continued with the dual objective of improving the quality of Agencies and curbing costs. Therefore, since the beginning of the year, a series of efficiency measures have been launched for the Fideuram and Sanpaolo Invest Networks, including the opening of new Agencies, such as at Casalecchio di Reno (Bologna) and Merate (Lecco), and various transfers to new offices within the same municipality such as Città di Castello (Perugia), Perugia, Bergamo, Cerea (Verona), Gorizia, Belluno, Isernia, Florence (after the completion of building rationalisation measures) and Matera.

For the Intesa Sanpaolo Private Banking Network, two new branches of the HNWI branches in Bari and Vicenza were opened in 2022; 3 private branches were closed in Florence, Brescia and Monza, HNWI branches in Valle d'Aosta and Piedmont in Turin and two secondment in Florence and Jesi. In addition, nine downgrades from branch to secondment took place during the year.

Intesa Sanpaolo Private Banking - Brescia Branch

The area structures of the four Networks are shown below.

Area Structure of the Fideuram Network

	1.1.2023	31.12.2022	31.12.2021
AREA	REGIONS	REGIONS	REGIONS
1	Piedmont and Valle d'Aosta	Piedmont and Valle d'Aosta	Piedmont and Valle d'Aosta
2	Lombardy (provinces of Como, Lecco, part of the province of Milan, Sondrio and Varese)	Lombardy (provinces of Como, Lecco, part of the province of Milan, Sondrio and Varese)	Lombardy (provinces of Como, Lecco, Milan, Sondrio and Varese)
3	Lombardy (provinces of Bergamo, Monza-Brianza and part of the province of Milan)	Lombardy (provinces of Bergamo, Monza-Brianza and part of the province of Milan)	Lombardy (provinces of Bergamo, Brescia, Cremona, Mantua and Monza-Brianza)
4	Lombardy (provinces of Brescia, Cremona, Lodi and Mantua) and Veneto (province of Verona)	Lombardy (provinces of Brescia, Cremona, Lodi and Mantua) and Veneto (province of Verona)	Friuli Venezia Giulia, Liguria, Lombardy (province of Pavia), Trentino Alto Adige and Veneto
5	Friuli Venezia Giulia, Trentino Alto Adige and Veneto (excluding the province of Verona)	Friuli Venezia Giulia, Trentino Alto Adige and Veneto (excluding the province of Verona)	Emilia Romagna (provinces of Bologna, Ferrara, Modena, Parma, Piacenza, Ravenna and Reggio Emilia) and Lombardy (province of Lodi)
6	Liguria and Lombardy (province of Pavia)	Liguria and Lombardy (province of Pavia)	Emilia Romagna (provinces of Forlì-Cesena and Rimini) and Tuscany (provinces of Arezzo, Florence, Prato and Siena)
7	Emilia Romagna	Emilia Romagna	Lazio and Tuscany (provinces of Grosseto, Livorno, Lucca, Massa-Carrara, Pisa and Pistoia)
8	Tuscany	Tuscany	Abruzzo, Basilicata, Marche, Molise, Puglia, Sardinia and Umbria
9	Lazio	Lazio	Calabria, Campania and Sicily
10	Abruzzo, Basilicata, Marche, Molise, Puglia, Sardinia and Umbria	Abruzzo, Basilicata, Marche, Molise, Puglia, Sardinia and Umbria	
11	Calabria, Campania and Sicily	Calabria, Campania and Sicily	

Area Structure of the Sanpaolo Invest Network

	1.1.2023	31.12.2022	31.12.2021
AREA	REGIONS	REGIONS	REGIONS
1	Lombardy, Piedmont, Valle d'Aosta, Liguria and Veneto (province of Verona)	Lombardy, Piedmont, Valle d'Aosta and Veneto (province of Verona)	Lombardia (except for the province of Mantua), Piedmont and Valle d'Aosta
2	Friuli Venezia Giulia, Trentino Alto Adige and Veneto (excluding the province of Verona)	Friuli Venezia Giulia, Trentino Alto Adige and Veneto (excluding the province of Verona)	Friuli Venezia Giulia, Lombardy (province of Mantua), Trentino Alto Adige and Veneto
3	Abruzzo, Emilia Romagna, Marche, Molise, Tuscany and Umbria	Emilia Romagna, Liguria, Marche, Tuscany and Umbria	Emilia Romagna, Liguria, Marche, Tuscany and Umbria
4	Lazio	Lazio	Lazio
5	Basilicata and Puglia	Abruzzo, Basilicata, Molise and Puglia	Abruzzo, Basilicata, Molise and Puglia
6	Campania, Calabria and Sicily	Campania, Calabria and Sicily	Calabria, Campania and Sicily

Area Structure of the IW Private Investments Network

	1.1.2023	31.12.2022
AREA	REGIONS	REGIONS
1	Emilia Romagna (provinces of Bologna, Rimini, Forlì-Cesena and Modena), Lombardy (provinces of Lodi, Milan, Pavia and Monza-Brianza) and Marche	Emilia Romagna (provinces of Bologna, Rimini, Forlì-Cesena and Modena), Lazio (province of Rieti), Lombardy (provinces of Lodi, Milan, Pavia and Monza-Brianza), Marche and Umbria
2	Tuscany, Umbria and Lazio (province of Rieti)	Tuscany
3	Basilicata, Calabria, Campania and Puglia	Basilicata, Calabria, Campania and Puglia
4	Abruzzo, Lazio and Sardinia	Abruzzo, Lazio and Sardinia
5		
6	Emilia Romagna (provinces of Parma and Piacenza), Lombardy (provinces of Bergamo, Brescia, Cremona and Mantua) and Veneto (provinces of Verona and Padua)	Emilia Romagna (provinces of Parma and Piacenza), Lombardy (provinces of Bergamo, Brescia, Cremona and Mantua) and Veneto (provinces of Verona and Padua)
7	Liguria and Piedmont	Liguria and Piedmont
8		Emilia Romagna (province of Bologna), Friuli Venezia Giulia and Veneto (provinces of Belluno, Treviso, Padua and Vicenza)
9	Lombardy (provinces of Como, Lecco, Monza-Brianza, Milan and Varese), Friuli Venezia Giulia and Veneto (provinces of Belluno, Treviso, Padua and Vicenza)	Lombardy (provinces of Como, Lecco, Monza-Brianza, Milan and Varese)
10		
11 - Wealth Management	Provinces of Pescara, Rome, Milan, Genoa, Turin and Florence	Provinces of Pescara, Rome, Milan, Genoa, Turin and Florence

Area Structure of the Intesa Sanpaolo Private Banking Network

31.12.2022		31.12.2021	
AREA	REGIONS	AREA	REGIONS
Centre and Islands area	Abruzzo, Lazio, Marche (excluding the province of Pesaro Urbino), Sardinia and Sicily	Puglia Calabria Basilicata backbone Area	Abruzzo, Calabria, Marche and Puglia
South Area	Calabria, Campania, Molise, Puglia and Basilicata	Lazio Sardinia and Campania Area	Campania, Lazio and Sardinia
Emilia and Romagna Area	Emilia Romagna, Marche (only the province of Pesaro Urbino)	Emilia Romagna Area	Emilia Romagna
Northern Lombardy Area	Lombardy (province of Milan excluding the City of Milan, Bergamo, Como, Lecco, Sondrio and Varese)	Northern Lombardy Area	Lombardy (part of the province of Bergamo, provinces of Como, Lecco, Milan and Varese)
Southern Lombardy Area	Lombardy (provinces of Brescia only for the HNWI Detachment, Cremona, Lodi, Mantua, Monza-Brianza and Pavia)	Southern Lombardy Area	Lombardy (part of the province of Brescia, provinces of Cremona, Lodi, Mantua, Milan excluding the municipalities of Milan, Monza and Pavia)
Northeast Area	Veneto, Friuli Venezia Giulia and Trentino Alto Adige	Northeast Area	Friuli Venezia Giulia, Trentino Alto Adige and Veneto
Southern Piedmont, Liguria, Tuscany and Umbria Area	Piedmont (provinces of Cuneo, Asti, Alba), Liguria, Tuscany and Umbria	Aosta Valley, Piedmont and Liguria Area	Liguria, Piedmont (excluding the municipality and province of Turin) and Valle d'Aosta
Val d'Aosta, Northern Piedmont and Turin Area	Liguria, Piedmont (provinces of Turin, Biella, Vercelli, Novara, Verbania) and Valle d'Aosta	Turin and Province Area	Piedmont (municipality and province of Turin)
Milan Area	Lombardy (only Milan city)	Milan Area 1	Lombardy (only part of the city of Milan)
		Milan Area 2	Lombardy (only part of the city of Milan)
		Eastern Lombardy Area	Lombardy (part of the provinces of Bergamo and Brescia)
		Tuscany Umbria Area	Tuscany and Umbria
		Sicily Area	Sicily

Area Structure of the International Network(*)

	31.12.2022	31.12.2021
	NATIONS	NATIONS
Foreign Network	Belgium - Brussels and Ghent Luxembourg - Luxembourg Switzerland - Lugano, Geneva and Zurich	Belgium - Brussels and Ghent Luxembourg - Luxembourg Switzerland - Lugano, Geneva and Zurich

(*) The foreign network includes the commercial structure of the Reyl Group, Fideuram Bank (Luxembourg) and CBP Quilvest.

ACCESSIBILITY OF SERVICES

To guarantee disabled access to our branches, the necessary facilities are installed where there are newly opened offices so as to eliminate the architectural barriers, continues while, where possible, the adaptation of facilities in existing branches. The same focus concerns accessibility to ATMs, with their adaptation to include a specific interface aimed at the needs of blind and visually impaired customers, and the installation of the machines lower down, where possible.

The Group owns the following properties, which it uses to conduct its business:

- 31 Piazzale Giulio Douhet, Rome;
- 44 Via Cicerone, Rome;
- Lugano – Riva Caccia 1a;
- Rue Charles-Galland 18, Geneva.

Fideuram Group – Area Coverage – Logistics Structure and Geographical Distribution of Personal Financial Advisers

(No.)

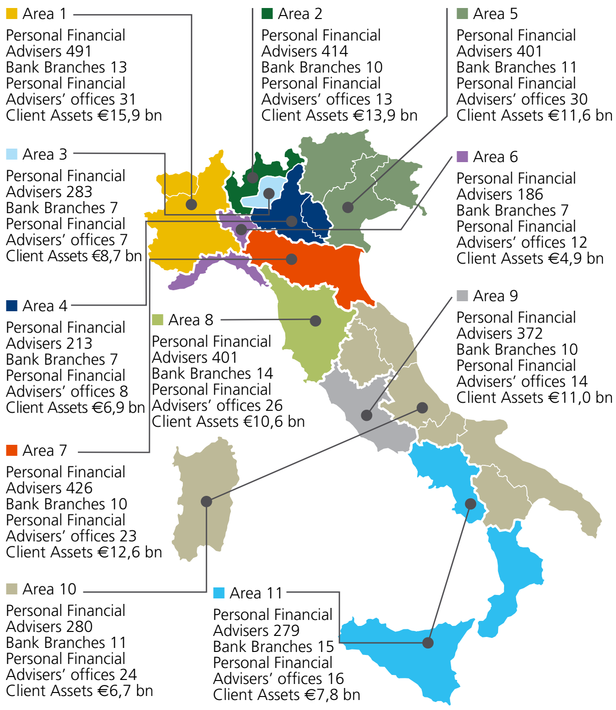
		BANK BRANCHES			PERSONAL FINANCIAL ADVISERS' OFFICES			PERSONAL FINANCIAL ADVISERS		
		2022	**2021 (*)**	**2020 (*)**	**2022**	**2021 (*)**	**2020 (*)**	**2022**	**2021 (*)**	**2020 (*)**
Italy	Piedmont	38	39	42	48	47	46	855	841	833
Italy	Valle d'Aosta	1	1	1	2	2	2	13	12	14
Italy	Liguria	11	12	11	27	26	25	296	319	321
Italy	Lombardy	59	64	64	60	55	55	1,538	1,515	1,408
Italy	Veneto	26	25	25	28	28	28	533	522	523
Italy	Friuli Venezia Giulia	6	6	6	10	10	10	131	129	127
Italy	Trentino Alto Adige	4	4	4	7	7	7	46	50	49
Italy	Emilia Romagna	24	24	24	37	35	35	610	599	581
Italy	Tuscany	23	25	23	44	43	43	616	603	601
Italy	Umbria	3	4	6	9	8	8	84	92	97
Italy	Marche	6	7	7	16	15	15	150	161	149
Italy	Lazio	16	16	16	34	31	30	817	811	805
Italy	Abruzzo	4	4	4	13	11	12	95	90	97
Italy	Molise	-	-	-	2	2	2	16	14	15
Italy	Campania	17	17	17	21	18	18	363	374	386
Italy	Basilicata	-	-	-	2	2	2	14	14	13
Italy	Puglia	9	8	8	13	12	12	147	142	139
Italy	Calabria	4	4	4	4	4	4	37	37	34
Italy	Sicily	7	7	7	11	11	11	150	145	149
Italy	Sardinia	3	3	3	4	3	3	44	44	45
Outside Italy	Reyl Group	3	5	8	7	7	7	52	69	77
Outside Italy	CBP Quilvest	3	3	3	-	-	-	33	27	33
Outside Italy	Fideuram Bank (Luxembourg)	1	1	1	-	-	-	8	11	12
Total		**268**	**279**	**284**	**399**	**377**	**375**	**6,648**	**6,621**	**6,508**

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

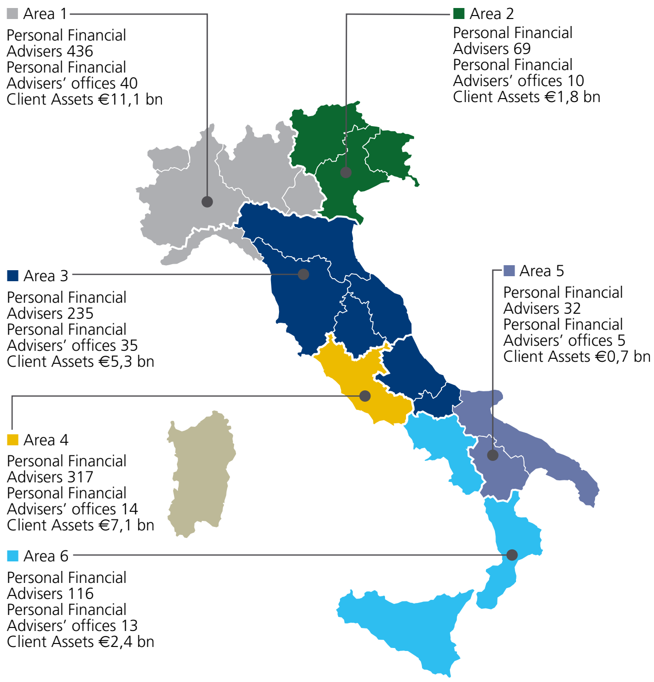
Sales Areas of the four Fideuram Group Italian Networks

The new commercial distribution of the Fideuram, Sanpaolo Invest and IW Private Investments Networks, operational from 1 January 2023, and of the Intesa Sanpaolo Private Banking Network are shown below

Fideuram Network: 11 Areas



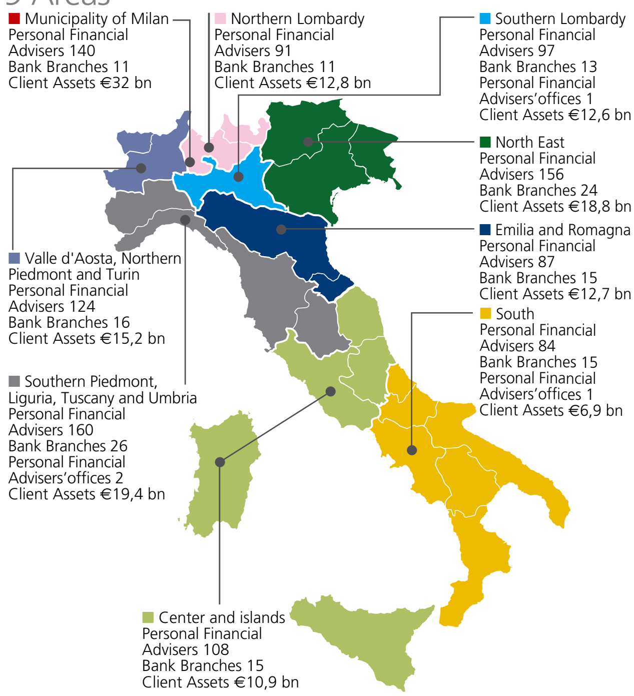
Sanpaolo Invest Network: 6 Areas



IW Private Investments Network: 8 Areas

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

Intesa Sanpaolo Private Banking Network: 9 Areas



3.8.3 **Intellectual** capital

Intellectual capital includes knowledge-based intangible assets such as intellectual property (copyrights, rights and licenses), organisational capital (systems and procedures) and the intangible assets associated with the brand and with the Group's reputation.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Management of customer portfolios Transparent management of customer portfolios Focus on customers who are High Net Worth Individuals Reinforcement of customer retention measures **Development of sales networks and dissemination of financial literacy** Development of advisory services, seeking to anticipate market demands Timeliness and effectiveness of responding to customer needs Financial education and promotion of a culture, responsible management and savings New tools available to customers **Adequacy and innovation of financial products on offer** Adequate cost of financial products in relation to the quality of service offered Appropriateness of the products offered to the financial literacy of customers Information provided is understandable and relevant (e.g. prospectuses) Product and service innovation Customization of the product offer in relation to customer needs **Privacy** Prevention of computer fraud Adequacy of controls over the distribution networks Data security Data management Cybersecurity **Digitalizzazione** E-banking and services virtualization Availability of diversified and interactive channels for Bank-customer communications Development of Banca Diretta	Offering professional and cutting-edge advisory services underpins the Group's competitiveness. These are all-encompassing advisory services, which also cover customer needs that are not purely financially based. Innovation in additional services and investment products is therefore the focus of business activity. Innovation also involves the tools supporting advisory services, whereby customers access services via other channels rather than the traditional channel. Focus on HNWI customers (with financial assets potentially in excess of €10,000,000), in order to obtain economies of scale and guarantee value creation in a manner that is sustainable over time. The Group has set itself the objective of providing clear and transparent information to customers, using simple language in documentation, which makes it easier to understand the characteristics of the products and services offered, as well as the applicable financial conditions. The offering of products and services is based on customers' knowledge level and propensity to risk. The Group deems IT security to be of strategic importance with regard to data protection, also in light of customers' increased propensity for making use of online services.	In providing its investment services, the Group applies the provisions of the MiFID 2 EU Directive, whilst its audit functions monitor whether internal procedures are appropriate on the basis of preventive validation and ongoing verification, and whether they are compliant. The Group assigns strategic importance to the protection of data and processes managed within its units, safeguarding colleagues and customers interests and rights, both when developing new services and solutions, as well as in the operational management of company activities. Evolving current technologies, changes to operating processes subsequent to their automation and continual developments in the economy can impact on corporate IT security risk levels. Effectively monitoring the latter contributes to mitigating IT risk, which due to its specific nature is included among the operational, reputational and strategic risks outlined in the "IT security guidelines for the Private Banking Division". The Group intends adopting Product Governance monitoring controls based on the "Guidelines for approval of new products, services and activities aimed at a specific target group of customers", which aim to safeguard investors' interests over the course of the financial products' entire life cycle, from conception through to after sales, ensuring that all corporate Bodies and units involved are accountable. The Rules for implementing the guidelines set out the roles and responsibilities of the sales Networks and define the macro-processes intended to regulate the distribution of financial products to all customers. Special attention is given to the processing of personal data based on a process that aims to define the protection logic for data by identifying potential non-compliance risks (in relation to the nature, object, context and purposes of processing) and the appropriate technical and organisational measures to mitigate these risks, starting in the design stages and over the course of the entire data processing life cycle. Privacy by Design (term referring to data protection from the time of design), therefore ensures that processing complies with legislative requirements and that data is processed with the necessary measures securely in place, from the time the data is collected until its erasure.

	2022	2021	2020
Customers subscribed to Advanced Advisory Services (No.)	61,788	63,770	64,363
Advanced Advisory Service Client Assets (€m)	42,071	46,581	43,959

ADVISORY SERVICES

MAIN OBJECTIVES FOR 2022	ACTIONS AND RESULTS ACHIEVED
Integration and enhancement of sustainability within the basic and advanced advisory model.	During 2022, the activities necessary for the transposition of sustainability regulations in the financial services sector for the Fideuram, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Private Banking Networks continued. Since 30 July 2022, the products placed by the Networks and present in customer portfolios have been classified with reference to their sustainability characteristics and customer sustainability preferences, according to three sustainability factors: E - Environmental, S - Social, G - Good Governance. In addition, as part of adequacy checks, a new, non-blocking ESG consistency check was introduced, which assesses the consistency of the customer's portfolio with respect to the sustainability preferences declared by the customer in the MiFID profiling questionnaire.
Consolidation and evolution of basic and advanced advisory services, in order to consolidate their distinctive model and improve their usability through digital platforms.	Following the partial demerger of IW Bank in favour of Fideuram, and the consequent transformation into IW Private Investments SIM, starting from 14 February 2022, both the basic advisory service and the advanced advisory service Sei, and Sei Private version were extended to customers of the IW Private Investments Network. Starting from 16 May 2022, customers with a Six and Six Private version contract have the possibility, after signing a specific form, to certify the information relating to the assets they hold with other intermediaries, and which the Personal Financial Adviser has entered in the Advisory Platform. After customer certification, the Personal Financial Adviser can print and share with the customer the information relating to assets held with other intermediaries through the delivery of the Diagnosis Sei report. In December 2022, the Robo4Advisor features of BlackRock's Aladdin platform, dedicated to rebalancing the investment projects of customers with Sei and Sei Private version contracts, were made available to Personal Financial Adviser Digital Specialists: the gradual release to all Personal Financial Advisers of the Fideuram, Sanpaolo Invest and IW Private Investments Networks is planned for 2023. In order to support their operations and optimize the level of service to customers, activities were launched in 2022 to make the commercial reporting of the Fideuram, Sanpaolo Invest and IW Private Investments Networks, which will be released in 2023, more complete and easily customizable. At the beginning of the year, activities were launched for the evolution and renewal of Intesa Sanpaolo Private Banking's advanced advisory service VIEW, which in the first part of 2023 will be replaced by a new service that is even more complete, targeted and attentive to customer's needs to enhance and protect their assets.

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MAIN OBJECTIVES FOR 2022	ACTIONS AND RESULTS ACHIEVED
Convergence towards a single adequacy assessment model.	During 2022, activities were started for convergence towards a single adequacy assessment model and a single MiFID profiling questionnaire between Fideuram, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Private Banking Networks, with the aim of ensuring efficient management of compliance risk, ensuring full alignment of the safeguards provided by the Group's distribution networks. The release of the new adequacy model is planned for 2023.
Updating and consolidation of the service model in compliance with the law and regulations, and especially in terms of reinforcing adequacy checks and of the information provided to customers in relation to the characteristics of the products and services provided.	In 2022, a multi-function work group comprising the main departments of the Group cemented the impact of regulations on the Division's business model. As regards the reporting of costs actually incurred by customers with respect to returns obtained, the "Analytical Report" relating to the costs, charges and incentives of the investment portfolio was expanded, for each category of product/service, to include details of the individual cost items, in euro and as a percentage, which contribute to the determination of: • costs related to investment services, ancillary services, and insurance distribution; • third Party payments received from the intermediary (incentives); • costs related to financial instruments, insurance products and discretionary accounts. For the Fideuram, Sanpaolo Invest and IW Private Investments Networks: • since 31 January 2022, the adequacy assessment of investment proposals has also considered deferred settlement transactions, already signed by the customer but not yet completed ("ongoing transactions"), concerning Fideuram Alternative Investments (FAI) financial instruments and certificates placed on the primary market; • since 9 April 2022, in the "Information on costs, charges and incentives" section of the Proposal Report, the costs actually incurred by the customer have been indicated for the after-sales transactions of the following Fideuram Vita products: Fideuram Vita Insieme, Fideuram Vita Insieme Private, Fideuram Vita Insieme Premium, Fideuram Vita Insieme Facile, Fideuram Vita Sintonia, Fideuram Vita Gemini, Fideuram Vita Garanzia e Valore, Fideuram Vita Garanzia e Valore 2; • since 13 June 2022, a blocking control has been included in the proposal of the Advisory Platform to inhibit the subscription of products for which mandatory preventive training is foreseen, if the Personal Financial Adviser has not already received training using the Campus Online platform; • since 20 June 2022, it has been possible to take out an accumulation plan (PAC) for Group funds and third-party funds, even if the interest sub-funds have a level of potential loss not consistent with the class of ability to bear the customer's losses, but only if the following characteristics of the plan are met at the same time: maximum monthly payment less than or equal to €500 and the first maximum payment less than or equal to €6,000;

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MAIN OBJECTIVES FOR 2022	ACTIONS AND RESULTS ACHIEVED
	• since 21 October 2022, Personal Financial Advisers not registered in Section E of the Single Register of Insurance Intermediaries (RUI), have been prevented from issuing proposals containing underwriting and after-sales transactions relating to insurance products (Class I, Class III, Multi-class) and pensions. All measures relating to the updating and consolidation of the service model in accordance with the regulations have been integrated into the platforms and reporting used by the Sales Networks and made available to customers.

The Group decided to adopt an advisory operating model following the coming into force of the European Union Markets in Financial Instruments Directive (MiFID) and of the Italian Finance Consolidation Act that transposed it into Italian law. This takes the concrete form of providing investment services to customers who have decided to follow the Group's personalised recommendations and have therefore chosen our advisory support in conjunction with all other investment services for any transaction carried out by our Branches or through our financial advisors authorised to offer products and services outside company premises or using remote communication technologies. Our provision of investment advisory services involves acquiring the information from each customer or potential customer in advance as necessary to compile a financial profile reflecting their:

- understanding and experience of financial products or investment services;
- financial situation and loss-taking capacity;
- investment objectives.

During 2022, the service model was aligned to the guidelines set out in Directive 2014/65/EU (MiFID 2). Alongside a basic advisory service based on customer profiling for maximum risk level and on ascertaining that there is an appropriate match between each customer's financial profile and total asset risk, the Group offers the following fee-paying advanced advisory services:

- the advanced advisory product Sei and the Sei Private version through the Fideuram and Sanpaolo Invest Networks, and, since 14 February 2022, also through the IW Private Investments Network;
- advanced VIEW and Private Advisory service through the Intesa Sanpaolo Private Banking Network.

The Group service model provides customers having greater financial resources with dedicated organisational services and geographical coverage: Private Wealth Management with Private Banking Centres and HNWI Centres of Excellence with the HNWI Branches.

SEI ADVANCED ADVISORY SERVICE AND SEI PRIVATE VERSION

The Sei Advanced Advisory Service charges a fee for activating the service and regular annual commission, each of which is calculated both in relation to the customer's assets managed by the Group and to their potential.
Sei customers receive regular clear and detailed statements which allow them to track their assets' progress towards their goals and to monitor the suitability of their asset risks with respect to their financial profile.

The "Sei method" is centred on the customer and their needs, which are segmented into six areas: protection, liquidity, reserve, pension, investment and excess return. Sei provides our Personal Financial Advisers with support in analysing their customers' needs, identifying optimum customised solutions that meet them and monitoring their progress over time. All this is done whilst constantly monitoring the risk and diversification of each customer's total assets, in full compliance with applicable regulations.

The advanced advisory service is offered in two versions, Sei and Sei Private Version, which meet the needs of different types of customers by offering greater flexibility in the levels of service offered. The version created for Private Banking customers offers exclusive benefits, such as specialised tax, legal, real estate and succession management advice and preferred access to the services of Siref Fiduciaria. In addition, the regular statements and reports sent to customers contain special content for the Private version.
A further strength of the service is that the process can be extended to provide a systematic analysis of a customer's total assets even if they are held with other financial brokers, and

also include an analysis during the diagnosis phase of their non-financial assets: real estate assets, corporate assets and other high-value goods.

With a view to increasing customer protection with the Sei and Sei Private version contracts, starting from 16 May 2022, a new process has been put in place, aimed at:

- giving customers the opportunity to certify the information relating to the assets they hold with other intermediaries that the Personal Financial Adviser has entered in the Advisory Platform;
- allowing the Personal Financial Adviser to print and share with the customer the information relating to the assets held with other intermediaries through the delivery of the Diagnosis Sei report.

The new certification process requires the customer to sign a special form, automatically generated by the Platform and pre-compiled with the products and information registered by the Personal Financial Adviser, in order to certify the correctness.
Upgrading of the Private Wealth Management unit also continued in 2022, with a view to developing and serving the Private Banking and High Net Worth Individuals segments through a pro-active approach and dedicated business model.
The model follows a combined global approach that considers every aspect of a customer and their household's asset management needs, using cross-sectorial skills and expertise based on team work and shared best practices.
The integrated offering covers Financial Products and Lending Offer, Corporate Advisory, Legal and Tax Advisory Services, Property Services, Art & Luxury, and Philanthropy. During 2022, synergies with Intesa Sanpaolo were further strengthened in order to consolidate the Corporate and Real Estate offer, through strategic Partners who provide services dedicated to extraordinary finance (M&A) transactions and real estate transactions mainly for residential, tertiary, hotel and logistics purposes.
Together with support from our Personal Financial Advisers, the Private Wealth Management services are provided by offering integrated advice on financial assets, real estate, company shareholdings and family businesses with a view to increasing management and allocation efficiencies and also in terms of succession management and asset and wealth protection and development.
Access to the model provides continuous asset monitoring in the areas of greatest customer interest, while simultaneously facilitating access to a select network of professionals for specific needs.

Ancillary services to the SEI Advanced Advisory Service and SEI Private Version

The analysis of customers' needs, a distinctive feature of the service, is strengthened by channelling the Advanced Advisory Service towards assessing the customer's total assets and providing succession management, extending its customer and household financial assets risk analysis to incorporate the analysis of non-financial risks as well. The SEI Advanced Advisory Service and SEI Private Version give customers the option of subscribing to three value-added ancillary services:

- **Household** formalises the extension of the SEI model to the household unit, and makes it possible for Personal Financial Advisers to provide customers with an aggregate representation of the financial, real estate and corporate assets of their household unit, whilst fully complying with privacy legislation. Subscribing to the service allows customers to benefit from special economic terms on regular contract-based commissions.
- **Real Estate Monitoring** provides a detailed analysis of the composition and characteristics of customers and their household's real estate assets, with the view to analysing and monitoring these over time, in terms of their value, risks and diversification. The service includes a six-monthly "Real Estate Monitoring" report sent to the customer.
- **Succession Management** responds to customers' needs relating to the transfer of assets to future generations, and supports Personal Financial Advisers with informed succession planning, also through dedicated reporting.

These additional services were formalised in an addendum to the Advanced Advisory Services contract and integrated in the regular commissions applicable to the Sei and Sei Private Version services. On this basis, Personal Financial Advisers can offer customers an all-encompassing advisory service, with the support of a state-of-the-art computer platform, dedicated apps and advanced and customised reporting.

VIEW

VIEW is an Advanced Advisory Service, based on a careful analysis of customers' needs. Operating through this service, Intesa Sanpaolo Private Banking aims to:

- assist its customers with the informed management of their assets according to their needs and risk profile, and always in accordance with their MiFID profile;
- provide a comprehensive, effective and transparent advisory service in an increasingly volatile and complex market context;
- reaffirm its role as a professional and authoritative player as regards the whole spectrum of a customer's assets;
- prepare reports on the customers' entire assets, including on demand, and exploit an advanced and dedicated alert system.

The customer's assets are organised into need areas in the VIEW system, according to the needs expressed by the customer, including with the assistance of guideline customer "archetype" profiles: Extra-return, discretionary investments, non-discretionary investments, pension, and short-term investment.
The Advisory function has been added to the non-discretionary investments area, upgrading it from a stand-alone service to real exclusive feature of the VIEW service. At the customer's discretion, the Advisory function available in VIEW may be activated to receive personalised recommendations on individual or linked transactions involving the allocated portion of assets in that area.
VIEW makes it possible to identify investment strategies and solutions for each individual area of need in accordance with the customer's risk/return profile and to constantly monitor their wealth from a global standpoint in terms of risk and diversification over time.
Finally, the service is enhanced by the real estate tool, which makes it possible to extract the land registry data of customer-owned real estate through queries on the National Land Registry, and by the asset protection tool that offers customers initial support in succession management.
At the beginning of 2022, activities were launched for the evolution and renewal of the advanced advisory service VIEW, which will be replaced during 2023 by a new service that is

even more complete, targeted and attentive to customer's needs to enhance and protect their assets.

PRIVATE BANKING ADVANCED ADVISORY SERVICE

The Private Banking Advanced Advisory Service, delivered by Intesa Sanpaolo Private Banking on the Wealth Shaper platform, provides a personalised, fee-paying advisory service with high added value, dedicated to customers who do not wish to delegate their investment choices in full, but prefer to play an active role in their portfolio management in dialogue with top professionals.

The fee-paying Private Banking Advanced Advisory Service is dedicated to customers having at least €2.5m in financial assets and who wish to have constant support from a team of specialists in making their investment decisions. This service comprises an analysis of the customer's portfolio, followed by proposals for personalised allocation and advice aimed at buying and selling individual financial instruments. The portfolio analysis and allocation proposals are handled directly by the Advisory central team, with the aim of guiding customers towards a more efficient and diversified portfolio and better risk control. The advanced Private Advisory service offers customers the possibility of receiving personalised recommendations on their entire assets, also including wealth management mandates and insurance-based financial products, in addition to the scope already covered by the service relating to mutual funds and securities.

As regards the interrelationship between the new multi-channel platform for natural persons and the Advanced Advisory Services, a special section of the new digital tool, called Proposals for Advisory Services, is available; in this section, a customer, who has subscribed to online reporting, can view and express his interest for the proposals developed within the scope of the Private Banking Advanced Advisory Service and the VIEW Advisory functions.

WM REPORT

The WM Report is an integrated reporting service that provides the Intesa Sanpaolo Private Banking customer with a single document detailing the assets held at the Bank, with the option of aggregating even different customer categories (e.g. natural persons, legal entities, fiduciary companies).

The WM Report provides an aggregate representation of positions, at the level of both total assets or single customer. The Bank sends out the report on a six-monthly basis, and customers may request an on-demand report at any time from their reference branch.

SPECIALIST SERVICES

In addition, the Group also offers the following specialist advisory services:

- Tax, legal and succession advisory services for asset planning.
- Fiduciary services, supported by Siref Fiduciaria.
- Advisory support to assist entrepreneurs manage the liquidity generated during significant business transitions, such as Mergers & Acquisitions or Initial Public Offerings.
- Art Advisory services provided with the support of external consultants.
- Real Estate Advisory services to support customers' real estate management needs both regarding disposable property and property of potential interest. The needs analysis is conducted internally or with the support of external consultants, including international consultants, for valuation and agency services.
- Specialist Lending and Granting of Lines of Credit to support and develop the Group's lending business.

As part of the Philanthropy Advisory service in the Wealth Management Department, Intesa Sanpaolo Private Banking continued forming Donor Advised Funds (DAF), also providing support to its customers in preparing and drawing up the regulations of such funds, in particular with the collaboration of Compagnia di San Paolo and the Donor Italia ETS Foundation. Donor Advised Funds are a kind of juridical tool that ensures donors to maintain direction and control powers, while alleviating them from the responsibilities of management and administration. These funds can be created through foundations which already exist and offer to act as philanthropic intermediaries.

The Wealth Management Department, again as part of the aforementioned service, also proposed support for non-profit organisations with the structuring of a Theory of Change (ToC - Theory of Change), i.e. models aimed at guiding organisations' actions and measuring the social impact generated.

MAIN IMPROVEMENT OBJECTIVES FOR 2023

ADVISORY SERVICES

The main objectives are as follows:

- the introduction within the suitability assessment model of a check aimed at verifying the consistency of the customer's portfolio and investment transactions with respect to the customer's preferences on sustainability issues stated during MiFID profiling;
- the integration and development of sustainability in the Basic and Advanced Advisory Services model of the Networks, through the analysis and monitoring of customer portfolios and individual financial instruments, on the basis of the principal ESG indicators and themes, with the aim of reinforcing its leadership, brand recognition and reputation;
- the evolution of the advanced advisory service "Sei" and "Sei Private version" thanks to the introduction of highly innovative, distinctive and high added-value elements for all customer groups;
- the enhancement and revision of the advanced advisory services "Private Advisory" and "VIEW" by introducing new information content and new portfolio rebalancing tools, the technological upgrade of platforms that support Personal Financial Advisers in the provision of services, the integration of additional features of BlackRock's Aladdin to support the risk analysis and the composition of products and customer portfolios;
- the introduction of "Robo4Advisor" tools developed by Aladdin to support the rebalancing of customer portfolios, which make it possible to streamline the operations of the networks, increase the level of customer service and care, and support the customer proposition with a commercial storytelling that focuses on the rationale and advantages of the transactions proposed;
- convergence towards a single suitability assessment model and a single MiFID profiling questionnaire, with the aim of ensuring efficient management of compliance risk at Group level, ensuring full alignment of the safeguards provided by the Group's distribution networks;
- the introduction of increasingly complete and easily customisable commercial reports to support the activity of the Networks and optimise the level of customer service;
- updating of the service model in compliance with the law and regulations, and especially in terms of reinforcing adequacy checks and of the information provided to customers in relation to the characteristics of the products and services provided.

TOOLS SUPPORTING ADVISORY SERVICES

MAIN OBJECTIVES FOR 2022	ACTIONS AND RESULTS ACHIEVED
Advisory Platform Integration of investment sustainability information and metrics.	In line with the evolution of the service model, since 30 July 2022, the Advisory Platform and related reporting have included the following information and features relating to sustainability in the field of investments: • representation of the ESG sustainability preferences expressed by the customer in the MiFID profiling questionnaire; • ESG characteristics of the individual financial instrument and distribution of the overall portfolio; • indication of the SFDR (Sustainable Finance Disclosure Regulation) category, Article 6, Article 8, Article 9, for products within the scope of Regulation (EU) 2019/2088: funds, ETFs, discretionary accounts and insurance products; • introduction of the new ESG consistency check, which assesses the consistency of the customer's portfolio with respect to sustainability preferences.
Adjustment of operations in line with the evolution of the service model, regulations, strengthening of suitability checks and the product range development plan.	During 2022, the following actions were taken to adjust the Advisory Platform to the evolution of the service model, regulations, consolidated adequacy controls and the product range, including: • extension of the Advisory Platform to the IW Private Investments Network; • new features to support the analysis of the Personal Financial Adviser's portfolio: schedule, new details relating to transactions, advanced customer searches; • consideration in the adequacy assessment of ongoing transactions on FAI and certificates placed on the primary market; • representation of the costs actually incurred by the customer for after-sales transactions concerning main Fideuram Vita products; • customer certification of assets held with other intermediaries; • control of the subscription of products for which compulsory prior training is required; • possibility of opening a PAC on sub-funds that have a level of potential loss that is not consistent with the customer's ability to bear losses; • block on insurance and pension product transactions for Personal Financial Advisers not registered with the RUI; • adaptation of the Platform following the extension of the My Key contract to the Fideuram, Sanpaolo Invest and IW Private Investments Networks; • rebranding for the Sanpaolo Invest Network following the merger of Sanpaolo Invest SIM into Fideuram; • release to Personal Financial Adviser Digital Specialists of Robo4Advisor features developed by BlackRock's Aladdin platform; • management of position keeping and the commercial proposal of new products and services that expanded the offer available to Sales Networks and customers in 2022.

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MAIN OBJECTIVES FOR 2022	ACTIONS AND RESULTS ACHIEVED
Fideuram mobile solution	
Extension to the IW Private Investments Network.	Starting from 14 February 2022, the operations envisaged for the Fideuram and Sanpaolo Invest Networks on acquisition instruments (Operating Platform, Compliance Dashboard and ADP) have been extended to the IW Private Investments Network.
Broadening the range of products and managed functions.	In 2022, the expansion of products managed within the Operating Platform continued, enabling transactions to be digitally signed and allowing for a streamlined acquisition process with less operational risk. Objectives achieved include: • the extension of operations on the primary asset market; • the expansion of the scope of after-sales operations for insurance products; • implementations for the management of products put under warranty.
Adaptation to regulatory developments.	The adaptation of the Operating Platform to regulatory developments has involved various measures including: • the introduction of new, even more specific safeguards; • the adaptation of the platform to changes in the investment adequacy assessment process; • the review of information messaging addressed to financial advisers concerning the regulatory controls provided for on the Operating Platform.
Discontinuation of carbonless copy paper.	In 2022, the process to phase out chemical paper continued, in particular the types of products and transactions that can be subscribed through graphometric signatures were expanded.
Portal for Personal Financial Advisers	
Will continue to be a key tool for keeping up to date and maintaining the level of efficiency and effectiveness achieved as an information and training channel for the networks of Personal Financial Advisers, by constantly updating the content and always paying close attention to the aspects of sales communication, so that Personal Financial Advisers can focus on their core business.	During 2022, the Portal for Personal Financial Advisers maintained its central role as a method for distributing info-training content, with a constant update of the contents, the implementation of new areas and the creation of new pages.
Key TV communications	
Increase of the info-training tools that can support Personal Financial Advisers' everyday activities and their relations with customers.	2022 represented a return to intense face-to-face activity by all company players. KeyTv was included in this activity, with a new setting and renewal of the studios, from which several live broadcasts were made, putting management in contact with thousands of financial advisers; this interactive method of communication was extremely effective in months marked by conflict, uncertainty and emotions running high. The renewal also involved the front-end of the site and the TV logo. Two branding elements that have strengthened its identity even more. More than 600 videos were made, which the advisers also used for their private events.

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MAIN OBJECTIVES FOR 2022	ACTIONS AND RESULTS ACHIEVED
Welcome Extension to the IW Private Investments Network.	Since 14 February 2022, Welcome operations, relating to customer onboarding, account opening and transfers, have been extended to the IW Private Investments Network.
Evolution of the advanced electronic signature to the use of remote digital signatures.	Since January 2022, remote digital signatures have been adopted in the onboarding and account opening processes and since October also for joining online services (My Key) remotely. This signature method guarantees a better user experience and additional security thanks to the use of digital certificates, compared to advanced electronic signatures.
Adoption and management of the single My Key digital identity contract, shared with the entire intesa Sanpaolo Group.	Since 10 October 2022, the personal financial advisers of the Fideuram, Sanpaolo Invest and IW Private Investments Networks have been able to use the Welcome feature, to start the process of signing the My Key contractual rules, which govern, in a single contract, the use of online services and of electronic signatures (graphometric signatures and remote digital signatures).
Evolution and expansion of features and the perimeter.	With a view to expanding the scope and use for natural persons, during 2022, the following steps were taken: • optimisation of some processes by improving their usability. In particular, as part of fund transfer processes, customer management for Personal Financial Advisers "in teams", the upload of documents and management of cards (bank cards); • completion of advisory contract management cases, at the same time as opening a current account and without interrupting the process.
Completion of the possibilities of use relating to "Remote Signature" and extension of the methods of customer recognition.	In order to improve security, the unique control of the mobile number already provided for within the Fideuram Group was extended to the entire Intesa Sanpaolo Group. In addition, a contact certification process (for mobile numbers and e-mails) was introduced and is mandatory in the case of remote signatures. In the final part of the year, technical tests were launched on a new feature that will also allow for the opening of joint accounts with the use of remote signatures.
Remote and off-premises offer of products and services Continuation of the Digital Transformation process, to enable increasingly complete, integrated and innovative multi-channel operations, strengthening the remote offer and expanding the scope of digitised products and processes.	In 2022, the Digital Transformation process continued, expanding the perimeter of digitised products and processes, strengthening the supply channels, especially remote channels. In particular, for the Intesa Sanpaolo Private Banking Network, the sales and after-sales processes of Intesa Sanpaolo Vita and Intesa Sanpaolo Life insurance investment products were digitised.

In performing their own activity, the distribution networks use a set of tools that allow them to offer value added advisory services.

ADVISORY PLATFORM

The Advisory Platform guides and supports Fideuram, Sanpaolo Invest and IW Private Investments Networks in providing the basic and advanced Sei advisory service, extending over all process phases, from the needs analysis through to ongoing assets monitoring. Based on responsive web design technology, Personal Financial Advisers can use the Advisory Platform from a PC or iPad. Information of interest is easily accessible and classified according to customer category, based on simple and intuitive navigation.
In line with the service model, the Advisory Platform identifies a common operating process for all customers, while simultaneously optimising the Advanced Advisory Service. Through the Platform, the Personal Financial Adviser can analyse customers and their household's financial position (even if these are held with other intermediaries) and asset position (real estate, business, other assets), agree on objectives and strategies with them, identify the most appropriate solution for their requirements, assist in monitoring the results achieved over time with ongoing risk management and an advanced alert system. The Platform makes it possible to register potential customers, so as to support the Personal Financial Adviser in the onboarding of new customers and provide advanced, customizable reporting printable on demand, which can always be shared with the customer, and includes information added over the years, such as the display of settled products/contracts, and the carrying values of funds placed à la carte, shares and ETFs.
The Advisory Platform made it possible to manage all the operational process stages (position keeping, proposal and monitoring) for the new products that have filled out the range offered by the Group during the year.
The Advisory Platform also allows Personal Financial Advisers to access the main features of Alfabeto PB, with the aim of providing the Personal Financial Advisers with a single entry point from which to manage the customisations provided by the new internet banking and digital wealth management platform, Alfabeto 2.0.

PORTAL FOR PERSONAL FINANCIAL ADVISERS

The easing of the pandemic during 2022, while having favoured the resumption of face-to-face activities, has required a continuous focus on digital media, now an increasing part of the activity of financial advisers. In this dimension, the Personal Financial Advisers Portal has always been central to the dissemination of professional content. Considerable attention and activities focused on the communication of new products, always evolving to respond to changing market conditions, rising inflation and the impact that the Russian-Ukrainian war has had on economies.
In February, the integration of IW Private Investments with corporate systems required the preparation of an environment dedicated to the Network of financial advisers, with contents suitable for the new reality.
In addition to continually updating the contents of existing areas, space was given to new important topics such as, initiatives aimed at improving IT security, with periodic updates to pages dedicated to Cybersecurity and continual information on service, product and market news.
Lastly, the Personal Financial Adviser Portal worked in synergy with KeyTv, highlighting on the home page the most interesting videos for financial advisors, from "Il Punto sui mercati" produced in collaboration with Fideuram Asset Management SGR to Management communications and interviews with experts from the most diverse sectors.

KEYTV

During 2022, KeyTv continued to innovate, with a very strong identity drive that characterized its activity. The changed conditions of the geopolitical environment have required a fast and effective response to the emotions and questions of the Adviser Networks.

KeyTv has always aimed to ensure the communication of management decisions, so as to ensure continuity of communication with each adviser. To this end, the objectives of the messages to be conveyed and the most functional formats are identified. The same creative design work is behind external services with journalists, camera technicians and audio-video technicians of KeyTv, present at plenary sessions, conferences and events, and also at prestigious occasions when Fideuram Group ensures its sponsorship. These services are in many cases also provided in an easier format on social media, used by advisers with their customers.

Important work on language, register and style, at the base of each video, has allowed for a constant diversification of the offering, to also include numerous formats designed to meet the interests and needs generated by the complex relationship between a personal financial adviser and the customer. Focus Mercati (Focus on Markets) offers advisers a weekly interview with Fideuram Asset Management SGR experts on market analysis and asset classes; the podcast "Il mondo tra le righe" ("The world between the lines") is a reading, from the international press, of the most interesting aspects from every corner of the planet; "Profili" ("Profiles") presents great personalities from the world of Economics and the horizons they have opened up; "Finanza dalla A alla Z" ("Finance from A to Z") is a collection of financial educational videos; "Efficacemente" ("Effectively") is a series of videos in which the neurological and behavioural finance aspect of relationships generated by advisory services is analysed; ESG insights, which take a look at the highlights of sustainable and socially responsible investing; "Orizzonte Cliente" ("Customer Horizon"), with experts who examine the emotions and fears of customers starting from the messages they send to consultants; and, every week, the Key-Tg provides an all-round look at the news relevant to the company and the activity of the Networks and management.

Every week KeyTv produces numerous videos with partners, who enhance the message and products, advising third parties in determining the lineup and the process that identifies the message's priorities. This service is greatly appreciated by partners, who increasingly involve their international portfolio managers. The professional set-up of the studios makes it possible to communicate in English with operators abroad.

Some formats have been designed to be shared externally. These are videos that can offer considerable support to advisers. They deal with problems and solutions related to customer perception and are accompanied by interviews with neuroscientists, academic professors and experts of national and international standing.

Finally, the creation of short videos and podcasts that use the language and identity techniques of each social network have received considerable consensus on social media. Ample space was dedicated to meetings at the Campus with Personal Financial Adviser assistants and newly recruited personal financial advisers, to events in the area, and excerpts from episodes made during numerous events with distinguished guests.

PRESS REVIEW AND INTRADAY ALERTS

Personal Financial Advisers and employees have access to a dedicated daily Press Review, containing a selection of articles with a focus on important issues. The Press Review is published both on the YOUniverse Division Portal and on the Private Banking Portals. In addition, every day, a Fideuram Media Relations team supports the Top Management of the Networks and the Bank with a service that includes: a restricted press review and the sending of Intraday Alerts. The former consists of a subset of press review articles focused on current issues concerning Fideuram, the Intesa Sanpaolo Group, its competitors, the world of asset management, private banking and insurance, and the economic and financial scenario. The Intraday Alerts are sent via e-mail and mainly report the press agency reports on the current day's most important news and the press releases of Fideuram, its subsidiaries, the Intesa Sanpaolo Group and others of specific interest.

FIDEURAM MOBILE SOLUTION

For over ten years, Fideuram Mobile Solution has been supporting and simplifying the operations of the Personal Financial Advisers of the Fideuram, Sanpaolo Invest Networks and, since 14 February 2022, the IW Private Investments Network, allowing them to dedicate more time to the relationship with the customer.

Through use of the most advanced technologies, the Personal Financial Advisers can:

- access constantly-updated documentation at any time, also on mobile devices, and share them with customers;
- acquire the customers' personal detail documentation in electronic format, through the smartphone Easy Doc 2.0 app and through the Customer Compliance Dashboard application;
- use their PC or iPad to prepare sales proposals, verify their suitability, obtain their customers' approval and execute their instructions. Our customers can accept these proposals by using digital signatures without printing out any forms, by signing pre-completed printed forms or by providing biometric signatures using the EasySign app on their Personal Financial Advisers' iPads.

The Personal Financial Advisers were provided with a Document Archive which provides them with easy and immediate access to all the forms used in investment operations and regulatory obligations, which are produced in digital format within the Fideuram Mobile Solution and signed by the customers in a holographic, electronic or biometric manner.

WELCOME

Welcome enables the Personal Financial Advisers of the Fideuram, Sanpaolo Invest and IW Private Investments Networks to acquire new customers and open current accounts in digital mode by following a guided, simple and intuitive series of steps allowing them to:

- acquire the identity card;
- record the personal details;
- sign the Basic Advisory Services or advanced Sei Services contract;
- fill out the MiFID profiling questionnaire;
- open up an individual or jointly registered current account with new customers and with existing customers;
- sign the My Key contract that regulates the use of online services and of electronic signatures (graphometric signatures and remote digital signatures);
- transfer à la carte funds from other intermediaries.

All the contractual documentation, pre-compiled by Welcome, can be signed by customers using the holographic signature or biometric signature by using the EasySign app available on the Personal Financial Adviser's 'iPad, or the electronic signature, with the latter being limited to the opening of current accounts registered in the name of one person only, for both new and existing customers and the My Key contract.

SIGNATURE PROCEDURES

Also in 2022, it was possible to complete the paperless documents process, thanks to the different signature procedures available for signing in investment transactions, the acquisition of new customers and opening current accounts.
In particular, the electronic/digital signature experience is secure, simple and immediate and with equal legal value to that of a paper document.

Customers have the possibility of choosing from the following signature procedures:

- the Graphometric Signature (FEA, Advanced Electronic Signature): for Fideuram, Sanpaolo Invest and IW Private Investments, this is available on the Personal Financial Adviser's iPad via the EasySign app, also in offline mode. For Intesa Sanpaolo Private Banking, this is available in the branch via the ISPAD tablet;
- Electronic Signature (FEA, Advanced Electronic Signature): for Fideuram, Sanpaolo Invest and IW Private Investments, this is available in the reserved area of Fideuram Online and Alfabeto, via Fingerprint, Face ID, O-Key Smart, O-Key SMS, for investment operations;
- Digital Signature (FDR, Remote Digital Signature): for Intesas Sanpaolo Private Banking, the digital signature allows users to sign documents and contracts digitally by secure authentication (O-Key Smart or O-Key SMS), for products and services offered by the Bank or other companies and available for purchase in the dedicated section in the personal area of the Bank website. For Fideuram, Sanpaolo Invest and IW Private Investments for the acquisition of new customers and the opening of current accounts in a reserved area of the institutional website, through PIN and the generation of a One Time Password (OTP) received by text message by the customer.
- The Holographic Signature: the traditional signature on the paper forms precompiled by the applications.

REMOTE AND OFF-PREMISES OFFER OF PRODUCTS AND SERVICES

The availability of the electronic signature method has made it possible to digitally evolve the Off-Site Offering and the Remote Offering model with significant advantages for both Personal Financial Advisers and customers, as it makes it possible to optimise the management, archiving and control of contractual documentation, with the possibility for customers to receive their copy in an electronic format, also simplifying traceability over time. Personal Financial Advisers are able to select the most appropriate communication channel for their customers' needs with a view to optimising the relationship, taking them through guided processes to generate the documentation and formulate a sales proposal. In particular, in the case of the Remote Offering:

- Personal Financial Advisers for Fideuram, Sanpaolo Invest and IW Private Investments can acquire new customers, open current accounts and have the My Key contract signed. The customer may view the contractual documents in a personal area of the institutional website of the Bank and sign using a PIN and generating a One Time Password (OTP) received via text message;

- the Personal Financial Adviser can offer value added advisory services by sending the investment proposals in the personal area of the Fideuram Online, Alfabeto or Intesa Sanpaolo Private Banking websites, where the customer can read and sign them with the electronic signature;
- customers can receive their copy of the contract in digital format and independently sign the documents directly in the personal area of the public website of the Bank or on Fideuram Online and Alfabeto.

In 2022, as part of the evolution of the service model, the "Digital Transformation" path continued with the expansion of the remote offer methods, of the digitised products and processes to allow increasingly complete, integrated and innovative multi-channel operations.

In this context, in particular, Intesa Sanpaolo Private Banking has expanded the scope of dematerialised products with the digitalisation of the sales and after-sales processes of investment-based insurance products of Intesa Sanpaolo Vita and Intesa Sanpaolo Life.

In addition, the new "Telephone Offer" mode was activated in the Private Platform, fully integrating the process dedicated to the acquisition and transmission of orders by telephone, on the primary and secondary market, for securities and dematerialised funds, with the sending of contractual documentation by e-mail to the customer. This new offer method has the advantage of allowing remote orders to be placed also by customers who are not inclined to or not enabled to use digital channels.

MAIN IMPROVEMENT OBJECTIVES FOR 2023

TOOLS SUPPORTING ADVISORY SERVICES

Advisory Platform

With the aim of consolidating its features, in line with the developments expected by the service model, the following actions are planned for the Advisory Platform:

- the introduction of new information and metrics relating to sustainability issues in the field of investments, also following the developments envisaged for the MiFID profiling questionnaire and for the ESG consistency check;
- the development of tools to support the Sales Networks in line with the review and enhancement of the advanced SEI and SEI Private Version advisory services;
- the development of Robo4Advisor tools and scenario analysis features by BlackRock's Aladdin, to support the analysis and rebalancing of customer portfolios of the Fideuram, Sanpaolo Invest and IW Private Investments Networks;
- adjustment to ensure convergence with a single adequacy assessment model and a single profiling questionnaire between the Fideuram, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Private Banking Networks;
- extra information and the possibility of greater customisation in commercial reporting;
- management of position keeping and the commercial proposal of new products and services, which will expand the offer available to Sales Networks and customers in 2023.

Fideuram Mobile Solution

To make the operations of Personal Financial Advisers increasingly digital, the following developments have been planned for Fideuram Mobile Solution:

- the phasing out of chemical paper;
- the evolution and expansion of the scope of customers and operations;
- alignment with regulatory developments.

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Portal for Personal Financial Advisers

The Personal Financial Adviser Portal will continue to be a pivotal tool for financial advisors by keeping content constantly updated, and increasingly greater attention on sales communication aspects, so that the Personal Financial Advisers can concentrate their attention on the core business, maintaining the efficiency and effectiveness levels achieved as the info-training channel servicing the Personal Financial Adviser Networks.

KeyTv Communication

KeyTv's goal, for 2023, is to disseminate and multiply the company's corporate strategy. In cooperation with management, we want to encourage the development of different levels of communication strategies and professional products, usable in multiple ways.

Welcome

With the aim of making Welcome the sole entry point for the Networks to acquire new customers, the opening of current accounts and the transfer of funds, the following activities have been planned in addition to expanding the scope:

- extension of the account opening process to legal entities;
- management of a new digitised credit process;
- broadening of the customer base;
- extension of the remote signature process to joint account openings;
- the evolution and expansion of features.

Remote and Off-Premises offer of products and services

To allow for increasingly complete, integrated and innovative multi-channel operations, the "Digital Transformation" will continue, strengthening the remote offer and expanding the scope of digitised products and processes.

NETWORK SERVICES

MAIN OBJECTIVES FOR 2022	ACTIONS AND RESULTS ACHIEVED
Online Services of Fideuram, Sanpaolo Invest and IW Private Investments Introduction of new features on online channels.	During 2022, new features were developed on online channels and in particular: • enhanced trading services with the adoption of the Trading Plus app and advanced trading platforms and the introduction of new asset management products dedicated to Fideuram Direct customers; • extension of the online feature to former IW Bank customers and, along with the development of dedicated functions, self-service operations; • an improved user experience of the Alfabeto Banking app, making it even more accessible for visually impaired users and supporting the customer even more in the search for features and content, with continual refinement of the search engine; • additional anti-fraud controls and customer communications in the event of malware; • increased security for online transactions: in particular, through the Customer Security Enforcement project, features have been introduced whereby each individual device used by customers is recognisable (and therefore verified) by means of a unique code (dictated by the hardware characteristics of the device, which cannot be modified, reproduced or changed over time); notices have also been defined for customers in the case that malware is identified; • progressive roll-out of the My Key Distance Service contract for individual customers; • enhanced digital payments with the introduction of Huawei Pay; • detailed views of assets which are integrated, also for joint and delegated customers; • a better representation of assets in Internet Banking; • a consolidated extension to the IW Private Investments Network of the Bank's platforms to support customer management.

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MAIN OBJECTIVES FOR 2022	ACTIONS AND RESULTS ACHIEVED
Intesa Sanpaolo Private Banking Online Services Consolidation of the experience on digital channels of customers (natural and legal persons).	During 2022, activities necessary to consolidate online services continued. Specifically, the following enhancements were released for natural person customers: • improved user experience of the Intesa Sanpaolo Mobile app with measures aimed at: - making the app itself even more accessible for users with visual or linguistic difficulties, and an easier use for customers who have not mastered the Italian language, with the possibility of setting English as the default language; - more support for customers in the search for features and content within the app, with continual refinements to the search engine; - timely evidence for customers, directly in the app, of the waiting time for each topic in the case of telephone contact with the Digital Branch; - calculation of the ecological footprint generated by customers' current account movements, in terms of carbon dioxide emissions, and a new section called *Your ecological style*, which contains articles and insights on environmental issues and a representation of the Bank's sustainability philosophy; - the opportunity for customers to make donations directly in the app to charity projects managed by the crowdfunding platform For Funding of Intesa Sanpaolo; • improved representation of assets in Internet Banking, in particular regarding asset management, for which an analysis by asset class, geographical area and currency is available; • introduction of Huawei Pay for digital payments; • alignment of digital channels with ESG developments in the investment sector.
Websites Updates to and the development of websites consistent with the evolution of the communication needs of the Personal Financial Adviser Networks and the strategic choices of the Private Banking Division.	During 2022, the Group's websites conveyed and amplified the institutional and commercial initiatives of the Personal Financial Advisers Division and its channels to customers, with the creation of two new IW Private Investments and Fideuram Direct websites. In particular, the new Fideuram Direct website, created within the technological infrastructure of the Intesa Sanpaolo Group, is the first step in the project to define a stronger digital identity for the Private Banking Division. Lastly, ESG issues received ample space both on the Fideuram website and on the websites of all the digital channels of the Private Banking Division.

ONLINE SERVICES

2022 proved to be a year of great innovation and developments for the digital channels. Considering the growing use of online services, also mitigating the impacts of the pandemic, the Fideuram Group consolidated tools to support the customer and Personal Financial Advisers.

Fideuram Alfabeto is the digital platform that, on the one hand, improves the customer's user experience in daily banking transactions and, on the other, enhances the relationship model between the Personal Financial Adviser and its customers in a single integrated web platform:

- home banking, with numerous features such as instant wire transfer, spending management, reminders, recurring transactions and the aggregation of accounts and cards held at other banks;
- online trading, with market analysis, financial reports, virtual portfolios and watchlists, conditional orders and a simple and quick trading process and platforms for evolved trading;
- assets analysis, with views on different time horizons, levels of granularity and aggregation (need areas, product categories, asset class, currency exposure and risk), and the electronic signature of investment proposals.

Customers have four apps available to operate on mobile devices, with each one being distinguished by functional area:

- Alfabeto Banking: dedicated to banking operations;
- Alfabeto Patrimonio: dedicated to portfolio analysis and signing of the sales proposals sent by Personal Financial Advisers;
- Alfabeto Trading: dedicated to buying and selling securities;
- Trading Plus: dedicated to advanced traders.

Through integration of the three apps, after signing in on the Alfabeto Banking app, customers may safely switch from one app to the other, without having to enter their own access credentials again. The three Alfabeto Fideuram apps are available for iOS and Android smartphones.
As part of Fideuram's broader digitalisation strategy, at the beginning of October 2022 the extension to Fideuram customers (natural persons) of the Intesa Sanpaolo Group's My Key contract was launched, which regulates the use of digital channels and remote graphometric and digital electronic signatures available to customers.
The My Key contract was initially extended to Fideuram and its customers who had already signed the My Key with another bank of the Group.
For the dissemination of the My Key contract to Fideuram customers who had not previously signed it, a procedure was put in place for signing the contract and for the related accompanying documentation. This procedure is made available to customers gradually on the Alfabeto Fideuram website and on the Alfabeto Banking app.
My Key allows customers to have a single Remote Service available to operate with all the Group's Banks, based on high standards of reliability and security, at all times.
Among the main features that can be used immediately with the My Key are:

- simplified access to the Alfabeto Fideuram website for customers with O-Key Smart credentials (possibility to log in with their biometric data - Face ID and Touch ID - without the need to manually enter the O-Key code);
- with the O-Key Smart credentials, customers can make withdrawals at all enabled ATMs, using only the Alfabeto Banking app even without a debit card ("Cardless withdrawal" functionality);
- customers with O-Key Smart credentials who access the Alfabeto Fideuram website have the possibility to store their holder code and PIN for subsequent access only with their O-Key Smart ("Remember me" functionality);
- customers can download and use the apps made available by Fideuram on two devices at the same time.

The My Key contract is an important prerequisite for Fideuram customers to take an evolutionary journey towards expanding the functionalities made available to them on digital channels, with increasingly higher security profiles.

During the year, the features of Fideuram Alfabeto were systematically improved and expanded, in some cases also thanks to the suggestions of customers and Personal Financial Advisers.

A new dedicated Direct Valore+ discretionary account solution was made available to Fideuram Direct customers, which can be fully subscribed from Alfabeto Fideuram on a self-service basis, through a customer journey where the customer first defines their investor profile on the basis of which investment solutions are proposed to them. Once the product has been subscribed, the customer can monitor its progress through Alfabeto Fideuram.
Through the channel, Banca Diretta customers can sign orders in mutual funds and SICAVs previously configured through the dedicated call centre.
With the aim of offering customers an increasingly complete set of information on their investments, the detailed views of the contract and product have also been extended to co-owners and delegated persons and the wealth trend graph has also been made available to customers from IW Bank to monitor their assets over time.
Personal Financial Advisers have at their disposal the application Fideuram Alfabeto PB, which allows them to view the customer's assets, any aggregated accounts and cards held with third party intermediaries and to customise the customer's asset views.
Personal Financial Advisers also have their own public website, with sections and content on the range of products and services that are constantly updated, which also includes the area where customers can access the Fideuram Alfabeto platform. By visiting the Personal Financial Adviser's public website, a potential customer can start to form an impression of a Personal Financial Adviser before deciding to contact him/ her over the platform. The constant updating of digital channels benefits from the involvement of Digital Specialists who are systematically involved in the process of evolution and diffusion of online channels.

For Intesa Sanpaolo Private Banking, the development of the new digital experience dedicated to individual customers continued in 2022. In particular, the Intesa Sanpaolo Mobile app allows customers to view movements and carry out banking transactions from accounts and cards held at Intesa Sanpaolo Private Banking. Through this app, the customer can also make digital payments both online and at affiliated merchants. The Intesa Sanpaolo Investo app allows customers to operate in the investment world. In both apps, the customer shared with Intesa Sanpaolo can choose the bank from which to operate from the "My profile" section.

The Bank's new digital experience is closely linked to the Intesa Sanpaolo Group's Remote Service contract, My Key for Individuals. My Key, in addition to regulating remote services, also governs, in a single contractual framework, digital signatures, graphometric signatures and the sending of documentation to customers in a dematerialized format. The My Key contract allows customers to be authenticated on channels in a way that complies with the PSD2 Directive: O-Key Smart and O-Key SMS, which allow access to the reserved area of the site and to the Intesa Sanpaolo Mobile and Intesa Sanpaolo Investo apps, by sending the transaction confirmation code via SMS (O-Key SMS) or via a notification on the Intesa Sanpaolo Mobile app (O-Key Smart). Digital operations are also possible for legal persons, thanks to the O-Key SMS authentication mode.

In addition, as part of the continuous search for solutions to increase the security of online transactions, there is a strong focus on research, experimentation and implementation of new solutions capable of significantly mitigating the phenomenon of fraud on digital channels, such as those based on anti-malware controls, risk-based operational controls, behavioural and gestural controls.

In this context, specifically:

- the Customer Security Enforcement project has developed features whereby each individual device used by customers is recognisable (and therefore verified) by means of a unique code (dictated by the hardware characteristics of the device, which cannot be modified, reproduced or changed over time);
- a number of specific security measures were extended to legal entities, in view of the future transition of this customer cluster to more advanced and dedicated digital platforms.

In addition, the digital channels of the Fideuram Group were aligned with ESG developments in the investment sector, incorporating innovations in terms of ESG consistency control of investments for Natural and Legal Persons, both in the adequacy assessment phase, in the synthetic representation of the financial profile, and in the process to update the profiling questionnaire on self-service channels, which at present is for Natural Persons.

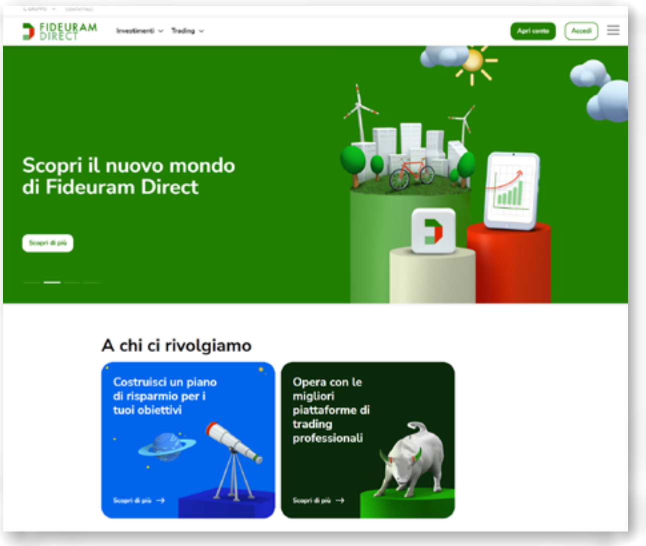
Thanks to these important developments, there is confirmed growth in the use of multi-channel services, both in the number of customers, with an increase in the number of subscriptions compared to the previous year, and in the number of transactions completed online. About half the banking and investment transactions were actually completed through the online channels. In particular, the most frequent actions were bank transfers for transactions and the trading of securities for investments. There was also a significant increase in the number of transactions carried out via the app channel.

Fideuram and Sanpaolo Invest - Roma Office - Via Romagna

FIDEURAM DIRECT

During 2022, following the integration of IW Bank's banking branch into Fideuram and the implementation of the new service model dedicated to customers who operate independently, from remote sources, in investments and online trading, various projects were started to support the launch of Fideuram Direct and to enhance the range of products and digital solutions available. In particular, during the year, new products/services dedicated to Banca Diretta customers and new tools to support assistance processes on direct channels were gradually released:

- Funds Selection: introduction of the possibility of making subscriptions, switches and repayments in self-service mode for a selection of Funds and Sicavs of the main international investment houses, in an open architecture logic attentive to ESG principles (about 100 ISINs of 20 Asset Managers), through telephone commercial/operational support from Customer Service and operations on direct digital channels;
- Portfolios Selection: introduction of the possibility of subscribing in fully digital mode to Discretionary account called Direct Valore+, divided into different lines and dedicated to customers who want to rely on Fideuram Asset Management SGR specialists to invest in portfolios consistent with the risk and sustainability profile;
- App Welcome+: development of a digital solution that allows for the opening of Fideuram Direct banking products (Conto Start and Conto Trader), via the app, and also via video calls for customer recognition and welcome;
- CRM Rembrandt - Customer Datasheet: development of a tool to support customer analysis and management, useful for consolidating the financial position and historical contacts made on the various direct channels;
- Showcase Site www.fideuramdirect.it: development of the new Fideuram Direct commercial website through the adoption of the Group's technological solutions that facilitate the continuous and timely updating of content and enable Digital Marketing initiatives;
- Re-hosting Trading Platforms: moving the Advanced Trading applications to the most modern and resilient technological infrastructures of the Group, which allow for the development of synergies deriving from the rationalization of information systems;
- Evolution of Trading Services: introduction of new specialist services such as short overnight opening on ETFs, extension of Eurex market trading hours and activation on trading platforms of Professional client profiling on request;
- Direct Advisory: definition of a concept for the launch of a new service model aimed at providing the remote financial advisory service through a team of "Direct Bankers".



At the same time as project initiatives, activities were carried out during the year for the commercial development of customers and the consolidation of the organisational structure of the Banca Diretta Business Unit.

In this context, the following commercial and operational results are reported for the various areas:

Banking and Customer Care

- around 1,500 new relationships (current accounts, securities deposit) and 2,000 new payment cards;
- around 250,000 phone calls and 21,000 emails managed by Customer Service;
- around 100,000 tickets managed by the support structures.

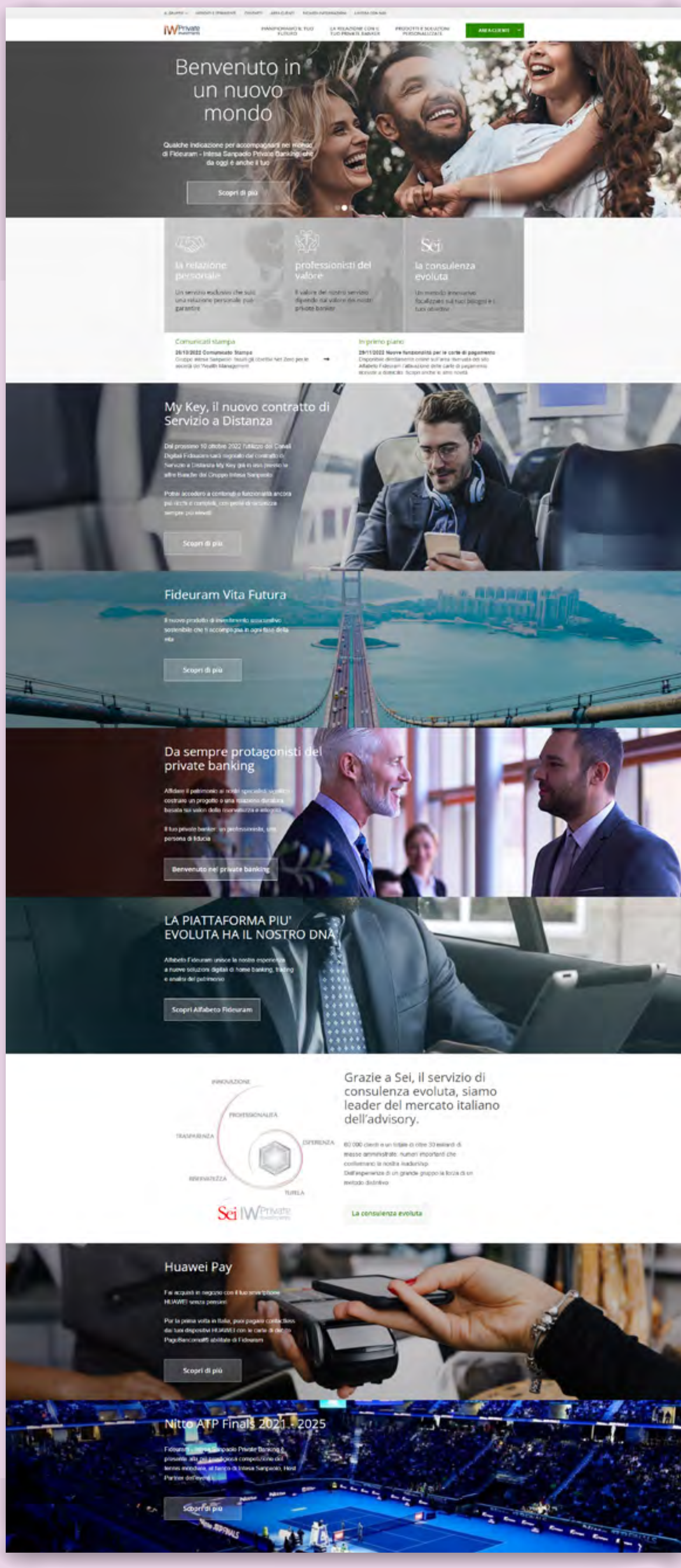
Advanced Trading

- around 1,300 new advanced trader customers with over €60m new assets brought;
- over 8 thousand advanced trader customers, of which around 2,100 are operating per month;
- approximately 3.7m trades in securities under administration and derivative products listed (on average 14,700 per day) on specialist trading platforms with total volumes brokered on cash markets alone equal to €28bn and executed equal to €1.3bn (average ticket €22k);
- €9.6m in fee and commission income.

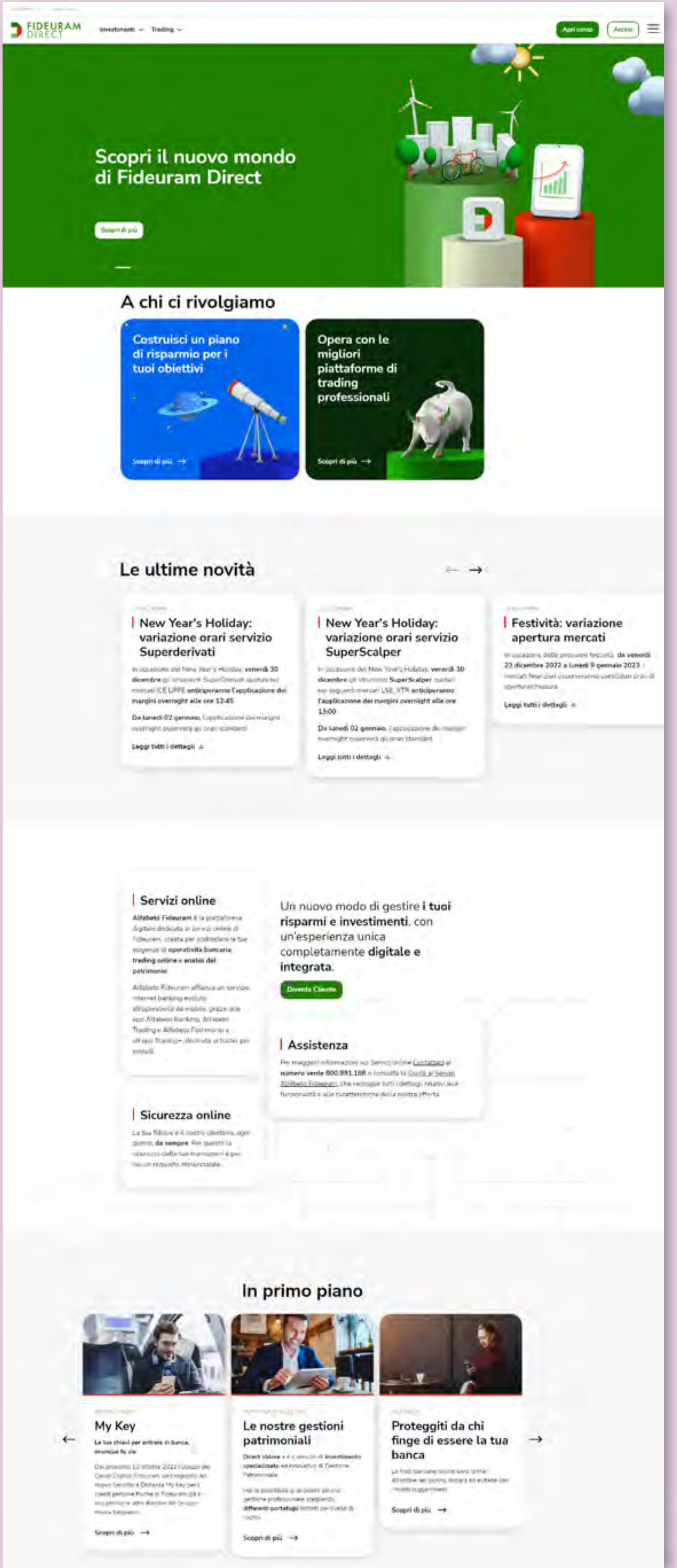
Development of business relationships

- participation in industry events such as TOL Expo on the Italian Stock Exchange;
- about 80 mass communications of a commercial / operational nature (direct mail and/or text message);
- over 4 thousand outbound telephone contacts for Campaign Management activities;
- launch of commercial initiatives dedicated to the development and maintenance of existing customers, with the implementation of dedicated monitoring systems for performance measurement; These include for example:
  - campaigns to join My Key, a new remote service for the use of digital channels: approximately 9 thousand participating customers shared with Intesa Sanpaolo and approximately 5 thousand exclusive Fideuram Direct members;
  - Retention initiatives: Success Rate of about 40% for outbound transfers and of 30% for the payment/transfer of securities.

WEBSITES



The most significant commitment in the first months of 2022 related to the corporate transaction that led to the transformation of IW Bank into IW Private Investments SIM and the partial demerger of the banking branch in favour of Fideuram, with the consequent IT migration from the former UBI systems to the Intesa Sanpaolo systems and redefinition of the products and services offering. As regards public sites, this operation led to the creation, on February 14, 2022, of a **new site dedicated to IW Private Investments** www.iwprivateinvestments.it and to the rebranding and complete revision of the contents of the site dedicated to the commercial line of IW Bank, dedicated to the offering and operations of direct customers, who were already not using the advice of a Personal Financial Adviser with IW Bank Private Investments.



On 30 September 2022, the commercial line was involved in a further redefinition of the brand at Fideuram Direct and the complete restyling of its public website. With the launch of the **new Fideuram Direct website**, which offers a gateway to Fideuram's expertise and solutions for clients who want a fully digital and remote experience, whether they choose to operate independently on the financial markets thanks to trading platforms and services, or prefer to rely on professionals in the sector and delegate the management of their investments by choosing a proposal in the field of fund or portfolio selection.

From a visual point of view, the Fideuram Direct website offers an innovative visual language thanks to the use of 3D elements and a graphic pattern that incorporates the geometries of the logo.

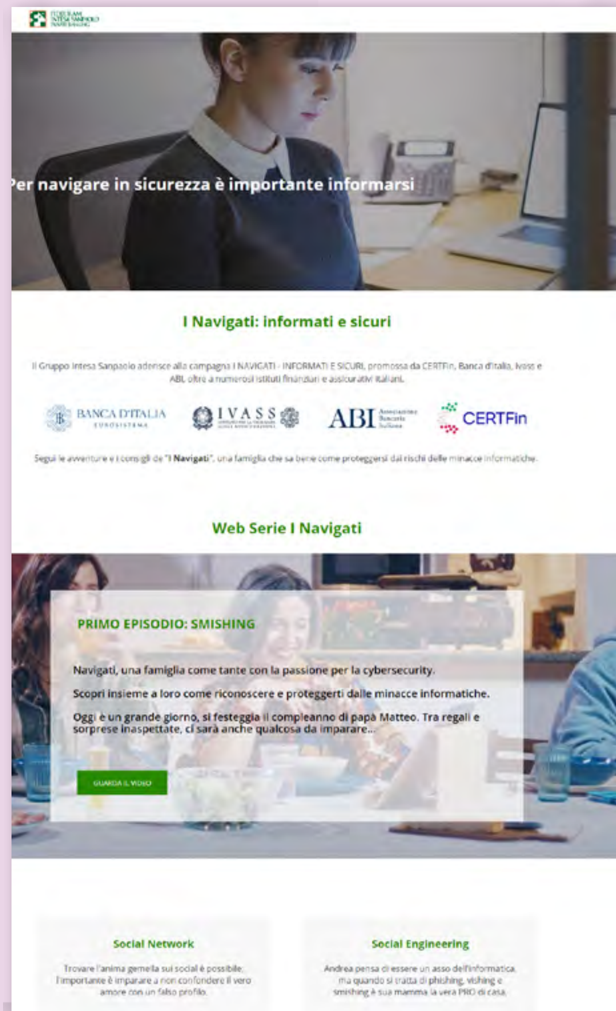
The language is defined by a digital first colloquial tone, conveyed by the use of the Nunito Sans font, which expresses welcome and affinity.

In the second half of the year, however, to comply with the requirements of the Stanca Law, an important **project on accessibility** was launched, still in progress, to equip all sites with technological solutions that allow users with disabilities to customize the display and consultation of sites (e.g. reading optimization by screen readers, user interface and design changes for the visually impaired, comprehension adjustments for people with cognitive impairments, optimization of keyboard navigation for motor disabilities, interruptions of flashing animations to prevent epileptic seizures). All sites also have an accessibility statement, as required by law.

In parallel with these macro-projects, the sites belonging to Fideuram - Intesa Sanpaolo Private Banking have confirmed their role as communication channels towards acquired and potential customers, supporting the Personal Financial Adviser Networks and the direct channel in their commercial action and promoting the institutional initiatives of the Private Banking Division.

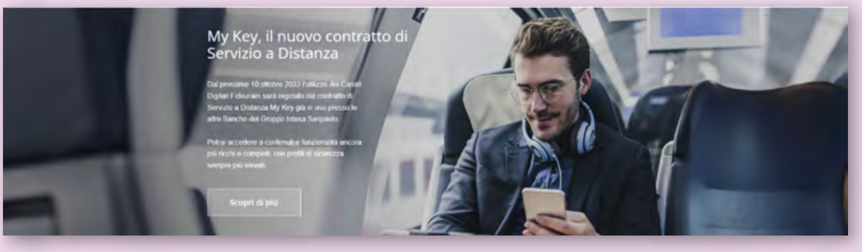
In terms of content, Fideuram's Italian websites followed the evolution of the company and the offering of products and services and supported the communication initiatives that were carried out during the year. The most significant activities included:

- extra content related to **sustainability**, with the aim of describing, more fully, ESG values, which are a founding part of Fideuram - Intesa Sanpaolo Private Banking's way of being and its business model. On the website of the Private Banking Division, therefore, an extensive section provides information on the commitment to sustainability from a more value and institutional point of view; on the websites of the Personal Financial Adviser Networks and on the Fideuram Direct website, this approach translates into the story of a commercial proposal strongly focussed on financial products with sustainable investment characteristics and objectives;
- the further expansion of information content relating to **IT security** by joining, in line with Intesa Sanpaolo, the cybersecurity campaign called "**I Navigati - Informati e Sicuri**", promoted by CERTFin, Bank of Italy, IVASS and ABI, as well as by numerous Italian financial and insurance institutions. The web series "I Navigati" tells the adventures and advice of a family that knows how to protect itself from the risks of cyber threats and represents an immediate and fun opportunity to inform customers about the possible risks of online fraud and how to defend themselves with appropriate behaviour;



- participation, through the websites of the Personal Financial Advisers and Fideuram Direct, in the communication campaign for the launch of the two **BTPs Italia**, extraordinary issues promoted by the Ministry of Economy and Finance and designed to protect savings from rising prices, thanks to yields index-linked to national inflation;

- support for the communication campaign for the adoption, by customers using the online services provided by Fideuram, of the new remote services contract of the Intesa Sanpaolo Group, **My Key**. On the websites dedicated of Fideuram, Sanpaolo Invest, IW Private Investments and Fideuram Direct, an important information campaign was carried out that saw the publication of banners on the home pages and dedicated landing pages. The campaign will continue for the first part of 2023;



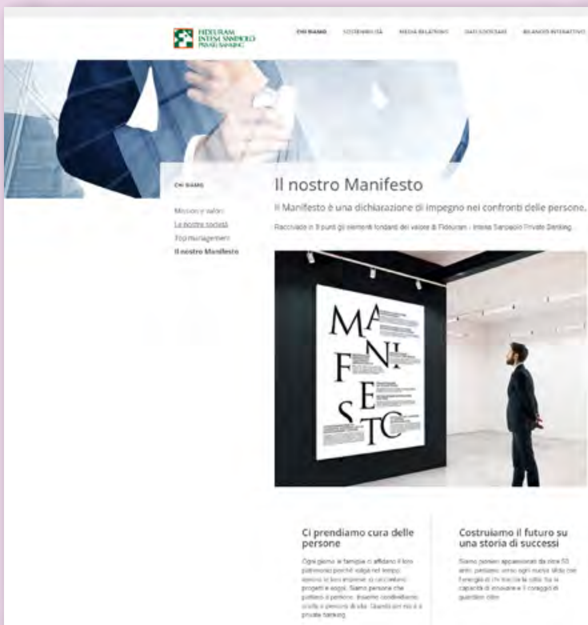
- support for the **launch of new products** and commercial initiatives on the websites of Personal Financial Advisers and Fideuram Direct, such as the introduction of **Huawei Pay**, a new digital payment tool, and the promotional initiative linked to **Telepass Family**;

- the promotion of **institutional initiatives**, such as sponsorship, alongside Intesa Sanpaolo and in continuity with last year, of the **Nitto ATP Finals 2021-2025**, which saw the publication of promotional banners both on the website of Fideuram, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Private Banking Networks.

Initiatives concerning the individual sites include:

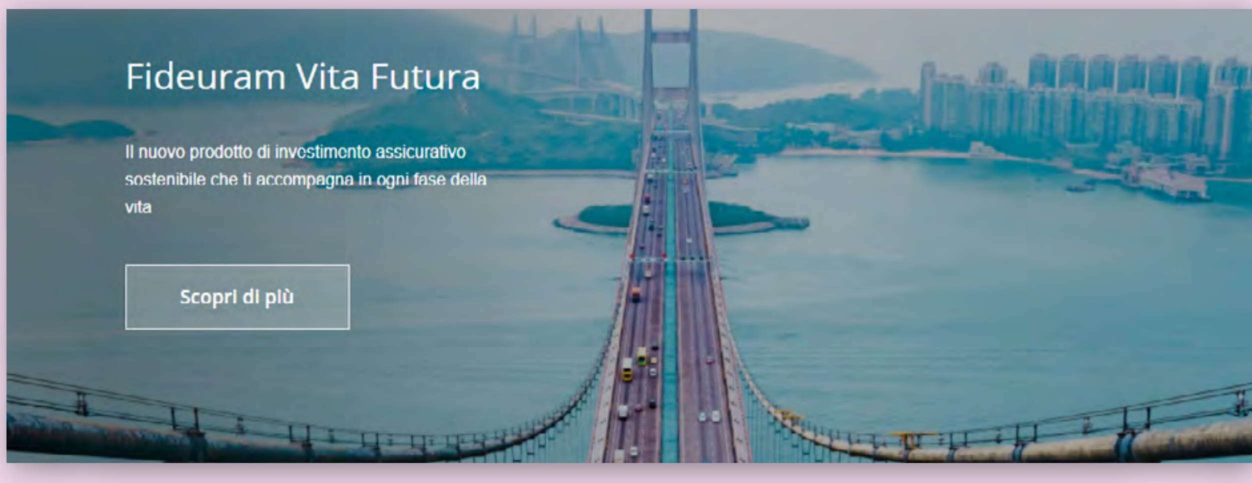
Website of Private Banking Division

The Value & Purpose project led, during 2022, to the drafting of "Il Manifesto", a declaration of a commitment that contains in eight points the founding elements of Fideuram's value and is published in the "About us" section of the Private Banking Division's website.



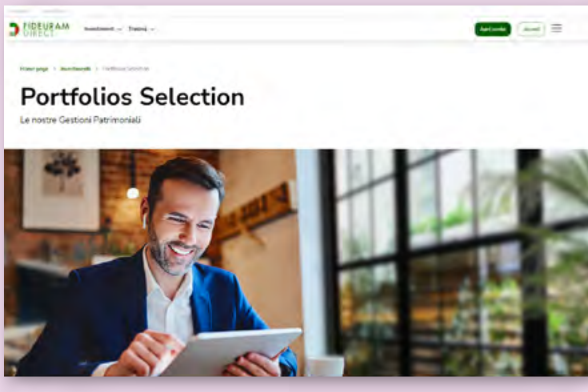
Websites of Fideuram, Sanpaolo Invest and IW Private Investments

The websites of the Personal Financial Advisers Networks supported the launch of Fideuram Vita Futura, the new innovative and sustainable insurance investment product of Fideuram Vita, with the publication of banners on the home page and the related product sheet. In addition, the acquisition campaign proposing IW Conto Start at a zero fee was proposed in the foreground, an initiative that will continue in the first half of 2023.



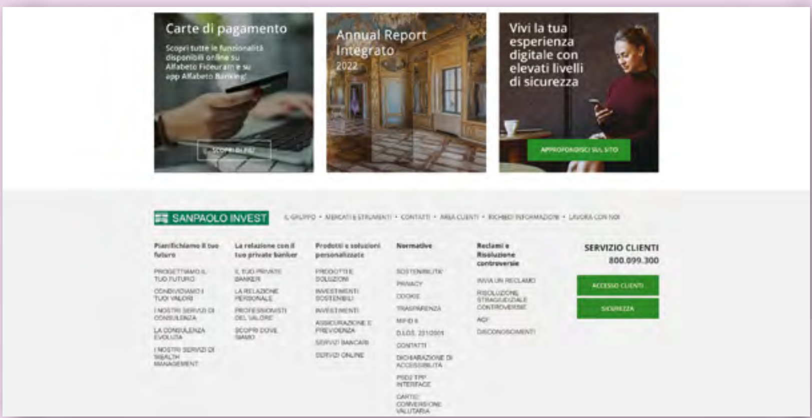
Fideuram Direct website

The website dedicated to direct clients has supported the launch of the new portfolio selection, Direct Valore+, a specialised and innovative investment service for clients who wish to rely on Fideuram's experience and be guided in their investment decisions by the finest Fideuram Asset Management SGR professionals, and has helped to highlight the acquisition campaign offering the IW Start account with zero fees, an initiative that will continue in the first half of 2023.



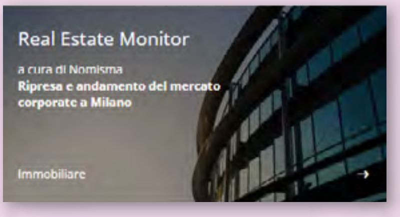
Website of Sanpaolo Invest

Following the merger of Sanpaolo Invest into Fideuram, the Sanpaolo Invest website was involved in re-branding, which led to the adoption of the new logo identifying the Sanpaolo Invest Personal Financial Advisers Network and the related legal disclaimers. At the same time, the contents of the site were entirely revised, to adapt the story of the commercial proposal to the new corporate situation.



Website of Intesa Sanpaolo Private Banking

The site has highlighted an initiative of great value in the field of promoting national artistic heritage, with the presentation of the second edition of the volume "Collectors and the value of art in Italy" - Edizioni Gallerie d'Italia | Skira, on collecting modern and contemporary art in our country, produced by Intesa Sanpaolo Private Banking, in collaboration with the Art, Culture and Historical Heritage Department and the Studies and Research Department of Intesa Sanpaolo. A section was dedicated to the initiative on the home page with the possibility of watching the presentation made by Andrea Ghidoni, General Manager of Intesa Sanpaolo Private Banking.



Lastly, there was further development of editorial content focusing on non-financial matters, associated with Wealth Management topics, with particular reference to the analysis of real estate market trends and the synergies with Gallerie d'Italia.

MAIN IMPROVEMENT OBJECTIVES FOR 2023

Websites

In 2023 the websites will continue to operate as important channels of communication with our current and prospective customers, and will be subject to continuous updates and upgrades, in accordance with the development of communication requirements of Personal Financial Adviser Networks and of Fideuram Direct, and the strategic choices of the Private Banking Division.

A focus on sustainability issues will also be a mainstay of communication activities in 2023.

On the Fideuram Direct website, some commercial campaigns will be run both to promote the acquisition of new customers and to enhance the offering of investment services.

A review of the Fideuram - Intesa Sanpaolo Private Banking website is also planned, with the aim of making it increasingly responsive to the institutional communication needs of a constantly evolving reality.

Finally, activities are planned in terms of accessibility on all sites to take into account regulatory developments.

Social media

In 2022, the Group's Linkedin profile was gradually developed from an editorial perspective, with the aim of strengthening the image of management, increasing brand awareness, supporting the core business and the sense of belonging. The institutional approach was consolidated thanks to new content relating to the activities of the CEO and top management. Visibility was also given to news and value projects, partnerships of national and international importance and corporate transactions.

The renewed presence of the channel has generated an important evolution in visibility and increase in the follower base, thanks to the numerous interactions and shares of colleagues and Personal Financial Advisers who follow the channel. In addition, in the last quarter of the year, investments were made with the activation of preparatory campaigns for the recruitment of Personal Financial Advisers.

LinkedIn is confirmed as the leading professional network in the sector, a fundamental tool for external communication for the Group.

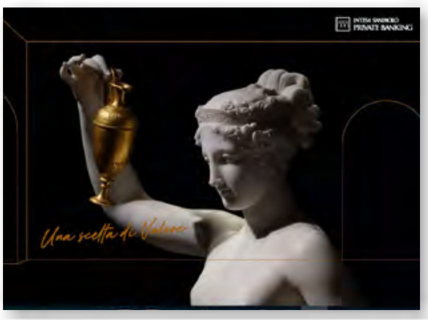
BELOW-THE-LINE COMMUNICATION

In 2022, below-the-line communication activities were developed following on from the previous year, with the creation and updating of printed and digital media developed according to a new way of context-related communication.
Specifically, as regards institutional communication, the "Invitation to Fideuram" folder were kept, and the in-depth information sheets on the Group's figures, products and services were updated, as well as the landing page accessed by QR code, links or banners for social networks.

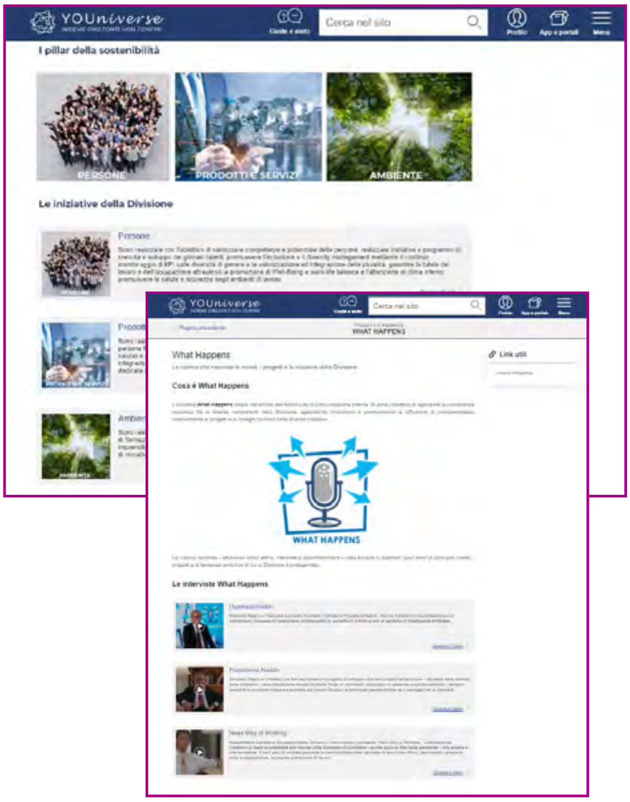
Paper and digital media were also updated and supplemented for product communications on the issue "Building the future methodically. Pre-authorized contributions (PAC) plans and scheduled conversions": Digital Brochure, DEM (Direct e-mail marketing), landing page with product technical specifications, and financial education videos that explain the method lying at the basis of the PACs, and social media banners that take visitors back to the landing page.
To support the evolution of the product range, a new digital brochure was developed for the launch of FAI Sustainable Private Markets, an innovative investment solution created from a partnership between Fideuram Asset Management SGR and Blackrock, which gives access to private markets in a diversified way and focuses on issues related to sustainability, as well as a digital brochure dedicated to Fideuram Vita Futura, a next-generation insurance investment platform that combines insurance coverage, financial solutions and optional services.

Still on the subject of product communication, some product brochures were updated, including the Omnia and Fideuram One brochures.

During 2022, Intesa Sanpaolo Private Banking pursued the objective of offering customers increasingly clear, transparent and complete information on the services and products offered and on all activities to disseminate and consolidate brand identity, with a greater use of online channels.
All-round work was carried out on institutional material and product documentation, aimed at describing the range of the Bank's services.
The new institutional presentation "A choice of value" was created, featuring a new format in line with the identity of the private bank; the covers for the presentations for top HNWI clients and for the Private Advisory consulting report were also restyled.
For face-to-face events, as for hospitality activities that the Bank offers to primary customers, institutional roll-ups and panels positioned in areas with high visibility were used.



INTERNAL COMMUNICATION



In 2022 internal communication helped to further encourage a sense of belonging, continuing to promote the dissemination of corporate values and consolidating participation and cooperation among all Fideuram employees.
Through the creation of the new company intranet, which was released in June, the advisory channel with contents relating to the Fideuram Group was consolidated, encouraging the development of knowledge and dissemination of information and initiatives to the entire company population.

The activities launched the previous year continued throughout 2022, such as periodic meetings between the Division's resources and Top Management on issues of particular relevance to the corporate community, information sections on strategic projects, and the implementation of ESG initiatives, with the aim of strengthening the culture of sustainability. In this regard, a section dedicated to sustainability was created, in order to keep employees constantly informed about activities, projects and plans dedicated to people, the offering of products and services and the dissemination of a green culture for the protection and support of the environment and territory.

GROUP INTERNAL COMMUNICATION

During 2022, internal communication initiatives were carried out to disseminate, through the various channels available, knowledge of the Private Banking world and to provide updates on strategic choices and goals achieved, thanks to the innovations adopted, in relation to the needs of reference customers:

- Group Intranet: a dedicated section provided an updated overview of the organisation, projects and results of Fideuram and its subsidiaries.
- Intranet News: specific updates were dedicated to important aspects, such as the messages of Top Management, results achieved and awards received, positioning in the private-sector, impact initiatives, including a focus on the art market in Italy, the AIPB Forum, the Nomisma Real Estate Market Report, the determination of targets for the Net Zero Asset Managers Initiative (NZAMI) and for the Net-Zero Asset Owner Alliance (NZAOA), support for Digital Restart, the creation of the Fideuram Direct digital investment platform, participation in the SRI Exhibition, sponsorships for the Maratona dles Dolomites and the Italian Golf Open. Particular attention was paid to strengthening the Group in an international dimension, in Switzerland and Luxembourg, with hubs enabling it to expand customer support. The relaunch of Group news on the YOUniverse platform was ongoing.
- Web Tv: clips were published to present specific Division entities to the Intesa Sanpaolo community, such as "Guido de Vecchi, one year at the head of SIREF Fiduciaria" and "Fideuram Asset Management at the SRI Exhibition: sustainable investments are reality", recorded at the SRI 2022 Exhibition.
- Mosaico: an article was published with the interview with the CEO of the trust company of the Division.
- Ascolto: the email with the "2021 Consolidated Non-Financial Statement" of the Group, with a questionnaire for collecting feedback, was sent to Fideuram staff. The survey to understand the perception and impact of Top Management innovations was carried out, engaging with Siref Fiduciaria staff. 3,453 Group employees in Italy were sent an email with the questionnaire "Inclusive languages and behaviour in Intesa Sanpaolo": 82% of respondents believe that Intesa Sanpaolo is heading towards inclusion.
- Other initiatives: Intesa Sanpaolo's booklet "Our contribution to Italian healthcare to overcome the Covid-19 pandemic"was shared via email.

ORGANISATION AND INFORMATION SYSTEMS

ORGANISATION

The Organisation Department is responsible for directing the development of the organisational model of the Fideuram Group with respect to organisational units, sizing and processes, working with colleagues outside the department to ensure, inter alia, that project plans are respected and monitored, full information is relayed to top management and the departments concerned, and that any cross-project impacts are managed effectively.

The main initiatives managed in 2022 are illustrated as follows.

REGULATORY PROJECTS	CORPORATE PROJECTS
• Regulatory developments in investment and product governance services and activities. • Regulatory developments in the insurance sector. • Regulatory compliance in the projects developed in synergy with Intesa Sanpaolo (including the so-called "Stanca Law"). • Data Governance.	• IW Bank integration project. • Project for the integration of Sanpaolo Invest into Fideuram. • Project for the integration of Fideuram Bank (Luxemburg) in CBP Quilvest.
MANAGEMENT PROJECTS	**COMMERCIAL PROJECTS**
• Continuation of planning on the Upgrade of the Operational Models of the Networks. • Reinforcement of the actions and processes for monitoring operational activities to protect customers. • Evolution of tools for consulting company regulations. • ESG programme to define the strategic ESG positioning of the Private Banking Division. • Convergence and adoption of the contract for Intesa Sanpaolo's "My Key" online services and related developments. • Definition of a New Commission System for Financial Advisors.	• Changes in the development of the Group internet banking platform and systems linked to it. • Digitalisation of the underwriting processes for asset management services and insurance products offered by the Intesa Sanpaolo Private Banking Network. • Strengthening of the organisational model dedicated to the High Net Worth Individuals and Ultra High Net Worth Individuals segments. • Adoption of BlackRock Solutions' "Aladdin" suite to support wealth management and risk management activities in investment services. • Adoption of the Group Target Loans procedure functional to the development of loan activities. • Implementation of the "Welcome Legal Persons" platform, for the onboarding of legal entities. • Strengthening of Banca Diretta's activities through the creation of the new Fideuram Direct brand, expanding the offering and activating the "Remote Advisory" service for remote advice on investment services. • "Private Equity Fund Platform - Icapital" project, for the placement of capital call funds to professional clients. • Evolution of advisory platforms. • Evolution of the customer service model.

The Organisation Department also oversees the development and maintenance of the Group's internal regulations, consisting of Governance Documents: Articles of Association, Code of Ethical Conduct, Group Regulations, Authority and Powers, Guidelines, Department Charts and Organisation Charts, and operational regulations which govern its corporate processes: Rules, Operating Guides and Circulars.

As part of outsourcing processes, the Organisation Unit managed and coordinated the renewal of intra-group contracts and the monitoring of service levels, through periodic checks on the KPIs of the services provided and the preparation of a periodic report to Top Management on the overall trend of outsourcing.

CYBERSECURITY AND BUSINESS CONTINUITY

The Fideuram Group pays particular attention to issues related to Information Security and its developments in the field of Cybersecurity: in a situation where these are becoming increasingly important for the regular conduct of business activities, it has become essential to be able to guarantee security levels appropriate to the threat context to which the services offered to customers are exposed.

To cope with this highly dynamic scenario, it is therefore essential to define a holistic (all-round) approach to the management of cyber risks, in order to increase the level of Cyber Readiness of the entire Group, understood as "readiness", through:

- "soft" aspects that include cultural, process and training/exercise issues at all levels of the organisation;
- "hard" aspects that include technological solutions and predictive techniques (cyber intelligence, behavioural analysis, etc.).

In this sense, the Fideuram Group has therefore adopted a Cybersecurity Strategy with the aim of using the most innovative technologies and becoming an influencer on the international scene.

At the beginning of 2022, the Fideuram Group defined a new Cyber Plan, with a 2022-2025 horizon, whose primary objective is to allow the Group to face the coming years as a leader, continuing to generate value for all stakeholders and at the same time building a future which is: profitable, innovative and sustainable.

The pillars on which the Cyber Business Plan is based are:

- **protect customers**, from the rise in and sophistication of fraud and attacks, consolidating their digital trust;
- **protect the Bank**, evolving its protection and recovery capacity from new attacks on the digital infrastructures used by the Bank and Third Parties;
- **ensure compliance with cyber**, legislation, transform internal controls and processes to conformity at all times to legislation and laws;
- **implement the cyber strategy and enable digital trust from an ESG perspective**, guarantee customers, even if not "digital ready", secure access to digital services from an ESG, perspective; guarantee the security and resilience of services and cyber training on the entire value chain; evolve the governance model, encouraging the growth of controls and strategic skills.

In this context, with particular reference to the critical events detected during the year, the correct guidance and management thereof meant that no significant impacts occurred with Fideuram Group companies.
The function is also engaged, on an ongoing basis, in the operational coordination of the activities assigned to the Contact Person for the Private Banking Division's Sector Business Continuity Plan, interfacing with the Intesa Sanpaolo Group Business Continuity Unit and subsidiaries of the Fideuram Group. During the year, this saw the Department perform all the Business Continuity management activities provided for in the Intesa Sanpaolo Group Organisational Model for Crisis Management and Business Continuity Plan Rules, including the Operational Continuity Test and the Disaster Recovery Test.

Fideuram - Padova Office

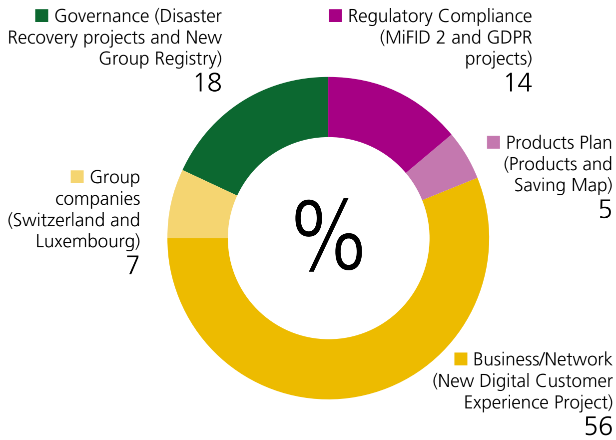
INFORMATION SYSTEMS

Among the tools for growth used by the Fideuram Group, automation, digitalisation and technological innovation provides ever more effective support to the development of business and service models. With the aim of fully exploiting the opportunities offered by new technologies, the system development and streamlining activities focused on three areas during the year:

- activities to support the business and corporate integrations;
- projects to develop and streamline the architecture and digitalisation of our operating processes;
- compliance with regulatory requirements.

During the year, 125 projects were successfully completed for a total budget of approximately €80m (up compared to previous years).

Investments in information systems



The main projects include:

- **IW Bank integration**: migration of IW Bank customer positions within Fideuram systems and integration of Advanced Trading applications and all IW Private Investments Network management tools.
- **Banca Diretta**: software releases to support the business (new self / digital on-boarding app called Welcome+, new public website, new dedicated CRM system Rembrandt, new Asset Management and new function for the management of fund operations for Banca Diretta customers).
- **Rosaspina project**: merger by incorporation of Sanpaolo Invest SIM into Fideuram implemented in such a way that financial advisors and customers were not affected by any discontinuity and/or information/operational loss, either on the banking side or on the investment side.
- **Digital Bank**: numerous evolutions both in user experience and functional completion for Alfabeto 2.0 and with the Banking and Trading apps constantly aligned with the best technological and security standards and extension of the My Key multichannel contract to the Fideuram world.
- **Aladdin project**: release of Robo4Advisor feature.
- **Advisory services**: launch of the technological replatforming project, redesign and relaunch of advanced consultancy for Intesa Sanpaolo Private Banking, with integration of Robo4Advisor features.
- **ESG**: release of new reporting and portfolio analysis features according to ESG dimensions, both at the application front-end level and in reporting to the customer.
- **Expansion of the product range**: numerous initiatives to evolve the product offering. In particular, for the GP "Il mio Foglio ESG", for iCapital alternative funds, for foreign policies, for Willerfunds funds and for the completion of the Fideuram Vita Futura product, Robeco Sicav and Vontobel Sicav.
- **Project for the dematerialisation of Intesa Sanpaolo Vita and Intesa Sanpaolo Life policies as well as the Asset Management distributed** by the Personal Financial Advisers of Intesa Sanpaolo Private Banking.
- **Welcome**: expansion of the app for customer onboarding with new features such as the opening of accounts with digital signature and the extension to financial advisors operating in teams.
- **Project relating to Target Loans**, with which Fideuram has adopted the Group's procedures, combining them with a facilitation tool in the relationship between headquarters and financial advisors through the Welcome platform. In keeping with this project, the activity relating to the phasing out of so-called APC103 leverage was finalised.
- **YOUniverse Division Intranet Portal**.
- **Virgilio**, the new support application for headquarters and Network managers to rationalise and optimise recruitment processes.
- **Athena portal** adopted as part of the Legal function to adapt tools and operational processes to those of Intesa Sanpaolo with an important migration project from the previous system (called GPL).
- **IT consolidation**: with implementation, during the year, of an extensive programme to evolve information systems in various areas: more robust and structured change management procedures, strengthening of security and access control mechanisms, greater structuring of the asset inventory of systems, progressive off-loading of mainframe systems in favour of more modern and efficient departmental systems, expansion of logging systems, etc.

Finally, significant work was done in 2022 in terms of regulatory compliance concerning MiFID 2, the GDPR, the SFTR (Security Financing Transaction Regulation) and the Stanca Law.

BUSINESS OPERATIONAL SUPPORT

In 2022, the role of Business Operational Support (BOS) in assisting the networks was still characterised by the pandemic and the need for extensive smart working, but the unit preserved service levels. The completion of digitization process, started in previous years, made it possible to quickly transform a highly critical aspect into an opportunity, increasing, where possible, the presence alongside financial advisors.

BOS actively participated in all the projects described, also in the IT field, guaranteeing the testing for the many newly developed activities or restyling of applications, in particular for the integration of IW Bank, My Key, Rosaspina Project, Alpian, Banca Diretta and product development (My ESG sheet, iCapital Platform). In addition, the Unit offered operational support, in many cases, to other business units (Complaints, Network Assistance). BOS also contributed to the full success of window placements by monitoring orders on a daily basis and promptly supporting the Network and branches for incapacitated positions.

The integration of operating services and resources of Fideuram and Intesa Sanpaolo Private Banking was further developed during the year, in order to provide a single Group level service centre. Moreover, in agreement with Purchasing Function, procurement continued in the face of peaks in work (Smart Sourcing).

During 2022, the units overseeing the succession were able to monitor activities, above all thanks to the high levels of automation and digitalization that the succession management process had already achieved for some time and also to the further initiatives implemented during the year.

Service levels were further optimized for the AML (Anti-Money Laundering) area and further automations are underway with a robotic approach, which remains one of the main levers for improving services for the entire structure. BOS provided extensive support in the area of fraud, both in terms of recovering misappropriated amounts and in the management of reimbursement practices towards customers. For the Intesa Sanpaolo Private Banking Network, the unit actively participated in the issuance of the 2021 Statement on Costs, Charges and Incentives, verifying the data provided by third-party companies for the products placed. In addition, as usual, BOS participated in various projects, including iCapital, Institutional Branch and New Advisory.
During 2022, an important Hyperautomation initiative was launched, which aims to review processes with the use of robotics and artificial intelligence, allowing operational phases to be simplified and risks reduced.

ARCHITECTURES, TECHNOLOGIES AND BUSINESS TRANSFORMATION

In 2022, in keeping with the previous year, the convergence plan for initiatives launched by Intesa Sanpaolo continued, including the adoption of the Global Governance ICT guidelines.

Specifically, in the field of IT architecture:

- the analysis aimed at defining the multi-year convergence plan for the Division's target architecture was completed;
- the process of convergence with the Group application development model (DevOps methodology) was started;
- the application of the standard Automated Change solution was extended;
- the adequacy of the IT architecture in accordance with Group policies was monitored and ensured;
- new developments for the Cloud infrastructure (Private Cloud Google Intesa Sanpaolo) were evaluated, and where possible, introduced;
- consistency with the Group model on the Integrated Internal Control System (SCII) was guaranteed.

The ICT Projects portfolio of the Division is regularly monitored with Project Management tools that have been optimized to better meet the needs of analysis, monitoring and reporting to Top Management.

Sharing takes place through specific formal moments:

- ICT Projects Committee;
- project progress sessions with Business Owners;
- Global Governance Committee with the Information Systems Department of the Parent Company.

On the Technology side, Office 365 cloud-based technology was adopted with cloud migration of all mailboxes, calendars and contacts. The move to the cloud has made it possible to extend multi-factor authentication with the Strong Authentication service that guarantees greater security and reduces the risks of intrusion or internal fraud resulting from credentials theft.

OPERATIONAL STRATEGIES AND SUPPLIER MONITORING

In the Governance area, Operational Strategies and Supplier Monitoring continued the monitoring of Demand Management and IT Capital Budget Governance processes for all Group companies.
These actions guaranteed Fideuram's governance over its subsidiaries, through tools and processes that ensure constant and timely monitoring and increasing collaboration and synergy between the Parties. In addition, these actions made it possible to provide quarterly evidence to Intesa Sanpaolo for Global Governance, with particular regard to economics, suppliers and leverage disbursed for all Group companies.
As part of the merger project of the Group's two Luxembourg Private Banks (Fideuram Bank (Luxembourg) and CBP Quilvest), the structure ensured direct supervision of the IT & Operations business with a Project Management role. The phase 1 Target architecture, mainly based on CBP Quilvest applications, integrated aspects necessary to ensure the Group's governance, controls and service model.
In 2022, all aspects concerning Infoproviders continued to be closely monitored, especially in light of the important changes generated by strategic projects such as the integration of IW Bank and adoption of Blackrock's Aladdin platform.
In a scenario of increasing complexity and a strong focus on costs, thanks to the careful and precise management of the budget and a vendor optimisation project, which made it possible to renegotiate, through tenders, most Application Management contracts that were about to expire, it was possible to close 2022 in line with budget forecasts and also to finance process efficiency and architectural review initiatives that were not initially covered by the budget. In this context, the revision and standardisation of the technical annexes of the Application Management contracts was completed in order to incorporate some requirements such as compliance with ICT operating rules.
As regards the tools to support demand management and budgeting, features were developed that allow, downstream of the approval of initiatives, to take into account the savings obtained during the negotiation phase by departments and units in order to keep the system aligned with costs actually incurred.
Despite the introduction of increasingly stringent KPIs, negotiations with suppliers and important releases of core applications, careful monitoring has allowed for satisfactory service levels.

On the outsourcing side, with the addition of a new dedicated function that plays the role of Outsourcing Coordination at Fideuram, a process was structured and some resources trained to ensure, by liaising with the numerous actors involved, the finalisation of files by the deadlines set.

Operational Strategies and Supplier Monitoring continued to play the role of Technical Secretariat within the Operations and Business Transformation Area for cross-cutting activities concerning relations with external (ABI, Bank of Italy, ISTAT) and internal (Administrative and Financial Governance and Audit) control bodies, and represented the main interface with Intesa Sanpaolo's Governance units for all issues concerning Capital Budget, costs and opportunities for economic efficiency through all possible synergies.

NETWORK AND CUSTOMER ASSISTANCE

The contact volumes reported by the Contact Centre dedicated to requests for assistance from the Networks increased compared to the previous year as regards requests for support provided to the Personal Financial Advisers on the use of tools. The most important change concerned the transition to a new multi-channel contract (My Key) that made it possible to provide the customer with a single digital identity at Group level. The customer's onboarding systems were adapted to enable the signing of this new contract and assistance played a fundamental role in accompanying the sales network in this change.

In 2022, the support that assistance provided to customers and networks continued to complete the transition to the new Alfabeto Fideuram online banking site.

The assistance service provided therefore continues to be widely used by financial advisors and the periodic survey of perceived quality confirmed very good overall satisfaction, except for periods of extreme workload whose management required a structural reinforcement of the entire assistance organisational unit.

Fideuram and Sanpaolo Invest - Alessandria Office

3.8.4 **Human** capital

Human capital includes the skills, abilities and knowledge of the employees and personal financial advisers who work within the Group.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Well-being and human capital development (Personal Financial Advisers and Employees) Talent attraction Talent retention Customised training courses Incentive systems and career paths Consolidating tools used in advisory services **Labor standards** Remuneration policies Health and safety policies Freedom of association and collective bargaining Working conditions Professional/personal life balance Job satisfaction Inclusiveness policies	Professionalism among employees in the Fideuram Group ensures quality and excellence in the services provided to customers. Special focus is given during the recruitment phase to younger Personal Financial Advisers, where the Group provides specific training, as well as more experienced Personal Financial Advisers. Monetary and non-monetary incentive systems are essential leverage features to retain the best talent within the Group. Employees support and steer the work of Personal Financial Advisers. Human resources therefore play a key role in enabling us to achieve our corporate objectives. To this end, the Group invests in the professionalism of its employees through organisational and training measures aimed at enhancing personal skills and promoting professional growth. The Group has also envisaged new measures resulting from discussions with trade unions that can be adopted to improve the work-life balance and achieve an effective corporate welfare system. The Group's commitment to occupational health and safety starts with the creation and management of working environments that are fully compliant with the relevant regulations and standards in this field.	According to the Code of Ethics, respect for the personality and dignity of each employee is the foundation for the development of a working environment imbued with mutual trust and loyalty, enhanced by the contribution of each individual. Fair and consistent ways of recruiting and managing employees are adopted; equal opportunities for professional development and growth are guaranteed; the utmost emphasis is placed on evaluation, valorisation, motivation and career development; policies that facilitate a balanced personal and professional life are promoted. On the basis of the 231 Model adopted by the Fideuram Group, it is mandatory for all personnel to undertake the training intended for them, including Personal Financial Advisers. The training initiatives are run and monitored by the department responsible for human resources training and the department responsible for Personal Financial Adviser training. This is done in conjunction with Managers at different levels, who act as guarantors, especially in the case of "remote" training courses being followed by their staff. The Human Resources and Personal Financial Advisers' Training Departments are also responsible for collecting the data relating to participation in the different courses, filing this and making it available to the relevant functions. The Group has implemented and effectively implemented an Occupational Health and Safety Management System, identifying within its own organisational structure the responsibilities, procedures, processes and resources for the implementation of its policy for the protection of employees. In order to strengthen the protection of the health and safety of its employees, the Occupational Health and Safety Management System is subject to an annual certification audit by an independent third party that certifies its compliance with applicable laws and industry standards. The responsibilities and methods related to the implementation, maintenance, monitoring and improvement of the Occupational Health and Safety Management System (HSMS) are contained in the Process Guide - Compliance Management - Management of Occupational Safety regulatory framework. The Guide has been drawn up with the aim of reducing the likelihood that any harmful event may occur for people, the environment and external stakeholders, controlling risks within the operations of the company and external firms involved in the business context, and progressively improving the Group's performance in terms of health and safety at work. Risks to the health and safety of employees are assessed using a multidisciplinary approach, considering the combined effect of the working environment, processes and equipment as well as the subjective conditions of employees.

PERSONAL FINANCIAL ADVISERS

	2022	2021	2020
Fideuram Network - No. of customers per Personal Financial Adviser	193:1	176:1	169:1
Sanpaolo Invest Network - No. of customers per Personal Financial Adviser	145:1	140:1	132:1
IW Private Investments Network - No. of customers per Personal Financial Adviser	108:1	221:1	206:1
Intesa Sanpaolo Private Banking Network - No. of customers per Personal Financial Adviser	45:1	46:1	43:1
Foreign Network - No. of customers per Personal Financial Adviser	90:1	80:1	54:1
Ratio of Client Assets to Personal Financial Advisers (€m)	49	53	47

2022 and 2021 figures for the International Network include the contribution from CBP Quilvest.
Figures on Banca Diretta were included in Fideuram, as from 14 February 2022. Prior to this date, they were included in the IW Private Investments network.

MAIN OBJECTIVES FOR 2022	ACTIONS AND RESULTS ACHIEVED
A focus on recruiting high-profile professionals to raise the bar of the level of service dedicated to meeting complex customer needs with commitment at the same time to establishing an attractive professional offering for young bankers, with a particular focus on female talent.	The commitment to recruitment in the Fideuram Group Networks continued in 2022, as confirmed by the 464 Personal Financial Advisers added since the beginning of the year. An important focus was placed on the generational turnover of the Networks, with the addition of 375 Personal Financial Advisers under the age of 50 and the development of female talent (143 female recruits). The strengthening and fine-tuning of services made available to Network Managers was consolidated, integrating support for the recruiting process of young talents (under 35), with specific projects and a communication campaign and dedicated digital recruiting.
Integration of sustainability-related investment information with customer advisory services.	In keeping with developments in the service model, the Advisory Platform and related reporting were made available to the Personal Financial Advisers' Networks, with information and functions related to sustainability in investments, in order to allow financial advisors to correctly represent the customer's sustainability preferences.

SIZE OF NETWORKS

The Group's Networks (Fideuram, Sanpaolo Invest, IW Private Investments, Intesa Sanpaolo Private Banking, and the foreign network) totalled 6,648 Personal Financial Advisers at 31 December 2022, compared with 6,621 at the end of 2021, as shown below:

Group Personal Financial Advisers

(No.)	BEGINNING OF PERIOD 1.1.2022	IN	OUT	NET	END OF PERIOD 31.12.2022
Fideuram Network	3,638	288	180	108	3,746
Sanpaolo Invest Network	1,191	89	75	14	1,205
IW Private Investments Network	629	16	88	(72)	557
Intesa Sanpaolo Private Banking Network	1,056	50	59	(9)	1,047
Foreign Network	107	21	35	(14)	93
Total	**6,621**	**464**	**437**	**27**	**6,648**

Fideuram Network Personal Financial Advisers

(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2022 - 31.12.2022	3,638	288	180	108	3,746
1.1.2021 - 31.12.2021	3,579	256	197	59	3,638
1.1.2020 - 31.12.2020	3,614	102	137	(35)	3,579

Sanpaolo Invest Network Personal Financial Advisers

(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2022 - 31.12.2022	1,191	89	75	14	1,205
1.1.2021 - 31.12.2021	1,220	73	102	(29)	1,191
1.1.2020 - 31.12.2020	1,254	38	72	(34)	1,220

IW Private Investments Network Personal Financial Advisers

(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2022 - 31.12.2022	629	16	88	(72)	557
1.1.2021 - 31.12.2021	698	39	108	(69)	629
1.1.2020 - 31.12.2020	688	53	43	10	698

Intesa Sanpaolo Private Banking Network Personal Financial Advisers (*)

(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2022 - 31.12.2022	1,056	50	59	(9)	1,047
1.1.2021 - 31.12.2021	889	216	49	167	1,056
1.1.2020 - 31.12.2020	912	28	51	(23)	889

(*) At the end of 2022, the Intesa Sanpaolo Private Banking Network numbered 939 Personal Financial Advisers who are salaried employees registered in Italy's Unified Register of Financial Advisors and 108 freelance professionals on agency contracts.

Foreign Network Personal Financial Advisers (*)

(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2022 - 31.12.2022	107	21	35	(14)	93
1.1.2021 - 31.12.2021	122	7	22	(15)	107
1.1.2020 - 31.12.2020	118	12	8	4	122

(*) The foreign network includes Personal Financial Advisers of the Reyl Group Networks, Fideuram Bank (Luxembourg) and CBP Quilvest.

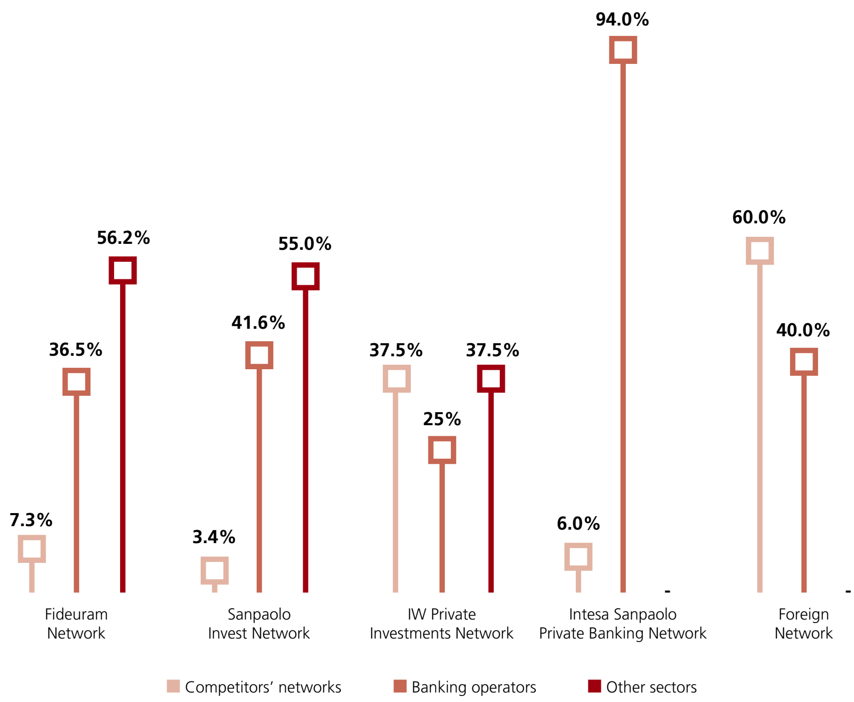
During 2022, the recruitment programme brought 464 new professionals into the Group, 10% of whom coming from competitor networks, compared with 591 in 2021. During the year, 437 Personal Financial Advisers left the Group, only 29% of whom, however, moved to competitor networks.

The recruitment programmes were conducted with the greatest rigour and professionalism by the managements 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 Group.

The training and work of our Personal Financial Advisers are guided by the principles of ethics and transparency which differentiate the Group and aim, amongst other things, to secure customer loyalty through the support of financial advisory services that are tailored to each customer's personal investment needs and risk profile.

The strong results achieved were also due to the Group's investments in innovative projects, training programmes and tools that support our advisory services.

Origin of professionals joining the Fideuram Network, 2022



2022 TURNOVER BY AGE AND GENDER

Fideuram Network

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	196	6.6	146	4.9
Women	92	12.2	34	4.5
Total	**288**	**7.7**	**180**	**4.8**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	96	54.9	14	8.0
30 to 50	147	11.3	15	1.2
Over 50	45	2.0	151	6.6
Total	**288**	**7.7**	**180**	**4.8**

Sanpaolo Invest Network

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	66	7.1	57	6.1
Women	23	8.3	18	6.5
Total	**89**	**7.4**	**75**	**6.2**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	29	47.5	6	9.8
30 to 50	45	12.3	10	2.7
Over 50	15	1.9	59	7.6
Total	**89**	**7.4**	**75**	**6.2**

IW Private Investments Network

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	13	2.7	75	15.6
Women	3	4.0	13	17.3
Total	**16**	**2.9**	**88**	**15.8**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	3	42.9	1	14.3
30 to 50	8	6.3	25	19.7
Over 50	5	1.2	62	14.7
Total	**16**	**2.9**	**88**	**15.8**

Intesa Sanpaolo Private Banking Network

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	35	4.9	41	5.7
Women	15	4.6	18	5.5
Total	**50**	**4.8**	**59**	**5.6**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	3	42.9	1	14.3
30 to 50	31	7.8	25	6.3
Over 50	16	2.5	33	5.1
Total	**50**	**4.8**	**59**	**5.6**

Foreign Network (*)

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	15	20.0	25	33.3
Women	5	33.3	9	60.0
Total	**20**	**22.2**	**34**	**37.8**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	-	-	-	-
30 to 50	13	28.3	17	37.0
Over 50	7	16.3	17	39.5
Total	**20**	**22.2**	**34**	**37.8**

(*) Data do not include agents who are legal persons.

ORGANISATIONAL STRUCTURE

The Group utilises a Network Managerial Organisation Model, focused on the **roles**, **responsibilities** and principal **activities** of individual **management positions**.

Management initiatives can be summarised in the following six main functional areas:

FIDEURAM INTESA SANPAOLO PRIVATE BANKING

NETWORK QUALITY DEVELOPMENT
Management actions focused on the direction and guidance of change processes that have a medium to long-term strategic impact.

GROUP MANAGEMENT AND DEVELOPMENT
Management and guidance of Personal Financial Advisers under supervision.

VOLUME GROWTH
Growth of own group of Personal Financial Advisers in the local areas through the selection, induction and development of new professionals.

PROFESSIONAL DEVELOPMENT
Management actions to support the professional development of our Personal Financial Advisers through the acquisition and consolidation of distinctive skills and abilities.

BUSINESS GROWTH
Management actions to guide and support both the qualitative and quantitative growth and development of Client Assets managed by the group of Personal Financial Advisers under supervision.

SERVICE QUALITY DEVELOPMENT
Management actions to support growth and to improve the quality of service offered.

The main responsibilities and duties of each individual management position in the **Fideuram, Sanpaolo Invest and IW Private Investments Networks** are summarised below:

ROLE	RESPONSIBILITIES
AREA MANAGER	Coordinate the strategic/commercial guidance defined, in order to maximise the sustainable growth in the local area as part of the assigned Area. Convey the strategies and the expected targets in the Area. Share with the Managers under his/her supervision the sales activities in the local area in terms of actions, timing and priorities; transmit the company organisational methods to be implemented in the Area and check their effective execution. Supervise and ensure the dissemination of Best Practices identified in the Area for each development area. Periodically verify progress in different commercial development areas, discussing qualitative and quantitative results and progress of initiatives with Managers, specifying and monitoring any realignment actions necessary. Ensure values of professionalism, propriety and appropriate business behaviour are applied across area by Personal Financial Advisers. Communicate a return on the activities of a commercial nature carried out in the assigned Area.
DIVISIONAL MANAGER	Implement strategic/commercial guidance in order to maximise the sustainable development and support the professional growth of the Financial Advisors supervised in the assigned Area. Monitor the quality of the customer service provided by the Personal Financial Advisers and work on its improvement. Implement management actions for guiding and supporting the qualitative and quantitative growth and development of Cliente Assets. Coordinate management activities supporting Personal Financial Advisers to acquire and consolidate competencies and improve distinctive modes of behaviour. Coordinate management activities guiding and monitoring quality of service offered, along with customer perceptions of service quality.
REGIONAL MANAGER	Carry out activities as the business contact of the Personal Financial Advisers, implementing the support activities aimed at maximising the development and growth of the group of Personal Financial Advisers under his/her supervision. Implement management actions regarding the guidance and support of the group of Personal Financial Advisers supervised. Work to expand the group of Personal Financial Advisers through recruitment, with constant and careful attention to the professional and personal quality of the recommended candidates. Coordinates the professional growth of newly recruited Personal Financial Advisers, providing support in the post-induction phase. Ensure the quality of the group of Personal Financial Advisers assigned, implementing all the management actions required to manage and monitor Network change processes, checking the medium to long-term strategic impact.

MANAGER AREA - FIDEURAM, SANPAOLO INVEST AND IW PRIVATE INVESTMENT NETWORKS

Fabio Cubelli
Fideuram Business Coordination Area

Flavio Vanin
Fideuram Area 1

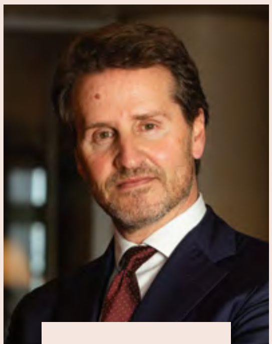
Loris Ventura
Fideuram Area 2

Roberto Palmieri
Fideuram Area 3

Vladimiro Bolis
Fideuram Area 4

Giuseppe Michieli
Fideuram Area 5
Sanpaolo Invest Area 2

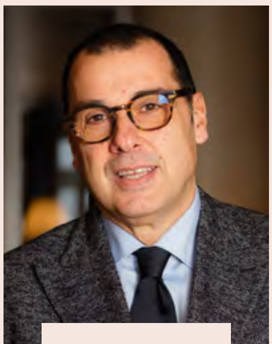
Alessandro Ferrari
Fideuram Area 6



Marco Avondoglio
Fideuram Area 7

Fabio Landi
Fideuram Area 8

Giuseppe Baiamonte
Fideuram Area 9



Sergio Vicini
Fideuram Area 10
Sanpaolo Invest Area 5

Giuseppe Magliulo
Fideuram Area 11
Sanpaolo Invest Area 6

Giorgio Botta
Sanpaolo Invest Area 1

Claudio Regoli
Sanpaolo Invest Area 3

Claudio Natali
Sanpaolo Invest Area 4

Antonio Notarandrea
IW Private Investments
Area A1

Angelo Russo
IW Private Investments
Area A2

Alberino Palozzi
IW Private Investments
Area A4

Marco Gheda
IW Private Investments
Area A6

Pietro Alessandrini
IW Private Investments
Area A7

Raffaele Buonomo
IW Private Investments
Area A9 + A3 *(ad interim)*

Andrea Di Salle
IW Private Investments
Area A11

The main responsibilities and duties of each individual management position in the **Intesa Sanpaolo Private Banking Network** are summarised below:

POSITION	RESPONSIBILITIES
PRIVATE BANKING AREA MANAGER	Ensure business growth and the achievement of economic, business and risk management objectives in their area through monitoring and coordinating the work of the Private Banking and HNWI Branches, supporting their actions where necessary. Ensure strong brand affirmation.
EXECUTIVE MANAGER	Commercially oversee a specific territory in areas that are particularly complex in terms of the number of operating centres and/or the geographical extent of the area. The Executive Manager is entrusted with the tasks of commercial development and relationship management in the relevant territory.
HNWI AND PRIVATE BANKING BRANCH	Represent the Bank in their area and ensure achievement of economic, business and risk management objectives in Private Banking and HNWI Branches. Manage their Private Banking and HNWI Branch, implementing business policies and appropriate lending procedures, and coordinating the personnel reporting to them. Ensure high quality in service provision and in long-term customer relations, and foster the actions required to develop existing customers and acquire new customers.
GLOBAL RELATIONSHIP MANAGER	Manage, develop and acquire HNWI customers, ensuring provision of outstanding service and interfacing with HNWI Management units and other Bank and Group departments to satisfy the most complex customer needs.
TEAM LEADER	Manage their team, implementing business policies and coordinating the personnel reporting to them.

PRIVATE AREA MANAGERS - INTESA SANPAOLO PRIVATE BANKING


Andrea Ghidoni
General Manager


Francesco Velluti
Deputy General Manager,
Network Manager and
Commercial Coordination


Selene Amadori
South Lombardy
Area


Cristiano Clagluna
Southern Piedmont,
Liguria, Tuscany
and Umbria Area


Gianni Debernardi
Valle d'Aosta, Northern
Piedmont
and Turin Area


Roberto Iaboli
Milan Area


Ciro Lupo
Southern Area


Mauro Moroni
North East Area


Luca Rebussi
North Lombardy
Area


Luigi Rinaldi
Central and Islands
Area


Federica Spada
Emilia and Romagna
Area

The following tables show the 2022 data for each of the five Personal Financial Adviser Networks, analysed by rank, gender, average age and average length of service.

Fideuram Network

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
Area Manager	11	-	11	57	26
Divisional Manager	27	2	29	56	23
Regional Managers	101	11	112	54	16
Group Managers	264	40	304	52	14
Personal Financial Advisers	2,586	704	3,290	52	14
Total	**2,989**	**757**	**3,746**	**54**	**16**

Sanpaolo Invest Network

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
Area Manager	3	-	3	58	24
Divisional Manager	7	-	7	59	23
Regional Managers	28	3	31	54	15
Group Managers	123	13	136	54	18
Personal Financial Advisers	766	262	1,028	52	13
Total	**927**	**278**	**1,205**	**53**	**14**

IW Private Investments Network

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
Area Manager	9	-	9	56	12
Divisional Manager	28	-	28	59	16
Regional Managers	48	3	51	58	11
Personal Financial Advisers	397	72	469	55	12
Total	**482**	**75**	**557**	**57**	**13**

Intesa Sanpaolo Private Banking Network

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
HNWI Branch Managers	8	1	9	56	33
Private Banking Branch Managers	72	17	89	55	29
Global Relationship Managers	17	8	25	53	25
Team Leaders	75	30	105	53	26
Executive Personal Financial Advisers	71	34	105	52	23
Personal Financial Advisers	392	214	606	50	20
Freelancers on agency contracts	85	23	108	61	29
Total	**720**	**327**	**1,047**	**52**	**23**

International Network (*)

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
Manager / Area Manager	4	-	4	51	9
Personal Financial Advisers	71	15	86	50	7
Total	**75**	**15**	**90**	**50**	**7**

(*) Data do not include agents who are legal persons.

TEAM

Team is an agreement between several Personal Financial Advisers - a "Team Leader" and one or more "Team Partners" - who decide to work together to increase and support their customers, each contributing their professional expertise and experience.

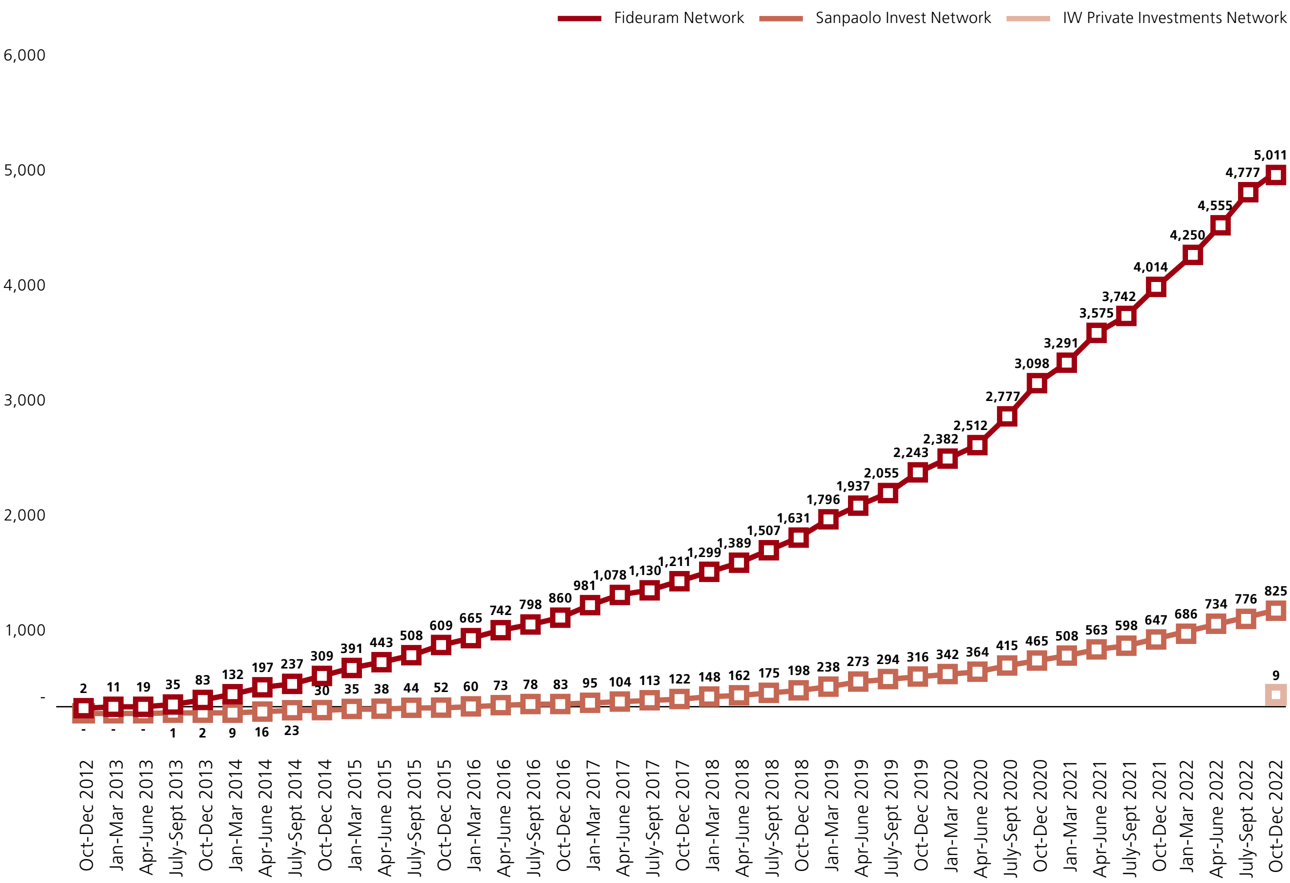
Ten years on from its launch, 2,042 Personal Financial Advisers are working together in a team (about 39% of the Personal Financial Advisers of the Fideuram, Sanpaolo Invest and IW Private Investments Networks), jointly managing a total of around €22.7bn assets for over 152 thousand customers.

This constant growth confirms that Team responds to a real need in the Networks, and that its teamwork approach is the new model for the Personal Financial Adviser profession.

5,845
agreements signed since the launch of Team

Number of agreements

(no.)



1,982
Team Leader positions

and

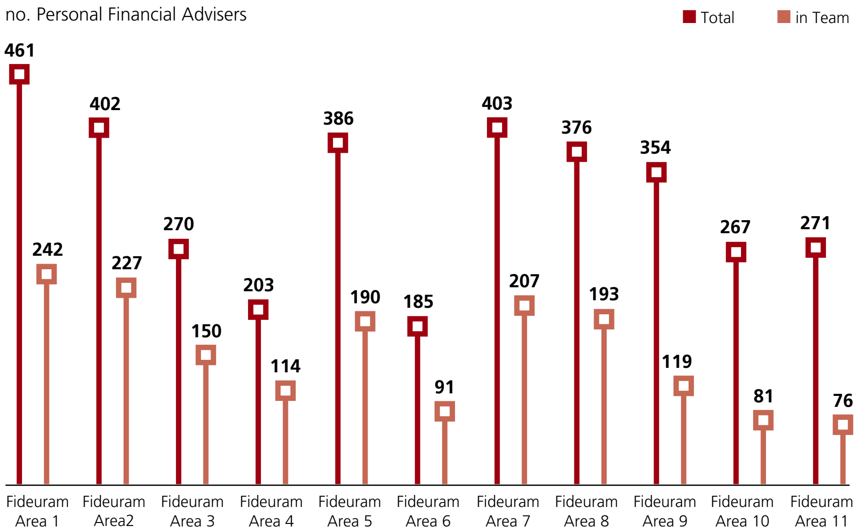
2,107
Team Partner positions

involving

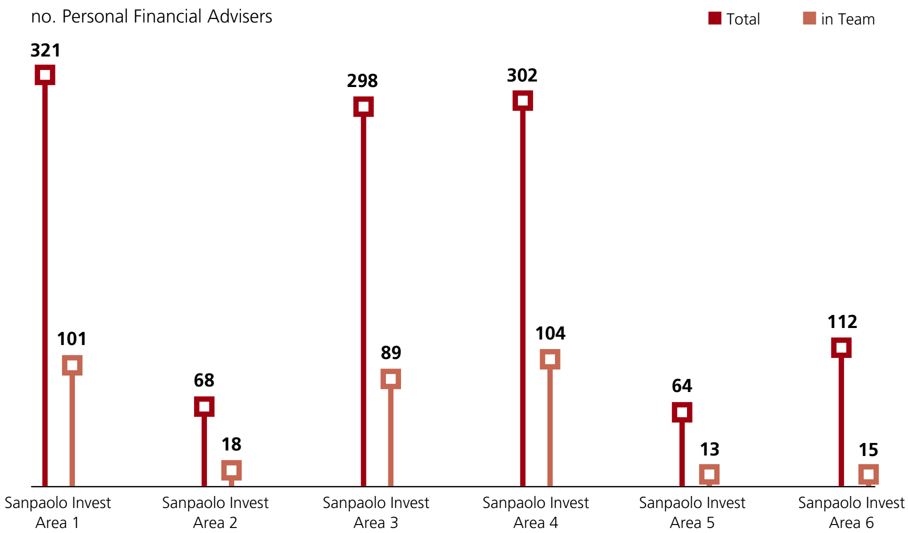
2,042
Personal Financial Advisers

Multiple agreements can be signed between Team Leaders and Team Partners

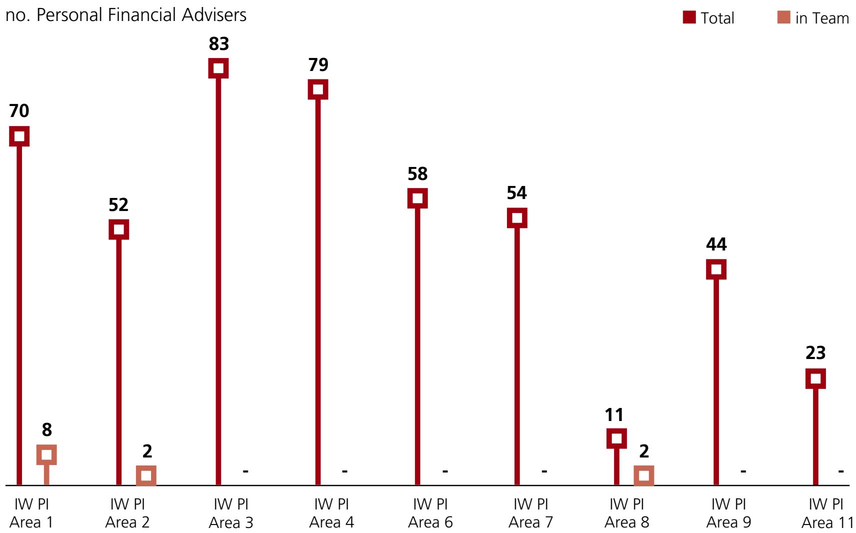
Fideuram Network (*)



Sanpaolo Invest Network (*)



IW Private Investments Network (*)



(*) Totals exclude Managers and Trainee Financial Advisors.

CONTRACTUAL RELATIONS

Relations with the Fideuram, Sanpaolo Invest and IW Private Investments Networks' Personal Financial Advisers are governed by an open-ended agency contract, without representation, based on Italy's Collective Economic Agreement for Agents in the Commerce sector.

This contract stipulates the basic collective provisions for our Personal Financial Advisers and further benefits which supplement their remuneration, social security and pension provisions, principally by linking them to the achievement of annual sales targets.

This contract seeks to primarily address the following purposes:

- standardise the contractual regulations between Personal Financial Advisers and companies;
- formally bring the wording of the contract into line with the current regulatory/legislative context that has changed over time, and with the current service model that oversees the activities of the sales Networks;
- adopt a modular structure, making consultation more agile, and the updating of annexes to the contract that may become necessary over time, much simpler. In this regard, the structure of the new contract is subdivided as follows:
  - main section: purely regulatory content, which governs the agency relationship between the Companies and each Personal Financial Adviser;
  - annexes to the contract: technical-economic and organisational-commercial as well as regulatory specifications, which take the form of corporate rules and codes, commission schedules, incentive scheme schedules, Network organisational model, Network insurance covers.

The Personal Financial Advisers at Intesa Sanpaolo Private Banking are direct employees of the Bank in the same way as other branch positions. Moreover, at 31 December 2022, there were over 108 agents. These agents are not employees and have stipulated an agency contract.

REMUNERATION AND INCENTIVES

Fideuram, Sanpaolo Invest and IW Private Investments

Since our Personal Financial Advisers are freelancers on agency contracts, their remuneration is variable and consists mainly of commission remitted from the principal company's income from the contracts in the Personal Financial Adviser's customer portfolio, as well as bonus payments for meeting sales targets.

The remuneration paid to the Personal Financial Advisers is made up of the following:

- a recurring component, which is the most stable and routine part of their remuneration;
- a non-recurring component which is the part taken into account for bonus calculations, with the specification that the commission does not in itself constitute an incentive.

The recurring component, which is linked to the size of the portfolio managed by the Personal Financial Adviser, is calculated as a predetermined percentage of the recurring and one-off gross income earned by the company in the form of the fee and commission income that customers pay on the various different products. These percentages differ depending on the type of product or service and are governed by the agency contract.

The recurring remuneration of Network Managers is made up of:

- supervision commission for coordinating and supervising a group of Personal Financial Advisers operating in a particular area of responsibility. This commission is based on the manager's specific role and calculated as the related percentage of the commission accrued by the Personal Financial Advisers under supervision;
- growth commission, for the development and volume growth of their group of Personal Financial Advisers.

In addition to this recurring remuneration, and in line with market practice, the distribution Networks are rewarded with incentives designed to guide sales activities towards the achievement of specified targets that take the Group's long-term strategies and objectives into due account so as to reward the results actually achieved, taking risk (including legal and reputational risk) into full account and prioritising proportionality criteria that promote and foster respect for high standards of conduct and care for each customer's interests.

These incentives are both monetary (bonuses) and non-monetary (e.g. annual contests which award prizes in the form of trips or attendance at conventions, etc.). Dedicated internal regulations are provided every year, notifying the Networks of the mechanisms that will be used to incentivise them to achieve their business targets.

In line with the provisions of the Supervisory Authorities, the bonuses are:

- limited to inflows from transactions that are in accordance with the customer's suitability profile;
- subject to controls over a long-term time horizon and therefore based on maintaining effective and lasting medium-term results.

The non-recurring component of newly appointed Personal Financial Advisers is specifically set at the time of appointment to acknowledge the work needed to gain a customer base, on condition that this refers to a stable collection.

There is no gender disparity regarding non-recurring remuneration, on a like-for-like basis in terms of role and results achieved.

Intesa Sanpaolo Private Banking

In order to enhance the contribution of employees and in line with the objectives of the Group's Business Plan, Intesa Sanpaolo Private Banking has activated an incentive scheme for Network staff dedicated to the management of Private Banking customers, which involves the provision of bonuses subject to the achievement of specific performance objectives, regarding sales, quality, sustainability and customer satisfaction. The overall objectives relate to size growth, profitability, service quality and the growth of financial assets. In this context, the amount of the bonus is based on measurable indicators defined for each objective and for which reference targets have been specified.

The economic treatment of newly appointed Personal Financial Advisers is based firstly on recognising the professional standing they have already gained in the external market, from the perspective of utilising their skills to provide excellent service to Private Banking customers, and allow for the sustainable development of the financial assets managed.

NETWORK EVENTS IN 2022

The organisation of events outside the working environment is an essential moment in the development of a unified culture within the Fideuram Group, with the simultaneous engagement of the greatest possible number of Personal Financial Advisers, with a view to meeting and sharing some time together but also for closer examination and study.

SENIORITY EVENTS

In 2022, events were dedicated to Personal Financial Advisers who had reached the important milestones of 25, 30 and 40 years with the Fideuram and Sanpaolo Invest Networks during the previous two years. More than 300 Personal Financial Advisers were honoured by General Management and Network Managers. In particular, in the last part of the year, between October and November, a 6-stop tour was organised in major Italian cities dedicated to "Seniority".

Exclusive locations and historic mansions provided an extraordinary setting for the events: 2 dates were scheduled for Milan, at the Teatro Gerolamo, 2 in Rome, at the Galleria del Cardinale in Palazzo Colonna, followed by Florence, at Palazzo Borghese and Turin, at the Museo del Risorgimento in Palazzo Carignano.

DIGITAL SPECIALIST EVENT

A day that brought together the "digital ambassadors" of the Fideuram, Sanpaolo Invest and IW Private Investments Networks from all over Italy at Villa Torretta, on the outskirts of Milan,
More than 250 Personal Financial Advisers attended this day of meeting and discussion, also with Top Management, to discover the company's latest initiatives in the field of digital innovation, but also to share ideas and drive together the change towards an increasingly digital, innovative and sustainable company.

The event also saw Personal Financial Advisers with the best digital index awarded, in the presence of the guest of honour, David Bevilacqua: the CEO of Ammagamma, an Artificial Intelligence and data science company offering advanced mathematics solutions to steer companies towards new sustainable social and production visions.

DRIVE THE CHANGE

The exclusive event, at the Fondazione Cariplo in Milan, addressed new generations, bringing together about 300 young Personal Financial Advisers from all over Italy to share objectives and future scenarios. The event honoured the best young advisers of the year by showcasing their talents. The day's agenda included the speech of the guest of honour, Massimo Cotto, well-known journalist, disc jockey, writer, author and TV presenter, and testimonies from Management.

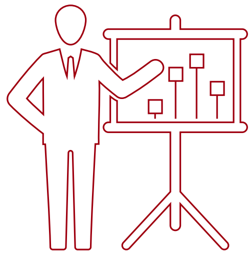
MAIN IMPROVEMENT OBJECTIVES FOR 2023

Main improvement objectives envisaged for 2023 include a continual improvement in recruitment quality, in terms of the excellence of professional profiles selected and adherence to the Group's service model, in line with the economic objectives of the strategic plan, and a stable focus on generational turnover through the selection of young Personal Financial Advisers and on empowering female talent.

With the aim of consolidating functionalities in line with the evolutions envisaged for the service model, both the introduction of new information and metrics relating to sustainability issues in the field of investments, especially in the ESG theme, and the evolution of tools supporting the Networks have been planned.

NETWORK TRAINING

517,656
Training hours



MAIN OBJECTIVES FOR 2022 / ACTIONS AND RESULTS ACHIEVED

Fideuram and Sanpaolo Invest Networks

ESG training
Continuing ESG training

During 2022, the main training initiative dedicated to all financial advisors was the ESG path, designed and carried out with some of Italy’s leading universities: Cattolica del Sacro Cuore University of Milan, University of Turin, University of Udine, University of Bologna, La Sapienza University of Rome, Partenope of Naples and Ca’ Foscari of Venice. The course includes the following training modules:

- Sustainable finance, rating and ESG factors in equity and bond valuation (two webinars of 2 hours each).
- Sustainable Investment Strategies in Banking and Asset Management (two face-to-face days of 8 hours each).
- Sustainable finance and the activities of the Financial Adviser (4-hour online course).

There were 3,050 financial advisors involved in 2022 (for a total of about 51,000 training hours) and of these 1,400 completed the training.

For the management of some special cases and for Network Managers, the possibility of using the same content completely online via a platform made available by SDA Bocconi has also been envisaged.
Attending the entire course allows participants to take the EFPA examination for ESG Advisor Certification. The number of financial advisors who obtained this certification in 2022 was 414. Of these, about 180 consultants obtained the EFPA ESG Certification by taking the examination at foreign universities.

Continuation of Asset Advisor Certification

In 2022, the Asset Advisor Certification process continued in cooperation with Università Cattolica del Sacro Cuore of Milan, which involved about 100 financial advisors and maintenance also began for the 550 financial advisors already certified in previous years.

New contributions from Partners to promote the Fideuram Academy (Partners)

A part of the online training was taken by advisors at the Fideuram Academy, with courses based on training contributions shared with Partners to gain further insight into up-to-date and topical issues in the financial sector.

IW Private Investments Network

Development of web-based and face-to-face training activities for the on-boarding roll-out of the Network, on Change Management topics and for Training Synergies.

In relation to the objectives set during the year, training processes were implemented related to:

- the on-boarding process geared towards the knowledge of Fideuram's Processes, Services and Products, dedicated to the IW Private Investments Network. Throughout the year and on several occasions, training sessions were held to train the Network on the models and procedures in use at Fideuram. The training involved facilities at headquarters and the Digital Specialist group, a specific team of PB trainers, who worked together to train colleagues in this delicate phase of "digital transition";
- a digital on-boarding process prior to the start of activities dedicated to the advanced advisory service Sei, triggering a real process of change management and a new commercial setting through the acquisition of methods and tools that characterise and make the Fideuram Group's Service Model distinctive. Similarly, managers were involved in a course, delivered in blended mode, focused on governance tools and operational and relational processes reserved for the management structure, as used at Fideuram, with particular activities for selection and recruitment issues.
- integration and synergy aimed at enabling Personal Financial Advisers to take part in prestigious "Specialised Training" programmes, "pilot" activities were carried out in the latter part of 2022 and will gradually involve the entire Personal Financial Advisers' Network during 2023.

Intesa Sanpaolo Private Banking Network

Encourage generational change in the sales network through the continuation of the "Generation Z" project, which focuses on the recruitment of young people with a qualified professional profile as Personal Financial Advisers after specific work experience as an assistant.

Modular, face-to-face and distance induction training for young people in the Network was launched. New colleagues get to know the professional and corporate environment, come into contact with the best professionals and are accompanied in gaining or consolidating their knowledge prior to becoming Personal Financial Advisers.

Disseminate an adequate level of knowledge of sustainability skills in the commercial proposal through an approach increasingly consistent with the social context and the evolution of market scenarios.

The training course aimed at developing an increasingly uniform professional approach to financial and estate planning was completed. Methodological and advisory skills were honed to promote a customer service based on sustainability, in line with the company's strategic guidelines. An initial specialised training campaign was also launched.

Promote maximum adherence to distinctive internal values and development opportunities linked to digital channels, with a view to consolidating integration and standardising the corporate culture throughout the entire organisation.

Two important initiatives were finalised during the year: the continuation of the "Digital Evolution" programme, for the dissemination of a mindset aimed at welcoming opportunities for innovation, and the launch of the new Leadership School project, dedicated to managerial roles and derived from the broader Value&Purpose programme.

Maintaining a high level of sensitivity and awareness of the impact of sector regulations on commercial activities in order to provide a customer service increasingly oriented towards criteria of professional ethics and transparency in relations.

The three-year anti-money laundering training plan ended, and the production of training content for the continuous enhancement, awareness and updating of necessary regulatory knowledge continued.

TRAINING PROGRAMMES AND INITIATIVES FOR THE FIDEURAM AND SANPAOLO INVEST NETWORKS

In 2022, it was possible to return to face-to-face training, decreasing webinar training, to the satisfaction of both financial advisers and trainers.

Training for the development of professional skills continued, comprising four progressively modulated paths, according to the seniority of each Personal Financial Adviser:

- introduction to the profession (for Personal Financial Advisers who have been in the Network for less than 12 months), on the role of the adviser, the relationship, the advisory service survey and the dynamics of communication with customers. Total number of hours provided during 2022 equal to 12,100;
- Fideuram path (Junior & Senior advisers) on financial and pension planning logic for different customer clusters and on inflation trends and impact on markets. Total number of hours provided during 2022 equal to 17,900;
- Advanced training (professional & executive advisers) on inflation trends and the impact on markets, financial profiles of cryptocurrencies, and financial statement analysis for business consulting. Total number of hours provided during 2022 equal to 21,300;
- high-level specialisation (Top & PWA advisers) on the financial profiles of cryptocurrencies, and on financial statement analysis for business consulting. Total number of hours provided during 2022 equal to 7,700.

To complete the four training courses, a further 69,500 hours of training were provided, both in Webinar mode and in person at the Fideuram Campus or at the territorial offices on the following thematic areas:

- anti-money laundering (Anti-Money Laundering Regulatory Developments (2020-2022) - comprehensive);
- tools and services (Digital Specialist);
- products (Fideuram Vita Futura);
- role of the Adviser (Coaching).

In 2022, the Asset Advisor Certification process continued in cooperation with Università Cattolica del Sacro Cuore of Milan, which involved about 100 financial advisors and maintenance also began for the 550 financial advisors already certified in previous years.

Lastly, around 185,000 hours of e-learning training on regulatory updates, economic scenarios and the advisor's role in client relationship management were used by all Fideuram network advisers in 2022.

The total number of hours delivered during 2022 was approximately 413,000, divided into 151,500 classroom hours, 76,200 web-based hours and 185,000 online hours.

APPLICATION TRAINING

In order to continue the digital journey of the Personal Financial Advisers' Networks, 187 training sessions (totalling 667 hours) dedicated to digital applications and related processes were organised in the year.

More than 2,000 Personal Financial Advisers from the Networks took part through classroom sessions, webinars and support meetings on the ground.

The meetings strengthened the skills of the advisers, offering the chance for new recruits to learn about the applications given to them, providing all Personal Financial Advisers with the opportunity to further explore areas, including the evolved advisory service Sei, and be constantly updated on new developments.
The support for the 250 Digital Specialists through webinars, the reserved mailbox (with 1,300 e-mails received and managed), and meetings dedicated to them on particularly important topics, allowed these professionals to receive constant support, even at the most delicate moments of transition (such as, for example, the transition to the My Key contract). To complete training and information, tutorials on all the new features were made available to the Networks.
Overall, the training and support proved to be highly appreciated by the advisers and management, as they were useful in strengthening professional skills, contributing to consolidating the relationship between headquarters and the Network, in a climate of reciprocity, trust and collaboration.

TRAINING PROGRAMMES AND INITIATIVES FOR THE INTESA SANPAOLO PRIVATE BANKING NETWORK

Training is an essential element for professional growth, as well as being instrumental in maintaining a high level of quality in the services rendered to customers. In 2022, training initiatives took three directions. Firstly, the growing relevance of sustainability issues in financial services led to the decision to continue to improve the level of culture and awareness on the subject. In particular, by fostering knowledge useful for the promotion of a culture of sustainability and for gaining an awareness of the complex regulatory environment surrounding ESG.
In parallel, work was done on specialised knowledge in Private Capital and Private Assets, which is essential to support clients with a serious and professional approach.
Finally, the subject of Loans was addressed for a specific target group of Personal Financial Advisers, to support the Bank's commercial strategy on the product.

Without affecting these three main themes, the training initiatives covered:

- ESG training and professional development
  Further training on ESG skills and knowledge gathered pace in 2022, thanks also to the inclusion of the topic in a comprehensive and structured Group ESG Programme, as well as in the Network incentive scheme. The Intesa Sanpaolo Private Banking Network was involved in compulsory initiatives, duly integrated with existing professional development programmes, and in ad hoc designed initiatives. The Be Sustainable course aimed at the entire business population and divided into three modules was completed: "Sustainable planning", for the distribution of well-being to the customer at every stage of life, from a global transgenerational and intergenerational perspective; "Sustainable advice", to raise the Network's awareness of service provision along the entire customer value chain, financial and otherwise; "Responsible ESG investment", for the acquisition of technical and regulatory knowledge useful to maximise risk-in-

formed service and sustainable development. For Network Managers, the course was also designed to work on managerial skills.
A select group of 200 Personal Financial Advisers then took part in the ESG Advisor course, an intensive in-depth study of ESG matters and regulations in the financial sector, which was also useful for sector certification, obtained by 90% of participants.
Finally, participation in info-training initiatives with our business partners ensured constant, robust updates, also on sustainability issues.

- Private market for Managers
The "Private Capital Specialist" course was launched for Network Managers. The course consolidated the understanding of specific aspects of "private capital" such as savings opportunity for private banking customers and knowledge of the characteristics of the main financing instruments, typical for an unlisted company. In 2023, the course will be extended to Personal Financial Advisers, after appropriately adapting the contents.

- Credit: commercial development leverage
A select group of 180 Personal Financial Advisers participated in a course functional to the implementation of the company's business strategy in the credit sector. Useful elements were provided for intercepting customer needs and opportunities by consolidating product-specific knowledge and stimulating successful cases and proposals.

- Generation Z
The need to strengthen the Network with the addition of new professional dynamics led to the continuation of the "Generation Z" project, which involved over 40 colleagues as assistants with a projected role as Personal Financial Advisers. The ad-hoc training plan involved them in face-to-face and remote initiatives, aimed at developing role, commercial and regulatory knowledge, as well as acquiring a solid organisational awareness.

- Schedule of info-training meetings with third parties
Like each year, the planning of meetings with all business partners continued, in order to provide the Network with a broad overview of market trends and financial product developments, for the purpose of an effective commercial proposal.

- Preparation for the financial adviser exam
Colleagues on the path to the role of Personal Financial Adviser are offered the chance to attend a preparatory course to pass the examination for registration with the OCF.

- Language training
Training is offered in English or French via training platforms with distance learning tutors or intensive individual courses. Access is conditional on the professional context and the level of language ability. All colleagues, regardless of their context and competence, can always access the language training portal available on the Group's training platform.

Intesa Sanpaolo Private Banking - Mantova Office

- Regulation and compliance

  Intense work continued to disseminate knowledge on regulatory issues with the greatest impact on the professional practice of the population concerned. The following topics should be mentioned among the main areas of activity:
  - anti-money laundering, with the implementation of the measures planned within the 2020-2022 three-year plan;
  - Consob/IVASS, with the usual delivery of the training plan for commercial positions, carrying out activities related to these regulations;
  - Legislative Decree 231/01, through contents that are regularly updated according to the evolution of regulations;
  - Cybersecurity, whose aspects with the greatest impact on company operations have been the subject of new and increasingly targeted training;
  - protection of privacy, through a specific focus on aspects with the most impact on business activity;
  - Legislative Decree 81/08, with the regular involvement of figures with duties in this area;
  - taxation, through the clarification of relevant regulations useful to business positions.

The further increase in the number of agents should also be noted, with further growth expected in 2023. This population was specifically included in training initiatives for the commercial population.

TRAINING INITIATIVES AND COURSES FOR THE IW PRIVATE INVESTMENTS NETWORK

2022 was marked by a massive IT migration that saw the transition of the IW Private Investments Personal Financial Advisers' Network within the digital perimeter of Fideuram. For this reason, training activities were focused on two separate training plans:

- Extraordinary Plan: a training system developed during the first half of the year within the Integration Workshops, concerning all info-training activities relating to the use of new digital systems and processes, preparatory to the migration of the IW Private Investments network to the digital platforms in use at Fideuram;
- Ordinary Plan: in the second half of the year, concerning all training activities aimed at the knowledge and in-depth study of the methods and practices that characterise Fideuram's Service Model, for the development and growth of the Network, as well as compliance with the obligations imposed by the sector's regulatory framework.

Fideuram - Torino Cairoli Office

Extraordinary Plan

The Release Plan involved the entire Network and, initially, from November 2021 to February 2022, a series of training initiatives were delivered both face-to-face and remotely mainly in the form of Webinars due to the continuing Covid-19 health crisis. These webinars focussed on knowledge of:

- Digital Platforms: browsing and information-display operations;
- the Commercial Product Offering: the Financial and Insurance Products Catalogue;
- Banking Services: Processes, branch operations and product offering.

The learning formats were accompanied by supporting measures to speed up and assist learning: firstly, a series of Tutorials to reinforce knowledge of digital platforms and applications, while a group of Personal Financial Adviser Trainers specialised in digital training, called Digital Specialists, was selected and appropriately trained internally at IW Private Investments to support the Network in the training phase. The Group of Digital Specialists, in coordination with management structures in the territory, supported, from March until the end of the first half of the year, the digital transition of the Network and the development and strengthening of the digital skills of financial advisors.

At the same time, in-person and remote activities were organised to further extend the product catalogue: In particular, two travelling Roadshows were organised, the first with Fideuram Vita and the second with Fideuram Asset Management SGR. In parallel with these projects, the Network Training function launched, as early as May, a teaching format for the managerial structure of institutes and applications available at Fideuram, aimed at fostering managers' governance activities with a special focus on recruiting and projects aimed at facilitating the entry of young recruits.

Ordinary Plan

The extraordinary training activities carried out in the first half of the year were preparatory to the next training step, in the period from July to December 2022, dedicated to the Service Model in a general sense and in particular to the advanced advisory service Sei, which included two-day face-to-face sessions.

In line with tools available to Fideuram, a series of courses were also prepared, through the Campus Online platform, dedicated to industry regulations and the insurance sector for the maintenance of IVASS - MiFID 2 certifications, while during the last four months, at the request of Internal Control Bodies, specialised in-person courses were prepared, directly managed by Fideuram's AML Function, dedicated to developments in Anti-Money Laundering regulations.

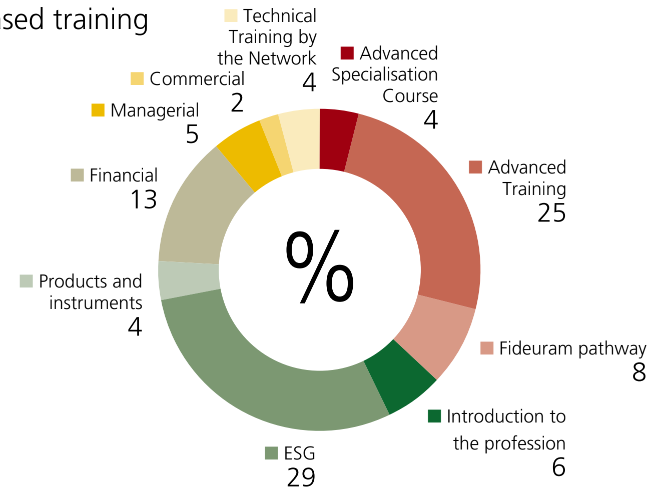
Lastly, training measures were added, which will continue in 2023, with the aim of involving the entire Network, dedicated to commercial development in general and in particular to the organisation of Financial Lounges, as used at Fideuram.

Overall, during 2022, training covered:

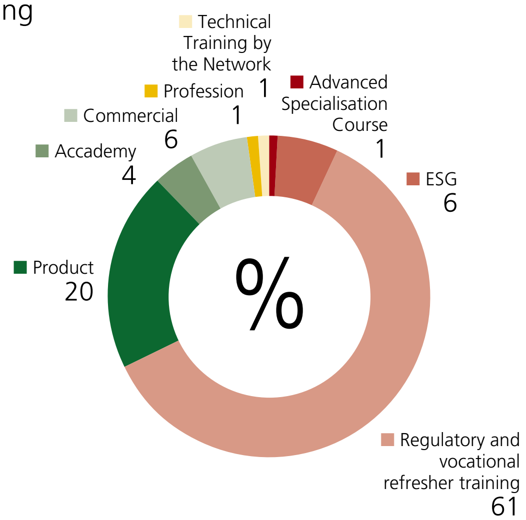
- 32 webinars (attended by an average of 40-50 Personal Financial Adivsers per edition);
- 150 days overseen by Digital Specialists (in the territory, with an average presence of 20 Personal Financial Advisers);
- 134 days by Management (at Campus Fideuram and on the ground, with an average presence of 25 Personal Financial Advisers).

Group training hours in 2022, analysed by Training Area (%)

Class-based training



Online training



MAIN IMPROVEMENT OBJECTIVES FOR 2023

Fideuram and Sanpaolo Invest Networks Training

One of the main objectives of 2023 is the organisation and delivery of training dedicated to the growth of young financial advisors. The objectives of the course, called Next Generation, will be to further the value of the financial adviser's role, acquire the knowledge, skills and abilities to effectively respond to customer needs and ensure the protection of their investments, and enable a preventative approach to seize emerging opportunities in the Financial Advice sector.
The structure of the 2-year course comprises 16 training modules and 10 business development modules on 3 thematic areas:

- service model: the stages of the working method, rules of conduct, principles of financial planning, investment and savings protection services and products;
- relations: customer communication, the advice session, management of behaviour and emotions in investment processes;
- business development: defining the development objectives of the service, identifying the expectations of professionalism required by the market, creating a development plan to enhance own reputation.

ESG

In 2023, the ESG training course will continue, to enable all Advisers to complete it and take the EFPA Advisor ESG certification exam.

Wealth Management Adviser Certification

In 2023, the Asset Advisor Certification course will continue, in cooperation with Milan Cattolica University, for Advisers who have attained the necessary credits to access the certification exam, and maintenance course will be extended to Advisers certified in previous years.

Digitalisation

Training activities will be consolidated to support the digitalisation of the networks by bridging the gap with respect to suitability for the role, the achievement in qualitative and quantitative terms of individual and group objectives and the development of professional skills to support company strategies.

Academy Fideuram (Partners)

During 2023, new contributions from Partners are planned for the Academy. Some of the themes shared will include: secular changes, the new social context and new investor behaviour, the Real economy and private markets, Real Estate, ESG investments.

IW Private Investments Network Training

2023 will certainly have a different focus than the previous year. The IW Private Investments Network, appropriately segmented according to the nomenclature in use at Fideuram, will be involved in dedicated and specialised training processes such as:

- ESG Certification: which will involve the entire Network, designed and organised with prestigious Italian Academies and coordinated by Milan Cattolica University;
- the advanced Sei Advisory Model: personalised according to the teaching segmentation, with a purely laboratory focus and aimed at active experimentation in the field;
- Managerial training: dedicated to Divisional and Regional Managers, focussed on the knowledge of governance tools (analysis, development, control) and preparatory to the subsequent inclusion of IW Private Investments Managers in the Group's Managerial School.

In addition, there will be an increasing convergence with projects developed in synergy with Fideuram arising from recruitment dynamics, such as the 'New recruits' path and for young recruits the 'Next Generation' path.

Finally, in-person and remote teaching will be guaranteed, aimed at maintaining and certifying appropriate qualifications required by sector regulations, and knowledge and skills will be updated, as provided for by Article 81 of the Intermediaries Regulations.

Intesa Sanpaolo Private Banking Network Training

2023 targets will partly focus on areas defined in the previous year, and partly on new areas, with the aim of:

- supporting the evolution of investment and credit services, accompanying changes and business innovations with adequate and effective training initiatives;
- continuing to support the generational turnover of the sales network, further qualifying the induction of future young Personal Financial Advisers and supporting colleagues already in the structure but new to the role;
- continuing to further knowledge and skills functional to sustainability in the provision of investment services, through a shared and consistent approach to corporate strategies, the social context and evolving market scenarios;
- transferring the digital mindset acquired during the first phase of the Digital Evolution programme into daily action and accompanying the management team in concretely adopting behaviours that maximise the Group's distinctive values;
- addressing the issues of planning and monitoring commercial action, focusing on the continual improvement of service quality and effectiveness in customer relationship management;
- maintaining a high level of sensitivity and awareness of the impact of sector regulations on commercial activities in order to provide a customer service increasingly oriented towards criteria of professional ethics and transparency in relations.

EMPLOYEES

Our human resources play a key role in enabling us to achieve our corporate objectives. To this end, we constantly invest in the professionalism of our employees through organisational and training initiatives that aim to enhance individual competencies and promote their development in the Group.

The breakdown of employees by company has been restated to take into account the effect of extraordinary transactions carried out during 2022.

The Group's workforce, which takes into account secondments to and from other companies of the Intesa Sanpaolo Group, not included in the perimeter of the Fideuram Group, as well as atypical workers, went up from 4,151 at 31 December 2021 to 4,185 at 31 December 2022.

The breakdown of employees by gender shows that female employees accounted for 43% of total Group staff while male employees accounted for 57%. Group personnel working in Italy accounted for 84% of total employees, while those working outside Italy accounted for 16%.

	2022	2021	2020
Private Banking	**3,856**	**3,827**	**3,870**
Fideuram - Intesa Sanpaolo Private Banking	1,690	1,616	1,575
Intesa Sanpaolo Private Banking	1,537	1,550	1,644
IW Private Investments SIM	33	42	51
Fideuram Bank (Luxembourg)	56	50	53
Compagnie de Banque Privée Quilvest	148	139	148
Reyl Group	392	430	399
Asset Management	**236**	**232**	**224**
Fideuram Asset Management (Ireland)	66	63	65
Fideuram Asset Management SGR	170	169	159
Fiduciary and treasury services	**93**	**92**	**87**
Siref Fiduciaria	87	85	80
Ubi Trustee	6	7	7
Total	**4,185**	**4,151**	**4,181**

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

Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest - Monza Office

2022 saw employees of the Luxembourg private bank Compagnie de Banque Privée Quilvest join the perimeter of the Fideuram Group.

The detailed figures in the following tables were not been restated for the years 2021 and 2020.

Fideuram Group employees

	2022	2021	2020
Directors	141	134	89
Executive Management	2,341	2,288	1,869
Professional Areas	1,674	1,551	1,130
Temporary work agency and project work contracts	29	40	35
Total	**4,185**	**4,013**	**3,123**

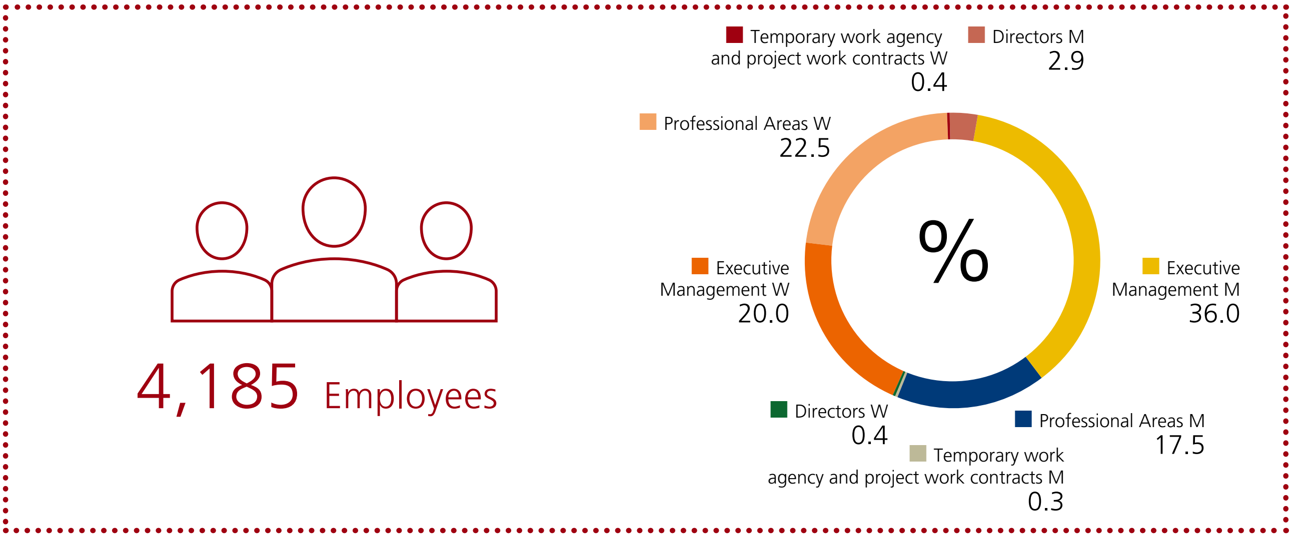
Men

	2022		2021		2020	
	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY
Directors	85	38	89	34	59	20
Executive Management	1,315	191	1,315	161	1,074	96
Professional Areas	515	216	485	168	353	95
Temporary work agency and project work contracts	12	-	16	2	17	-
Total	**1,927**	**445**	**1,905**	**365**	**1,503**	**211**

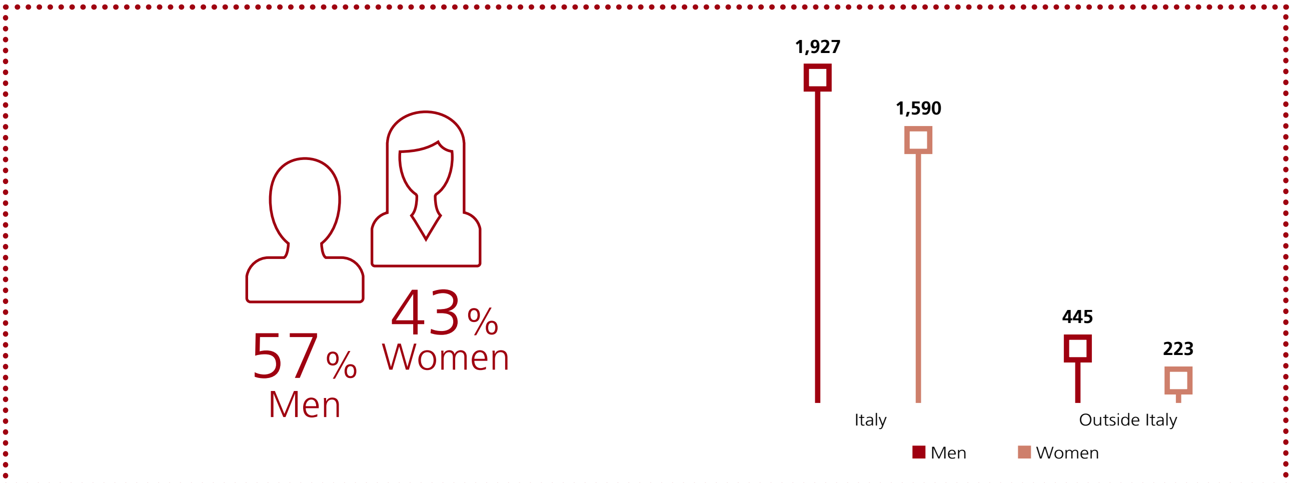
Women

	2022		2021		2020	
	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY
Directors	15	3	10	1	9	1
Executive Management	776	59	760	52	666	33
Professional Areas	785	158	767	131	620	62
Temporary work agency and project work contracts	14	3	20	2	18	-
Total	**1,590**	**223**	**1,557**	**186**	**1,313**	**96**

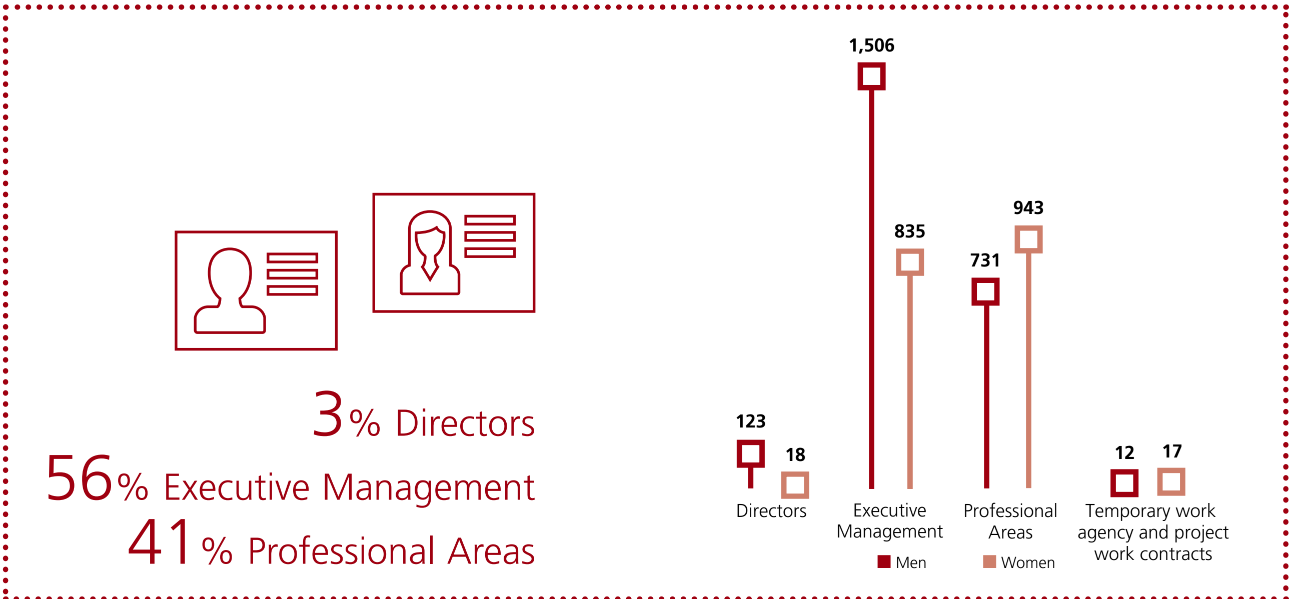
EMPLOYEES BY CATEGORY AND GENDER (%)



EMPLOYEES BY GEOGRAPHICAL AREA AND GENDER



EMPLOYEES BY CATEGORY AND GENDER



Staff contracts

99.2% of Group staff were employed on open-ended contracts.

	MEN			WOMEN			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Open-ended	2,357	2,237	1,696	1,793	1,710	1,389	4,150	3,947	3,085
Fixed-term	2	8	1	3	8	2	5	16	3
Apprenticeship contracts	1	7	-	-	3	-	1	10	-
Temporary work agency and project work contracts	12	18	17	17	22	18	29	40	35
Total	**2,372**	**2,270**	**1,714**	**1,813**	**1,743**	**1,409**	**4,185**	**4,013**	**3,123**

	ITALY			OUTSIDE ITALY			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Open-ended	3,490	3,416	2,779	660	531	306	4,150	3,947	3,085
Fixed-term	1	-	2	4	16	1	5	16	3
Apprenticeship contracts	-	10	-	1	-	-	1	10	-
Temporary work agency and project work contracts	26	36	35	3	4	-	29	40	35
Total	**3,517**	**3,462**	**2,816**	**668**	**551**	**307**	**4,185**	**4,013**	**3,123**

Full Time/Part Time Split

A total of 341 employees, amounting to approximately 8.1% of all staff, were on part-time contracts.
Women accounted for 82.7% of them, as this type of contract appeals to them due to the flexibility it offers them in organising their work and meeting family commitments.

	MEN			WOMEN			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Full-time staff	2,313	2,225	1,683	1,531	1,477	1,200	3,844	3,702	2,883
Part-time staff	59	45	31	282	266	209	341	311	240
Total	**2,372**	**2,270**	**1,714**	**1,813**	**1,743**	**1,409**	**4,185**	**4,013**	**3,123**

Personnel by age group

Personnel aged 50 or under accounted for 53.7% of all staff at the end of 2022. 49.7% of employees were in the 30 to 50-year-old age group.

	DIRECTORS			EXECUTIVE MANAGEMENT			PROFESSIONAL AREAS			TEMPORARY WORK AGENCY AND PROJECT WORK CONTRACTS			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Under 30	-	-	-	1	-	-	146	139	53	19	19	17	166	158	70
30 to 50	26	33	20	952	1,009	821	1,093	1,046	785	10	21	18	2,081	2,109	1,644
Over 50	115	101	69	1,388	1,279	1,048	435	366	292	-	-	-	1,938	1,746	1,409
Total	**141**	**134**	**89**	**2,341**	**2,288**	**1,869**	**1,674**	**1,551**	**1,130**	**29**	**40**	**35**	**4,185**	**4,013**	**3,123**

Average age of personnel

	2022	2021	2020
Men	49	48	49
Women	47	47	47
Directors	55	54	54
Executive Management	52	51	51
Professional Areas	43	43	44

48 years

Average age of personnel

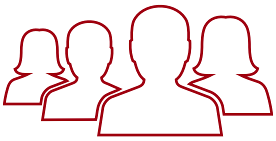
Personnel by length of service

The largest group, in terms of length of service, was the general staff with more than 20 years of service, who accounted for 43.2% of all employees. 26.8% of employees had between 10 and 20 years' service, the remaining 30% had under 10 years' service.

	DIRECTORS			EXECUTIVE MANAGEMENT			PROFESSIONAL AREAS			TEMPORARY WORK AGENCY AND PROJECT WORK CONTRACTS			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Up to 5 years	24	28	12	295	304	231	564	511	326	29	40	35	912	883	604
5 to 10 years	15	9	7	143	107	46	185	153	114	-	-	-	343	269	167
10 to 15 years	18	15	12	242	266	221	327	342	246	-	-	-	587	623	479
15 to 20 years	30	32	27	326	336	342	179	162	163	-	-	-	535	530	532
20 to 25 years	24	20	7	453	375	219	171	135	61	-	-	-	648	530	287
Over 25	30	30	24	882	900	810	248	248	220	-	-	-	1,160	1,178	1,054
Total	**141**	**134**	**89**	**2,341**	**2,288**	**1,869**	**1,674**	**1,551**	**1,130**	**29**	**40**	**35**	**4,185**	**4,013**	**3,123**

Average length of service of personnel

	2022	2021	2020
Men	18	18	19
Women	18	18	19
Directors	17	17	19
Executive Management	21	21	22
Professional Areas	13	13	15



18 years

Average length of service

Education

55.3% of staff have a university degree and/or postgraduate qualification.

	MEN			WOMEN			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Degree, Masters and Diploma	1,337	1,240	907	979	924	713	2,316	2,164	1,620
Secondary School	953	933	726	765	751	643	1,718	1,684	1,369
Other	82	97	81	69	68	53	151	165	134
Total	**2,372**	**2,270**	**1,714**	**1,813**	**1,743**	**1,409**	**4,185**	**4,013**	**3,123**

TURNOVER

During 2022, 497 people joined the company, 159 of whom involved transfers from companies within the Intesa Sanpaolo Group, while 190 were newly-appointed resources hired in the market and 148 referred to Compagnie de Banque Privée Quilvest joining the perimeter.

Of these employees, 58.8% were men and 41.2% women.

A total of 332 employees left their posts, 29 as a result of transfers within the Intesa Sanpaolo Group and 303 due to termination of service. 58.4% of those leaving were men and 41.6% women.

Turnover by geographical area

	2022				2021				2020			
	JOINING		LEAVING		JOINING		LEAVING		JOINING		LEAVING	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Italy	259	7.4	126	3.6	822	23.7	181	5.2	118	4.2	170	6.0
Outside Italy	238	35.6	206	30.8	349	63.3	100	18.1	17	5.5	21	6.8
Total	**497**	**11.9**	**332**	**7.9**	**1,171**	**29.2**	**281**	**7.0**	**135**	**4.3**	**191**	**6.1**

Turnover by age and gender

	2022				2021				2020			
	JOINING		LEAVING		JOINING		LEAVING		JOINING		LEAVING	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Men	292	12.3	194	8.2	730	32.2	174	7.7	88	5.1	131	7.6
Women	205	11.3	138	7.6	441	25.3	107	6.1	47	3.3	60	4.3
Total	**497**	**11.9**	**332**	**7.9**	**1,171**	**29.2**	**281**	**7.0**	**135**	**4.3**	**191**	**6.1**

	2022				2021				2020			
	JOINING		LEAVING		JOINING		LEAVING		JOINING		LEAVING	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Under 30	79	1.9	49	1.2	117	0.9	8	0.2	26	0.8	6	0.2
30 to 50	290	6.9	144	3.4	680	2.3	123	3.1	67	2.1	58	1.9
Over 50	128	3.1	139	3.3	374	1.0	150	3.7	42	1.3	127	4.1
Total	**497**	**11.9**	**332**	**7.9**	**1,171**	**29.2**	**281**	**7.0**	**135**	**4.3**	**191**	**6.1**

Positive turnover (joined in 2022 / staff at beginning of year) was 12.4%, while negative turnover (left in 2022 / staff at beginning of year) was 8.3%. The overall turnover rate (incoming + outgoing / average headcount) was 20.7%.

Net of the 148 incoming staff as a result of the integration of Compagnie de Banque Privée Quilvest, the positive turnover rate (joined in 2022 / staff at beginning of year) was 8.7%, while the total staff turnover (joined+left / average staff) was 17.2%.

The Group companies outside Italy do not have any internal policies regarding the nationality of recruits or that favour local people.

CAREER DEVELOPMENT

Career development is focused on merit, assessed in relation to results achieved, competencies possessed and individual ability.

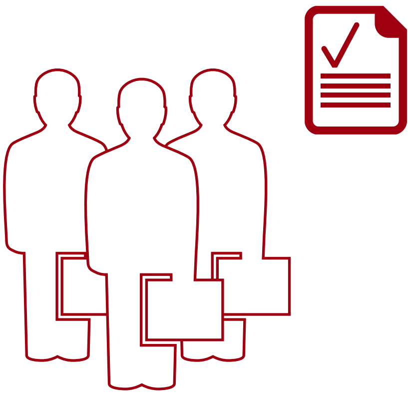
Where higher-level appointments are concerned, the management competencies possessed are assessed prospectively to ensure they are aligned with the related job requirements and accompanied by appropriate abilities and attitudes.

Career development

	2022					2021 (*)					2020				
	MEN	%	WOMEN	%	TOTAL	MEN	%	WOMEN	%	TOTAL	MEN	%	WOMEN	%	TOTAL
Promotions to Director	3	1.9	2	1.0	5	5	4.9	1	1.3	6	-	-	1	1.3	1
Promotions within Executive Management	60	39.0	56	26.6	116	62	61.4	39	50.6	101	14	20.9	7	9.1	21
Promotions to Executive Management	20	13.0	26	12.4	46	15	14.9	13	16.9	28	8	11.9	13	16.9	21
Promotions within Professional Areas	71	46.1	126	60.0	197	19	18.8	24	31.2	43	45	67.2	56	72.7	101
Total	**154**	**100**	**210**	**100**	**364**	**101**	**100**	**77**	**100**	**178**	**67**	**100**	**77**	**100**	**144**

(*) The 2021 figures are shown net of the Reyl Group as they are managed in the systems starting from 2022.

Employees on open-ended contracts undergo an annual appraisal if they have been present for a period of more than 110 working days in the base year.



CONTRACTUAL RELATIONS

The National Collective Bargaining Agreement (CCNL) covers all our employees in Italy, who account for 84% of total Group staff.

The Italian companies in the Group adhere to the following collective bargaining agreements:

- Agreement for senior managers employed by credit, financial and operating institutions (approximately 2.8% of employees).
- Agreement for executive managers and professional area personnel employed by credit, financial and operating institutions (approximately 97.2% of employees).

Abroad, employment contracts and wages are related to the regulatory provisions, best practices and cost of living of the reference country.

In Italy, collective bargaining agreements provide for the prior information of and consultation with workforce representatives in cases of significant restructuring, with a procedure that has a total duration of 50 days at both company and Group level.

The basic remuneration of women provided for by the National Collective Bargaining Agreement does not differ from that paid to men where either grading or seniority is concerned.

The minimum remuneration applicable in the Group for new recruits is likewise that provided for by the sector National Collective Bargaining Agreement for the different personnel categories in question. Outside Italy, they are aligned with the regulatory provisions and cost of living in the countries concerned.

RELATIONSHIPS WITH TRADE UNION ORGANISATIONS

In 2022, information and discussion meetings, focusing on matters of specific company interest, were held with the Trade Union Organisations.
We held the periodic (six-monthly and annual) meetings provided for in the National Collective Bargaining Agreement and in the Group Agreement to present our corporate data and position, and also specific problems were addressed regarding staff and work organisation in the local meetings held in accordance with the said Agreement.
New agreements relating to second-level collective bargaining in the Intesa Sanpaolo Group and the harmonisation of staff coming from UBI were implemented in full. These agreements provide for a complex series of measures in support of the Group's employees and their families, such as, for example, in the area of work-life balance: A Time Bank that builds up a pool of paid leave contributed in part by the Group and in part by employees in the form of voluntary time donations for the benefit of colleagues who may need to take more than the contractual supplementary leave to cope with serious personal and/or family situations; measures to support parenting and family needs through the possibility to take paternity leave, leave to assist children with specific learning disorders in their school activities, and voluntary additional leave at 35% remuneration up to a maximum of 20 working days; leave for personnel with serious diseases to attend specialist medical appointments; the introduction of the Pacchetto Giovani (Youth Package), containing specific measures for staff hired with open-ended contracts in professional areas, who were under 30 years of age at the time they were hired; flexible working from home, from Group hubs closer to home or at customers. As regards this aspect, in the light of contingent situations related to the well-known Covid-19 pandemic emergency that imposed higher levels of safety, the Company continued to encourage the use of this working method in 2022.
Second-level collective bargaining also fostered important inclusion initiatives to prevent bias, abuse and discrimination on the grounds of gender, age, ethnicity, religion, political and trade union membership, sexual orientation, language and disability.
The Group is committed to eliminating discrimination and guaranteeing equal opportunities at work and in relations between people in the company, and to developing tools for sharing information, exchanging experiences, supporting and providing opportunities for discussion and integrating staff.
Special attention is paid to ensuring proper and careful management of staff with disabilities from the moment they join the company, including through specific training courses and the adoption of measures to ensure their organisational and personal well-being.
In 2022, an agreement on inclusive parenting was also signed with the Trade Unions, which gives all Group staff equal access to corporate welfare tools to share significant moments in childcare. Corporate welfare measures have also introduced paid leave and extraordinary leave, with an extension of the provisions of current national legislation and collective bargaining.
Company regulations - in line with those of the Group - have improved the provisions of Italy's national collective bargaining agreements. In particular, there are special provisions regarding flexible working hours, reduced lunch breaks, area mobility, leave for family, personal or study reasons, part-time employment, pensions and insurance cover.
Approximately 46.6% of staff were members of a trade union.
Employees spent the equivalent of 4,867 working days on trade union activities in 2022.

Disciplinary actions

	2022	2021 (*)	2020
Written warning and verbal or written reprimand	8	10	9
Reduction in pay	-	-	-
Suspension from service without pay (from 1 to 10 days)	5	9	4
Dismissal for cause or justified reason	1	1	4
Disciplinary penalties for corruption of colleagues	-	-	-
Dismissals for corruption	-	-	-

(*) The 2021 figures are shown net of the Reyl Group.

VULNERABLE EMPLOYEES

Staff belonging to categories of vulnerable persons as defined by Italian Law No. 68/1999 totalled 218, broken down as follows:

Italy (*)	**2022**	**2021**	**2020**
Disabled	175	179	154
Other	43	43	38
Total	**218**	**222**	**192**

(*) Law No. 68/1999 only applies to the Group's Italian companies.

Approximately 3,296 days of leave were granted in the year to employees with serious illnesses or to care for family members with serious diseases.

New WoW

The application of the new way of working for Management staff was confirmed. Since April (with the presence of all colleagues – except for more vulnerable people – at least 2 days a week in the office), staff have used the planning tool and organise the time when they are in the office, alternating with their colleagues or manager. In recent weeks, all colleagues in Management Departments (both in Rome and Milan) were given a metal water bottle (in line with the Group's focus on reducing the use of plastic) which, in addition to bearing the Fideuram logo, recalls the Purpose "Insieme Orizzonti non Confini" (Together, crossing horizons without boundaries).

YOUniverse Digital Library

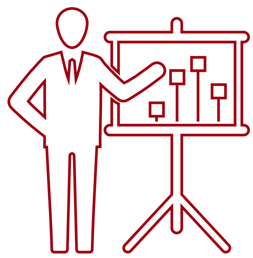
Starting from February 2023, the YOUniverse, Digital Library, a dedicated platform for the lending of e-books, was activated for all employees of the **Private Banking Division**.

The Library was created with the aim of contributing to expanding knowledge and skills within our community, and at the same time increasing individual well-being and providing a tool for staff and their families that promotes the importance of reading.

The service will allow staff to choose free of charge from over **43,000 titles of digital books** in the catalogue (novels, biographies, essays, etc.), published by the main publishing houses, including Adelphi, Bompiani, Einaudi, Fandango, Giunti, Mondadori with the possibility of reading them on all devices: e-readers, PCs, tablets and smartphones.

EMPOWERING HUMAN RESOURCES

188,083
Training hours



In June 2022, Intesa Sanpaolo sold its training product design and production activities to the company Digit'Ed. The operation was finalized with the aim of offering the Group's staff excellent training in the skills necessary for the digital and ecological transition, investing in the most up-to-date learning technologies. During the year, work continued without interruption to collect and assess training needs, as well as manage and monitor initiatives for the development of knowledge and professional skills that are far-reaching or aimed at personal growth.

To consolidate people's ability to influence the company's growth process, the first phase of the Digital Evolution program was completed – aimed at internally expanding a sensitivity and vision of the great changes introduced by digital technology – and the Value & Purpose project was concretely followed up thanks to the start-up of the new Leadership School, designed to consolidate managerial soft skills consistent with the values embraced by the Fideuram Group.

DIGITAL EVOLUTION

The Digital Evolution programme, launched in May 2021, concluded the first phase in November 2022. During this first intense part, the foundations were laid for the development of the culture and digital mindset of the population involved. The training approach pursued during the programme made it possible to:

- engage a large and diverse part of the population;
- disseminate a common language on key issues of Digital Transformation across all company areas;
- identify people able to accelerate the spread of agile working methods consistent with the digital mindset.

Training activities covered:

- the Leadership Programme (Bootcamp): 12 meetings for head office and network managers on the key topics of digital transformation in the financial and social spheres, with the participation of speakers who are experts in the subjects covered and testimonials of entrepreneurial success stories.
- Masterclasses: 30 in-depth courses for people with roles in which digital design is particularly important, also in relation to business development.
- Webinars: 12 thematic meetings anticipated by sending a Toolbook containing the basic notions to understand the topics covered during the online lesson and other tools to support activities;
- Digital ABC: the diffusion of a uniform cultural digital base, with the production of 25 micro-learning sessions published on the Apprendo portal, which are always available;
- Make it Happen: a special course in two phases, Hackstorm and Prototyping, organised in project sites that gave participants the opportunity to translate the ideas and stimuli that emerged in the educational cycle into potential new projects that could be adopted.

The main objective for the second phase will be to verticalize training initiatives, seeking the maximum correlation between new key themes and professional fields, to transfer knowledge acquired into concrete actions.

MANAGEMENT TRAINING PROGRAMMES

During 2022, the following types of initiatives were organised:

- Leadership School, a training course activated as part of the Value & Purpose project, dedicated to all staff who hold a managerial role. To act on the mindset and consolidate functional behaviour in order to steer the action of managers towards corporate values, the innovative format of the Business Web Series was chosen, representing a frontier context, where the company and its protagonists face the challenge of growth, commitment and consistency between what they declare and what they do;
- a focus on ESG for Top Management, thanks to the "Board members Induction Programme", which responds to the need to train and update the representatives of the Group's companies, both Italian and foreign, on issues affecting the Group and its components, as well as with the aim of creating a shared Group culture. In 2022, the programme focused on sustainability issues in financial services, with particular reference to developments in EU legislation in this area;
- recruiting, training for Area Managers and Private Executive Managers of Intesa Sanpaolo Private Banking, which laid the foundations for uniform recruiting activities, thanks to a shared working method and tools, listening to excellent best practices and strengthening knowledge in regulatory and contractual areas;
- coaching, managerial training aimed at accelerating the leadership and potential of managers and talent, set out in eight different "premium" formats customised to the profile of the person to be trained, their organisational reference context and the soft skills to practise;
- fostering of female talent, an area to which the Group also focussed on in 2022, taking part in initiatives promoted by Intesa Sanpaolo, also in partnership with prestigious external institutions, aimed at managers and figures on the rise:
  - Female Acceleration Leadership for women leaders;
  - YEP - Young Women Empowerment Program that fosters women managers and senior professionals in their roles through mentoring, for the benefit of female university students in southern Italy;
  - Gender differences and female empowerment, dedicated to professionals with potential;
- Digital Talks continued, featuring live online meetings organised by Intesa Sanpaolo, attended directly and on a voluntary basis, hosting experts in the field of organisation, economy and culture, aimed at increasing the management's understanding of external scenarios, learning how to grasp the implications and possible opportunities in the exercise of one's role.

PROFESSIONAL DEVELOPMENT INITIATIVES

Professional development initiatives included:

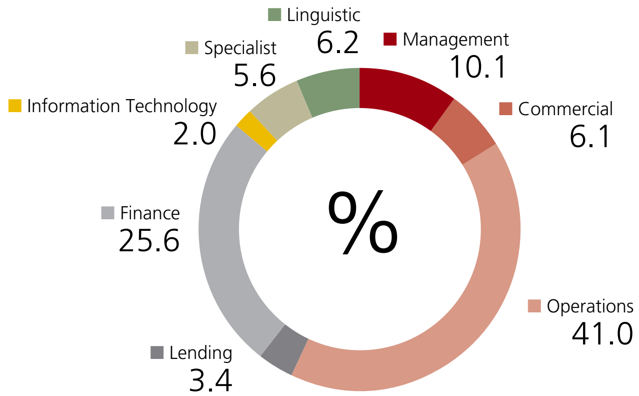
- Diversity&Inclusion: this theme is at the heart of Intesa Sanpaolo's initiatives, which the Fideuram Group continues to steadfastly support, to promote the highest level of sensitivity and commitment internally:
  - #Iamremarkable, to enhance awareness of one's own value and self-advancement ability;
  - Let's pick up the thread again, to support colleagues returning from long periods of leave (maternity and other reasons);
  - Courses on recognising and managing sexual harassment, with a focus on its psychological aspects;
  - Inclusive Leadership, to reflect on the benefits of practicing an inclusive leadership style, as well as understand the impact of often unconscious stereotypes that sometimes influence our decisions.
- loans training: to help colleagues interested in the operational and process changes brought about by the Jobs development project, also reinforcing technical and regulatory knowledge;
- professional enhancement for branch assistants of Intesa Sanpaolo Private Banking, aimed at boosting the ability to oversee the business, through the following activities:
  - OCF exam preparation course, for assistants on the way to becoming Personal Financial Advisers;
  - quality of operations in Intesa Sanpaolo Private Banking: operations and procedures;
  - pledge and collateral in Private Banking;
  - generation Z, orientation paths for new assistants.
- language training: English or French courses continued through practice platforms combined with distance tutors, or intensive individual courses, with access depending on the professional context and level of language skills. All colleagues, regardless of their context and competence, can always access the language training portal available on the Group's training platform, which covers six languages;
- HR school, the training campaign organised by Intesa Sanpaolo for colleagues in HR structures continued, to provide them with knowledge on policies, development processes and operational tools useful for effectively supporting management roles;
- specialization courses, for positions engaged in activities of a particular professional complexity or who benefit from specialized training. This refers to participation in Executive Master's courses and high-level training initiatives at industry associations, prestigious universities and international partners, aimed at developing distinctive skills and experience in private banking, asset management and strategic finance, and at maintaining a constant dialogue within professional and academic communities and networks;
- compliance (including mandatory training), through the usual and incisive action of raising awareness and providing updates on regulatory issues that have particular implications for professional operations.

The activities, promoted remotely (Apprendo platform and remote classrooms), mainly concerned the following areas of study:

- Anti-money laundering, with the regular implementation of the actions planned in the 2020-2022 three-year plan;
- Whistleblowing, through seminars for those in charge of this area in the Division;
- Consob/IVASS, for those carrying out activities related to the provisions of the respective regulations;
- Legislative Decree 231/01, with the release of contents in line with the updates of the regulations. In addition, a specific initiative was prepared for Fideuram Bank (Luxembourg), conducted by the head of the Legal Department, on the responsibilities under 231/01 in relations between the Parent Company and subsidiary;
- Cybersecurity, whose topics, due to the speed of change that characterises them, have required the creation of new and increasingly targeted training materials;
- Ethical orientation, through specific focus on important ethical aspects in the corporate environment;
- Legislative Decree 81/08, which has seen the intensification of activities for figures with duties in this area.

• Creation of training objects for the platform. The Apprendo platform, which the Fideuram Group contributed to, with the participation of its own resources who had the necessary skills to produce and validate the teaching contents.

Training by subject matter



Training by type of delivery

	2022	2021 (*)	2020
Class-based training	43,752	24,199	11,410
Distance learning	144,331	142,101	122,833
Total hours of training delivered	**188,083**	**166,300**	**134,243**
Participants (no.)	4,055	3,599	3,042
Average hours per participant (no.)	46	46	44

(*) The 2021 figures are shown net of the Reyl Group.

Training by category and gender

(average hours per capita)

	2022	2021 (*)	2020
Directors			
Men	44	46	36
Women	75	15	54
Executive Management			
Men	51	56	51
Women	49	49	46
Professional Areas			
Men	41	36	36
Women	39	37	37

(*) The 2021 figures are shown net of the Reyl Group.

Health and safety training

	2022	2021(*)	2020
Training hours (no.)	6,965	12,109	5,410
Participants (no.)	1,103	1,778	980

(*) The 2021 figures are shown net of the Reyl Group.

Dedicated corruption prevention training

	2022		2021 (*)		2020	
	NUMBER	%	NUMBER	%	NUMBER	%
Directors	17	12.1	31	23.1	18	22.2
Executive Management	135	5.8	429	18.8	382	20.4
Professional Areas	160	9.6	357	23.0	340	30.1
Training hours (no.)	317		801		737	
Participants (no.)	312		817		740	

(*) The 2021 figures are shown net of the Reyl Group.

Training on Italian Legislative Decree No. 231/2001

	2022	2021 (*)	2020
Training hours (no.)	12,021	16,483	14,065
Participants (no.)	3,339	3,252	2,660

(*) The 2021 figures are shown net of the Reyl Group.

VALUE & PURPOSE

After sharing the project and the Purpose (as well as the five specific values of Fideuram) with all the Division (over 8,500 colleagues and advisers), work is continuing, with a view to strengthening the Group's identity. The aim is to replicate the activities carried out with a greater focus on individual local realities (which are potentially different from each other) considering, in continuity with the initial project, the Italian perimeter. The implementation of the Action Plans continued (six started in 2021 and three during 2022).

EMPLOYEE HEALTHCARE, PENSIONS AND SERVICES

In line with Intesa Sanpaolo practice regarding human resource management policies and related tools, we offer a complete spectrum of benefits and concessions, including:

- supplementary pension scheme;
- supplementary health care;
- accident insurance covering activities at work and outside work;
- company obligations in the event of the death in service or total permanent disability of employees;
- special staff conditions for bank transactions and loans.

During 2022, further improvements were introduced in healthcare services, through the possibility of subscribing, through the Group Health Fund, to a voluntary extension of Long Term Care, that provides for coverage of other members of the family unit, with particular regard to adult children and to further improve own and spouses' protection. In addition, the 2022/23 two-year prevention plan has started, to encourage the screening of certain diseases that result in "serious" clinical conditions which affect many sections of the population without distinction. The valuation of retirement savings managed through the Defined Contribution Pension Fund was further strengthened, with the increase in the minimum corporate contribution rate for current and newly hired staff to 3.75% as from 1 January 2022. The Group includes company welfare in its internal regulations, offering its employees flexible work solutions such as leave, parental leave, flexible start and finish times, part-time work, flexible working and a time bank. Provision is also made for special economic terms and benefits, including for families of children with disabilities and for recreational and sports clubs. These benefits are the same for full-time and part-time employees.

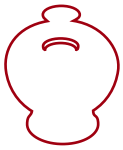
Parental leave

	2022	2021 (*)	2020
Number of employees who took parental leave	56	46	47
Men	5	-	13
Women	51	46	34
Number of employees who returned at end of leave	43	32	33
Men	5	-	11
Women	38	32	22
Number of employees who returned and were still employees of the bank for the next 12 months	30	30	38
Men	-	8	9
Women	30	22	29
Number of employees who finished at least one parental leave	46	33	35
Men	5	-	11
Women	41	33	24
Retention rate of returned employees who were still employees[1]	93%	97%	94%
Men	100%	-	100%
Women	93%	97%	92%
Retention rate of returned employees from parental leave who were still employees[2]	94%	91%	93%
Men	-	73%	90%
Women	94%	100%	94%

(*) The 2021 figures are shown net of the Reyl Group.

1. Calculated as the number of employees who have returned to work at the end of compulsory maternity leave out of the number of employees who have completed at least one compulsory maternity leave.
2. Calculated as the number of employees who have taken maternity leave, returned to work in the following 12 months and are still employees at 31.12.2022 out of the number of employees who returned from compulsory maternity leave in the year 2021.

SUPPLEMENTARY PENSION FUNDS



Almost all the employees of Fideuram and the Italian companies in the Group pay voluntary contributions to Supplementary Pension Funds.

For staff in service, joining the supplementary pension offers the advantage of the contribution paid by the company, the possibility of receiving advances, the deductibility of contributions with savings of the marginal rate and the possibility of subscribing to highly favourable conditions in policies to cover the risk of death, with the possibility of expanding coverage to include disability.

The foreign subsidiaries Fideuram Asset Management (Ireland), Fideuram Bank (Luxembourg), the companies of the Reyl Group and Compagnie de Banque Privée Quilvest have set up a supplementary pension plan for their own employees. The related group policies, which comply with all the relevant local supplementary pension scheme legislation, have been taken out with life insurance companies authorised to operate in Ireland, Luxembourg and Switzerland.

HEALTH AND SAFETY

The Group's commitment to occupational health and safety starts with the creation and management of working environments to ensure respect for all the relevant regulations and standards, including full compliance with current legislation. The Occupational Safety, Environment and Energy Department is the unit which, within Intesa Sanpaolo, supervises health and safety activities also for the Fideuram Group and is responsible for ensuring the correct application of health and safety regulations in the workplace and environmental protection. The health and safety risk management activity consists of the following phases:

- identification of hazards and their classification;
- risk assessment;
- identification and preparation of prevention and protection measures and procedures;
- definition of a plan of action within the framework of a programme to ensure the improvement of safety levels over time, with identification of the company units responsible for their implementation;
- implementation of the actions planned under the programme;
- definition of information and training programmes for employees;
- verification of the implementation of the programmes and monitoring of the application and effectiveness of the measures taken;
- management of residual risks.

The relevant Intesa Sanpaolo unit, in a centralised manner for the entire Group, working alongside the Employer, with the collaboration of the Head of the "Prevention and Protection Service" and the company doctors, after consulting the Workers' Safety Representatives, draws up and keeps the Risk Assessment Document up to date. The assessment and the related document are updated in relation to technical developments as well as to significant changes in the production process and in the organisational structure of the company that affect workers' exposure to risk. This commitment was fulfilled, by making the updated document available to all employees.

Also in 2022, risk assessment was strongly impacted by the Covid-19 pandemic and the consequent implementation of biological risk assessment: the activity of constant assessment of the constantly evolving national legislation, to which full compliance has always been guaranteed, was crucial. Following the end of the state of emergency on 31 March 2022, and at the same time as the Government lifted obligations, Covid-19 pandemic restrictive and containment measures were eased, both at branches and central offices.

In view of the cyclical recurrence of waves of infection, the essential recommendations for a cautious and mindful conduct of employees and customers on company premises remained in place in the third quarter (one-metre distance between people, hygiene, recommendation to use protective equipment indoors during gatherings, and, for employees only, the prohibition to access company premises if they have a temperature of more than 37.5°C, or in the event of symptoms caused by Covid, according to the treating doctor, as well as reporting positive cases diagnosed with molecular/antigenic tests based on the specific company procedure).

At the same time, the company regulations have been aligned with the most recent legislative developments:

- the Circular of the Ministry of Health of 31 August 2022 which provided for the reduction of mandatory isolation for people who tested positive for Covid-19, regardless of vaccination status, in the following ways:
  - for cases that have always been asymptomatic or have been symptomatic at first but have been asymptomatic for at least 2 days, isolation may end after 5 days, provided that an antigenic or molecular test is carried out that is negative, at the end of the isolation period;
  - In the case of a continued positive result, isolation can be interrupted at the end of the fourteenth day from the first positive test, regardless of whether the test is carried out again. Employees may return to the company only in the absence of symptoms for at least 7 days, with the obligation to wear an FFP2 mask for 10 days (this last provision also applies to cases of "close contact" with people who have tested positive);
- Law 142 of 21 September 2022 converting the "Aiuti bis" decree which introduced the extension of smart working until 31 December 2022 for vulnerable workers. The Group, which had already provisionally extended to 30 September the application of the measures originally expiring on 1 September, extended smart working for vulnerable workers, disabled workers and subjects for whom vaccination exemption applies (in possession of certification issued by the competent medical/legal or-

ganisations), workers with children affected by severe disability, and cases of pregnancies with particular clinical situations, up until 31 December 2022. For all persons referred to in the previous points, a further extension to 31 March 2023 was adopted, confirming a prudential approach with respect to the provisions included in the 2023 budget law.

For the management offices, in the third quarter and until 31 December 2022, the minimum attendance procedures already in force (at least 40% of working days at the assignment site) were confirmed.

CERTIFICATION OF THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

In 2022, certification "for the design and provision of prevention and protection activities and the planning and organisation of occupational health activities" to ISO 9001 was confirmed.

During 2022, at Fideuram Group level, a total of 127 inspections were conducted in the workplace to assess health and safety risks. During the year, 835 working days were lost due to work-related accidents involving 31 employees. Of these events, only 18 occurred in the workplace, for the most part due to falls/slips, while the remaining 13 are attributable to events that occurred during the commute.

No employees in the Group were engaged in professional activities where a high percentage of practitioners suffer from or are at a high risk of acquiring specific diseases. In 2022, only 1 appeal was filed for occupational diseases which, following an in-depth process, was not accepted by the competent bodies. In 2022, no robberies occurred at Fideuram Group companies. With regard to the activity of Supervisory Bodies (Health Authorities, National Institute for Insurance against Accidents at Work, Fire Brigade, etc.) at 31 December 2022, no inspections conducted by them had been recorded in the specific IT procedure.

Occupational Health and Safety: Accidents

	2022				2021				2020			
	ITALY		OUTSIDE ITALY		ITALY		OUTSIDE ITALY		ITALY		OUTSIDE ITALY	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Number of workplace accidents that can be reported	7	6	3	2	4	4	-	-	4	2	1	-
Rate of workplace accidents that can be reported (*)	0.44	0.46	0.82	1.09	0.25	0.31	-	-	0.32	0.18	0.57	-
Number of workplace accidents with grave consequences	1	-	-	-	-	-	-	-	-	-	-	-
Rate of workplace accidents with grave consequences	0.06	-	-	-	-	-	-	-	-	-	-	-
Number of deaths due to workplace accidents	-	-	-	-	-	-	-	-	-	-	-	-
Rate of deaths due to workplace accidents	-	-	-	-	-	-	-	-	-	-	-	-
No. of hours worked	3,179,550	2,623,500	734,250	367,950	3,143,250	2,569,050	602,250	306,900	2,479,950	2,166,450	348,150	158,400

(*) The rates are calculated based on 200,000 hours worked. The adopted standardisation factor of 200,000 is as provided for by the Global Reporting Initiative (GRI) and is derived from 50 working weeks at 40 hours per 100 employees.

3.8.5 **Relational** Capital

Relational capital includes the intangible resources referring to the Group's relations with key stakeholders, necessary to enhance its image and reputation with customers.

	2022	2021	2020 (*)
Fideuram and Sanpaolo Invest Networks - The average length of customer relationship (years)	12.5	13.2	13.3
IW Private Investments Network - The average length of customer relationship (years)	10.1	11.2	10.6
Intesa Sanpaolo Private Banking Network - The average length of customer relationship (years)	16.2	15.4	13.5
Customer requests (no.) (**)	6,479	4,430	3,795
Client Assets of in-house ESG products (€m) (***)	46.4	3.4	1.0

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

(**) The requests include complaints and their possible recurrence, appeals to Alternative Dispute Resolution bodies (appeals to A.D.R.) and requests for clarification made following customer complaints to the Supervisory Authorities.

(***) Client Assets of asset management products classified as Article 8 and Article 9 under the SFDR.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Management of customer portfolios Monitoring of Personal Financial Adviser-customer relations Strengthening retention mechanisms **Customer satisfaction** Customer satisfaction regarding the quality of services offered Effective management of customer reports and complaints to improve service **Development of sales networks and dissemination of financial literacy** Prompt and effective response to customer needs Financial education and promotion of a culture for responsible investment management New tools available to customers	One of the principal aims of the Group is to nurture its customer relationships and their satisfaction. In this context, monitoring complaints assumes strategic importance since it allows one to identify the reasons for dissatisfaction and the actions that should be taken to protect customer relationships. Greater awareness of customers' financial expertise also contributes to the dialogue between Personal Financial Advisers and customers. The Group believes it is important to disseminate financial literacy among its existing and potential customers. For this purpose, it promotes institutional events and personalised meeting events where specific financial facts and concepts are presented.	The Group believes that proper relations with customers must be founded on shared corporate values and on respect for human rights in all products and services provided to customers. The Group bases its customer relationships on the principles of fairness and transparency, placing them at the centre of its own approach to maintaining a constant dialogue to grasp their real expectations, dedicating special attention to including more vulnerable social classes in financial transactions. The right to Privacy of personal and sensitive data, to non-discrimination on the basis of gender, age, ethnicity, religion, political and trade union affiliation, sexual orientation and gender identity, language or different abilities, and the right to health and safety of customers, chosen according to their importance and interpreted within the corporate context, are integrated in the Code of Ethical Conduct and applicable corporate regulations. In compliance with Community and national regulations governing complaint management, customers may contact the Complaints Office with any complaints they might have.

CUSTOMERS

MAIN OBJECTIVES FOR 2022	ACTIONS AND RESULTS ACHIEVED
Strengthened of the range of products and services available to customers by increasing the number of investment solutions aimed at enhancing sustainability in terms of ESG issues.	In 2022, we also continued to expand the array of products available in the catalogues of the Group's various companies by developing and selecting solutions that are aligned with our investment goals with a view to enhancing sustainability in terms of environmental, social and good governance issues. All products marketed in terms of asset management, insurance and fund management comply with the sustainability characteristics referred to in Art. 8 SFDR and with the sustainable investment objectives referred to in Art. 9 SFDR. In addition, we forged new partnerships with recognised sustainability market leaders such as Candriam and Robeco.
Further strengthening of the ancillary services accompanying the product offer with particular attention to the growth of the digital dimension.	During 2022, our range of products and services was enhanced through a digital focussed approach and by improving customer service levels. This was particularly the case for insurance and asset management product platforms (such as our assisted pathways with automatic reallocation).
Continuous enhancement of the service platforms to seize new opportunities on listed and private markets and meet the changing needs of Private and HNWI customers.	In 2022, we launched various asset and fund management investment solutions geared towards Private and HNWI customers. Fideuram Asset Management SGR provided the following products and services for the Fideuram Group: • the new Sustainable Private Markets alternative investment fund, created in collaboration with Blackrock, which invests in the main private asset classes (Private Equity, Infrastructure Equity and Private Credit); • the new Wealth Collection Private Bond 2024, 2025 and 2026 asset management lines geared towards Intesa Sanpaolo Private Banking, while Personal Target Date lines were provided for Omnia Ego asset management which are geared towards Fideuram, Sanpaolo Invest and IW Private Investments; • a new 36+ step-in line was provided for Fogli Fideuram, offering progressive 36-month stock market entry when starting out with a bond component. For the insurance investment products component, the range of private insurance policies on offer was strengthened thanks to synergies with the Luxembourg wealth management hub, which allowed new investment opportunities to be developed through new internal collective investment funds. For the non-managed assets component, the Group participated in bond placements by Intesa Sanpaolo and third parties and IPOs reserved for Professional customers.

Continued overleaf >>

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MAIN OBJECTIVES FOR 2022	ACTIONS AND RESULTS ACHIEVED
Constantly seeking solutions in response to the needs of safeguarding capital by customers.	The changing market conditions compared to last year allowed the resumption of the regular issuance of capital-protected certificates. In total, 20 Equity Protection certificate issues were made (typically offering 100% equity protection). We also rolled out the Fogli Obiettivo Protezione 2028 line, which offers 100% protection of transferred assets once one-off expenses and stamp duty have been deducted.
Constant growth in the level of disclosures to customers.	In 2022, the Group continued to improve transparency and investor protection by enhancing the qualitative and quantitative level of information provided to customers in relation to the characteristics of the products and services provided (particularly as regards the Group's capacity to meet customers' penchant for sustainability) and their costs, both at the proposal and reporting stages. In addition, controls were tightened to ensure that products correspond to the characteristics and target clientele at the distribution stage and throughout their life cycle.
Organisation of local events for existing and potential customers, aimed at developing understanding about matters of current interest.	In 2022, we resumed face-to-face events, but without entirely foregoing online meetings. As well as continuing to carry out activities aimed at promoting financial literacy and customer loyalty, which we had mainly conducted remotely the previous year, this year we had the pleasure of holding meetings again in person, marking a much appreciated return to normality. The customer events were focussed on topical financial education issues such as sustainability and major social, economic, environmental and technological developments that are generating major global changes and on what strategies should be adopted for the future.

The Group has developed its own distinctive customer service model over the years, characterised by the completeness and quality of support provided. The Group principally operates in the Private Banking and High Net Worth Individual segments, providing a service that offers substantial added value in the form of advisory support delivered through highly-professional Personal Financial Advisers.
Analysis and a close understanding of our customers enable the Group to extend and develop its services in line with its customers' evolving needs.

CUSTOMER PROFILE

Fideuram and Sanpaolo Invest Networks

	2022 (*)	2021	2020
No. of Customers (thousands)	899	806	767
Client Assets (€m)	143,379	150,571	132,244

(*) This includes the Banca Diretta business unit which was merged into Fideuram following the acquisition of IW Bank's banking branch in February 2022.

IW Private Investments Network

	2022 (*)	2021	2020
No. of Customers (thousands)	60	139	144
Client Assets (€m)	7,887	12,702	12,975

(*) It does not include the Banca Diretta business unit that joined Fideuram following the disposal of IW Bank's banking branch in February 2022.

Intesa Sanpaolo Private Banking Network

	2022	2021	2020
No. of households (thousands)	47	49	38
Client Assets (€m)	141,436	149,983	115,428

CLIENT RETENTION RATE
96%

NEW CLIENT RATE
13%

Intesa Sanpaolo Private Banking - HNWI of Torino San Carlo Office

DISTRIBUTION OF CUSTOMERS BY AGE

The age profile of our customers reveals that the majority are in the 53 - 67 age group (33% of customers with the Fideuram and Sanpaolo Invest Networks, 36% with the IW Private Investments Network and 28% with the Intesa Sanpaolo Private Banking Network) and in the over-67 age group (29% of customers with the Fideuram and Sanpaolo Invest Networks, 25% with the IW Private Investments Network and 53% with the Intesa Sanpaolo Private Banking Network), segments of the population that combine high income with substantial assets and property. In 2022, the number of customers in the younger age groups increased.

Fideuram and Sanpaolo Invest Networks (*)

No. of Customers (thousands)

	2022	%	2021	%	2020	%
up to 32 years	88	10	79	10	70	9
33-42 years	95	11	81	10	76	10
43-52 years	150	17	131	17	131	18
53-67 years	287	33	257	33	245	33
over 67	254	29	235	30	224	30
Total (*)	**874**	**100**	**783**	**100**	**746**	**100**

(*) The figures do not include legal persons.

IW Private Investments Network (*)

No. of Customers (thousands)

	2022	%	2021	%	2020	%
up to 32 years	5	9	8	6	8	5
33-42 years	6	10	22	16	25	18
43-52 years	12	20	39	28	41	29
53-67 years	21	36	44	32	43	30
over 67	15	25	24	18	25	18
Total	**59**	**100**	**137**	**100**	**142**	**100**

(*) The figures do not include legal persons.

Intesa Sanpaolo Private Banking Network

No. of households (thousands)

	2022	%	2021	%	2020	%
up to 32 years	6	13	7	14	5	13
33-42 years	1	2	1	2	1	3
43-52 years	2	4	3	6	2	5
53-67 years	13	28	13	27	10	26
over 67	25	53	25	51	20	53
Total	**47**	**100**	**49**	**100**	**38**	**100**

Fideuram - Bergamo Office

Fideuram and Sanpaolo Invest Networks

No. of Customers (thousands)

	2022	%	2021	%	2020	%
0-1 years	162	18	101	12	88	12
2-4 years	134	15	134	17	128	17
5-7 years	114	13	107	13	102	13
8-10 years	93	10	86	11	80	10
11-20 years	174	19	170	21	178	23
over 20	222	25	208	26	191	25
Total	**899**	**100**	**806**	**100**	**767**	**100**

IW Private Investments Network

No. of Customers (thousands)

	2022	%	2021	%	2020	%
0-1 years	11	18	10	7	10	7
2-4 years	9	15	13	9	13	9
5-7 years	8	13	13	9	18	13
8-10 years	7	12	24	18	26	18
11-20 years	23	39	74	53	74	51
over 20	2	3	5	4	3	2
Total	**60**	**100**	**139**	**100**	**144**	**100**

Intesa Sanpaolo Private Banking Network

No. of households (thousands)

	2022	%	2021	%	2020	%
0-1 years	1	2	1	2	1	3
2-4 years	4	8	5	10	5	13
5-7 years	6	13	6	12	5	13
8-10 years	5	11	5	10	4	11
11-20 years	17	36	18	37	15	39
over 20	14	30	14	29	8	21
Total	**47**	**100**	**49**	**100**	**38**	**100**

AVERAGE LENGTH OF CUSTOMER RELATIONSHIP FIDEURAM AND SANPAOLO INVEST NETWORKS

12 years

AVERAGE LENGTH OF CUSTOMER RELATIONSHIP IW PRIVATE INVESTMENTS NETWORK

10 years

AVERAGE LENGTH OF CUSTOMER RELATIONSHIP INTESA SANPAOLO PRIVATE BANKING NETWORK

16 years

DISTRIBUTION OF CUSTOMERS BY LENGTH OF RELATIONSHIP

The average length of relationship, in 2022, was 12 years for the Fideuram and Sanpaolo Invest Networks, 16 years for Intesa Sanpaolo Private Banking Network and 10 years for the IW Private Investments Network. These statistics testify to the strong customer loyalty built over years of stable relationships with our Personal Financial Advisers.

DISTRIBUTION OF CUSTOMERS BY GEOGRAPHICAL AREA

As in previous years, the majority of our customers in 2022 were residents of the Central and Northern Regions of Italy, where most of the country's wealth is concentrated (88% of customers with the Fideuram and Sanpaolo Invest Networks, 91% with the Intesa Sanpaolo Private Banking Network and 81% with the IW Private Investments Network).

Fideuram and Sanpaolo Invest Networks

No. of Customers (thousands)

	2022	%	2021	%	2020	%
North-East	192	21	175	22	165	22
North-West	347	39	309	38	292	38
Central Italy	250	28	225	28	215	28
South	75	8	65	8	63	8
Islands	35	4	32	4	32	4
Total	**899**	**100**	**806**	**100**	**767**	**100**

IW Private Investments network

No. of Customers (thousands)

	2022	%	2021	%	2020	%
North-East	4	6	16	12	16	11
North-West	24	40	59	42	62	43
Central Italy	21	35	40	29	41	28
South	10	17	20	14	21	15
Islands	1	2	4	3	4	3
Total	**60**	**100**	**139**	**100**	**144**	**100**

Intesa Sanpaolo Private Banking Network

No. of households (thousands)

	2022	%	2021	%	2020	%
North-East	10	21	10	21	9	24
North-West	25	53	27	55	20	53
Central Italy	8	17	8	16	6	16
South	3	7	3	6	2	5
Islands	1	2	1	2	1	2
Total	**47**	**100**	**49**	**100**	**38**	**100**

Fideuram and Sanpaolo Invest - Genova Office

GEOGRAPHICAL DISTRIBUTION OF CUSTOMERS

Fideuram and Sanpaolo Invest Network

Intesa Sanpaolo Private Banking Network

IW Private Investments Network

No. of Customers

- 0 - 5,000
- 5,000 - 10,000
- 10,000 - 20,000
- 20,000 - 50,000
- 50,000 - 100,000
- 100,000 - 150,000

EXTERNAL COMMUNICATIONS

Media relations have always played a prime role in external communications. Again in 2022, our community of stakeholders was again kept informed of the most important developments regarding the Group, its Networks and its subsidiaries through dedicated articles, interviews, press releases, editorials and other contributions published in leading newspapers.
The relevant units put our results in the public eye, enabling us to provide detailed information on the trends that led to these results, along with insights into the projects and new developments we are working on, duly highlighting the Fideuram Group's pioneering role in the provision of financial advisory and private banking services, as well as in the technological support we provide to our sales Networks.

The main topics covered this year include:

- the half-yearly and annual financial results which, in terms of volume of assets and profitability, demonstrate the strength of a winning model even in complex market conditions;
- the foreign operations business and the strengthening of the international business by consolidating the position of Reyl & Cie both in Switzerland and in Luxembourg through Compagnie de Banque Privée Quilvest and by entering into strategic collaboration with Alpian to further develop the range of digital wealth management products and services;
- completing the integration of IW Private Investments;
- the private market, the business model and customer segmentation, with a focus on Wealth Management. Wealth Planning through the "Charity and Philanthropy Advisory", "Real Estate Advisory" and "Art Advisory" services. Insights on the Nomisma Real Estate and Collections Market Report with the presentation of the book "Collezionisti e Valore dell'Arte in Italia" (Art Collectors and Value in Italy);
- socially and environmentally sustainable investments (ESG investments, the Net Zero Asset Managers Initiative (NZAMI) with target-setting);
- investment in private markets;
- the creation of Fideuram Direct, the new home for digital investments which is intended to strengthen the Group's position in an increasingly technological environment;
- the importance of financial advice, the role of Personal Financial Adviser and ongoing relations with the customer, the methods of contact with the customer and with the Networks;
- innovation, technology and platforms as business enablers, with the aim of contributing to the definition of the logic of the financial advisory service;
- a focus on the world of Networks;
- recruitment data from the Fideuram, Sanpaolo Invest and IW Private Investments Networks and a focus on some Private Bankers;
- professional development of our financial advisors, dedicated training courses, courses delivered through the Fideuram Campus and Focus on Young People;
- Digital Restart, the continuation of the digital Reskilling scheme for unemployed people over 40. This pilot scheme, which is now in its third edition and is completely free of charge, was much wanted by Fideuram - Intesa Sanpaolo Private Banking and is being rolled out together with Talent Garden with 75 scholarship grants;
- updates on our range of products and services;
- financial education for customers and dedicated in-depth thematic events;
- editorials and articles dedicated to sponsorships;
- participation in institutional events in the sector and category, such as the "Salone del Risparmio" and the AIPB Forum, as well as in sporting and cultural events;
- international consolidation in Luxembourg as Intesa Sanpaolo Wealth Management commences operations on 1 January 2023: born from the merger-takeover of Fideuram Bank (Luxembourg) and Compagnie de Banque Privée Quilvest, this operation will further strengthen the Group's position in the private market and expand the support it provides to Italian and foreign HNWI customers.

In 2022, the Group's management team took part in round tables and gave interviews so as to outline the most significant initiatives during the year; the fund managers gave numerous interviews to the specialist press and sector TV channels, taking part in surveys and commenting on market performance and the main financial industry trends.
For constant, up-to-date information on the articles published, the Group's financial advisors and employees release a dedicated Press Review available every day with a focus on the most important issues. The Review is managed by in-house Media Relations personnel.

Fideuram and Sanpaolo Invest - Lecce Office

ADVERTISING

The Group continued to target advertising pages for its Art Advisory services as well as the new Turin venue of Gallerie d'Italia.

PROMOTING FINANCIAL LITERACY

The Fideuram Group believes it is important to disseminate solid financial literacy among its customers. Increased financial awareness helps foster a common language and strengthen the dialogue between our customers and their Personal Financial Advisers, which has always been a cornerstone of the Group's mission and service model. Financial literacy means awareness in relations, in setting objectives, in clarity of choice and in a shared understanding of the associated risks and opportunities. During 2022, financial literacy initiatives continued to be offered to current and potential customers. First and foremost, the organisation of events designed to provide information on topics of particular relevance and importance to customers, such as asset protection, the value of advice, generational changeover and tax protection, behavioural finance, and solutions for investing in the real economy through private markets. Certain focuses were conducted on sustainability issues and major social, economic, environmental and technological developments that are generating major global changes. The aim remains that of bringing the world of management close to the world of distribution with contributions from professionals from both inside and outside the Group, academics and managers from Fideuram and from its most prestigious partners.

On ESG issues in particular, Fideuram organized two tours of events. The first, "The Colours of Sustainability", was a series of digital events aimed at customers and dedicated to the UN's Sustainable Development Goals (SDGs). The aim was to have entrepreneurs recount the great transformation that the Italian and other economies are going through. The second tour, "Sustainability from theory to practice", was to present sustainable investment, which is currently considered one of the best foundations for client portfolios in future.

There is also a continuation of the communication project launched in previous years which involves the screening of snippets on financial education produced by our in-house television, Key TV. These snippets, intended for transmission directly to current and potential customers, and not through social networks (Alfabeto Fideuram, LinkedIn etc.), have the objective of explaining in simple terms the sometimes complex language which the media generally use in addressing economic and financial issues.

In March, the second edition of "Art Collectors and Value in Italy - 2022" was presented in Gallerie d'Italia, Piazza Scala, Milan. This study, funded by Intesa Sanpaolo Private Banking in conjunction with Intesa Sanpaolo's Art, Culture and Heritage Department and its Research and Studies Department, sets out the profiles of collectors and emerging trends as well as the state of the Italian and international art market, with a specific focus on digital art, online purchases and Non Fungible Tokens (NFTs). The volume, which is divided into seven chapters, features a preface by Andrea Ghidoni and an introduction by Michele Coppola and Gregorio De Felice. Contributors include Guido Guerzoni, Alberto Fiz, Marina Mojana, Flaminia Iacobucci, Irene Rotellini and Ilaria Bonacossa, who focuses on contemporary collecting. The volume with a dedicated binding was sent as a preview to those private customers who are sensitive and interested in the art world.

For Intesa Sanpaolo Private Banking, the Private Top publication reserved for customers who have subscribed to the Private Top service continues. The monthly newsletter with financial content, including the contribution of Intesa Sanpaolo's Research Department, the quarterly inserts by Nomisma on real estate market trends and by Eikonos Arte on the art market, is also published on the bank's public-facing website and on the company intranet dedicated to the Art Advisory service.

The layout and management of the notices and messages of personalised statements were defined, which customers who have subscribed to our internet banking service can also consult online. The preparation of ad hoc emails on the main regulatory and product innovations was also included. In compliance with the MiFID 2 Directive, the Portfolio Statement on Costs, Charges and Incentives was produced.

This document, which is sent to customers, carries information on costs, charges, incentives and returns. The cover shows a chromatically-treated picture, in private banking style, of an architectural detail of our "Gallerie d'Italia – Piazza della Scala" museums in Milan, a symbol of art and culture in our country.

PRIVATE TOP NEWSLETTER

DEDICATA ALLA GESTIONE GLOBALE DEL SUO PATRIMONIO

a cura di INTESA SANPAOLO PRIVATE BANKING

n° 130 LUGLIO 2022

L'ANDAMENTO DEI MERCATI E I SUGGERIMENTI OPERATIVI

(Direzione Studi e Ricerche di Intesa Sanpaolo e Ufficio Advisory di Intesa Sanpaolo Private Banking).

Per Avvertenze Generali, Comunicazione dei potenziali conflitti di interesse, Disclosure e Note Metodologiche, si invita a prendere visione della Sezione "Avvertenze Generali e importanti informazioni".

■ IL QUADRO ECONOMICO-FINANZIARIO

Scenario Macroeconomico

Timori di recessione e inflazione ancora in aumento

Negli Stati Uniti persiste un quadro di inflazione elevata con crescita in frenata. Questo scenario rende sempre più difficile il lavoro della Fed, che a luglio ha alzato ancora di 75 punti base (pb) i tassi ufficiali. Contesto simile, anche se al momento con una maggiore resilienza dell'attività economica, anche in Eurozona dove la BCE ha alzato i tassi di 50 pb in giugno.

Il mercato azionario

I mercati reagiscono dai minimi degli ultimi mesi

I mercati azionari mostrano una reazione dai minimi di giugno-luglio con le quotazioni che sembrano aver già incorporato l'atteggiamento più restrittivo delle Banche Centrali a contrasto dell'inflazione. Accanto a quest'ultima restano, comunque, le maggiori preoccupazioni riguardo a uno scenario di rallentamento economico, soprattutto in Europa. Si conferma importante il focus sulle trimestrali societarie e soprattutto sugli outlook rilasciati.

IN QUESTO NUMERO

Nota mensile

COMUNICAZIONE DI MARKETING
A cura di Intesa Sanpaolo Private Banking

Ha contribuito la Direzione Studi e Ricerche di Intesa Sanpaolo

INTESA SANPAOLO PRIVATE BANKING

GROUP AWARDS

PRIVATE BANKING AWARDS 2022

At the seventh edition of the Private Banking Awards held on 18 November at Palazzo Mezzanotte, Milan, **Fideuram - Intesa Sanpaolo Private Banking** was named the **"Top Italian Private Bank"** for *"its ability to generate value even in the most difficult market conditions thanks to a winning business model underpinned by the pillars of sustainability, support for the real economy and digitalisation"*. The prestigious award was received by Gianluca La Calce, Head of Marketing and Offer Development.

The event was organised by specialist magazine "Private", in conjunction with BFC Media and ForbesLive, to reward the top Italian market players in the Private Banking and Wealth Management sectors.

BLUERATING AWARDS 2022

Fideuram - Intesa Sanpaolo Private Banking was the prizewinner in the "**Training**" category for *"initiatives supporting the professional growth of new generations of consultants through the Next Generation Private Banker event and for its almost ten-year investment in a professionals-focused training campus"*. The award was received on 4 November by Paolo Lecco, Head of Professional Development, at the Centro Congressi Fondazione Cariplo.

CITYWIRE ITALIA PRIVATE BANKING AWARDS 2022

Citywire Italia presented Intesa Sanpaolo Private Banking with its "**Private Banking Institution of the Year**", "**Real Estate Advisory Services of the Year**" and **"Art Advisory Services of the Year**" awards. The awards ceremony, held at Palazzo Parigi, Milan, on 28 September, was attended by 40 managers from Italy's major Private Banking Institutions.

The awards were received by Andrea Ghidoni, General Manager, and Cristiana Fiorini, Head of Wealth Management.

The motives for each of the awards were as follows:

Private Banking Institution of the Year
Intesa Sanpaolo Private Banking was named Private Banking Institute of the Year both for its position as Italian industry leader and for the variety and efficiency of its solutions in all categories analysed by our jury. Almost always amongst the finalists, if not the winner in the category, Intesa Sanpaolo Private Banking encapsulates the private banking service's diversification and capillarity throughout the country, which are necessary for Italian private customers.

Art Advisory Services of the Year
Intesa Sanpaolo Private Banking has been particularly active in researching the art market and the world of Italian collectors with a view to improving the management and expansion of its clients' artistic wealth. Art Advisory is one of the most effective and innovative services for wealth management in all its articulations, with constant and personalised attention to the needs of enhancing, conserving and passing on wealth to future generations.

Real Estate Advisory Services of the Year
Intesa Sanpaolo Private Banking has demonstrated that it understands the peculiarities of an asset such as real estate advisory and its need for a particularly professional approach that is able to take into account intangible values, such as the different location of assets according to the life and activity of the customer, while also addressing any informational asymmetries existing in the various markets. The institution offers a wide range of services, with a focus on risk control.

ITFORUM AWARDS 2022

In July 2022, Alessandro Forconi, Fideuram's Head of Advanced Trading, received first prize in the "Trading and Investments - more complete product offer" category at the prestigious annual ITForum Awards ceremony.

Continued overleaf >>

<< Continued from previous page

CITYWIRE SELECTOR AWARDS 2022

Luca Anzola, Head of Multi-Manager and Alternative Investments of Fideuram Asset Management SGR, won the **Best Italian Fund Selector** award at the Citywire Selector Awards 2022. This year's award ceremony in Berlin also delivered another joy as our colleague was named **the most influential fund selector at the European level**. This year, Luca Anzola once again highlighted the teamwork that plays a key role in helping him achieve such a key position.

DIAMAN AWARDS

On April 4, 2022, during the Diaman Awards Gala Dinner, held in the magnificent setting of the Galzignano Terme SPA & Golf Resort and at the same time as the 16th edition of the Quantitative & Asset Management Workshop, Chiara Mauri was awarded first place in the Equity FoFs category (Fund of Fund Managers Awards) for the Fideuram Master Selection Equity USA fund. Now in its ninth edition, the Diaman Awards are organised by Diaman Partners and recognise the best FoFs in Europe and Italian asset managers.

I PRIVATE BANKING & WEALTH MANAGEMENT AWARDS - PRIVATE BANKER INTERNATIONAL

REYL received two awards at the Private Banker International ceremony held on 15 December in Zurich: "**Outstanding Boutique Private Bank in Switzerland**" and "**Outstanding Family Office Proposition in Switzerland**". The Private Banking & Wealth Management Awards, organised by Private Banker International, honour large-scale achievements and recognise leaders in the Swiss private banking and wealth management sectors. The jury, made up of investment professionals and specialist journalists, praised the high value-added initiatives developed by REYL in offering its customers innovative and high-performance solutions. These additional accolades follow the announcement that Dubai-based REYL Finance (MEA) was named "Best Overall Fund Manager - Regional/Global Reach" by WealthBriefing MENA in Dubai on 24 November.

In addition, the bank also received the following awards: Finance Monthly M&A Awards – Best Corporate Finance team; WealthBriefing Swiss Awards – Best HNW Team – Domestic Clients; WealthBriefing Swiss Awards – Best Impact Investing Offering; WealthBriefing European Awards – Best European HNW Team.

ANNUAL REPORT OSCAR

During the 58th Annual Report Oscars, the prestigious award by FERPI, the Italian Public Relations Federation, Borsa Italiana and Università Bocconi dedicated to the most virtuous companies in reporting, Fideuram - Intesa Sanpaolo Private Banking was a finalist in the "Financial Companies" category and for the "Special Integrated Reporting Award".

CUSTOMER EVENTS

Throughout 2022, the Group organised and managed numerous events throughout the country for its current and potential customers, which were aimed at improving its commercial relationships, developing and deepening economic scenarios and examining current issues, with a focus on ESG topics. A number of different initiatives were rolled out, both in person and virtual, which also involved customers in exclusive sports, arts and cultural activities.

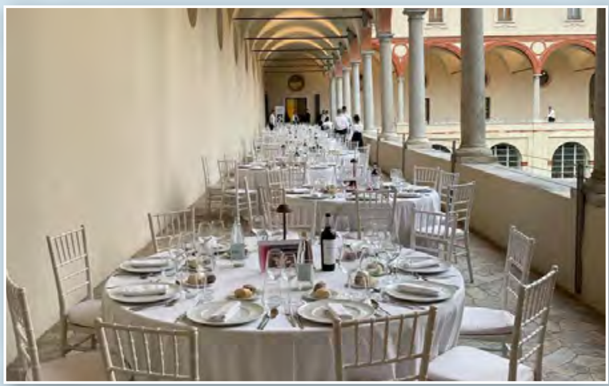
ART AND CULTURE

UNVEILINGS AND EXCLUSIVE EVENTS AT PRESTIGIOUS LOCATIONS

Exclusive customer events were held throughout the year, some of which to mark the opening of new offices in prestigious locations. These events underlined the Group's close links to the world of Art and Culture.

Two such events took place in July and November in the **Vatican**, with about 150 guests on each evening having the exclusive privilege of visiting **St. Peter's Basilica** behind closed doors and enjoying the masterpieces both in and underneath the Basilica, where they were exceptionally guided by representatives from the Fabric of Saint Peter. At the end of each evening was a gala dinner in the splendid Villa Aurelia.

In **Milan**, the exquisite Cloisters of the **Diocesan Museum** and the **Museum of Science and Technology** were the perfect settings for four evenings in which 400 guests were invited to admire their artistic masterpieces and dine in an idyllic setting.



In **Florence**, to mark the opening of Fideuram's new offices, 500 guests were exclusively invited to the **Teatro Niccolini** to attend a an extraordinary performance of the Gospel Messengers of Love Choir.

In **Bergamo**, in Fideuram's new offices in the historic building of the Banca Popolare di Bergamo, three evening events were organised for customers with a guided tour of the building and the significant works of art it houses, followed by cocktails in the splendid Cloister of Santa Marta.

VERONA ARENA - OPENING NIGHT

The 99th Opera Festival 2022 at the Verona Arena staged some of the most gargantuan productions in the Amphitheatre's recent history, all in just one season, commencing with Bizet's Carmen, with 9 performances commencing 17 June as part of the legendary production that marked Franco Zeffirelli's debut in the Arena in 1995. Intesa Sanpaolo Private Banking issued its customers with invitations to the opening night. This extraordinary event was preceded by a dinner at the historic Vittorio Emanuele Restaurant in Piazza Brà, held exclusively for guests of the Bank.

FINANCIAL EDUCATION CONFERENCES AND MEETINGS

SUSTAINABILITY

Two tours of events on ESG issues were organized: "**The Colours of Sustainability"** and **"Sustainability from theory to practice"**.

The first "The Colours of Sustainability" tour was delivered with a cycle of digital events created in collaboration with Advisors and dedicated to the 17 Sustainable Development Goals (SDGs), which were set by the UN in 2015 and establish 169 environmental, economic, social and institutional goals that all countries must achieve by 2030. Each event saw the participation of one Networks Area Manager and one SGR, with the aim of recounting the significant transformation of the Italian and other economies through the words and experiences of entrepreneurs. The programme of events was based around three pillars: people, planet, prosperity. More than 1,950 customers were involved in the 14 events.
The second tour took place in prestigious locations, with meetings touching on the theme of sustainable investment, which is today considered among the principal foundations for client portfolios in the future. In collaboration with BlackRock and asset management magazine Fondi&Sicav, 23 dates were scheduled nationwide involving about 4,500 of the Network's personal and the most important customers. Each event, moderated by Fondi&Sicav, saw the participation of BlackRock and several entrepreneurs of ESG-compliant companies, who shared their experiences on the topic. Each event was planned in prestigious surroundings such as Palazzo Re Enzo in Bologna, Teatro Lirico and Officine del Volo in Milan, the Aquarium in Genoa, Palazzo Brancaccio in Rome, Palazzo Manganelli in Catania and Villa Braida in Mogliano Veneto.

RECOVERY PLAN AND INFLATION: WHICH CHOICES FOR SAVINGS?

A tour made up of 57 onsite and 3 digital stages, with Professors Carlo Alberto Carnevale Maffè, SDA Bocconi, and the participation of more than 7,000 customers and prospects. The meetings were aimed at focusing attention on the current historical and economic context, highlighting the importance of the changes being made by the RRP to relaunch the national economy and analysing how the behaviour of consumers and savers has changed in order to harvest the opportunities deriving from economic recovery.

SUSTAINABILITY, GEOPOLITICS, ENERGY AND FUTURE

Five webinars and one in-person event organised in collaboration with Aldo Pigoli, professor at the Catholic University of the Sacred Heart of Milan and member of the Faculty of ASERI - Alta Scuola di Formazione in Economia e Relazioni Internazionali, and Giuseppe Riccardi, CEO of Fondi&Sicav, in the presence of about 500 participants. These meetings analysed the major social, economic, environmental and technological developments that are generating major global changes with a view to understanding the importance of these contemporary geopolitical dynamics and their impact on the economic and financial field, so as to use these interpretative solutions in orienting one's choices.

DEFENDING AGAINST WEALTH TAX AND TAX INCREASES

These 19 onsite meetings, and 1 digital meeting, which involved about 2,500 participants, were organised in cooperation with Alessandro Gallo, a strategic consultant and expert in asset planning and director at Value & Strategies. In the meetings, discussions revolved around the impacts of possible fiscal policy measures affecting the assets of Italian households following the economic crisis due to the pandemic, suggesting certain defence strategies that are more coherent, illustrating the characteristics of wealth that is resilient to wealth tax and tax increases. Some of the meetings then focused on "thin welfare" and how to defend against containing public spending. After a presentation of the history of public spending trends in Italy and an analysis of possible developments, attention was focused on the family bond, the future social network in Italy with a thin welfare, proposing effective solutions of economic aid for various needs. There were then also meetings dedicated to entrepreneurs and accountants, with the aim of analysing new capital risks.

BEHAVIOURAL FINANCE

Twenty-one meetings, with about 2,500 participants, organised in conjunction with Ruggero Bertelli, Professor of Economics of Financial Intermediaries at the University of Siena. During the meetings, emphasis was given to the fact that behavioural finance can help in supporting investment choices, by analysing the role played by emotions in this area and the importance of having at one's disposal a method for managing these emotions to avoid the systematic errors typical of this new context of uncertainty, indicating the benefits of financial planning and the role of the personal financial adviser.

THE EXCLUSIVE SERVICES OF WEALTH MANAGEMENT

Fourteen events organised with in-house speakers from Private Wealth Management and professionals from Fideuram Asset Management SGR with over 1,700 participants. The aim of these meetings was to analyse the main macroeconomic trends at global and European level, the impact of these trends on Wealth Management, to analyse the wealth of Italian families, the financial needs of new generations, the generational transition of Italian companies, the phases of the life cycle of SMEs and their international opening, the technological, demographic and environmental changes taking place and the methods and tools required to meet the planning and investment needs of family wealth.

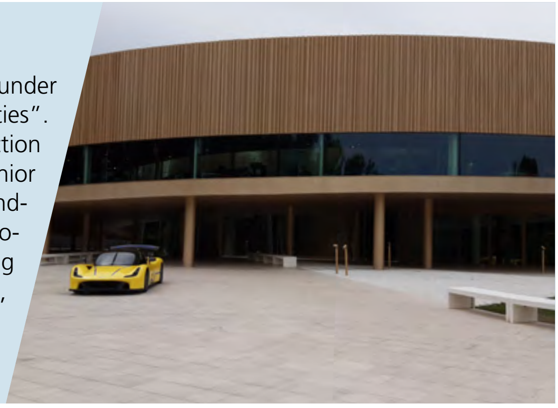
FINANCIAL WORKSHOPS

Another 13 meetings, 11 in person and 2 remote, for a total of over 1,500 participants, saw the presence of professionals from third-party Partners. The meetings were moderated by a journalist. Topics covered the major changes taking place in the socio-economic context, millennials and strategies that should be adopted for the future. Several events also covered topics related to promoting an ESG culture: what do we mean by sustainability when referring to our investments and how are we each a protagonist through our own behaviour? the combination of technology and sustainability and the speed of the changes taking place; how to incorporate sustainability into portfolios without sacrificing returns and how sustainability can be the new compass for investments.

RELATIONAL EVENTS

Twenty-four relational evenings were organised in the presence of more than 3,000 customers and prospects. Participants included sociologists, actors and sports personalities in order to broaden the focus on key issues and values in everyone's personal and professional lives, such as how to find collective and individual happiness, trust and team spirit, planning, determination and method. In addition, and building on the previous year's success, 24 "Wine and Finance" evenings were organised with over 2,000 participants. Here, through an amusing drawing of parallels, financial education was delivered using the social element of wine as the key to understanding important choices in the field of finance, thus highlighting the fundamental guiding role of consultants who, like sommeliers, help to make mindful choices.

FINANCIAL CONFERENCES



During the year, numerous meetings were held throughout the country under the title "Economy and Financial Markets: Perspectives and opportunities". These involved more than 2,200 participants and were stage in conjunction with the Group's main investment partners. In addition to involving senior managers of Intesa Sanpaolo Private Banking, the events were also attended by representatives of Intesa Sanpaolo's Research Department and professionals from international investment firms with the aim of illustrating prospects and opportunities in global financial markets to customers, with a particular focus on the ESG issues that are increasingly impacting investment strategies.

FINANCIAL SYMPOSIUMS

Financial symposiums were held in conjunction with third-party partners and involved about 300 guests. These symposiums are highly appreciated by Intesa Sanpaolo Private Banking customers as a way of building relationships. In a convivial atmosphere, senior representatives of the management and of Intesa Sanpaolo Private Banking's Network, as well as representatives from Intesa Sanpaolo's Research Department and professionals from third-party partners illustrate and discuss the opportunities of the financial markets with guests and prospects.

CLUB TALK

In 2022, Intesa Sanpaolo Private Banking offered its customers a series of virtual events in conjunction with The European House-Ambrosetti: the Group's specialist partner which excels in offering insight into economic issues and staging high-level debates known by the general public as "The European House – Ambrosetti Forum", held every year in the first week of September at Villa d'Este in Cernobbio.
The initiative, called Club Talk, included five interactive webinars, with a total of more than 4,500 customers participating. Authoritative experts addressed topics such as: "Will Russia's War change the world?", "Raw Materials: Macrotrends and Possible Scenarios", "Climate Change".
Of particular importance was the forum on "The 2022 midterm elections and the prospects for American politics. The Perspective of Ambassador Lewis M. Eisenberg." On the fringes of the webinar, a formal dinner was held for a select group of customers, at which the Ambassador was the guest of honour.

KEY INVESTMENT OPPORTUNITIES

A series of virtual meetings targeted at a limited audience of customers to report and deepen initiatives and investment opportunities identified by Intesa Sanpaolo Private Banking, including SPACs, IPOs, etc.

HOSPITALITY

Intesa Sanpaolo Private Banking offers its customers the opportunity to participate in exclusive sporting and cultural events, inviting them to reserved hospitality areas at sports venues, prestigious theatres and museums in Italy.
Football: Serie A clubs Inter Milan, AC Milan, Juventus, Lazio, Roma, Atalanta, Torino and Bologna.
Basketball: Olimpia Milan – A| X MILAN, Pallacanestro Cantù, Varese – Openjobmetis
Tennis: ATP Next Gen – Milan, Nitto ATP Finals – Turin.
Theatres: Milan - Teatro La Scala, Bari - Teatro Petruzzelli, Naples - Teatro San Carlo, Venice - Teatro alla Fenice, Vicenza - Opera Festival.

SPORT

NITTO ATP FINALS

For the second year, the Nitto ATP Finals were held in Turin from 13 to 20 November 2022 on the PalaAlpitour indoor court. It was the final event of the ATP Tour 2022, attended by the top eight players in the ATP (Association of Tennis Professionals) singles rankings and the top eight pairs in the doubles rankings. Intesa Sanpaolo was Host Partner at the event and was present, together with the Fideuram Group, with dedicated hospitality areas.

79^{TH} ITALIAN OPEN

For the fifth year in a row, Fideuram was partner of the Italian Golf Open in its 79^{th} edition, held at the prestigious Marco Simone Golf&Country Club course from 15 to 18 September 2022. This year, too, Fideuram welcomed its guests during the four days of the tournament in a hospitality area on the green at the 18^{th} hole. The 79^{th} edition was particularly special as it welcomed leading golf professionals in anticipation of the upcoming 2023 Ryder Cup, which will take place in 2023 at the Marco Simone Golf & Country Club. The initiative involved around 250 people, including customers and prospects.
Two prestigious activities were run in parallel with the Open project: the Italian Pro Tour and the Road To Rome 2023. The Italian Pro Tour consists of a series of golfing events dedicated to professional players organised in the most important golf clubs in Italy, with the possibility of having some customers participate in the ProAm of the competitions. Road to Rome 2023 is a series of events organised by the Golf Federation to promote the Ryder Cup to be held in Italy in 2023, with the aim of spreading knowledge of golf in the area to a broader target audience, such as children and families.

FINANCIAL GOLF TROPHY

The Financial Golf Trophy took place from September to October. Divided into 3 stages and involving around 200 customers and guests, the Villa d'Este, L'Albenza and Bogogno golf clubs hosted 3 semi-invitational events for customers and guests who are passionate about Golf.

CUSTOMER ASSISTANCE SERVICE

1.3 million

contacts
with Customers

The Customer Service Department provides information on the services and products offered by the Group and on the customer's overall financial position, which can also be viewed on the website at Fideuram Online.

In 2022, the volume of customer contacts doubled compared to the previous year thanks to the introduction of the new Alfabeto Fideuram website and the new My Key single digital contract system.

Customers mainly sought assistance regarding their access codes, transactions and anti-fraud security checks. These later checks involved the daily monitoring of intercepted suspicious transactions and their timely verification with customers and financial advisors, as well as unblocking any transactions that need to be cleared up with customers before being executed.

The level of service, defined as the percentage of calls processed out of the total received, registered a fall on those days when the flows of incoming calls were much higher than the normal average. The service operators team was bolstered to help customers through the change of online platform. Service volumes and resources are constantly monitored to enure that customers receive a highly efficient service.

The percentage of authenticated calls increased year over year, reaching an average of 60% during 2022.

CUSTOMER FEEDBACK

In 2022, a total of 6,479 customer requests were received, addressed mainly to the Group's Italian companies, indicating an increase of +46% compared to 2021. In particular, 5,924 complaints and reiterations were received, 249 appeals to out-of-court resolution Bodies and 306 statements to the Supervisory Authorities.

As part of the requests received from customers, 107 refer to misconduct by Personal Financial Advisers (+29% compared to 2021).

During 2022, the outcomes of 6,019 complaints and reiterations were defined, of which 2,856 were accepted and, of these, 285 involved disbursements.
Response times, except for complaints relating to unlawful conduct, continued to be below the maximum times specified by the relevant legislation, with an average of 35 days for banking service complaints (60 days legal maximum), and 46 days for investment service complaints (60 days legal maximum).

With reference to the number of appeals submitted to the alternative dispute resolution bodies, there was a decrease compared to the previous year in terms of those submitted to assessment by the "Financial and Banking Arbitration Body (Arbitro Bancario Finanziario)" (99 compared to 110 in 2021) and an increase in terms of those submitted to the "Financial Disputes Arbitration Body (Arbitro per le Controversie Finanziarie)" (42 compared to 35 in 2021).

Breakdown of complaints, statements and appeals by type

(no.)

	2022	2021	2020
Loans	72	66	146
Payment systems	1,281	1,251	960
Organizational systems, website, other	1,806	837	589
Insurance products	73	77	111
Current accounts and securities custody account	1,688	1,367	999
Investments	1,559	832	990
Total	**6,479**	**4,430**	**3,795**

During the year, 9 privacy complaints were received, down from the 15 received in the previous year and 2 compound interest claims.

The Complaints Office manages all issues raised by customers through the online form, by ordinary or certified email, by post or by fax.

Complaints are processed as follows:

- all issues raised are logged in the complaints register;
- classification according to current legislation;
- preliminary investigation to assess whether complaints are valid, after which any operational criticalities detected are communicated to the units concerned, the issue is reported and process intervention requests are made if necessary;
- the relevant unit is activated in the shortest possible time to resolve the issue; other owners are also involved if necessary, with feedback provided to the Complaints unit to resolve the criticality;
- a cost authorisation note is made if the complaint is upheld;
- the complaint's outcome is communicated to the customer and notified to the Personal Financial Adviser;
- the complaint is closed and documentation is filed in the complaints register.

The Complaints Office periodically monitors the processing status of complaints to ensure compliance with statutory processing times. Specific data are also periodically extracted and aggregated from the Complaints Register to produce Reports for internal and external units.

TRANSPARENCY WITH CUSTOMERS

The regulations on the transparency of banking transactions and services allowed us to present the information we provide our customers in every phase of their relations in a manner that is clearer and easier to understand. The principles of language simplicity and transparency of information represent the guiding principle for a timely update of the transparency documents available to the customer, in accordance with the constantly changing legislation, with the aim of analysing all the products in the catalogue and improving their readability. The in-house training provided for branch staff consists both of traditional tools and innovative solutions, including intranet communications, supplementary material supporting training catalogue courses, Web TV and e-learning modules.

MAIN IMPROVEMENT OBJECTIVES FOR 2023

Customers

- continue integrating ESG issues into products and services;
- seek new investment solutions for managed and non-managed assets, in particular in the bond segment, conveying a strong service-led vocation in synergy with all areas of the Group;
- allow wider access to alternative investments and private markets, including by expanding the available financial structures and the adopting new business models;
- enabling new ways to access credit for both natural and legal persons;
- constantly enhance the information given to customers on the features of products and services, with particular reference to sustainability information and metrics for investments.

Events

- Organisation of local events for existing and potential customers, aimed at developing understanding about matters of current interest.

SUPPLIERS

MAIN OBJECTIVES FOR 2022	ACTIONS AND RESULTS ACHIEVED
Identify suppliers with a stronger social and environmental awareness.	In 2022, the Group maintained commercial relations with socially and environmentally aware suppliers.
Expand the range of environmentally sustainable purchases.	The utmost attention has been paid to eco-sustainable purchases in accordance with procurement needs.
Put in place additional Plastic Free projects.	The Policy was aligned to that of Intesa Sanpaolo by putting in place Plastic Free projects (e.g. distribution of water bottles to employees; installing a drinking water filtration system).

PROFILE OF SUPPLIERS

In 2022, the Group had business dealings with 1,289 suppliers, for a total value of approximately €230m. The territorial distribution of suppliers is concentrated almost entirely in Italy (97%).

	2022	2021	2020
Suppliers' turnover (€m)	230	228	182
Suppliers (no.)	1,289	1,515	1,325

The figures refer to the Italian companies recorded on the corporate information system INTESAP. The figure for 2020 does not include the contribution of IW Private Investments.

SUPPLY CHAIN MANAGEMENT

The Fideuram Group attributes particular emphasis to social and environmental responsibility and the effects generated by managing purchases of goods and services on society, on human rights and workers' rights, on business ethics and on the environment.
The supply chain is based on transparency, correctness, integrity and fairness, the principles expressed in the Code of Ethical Conduct that suppliers need to view when registering with the Supplier Gate (Portale Fornitori - PF) of the Intesa Sanpaolo Group and which, in the event of signing a supply or service contract, they agree to comply with.
The Intesa Sanpaolo procurement centralisation process allowed us to unify rules and processes, by applying the Purchasing Rules and Guidelines used by all Group companies, aligning the social and environmental awareness and responsibility processes of every department involved in the sourcing process, from requests for quotations to calls for tenders and supplementary information.

This made the process of identifying suppliers more consistent through the signing of contracts and agreements and the adherence to the Framework Agreements with the same suppliers of Intesa Sanpaolo.
This application and e-sourcing system, called the Intesa Sanpaolo Supplier Gate, allowed the Group companies to be able to select Intesa Sanpaolo qualified suppliers, beginning with their registration on the application, while considering not only the suppliers' technical, economic and financial characteristics, but also verification of their business ethics and respect for human rights and the environment. The traditional suppliers and those applying for the first time were made aware of the need to go through the accreditation process on the portal in order to be engaged in the procurement process.
During 2022, the negotiations were carried out and had effects of an ethical, social and environmental nature according to requirements of functionality, quality and safety and not just a mere competitive comparison of tenders according to technical and economic characteristics.

SELECTION POLICIES

The Group continued its work improving quality standards by selecting suppliers on the basis of legal and ethical integrity, technical and professional suitability, reliability with respect to data confidentiality and commercial competitiveness.
During 2022, the attention of the Group in the procurement process continued to be directed towards suppliers which could guarantee the best balance between price and quality of service and were able to meet expectations in terms of social and environmental responsibility. In the interests of fairness, it was decided to enable market comparisons not based simply on a request for a better quality-price ratio, but also to work with qualified suppliers in terms of ethical and sustainable criteria. Indeed, from the time they register in the Supplier Gate, the suppliers fill out mandatory questionnaires dedicated to environmental sustainability issues, with simultaneous or deferred uploading of the documentation and certificates confirming their fulfilment of the declared commitments.

Suppliers are selected by comparing bids submitted by multiple tenderers. The award criteria used are the following: Request for Proposal, Request for Information and, if it is impossible to conduct market comparisons, Direct Negotiations. Market comparisons are not mandatory for non-recurring purchases that are not connected with other initiatives and have a value of less than €75k or which are covered by framework agreements or contracts.

The list of suppliers to be involved in a purchase process when making a market comparison or choosing the supplier with which to start direct negotiations is prepared by taking into account the various needs of the Group. The list of suppliers for a Request for Proposal must be authorised in advance by the Office for Supplier Qualification, Coordination and Monitoring of Intesa Sanpaolo.
Prior authorisation of the supplier by that Office is required for all types and categories of merchandise, regardless of their amount. At least three suppliers are required in market comparisons (five in the event of comparisons with an estimated value exceeding €50k). In certain cases (e.g. lack of availability of alternative suppliers, existence of corporate links between suppliers invited), exceptions can be made regarding the number of suppliers involved.
During 2022, some delegated powers were granted by Intesa Sanpaolo, to allow the procurement process to be run independently for some product categories up to a value of €25k, according to the guidelines and rules on procurement. For all purchases above €25k, the procurement process is managed by Intesa Sanpaolo.
The Request for Proposal assumes a technical assessment, a subsequent economic assessment and a joint analysis of the two assessment components (best proposal that meets the combination of technical assessment and price).
The technical assessment must always be completed and formally documented prior to opening the economic proposals; where provided, it will also have to include social and/or environmental responsibility aspects. Unless different criteria are formally set out at the launch phase, that assessment is expressed through an opinion of appropriateness or inappropriateness of the solution.
Conversely, the strategy with Request for Information enables the purchaser to obtain information, solutions and pricing in the form of approximate quotations and define the sourcing strategy to be applied.
The winning bidder is selected upon completion of all the procedures required for the request strategy adopted, in accordance with the award criteria specified and when agreement has been reached on the contractual conditions.
In 2022, most of the supplies were provided by the same suppliers with whom Intesa Sanpaolo has Framework Agreements or Framework Agreement Prices, enabling the Fideuram Group to achieve greater savings through economically advantageous rates.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Group continues:

- the application of Intesa Sanpaolo's directions in the comprehensive evaluations of its suppliers by analysing their compliance with international and local environmental regulations and their commitment to activities designed to protect the environment (such as certifications and adoption of environmentally friendly technologies);
- the implementation of Intesa Sanpaolo guidelines with reference to the specifications for white copier paper, using the services of the same supplier, which ensures the same type of supply and the introduction of recycled paper for use with some kinds of documentation;
- the application of Intesa Sanpaolo's directions for the supplier selection process by adopting contractual standards the comply with the minimum sustainability requirements and the standards of the International Labour Organization covering fundamental human rights, child labour, freedom of association, health and safety, and business ethics.

MAIN IMPROVEMENT OBJECTIVES FOR 2023

Our main improvement objectives include the following:

- identify suppliers with a stronger social and environmental awareness;
- expand the range of environmentally sustainable purchases;
- put in place Plastic Free projects.

THE COMMUNITY

Charitable initiatives (or donations) mean exclusively cash donations without any expectation of receiving any compensation or benefit of any kind in return. Therefore, all those activities – in whatever form the conditions are agreed – which directly or indirectly promote and enhance the image of the Group, do not represent donations.
In defining the principles of conduct in relations with the community, the Code of Ethical Conduct of Intesa Sanpaolo, implemented by the Fideuram Group, specifies the need to identify "the requirements and needs of the community and not only in a material sense," and to support them, amongst other things, "through charitable donations".

Generally speaking, recipients of donations can be:

- legally recognised entities, which do not pursue profit, established and organised according to the rules governing the so-called non-profit sector;
- social enterprises, established pursuant to Italian Legislative Decree 155/2006, as long as the donation, within the sphere of the social enterprise, is destined to support particularly significant social or cultural initiatives;
- third parties (e.g. local entities or bodies including public ones, such as regional, provincial or municipal authorities, community cultural associations, schools, tourism promotion boards, etc.) provided that the project meets the above definition for charitable initiative and has the sole objective to pursue one or more of the aims set out below.

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Potential beneficiaries of donations are classified according to the aims they pursue and in relation to the area in which they operate, i.e. by way of example:

- social area (e.g. health and research; education and training, voluntary service, protection of rights, solidarity, protection of minors);
- religious area;
- cultural, artistic, historical and archaeological heritage promotion;
- environmental protection.

Conversely, the following institutions are excluded as potential beneficiaries of donations:

- political parties and movements and related organisation;
- trade union organisations and assistance agencies;
- service clubs, such as Lions, Rotary, etc.;
- associations with profit aims and recreational groups, private schools and legally-recognised schools, except for specific initiatives with particular, social, cultural or scientific importance.

In order for a donation to be made, the ethical values of the beneficiaries must be consistent with those specified in the Code of Ethical Conduct, directed towards people, the respect for human rights, economic and social solidarity, sustainable development, conservation of the environment and artistic heritage and support for culture.

As a further constraint regarding the provision of donations, they:

- may be given to organisations whose procedures, including accounting procedures, make it extremely easy to verify the consistency between the declared objectives and the ones they pursue i.e. they prepare financial statements (without prejudice to the requirement for these entities to comply with the primary and secondary rules and the principles of correctness, rigour, integrity, honesty, fairness and good faith);
- cannot be for initiatives with a commercial and promotional value, e.g. for initiatives of promotion, enhancement and reinforcement of the Group's image, which are realised by entering into contracts or agreements;
- cannot be used for projects that already receive some form of sponsorship;
- must be granted using a form of rotation, so as to ensure as broad, varied and flexible use of resources as possible, except for those projects that have an obvious long-term duration;
- cannot be given to the same applicant more than once within the same calendar year;
- cannot be granted to bodies involved in litigation, known to the Group, on issues relating to the non-respect of human rights, peaceful coexistence, environmental protection and vivisection;
- cannot be granted to natural persons.

The Group's charitable and other donations totalled €389k in 2022 and were distributed to a number of reputable bodies operating in the health care, scientific research, arts, sports and humanitarian/aid sectors.

INITIATIVES TO SUPPORT HEALTH CARE AND RESEARCH

The Fideuram Group supported several organisations within the scope of Health Care and Scientific Research.

- **Associazione Italiana Sclerosi Multipla Onlus** to sponsor the research stipend in the project "Registro Italiano sulla sclerosi multipla" (Italian Register of Multiple Sclerosis), a fundamental tool in epidemiological research on multiple sclerosis;
- **Modena Arts Foundation**: the Foundation engages in the research and development of robotic surgery and transplants. In December, it organised a charity event attended by a number of guests who are customers of Intesa Sanpaolo Private Banking;

- The **LIMPE Foundation for Parkinson** charity fosters social solidarity, promotes medical-scientific research and disseminates reliable information on Parkinson's disease and movement disorders;
- the **5 Vie di Giorgio Foundation** supports the 2022 edition of the "Smile Festival". This event is for boys and girls aged 3 to 13, with several workshops put on at MUSME, the first Italian centre offering dissemination and training in the field of medical science. Free eye tests were provided at the event;
- **Medecin Sans Frontières**: for about 50 years, this organisation has been providing assistance at the epicentre of conflicts, epidemics and natural disasters;
- **Schweizerisches Rotes Kreuz** is the Swiss Red Cross, the oldest and largest humanitarian organisation in Switzerland. It helps people in need in the areas of health, integration and rescue. It is present throughout Switzerland and operates in around 30 countries.

ART AND CULTURAL EVENTS

The Fideuram Group has supported various initiatives in the field of art and culture:

- The **Carical - Cassa di Risparmio di Calabria e di Lucania Foundation** has been organising the "Premio Per La Cultura Mediterranea" (Mediterranean Culture Award), now in its fifteenth edition, for which it awards a grant;
- The **Comunità Bresciana Foundation**, a community foundation set up by the Cariplo Foundation which hosts the Fidanza Family Fund, which in turn is patron for the restoration of the largest canvases painted by Gianbattista Tiepolo (The Sacrifice of Melchizedek and the Fall of the Manna), which are housed in the transept of the **Basilica of San Lorenzo Martire in Verolanuova.** An event is scheduled to mark the end of the restoration work and the return of these masterpieces to the Comunità Bresciana, which will be linked to the Bergamo Brescia Capitals of Culture programme;
- **Associazione Società della Musica** promotes the MantovaMusica 2022 season of concerts: this packed programme includes 45 music events from January to November in the most beautiful locations of the city of Mantua;
- The **Cologni Foundation** aims to promote, support and implement scientific, cultural, educational and welfare initiatives in the area of arts and crafts. Every two years, the Foundation awards the title of Master of Art and Craft in Italy. This gives special recognition to some of Italy's most talented craftsmen and craftswomen across 23 different categories of craftsmanship;
- In May, the **EMMECI** Cultural Association organised an "ethnic dolls" fair at the Santa Maria della Pietà exhibition ground in Cremona. These precious objects carry a cultural message and knowledge on the customs of peoples from Japan, Brazil and Ethiopia;
- The **Associazione Società del Quartetto of Vicenza** is a non-profit association that has been organising and promoting concert seasons, music festivals and concerts for over a century. The history of the association began in 1910 when the writer Antonio Fogazzaro gathered around him a group of music lovers to create a musical association in Vicenza. The contribution supports the organisation of the Vicenza Opera Festival;
- **Fondation pour Genève** is a private public-interest institution whose main mission is to support the actions of the federal and local authorities to foster the international development of Geneva. The foundation is chaired by Marc Pictet.

SOCIAL INITIATIVES

The Fideuram Group has supported various initiatives in the social field:

- The **Suore figlie di Sant'Eusebio Institute** was founded in Vercelli by Father Dario Bognetti and Mother Eusebia Arrigoni on 29 March 1899. The congregation was definitively granted pontifical status by decree of 24 May 1958;
- **Palazzo TE Foundation** organises the Pippi Award for young artists from the city of Mantua in conjunction with the Palazzo TE Museum. The award aims to involve primary school children in Mantua in a fun creativity contest;
- **Scuola Alta Formazione Donne di Governo Foundation** is a non-profit social solidarity organisation mainly promoting post-graduate training initiatives. The foundation collaborates with the National Gallery of Modern Art in Rome, with universities and with the National Management School (Scuola Nazionale dell'Amministrazione - SNA) of the Presidency of the Council of Ministers to organise and promote courses for women who intend to access to democratic representative institutions;
- **Union Volley** is one of the leading volleyball organisations in northern Italy whose goal is to improve sporting activities for young people by offering high-quality training to young athletes as they become increasingly skilled and competitive. Union Volley promotes sport and sporting values – respect for rules, healthy competition, training, result-driven attitude – as educational levers to build a better future for children;
- the **University of Tor Vergata** in Rome has initiated a Law Department scholarship named after the late Professor Enzo Musco.

SPONSORSHIP INITIATIVES

The Fideuram Group renewed support for events related to art, culture and sport by supporting a wide range of initiatives, sometimes in collaboration with the Personal Financial Adviser Networks.

In 2022, Fideuram - Intesa Sanpaolo Private Banking sponsored the following events:

- **79th Italian Golf Open**, an event with a significant international profile. For the fifth year in a row, Fideuram was partner of the event, which took place at the prestigious Marco Simone Golf&Country Club course from 15 to 18 September 2022. This year, too, Fideuram welcomed its guests during the four days of the tournament in a hospitality area;

- **Salone del Risparmio**, the biggest event in Italy dedicated to the savings, investments and financial advice. Now in its 12th edition, last year's theme was: "Human, Responsible, Digital. Economic and social development in the coming decade". The event was held in Milan from 10 to 12 May 2022;
- **Consulentia**, an event for Financial Advisors, organised by Anasf and now in its eighth edition. It was held at Auditorium Parco della Musica in Rome from 6 to 8 April. Just as in previous editions, Fideuram was there as a sponsor with its own dedicated stand.

During 2022, Intesa Sanpaolo Private Banking sponsored the following initiatives:

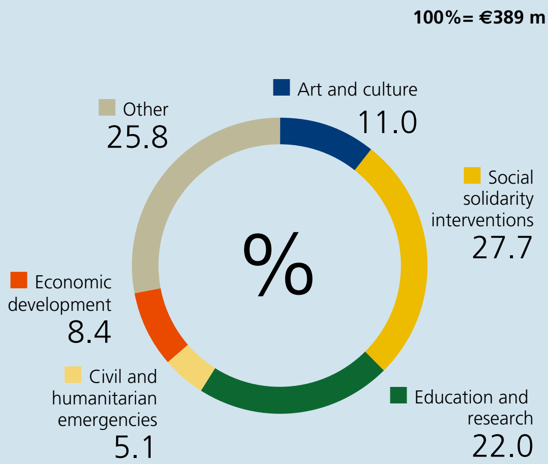
- **35th Maratona dles Dolomites** (Dolomites Marathon), the most prestigious amateur cycling marathon race in the world, which has been running in the Dolomites since 1987. Participation is by drawing lots from over 32,000 applications. Since 2013 Intesa Sanpaolo Private Banking has been the Gold Partner of the Maratona dles Dolomites, and has reserved a small contingent of jerseys for its customers. It takes care of its guests for the entire event, also providing them with personalised assistance from a former professional cyclist;

- **Miart**, a contemporary and modern art fair held in Milan from 1 to 3 April. The fair is a space for the mutual interaction of art and design, with a wide range of the major international galleries on show to the general public. Intesa Sanpaolo Private Banking offered the opportunity to take part in exclusive initiatives: in addition to the usual stand exhibiting the work of young Italian artists, exclusive VIP access was offered, as well as a reserved preview and the opening vernissage of the event. Guided tours were organised of the main galleries, with the stand serving as a centre for conferences and debates that were open to the public. The constant daily presence and availability of the bank's Art Advisors at the event meant that specialist advice could be provided to customers and visitors;

- **Artissima**, a contemporary art fair held in Turin from 4 to 6 November, of which Intesa Sanpaolo is the main sponsor. Once again, Intesa Sanpaolo Private Banking was present with its Art Advisory service and involved its expert and passionate customers;
- **Third Report on the Real Estate Market** organised by Nomisma and held in Milan on 23 November 2022. Every year, this economic research centre puts on an event to delve into different real estate scenarios in front of large audiences;
- **AX Olympia Milano Basket** (2022-2023 sports season), whose main sponsor is the Armani Group, have for many years enjoyed the support of Intesa Sanpaolo Private Banking, with the brand also visible on the sidelines and in welcoming its own customers.

In 2022 the Group's total contributions to local organisations via donations and sponsorships (€389k) were made entirely in cash. The graph shows the Group's donations to the community by field of activity:

Group contributions by sector, 2022



Our donations, calculated following the guidelines of the London Benchmarking Group (LBG), are classified by objective as follows:

- 52.9% "local investments", which include long-term strategic partnerships;
- 36.1% "donations", which meet specific needs and requests made by associations and non-profit entities;
- 11% "marketing initiatives", which support events that promote brand and business of the Group.

SUSTAINABLE FINANCE

The Fideuram Group specialises in offering advisory services to meet the financial, pension and insurance needs of Private Banking and HNWI (High Net Worth Individual) customers. Listening and dialogue with the customer, aimed at the ongoing improvements to the quality of the service offered, are combined with the commitment to spread awareness about appropriate financial literacy, to raise the knowledge and awareness of the customer with regard to investment choices also with regard to aspects of social and environmental interest. The progressive integration of ESG criteria is taking place across the entire range of products on offer (own and third-party funds, asset management, insurance-based investment and non-managed products) with the aim of offering a complete spectrum of opportunities.
In light of the pre-contractual documentation and periodic reporting requirements brought in by Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR Regulation) which are in force for 2023, Group companies carried out all activities necessary during 2022 to better advertise its products' sustainability features in accordance with the standard requirements (RTS) stipulated in legislation. This aims to give savers greater transparency, at a product level, over sustainable investments, taxonomic alignment and whether or not principle adverse impacts (PAIs) are taken into account.
Also during the year, the Group enhanced the ESG investment opportunities available to customers. These were new launches developed by the Group's asset management companies as well as solutions from those of third-party asset managers with which to give increasing prominence to aspects linked to sustainability issues, which are a structural component of the analysis process supporting the development of the product range.
At 31 December 2022, the ESG-classified household product assets that were compliant with articles 8 and 9 of the SFDR amounted to €46.4bn. Newly included products were heavily geared (at a 3:4 ratio) towards solutions that met the ESG criteria adopted. New products came from different product families (traditional and alternative funds, discretionary accounts, insurance investment products and placements of unmanaged asset products).

INVESTMENT FUNDS

FONDITALIA

At the present date, more than 65% of Fonditalia sub-funds (the vehicle that has long been dedicated to all Fideuram Group customers) are classified as pursuant to articles 8 and 9 of the SFDR.

Fonditalia 4Children

This sub-fund, managed by the ESG & Strategic Activism team of Fideuram Asset Management SGR, was born from a collaboration with UNICEF in September 2021. It has distinctly social objectives aimed at helping the women and men of tomorrow by identifying and selecting companies that are

openly committed to a transition towards sustainability and that actively work to protect children's rights. The creation of a "high conviction" portfolio has consequently enabled well-diversified investments in companies that are clearly committed to a sustainability transition with a particular focus on the social and educational development of children. Objectives include improving health and well-being, decent work and economic growth, quality education and sustainable cities and communities, with a focus on the theme of children's rights. The portfolio is managed and built through the application of a selection process with a focus on companies that generate a significant impact on ESG issues and with specific exclusion criteria regarding sectors and countries based on objective parameters. Fonditalia 4Children provides for a collaboration with UNICEF both for the definition of the exclusions of securities from the investable universe and for the recurrent devolution of an amount of commissions to support some of their specific programmes with the aim of offering an active commitment to the implementation of projects to protect children.
Thanks to its declared sustainable investment objectives, the fund is among the products that falls under article 9 of the SFDR.

WILLERFUNDS PRIVATE SUITE

Fideuram Asset Management (Ireland) has created a new multi-fund investment solution within Luxembourg-based SICAV Willerfunds called Private Suite, which is exclusively dedicated to Intesa Sanpaolo Private Banking. Willerfunds Private Suite focuses on sustainability and integrating ESG criteria while building portfolios of individual strategies.

A total of eleven sub-funds were created in 2022, eight of which promote environmental and/or social concerns and fall within article 8 of the SFDR and three of which have sustainable investment objectives and therefore fall under article 9 of the SFDR. Below is a brief summary of these last three sub-funds:

- **Willerfunds Private Suite Lombard Odier Natural Capital** is a sub-fund that invests, in a geographic- and sector-diversified manner, in equities whose growth will benefit from new regulations and from product and service innovations, thus facilitating a transition to a circular economy and the enhancement of natural capital. Among the main areas of investment are the circular bio-economy, resource efficiency and the economy oriented towards achieving Zero Waste. "Natural Capital", as it suggests, comprises all resources made available by nature: minerals, soil, fossil fuels, water and animal species;
- **Willerfunds Private Suite Eurizon Multi-Asset Circular Economy** is a sub-fund with a flexible global multi-asset strategy characterized by a portfolio that invests in a geographic- and sector-diversified manner. The strategy allows for investment in companies that promote a transition to a circular economy and whose activities contribute to one or more of the Sustainable Development Goals (SDGs). As regards the equity component, the portfolio is invested in companies that contribute to a transition to a circular economy through processes such as: product recycling, waste reduction, extending product life cycles and using renewable resources. As regards the bond component, investment is focused on green bonds (i.e. corporate and government bonds issued to finance climate and environmental protection projects). These may be focused on: renewable energy, energy efficiency, anti-pollution, clean transport, water management, circular economy, biodiversity protection, eco-sustainable construction. Green bonds are selected based on the criteria laid down by the International Capital Market Association's (ICMA) Green Bond Principals;
- **Willerfunds Private Suite Vontobel Equity Global Impact** is a sub-fund with a benchmarked global asset strategy characterized by a portfolio that invests in a geographic- and sector-diversified manner. Its strategy is focused on eight areas of ESG impact: water resources, clean energy, solutions for sustainable cities, innovative technologies and industries, health and wellbeing, sustainable agriculture and food, responsible production and consumption, and equal opportunities. The companies selected for the portfolio must demonstrably provide products and services that have the potential to address pressing issues such as population growth, urbanisation and growing inequalities across the entire value chain.

FIDEURAM MULTIBRAND

Fideuram Multibrand, the platform for the direct distribution of funds in open logic, was further strengthened in 2022 with the systematic enhancement of the range of products to improve the coverage of the various types of investment (geographical and theme-based equities, and bonds, in particular of a corporate and flexible nature) with traditional investment funds with an ethical and social value to allow customers greater freedom in the composition of their own portfolios in compliance with ESG principles. Within the sustainable products component, more than 64% of the total product range are products that fall within articles 8 and 9. This is due both to new investment solutions on offer from existing partners and the new solutions on offer from new investment companies that were selected because of their proven focus on sustainable investment.

ALTERNATIVE INVESTMENT FUNDS

In 2022, Fideuram Asset Management SGR launched the new FAI Mercati Privati Sostenibili programme in conjunction with Blackrock, which is one of the first Alternative Investment Funds falling within article 8 of the SFDR that has been realised for the Italian market.

DISCRETIONARY ACCOUNTS

Fideuram Asset Management SGR continues its strong commitment to sustainability issues. This extends to its individual discretionary accounts service aimed at Fideuram Group customers. As well as renewing its commitment to selecting additional ESG funds with the aim of enriching the investable universe of discretionary account services available to managers in 2022, Fideuram Asset Management SGR created a series of new asset lines for Fogli Fideuram and Omnia discretionary account. In addition, it brought Fideuram Direct its new Direct Valore+ contracts, Fideuram's new digital platform which offers customers discretionary account service in which

they can choose from between five lines with different risk profiles but all falling within article 8 of the SFDR.
For the Omnia discretionary account and Fogli Fideuram solutions aimed at customers of Fideuram, Sanpaolo Invest and IW Private Investments Networks, new investment lines were developed that reflect Fideuram's commitment to sustainability. In addition to equities gateway lines that employ dynamic step-in mechanisms for investing in equity target lines (Foglio Global Equity, Foglio Equity Strategies 100, Foglio Smart Trends and Omnia Active Beta 100), new lines falling within article 8 of the SFDR were also launched, including:

- **Foglio Sustainable Infrastructure** is an asset management line that mainly invests in fund units or ETFs that have exposure to the infrastructural sectors that can benefit most from environmental and digital transition goals (e.g. transition to renewable energy sources, better use of water resources, sustainable development of urban areas, and efficient transport, telecommunications and digital networks). The investment strategy is therefore characterized by the definition of an investable universe in sectors with the best financial prospects linked to long-term structural growth themes and to sustainable themed investing more generally. The environmental and social features of the strategy are demonstrated through its investment strategy which brings together sustainability assessments carried out on third-party UCIs by means of dedicated analysis using one or more qualitative and quantitative ESG indicators;
- **Il Mio Foglio ESG** is a new discretionary account line within the Personal Banking family, which allows customers to actively participate in building their own portfolio from a set list of strategies each with strong ESG characteristics (all falling within articles 8 or 9 of the SFDR) or to use preset model portfolios (guided pathways) which are broken down by risk level and constructed according to a high-conviction approach in which specific ESG topics are selected tactically.

The list of products with ESG features is produced thanks to constant in-depth evaluation and selection using qualitative and quantitative analyses carried out by Fideuram Asset Management SGR, which also monitors the financial and ESG dimensions of the underlying assets over time. Each investment is carefully monitored to measure whether sustainable investment objectives are achieved, whether it complies with good governance practices and whether it complies with the "DNSH" (do no significant harm) principle, so as to exclude adverse impacts on sustainable environmental or social investment objectives. The principal adverse effects of investment decisions, which are identified in the Sustainable and Responsible Policy as priorities, are also considered within the time limits and in the manners provided for by law.

The Fogli Fideuram platform also has two lines that pursue sustainable investment objectives and which fall within article 9 of the SFDR:

- **Foglio Impact Allocation** is part of the Advisory family Politica Sostenibile and its objective is to invest in assets with both environmental sustainability objectives such as improving climate impact through the use of alternative energy and energy efficiency, low impact in the use of natural resources such as water and soil, in the waste production/cycle and effects on biodiversity, and social sustainability objectives such as services related to education, treatment of major diseases and nutrition. The Folio has an active investment strategy and is benchmarked to the product objectives, composed of a set of both equity and bond indices that implement a construction methodology that combines criteria for the exclusion of controversial sectors, "best in class" screening of constituents and selection of companies that have a share of their assets allocated to projects with a positive environmental and social impact;
- **Foglio Equity Net Zero Emission** is the portfolio management service falling within the "Classe" family of products, which aims to achieve specific environmental objectives that will positively and measurably impact on reducing carbon emissions as part of a transition to a green, low-emission economy. The strategy aims to reduce carbon emissions to at least 30% below the MSCI World Index and to achieve a year-on-year decrease of at least 7%. The environmental and social features of the service are demonstrated through its investment strategy which brings together sustainability assessments carried out on third-party UCIs by means of dedicated analysis using one or more qualitative and quantitative ESG indicators. This allows for a binding and meaningful sustainable approach aimed at maintaining sustainability over time and reducing sustainability-related risks. The MSCI World Climate Change Net Total Return Index, expressed in US dollars and converted into euros at the WM/Reuters exchange rates, is the benchmark for achieving this strategy's sustainable investment objective. This benchmark can be classed as an "EU climate transition reference index" pursuant to Regulation (EU) 2019/2089 on account of the methodology used by the provider in building the portfolio, in which underlying assets are selected, weighted or excluded based on decarbonisation-oriented criteria.

INSURANCE PRODUCTS

The issue of sustainability is also becoming increasingly important for insurance-based products. The Intesa Sanpaolo Group's insurance companies are committed to disseminating sustainable insurance and financial products, as set out in the Sustainability Policy adopted by the Group.
During 2022, the sustainable component continued to grow in importance within the investment universes of policies both through a targeted selection of external funds and through the development of internal funds that comply with Articles 8 and 9 of the SFDR.
The most interesting solutions include the new multi-line Fideuram Vita Futura policy developed for Fideuram Vita, which is aimed at customers of the Fideuram, Sanpaolo Invest and IW Private Investments networks, as well as the Unit Linked Selezione Private Pro policy developed for Intesa Sanpaolo Life, which is aimed at customers of the Intesa Sanpaolo Private Banking Network. Both policies are characterised by internal and external fund selections strongly geared to the ESG dimension.

NON-MANAGED ASSETS

The non-managed assets component is also involved in the search for sustainable investment solutions. As part of its Equity Protection certificate offering, Fideuram has carried out, in collaboration with Intesa Sanpaolo Group issuers, a number of primary market placements of Certificate Equity Protection over ESG underlyings such as iStoxx Europe 600 ESG and MIB ESG. In 2022, the search for investment solutions that can satisfy customers' sustainability preferences was stepped up, laying the ground for bond and other issues capable of meeting the investment needs of customers who want to adopt an approach that is in keeping with their interest in environmental and social protection as well as good governance.

MAIN IMPROVEMENT OBJECTIVES FOR 2023

Investment funds and Discretionary accounts
ESG products and services were further expanded to enhance the investable universe available to managers and customers.

Insurance products
The investable universe of insurance products will continue to grow with tools grounded in sustainability and responsibility, as well as sustainable products.

Non-managed assets
Based on market performance, some new issues of Intesa Sanpaolo and third parties will be offered taking ESG criteria into account.

THE FINANCIAL SYSTEM AND OTHER INSTITUTIONS

Fideuram and its subsidiaries are members of a number of industry associations in their respective fields, including the Italian Banking Association (ABI), Italian Association of Investment Advisory Companies (Assoreti), the Italian Association of Joint Stock Companies (Assonime), the Italian Private Banking Association (AIPB), the Italian Association of Fund Managers (Assogestioni) and the Italian Fiduciary Services Association (Assofiduciaria).

CORPORATE EVENTS

SALONE DEL RISPARMIO

The partnership continues with Salone del Risparmio, the biggest event in Italy dedicated to the savings, investments and financial advice. Now in its 12th edition, last year's theme was: "**Human, Responsible, Digital. Economic and social development in the coming decade**". On the first day of the event, Fideuram Asset Management SGR held a conference entitled "**The beauty of human capital**". The forum was hosted by journalist and TV and radio presenter Francesca Fagnani and featured Tommaso Corcos (CEO and General Manager of Fideuram - Intesa Sanpaolo Private Banking), Gianluca Serafini (CEO and General Manager of Fideuram Asset Management SGR), Italian film director, screenwriter and actor Mimmo Calopresti and Father Nicola Riccardi (former Under-Secretary of the Dicastery for Promoting Integral Human Development and Professor of Economic Ethics at the Pontifical Antonianum University in Rome). The conference was attended by more than 700 people.

CONSULENTIA

Consulentia, an event for financial advisors organised by Anasf and now in its eighth edition, was again held in Rome from 6 to 8 April, at Auditorium Parco della Musica. Just as in previous editions, Fideuram was there as a sponsor with its own dedicated stand. The event saw more than 5,000 admission over three days.

ASSOCIAZIONE ITALIANA PRIVATE BANKING (AIPB)

The XVIII **Private Banking Forum** was held on 23 November, this time in person at the Italian Stock Exchange, with an accompanying digital format. This year's edition was entitled: "**Trust. Innovation. Protection: the value of Private advice**". Fideuram and Intesa Sanpaolo Private Banking were among the sponsors of the event. Video interviews with Fabio Cubelli, Andrea Ghidoni and Gianluca La Calce on the theme of the 2022 Forum have been published.
The XVII edition of the Private Banking Forum was hosted by Radio 24 journalist Debora Rosciani, with speakers including AIPB chairman Andrea Ragaini and other leading personalities in the areas of private banking, public institutions, the Italian private sector and strategic consultancy.
One particular in-depth analysis was introduced and moderated by Andrea Ghidoni, as Vice Chairman of AIPB.

3.8.6 **Natural** Capital

Natural capital includes the processes and environmental resources which contribute to generating goods and services for the Group's business.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Climate Change Impact of climate change **Consumption of natural resources** Responsible use and management of natural resources (water, diesel, methane, electricity) **Development and distribution of sustainable (ESG) investments** Inclusion of ethical, social and environmental criteria in evaluation of investments (e.g. green bonds, mutual funds and discretionary accounts) Governance of ESG themes Dissemination of the ESG culture	The goal of creating value consistent with sustainability policies is a guarantee for maintaining and enhancing environmental and community wellbeing	Environmental protection is one of the key areas of the Group's commitment to social responsibility identified in the Code of Ethics. The Group can significantly impact environmental sustainability in its field of operations both in the short and long term. This impact is derived from the consumption of resources, the generation of emissions and waste directly linked to its business (direct impacts) and activity and behaviour no directly controlled by the Group but rather carried out by third parties with whom the Group relates (indirect impacts). This approach ensures full compliance with environmental legislation; the resources necessary for the Group's business are consumed mindfully; innovative and effective environmental solutions are sought, including by offering specific products and services to customers; environmental and social responsibility are understood to extend throughout the supply chain, leading suppliers that have environmental and human rights protection in place to be positively evaluated. The "Environmental and Energy Policy Rules" express a commitment to sustainable development by renouncing waste, by adopting solutions to progressively boost efficiency, by being attentive to the environmental consequences of choices made and by facilitating supply systems that do not negatively impact the environment. As part of its environmental protection initiatives, the Group is committed to the responsible procurement and use of goods and services, which must comply with the environmental requirements identified for the various phases of procurement. This approach aims to identify the best design solution, product or service throughout the life cycle from an environmental perspective, taking into account market availability. The "Banking Procurement Rules" define the minimum environmental criteria that must be met for the procurement of paper, toner, stationery, office machinery and building renovations. The Group is committed to constantly monitoring business processes to ensure increasingly efficient, responsible and green consumption, with the aim of reducing its environmental impact.

THE ENVIRONMENT

Following Intesa Sanpaolo's environmental guidelines and rules, the Fideuram Group's environmental policy aims to contain and rationalise energy consumption with the reduction in pollutant emissions, paper consumption, waste production and management, and water, electricity and gas consumption in order to make a positive contribution to sustainable development consistent with environmental protection and awareness of current climate changes. The growing attention paid to the possible consequences of climate change has led to a greater awareness among the financial institutions on the need to develop a specific understanding of the risks and opportunities associated with it.
Climate change represents a complex challenge that will inevitably have a severe impact on the future of the planet and society. Climate change is the reason behind the increase in extreme natural events and has permanent effects that may result in considerable economic, environmental and social costs. Such events, that can generate a loss of wealth and revenue for businesses and households, have a potential impact on the financial system. Banks have a key role and prominent responsibilities with respect to the climate change issue because they can guide loans and investments towards businesses that are environmentally virtuous and work from a perspective of improved awareness and containment of risks. This is the context in which the Fideuram Group develops its commitment, which is manifested in the desire to:

- **Reduce the direct impacts on the environment of Group activities** relating to:
  - **ATMOSPHERIC EMISSIONS**
    The mitigation and containment of CO_2 emissions plays an important role in the company policies, and certain specific actions have been identified over the medium term in the Intesa Sanpaolo Climate Change Action Plan, aimed at reducing the environmental footprint.
  - **ENERGY**
    The Group is continuing to improve energy efficiency through using renewable sources and eliminating waste, controlling and monitoring both direct and indirect impacts.
  - **PAPER**
    The Group also pays particular attention towards paper consumption, both when purchasing paper by privileging ecological paper (recycled and certified by responsible sources) and implementing policies of paper document digitalisation, as well as in the final phase of recycling by raising awareness and spreading environmental consciousness among all concerned.
  - **WASTE**
    In line with applicable legislation, the Fideuram Group disposed of hazardous and non-hazardous waste in a correct manner.
- **Increase indirect positive impacts and monitor and reduce negative indirect impacts, in particular:**
  - **ENVIRONMENTAL IMPACTS OF INVESTMENTS**
    The Group is committed towards developing and promoting financial products with ESG characteristics to be placed with customers, and with the subscription of green bonds.
  - **ENVIRONMENTAL IMPACTS OF THE SUPPLY CHAIN**
    Suppliers are also selected by using compliance with ESG issues as a criterion.

NET-ZERO BANKING ALLIANCE AND NET-ZERO ASSET MANAGERS INITIATIVE

Intesa Sanpaolo have joined the Net-Zero Banking Alliance, promoted by the United Nations Environment Programme Finance Initiative (UNEP FI) that brings together banks from all over the world committed to achieving the goals set by the Paris Climate Agreement. By joining the Alliance, the Intesa Sanpaolo Group has committed to zero net emissions by 2030, ahead of the 2050 target set by the Alliance, with reference to both its own emissions and those relating to its loan and investment portfolios.

The Fideuram Group is also committed to eliminating emissions by having its three asset management companies, Fideuram Asset Management SGR, Fideuram Asset Management (Ireland) and Asteria Obviam, directly participate in an initiative dedicated specifically to asset management companies: the Net-Zero Asset Managers Initiative.

The first step was to analyse and identify the assets to which the target of achieving net-zero emissions by 2050 would apply, with the aim of increasing the percentage of those assets over the years until reaching 100% by 2050. An intermediate target for 2030 has already been set, with the aim that "in-scope" assets will see a halving of CO_2 emissions. This objective has been validated as feasible by applying the decarbonisation charts shown in the models developed by leading research institutions such as the OECM (One Earth Climate Model) and the SBTI (Science Based Target Initiative) according to the sector of each issuer.

In order to achieve net emissions, the Group's product companies are firmly committed to increasing investments in climate solutions over time and will work by fostering awareness and proactive collaboration between asset managers and investee issuers, through targeted Engagement and Stewardship activities, that underpin the acceleration and awareness of issuers towards net zero transition.

The intermediate objectives, which aim for managed assets to achieve net-zero greenhouse gas emissions by 2050, are divided into four lines of action:

1. Asset Level Alignment Target, where asset managers identify the In-Scope Portfolio of assets that will be managed

with the aim of achieving climate neutrality by 2050. The In-Scope Portfolio of Fideuram Asset Management SGR amounts to €7.9bn, which is equivalent to 13.9% of its Client Assets, while that of Fideuram Asset Management (Ireland) stands at €13.1bn, equivalent to 29.8% of its Client Assets.

2. Portfolio Level Reference Target, which sets out the intermediate In-Scope Portfolio targets for 2030. Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) have expressed their ambition to halve their financed emissions by 2030 - expressed in terms of intensity - compared to the baseline year (2019), as requested by the IPCC (Intergovernmental Panel on Climate Change). Among other things, this involves investing in climate solutions and Stewardship & Engagement activities.
3. Stewardship and Engagement Target, which involves a commitment to establish solid interaction plans with investee companies focused on encouraging them to implement effective decarbonisation paths. In this respect, Fideuram Asset Management SGR has assessed that it must take action with 53 companies by 2025 to reach the goal of covering 70% of financed emissions and with 165 companies by 2030 (to reach 90% of financed emissions), whereas Fideuram Asset Management (Ireland) must do the same with 66 companies by 2025 (70% of the financed emissions) and 195 by 2030 (to cover 90% of financed emissions).
4. Investment in Climate Solutions, whereby signatories commit to increasing their investment in eco-sustainable activities. To define this target, the companies have taken into account Green Bond financed projects, estimating that by 2025 approximately 1% and 4% of their respective Client Assets will be invested in Green Bond financed projects.

In October 2022, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) set intermediate targets aimed at having their managed assets achieve net-zero greenhouse gas emissions by 2050, thus receiving the approval of the NZAMI.

In order to support the decision-making process aimed at setting the targets for reducing CO_2 emissions, the Fideuram Group participated in the process of drafting Intesa Sanpaolo's new Own Emission Plan, which involved all internal functions and subsidiaries in order to identify the necessary actions.
Based on the guidelines of one of the most important internationally recognised reference standards, the Science Based Target (SBTi) initiative, and taking into account the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) and the provisions of the GRI, in the 2022-2025 Business Plan Intesa Sanpaolo has identified the following targets to be achieved by 2030:

- Scope 1 and 2 emissions: 0%;
- Purchase of electricity from renewable sources: 100%.

HAPPY BIRTHTREE
Fideuram has continued its initiative of giving each employee a tree for their birthday, which they adopt and track the tree's growth.

This is how the "Foresta Fideuram - Intesa Sanpaolo Private Banking" was born in Guatemala and Peru, a tangible contribution to the fight against the climate crisis in countries that have lost 20% of their forests in the last 20 years alone due to anthropic causes. Deforestation not only accelerates the concentration of CO_2 in the atmosphere, aggravating the climate crisis, but also destroys the places inhabited by indigenous communities.

Planting trees in countries such as Guatemala and Peru means actively participating in the fight against global warming and providing economic and food stability for local families.

Each tree will be identified by a unique QR code and thanks to an innovative tracking system it will be possible to monitor its growth, know its position and have periodic photographic updates.
Since 2021, approximately 7,500 trees have been planted in Peru and Guatemala, compensating for a total of 2,747.5 Ton/CO_2.

ATMOSPHERIC EMISSIONS

The correct and systematic quantification and reporting of greenhouse gas (GHG) emissions enables the Fideuram Group to check the results of the actions it undertakes to reduce emissions, so as to contribute towards a reduction in global pollution. In 2022, consumption and emissions declined thanks to the delivery of the actions set out in the Own Emission Plan for continued energy efficiency improvement and an increase in the renewables procurement.

The reduced consumption of thermal and electrical energy in 2022 also appears to have been influenced by the international energy crisis and the subsequent enactment of national regulations to contain energy consumption.

In addition, the management and governance of energy consumption in buildings in Italy continued to be developed and refined during the year. This is managed by a centralised consumption monitoring platform connected to sensors installed in buildings.

"Green Banking Procurement" legislation has been in application, with special chapters on renewables procurement and eco-friendly building renovations.

(tCO_2 eq.)	2022	2021	2020
SCOPE 1 EMISSIONS			
Direct emissions: total	2,697	3,115	2,142
SCOPE 2 EMISSIONS			
Total indirect emissions Market	177	339	341
Total potential indirect emissions Location	5,721	6,387	5,524
SCOPE 3 EMISSIONS	**2,672**	**2,676**	**n/a**
Total business travel emissions	803	581	n/a
Total paper emissions	151	170	n/a
Total waste emissions	16	10	n/a
Total office machine emissions	495	607	n/a
Total energy carrier emissions	742	888	n/a
Total transport values emissions	465	421	n/a

N/A: data not available.

The figures for 2022 were restated to take account of changes in the scope of consolidation. The figures for 2021 and 2020 were not restated.

The GHG emissions are reported in line with the international Greenhouse Gas Protocol and the Guidelines on the application of GRI Standards for the environment.

The reported indicators are:

- Scope 1 direct emissions, namely those produced by sources belonging to the Group and referring to the use of fuels for heating and from company vehicles;
- Scope 2 indirect emissions, namely those produced indirectly by the Group but over which it has no direct control and relating to centralised air conditioning systems and acquired electricity. These emissions in turn are broken down into Market-based and Location-based. The Location-based method highlights the effective emission reductions resulting from energy-efficiency improvement programs without taking into account the benefits arising from the purchase of energy from certified renewable sources (Market-based);
- Scope 3 other indirect GHG emissions are a consequence of an organisation's activities, but are produced from sources not owned or controlled by the organisation and include both upstream and downstream emissions. Examples of Scope 3 activities include the extraction and production of procured materials, the transportation of procured fuels in vehicles not owned or controlled by the organization, and the final use of products and services. Other indirect emissions may also be the consequence of the decomposition of the organisation's waste. Process-related emissions from the manufacture of procured goods and fugitive emissions in plants not owned by the organisation may produce indirect emissions.

ENERGY

During 2022, electric power consumption totalled 76,547 GJ, natural gas (methane) consumption 30,531 GJ and fuel oil consumption 2,218 GJ, down compared to last year. The percentage of electricity procured from sustainable sources rose from 98.9% to 99.9%, in line with Group targets.

		2022	2021	2020
TOTAL ENERGY CONSUMPTION				
Total energy consumption	GJ	109,647	124,295	63,340
- of which supplied from renewable sources	*GJ*	*76,509*	*78,658*	*63,340*

		2022	2021	2020
ELECTRIC POWER CONSUMPTION				
Total electric power consumption	GJ	76,547	79,573	64,487

		2022	2021	2020
NATURAL GAS CONSUMPTION				
Natural gas consumption (methane)	GJ	30,531	42,027	30,502

		2022	2021	2020
FUEL OIL CONSUMPTION				
Fuel Oil Consumption	GJ	2,218	2,696	2,361

PAPER

In 2022, Group companies consumed a total of 216 tonnes of paper. 87% of the paper used is environmentally friendly (100% recycled paper and 37% Forest Stewardship Council (FSC) certified paper from sustainably-managed sources) with a pro capita consumption of 38 kg.
During 2022, the trend in paper consumption benefited from flexible work patterns and a change in mentality caused by the pandemic, during which printing was reduced to a minimum. The upgrading of our digital document system continued with the consequent dematerialisation of a larger quantity of documents through expansion of the range of application of that system, the use of online statements and reporting for customers and the use of biometric signature extended to the distribution networks as well as to other Group units.

		2022	2021	2020
Total paper consumption	tons	216	239	168
Pro-capita paper consumption	kg/employees	38	46	39

THINK GREEN
recycle paper: a concrete commitment

The Fideuram Group decided to strengthen its contribution to the environmental protection by promoting the use of **recycled paper**, as also highlighted in the Green Banking Procurement Rules *"the Group supports the responsible management of forests, the protection of biodiversity, the integrity of ecosystems and the preservation of long-term benefits for forest communities. To promote these practices in relation to paper, the Group undertakes to use paper and products containing 100% recycled fibres."*

To this end, commencing **1 December 2022**, the Fideuram Group will use only recycled paper in all offices, including branches. This is aimed at encouraging virtuous in-house behaviour and good practice that can also contribute to sustainable development across the entire region.

OTHER RESOURCE CONSUMPTION

Water consumption

Water resources are mainly used by the Group for civil purposes. The water used came from the public water supply or other water supply companies. Water consumption totalled 124,104 m^3 in 2022, with pro-capita water consumption of around 22 m^3, which is down on the previous year.

		2022	2021	2020
Total water consumption	m^3	124,104	127,948	96,427
Pro-capita water consumption	m^3/employees	22	25	22

A FLASK FOR THE ENVIRONMENT

In an effort to positively impact the environment and to play an active role in spreading best practices on issues of environmental protection, Fideuram Group employees have been gifted a thermal flask to reduce their use of single-use plastic bottles. As well as constituting good practice in environmental and sustainability terms, this effort will also increase the wellbeing of employees as they will be able to carry their water about wherever they go. The flask features the Group's logo and its purpose: TOGETHER, HORIZONS NOT BORDERS.
The flask has become a symbol that we are capable of changing even our oldest habits and instead forming new habits that benefit the world that we live in and which we must learn to protect.

Energy Corners have also been introduced, providing break areas with a relaxation corner and refreshment services, as well as microfiltered water dispensers for employees to refill their flasks.

Waste

The Group scrupulously implements Italian waste disposal regulations with a view to more effectively controlling the disposal of special waste. The system makes it possible for the entire waste chain to be computerised, simplifying procedures and compliance, and reducing costs. The Group also complied with municipal waste disposal directives, adopting suitable processes and procedures for separate waste collection.

During 2022 the Group generated 199 tonnes of waste (35 kg per employee), including 190 tonnes of non-hazardous special waste and 9 tonnes of hazardous waste. Used toner cartridges and hazardous and/or special waste (fluorescent tubes and batteries etc.) were disposed of separately and appropriately, in accordance with current regulations, using specialist companies and maintaining the related compulsory registers and documentation.

		2022	2021	2020
Total waste	tons	199	191	98
Total waste pro-capita	kg/employees	35	37	33
Total special waste (non-hazardous)	tons	190	186	96
Total hazardous waste	tons	9	5	2

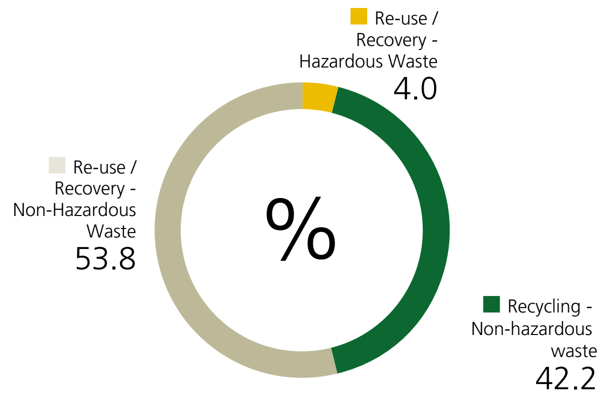
Waste management, including collection, transport, recovery and disposal at sites outside the organisation, is carried out by third parties in compliance with the provisions of the reference standards and current legislation. Only 8.6% of the waste generated was directed to disposal (82.9% of which was sent to landfill), while 91.4% was exploited through processing for reuse, recovery or recycling.

The following table provides the breakdown waste directed to or diverted from disposal:

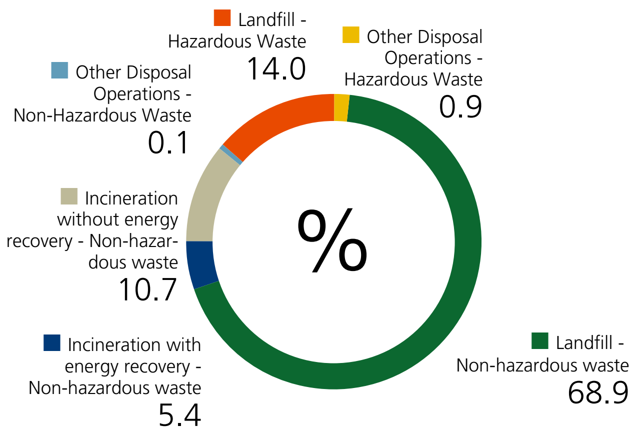
(tonnes)

	2022	2021
Paper and cardboard	74	107
Cartridges, tapes and films	2	2
Office machinery	82	62
Cathode ray tube monitors, plasma, LCD	7	4
Other types	17	6
Total waste diverted from disposal	**182**	**181**
Cartridges, tapes and films	1	1
Office machinery	8	6
Cathode ray tube monitors, plasma, LCD	3	1
Other types	5	2
Total waste for disposal	**17**	**10**
Total waste	**199**	**191**

Forms of disposal of waste diverted from disposal



Forms of disposal of waste directed to disposal



MAIN IMPROVEMENT OBJECTIVES FOR 2023

Our main improvement objectives include the following:

PAPER, WASTE, TONER

- Introduction of the possibility of using recycled paper for certain types of documents in addition to the certified paper already in use.
- Raising awareness of the use of digital and electronic signatures with a consequent reduction in the consumption of toner and paper, with a reduced output of material to be disposed of.
- Raising internal and external staff awareness of the need to increase the use of documents in digital format.
- Continuation of the initiative to achieve the paperless process with the creation of editable PDF documents.
- Dematerialisation of forms for customers to sign for more investment products.

ENERGY

- Complete the installation of electrical systems and latest generation air conditioning systems permitting the containment of energy consumption and the reduction and replacement of existing systems in the branches and offices of Personal Financial Advisers.

3.9 Events after 31 December 2022 and outlook

There were no significant events after the reporting period requiring any changes to be made to the consolidated financial statements at 31 December 2022.

The Boards of Directors of Intesa Sanpaolo, Fideuram, Fideuram Bank (Luxembourg) and Compagnie de Banque Privée Quilvest (CPBQ) held in July 2022 approved, for the part that regards each, the reverse merger between Fideuram Bank (Luxembourg) and CBPQ subject to obtaining clearance from the supervisory authorities. The merger application was authorised by the European Central Bank/CSSF on 30 November 2022. Consequently, the extraordinary general meetings of Fideuram Bank (Luxembourg) and CBPQ held on 1 January 2023 approved the merger with effect from that date. The statutory and accounting effects of the merger took effect on 1 January 2023 accordingly. Despite the simplified procedure used for the merger and the resulting continuity in accounts (as it was between consolidated companies), the merger required a capital increase by the acquiring company and the subsequent cancellation of the treasury shares resulting from the merger in return for the cancellation of the equity investment. The articles of association of CBPQ were amended accordingly, which included rebranding the acquiring company as "Intesa Sanpaolo Wealth Management".

Once the capital increase was completed on 3 February 2023, Fideuram had increased its investment in Alpian S.A. from 14.9% to 23.7% of share capital. This brought the total stake in Alpian, together with that of Reyl, to 35%.

Developments in the miliary conflict between Russia and Ukraine are unlikely to affect the Group's economic and financial outlook due to the limited extent of business in both countries. Any decisions that may be taken at EU and international level, and their possible repercussions on operations. The revenue development policies and the size of Client Assets (which are continuing to generate recurring commission income), together with cost control measures and the constant focus on risk management, will allow our Group to end 2023 with greater profits than in 2022.

Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest - Bologna Office

Fideuram - Intesa Sanpaolo Private Banking is a subholding company of the Intesa Sanpaolo Banking Group

Fideuram heads the Intesa Sanpaolo Group's **Private Banking Division**, comprised of the companies providing the Group's **financial advisory**, **asset management** and **fiduciary services**.

4. Governance

4.1 The values and history of the Group

Fideuram has adopted the Intesa Sanpaolo Group's Code of Ethical Conduct as part of a comprehensive vision of social and environmental responsibility centred on strong relationships with its stakeholders.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Business Integrity Doing business ethically Transparency and clarity in management of decision-making processes Managing conflicts of interest Remuneration and compensation policies for members of the Board of Directors Business Codes of Conduct **Risk management** Monitoring business risks (credit, market, liquidity, operational, legal and tax risks) Monitoring climate change risks (transitional and physical risk) **Compliance** Regulatory Compliance Updating rules and regulations Anti-money laundering and anti-corruption policies Anti-collusive and anti-trust policies	The Fideuram Group deems it of fundamental interest that its own activities be operated in full compliance with the rules and with internal and external regulations and codes of conduct as a cornerstone for the trust placed in us by customers.	The Fideuram Group has prepared a Model of Organisation, Management and Control compliant with Italian Legislative Decree 231 of 8 June 2001. The Group prepared the Model in light of existing laws, regulations, procedures, and control systems, to the extent that they also provide appropriate measures to prevent crimes and unlawful conduct in general, including the acts listed by the Decree. The Group has taken the greatest care in defining its organisational structures and operational procedures, both in order to assure efficient, effective, and transparent management of its activities and assignment of responsibilities, and to reduce dysfunctions, malfunctions, and irregularities to a minimum.

The Code of Ethical Conduct is a voluntary self-regulatory tool and an integral part of the Corporate Social Responsibility management model. It contains the mission, corporate values, and principles that govern relations with stakeholders, beginning with the corporate identity, and is an integral part of the regulatory framework that governs the various levels of Fideuram Group operations. The Group's internal Code of Conduct is issued in accordance with the values and principles contained in it. That Code defines the fundamental rules of conduct for directors, employees and independent contractors in view of fulfilling and protecting those values.
The model for implementation of the Code of Ethical Conduct is based on the self-policing of the organisational units that pursue and defend the reputational value of socially responsible conduct. The annual reporting of non-financial information contained in the Integrated Annual Report of the Fideuram Group, presents to the stakeholders the initiatives and indicators connected with topics of importance to them, fulfilling the commitments made in the Code of Ethical Conduct.
Any violations of the Code that do not involve fraudulent acts or violations of specific provisions of law are subject to mandatory measures based on a constructive approach aimed at heightening individual sensitivity and care for the values and principles affirmed in the Code.
Reports on violations of the Code are handled at the level of Intesa Sanpaolo in collaboration with the structures involved.
Group's growth strategy aims to create value that is solid and sustainable from economic, financial, social and environmental standpoints, built on the trust of the stakeholders and based on the principles of Code of Ethical Conduct and on the values that have always distinguished Fideuram's culture and tradition.

Fideuram Group defined its own Purpose by identifying its five core values:

COURAGE
DECIDING TO CREATE THE FUTURE
We are future-oriented, which is why, with respect for our history, we persevere in the responsible search for innovative, forward-looking and engaging solutions

INCLUSION
THE POWER OF DIVERSITY
We create the conditions for everyone to express themselves to the fullest, because we need everyone's talents

TRUST
THE BOND THAT CREATES VALUE
We cultivate a 'valuable asset' that, through words and deeds, generates mutual credibility, satisfaction and well-being

UNION
STRONGER TOGETHER
Feeling united expresses the essence of who we are, guides us in recognising the right and consistent choices and strengthens us in facing the challenges of the present and the future together

GROWTH
THE AMBITION OF THE COMMON GOOD
We create the shared well-being of today and tomorrow, striking a balance between ambition and sustainable growth over time, with a special focus on younger generations

The Code of Ethical Conduct, set up as a real "Charter of Relations" with all stakeholders, has contributed to explaining the values and principles of conduct resulting from that Code, and specifically in regard to:
- support for the human rights affirmed in the Universal Declaration of Human Rights and subsequent international conventions;
- protection of the fundamental rights contained in the eight conventions of the ILO (International Labour Organization);
- recognition of the principles set out in the 2006 United Nations Convention on the Rights of Persons with Disabilities;
- contribution to the fight against bribery and corruption, by supporting the guidelines issued by the OECD and prescribing zero tolerance for any episodes that might occur.

The Intesa Sanpaolo Group recognises the fundamental principle enshrined in the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, which obligates businesses and individuals to respect, protect, and promote human rights and fundamental freedoms. Intesa Sanpaolo adheres to the Global Compact and the Women's Empowerment Principles promoted by the UN, which set out guidelines for companies with the aim of promoting gender equality and women's professional development in the workplace. Intesa Sanpaolo is also a member of the UNEP Finance Initiative (UNEP FI), which is built on principles that pursue eco-compatible sustainable development.
In view of implementing these concepts, a document entitled "Principi in materia di Diritti Umani" (Human Rights Standards) has been issued.
Consequently, Fideuram is committed to promoting respect for human rights in all situations where it recognises any effects of its own activity. The implementation and gradual extension of human rights protection is monitored through:
- analysis of the areas of impact on and contingent risks to human rights, which emphasises the most exposed areas in light of the International Bill of Human Rights and the eight principal ILO conventions;
- training sessions for employees tailored to their assigned tasks, roles, and responsibilities;
- reporting of non-financial information, which calls for engaging the participation of stakeholders and defining improvement targets, associated measurement indicators, and results of monitoring activity.

1968

Fideuram was acquired by Istituto Mobiliare Italiano (IMI) in order to operate in the mutual fund sector, taking over the business of International Overseas Services (IOS). Fideuram offered Italian investors the Fonditalia and Interfund "historical" Luxembourg mutual funds through a Network of approximately 300 Personal Financial Advisers.

1984

Fideuram started offering its first Italian mutual funds: Imirend and Imicapital.

1992

Banca Fideuram was formed through the merger of two companies in the IMI Group: Banca Manusardi, which was listed on the Milan stock exchange, and Fideuram.
The shares continued to be listed under the new company name.

Net profit	€12.3 m
Client Assets	€14,505 m
Personal Financial Advisers	2,206 no.

1996

Net profit	€78.0 m
Client Assets	€20,317 m
Personal Financial Advisers	2,729 no.

Banca Fideuram was included in the MIB 30 Italian blue-chip index.

1997

Banca Fideuram launched a personalised financial planning service benefiting from an advanced technological platform to the advantage of its customers.

Net profit	€107.4 m
Client Assets	€25,440 m
Personal Financial Advisers	2,813 no.

1998

Net profit	€152.0 m
Client Assets	€32,167 m
Personal Financial Advisers	3,168 no.

Establishment of the subsidiary Fideuram Bank (Luxembourg).

2002

Banca Fideuram acquired Sanpaolo Invest SIM.

Net profit	€145.4 m
Client Assets	€46,729 m
Personal Financial Advisers	3,520 no.

2006

Net profit	€224.4 m
Client Assets	€67,591 m
Personal Financial Advisers	4,216 no.

Eurizon Financial Group (controlled directly by Sanpaolo IMI) launched a public purchase offer to buy all the shares in Banca Fideuram.

2007

Following Eurizon Financial Group's successful public purchase offer, Borsa Italiana delisted Banca Fideuram shares from its Electronic Stock Exchange and Banca Fideuram was brought under the full ownership and direct control of Intesa Sanpaolo with the reorganisation of the Eurizon Group's business.

Net profit	€225.5 m
Client Assets	€68,574 m
Personal Financial Advisers	4,280 no.

2008

Net profit	€176.1 m
Client Assets	€60,507 m
Personal Financial Advisers	4,209 no.

Banca Fideuram celebrated a history of 40 years' leadership in its sector. A history in which the Bank's role developed from the sale of financial products to the provision of investment advisory services.

2009

The Group launched the Sei Advanced Advisory Service.
The first two Private Banking Centres were opened in Turin and Milan.

Net profit	€178.4 m
Client Assets	€67,801 m
Personal Financial Advisers	4,292 no.

2010

Net profit	€216.6 m
Client Assets	€71,591 m
Personal Financial Advisers	4,349 no.

Fideuram Vita was formed as part of the Intesa Sanpaolo Group's project to reorganise its insurance and pensions segment. Banca Fideuram took a 19.99% stake in the share capital of the new life insurance company, while Intesa Sanpaolo holds the remaining 80.01%.

2011

Banca Fideuram launched its Fideuram Mobile Solution project, further streamlining the operations of its Personal Financial Advisers and enabling them to dedicate even more time to customer relations.

Net profit	€175.1 m
Client Assets	€70,949 m
Personal Financial Advisers	4,850 no.

2012

Net profit	€205.1 m
Client Assets	€79,296 m
Personal Financial Advisers	5,082 no.

Launch of the Fideuram Campus, the Personal Financial Adviser Training School. The Banca Fideuram Group launched its first ethical investment solution for the Italian market, Fonditalia Ethical Investment, conceived in conjunction with the Italian Multiple Sclerosis Society/Foundation (AISM/FISM).

2014

The direct management of the Group's Luxembourg funds was transferred to Fideuram Asset Management (Ireland), which became the only management company for the Group's funds outside Italy. The reorganisation of the Intesa Sanpaolo Group led to the creation of a Private Banking Division, including Banca Fideuram and its subsidiaries, with the mission of serving high-end customers (Private Banking customers and High Net Worth Individuals).

Net profit	€401.9 m
Client Assets	€90,161 m
Personal Financial Advisers	5,044 no.

2015

Net profit	€747 m
Client Assets	€188,898 m
Personal Financial Advisers	5,846 no.

To enable the Intesa Sanpaolo Private Banking Division to control and coordinate all the companies necessary to provide outstanding service to high-end customers, Banca Fideuram acquired controlling stakes in Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse) – becoming the operational sub-holding company of the Division. As part of the project reorganising the Private Banking Division, Banca Fideuram changed its name to Fideuram - Intesa Sanpaolo Private Banking.

2018

The Private Banking Division launched the international development project through the establishment of a hub in Switzerland, with the acquisition of the Morval Vonwiller Group.
Siref Fiduciaria was created from the merger of Fideuram Fiduciaria into Sirefid.

Net profit	€834 m
Client Assets	€213,069 m
Personal Financial Advisers	5,995 no.

2022

On 1 January 2022, the merger by incorporation of Intesa Sanpaolo Private Bank (Suisse) Morval S.A. into Reyl & Ciè S.A. becomes effective.

In February 2022, the partial demerger of IW Bank's Banking Business Unit into Fideuram and the partial demerger of Fideuram (of a compendium substantially comprising mortgage business) into Intesa Sanpaolo both become effective. On the same date and at the end of the demerger, IW Bank was reconfigured as a financial services company and called IW Private Investments Società di Intermediazione Mobiliare S.p.A.

On 30 June 2022, Fideuram Bank (Luxembourg) completed its acquisition of Compagnie de Banque Privée Quilvest.

On 5 December 2022, the merger by incorporation of Sanpaolo Invest SIM into Fideuram (into which the Financial Advisor Network was merged) became effective.

Net profit	**€1,070 m**
Client Assets	**€327,179 m**
Personal Financial Advisers	**6,648 no.**

2021

Net profit	€1,101 m
Client Assets	€341,238 m
Personal Financial Advisers	6,594 no.

Fideuram acquired 69% of Reyl & Cie, at the same time transferring to it the entire stake held by Fideuram in Intesa Sanpaolo Private Bank (Suisse) Morval.

Fideuram acquired 100% of the share capital of IW Bank.

Intesa Sanpaolo Private Banking incorporated UBI's "Top Private Banking" business unit.

Fideuram Bank (Luxembourg) began a process of focusing its business model on the management of international private clients, which involved the sale of the Depository Bank and Fund Administration business unit to State Street Bank and the acquisition of the Wealth Management and Private Banking business unit of Intesa Sanpaolo Bank (Luxembourg).

2020

As part of the international development project of the Private Banking Division, an agreement was reached to set up a strategic partnership with Reyl & Cie, a Swiss bank that controls the banking group by the same name.

The Project for Partial Demerger of UBI Banca in favour of Fideuram S.p.A. and Intesa Sanpaolo Private Banking was approved.

Net profit	€817 m
Client Assets	€257,231 m
Personal Financial Advisers	5,741 no.

2019

Net profit	€906 m
Client Assets	€242,715 m
Personal Financial Advisers	5,834 no.

The merger of Intesa Sanpaolo Private Bank (Suisse), Morval Vonwiller Holding and Banque Morval led to the establishment of Intesa Sanpaolo Private Bank (Suisse) Morval.

4.2 Organisational structure

Fideuram's governance model provides for the following company bodies:

- the Shareholders' Meeting, which expresses the shareholder's wishes;
- the Board of Directors, appointed by the statutory Shareholders' Meeting for a period of three financial years and vested with all management powers regarding the Bank;
- the Chairman of the Board of Directors – appointed by the Board of Directors from among its members – who is the Bank's legal representative in dealings with third parties and in legal proceedings;
- a CEO, appointed by the Board of Directors, which determines his/her powers in accordance with the By-Laws;
- the General Management that, pursuant to the By-Laws, comprises a General Manager, if appointed, and one or more persons who may be appointed Joint General Manager and/ or Deputy General Manager. In accordance with the duties and competencies assigned by the Board of Directors, they execute the decisions taken by the Board of Directors and delegated bodies, managing the Bank's current business, organising its activities and deciding the appointment and assignment of personnel. The General Management, each member of which is appointed by the Board of Directors, currently comprises a General Manager (position filled by the CEO) and two Joint General Managers;
- the Board of Statutory Auditors, appointed by the Shareholders' Meeting for a period of three financial years and made up of three Statutory Auditors and two Acting Auditors, which acts in a supervisory role regarding compliance with the law, regulations and By-Laws, respect for the principles of good management, and, in particular, regarding the suitability of the organisational, administrative and accounting solutions adopted by the Bank and their operation in practice. The Board of Statutory Auditors also performs the duties of a Supervisory Board pursuant to Italian Legislative Decree 231/2001.

The powers and operating procedures of the Company Bodies are set out in laws and regulations, in the By-Laws and in resolutions of the competent bodies. The Board of Directors has approved the Fideuram "Regulations governing the operation of the Board of Directors with respect to multiple appointments", in compliance with the internal regulations implementing the Bank of Italy Supervisory Regulations.

The statutory audit is carried out by an independent auditing firm that meets the requirements of Italian law. Fideuram has appointed EY S.p.A. as the independent auditors for its separate and consolidated financial statements for the 2021 to 2029 financial years.

Intesa Sanpaolo has made provision for the position of Manager Responsible for the preparation of the company accounts at each Group company. For the activities performed in compliance with legal obligations, the Manager Responsible, a position that is currently held at Fideuram by the Chief Financial Officer, complies with the Guidelines issued by Intesa Sanpaolo and relies on the organisational units under his supervision, including the Financial Management Governance Unit, which assist him in carrying out his duties.

Pursuant to the current Articles of the By-Laws of Intesa Sanpaolo S.p.A. and the "Intesa Sanpaolo Group Regulations", Intesa Sanpaolo's Board of Directors appoints the members of the corporate bodies and Executive Directors of Subsidiaries – including Fideuram – in compliance with the Intesa Sanpaolo Group's Policy for appointing corporate bodies of subsidiaries.

Fideuram's Board of Directors has identified the composition it considers optimal – from a quality and quantity perspective – to achieve the objectives set forth in Article 11 of Ministerial Decree No. 169/2020, which is as follows:

- In terms of size, the Bank's Board of Directors is adequately size and internally organised – taking into account the size of the Bank's financial position, income and organisation, as well as the nature and level of the risks identified – when composed of between nine and eleven Directors, including one director with executive powers so that the top management can be clearly identified, and at least three independent directors;

- it is important that the Board of Directors has a wide, diversified and complementary range of professional skills, which is achieved through the presence of: (i) Group employees with specific managerial responsibilities or specialist skills; (ii) "external" members (who bring experience, technical know-how and autonomous perspectives, thus adding value when it comes to shaping the Group's intentions);
- the Board of Directors must also be suitably diverse in terms of age, gender, tenure and place of origin;
- to ensure that the Board has the skills and professionalism suitable for its objectives, its business model, the type of activity carried out and the associated risks, all directors must have at least a basic knowledge of subjects relevant to the banking sector. In particular, for the Board to be fully effective and functional, each director must have a very good/high level of knowledge in two or more of the following areas:
  - addresses and strategic planning;
  - financial markets;
  - banking and financial activities and products;
  - organisational structures and corporate governance;
  - risk management (identification, assessment, monitoring, control and mitigation of a bank's main types of risk);
  - banking and financial sector regulation;
  - internal control systems;
  - accounting and financial reporting;
  - digital & information technology.
- as regards integrity and reputation, due consideration must be taken of any issues which arise when verifying directors' suitability, with regard to the gravity of any facts alleged (with particular regard to the statutory sanctions), the stage and degree of proceedings, the type and extent of any sanctions actually imposed, the degree of responsibility of the breaching person, intent, the significance and connection of the breach to the banking, financial, insurance sphere, frequency of the conduct, the time elapsed since the breach, cooperation with the Authorities and any remedial conduct.

The Bank's Articles of the By-Laws also provide that, from the first complete renewal of the Board of Directors after 1 January 2022, article 13 of the Articles of the By-Laws will be replaced as follows: "Article 13 - The Company is governed by a Board of Directors composed of a minimum of seven and a maximum of eleven members, as determined by the Shareholders' Meeting, in compliance with the regulatory provisions on gender balance in force from time to time and in accordance with the application procedures set forth in internal regulations. If one or more Directors leave office during the year, the others shall replace them pursuant to Article 2386 of the Italian Civil Code, in compliance with the gender balance provisions in force from time to time and in accordance with the application procedures set forth in the internal regulations".

It should be noted, in this regard, that the 35th update of the Bank of Italy Circular No. 285/2013 on "Corporate Governance" established that the number of members of the least represented gender must form at least 33% of the members of the Corporate Body.

Company Officers

Shareholders' Meeting

Board of Directors

Chairman
PAOLO MOLESINI

Acting Deputy Chairman
PAOLO MARIA VITTORIO GRANDI

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

Related Parties Committee

Chairman
GIOVANNI BATTISTA BISOGNI

MEMBERS
GIORGIO BARBA NAVARETTI
MARCELLO NALDINI

General Management

General Manager
TOMMASO CORCOS

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

Chief Financial Officer

DOMENICO SFALANGA

Board of Statutory Auditors

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.

4.3 Ownership structure

The Bank's fully paid-up share capital pursuant to article 5 of the By-Laws is €300,000,000.00 divided into no. 1,500,000,000 ordinary shares with no par value, wholly owned by Intesa Sanpaolo S.p.A., which is responsible for the Bank's management and coordination as the parent company of the banking group of that name.

Fideuram - Intesa Sanpaolo Private Banking - Registered Office, Turin
Permanent Secondary Office, Milan
Administrative Headquarters, Rome

4.4 Role of sub-holding company

Intesa Sanpaolo plays a management and coordination role, issuing directives and formulating instructions to govern company operating procedures and ensure that aligned organisational and management rules are adopted, ensuring levels of integration suitable for achieving shared strategic goals with a view to maximising value and optimising the synergies of belonging to the Group, leveraging the characteristics of its different companies.

The Private Banking Division within the Group brings together the companies providing financial advisory, asset management and fiduciary services. As part of the Business Plan 2022-2025, the Division has continued its outward growth and internationalisation process on which it embarked under the Group's previous Business Plan.

The Division's mission is to serve the high-end customer segment, creating value with products and services conceived for excellence, while ensuring the increased profitability of Client Assets through constant development of our product range and service delivery solutions, focusing on products with a high service content and introducing innovative remuneration schemes. In line with the mission and objectives Intesa Sanpaolo has assigned the Private Banking Division, Fideuram has been made the sub-holding company of its subsidiaries in the Division. In this capacity, Fideuram heads an integrated group of companies both in and outside Italy that specialise in the distribution and management of financial products. Alongside the distribution of financial products, the Group also distributes insurance and pension products provided by Fideuram Vita S.p.A., an insurance company in the Intesa Sanpaolo Group.

Intesa Sanpaolo Private Banking - Milan HNWI Office

4.5 Company management

Composition and role of the Board of Directors

The Bank's Board of Directors comprises 11 members, appointed by the Ordinary Shareholders' Meeting of 16 April 2021. The term of office of all members ends with the Shareholders' Meeting called to approve the financial statements for the reporting period 2023.
Within the Bank's Board of Directors, the title of Executive Director may only be applied to the CEO and General Manager, in consideration of their assigned duties and powers of executive management and for the direction of the Bank's business and of the Personal Financial Adviser Networks.

All the Directors have the independence of judgement required for all corporate officers by Ministerial Decree no. 169/2020. In addition, five of the them meet the requirements of independence specified in article 13 of the By-Laws and in Ministerial Decree no. 169/2020.

The specific situations listed in Article 13 of the Decree do not exist in respect of those officers and can be divided into:

a) personal conditions of the officer (the officer "is a spouse not legally separated, a person bound by a civil union or de facto cohabitation, a relative or relative-in-law up to the fourth degree") (i) of the Chairman of the Board of Directors, Management Board or Supervisory Body and of the bank's executive officers; (ii) of the heads of the bank's main corporate functions; or (iii) of all other persons specified by the provision;

b) "professional" situations of the officer (an officer shall not be considered independent if s/he: (i) is a shareholder of the entity; (ii) holds or has not held executive positions (including that of Chairman of the Board of Directors) with a shareholder of the bank (or its subsidiary) in the previous two years, or has been a member of the Board of Directors of such companies for more than nine of the preceding twelve years; (iii) has held executive positions in the entity in the preceding two years; (iv) holds the position of independent director in another bank of the same group (excluding banks between which there are relations of direct, indirect or total control); (v) has served as a member of the Board of Directors, Supervisory Body, Management Board or "common" Management of the bank for more than nine of the preceding twelve years);

c) situations of potential conflict of interest of the officer (the officer may not be considered independent if he/she: (i) holds executive positions in a company in which "an executive officer of the bank holds the position of member of the board of directors or of the management board"; (ii) has (or has had in the two years prior to his/her appointment) direct or indirect professional relationships "such as to compromise his/her independence"; (iii) has held, in the two years prior to his/her appointment, positions with local authorities (or companies in which the latter hold shares), the Government or the European Commission, has been a political representative elected to a national Parliament (and, therefore, not only to one of the two chambers of the Italian Parliament, but also to that of other countries, including non-EU countries) or to the European Parliament).

The Ministerial Decree 169/2020 also set limits on the number of offices that may be held by officers of banks of greater size or operational complexity. Specifically, such officers may hold a total number of positions in banks or other commercial companies (including the office held in the bank) equal to:

- one executive and two non-executive positions; or
- four non-executive positions.

Exemptions are also provided for, as well as arrangements for the aggregation of positions held.

On the basis of the declarations of the individual Directors concerned, all the Directors respect the limits on the total number of appointments they may hold.

In accordance with article 17 of the By-Laws, the Board of Directors is in charge of the Bank's ordinary and extraordinary management, excepting in those matters where Italian law restricts decision-making power to the Shareholders' Meeting. In particular, the Board of Directors has the authority to make decisions concerning, inter alia, general management policy, strategic policy and operations, business and financial plans and the system of corporate governance, the approval and amendment of internal regulations, the appointment of General Management, the appointment/dismissal of company audit unit managers, and the purchase and sale of equity investments.

The Board of Directors likewise has the authority to make decisions concerning the following:

- mergers and spin-offs in the cases and following the procedures provided for by applicable laws and regulations;
- the establishment and closure of secondary registered offices;
- reductions in the share capital when shareholders withdraw;
- amendments to the By-Laws in accordance with regulatory provisions.

The Board of Directors must be kept constantly informed of all decisions taken by the delegated bodies through information provided at regular intervals by the CEO and General Manager.
The Board of Directors also receives and examines the regular information provided by the company audit units, the Group Business Continuity Plan Manager and the Supervisory Board established pursuant to Italian Legislative Decree 231/2001. Meetings of the Board of Directors, which the By-Laws stipulate must as a rule be held at two-month intervals, are normally held every month.

The Board of Directors also retains sole responsibility for the following duties:

- examining and approving the strategic business and financial plans of the Bank and its subsidiaries, the Bank's corporate governance system and the Group structure, as well as formulating directives governing relations with subsidiaries;
- approving the budget and separate and consolidated monthly, quarterly, half-year and annual financial statements;
- assessing the suitability of the organisational, administrative and general accounting systems of the Bank and of its strategically significant subsidiaries put in place by the CEO and General Manager, paying particular attention to the internal audit system and management of conflicts of interest;
- delegating authority to the CEO and General Manager, and revoking such authority, specifying the limits to and procedures for the exercise of said authority;
- deciding, with the agreement of the Board of Statutory Auditors, the remuneration of Directors with special positions or duties;
- drawing up guidelines for the internal audit system in conjunction with the Internal Audit Committee, and annually assessing the system's suitability and effective operation;
- deciding, in accordance with Group policies, the remuneration of the members of General Management;
- evaluating general performance, taking into consideration, in particular, the information received from the delegated bodies and regularly comparing the results achieved with those planned;
- examining and providing prior approval for strategically, economically or financially significant transactions by the Bank and its subsidiaries, paying particular attention to situations in which one or more Directors have a potential direct or indirect conflict of interest, or, more generally, to transactions with related parties;
- reporting to the Shareholders at the Shareholders' Meeting on the work carried out and planned.

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Meetings in 2022

96% average attendance at meetings

Chairman

In accordance with the provisions of the By-Laws, the Chairman is empowered to act as the Bank's legal representative. In addition, the Board of Directors has assigned the Chairman duties of direction and coordination and non-managerial powers that are instrumental in the operation of the Bank, including:

- supervising the CEO and General Manager's implementation of the resolutions of the Board of Directors;
- acting on the decisions of the Board of Directors, having taken due note of the opinion of the CEO and General Manager, with respect to the Bank's share capital and the purchase and sale of equity investments;
- proposing the appointment and dismissal of members of General Management to the Board of Directors, in consultation with the CEO and General Manager, and specifying their duties and responsibilities;
- formulating and managing media communications, branding and charitable activities, in consultation with the CEO and General Manager.

CHAIRMAN

Paolo Molesini

Non-Executive Director

% attendance at meetings of the Board of Directors **100%**

Length of service / first appointed: **24 February 2020**

Other significant offices held:

- Chairman of Intesa Sanpaolo Private Banking S.p.A.
- Chairman of Assoreti
- Chairman of the Fondazione Querini Stampalia

Chief Executive Officer and General Manager

The CEO and General Manager is responsible for the operational management of the Bank and of the Personal Financial Adviser Networks, with full powers of ordinary and extraordinary management in accordance with the general planning and strategic policies decided by the Board of Directors, with the sole exception of those powers which by law may not be delegated and those restricted to the Board of Directors or other corporate bodies.

CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

Tommaso Corcos

Executive Director

% attendance at meetings of the Board of Directors **100%**

Length of service / first appointed: **24 February 2020**

Other significant offices held:

- Intesa Sanpaolo Group, Head of Private Banking Division
- Deputy Chairman of Intesa Sanpaolo Private Banking S.p.A.
- Member of the Board of Reyl & Cie S.A.

General Management

In line with the powers delegated to the CEO and General Manager, and in line with the broader system of delegation in place in the Private Banking Division, the Board of Directors of the Bank has appointed two Joint General Managers, assigning them responsibility for Operational and Financial Coordination, and Fideuram Business Coordination, respectively.

Each Joint General Manager is invested with specific powers to enable them to perform the duties assigned to them in their areas of responsibility and their corporate duties: powers to act proactively in an advisory and inquiry capacity, submitting proposals to the CEO and General Manager, and executive powers to implement the resolutions of the Board of Directors and the instructions of the CEO and General Manager.

Joint General Manager – Operational and Financial Coordination Area

The Joint General Manager – Operational and Financial Coordination Area, Mr. Lino Mainolfi, exercises the powers conferred by the Board of Directors to implement the coordination area's mission, which includes:

- defining the Bank's and Subsidiaries' guidelines and policies on operational and financial policies in line with the Group's corporate strategies and objectives;
- coordinating the implementation of these guidelines and policies through the relevant structures, including in the various corporate areas of the Group, and ensuring that results are achieved in economic, operational and service quality terms;
- ensuring the coordination of the activities of the Bank and its Subsidiaries in the areas of planning, capital management, finance, treasury, budgeting, tax, legal, logistics, operational services and IT, verifying compliance with the guidelines and policies in the above areas.

JOINT GENERAL MANAGER – OPERATIONAL AND FINANCIAL COORDINATION AREA

Lino Mainolfi

Appointed by the Board of Directors on **3 February 2020**

Other significant offices held:

- Member of the Board of Directors of Reyl & Cie S.A.

Joint General Manager – Fideuram Business Coordination Area

The Joint General Manager – Fideuram Business Coordination Area, Mr. Fabio Cubelli, exercises the powers conferred by the Board of Directors to implement the coordination area's mission, which includes:

- ensuring business governance in accordance with the Company's strategies and objectives by defining guidelines and policies over product marketing, distribution assets and initiatives to support sales and motivate perimeter Sales Networks;
- coordinating the perimeter Sales Networks, through the relevant management structures in accordance with the guidelines defined by the Managing Director and General Manager, and coordinating the banking network;
- ensuring the development of the perimeter Sales Network distribution model by ensuring the identification and implementation of functional actions and tools for the marketing of products and services;
- ensuring the definition of the commercial budget (annual/multi-year), and the governance of the remuneration policies and agency relationships of the perimeter Sales Networks in accordance with the guidelines defined by the Board of Directors and the Managing Director and General Manager.

JOINT GENERAL MANAGER – FIDEURAM BUSINESS COORDINATION AREA

Fabio Cubelli

Appointed by the Board of Directors on **4 May 2017**

Other significant offices held:

- General Manager of IW Private Investments SIM S.p.A.
- Member of the Board of SIREFID S.p.A.

Chief Financial Officer

The Chief Financial Officer of the Bank, Mr. Domenico Sfalanga, is responsible for pursuing the his structure's mission, which includes:

- defining guidelines and policies on planning, budgeting, management control, finance and treasury, capital management, budgeting, taxation, data governance, investor relations and rating agencies for the Bank and its Subsidiaries, in line with the Group's strategies and objectives;
- define the Bank's and Subsidiaries; guidelines and policies on proprietary finance, treasury and ALM, in line with the Group's corporate strategies and objectives and the Parent Company's guidelines;
- ensuring the optimal asset allocation of the Bank's and Subsidiaries' investments and liquidity management in euro and foreign currencies by managing the risks associated with the proprietary portfolio and ensuring the profitability of proprietary asset management and related management reporting;
- ensuring the correct and timely representation of the economic, financial and business results of the Division, the Bank and its Subsidiaries in order to measure performance and fulfil mandatory and regulatory obligations.

The Chief Financial Officer is the Manager Responsible for the preparation of accounting documents ("Manager Responsible") in accordance with "Intesa Sanpaolo's Financial and Administrative Governance Guidelines" and the "Financial and Administrative Governance Regulations of Fideuram - Intesa Sanpaolo Private Banking".

CHIEF FINANCIAL OFFICER

Domenico Sfalanga

Appointed by the Board of Directors on **2 November 2015**

UPDATING AND TRAINING MEMBERS OF THE BOARD AND DIRECTORS

The Board of Directors ensures that the Bank prepares and implements induction programmes (where necessary), and training plans for Board members as part of the induction process managed by the Parent Company Intesa Sanpaolo for members of the corporate bodies of the Group's Banks. Where instructed by the Chairman, the Board of Directors should organise and encourage Directors to participate in initiatives aimed at increasing their knowledge of the Bank's areas of business and of Group companies, of corporate trends, of the principles for proper risk management and of the regulatory and self-regulatory framework, including through formal and informal meetings aimed at deepening their understanding of strategic issues.
The induction sessions held during 2022 included one specifically dedicated to ESG (Environment, Social, Governance) topics due to their strong significance and overall relevance to the financial sector and to industry.
The Induction Board Programme set up by the Parent Company will continue into 2023 as a result of the significance that regulations (EU and national) attribute to the training tool, considering it an essential tool to ensure that banking, insurance and financial company executives have the technical knowledge required of them.
Fideuram's Board of Directors periodically receives reports from the Group's audit departments on the activities carried out and describing the assessments made, their results emerged, the weaknesses detected and the measures proposed to make good those weaknesses in the various areas of the Group.
The Board of Directors also periodically receives updates on existing anti-corruption policies and procedures, despite not participating in specific training initiatives.
Several Board members also hold positions on the Boards of leading Italian universities, foundations and third sector organisations active in social issues and in the fields of art, culture, health, education and tackling poverty. In particular, a Board Member is a member of the Board of Directors of a company that offers Advisory and Account Aggregation services on the Italian market by analysing investments also from a sustainability and social impact perspective according to ESG criteria.

SUSTAINABILITY GOVERNANCE

The Intesa Sanpaolo Group intends to further strengthen its leadership in CSR and ESG issues to become a role model in the sector. It is one of few European financial groups to have signed up to all major United Nations initiatives (such as the Global Compact and the Principles for Responsible Banking) for the financial sector as part of achieving the UN Sustainable Development Goals.

In this context, the "Guidelines for the Governance of Group Environmental, Social and Governance (ESG) Risks", endorsed by the Fideuram's Board of Directors on 5 May 2022 establish the principles and define the roles and responsibilities of the Corporate Bodies, Internal Governance Structures and the main corporate functions of Intesa Sanpaolo (as Bank and Parent Company) that are involved – in various capacities – in monitoring such risks and defining the macro-process for governing such risks. To this end, these Guidelines outline:

- the general principles for addressing and managing ESG risk;
- the tasks and responsibilities of the numerous actors involved;
- the ESG risk management model;
- ESG risk governance macro-processes;
- how Banks and Group Companies are directed and coordinated.

According to the Group's "Guidelines for the Governance of Environmental, Social and Governance (ESG) Risks", the Group must be aware of its role in fostering greater environmental and social sustainability across the economic system in line with the rapidly evolving European rules and regulations sustainability, and should adopt a medium-long term strategy and a transversal and holistic approach to ESG topics issues, grounded in:

- defining a Group ESG strategy;
- integrating ESG factors into the overall Risk Management framework;
- integrating ESG factors into the credit framework;
- including ESG factors in asset management activities;

- carefully considering ESG factors when developing policies, products and services, including in the client advisory process;
- integrating ESG risk factors wholesale when monitoring compliance risks;
- promoting a strong ESG risk culture throughout the organisation.

The Group considers the following sustainability issues to be worthy of specific attention across all business areas:

- exposure to environmental issues. The Group promotes the reduction of CO_2 emissions and the transition to a more sustainable economy both in its own operations and in those of its customers;
- involvement in sectors that are particularly critical from a social perspective. The Group promotes human rights, prohibiting any financing/investment in activities related to the manufacture of unconventional weapons, and carefully assesses exposure to companies/issuers active in the production or marketing of tobacco and gambling;
- exposure to high corporate governance risks. The Group promotes good governance practices and carefully assesses transactions involving companies with a clear exposure to such risks as part of the ESG & Reputational Risk Clearing process.

As regards investment policies and the services provided to customers, the Group is committed to:

- integrating ESG factors into investment analysis and decision-making, criteria for selecting issuers and investment management, including in relation to specific benchmarks;
- progressively expanding its ESG monitoring of financial assets and extending its range of sustainable financial products;
- promoting effective, sustainably themed investments that enable the Group can play an active role in mitigating environmental or social challenges such climate change, resource depletion, and economic and social inequality;
- making customer information clear and understandable by informing customers about financial products that have sustainable characteristics or investment objectives;
- offering customers an advisory service with a high level of protection and collecting information on sustainable investment preferences as during customer profiling.

The Private Banking Division, like the Group's other Divisions and Intesa Sanpaolo's Governance Areas, contributes to implementing strategic guidelines on the issues set out above within its remit and in accordance with the guidelines provided by the Parent Company's corporate structures.
Fideuram has also adopted the "Code of Ethics of the Intesa Sanpaolo Group", the Group's document of reference for integrating social and environmental concerns into its business processes, practices and decision-making. The Code sets out commitments for managing stakeholder relations and lays down the elements of the corporate culture and the values which the entire Group must adhere to.
Given the strategic importance that the 2022-2025 Business Plan gives to ESG issues within the Private Banking Division and due to the number and complexity of ESG initiatives, the Bank has strengthened its governance structure in this area, setting up a specific "Sustainability (ESG)" Session within the Management Committee. The Session is made up of senior managers of the Division and has the task of:

- working together to identify sustainability issues (ESG) with particular reference to aspects of Corporate Governance, Products and Investments, Business Model and Communication;
- working together to define strategic and sustainability (ESG) initiatives, taking into account the objectives of soundly and sustainably creating and distributing value among all stakeholders;
- ensuring that all technological development is consistent with the ethical principles of the Intesa Sanpaolo Group, with specific reference to artificial intelligence and machine learning;
- examining the information included in the Integrated Annual Report and adopting the principles contained in the Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC);
- ensuring that sustainability initiatives of the Intesa Sanpaolo Group and the ESG Steering Committee are coordinated and integrated with the activities of the Fideuram Group;
- proposing sustainability initiatives for the Fideuram Group, including by preparing business cases and verifying their financial sustainability and their impact on the Division's purpose and image.

In 2022, the Management Committee met four times in "Sustainability (ESG)" sessions.

Composition of the Board of Directors

OFFICE	MEMBERS	DATE OF APPOINTMENT	% OF MEETINGS ATTENDED	NUMBER OF OTHER OFFICES HELD IN THE INTESA SANPAOLO GROUP	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT AS PER BY-LAWS
Chairman	Paolo Molesini	16/04/2021	100%	1	-	X	-
Acting Deputy Chairman	Paolo Maria Vittorio Grandi	16/04/2021	69%	2	-	X	-
Deputy Chairman	Federico Visconti	16/04/2021	92%	-	-	X	-
CEO/GM	Tommaso Corcos	16/04/2021	100%	2	X	-	-
Director	Giorgio Barba Navaretti	16/04/2021	100%	-	-	X	X
Director	Giovanni Battista Bisogni	16/04/2021	92%	-	-	X	X
Director	Elena David	16/04/2021	100%	-	-	X	X
Director	Claudia De Benedetti	16/04/2021	100%	-	-	X	X
Director	Daniele Pietro Giudici	16/04/2021	100%	-	-	X	X
Director	Eliano Lodesani	16/04/2021	100%	1	-	X	-
Director	Marcello Naldini	16/04/2021	100%	3 (*)	-	X	-

(*) Marcello Naldini's term as Director of Fideuram Vita expired on 7 April 2022. On 23 December 2022, he was appointed Chairman of the Boards of Directors of NEWCO - Fondo Tematico Piani Urbani Integrati S.r.l. and NEWCO - Fondo Tematico Turismo S.r.l..

Composition by gender

Composition by age group

Composition by professional expertise of the Directors

4.6 Remuneration policies

Fideuram has adopted a traditional management and control system. Consequently, the Shareholders' Meeting has sole authority to decide the remuneration policies for Directors.

In accordance with article 2364 of the Italian Civil Code, the Shareholders' Meeting is, moreover, responsible for determining – in accordance with Group guidelines – the annual remuneration of the members of the Board of Directors it has appointed, together with any compensation payable for attending Board meetings.

The Shareholders' Meeting is also responsible for approving (i) the remuneration policies for employees and for human resources that are not salaried employees of the company, (ii) share-based compensation arrangements, and (iii) the criteria for determining the remuneration due in the event of early severance of employment or early termination of office, including any limits established for such remuneration.

The Shareholders' Meeting may also set, with the qualified majorities defined by Supervisory Regulations, a ratio between the variable component and fixed component of individual staff remuneration exceeding 1:1 but not exceeding the maximum limit set by those regulations.

In accordance with the Supervisory Regulations, the remuneration policy document is drawn up by our parent company for the entire banking group to ensure its overall consistency, provide the necessary guidance for its implementation and to verify its correct application at Group level.

The remuneration of Directors with special positions or duties is decided by the Board of Directors in accordance with article 2389 of the Italian Civil Code and in compliance with the By-Laws and the remuneration policies approved by the Shareholders' Meeting, having taken due note of the opinion of the Board of Statutory Auditors.

The CEO, as General Manager, and the Joint General Managers, are entitled to a fixed gross salary and a variable bonus, linked to the achievement of targets set in advance by the Board of Directors, in accordance with the guidelines of parent company Intesa Sanpaolo and the Supervisory Regulations regarding remuneration and bonus policies and practices.

Fideuram adopts the Group's "UpPER" performance evaluation system; This digitally-supported, employee-centred framework is used to evaluate the specific role and individual contribution of each employee. Appraisals are carried out based on three KPIs, which are communicated to managers and employees at the start of each year. In the interest of ensuring continuous dialogue during the appraisal cycle, managers can provide feedback to employees on these KPIs through a dedicated app.

On the other hand, a Managers' Performance Accountability system is used to appraise the performance of the Group's Risk Takers and Middle Management. This system uses objective and measurable, qualitative and quantitative KPIs, which are identified in line with the objectives of the Business Plan.

The Group also has short-term and long-term incentive plans in place for the entire workforce, as set out in the Remuneration Policy drawn up by the Parent Company for the entire Banking Group. These incentive plans place ESG at the heart of performance by setting specific KPIs for the Parent Company's CEO and to approximately 2,100 managers (in Italy and abroad), including top managers and managers of Fideuram, which underline the Group's commitment to sustainability and ESG.

Details of the remuneration paid to the Directors are provided in the Notes to the Financial Statements.

4.7 Internal controls system

The internal audit system is an essential core component of the Bank's corporate processes and is designed to ensure – through managing the related risks – that the Bank and its subsidiaries are managed properly with a view to achieving their stated goals and, at the same time, to safeguarding their stakeholders' interests.

Fideuram combines profitability with the informed undertaking of risks through the monitoring and management of the risks connected with the company's processes and the proper management of the Bank and its subsidiaries.

The internal audit system operates in accordance with the relevant European and Italian laws and regulations in force and, in particular, the related provisions of the European Central Bank's and the Bank of Italy's supervisory regulations, the Italian Finance Consolidation Act and the provisions implementing it issued by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Bank of Italy, as well as the internal regulations of the Intesa Sanpaolo Group.

The Bank's internal audit system, which has been organised in accordance with the law, Supervisory Regulations and international best practices, is based on a set of rules, duties, resources, processes, procedures and organisational units that aim to ensure alignment with company strategies and the achievement of the following objectives:

- due implementation of company strategies and policies;
- risk containment within the limits specified in the Bank's Risk Appetite Framework (RAF);
- protection of the value of assets and protection against loss;
- effectiveness and efficiency of corporate processes;
- reliability and security of corporate information and IT procedures;
- risk prevention regarding the Bank's involvement, including unintentionally, in unlawful activities (particularly with regard to money laundering, the lending of money at exorbitant interest rates and the financing of terrorism);
- compliance of operations with the law, supervisory regulations and internal policies, procedures and regulations.

The internal audit system plays a crucial role and involves the entire company organisation (company bodies, departments, and personnel at all levels). It is formalised by a body of "Governance Documents", which govern the running of the Bank (including the By-Laws, Code of Ethical Conduct, Group Regulations, Policies, Guidelines, Organisation Charts and the Organisational Model pursuant to Italian Legislative Decree 231/2001), and operational regulations which govern its corporate processes, single activities and related controls.

In line with the provisions of the Supervisory Regulations on internal audits (Bank of Italy Circular No. 285/2013, Title IV, Section 3), Intesa Sanpaolo approved its "Integrated Internal Audit System Regulations", which specify the internal audit system for the entire Banking Group. The Bank, which is subject to said Supervisory Regulations, has consequently both adopted the aforesaid regulations and approved its own regulations that reflect the specific nature of its operations and comply with the guidelines and decisions of Intesa Sanpaolo.

This regulations document constitutes the reference framework for the Bank's internal audit system, setting out the auditing principles and rules for the documents issued in compliance with specific Supervisory Regulations. In particular, it sets out the reference principles and specifies the tasks and responsibilities of the company bodies and units with audit duties that variously contribute to the proper functioning of the internal audit system. It also sets out the coordination procedures and information flows which promote the integration of the system.

More specifically, the company rules outline organisational solutions that:

- ensure there is sufficient separation between operating and audit units and avoid situations where there could be a conflict of interest in the allocation of responsibilities;
- are able to appropriately identify, measure and monitor the main risks assumed in the various operating areas;
- ensure that there are reliable information systems and suitable reporting procedures in place at the various different levels with governance and control responsibilities;
- enable any issues encountered by the operating units, as well as by the audit units, to be promptly reported to the appropriate levels so that they may be dealt with immediately;
- ensure appropriate levels of business continuity.

From an operational standpoint, the internal audit and risk management system comprises three levels:

1. line audits performed by the operational and business units;
2. risk and compliance audits which aim, inter alia, to ensure;
    - the due and effective implementation of the risk management process;
    - compliance with the operating limits assigned to the various units;
    - compliance of company operations with applicable regulations, including those regarding self-regulation.

   The units responsible for these audits ("Level II units") contribute to the development of the risk management policies and process. Fideuram's Level II units include the Risk Management Unit, headed by the Chief Risk Officer Area of the Bank, the Compliance and Anti-Money Laundering Units, headed by the Chief Compliance Officer of Intesa Sanpaolo, and our parent company's Internal Validation Service, which performs the risk management function duties specified in the related regulations in its areas of competence.

3. internal audits ("Level III units") that aim to identify any breaches of the procedures or of the regulations, as well as to periodically assess the completeness, suitability, functionality (in terms of efficiency and effectiveness) and reliability of the organisational structure of the other components of the internal audit system and information system (ICT Audit), at predetermined intervals to suit the nature and severity of the risks. Fideuram's Level III units include the Audit functions performed by the Chief Auditing Officer of Intesa Sanpaolo.

The company audit units that perform the required activities enjoy the necessary autonomy and independence from the operating units and have unrestricted access to company data, archives and assets in the performance of their respective duties. These units are organisationally separate from one another.

In order to ensure their independence, these units:

- have the authority, resources and competencies required to perform the duties assigned to them;
- have a budget over which they have independent control;
- have access to all company data and external data (e.g. regarding outsourced activities);
- have a sufficient number of human resources with the necessary technical and professional competencies, who receive ongoing training.

Fideuram's Integrated Internal Audit System Regulations also provide for the establishment of an Audit Coordination Committee which acts as a technical body made up of management professionals at the Bank, with the purpose of strengthening interdepartmental cooperation and coordination regarding the Division's internal audit system.

The Committee operates within the guidelines drawn up by the Company Bodies and on the basis of the operational and functional powers assigned to it by the Bank's Board of Directors.

AUDIT COORDINATION COMMITTEE

This body has the responsibility of:

- monitoring implementation and maintenance of the integrated internal audit system on a continuous basis, facilitating coordination among the audit functions and guiding the joint actions taken for this purpose;
- participating with the audit functions in the planning of activities and sharing their results and actions, facilitating standard assessment of joint findings;
- coordinating discussion of the assessments made by the corporate audit functions, including in order to decide on mutually compatible times, standards and content;
- once every six months, on the basis of the reports and activities performed by the corporate audit functions, coordinating preparation of the Integrated Tableau de Bord for the Company Bodies of the Bank on the audits of the Bank and its subsidiaries, the results of those audits, the weaknesses found both at the level of the Bank as a whole and at the level of each individual subsidiary, and the measures to be taken to eliminate any deficiencies found;
- identifying the most important issues to be brought to the attention of the CEO and General Manager;
- in the case of problems found by several corporate audit functions or falling in the same operational or risk areas, addressing the significant issues and monitoring the progress of related remedial actions;
- facilitating coordination among the audit functions in defining and updating the methods used in cross-project situations, while pursuing effective integration of the risk management process;
- facilitating the dissemination of the risk culture and audit culture in the Division.

SUPERVISORY BOARD

Fideuram adopted the "Organisational, Management and Control Model in accordance with Italian Legislative Decree 231 of 8 June 2001" (most recently updated as approved at the Board of Directors Meeting of 3 November 2022), designed to prevent the possibility of committing the offences specified in the Decree and, consequently, to rule out the Bank's administrative liability. The duty of supervising the operation, effectiveness and suitability of the Model and compliance with it, of preventing the offences specified in Italian Legislative Decree 231/2001, and of updating the Model, is entrusted to a Supervisory Board vested with autonomous powers of initiative and control that is autonomous, independent, professional and operates with continuity of action. The work, operation and duties of the Supervisory Board are, in addition to being specified in the Model, also governed by the related "Regulations governing the Supervisory Board established in accordance with Italian Legislative Decree 231/2001" as most recently approved by the Board of Directors on 12 June 2018. The Supervisory Board duties provided for by Italian Legislative Decree 231/2001 are assigned to the Board of Statutory Auditors. The Bank made this choice in accordance with the guidance given by lawmakers and the Supervisory Authority.
Article 14 of Law 183/2011 specifically permits joint stock companies to assign the duties of the Supervisory Board to the Board of Statutory Auditors in order to streamline their corporate controls. The members of the Board of Statutory Auditors are, therefore, also members of the Supervisory Board, which can also include acting auditors, who are permitted to stand in for statutory auditors – solely for performing the duties of members of the Supervisory Board – in those cases provided for by the Model, when there are causes for the suspension of statutory auditors or statutory auditors are temporarily prevented from attending or their term of office has come to an end. No acting auditor has ever needed to stand in for a statutory auditor to date. The Supervisory Board sends a dedicated report at least every six months to the Board of Directors on the suitability of and compliance with the related Organisational, Management and Control Model. The Supervisory Board held 11 meetings in 2022.

AUDIT

The Audit Department reports directly to the Board of Directors:

BOARD OF DIRECTORS

AUDIT DEPARTMENT

- it is tasked with constantly and independently monitoring the proper conduct of operations and processes within the Bank and its subsidiaries in order to prevent or detect any anomalous or risky situations or behaviour. It also assess the internal audit system and its suitability for ensuring the effectiveness and efficiency of company processes, the protection of the value of assets and protection against loss, the reliability and integrity of accounting and management information, and the compliance of operations with the policies established by the company's governance bodies and with internal and external regulations;
- it advises the Bank's corporate departments (including by participating in projects, to create value and increase the effectiveness of audit, risk management, compliance and internal governance processes;
- it supports the Supervisory Board both in ensuring that operational performance and processes are constantly and independently monitored to prevent or detect any anomalous or risky behaviour conduct or situations and in supervising compliance and adequacy of the regulations in the 231 Model;
- it ensures that the internal whistleblowing process is conducted correctly.

FIDEURAM HEAD OFFICE DEPARTMENTS AND SUBSIDIARIES AUDITING

It carries out internal audits of the Bank's central departments (including with respect to ICT processes) and subsidiaries (for which it performs internal auditing activities under outsourcing agreements), as well as for monitoring the proper performance of internal audits.

FINANCIAL ADVISER NETWORKS AUDITING

It carries out audits, on site and remotely, on the work of the Personal Financial Advisers in the Fideuram, Sanpaolo Invest and IW Private Investments networks and branches.

DOMESTIC PRIVATE BANKING AUDITING

It performs internal audits of the processes and branches of Intesa Sanpaolo Private Banking and Siref Fiduciaria, checking the effectiveness of the internal audit system.

INTERNATIONAL PRIVATE BANKING AUDITING

It performs internal audits of the processes of Reyl and Fideuram Bank (Luxembourg), checking the effectiveness of the internal audit system.

The audit activities of Fideuram are managed through a unit dedicated to the Private Banking Division of the Area of the Chief Audit Officer of Intesa Sanpaolo. Audit activities are performed on the basis of specific service contracts for Fideuram and its subsidiaries: Sanpaolo Invest (merged into Fideuram on 5 December 2022), IW Private Investments, Fideuram Asset Management SGR, Siref, Fideuram Asset Management (Ireland), Fideuram Bank (Luxembourg), Intesa Sanpaolo Private Banking and Reyl. As regards ICT process audits, these audits are carried out in conjunction with Intesa Sanpaolo's ICT Domestic Network, whereas the oversight over the two asset management companies is carried out in conjunction with Intesa Sanpaolo's Insurance and Asset Management Audit areas.

The Head of the Audit Department of the Private Banking Division, most recently appointed by the Board of Directors at its meeting on 20 June 2019, enjoys the necessary autonomy and independence from the operating departments and reports directly to the Board of Directors and Board of Statutory Auditors.

The Internal Audit Department takes a third level approach to auditing the overall functionality of the internal control system, informing the Company Bodies of possible improvements, particularly those concerning the Risk Appetite Framework (RAF), the risk management process and the tools for measuring and controlling those risks.

The Department has access to all the activities performed both at the central offices and at the branch locations. When important activities are assigned to third parties for performance of the internal control system (e.g. data processing), the Internal Audit Department has to be able to access the activities performed by those parties as well. The Audit Department submits an annual report to the Board of Directors and Board of Statutory Auditors on, among other things, the audits carried out on the important operational functions that have been outsourced.

The Department's staff have the appropriate professional know-how and skills and are guided by the best practices and international standards for professional practice set by the Institute of Internal Auditors (IIA). Internal auditors perform their activities in line with the principles contained in the Code of Ethics of Internal Auditors, which is in turn inspired by that of the IIA. In accordance with international standards, the Department undergoes an external Quality Assurance Review at least once every five years; the most recent audit began at the end of 2021, three years after the previous audit, and concluded in the first quarter of 2022. The Department was once again awarded the highest possible rating ("Generally Compliant").

The Internal Audit Department uses structured risk assessment methods to identify the existing areas of greatest interest and principal new risk factors. According to the findings of those assessments and the resulting priorities, and to any specific requests for more information made by Top Management or Company Bodies, the Department prepares and submits an Annual Plan of the activities to be taken forward during the year to the Board of Statutory Auditors for preliminary review and then to the Board of Directors for approval.

The Plan may be subject to changes during the year due to extraordinary circumstances, possible risk developments and new requests by the Corporate Bodies.

The Audit Department underpins corporate governance and ensures that the status and results of the audit system are reported to Top Management, the Corporate Bodies and the competent Authorities in a systematic and timely manner.
Any weaknesses detected are systematically reported to the relevant corporate departments so that improvements can be promptly made, followed by appropriate follow-up activities to verify their effectiveness.

The summary evaluations of the internal control system resulting from the assessments were periodically reported to the Board of Statutory Auditors and the Board of Directors. When any significant issues having financial or reputational impact are found, the Audit Department promptly notifies them to the Chairman of the Board of Directors, the Chairman of the Board of Statutory Auditors, and Top Management, presenting the related information at the earliest possible meeting of the Board of Statutory Auditors and, where necessary, of the Board of Directors.

The main weaknesses found and their evolution are added to the Tableau de Bord Audit, which is presented to the Company Bodies every quarter and highlights the current mitigation actions, the relevant persons in charge of them, and the scheduled deadlines, for the purpose of systematic monitoring.

The Internal Audit Department assures continuing activity and self-evaluation of its own efficiency and effectiveness, consistently with an internal plan for "quality assurance and improvement" prepared in accordance with the recommendations of international standards for professional audit practice. In this context, the new Strategic Audit Innovation Line-up (SAIL) for the period 2022-2025 was officially launched in 2022 in line with the new Business Plan.

In regard to the Organisational, Management and Control Model compliant with Italian Legislative Decree 231/2001, the Audit Department also provides constant and independent supervision of the proper conduct of the Group's operations and processes, monitoring maintenance of the value of activities, including those connected with ethical commitments and social responsibility. The Audit Department also reports half-yearly to the Supervisory Board on the results of the actions carried out in this respect.

WHISTLEBLOWING

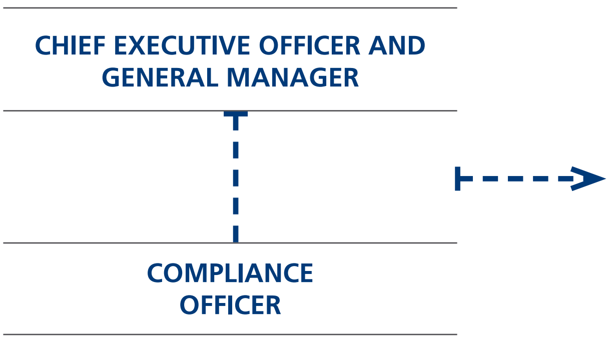
Since 2016, a system has been in place for staff to report actions or facts that may constitute violations of the rules governing banking activities (whistleblowing).

Whistleblowing, which ensures the confidentiality of the whistleblower and excludes the risk of retaliatory, unfair or discriminatory behaviour, encourages staff members (including suppliers and consultants) to report facts or behaviours of which they come to learn of that may constitute a violation of the rules governing the banking business or are connected with or instrumental to it, or other unlawful conduct.

The Chief Audit Officer is in charge of ensuring that the process runs smoothly. In 2022 the Fideuram Group received one whistleblowing report that led to the initiation of specific investigations.

COMPLIANCE

The Compliance Function, which has been outsourced to Intesa Sanpaolo, is performed by the units of the Chief Compliance Officer Governance Area. The Compliance Officer, who is autonomous from the operational units and organisationally and operationally separate from Audit and Risk Management, reports directly to the Chief Executive Officer and General Manager.



It assures monitoring of the risk of non-compliance both in regard to the operational risk component and the reputational risk component, including the risk of penalties, losses or damage resulting from misconduct with customers or which place the integrity and regular functioning of the markets at risk ("conduct risk").

The Fideuram Group considers compliance risk management to be of strategic importance, in the conviction that respect for the law and regulations, together with high standards of propriety in all business relations, are essential in banking, which is by its very nature built on trust.

The Compliance Model is governed by the "Group Compliance Guidelines" and the Bank's Implementing Regulation, adopted by the subsidiaries, which specify the reference regulatory frameworks, compliance roles, responsibilities and macro processes with a view to mitigating compliance risk through the combined action of all bank staff. The Compliance Department also has a Data Protection Officer, which performs the statutory privacy tasks required by the governance model, as described in the Guidelines on the Protection of Personal Data of Natural Persons.

In particular, the Compliance Department is responsible for determining our compliance risk management guidelines, policies and methodology rules. The Compliance Department is also responsible for identifying and assessing compliance risk, including through coordinating other units and departments, proposing organisational interventions for mitigating compliance risk, ensuring the alignment of the company bonus system, assessing the compliance of innovative projects, transactions and new products and services in advance, providing consultancy and support for management bodies and business units on all matters where compliance risk is significant, monitoring ongoing compliance conditions, and fostering a corporate culture focused on honesty, propriety and respect for the letter and spirit of the law and regulations.

The Compliance Department submits the following periodic reports on the suitability of the compliance management provided to the Company Bodies:

- half-yearly: a report on the audits carried out, the resultant findings, any weaknesses identified and the interventions proposed for eliminating them, and a report on the completeness, suitability, functionality and reliability of the internal audit system in the areas of their competence;
- yearly: a work plan identifying and evaluating the main risks to which the Bank is exposed, and planning the related management interventions. This Work Plan takes into account any deficiencies noted in the audits and any new risks identified.

If any particularly critical issues are identified, a report must be sent promptly to the Bodies.

The activities carried out during the year focused on regulatory alignment and the strengthening of controls with particular reference to ESG factors, the suitability model and the risk management processes connected with new products, services, activities and markets. Compliance risk was also managed by initiating all necessary training initiatives and through the Product Oversight Governance ("POG") process, in which new products and services marketed to a specific clientele were assessed under all applicable risk profiles (market, financial, banking book, counterparty, liquidity, credit, operational, reputational, legal, tax and sustainability). With regard to audits of the Networks, work continued to reinforce both the periodic monitoring activities through the implementation of further indicators to strengthen safeguards and guarantee the proper performance of investment services, and monitoring customer transactions to prevent any market abuse.

Corruption risk monitoring

The Fideuram Group has for many years deployed dedicated tools for managing and preventing the risk of corruption in its various forms and extortion offences. In addition to what has been mentioned in the Code of Ethical Conduct, the Group Internal Code of Conduct and the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 on the administrative liability of entities, there is an extensive body of internal regulations, with which all employees must be familiar and comply. These regulations impose detailed rules for the corporate processes that might be instrumental to the commission of those sorts of offences. In particular, the Group Anti-Corruption Guidelines have been adopted. The principles and contents of the Guidelines are set out in the detailed regulatory framework of the Group, among which the Implementing Regulations of the Group Anti-corruption Guidelines, adopted by the Boards of Directors of the Bank and its subsidiaries, are of particular importance. The Corporate Audit units assure that the audit and behavioural guidelines set out in the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 in regard to corruption are always consistent with the internal regulations in force at any time, while also assuring compliance with those regulations. All employees are required to take a specific training course to ensure the dissemination of knowledge of anti-corruption principles and conduct.
In May 2022, Intesa Sanpaolo also renewed its "UNI ISO 37001:2016 Anti-bribery management systems" certification. This is the international standard in anti-bribery systems and covers the Group's entities included in the risk assessment, including the Bank and its subsidiaries.

Anti-money laundering

In compliance with the regulations issued by the Bank of Italy and in implementation of the Intesa Sanpaolo Guidelines, the Anti-Money Laundering Unit is assigned responsibility for anti-money laundering, combating terrorism financing and embargo management activities. It is independent of the operating units and organisationally and operationally separate from the Audit Department. This function, which has been outsourced to Intesa Sanpaolo, is performed by the Anti-Financial Crime Head Office Department, which is part of the Chief Compliance Officer Governance Area.

The Anti-Money Laundering function is responsible for managing compliance risk where anti-money laundering, terrorism financing and embargo management are concerned, acting as follows:

- formulating the general compliance risk management guidelines;
- continuously monitoring Italian and international reference regulatory developments with the support of the relevant units, verifying the suitability of the corporate processes and procedures in place for ensuring compliance with the applicable laws and regulations, and proposing appropriate organisational and procedural modifications;
- providing consultancy for the units and departments of the Bank and its subsidiaries and developing appropriate training programmes;
- providing appropriate periodic information to the company bodies and Top Management;
- performing the specific compliance actions required for the Bank and its centrally-managed subsidiaries, including in particular enhanced due diligence, controls on the appropriate management of data storage obligations, and the analysis of operating unit reports of suspicious transactions to assess whether or not they require reporting to the Financial Information Unit as well founded.

The "Guidelines for Anti-Money Laundering and Combating Terrorism Financing and Embargo Management" and the Bank's Implementing Regulation govern anti-money laundering, combating terrorism financing and embargo management activities. Those Guidelines identify the reference principles and define the model for management of money laundering, terrorism financing, and embargo infringement risks, outlining the roles and responsibilities of the units involved, the macro-processes used for proper identification, evaluation, and management of those risks, and the governance procedures of the Group. The principles and contents of these Guidelines are elaborated in the detailed regulatory framework of the Group. In addition to ordinary AML/CFT supervision and embargo management activities, the following activities were of particular note during the year: (i) supporting the business initiatives included in the 2022-2025 Business Plan to ensure before time that they are compliant, with particular reference to the developments in international private banking; (ii) activities to ensure compliance with the sanctions applied in light of the Russian-Ukrainian crisis.

CHIEF RISK OFFICER

Reports directly to the CEO and General Manager:

CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

CHIEF RISK OFFICER

In line with the strategies, corporate objectives and guidelines of Intesa Sanpaolo, the Chief Risk Officer is tasked with continuously monitoring the suitability of the risk management process and the effectiveness of the measures taken to rectify any deficiencies identified.

Risk management

The Risk Management Unit acts independently of the operating units, particularly those tasked with the "operational management" of risks, and is separate from the Audit Department and the units reporting to the Chief Compliance Officer. The Chief Risk Officer reports directly to the CEO and General Manager, reporting functionally to the Chief Risk Officer of Intesa Sanpaolo.
The Chief Risk Officer sits on the Risk Committees at Division level and at the main subsidiaries, providing risk management through service contracts and providing functional coordination for those Division companies with their own internal risk management units.

The area of the Chief Risk Officer is divided into three offices, one dedicated to the Bank's proprietary risks, one dedicated to investment portfolio risks assumed by customers either directly or through financial advisers, and one office that monitors and audits risk models.

The Chief Risk Officer is responsible for risk management controls, specifying the appropriate methods, criteria and tools for measuring and controlling financial, credit, operational and all non-financial risks in line with the regulatory provisions of the Supervisory Authorities, the guidelines of Intesa Sanpaolo and the instructions of the Bank's Company Bodies. The Chief Risk Officer also ensures that the risks assumed by customers through the purchase of financial products and services from the Networks are assessed and monitored.

With regard to the risk management function, the Chief Risk Officer works with Intesa Sanpaolo to define and implement the Risk Appetite Framework (RAF) and to develop and verify the Financial Portfolio Policy. The Chief Risk Officer is also required to ensure effective current and prospective measurement, management and control of the exposure of the Bank and its subsidiaries to the different types of risk, submitting proposals to Top Management regarding the operating limits structure formulated in line with the Group RAF, and to constantly monitor the actual risk assumed and its alignment with the risk objectives, as well as compliance with the operating limits.

The Chief Risk Officer also ensures that the metrics used by the risk measurement and control systems are aligned with the company activity assessment processes and methods specified by Intesa Sanpaolo, fully implementing Intesa Sanpaolo's Guidelines and Policies, adapted where necessary to the Bank's specific reference context through the issue of company-level Policies and Regulations.

The Chief Risk Officer submits periodic reports to the Company Bodies, as follows:

- a management report on compliance with the limits assigned by the RAF and Internal Policies regarding all the areas of their competence;
- a report on the audits carried out, the resultant findings, any weaknesses identified and the interventions proposed for eliminating them;
- a report on the completeness, suitability, functionality and reliability of the internal audit system in the areas of their competence;
- a report on the investment services offered to customers that complies with the regulatory provisions issued jointly by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Bank of Italy;
- a Work Plan identifying and evaluating the main risks to which the Bank is exposed, and planning the related management interventions.

FINANCIAL MANAGEMENT GOVERNANCE

Intesa Sanpaolo has made provision for the position of Manager responsible for the preparation of the company accounts at each Group company. For the activities performed in compliance with legal obligations, the Manager Responsible, a position that is currently held at Fideuram by the Chief Financial Officer, complies with the Guidelines issued by Intesa Sanpaolo and relies on the organisational units under his supervision, including the Financial Management Governance Unit, which assist him in carrying out his duties.

The Manager Responsible has the duty of attesting to the compliance of the financial statements with IAS/IFRS and is in charge of the internal audit system with respect to accounting and financial reporting, in particular to guarantee:

- that the documents and announcements released to the market and relating to accounting disclosures, including interim reports, correspond to the accounting documents, records and books;
- the adequacy and effective application of the administrative and accounting procedures;
- the consistency of the accounting documents with the contents of accounting books and records, their adequacy to give a true and fair view of the financial position and results of the Group.

For the purposes of its Governance Model, Fideuram has adopted the specific guidelines and coordination rules stipulated by its Model of Financial Management Governance of the Parent Intesa Sanpaolo (Financial Management Governance Guidelines and Financial Management Governance Regulations), which was developed taking into account international frameworks such as the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (CoSo) and the Control Objectives for IT and related technology (COBIT).

The Manager Responsible submits the following periodic reports to the Company Bodies:

- half-yearly: a report detailing the analyses performed on procedures sensitive to the accounting and financial reporting of Fideuram and the subsidiaries included in the scope of analysis due to their significance, and the results of monitoring of the progress of the Corrective Action Plans for anomalies identified in prior years. This report is submitted to the Board of Directors and Board of Statutory Auditors;
- yearly: the Audit Plan for Fideuram and the subsidiaries to be audited, identified on the basis of quantitative (individual contribution to the Fideuram Consolidated Financial Statements) and qualitative (specific operating characteristics or risk profiles able to increase the complexity of determining the accounting data) assessments. The Plan is submitted to the Board of Statutory Auditors and approved by the Board of Directors.

The performed audits aim primarily at assessing the quality and degree of structuring of the financial reporting production process, in view of ascertaining the effectiveness of the control arrangements underlying the consistency and substance of the representations made by the Group to the market. The audits performed in 2022 concerned the processes identified as having the highest risk potential – in particular the main administrative and accounting processes – with a focus on compliance with and the correct application of the Group's Accounting Regulations. In addition, the audits addressed some aspects of managing commission fees with the Private Banker Network as well as risk control, tax, outsourcer monitoring and some business support processes. They also concerned some of the processes governing technology infrastructure and administrative applications.

Upon completion of said activities, the internal audit system monitoring financial reporting by Fideuram - Intesa Sanpaolo Private Banking and its subsidiaries was found to be suitable.

OPERATIONAL AUDIT

In 2022, a new "Operational Audit" structure was created to coordinate the operational audits carried out on the Financial Advisor Networks, the Intesa Sanpaolo Private Banking Network and advanced trading services. The new structure is divided into:

- Fideuram and Financial Advisor Networks Operational Audit (formerly Fideuram Operational Audit);
- Intesa Sanpaolo Private Banking Operational Audit;
- Trading and Finance Operational Audit.

Fideuram and Financial Advisor Networks Operational Audit

In 2022, the Fideuram and Financial Advisor Networks Operational Audit area continued to strengthen its audit activities both in accordance with the development plans defined in previous years and in response to additional needs identified by verifications carried out by the Second Level (Compliance) and Third Level (Audit) control structures. In particular, 20 new controls were introduced in the areas of AML, investment services and banking services/operations, and on-site checks were initiated at Fideuram's bank branches. Finally, it should be noted that audit activity was expanded (where compatible) to include both the Financial Advisors Network of IW Private Investments and the newly established Direct Banking structure.
With regard to the activity performed during 2022, the Fideuram and Financial Advisor Networks Operational Audit selectively analysed over 9,600 anti-money laundering, banking services and investment services cases. Additionally, as provided for, audits were performed for the quantitative detection of the investigated phenomena and the related analysis for about 390 observations.
With regard to investment services, the positions of about 950 financial advisors belonging to the Fideuram, Sanpaolo Invest Networks and IW Private Investments were evaluated.
The unit's business development plan will continue into 2023, with new audits already planned.

Intesa Sanpaolo Private Banking operational audit

The Intesa Sanpaolo Private Banking Operational Audit Unit provides services for the audits and other activities undertaken at Intesa Sanpaolo Private Banking.
In addition to monitoring the Network's prompt compliance with line audits, the Unit's operational supervision includes performing remote audits and on-the-spot investigations directly on the Network's operations.
A rating system has been created and is continuously modified through the addition of specific indicators to monitor inherent Branch Network risks and identify the case files to be examined, making it possible to obtain short-form risk assessments of the individual retail outlets so that the Operational Audit Unit can engage in risk-driven planning of its on-the-spot investigations of the Intesa Sanpaolo Private Banking distribution network in a "risk-driven" perspective.
Network audits are conducted both through on-the-spot investigations and through dedicated audits for different operating areas (anti-money laundering, investment services, insurance services, loans and operations).
When the Covid-19 pandemic subsided in 2022, on-site audits resumed on Intesa Sanpaolo Private Banking's distribution network (21 Private Centres visited) to supplement those carried out on the Private Centres of the former UBI Network. Approximately 61,000 files were processed for the 102 audits carried out.

Trading and Finance Operational Audit

On 14 February 2022, following the incorporation into Fideuram of third-party trading activities of IW Bank's banking business, the Operational Audit Unit was integrated with the Trading and Finance Operational Audit Unit to monitor the positions of customers that had signed up to Fideuram Direct's advanced trading services.
The Operational Unit maintains and updates the customer audit system already used at IW Bank and integrated into Fideuram's audit system, monitors the positions of customers that have signed up to advanced trading services (e.g. Scalper and Derivatives) and closes customers' risk positions ex officio, within the scope of its contractual powers.
The unit reports its activities to Fideuram's Third Party Trading Committee, the Bank's new advisory and decision-making body, whose tasks include overseeing that the operational instructions issued to the Direct Banking and Operational Audit units with regard to trading are duly executed. In 2022, it did not detect any critical issues in this regard.
For 2023, the unit plans to carry an analysis for developing the audit and monitoring system in line with the ongoing margining model updates adopted by the main listed derivative markets.

4.8 Insider information

Pursuant to Italian market abuse law and regulations, the Board of Directors has implemented the Intesa Sanpaolo "Group Regulations for the Management of Inside Information", as amended.

Fideuram - Napoli Alvino Office

Fideuram - Rome Boncompagni Office

Intesa Sanpaolo Private Banking - Sassari Branche

4.9 Shareholders' meetings

The practice adopted to date by the Board of Directors has always been as follows:

- to ensure the shareholder is provided with information on the Bank at Shareholders' Meetings;
- to encourage the participation of all the Directors in Shareholders' Meetings.

Shareholders' Meetings are called in accordance with the By-Laws, giving written notice delivered at least eight days in advance by registered mail with return receipt to all shareholders in the list of shareholders, sent to their respective places of domicile or, if a shareholder has specifically requested it for this purpose, to their fax number or e-mail address. In the reporting period 2022, the Fideuram Shareholders' Meeting was held on two occasions in ordinary format and two times in extraordinary format, as follows:

- on 14 April, in extraordinary format, to approve the proposed amendments to Articles 1, 12, 13, 16, 19, 20, 22 and 30 of the Articles of the By-Laws and, in ordinary format, to approve the financial statements;
- on 5 May, to approve the 2022 Remuneration and Incentive Policies of the Intesa Sanpaolo Group, the 2022 Remuneration and Incentive Policies of Fideuram - Intesa Sanpaolo Private Banking and the 2022 Annual Incentive Scheme based on Intesa Sanpaolo's financial instruments, to authorise the purchase and disposal of ordinary shares of parent company Intesa Sanpaolo S.p.A. under the Incentive Plans, to approve the 2022-2025 Long-Term Incentive Plan for Financial Advisors of Fideuram - Intesa Sanpaolo Private Banking, to approve the 2022-2025 Long-Term Performance Share Plan for Intesa Sanpaolo Group Management, to approve the 2022-2025 LECOIP 3.0 retention plan for Intesa Sanpaolo Group Professionals and to examine both ex-ante information on the criteria for determining the compensation to be granted in the event of early termination of employment or early departure from office and ex-post information on any amounts granted in the event of early termination of employment or early departure from office;
- on 3 October, in extraordinary format, to approve the simplified merger by incorporation of Sanpaolo Invest SIM S.p.A. into Fideuram - Intesa Sanpaolo Private Banking S.p.A..

4

Meetings in 2022

4.10 Board of Statutory Auditors

The Board of Statutory Auditors of the Bank, appointed by the Ordinary Shareholders' Meeting on 30 March 2020, also performs the duties of a Supervisory Board pursuant to Italian Legislative Decree 231/2001.

In consideration of these additional duties, the Board of Statutory Auditors receives all the information sent to the Board of Directors as well as that specifically sent to the Board of Statutory Auditors itself. The Board of Statutory Auditors receives adequate flows of periodic information from the other Company Bodies and Departments, including audit functions, regarding risk management and control, in order to perform its duties.

The Board of Statutory Auditors, which has autonomous powers of initiative and supervision, takes part in every meeting of the Board of Directors and is therefore continuously informed about the Bank's operations. In accordance with the combined provisions of article 2381 of the Italian Civil Code and article 19 of the By-Laws, and to ensure that the Board of Statutory Auditors possesses every information necessary to perform its duties effectively, the Directors report to the Board of Statutory Auditors at least quarterly on the work they have carried out and on the most significant economic, financial and asset-related activities of the Bank and its subsidiaries, as well as, in particular, on the transactions in which they have a direct or indirect interest, or which have been influenced by the party that plays a management and coordinating role. In accordance with Italian Legislative Decree 39/2010 (the Italian Auditing Consolidation Act - Testo Unico della Revisione), the Board of Statutory Auditors performs the supervisory duties provided for by the auditing regulations regarding, inter alia, the financial reporting process, the effectiveness of the control, internal auditing and risk management systems, and the annual audit. In addition, the Board of Statutory Auditors is required to examine the Independent Auditors' proposals, submitted with the aim of gaining appointment and presenting them in turn to the Shareholders' Meeting. In addition, the Board of Statutory Auditors evaluates the work plan prepared for the audit and the findings set out in the report and letter of comments.

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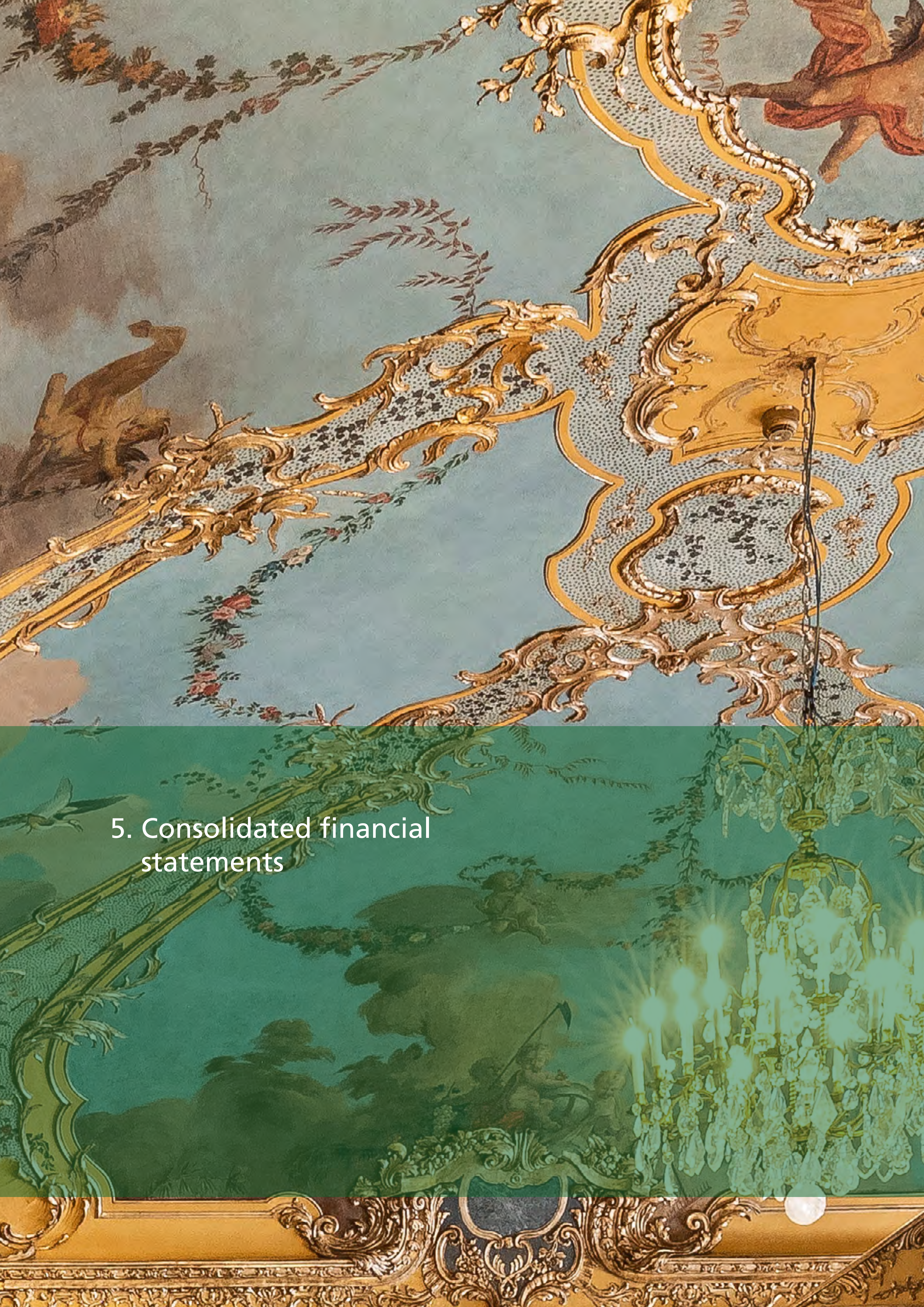
Meetings
in 2022

The Board of Directors
27 February 2023



5. Consolidated financial statements

Consolidated balance sheet

(€m)

		31.12.2022	31.12.2021
ASSETS			
10.	Cash and cash equivalents	5,873	3,707
20.	Financial assets measured at fair value through profit or loss	618	552
	a) financial assets held for trading	25	17
	b) financial assets measured at fair value	-	-
	c) other financial assets mandatorily measured at fair value	593	535
30.	Financial assets measured at fair value through other comprehensive income	3,096	2,908
40.	Financial assets measured at amortised cost	49,485	54,943
	a) loans and advances to banks	32,754	38,888
	b) loans and advances to customers	16,731	16,055
50.	Hedging derivatives	317	32
60.	Adjustments to financial assets subject to macro-hedging (+/-)	(58)	8
70.	Equity investments	232	238
80.	Reinsurers' share of technical reserves	-	-
90.	Property and equipment	391	393
100.	Intangible assets	836	706
	of which: goodwill	409	356
110.	Tax assets	273	191
	a) current	31	11
	b) deferred	242	180
120.	Non-current assets held for sale and discontinued operations	-	-
130.	Other assets	1,808	1,598
TOTAL ASSETS		**62,871**	**65,276**

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated balance sheet

(€m)

	31.12.2022	31.12.2021
LIABILITIES AND SHAREHOLDERS' EQUITY		
10. Financial liabilities measured at amortised cost	56,266	58,607
a) due to banks	5,419	3,988
b) due to customers	50,847	54,619
c) debt on issue	-	-
20. Financial liabilities held for trading	21	28
30. Financial liabilities measured at fair value	-	-
40. Hedging derivatives	344	730
50. Adjustments to financial liabilities subject to macro-hedging (+/-)	(37)	(4)
60. Tax liabilities	177	204
a) current	61	50
b) deferred	116	154
70. Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80. Other liabilities	1,723	1,668
90. Provision for employment termination indemnities	38	47
100. Provisions for risks and charges:	523	648
a) commitments and guarantees	3	2
b) pensions and other commitments	10	42
c) other provisions for risks and charges	510	604
110. Technical reserves	-	-
120. Valuation reserves	(24)	62
130. Redeemable shares	-	-
140. Equity instruments	24	24
150. Reserves	2,242	1,626
160. Share premium reserve	206	206
170. Share capital	300	300
180. Treasury shares (-)	(3)	-
190. Equity attributable to non-controlling interests (+/-)	1	29
200. Net profit (loss) for the year (+/-)	1,070	1,101
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**62,871**	**65,276**

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated income statement

(€m)

		2022	2021
10.	Interest income and similar income	521	283
	of which: interest income calculated with the effective interest method	*579*	*356*
20.	Interest expense and similar expense	(114)	(104)
30.	**Net interest income**	**407**	**179**
40.	Fee and commission income	3,068	3,069
50.	Fee and commission expense	(1,049)	(1,033)
60.	**Net fee and commission income**	**2,019**	**2,036**
70.	Dividends and similar income	2	2
80.	Net profit (loss) on trading activities	50	30
90.	Net profit (loss) on hedging derivatives	4	(1)
100.	Profit (loss) on sale or repurchase of:	1	3
	a) financial assets measured at amortised cost	-	(3)
	b) financial assets measured at fair value through other comprehensive income	1	6
	c) financial liabilities	-	-
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	(71)	34
	a) financial assets and liabilities measured at fair value	-	-
	b) other financial assets mandatorily measured at fair value	(71)	34
120.	**Total net interest and trading income**	**2,412**	**2,283**
130.	Net impairment for credit risk related to:	(10)	6
	a) financial assets measured at amortised cost	(10)	4
	b) financial assets measured at fair value through other comprehensive income	-	2
140.	Gains/losses on contractual changes without cancellation	-	-
150.	**Operating income**	**2,402**	**2,289**
160.	Net insurance premiums	-	-
170.	Other income/expense from insurance activities	-	-
180.	**Operating income from financing and insurance activities**	**2,402**	**2,289**
190.	Administrative expenses:	(1,213)	(1,127)
	a) personnel expenses	(518)	(462)
	b) other administrative expenses	(695)	(665)
200.	Net provisions for risks and charges	50	(62)
	a) commitments and guarantees	(1)	1
	b) other net provisions	51	(63)
210.	Depreciation of property and equipment	(57)	(54)
220.	Amortisation of intangible assets	(53)	(37)
230.	Other income/expense	350	334
240.	**Operating expenses**	**(923)**	**(946)**
250.	Profit (loss) on equity investments	16	15
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**	**1,495**	**1,577**
300.	Income taxes for the year on continuing operations	(428)	(456)
310.	**Profit (loss) after tax from continuing operations**	**1,067**	**1,121**
320.	Profit (loss) after tax from discontinued operations	-	-
330.	**Net profit (loss) for the year**	**1,067**	**1,121**
340.	Net profit (loss) for the year attributable to non-controlling interests	3	(20)
350.	**Parent company interest in net profit (loss) for the year**	**1,070**	**1,101**

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated statement of comprehensive income

(€m)

		2022	2021
10.	**Net profit (loss) for the year**	**1,067**	**1,121**
	Other comprehensive income after tax not transferred to the income statement	**29**	**17**
20.	Equity instruments measured at fair value through other comprehensive income	(3)	4
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	32	13
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	**(115)**	**4**
100.	Hedging of net investments in foreign operations	(10)	-
110.	Exchange rate differences	21	25
120.	Cash flow hedges	(54)	(10)
130.	Hedging instruments (undesignated elements)	-	-
140.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income	(55)	(8)
150.	Non-current assets held for sale and discontinued operations	-	-
160.	Valuation reserves related to investments carried at equity	(17)	(3)
170.	**Total other comprehensive income after tax**	**(86)**	**21**
180.	**Total comprehensive income**	**981**	**1,142**
190.	Total comprehensive income attributable to non-controlling interests	(3)	20
200.	Total comprehensive income attributable to parent company	984	1,122

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Statement of changes in consolidated shareholders' equity

(€m)

				ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE YEAR											
							TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY										
	BALANCE AT 31.12.2021	CHANGE IN OPENING BALANCES	BALANCE AT 1.1.2022	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 2022	TOTAL COMPREHENSIVE INCOME 2022	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY AT 31.12.2022	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS AT 31.12.2022
Share capital:	**305**	**-**	**305**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**-**	**300**	**300**	**-**
- ordinary shares	305	-	305	-	-	-	-	-	-	-	-	-	(5)	-	300	300	-
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**212**	**-**	**212**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6)**	**-**	**206**	**206**	**-**
Reserves:	**1,624**	**-**	**1,624**	**620**	**-**	**(6)**	**-**	**-**	**-**	**-**	**-**	**-**	**8**	**-**	**2,246**	**2,242**	**4**
- From net income	1,299	-	1,299	620	-	(22)	-	-	-	-	-	-	-	-	1,897	1,893	4
- Other	325	-	325	-	-	16	-	-	-	-	-	-	8	-	349	349	-
Valuation reserves	**62**	**-**	**62**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(86)**	**(24)**	**(24)**	**-**
Equity instruments	**24**	**-**	**24**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24**	**24**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**	**-**
Net profit (loss) for the year	**1,121**	**-**	**1,121**	**(620)**	**(501)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,067**	**1,067**	**1,070**	**(3)**
Shareholders' equity	**3,348**	**-**	**3,348**	**-**	**(501)**	**(6)**	**-**	**(3)**	**-**	**-**	**-**	**-**	**(3)**	**981**	**3,816**	**3,815**	**1**
Equity attributable to owners of the parent company	**3,319**	**-**	**3,319**	**-**	**(501)**	**16**	**-**	**(3)**	**-**	**-**	**-**	**-**	**-**	**984**	**3,815**		
Equity attributable to non-controlling interests	**29**	**-**	**29**	**-**	**-**	**(22)**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**	**1**		

Chairman of the Board of Directors
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Managing Director
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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		CHANGES IN THE YEAR									SHAREHOLDERS' EQUITY AT 31.12.2021	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY AT 31.12.2021	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS AT 31.12.2021
							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 2021			
Share capital:	**300**	**-**	**300**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**-**	**305**	**300**	**5**
- ordinary shares	300	-	300	-	-	-	-	-	-	-	-	-	5	-	305	300	5
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**206**	**-**	**206**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6**	**-**	**212**	**206**	**6**
Reserves:	**1,784**	**-**	**1,784**	**315**	**-**	**14**	**-**	**-**	**(377)**	**-**	**-**	**-**	**(112)**	**-**	**1,624**	**1,626**	**(2)**
- From net income	1,680	-	1,680	315	-	-	-	-	(377)	-	-	-	(319)	-	1,299	1,301	(2)
- Other	104	-	104	-	-	14	-	-	-	-	-	-	207	-	325	325	-
Valuation reserves	**41**	**-**	**41**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21**	**62**	**62**	**-**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24**	**-**	**-**	**-**	**-**	**24**	**24**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the year	**816**	**-**	**816**	**(315)**	**(501)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,121**	**1,121**	**1,101**	**20**
Shareholders' equity	**3,147**	**-**	**3,147**	**-**	**(501)**	**14**	**-**	**-**	**(377)**	**24**	**-**	**-**	**(101)**	**1,142**	**3,348**	**3,319**	**29**
Equity attributable to owners of the parent company	**3,147**	**-**	**3,147**	**-**	**(501)**	**7**	**-**	**-**	**(377)**	**24**	**-**	**-**	**(103)**	**1,122**	**3,319**		
Equity attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**7**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**20**	**29**		

Chairman of the Board of Directors
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Statement of consolidated cash flows

(Indirect method)

(€m)

	2022	2021
A. OPERATING ACTIVITIES		
1. Operations	**1,413**	**1,294**
- profit (loss) for the year (+/-)	1,070	1,101
- net profit (loss) on financial assets held for trading and on other assets/liabilities measured at fair value through profit or loss (-/+)	21	(58)
- net profit (loss) on hedging activities (-/+)	(4)	1
- net impairment for credit risk (+/-)	10	(6)
- net depreciation and amortisation (+/-)	110	92
- net provisions for risks and charges and other expense/income (+/-)	(49)	74
- uncollected net insurance premiums (-)	-	-
- uncollected other insurance income/expense (-/+)	-	-
- unpaid taxes and tax credits (+/-)	428	457
- net impairment of discontinued operations net of tax effect (-/+)	-	-
- other adjustments (+/-)	(173)	(367)
2. Cash from/used in financing activities	**5,018**	**(3,199)**
- financial assets held for trading	18	80
- financial assets measured at fair value	-	-
- other financial assets mandatorily measured at fair value	(126)	(126)
- financial assets measured at fair value through other comprehensive income	(29)	(100)
- financial assets measured at amortised cost	6,102	(3,619)
- other assets	(947)	566
3. Cash from/used in financial liabilities	**(3,486)**	**4,241**
- financial liabilities measured at amortised cost.	(4,040)	4,908
- financial liabilities held for trading	15	(52)
- financial liabilities measured at fair value	-	-
- other liabilities	539	(615)
Net cash from/used in operating activities	**2,945**	**2,336**
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	**(278)**	**(640)**
- acquisition of equity investments	(18)	(406)
- acquisition of property and equipment	(25)	(6)
- purchase of intangible assets	(49)	(51)
- acquisition of subsidiaries and company divisions	(186)	(177)
Net cash from/used in operating activities	**(278)**	**(420)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	-	24
- distribution of dividends and other	(501)	(678)
- sale/purchase of control of others	-	-
Net cash from/used in funding activities	**(501)**	**(654)**
NET CASH GENERATED/USED IN THE YEAR	**2,166**	**1,262**

Reconciliation

	2022	2021
Cash and cash equivalents at the beginning of the year	3,707	2,445
Total net cash generated/used in the year	2,166	1,262
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at the end of the year	5,873	3,707

(*) In relation to the disclosure prescribed in paragraph 44B of IAS7, we note that the changes in liabilities resulting from financing activities totalled -€3,486m (generated liquidity) and reflect the net amount of -€5,868m in cash flows, +€68m in changes in fair value, and +€2,314m in other changes.

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Notes to the consolidated financial statements

PART A - ACCOUNTING POLICIES

A.1 - GENERAL

SECTION 1 - STATEMENT OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

Pursuant to Italian Legislative Decree No. 38 of 28 February 2005, the Fideuram - Intesa Sanpaolo Private Banking Group's Consolidated Financial Statements have been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed by the European Commission up to 31 December 2022, following the procedure provided for by Community Regulation (EU) 2002/1606. With a view to adopting effective guidelines for the application of these accounting standards, this Report was prepared in accordance with the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC). There were no derogations from the application of the International Accounting Standards or International Financial Reporting Standards.

The Consolidated Financial Statements at 31 December 2022 have been prepared in accordance with Bank of Italy Circular No. 262 of 22 December 2005 and its subsequent amendments and interpretation guidelines provided by the Bank of Italy. In particular, they take into account the seventh update of 29 October 2021 and the Bank of Italy Notice of 21 December 2021, which amended the measures relating to the impacts of Covid-19 and the economic support measures.

On 1 January 2022, Regulation (EU) 2021/1080 came into effect, incorporating several minor amendments published by the IASB on 14 May 2020 to International Accounting Standard IAS16 Property, Plant and Equipment, IAS37 Provisions, Contingent Liabilities and Contingent Assets, IAS41 Agriculture, International Financial Reporting Standards (IFRS) 1 First-time Adoption of International Financial Reporting Standards, IFRS3 Business Combinations. and IFRS9 Financial Instruments. These amendments do not have any significant impact on the Group.

The new International Financial Reporting Standards or modifications to accounting standards already in force and the related European Commission Regulations endorsing them that became effective as from 1 January 2023 – for financial statements that coincide with the calendar year – or from a later date and in respect of which the Group has not made use of early application:

- Regulation (EU) 2021/2036: IFRS17 Insurance Contracts - Amendments to IFRS17 Insurance Contracts.
- Regulation (EU) 2022/357: Amendments to IAS1 Presentation of Financial Statements - Disclosure of Accounting Policies and amendments to IAS8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.
- Regulation (EU) 2022/1392: Amendments to IAS12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Regulation (EU) 2022/1491: Amendments to IFRS17 Insurance Contracts - Initial Application of IFRS17 and IFRS9 - Comparative Information.

In terms of regulations that endorse the incorporation of amendments to existing accounting standards or to new IAS/IFRS standards, of particular significance are Regulation (EU) 2021/2036 of 19 November 2021 endorsing new accounting standard IFRS17 Insurance Contracts and subsequent Regulation (EU) 2022/1491 of 8 September 2022 adopting amendments to IFRS17 - Initial Application of IFRS17 and IFRS9 - Comparative Information The standard was first published in May 2017 and amended on 25 June 2020 to postpone the date of first-time adoption to 1 January 2023.

The new standard envisages the introduction of new balance sheet figures and different ways of recognising the profitability of insurance products, which could lead to both balance sheet impacts upon first-time adoption of the standard and volatility in the income statement once the standard is being implemented.
The new standard will directly affect the associate company Fideuram Vita, in which Fideuram holds a 19.99% interest and for which the project to implement IFRS17 in the companies of the Intesa Sanpaolo Group's Insurance Division began in June 2019.
Given the size of interest held in Fideuram Vita, it is estimated that the overall impact will be insignificant.

SECTION 2 - BASIS OF PREPARATION

The Consolidated Financial Statements comprise the compulsory statements provided for by IAS1 (namely a balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows) and the Notes to the Consolidated Financial Statements. It is also accompanied by the Directors' Report.
The Directors' Report contains certain information – such as, for example, data on quarterly trends and other alternative performance indicators – that is not directly attributable to the financial statements. The information specified as compulsory content for Directors' Reports by Bank of Italy Circular No. 262/2005 is presented in the following sections and paragraphs:

- Chapter 2. External context and strategies;
- Chapter 3. Performance (paragraphs 3.1 to 3.4, 3.7, 3.8.1 and 3.9);
- Chapter 4. Governance (Section 4.2).

The Notes to the Consolidated Financial Statements present all the information provided for by the regulations, together with the additional information considered necessary to give a true and fair view of the Group's position. Furthermore, the

Notes take into account the documents that interpret and support application of the accounting standards in light of the impact of Covid-19, issued by European regulatory and supervisory bodies and standard setters, which are illustrated in finer detail in Section 5 - Other aspects.
These Consolidated Financial Statements have been prepared on a going concern basis. There is no doubt as to the ability of the Group to remain in business. The compulsory tables and details required by the Bank of Italy are identified separately using the numbering specified by said Supervisory Authority.
The Financial Statements use the euro as their presentation currency. The figures in the financial statements and Notes to the Financial Statements are stated in millions of euro unless specified otherwise. The Financial Statements and Notes to the Financial Statements present the data for the period together with the corresponding data at 31 December 2021 for comparative purposes.
Moreover, in relation to the changes in the scope of consolidation that took place in 2022 – in line with the provisions of the IFRS standards and the provisions of Circular 262 of the Bank of Italy – the balance sheet, income statement and comprehensive income as well as the tables of the notes of the comparison period were not subject to restatement, as they are not immediately comparable.

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, the Directors' Report at 31 December 2022 contains a reclassified balance sheet and reclassified income statement. 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 2022 compared to those of the corresponding comparison periods of 2021 is affected by the impact of the transactions that took place in the period. In the Directors' Report, 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 and income statement 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 profit of non-controlling interests in the restated income statement and in minority interests in the restated balance sheet. Detailed information on the restatements and reclassifications is presented in specific reconciliation statements provided in the schedules accompanying these Financial Statements.

SECTION 3 - SCOPE AND METHODS OF CONSOLIDATION

The wholly-owned subsidiaries included in the scope of consolidation at 31 December 2022 are listed below.

1. Equity investments in wholly-owned subsidiaries

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: EUR 117,497,424	Milan	Milan	1	Fideuram	100.000%	
2. Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. Share capital: EUR 25,870,000	Milan	Milan	1	Fideuram	99.517%	
3. Siref Fiduciaria S.p.A. Share capital: EUR 2,600,000	Milan	Milan	1	Fideuram	100.000%	
4. IW Private Investments SIM S.p.A. Share capital: EUR 29,100,000	Milan	Milan	1	Fideuram	100.000%	
5. Fideuram Asset Management (Ireland) dac Share capital: EUR 1,000,000	Dublin	Dublin	1	Fideuram	100.000%	
6. Fideuram Bank (Luxembourg) S.A. Share capital: EUR 40,000,000	Luxembourg	Luxembourg	1	Fideuram	100.000%	
7. RB Participations S.A. Share capital: CHF 100,000	Geneva	Geneva	1	Fideuram	100.000%	
8. REYL & Cie S.A. Share capital: CHF 31,500,001	Geneva	Geneva	1	Fideuram RB Participations	39.000% 30.000%	
9. Compagnie de Banque Privée Quilvest S.A. Share capital: EUR 32,537,000	Luxembourg	Luxembourg	1	Fideuram Bank (Luxembourg)	100.000%	
10. Intesa Sanpaolo Private Argentina S.A. Share capital: ARS 13,404,506	Buenos Aires	Buenos Aires	1	REYL & Cie Fideuram	95.033% 4.967%	
11. Morval Bank & Trust Cayman Ltd in liquidation Share capital: USD 7,850,000	George Town	George Town	1	REYL & Cie	100.000%	
12. REYL Overseas S.A. Share capital: CHF 2,000,000	Zurich	Zurich	1	REYL & Cie	100.000%	
13. Gap ManCo Sàrl Share capital: EUR 12,500	Luxembourg	Luxembourg	1	REYL & Cie	100.000%	
14. REYL Singapore Holding PTE Ltd Share capital: SDG 1,201	Singapore	Singapore	1	REYL & Cie	75.000%	
15. REYL Singapore PTE Ltd Share capital: SDG 500,000	Singapore	Singapore	1	REYL & Cie REYL Singapore Holding PTE	76.000% 24.000%	
16. REYL & Co. (Holdings) Ltd Share capital: GPB 3,700,000	London	London	1	REYL & Cie	100.000%	
17. REYL & Co. (UK) LLP Share capital: GPB 3,800,000	London	London	1	REYL & Co. (Holdings)	100.000%	
18. REYL & Cie (Malta) Holding Ltd Share capital: EUR 930,000	Valletta	Valletta	1	REYL & Cie	100.000%	
19. REYL & Cie (Malta) Ltd Share capital: EUR 930,000	Valletta	Valletta	1	REYL & Cie (Malta) Holding	100.000%	
20. REYL Finance (MEA) Ltd Share capital: USD 2,875,000	Dubai	Dubai	1	REYL & Cie	100.000%	
21. Portugal Real Estate Opportunities Manager SARL Share capital: EUR 12,500	Luxembourg	Luxembourg	1	REYL Finance (MEA)	100.000%	
22. Iberia Distressed Assets Manager SARL Share capital: EUR 12,500	Luxembourg	Luxembourg	1	REYL Finance (MEA)	100.000%	
23. REYL Private Office Sàrl Share capital: EUR 50,000	Luxembourg	Luxembourg	1	REYL & Cie	100.000%	
24. Inveniam S.A. in liquidation Share capital: CHF 50,000	Geneva	Geneva	1	REYL Private Office Sàrl	100.000%	
25. Asteria Obviam S.A. Share capital: CHF 14,000,000	Geneva	Geneva	1	REYL & Cie Treasury shares	80.000% 20.000%	
26. IIF SME Manager Ltd Share capital: USD 1,000	George Town	George Town	1	Asteria Obviam	100.000%	
27. Ubi Trustee S.A. Share capital: EUR 250,000	Luxembourg	Luxembourg	1	Fideuram Bank (Luxembourg)	100.000%	
28. CBP Quilvest PE Fund SARL Share capital: USD 20,000	Luxembourg	Luxembourg	1	Compagnie de Banque Privée Quilvest	100.000%	
29. Fideuram Asset Management UK Ltd Share capital: GBP 1,000,000	London	London	1	Fideuram Asset Management (Ireland)	100.000%	

LEGEND
(*) Type of ownership 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.

2. Significant judgements and assumptions made in determining scope of consolidation

The Consolidated Financial Statements include Fideuram and its direct and indirect subsidiaries and the companies over which it exercises significant influence. An entity is considered to be controlled by Fideuram when the latter is exposed or has rights to variable returns from its involvement with the entity, while simultaneously having the ability to affect those returns through its power over the entity.

Fideuram is considered to control an entity if and only if the Group has all of the following elements:

- power over the entity to direct the relevant activities;
- exposure to variable returns from its involvement with the investee entity;
- the ability to use its power over the entity to affect the amount of the returns.

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.

In the line-by-line consolidation process, aggregate amounts from the balance sheet and income statement of the subsidiaries are used line-by-line. After allocation to the non-controlling interests of their share of the equity and net profit, the book value of these subsidiaries is written off – against the assets and liabilities of the subsidiaries – by the corresponding share of shareholders' equity held by the Group. The differences resulting from this operation, if positive, recognised as Intangible Assets under the item goodwill or other intangible assets, following the allocation of any components to the assets and liabilities of the subsidiaries. If negative, they are recognised as negative goodwill in profit or loss. All assets, liabilities, income and expenses between and among consolidated companies have been entirely eliminated.

Company acquisitions are accounted for using the method required for acquisitions by IFRS3, whereby all identifiable assets acquired and all identifiable liabilities incurred (including contingent liabilities) are recognised at their fair value on the acquisition date. For each business combination, any minority interests in the acquired company may be recognised at fair value or based on the percentage stake of the minority interest in the identifiable net assets of the acquired company. If the price paid (the fair value of the assets sold, liabilities incurred and equity instruments issued) or the recognised fair value of the minority interests are higher than the fair value of the assets and liabilities acquired, this surplus is recognised as goodwill; If the price is lower, the difference is charged to the income statement.
Goodwill is subject to a periodic test on the appropriateness of its book value. If the recoverable value of goodwill is less than its book value, the difference is recognised in profit or loss.
The method of acquisition is applied from the acquisition date; i.e. from the moment when control of the acquired company is effectively obtained. Therefore, the results of any subsidiary acquired during the year are included in the consolidated financial statements from the date of its acquisition. Similarly, the results of any subsidiary sold are included in the consolidated financial statements up to the date on which control is lost. The difference between the sale price and the book value at the disposal date (including foreign exchange differences recognised from time to time in shareholders' equity at the time of consolidation) is recognised in the income statement.

The financial statements used for the line-by-line consolidation were those at 31 December 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 area were translated to euro applying the year-end exchange rates to balance sheet items and the average exchange rates for the period to profit or loss items. The exchange rate differences arising from translations at said exchange rates are recognised in the valuation reserve.

Compared to 31 December 2021, the line-by-line consolidation has changed as follows:

- the entry of Compagnie de Banque Privée Quilvest following the acquisition of 100% of share capital by Fideuram Bank (Luxembourg);
- the exit of Intesa Sanpaolo Private Bank (Suisse) Morval following the merger by incorporation into Reyl & Cie;
- the exit of Sanpaolo Invest SIM following the merger by incorporation into Fideuram.

It should be noted that, following its transformation into a Società di Intermediazione Mobiliare (SIM), IW Bank S.p.A. changed its name to IW Private Investments Società di Intermediazione Mobiliare S.p.A and that, following the merger of Obiam into Asteria, the company changed its name to Asteria Obviam.

Joint ventures are companies in which control is contractually agreed to be shared between the Parent Company, either directly or indirectly, and one or more parties outside the Group, or when decisions concerning relevant activities require the unanimous consent of all parties sharing control.

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.

Associates and joint ventures are consolidated using the equity method. This method involves initially recognising the equity investment at cost and subsequently adjusting the value in relation to the Group interest in the subsidiary's shareholders' equity. The difference between the book value of the equity investment and the interest in the subsidiary's shareholders' equity is recognised as an increase or decrease in the book value of the equity investment. The Group interest in the subsidiary's profit is recognised in a separate item of the consolidated profit or loss.

Fideuram Vita S.p.A. (Insurance company in which Fideuram holds 19.99% of share capital), Alpian S.A. (Swiss bank in which Fideuram and Reyl hold 14.91% and 12.93% of share capital, respectively) and 1875 Finance Holding AG (Swiss finance company in which Reyl & Cie hold 40% of share capital) are considered associated companies.

Considering the decision made by the Intesa Sanpaolo Group to adopt the "Deferral Approach" for insurance companies, the financial assets and liabilities of Fideuram Vita continue to be recognised in the balance sheet pursuant to IAS39, in anticipation of the effective date of the new IFRS17 on insurance agreements, expected to be in 2023.

3. Equity investments in wholly-owned subsidiaries with significant non-controlling interests

3.1 Non-controlling interests, voting rights of non-controlling interests and dividends distributed to non-controlling interests

COMPANY NAMES	NON-CONTROLLING INTERESTS %	VOTING RIGHTS OF NON-CONTROLLING INTERESTS % (*)	DIVIDENDS DISTRIBUTED TO NON-CONTROLLING INTERESTS
1. REYL & Cie S.A.	31%	31%	1
2. REYL Singapore Holding PTE Ltd	25%	25%	-

(*) Voting rights at general shareholders' meetings.

3.2 Equity investments with significant non-controlling interests: accounting information

COMPANY NAMES	TOTAL ASSETS	CASH AND CASH EQUIVALENTS	FINANCIAL ASSETS	"PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS"	FINANCIAL LIABILITIES	SHAREHOLDERS' EQUITY	NET INTEREST INCOME	NET INTEREST AND TRADING INCOME	OPERATING COSTS	PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	PROFIT (LOSS) FOR THE YEAR (1)	OTHER COMPREHENSIVE INCOME AFTER TAX (2)	COMPREHENSIVE INCOME (3)=(1)+(2)
REYL & Cie S.A.	2,949	797	2,069	44	2,655	236	35	121	(115)	(18)	(13)	-	(13)	-	(13)

SECTION 4 - EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period requiring any changes to be made to the consolidated financial statements at 31 December 2022.

It should be noted that, on 31 January 2023, the Italian Insurance Supervisory Institute (IVASS) ordered insurance company Eurovita S.p.A. to enter administration and then on 6 February 2023 ordered the right of policyholders to exercise the redemptions regulated by insurance contracts stipulated with Eurovita to be suspended until 31 March 2023.

Fideuram, Intesa Sanpaolo Private Banking and IW Private Investments, all of which have distribution agreements in place with Eurovita, promptly informed customers of the decisions taken by IVASS.

The Group is closely following developments in order to protect the interests of its customers.

SECTION 5 - OTHER ASPECTS

RISKS, UNCERTAINTIES AND IMPACTS OF THE MILITARY CONFLICT IN UKRAINE AND THE COVID-19 PANDEMIC

The year 2022 was characterised both by positive aspects such as the subsiding of the impacts of the Covid-19 pandemic and by negative aspects mainly ensuing from Russia's invasion of Ukraine and the consequent repercussions in terms of higher energy prices, shortages of some raw materials and rising inflation.
To prepare these financial statements in accordance with IFRS standards, management must apply estimates and assumptions which influence the value of the assets, liabilities, income and expenses recognised during the period. This scenario caused volatility and uncertainty in the financial sector and in the markets, as was also reflected in styling budget estimates due to the presence of elements that were absent in recent periods and are difficult to capture during the process of modelling credit valuations.
In some circumstances, the estimation methods set out in the Group's policies stipulate that temporary adjustments should be made (in terms of increases to valuations) to the modelling output results. This need may arise due to external events and unexpected events that could have consequences on the measurement of expected losses to financial portfolios due to the presence of elements that are not adequately captured by the models in use. It bears remembering that the IFRS9 estimation methodologies are based on assumptions which in turn based on experience and are strongly anchored in historical observations considered over a reasonable period of time and in a sufficiently stable reference context. At the same time, estimation methods must reflect forward-looking conditions and adopt approaches and forecasts in a reasonable and sustainable manner; these must be assessed appropriately where there is increased uncertainty about the future scenarios and repercussions that events could have.
Regulators' indications during the Covid-19 pandemic and the conflict in Ukraine also encourage intermediaries to use a flexible approach and their expert judgment when making decisions in exceptional and unexpected contexts. Of course, these indications are not a relaxation of the rules but rather they grant additional discretion when dealing with extraordinary events.

The current macroeconomic and geopolitical context (in terms of the Russia-Ukraine conflict) therefore contains elements of significant uncertainty which have been taken into account when drawing up the financial statements. In particular, direct and indirect risks have been taken into account when evaluating credit positions and strengthening the hedging of performing and non-performing positions which, although they do not have specific deterioration profiles, could suffer the consequences of negative developments in the economy and the military conflict in Ukraine.

There is also particular complexity in verify that intangible assets have held their value. Therefore, the impacts of the current scenario have been taken into account when carrying out impairment testing on goodwill.

Risks, uncertainties and impacts of the military conflict in Ukraine
For the purposes of these 2022 financial statements, the main prudential choices made regarding staging assignment and calculation of the expected credit loss (ECL) for performing loans to Russian and Ukrainian counterparties were confirmed. For these positions, the Group's approach has been guided by the emergence of geopolitical risk. Therefore, it is conditioned by the country of residence of counterparties both for the purposes of determining SICR and for the purpose of calculating ECL. With regard to the risk classification of exposures to Russian and Ukrainian counterparties as required by IFRS9, the constant updates to the ratings have led them to be classified as stage 2.

The Group's Italian companies do not have significant exposures to Russian or Ukrainian clients or banks. The Swiss subsidiary Reyl & Cie has exposures to Russian clients for insignificant amounts that are amply guaranteed by the Client Assets deposited with the company. Amounts due from Russian counterparties were classified as stage 2, without them significant impacting in ECL terms as they were fully guaranteed. This classification applied to volumes of approximately €3.5m, with a negligible impact on the portfolio at the Group level.

Risks, uncertainties and impacts of the Covid-19 pandemic
On 15 December 2020, the Bank of Italy issued a circular on the "Impacts of Covid-19 and measures to support the economy and amendments to IAS/IFRS" and added provisions

concerning banks' financial statements so as to provide the market with information on the effects that Covid-19 and the measures to support the economy have produced on strategies, risk management objectives and policies, as well as the economic and financial situation of intermediaries. In deciding these additions, the Bank of Italy took into account the documents published during 2020 and 2021 by the European regulatory and supervisory bodies and the standard setters with the aim of clarifying the methods for applying IAS/IFRS against the backdrop of a pandemic.
Regulators' interventions were essentially aimed at clarifying how moratoriums would be treated, at indicating the minimum conditions for clear financial reporting, at guiding the uniform definition of prospective scenarios and at allowing flexibility in defining credit assessments.

During 2022, the public health situation gradually improved thanks largely to growing immunity among the population both as a result of vaccination campaigns and the high number of infections. The variants of the virus in circulation also became less severe. This scenario has made it possible to gradually eliminate restrictive measures, with the consequent recovery of economic activities that had been hit hard by the public health crisis.

Following the end of the state of emergency on 31 March 2022, and at the same time as the Government lifted obligations, the Group eased Covid-19 pandemic restrictive and containment measures both at branches and central offices.
In view of the cyclical recurrence of waves of infection, the essential recommendations for a cautious and mindful conduct on company premises have remained in place (one-metre distance between people, hygiene, recommendation to use protective equipment indoors during gatherings, and the prohibition to access company premises in the event of symptoms caused by Covid-19 according to the treating doctor, as well as reporting positive cases diagnosed with molecular/antigenic tests based on the specific company procedure).
For the executive offices, a minimum staff presence (at least 40% of working days at the job location) was confirmed. The use of smart working by central structures is an integral part of a new work model based on the strengthening of individual empowerment and a better balance between professional and non-professional life, aimed at introducing new, post-Covid working methods, through the "Next Way of Working" project. This includes real estate and technological activities which are preparatory to the creation of new working environments designed to encourage the adoption of the Next Way of Working and support staff in the structural use of a flexible working method, based on alternating office and remote work. The new workspaces are in fact designed to enhance times when staff are on-site, creating co-working opportunities to strengthen the sense of belonging and expand networking, as well as foster a gradual adoption of hybrid working.

CONTRACTUAL AMENDMENTS DERIVING FROM COVID-19

1. Contractual amendments and write-offs (IFRS9)

In compliance with EBA guidelines, the moratoria granted by the Group in the wake of the Covid-19 crisis fulfilled the following requirements:

- they were offered without distinction to a group of (performing) borrowers or on the basis of statutory measures;
- they did not require waiver of contractual interest or principal but only a mere postponement or lengthening of payment terms.

Since those conditions only required a mere postponement/lengthening of the period when the payments were due, the application of moratoria did not entail derecognition of the loan. Moreover, these cases have an extremely limited application in the Fideuram Group. Reference is made to Part E of these Notes to the Financial Statements for an analysis of the quantitative data.

OTHER ASPECTS

Additional information on interest rate benchmark reform

In relation to the disclosure pursuant to IFRS7, paragraphs 24I and 24J relating to the interest rate benchmark reform (IBOR Reform), as at 31 December 2022 the Group had the following financial instruments in it financial statements, which have yet to change to an alternative benchmark rate as at 31 December 2022.

	LOANS AND RECEIVABLES - GROSS EXPOSURE	DEBT SECURITIES UNDER ASSETS - NOMINAL VALUE	DUE TO CUSTOMERS AND BANKS - NOMINAL VALUE
Indexed to EONIA	**-**	**-**	**-**
Indexed to USD LIBOR	**407**	**33**	**150**
of which due after 30.6.2023	*340*	*32*	-
Indexed to LIBOR in other currencies (all tenors)	**60**	**-**	**-**
of which: GBP	*4*	-	-
of which: JYP	-	-	-
of which: CHF	*56*	-	-
of which: EUR	-	-	-
Other IBORs	**-**	**-**	**-**
Total	**467**	**33**	**150**

The Group considers a contract as not yet having passed to an alternative benchmark when the interest under the contract is indexed to a benchmark that is still affected by IBOR Reform, even if it includes an appropriate fallback clause for managing the termination of the existing benchmark.
USD LIBOR indexed instruments must be transitioned by 30 June 2023 (31 December 2021 was the deadline for publishing only one-week and two-month USD LIBOR rates).

Non-derivative financial instruments indexed to LIBOR GBP and CHF were successfully transitioned to their respective Risk Free Rates or other contractually permitted indexation parameters, with the exception of one foreign subsidiary's residual GBP and CHF LIBOR positions for intervention was planned.
For full disclosure of the uncertainty arising from index reform with a view to determining hedge interest rates and hedge notionals as required by paragraph 24H of IFRS7, please refer to the section in Part E - Information on risk and related hedging policies.

Audit

The Fideuram - Intesa Sanpaolo Private Banking Group's Consolidated Financial Statements are audited by EY S.p.A. The table below provides detailed information on the remuneration that the Fideuram Group paid to EY network firms in the 2022 reporting period, in accordance with Article 2427 of the Italian Civil Code and Article 149 duodecies of the Issuers' Regulations (No. 11971) published by the Italian National Commission for Listed Companies and the Stock Exchange (Consob).

Type of services

(€m)

	2022	
	FIDEURAM	OTHER GROUP COMPANIES
Independent statutory audit (*)	0.5	1.5
Attestation services	0.1	1.2
Total	**0.6**	**2.7**

(*) Including statutory and voluntary audit costs. The net amount does not include the costs for auditing the mutual funds managed by Group companies. These costs are borne directly by the funds and totalled €1.7m in 2022.

All figures are net of VAT and expenses.

A.2 - MAIN FINANCIAL STATEMENT ITEMS

This section sets out the accounting policies adopted to prepare the Consolidated Financial Statements at 31 December 2022.

SECTION 1 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

This category contains the financial assets not classified as Financial assets measured at fair value through other comprehensive income or as Financial assets measured at amortised cost.

In particular, this item includes:

- financial assets held for trading;
- financial assets mandatorily measured at fair value, consisting of financial assets that do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual terms do not only require repayments of principal and payments of interest on the amount of principal to be repaid, or which are not held for the collection of contractual cash flows (Hold to Collect business model), or whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets (Hold to Collect and Sell business model);
- financial assets measured at fair value, i.e. financial assets that are defined as such upon initial recognition and when the conditions apply. In relation to this case, an entity may irrevocably designate a financial asset as measured at fair value through profit or loss only if it eliminates or significantly reduces a measurement inconsistency.

Therefore, this item shows:

- the debt securities and loans that are included in an Other/ Trading business model (and thus not associable with a Hold to Collect or Hold to Collect and Sell business model), or that do not pass the test on contractual characteristics (SPPI test);
- equity instruments which cannot be qualified as controlling or associated interests, and for which the option for measurement at fair value through other comprehensive income was not exercised upon initial recognition;
- units in mutual funds.

This item also consists of derivatives, recognised as financial assets held for trading, which are recognised as assets if their fair value is positive.

According to the general rules established by IFRS9 on the reclassification of financial assets (except for equity instruments, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets.

Initial recognition of financial assets occurs at settlement date for debt securities and equity instruments, at disbursement date for loans and at trade date for derivative contracts. Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, without considering transaction costs or revenues directly attributable to the instrument.

After initial recognition, the financial assets measured at fair value through profit or loss are carried at fair value. The effects of application of this measurement method are recognised in profit or loss.

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets.

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This category consists of the financial assets which meet both of the following conditions:

- the financial asset is held under a business model whose objective is pursued both through the collection of contractually required cash flows and through sale (Hold to Collect and Sell business model);
- the contractual terms of the financial asset require cash flows at fixed dates represented solely by payments of principal and interest on the principal to be repaid.

This category also includes equity instruments that are not held for trading and for which at the time of initial recognition the option for designation at fair value through other comprehensive income has been exercised.

In particular, this item includes:

- the debt securities that fall under a Hold to Collect and Sell business model and which have passed the test on contractual characteristics (SPPI test);
- the equity interests that do not qualify as controlling or associated, which are not held for trading, and for which the option of designation at fair value through other comprehensive income has been exercised.

No reclassifications to other categories of financial assets are allowed, except when the entity modifies its own business model for the management of financial assets.

These financial assets are initially recognised at the settlement date for debt securities and equities. The assets are recognised at fair value upon initial recognition, inclusive of the transaction costs or income directly attributable to the instrument itself.

After initial recognition, the Assets classified at fair value through other comprehensive income, other than equity instruments, are measured at fair value, with the recognition in profit or loss of the impact resulting from the application of the amortised cost, the impairment effects and any exchange rate effect, whereas the other gains and losses resulting from a change in fair value are recognised in a specific shareholders' equity reserve until the financial asset is derecognised. Upon sale of all or part of the financial asset, the gain or loss accumulated in the valuation reserve are transferred entirely or partially to profit or loss. The equity instruments which were classified in this category are measured at fair value, and the amounts recognised through equity must not be subsequently transferred to profit or loss, not even upon disposal. Dividends are the only component that can be associated with the equity instruments in question and which is recognised in profit or loss.

The Financial assets measured at fair value through other comprehensive income are subject to testing of a significant increase in credit risk (impairment) under IFRS9, with consequent recognition in profit or loss of an adjustment to cover the expected losses. More specifically, for instruments classified as stage 1 (i.e., financial assets at origination and instruments for which there has not been a significant increase in credit risk since the initial recognition date), a 12-month expected loss is recognised on the initial recognition date and at each subsequent reporting date. For instruments classified as stage 2 (performing exposures for which there has been a significant increase in credit risk since the initial recognition date) and as stage 3 (credit-impaired exposures), a lifetime expected loss for the financial instrument is recognised. Equity instruments are not subject to the impairment process.

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets.

SECTION 3 - FINANCIAL ASSETS MEASURED AT AMORTISED COST

This category includes the financial assets (in particular loans and debt securities) that meet both the following conditions:

- the financial asset is held under a business model whose objective is achieved through the collection of expected contractual cash flows ("Hold to Collect" business model);
- the contractual terms of the financial asset require cash flows at fixed dates represented solely by payments of principal and interest on the principal to be repaid.

In particular, this item includes:

- loans to banks in the different technical forms that meet the requirements set out in the paragraph above;
- loans to customers in the different technical forms that meet the requirements set out in the paragraph above;
- the debt securities that meet the requirements set out in the paragraph above.

This category also includes the operating receivables connected with the performance of financial activities and services.

No reclassifications to other categories of financial assets are allowed, except when the entity modifies its own business model for the management of financial assets.

Initial recognition of the financial asset occurs at settlement date for debt securities and at disbursement date for loans. The assets are recognised at fair value upon initial recognition, inclusive of the transaction costs or income directly attributable to the instrument itself.

In particular, for loans, the disbursement date is usually the same as the date of signing of the contract. Should this not be the case, a commitment to disburse funds is made along the subscription of the contract, which will cease to exist upon disbursement of the loan. The loan is recognised on the basis of its fair value, which is equal to the amount disbursed plus the costs/income which can be directly linked with the individual loan.

After initial recognition, the financial assets examined here are measured at amortised cost using the effective interest rate method. This method is not used for assets measured at historic cost, whose short duration minimises the effect of discounting, for those without a definite maturity date and for revocable loans.

The accounting policies are strictly connected with inclusion of the instruments examined here in one of the three stages of credit risk envisaged in IFRS9. The last of these (stage 3) covers non-performing financial assets and the remainder (stages 1 and 2) performing financial assets.

With regard to the accounting representation of the above measurement effects, the value adjustments for this type of asset are recognised in profit or loss:

- upon initial recognition, for an amount equal to the expected loss at 12 months;
- on subsequent measurement of the asset, when the credit risk has not increased significantly since initial recognition, in relation to changes in the amount of adjustments for the 12-month expected credit losses;
- upon subsequent measurement of the asset, if the credit risk has significantly increased from its initial recognition, according to the recognition of adjustments for expected losses over the entire remaining contractually envisaged life of the asset;
- on subsequent measurement of the asset, where – after a significant increase in credit risk has occurred since initial recognition – the increase is no longer significant due to the alignment of the cumulative value adjustments to take account of the change from a lifetime expected credit loss to a 12-month expected credit loss for the instrument.

If the analysed financial assets are performing, they are assessed to determine the adjustments to be recognised in the financial statements for each individual loan (or "tranche" of securities), according to the risk parameters represented by Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD). If, in addition to a significant increase in credit risk, there is also objective evidence of impairment, the amount of the loss is measured as the difference between the book value of the asset – classified as non-performing, like all the other relationships with the same counterparty – and the present value of the estimated future cash flows, discounted using the original effective interest rate. The amount of the loss to be recognised in profit or loss shall be defined according to an analytical measurement process or determined according to uniform categories and then analytically attributed to each position. Non-performing assets include financial assets classified as doubtful, unlikely-to-pay or past due by over 90 days according to the rules issued by the Bank of Italy, in line with the IAS/IFRS and EU Supervisory Regulations.

The expected cash flows take into account the expected recovery times and the estimated realisable value of any guarantees. The original effective rate of each asset remains unchanged over time even if the relationship has been restructured with a variation of the contractual interest rate and even if the relationship, in practice, no longer bears contractual interest. If the reasons for any impairment cease to apply as a result of events subsequent to the recognition of an impairment loss, the reversal of the impairment loss is recognised in profit or loss. The reversals may not exceed the amortised cost that the financial instrument would have had if it had not previously been written down. Recoveries on impairment with time value effects are recognised in net interest income. In some cases, during the lifetime of these financial assets, and of loans in particular, the original contractual conditions may be subsequently modified by the parties to the contract. When the contractual clauses are subject to change during the lifetime of an instrument, it is necessary to verify whether the original asset should continue to be recognised in the balance sheet or whether, instead, the original instrument needs to be derecognised and a new financial instrument needs to be recognised. In general, changes to a financial asset lead to it being derecognised and the recognition of a new asset when those changes are substantial. The extent of the change has to be assessed by considering both qualitative and quantitative elements.

The analyses aimed at defining the substantial nature of contractual changes made to a financial asset must therefore consider:

- the reasons why the changes were made, for example, renegotiation for commercial reasons and concessions due to financial difficulties of the counterparty:
  - the former, aimed at "retaining" the customer, involve a borrower that is not in financial difficulty. This category includes all renegotiations aimed at aligning the cost of the debt to market conditions. These operations involve a change in the original conditions of the contract, usually requested by the borrower and relating to aspects concerning the cost of the debt, with a consequent economic benefit for the borrower. In general, whenever the bank carries out a renegotiation to avoid losing its customer, that renegotiation should be considered as substantial because, if it were not carried out, the customer could borrow from another intermediary and the bank would incur a decrease in expected future revenues;
  - the latter, carried out for reasons of credit risk (forbearance measures), relate to the bank's attempt to maximise the recovery of the cash flows of the original loan. The underlying risks and rewards, following the changes, are not normally substantially transferred and, consequently, the accounting representation that provides the most relevant information for the readers of the financial statements is "modification accounting" – which involves the recognition through profit or loss of the difference between the book value and the present value of the modified cash flows discounted at the original interest rate – rather than derecognition;

- the presence of specific objective elements ("triggers") that influence the characteristics and/or contractual flows of the financial instrument (e.g. the change of currency or change in the type of risk exposure) which are believed to involve derecognition in light of their significant impact on the original contractual flows.

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets.

SECTION 4 - HEDGING TRANSACTIONS

The Group exercises the option allowed upon the introduction of IFRS9 to continue applying all the provisions of IAS39 relating to hedge accounting (in the carve-out version endorsed by the European Commission) for all types of hedges.

The purpose of hedging transactions is to neutralise contingent losses attributable to a specific risk and recognisable on a specific element or group of elements if that specific risk should actually materialise.

The following types of hedges are used:

- fair value hedge: its purpose is to hedge the exposure to changes in fair value (attributable to the different types of risk) of assets and liabilities or portions thereof carried on the balance sheet, groups of assets/liabilities, irrevocable commitments and portfolios of financial assets and liabilities. The purpose of macro hedges is to reduce fluctuations in the fair value of an amount of money that are attributable to interest rate risk and stemming from a portfolio of financial assets or liabilities. Net amounts resulting from the netting of assets and liabilities cannot be covered by macro hedges;
- cash flow hedge: its purpose is to hedge the exposure to changes in future cash flows attributable to specific risks associated with financial statement items. This type of hedge is essentially used to stabilise the interest flows of floating rate loans;
- foreign exchange hedge: its purpose is to hedge the risks pertaining to an investment in a foreign company that is denominated in foreign currency.

Only the financial instruments involving a counterparty outside the Group may be designated as hedging instruments.

The hedging derivatives are, like all derivatives, initially recognised and subsequently measured at fair value. In particular, where fair value hedges are concerned, the change in fair value of the hedged instrument is offset by the change in fair value of the hedging instrument. This offsetting is carried out by recording the changes in value of the hedged item (where changes generated by the underlying risk factor are concerned) and of the hedging instrument in profit or loss. Any difference, indicating the extent to which the hedge is only partially effective, is the net financial effect. In the case of macro hedge transactions, the changes in fair value referring to the hedged risk of the hedged assets and liabilities are recognised in the balance sheet at item 60. "Adjustments to financial assets subject to macro-hedging" or at item 50. "Adjustments to financial liabilities subject to macro-hedging". In the case of cash flow hedges, changes in the fair value of the derivative are allocated to shareholders' equity for the effective portion of the hedge, and are recognised in profit or loss only when, with reference to the hedged item, there is a change in the cash flows to be offset or if the hedge is ineffective. Foreign exchange hedges are accounted for in the same way as cash flows hedges.

The relationship between the hedging instruments and items hedged is documented formally and the effectiveness of the hedging verified at regular intervals. A hedge is considered to be effective when the fluctuations in the fair value of the hedged item are completely offset by the fluctuations in the fair value of the hedging instrument, keeping the ratio of these changes between 80% and 125%. If hedging effectiveness tests find that the hedges are not effective, accounting of the hedging transactions is suspended from the date of the last effectiveness test that had a positive result. The hedging derivative contract is transferred to financial instruments and the hedged financial instrument is measured using the method applicable to its classification in the financial statements.

SECTION 5 - EQUITY INVESTMENTS

This item includes investments held in associates and joint ventures.

Joint ventures are companies in which control is contractually agreed to be shared between the Group and one or more third parties, or when decisions concerning relevant activities require the unanimous consent of all parties sharing control.

Companies are considered subject to significant influence (associates) where the Group 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 of the investee even though it has fewer voting rights.

The equity investments are recognised at acquisition cost and subsequently measured using the equity method. The equity method involves adjusting the book value of the equity investment in relation to the Group interest in the subsidiary's shareholders' equity. The difference between the value of the equity investment and the interest in the subsidiary's shareholders' equity is included in the book value of the equity investment. The Group interest in the subsidiary's operating profit is recognised in consolidated profit or loss. If there is evidence of the impairment of an equity investment, the recoverable value of the equity investment is estimated. If the recoverable amount is less than the book value, the difference is recognised in profit or loss. If the reasons for any impairment cease to apply as a result of events subsequent to the recognition of an impairment loss, the reversal of the impairment loss is recognised in profit or loss.

SECTION 6 - PROPERTY AND EQUIPMENT

Property and equipment includes land, non-investment property, investment property, valuable art assets, technical plant and equipment, furniture and furnishings, and all kinds of machinery intended to be used for more than one financial year.

The property and equipment held for use in the production or supply of goods and services are classified as assets used in operations in accordance with IAS16. Investment property (which is held for rent or to increase invested capital) is classified as "assets held for investment purposes" under IAS40.
Finally, the rights of use acquired under leases and relating to the use of an item of property and equipment (for the lessee companies) and the assets granted under operating leases (for the lessor companies) are included.
Property and equipment are initially recognised at cost, with the latter understood to mean both the purchase price and any related direct charges incurred for the purchase or commissioning of the asset. The special maintenance costs that increase the future economic benefits of assets are allocated as increases in the value of the assets, while other ordinary maintenance costs are recognised in profit or loss.

After initial recognition, property and equipment are measured at cost, deducting depreciation and any impairment, with the exception of property used in operations and valuable art assets, which are measured according to the value recalculation method. Real estate held for investment is measured at fair value.

For property and equipment subject to measurement according to the revaluation method:

- if the book value of the asset is increased after its value is recalculated, the increase has to be recognised in the statement of comprehensive income and accumulated in shareholders' equity under valuation reserves. Instead, when impairment of the same asset that was previously recognised in profit or loss is reversed, income has to be recognised;
- if the book value of an asset is reduced after its value is recalculated, the reduction has to be recognised in the statement of comprehensive income as an excess revaluation to the extent that there are any net amounts credited in the revaluation reserve referring to that asset; otherwise that reduction has to be recognised in profit or loss.

The depreciable value is distributed systematically over the useful life of the asset on a straight-line basis with the exception of for the following:

- land, which has an indefinite useful life and is not, therefore, depreciable. The value of land is, moreover, also accounted for separately from the value of buildings, even when they are purchased together. This splitting of the value of land and the value of buildings is performed on the basis of a survey by independent experts solely for buildings held on a "ground-to-roof" basis;
- works of art, since their useful life cannot be estimated and their value is not normally likely to decline over time.
- as required by IAS40, real estate held for investment is measured at fair value in the income statement and, therefore, does not have to be depreciated.

The useful life of property and equipment subject to depreciation is verified periodically. If the initial estimates require adjustment, the related depreciation rates are also changed.
In addition, at every reporting date, the bank also evaluates whether there is any evidence of an asset having been impaired. In such cases the book value and recoverable value of the asset are compared. Any adjustments required are recorded in profit or loss. Should the reasons for the impairment cease to apply, a recovery is recognised that cannot, however, exceed the value the asset would have had, net of any depreciation calculated, had there not been any previous impairment.

Property and equipment represented by the right-of use of leased assets
Pursuant to IFRS16, a lease is a contract, or a part of a contract, that, in exchange for a consideration, transfers the right-of-use of an asset (the underlying asset) for a period of time.

Under IFRS16, leases are accounted for on the basis of the right-of-use model according to which, on the commencement date, the lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term. When the asset is made available for use by the lessee (commencement date), the lessee recognises a liability as well as an asset consisting of the right-of-use. In particular, the right-of-use acquired with the lease is recognised as the sum of the present value of the future lease instalments to be paid over the duration of the lease, of the lease payments paid at the date or before commencement of the lease, of any incentives received, of the initial direct costs and of any estimated costs for dismantlement or restoration of the underlying asset of the lease. The recognised financial liability corresponds to the discounted value of the payments owed on the lease.

With regard to the discounting rate, in accordance with IFRS16 requirements, the Group uses the implicit interest rate for each lease contract, when available. As for the lease contracts from the lessee's point of view, in certain cases, for example with reference to the lease contracts, the implicit interest rate cannot always be readily determined without recourse to estimates and assumptions (the lessee does not have enough information about the unsecured residual value of the leased asset). In these cases, the Group has developed a method to define the incremental interest rate alternative to the implicit interest rate and has decided to adopt the funds Internal Transfer Rate (ITR). This involves an unsecured and amortising rate curve, with the lease contract prescribing the instalments, which are typically constant, over the duration of the contract, and not a single balloon payment upon expiration. This rate takes into account the

lessee's credit rating, the duration of the lease, and the economic environment in which the transaction took place, and thus is compliant with the requirements of the financial reporting standard.
The duration of the lease is determined by taking into account:

- periods covered by a lease extension option, when it is reasonably certain that it will be exercised;
- periods covered by a lease cancelation option, when it is reasonably certain that it will be exercised.

While the lease contract is in effect, the lessee must:

- recognise the right-of-use at cost, net of accumulated depreciation and the accumulated impairments calculated and recognised in accordance with the provisions of IAS36 - Impairment of assets, adjusted to account for any recalculation of the lease liability;
- increase the liability resulting from the lease transaction after the accrual of interest expenses calculated at the implicit interest rate of the lease or, alternatively, at the marginal financing rate and reduce it for the instalment payments of principal and interest.

In the event of modifications in the payments owed on the lease, the liability must be recalculated. The impact of the recalculation of the liability is recognised as an asset contra entry consisting in the right-of-use.

An item of property and equipment is eliminated from the balance sheet upon disposal or when an asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

SECTION 7 - INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance that originate in legal or contractual rights. They include software developed in-house or purchased from third parties, goodwill and the intangible assets connected with customers recognised on the balance sheet after business combinations.

Intangible assets are recognised at cost, adjusted for any related expenses only if the future economic benefits attributable to the assets are likely to be obtained and the cost of the assets themselves can be calculated reliably. When this is not the case, the cost of the intangible asset is recognised in profit or loss for the year in which it was borne. The cost of assets with a finite useful life is amortised on a straight-line basis, calculated in relation to the anticipated flow of the economic benefits of the asset. Conversely, assets with an indefinite useful life are not subject to systematic amortisation, but to a periodic test to verify the appropriateness of their book value. If there is evidence of the impairment of an asset, the asset's recoverable value is estimated. The impairment is recognised in profit or loss as the difference between the asset's book value and recoverable value.

In particular, intangible assets include:

- intangible assets based on technology, such as application software, which are amortised according to their expected technological obsolescence and, regardless, over no more than seven years; expenses related to the in-house development of software are recognised in the financial statements as intangible assets following verification of the technical feasibility of completion and their ability to generate future economic benefits. During the development phase, these assets are valued at cost, complete with any related direct expenses, including expenses for the personnel involved in the projects. If the verification has a negative outcome, the expenses are recognised in profit or loss;
- intangible assets connected with customers represented by measurement of the value in business combinations of the Client Asset management relationships and non-financial assets connected with the provision of services. These definite life assets are originally recognised at a value measured through discounting, with use of a rate representing the time value of money and the specific risks of the asset, the flows representing the profit margins over a period equal to the residual, contractual, or estimated life of the relationships existing when the combination is executed. They are amortised on a straight-line basis over the period of the expected flow economic benefits;
- goodwill.

In business combinations, goodwill can be recognised when the positive difference between the consideration transferred and the fair value (if applicable) of the non-controlling interest and the fair value of the equity interest acquired is representative of the equity investment's future income-generating capacity (goodwill). If this difference is negative (badwill) or if the goodwill is not justified by the future income-generating capacity of the company in which the investment is held, the difference is recognised directly in profit or loss. A test is conducted at yearly intervals (or whenever there is evidence of impairment) to verify the appropriateness of the goodwill valuation. The cash-generating unit to which the goodwill is attributable is identified for this purpose. Impairment is measured as the difference between the book value of the goodwill and its recoverable value, if lower. The recoverable value of the cash-generating unit is the higher of its fair value, less any costs to sell, and its value in use. The resulting adjustments are recorded in profit or loss.

An intangible asset is eliminated from the balance sheet upon disposal or when future economic benefits are no longer expected.

SECTION 9 - CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

Income taxes, calculated in accordance with national tax legislation, are recognised as costs on an accrual basis, in line with the accounting treatment of the costs and income that generated them. They therefore represent the balance of current and deferred tax assets and liabilities for the year.
Current tax assets and liabilities are the net balance of the Group companies' directly taxable positions with the tax authorities in and outside Italy. More specifically, they are the net balance of prior-year and current tax liabilities for the year, calculated on the basis of a cautious forecast of the tax burden due for the year, determined on the basis of current

tax legislation, and current tax assets represented by advance payments, by withholdings from advance payments or from other tax credits.

This tax consolidation regime provides for the aggregation of the taxable income of all the subsidiaries and a single payment of IRES corporate income tax by the consolidating company Intesa Sanpaolo.
Deferred tax assets and liabilities are calculated using the "balance sheet liability method", which takes into account the tax effect of the timing differences between the book values of the assets and liabilities and their tax values which result in taxable or tax-deductible amounts arising in future periods. To this end, "taxable timing differences" are taken to be differences that result in taxable amounts arising in future periods, and "deductible timing differences" are taken to be differences that result in tax-deductible amounts arising in future financial years.

Deferred tax assets and liabilities are calculated applying the tax rates specified by current tax legislation, for each consolidated company, to the taxable timing differences for which it is probable that taxes will have to be paid, and to the deductible timing differences for which there is reasonable certainty of recovery. Deferred tax assets are netted against deferred tax liabilities where they relate to the same tax and fall due in the same period.
When the deferred tax assets and liabilities refer to components recognised in profit or loss, they are recorded in a balancing entry under income taxes. On the other hand, when the deferred tax assets and liabilities regard transactions that have had a direct effect on shareholders' equity without impacting the profit or loss, they are recorded as a balancing entry under shareholders' equity, in respect of the related reserves, if any.

SECTION 10 - PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges to cover commitments and guarantees
This item contains the provisions for credit risk recognised for loan commitments and guarantees given that come under the scope of the IFRS9 impairment rules. The same rules for allocation among the credit risk stages and for calculation have been adopted for these cases to calculate the expected loss shown in reference to the financial assets measured at amortised cost or at fair value through comprehensive income.

Pensions and similar obligations
Pension funds are established in accordance with company agreements as defined-benefit schemes. The liability in respect of these schemes and the related pension cost of current employees are calculated using the Projected Unit Credit method, which discounts at a market interest rate the future outflows estimated on the basis of statistical historical analyses and demographic data. The contributions paid in each year are considered as separate units, recognised and measured individually to determine the final obligation. The discount rate used is set in relation to the market yields of primary corporate bonds at the measurement dates, taking the average residual maturity of the liability into account. The present value of the obligation at the accounting reference date is in addition adjusted to take into account the fair value of any assets serving the scheme. Any actuarial gains and losses (which is to say any changes in the present value of the obligation resulting from changes in the actuarial criteria and from adjustments on the basis of past experience) are recognised in the statement of comprehensive income.

Other
The other provisions for risks and charges are provisions for legal liabilities connected with employment relationships or litigation, including tax litigation, whose amount or due date is uncertain and which are recognised in the financial statements for the following reasons because:
- there is a present obligation (legal or implicit) arising from a past event;
- it is probable that financial resources will have to be disbursed to fulfil the obligation;
- it is possible to make a reliable estimate of the probable future disbursement.

The recognised provision is the best estimate of the expenditure required to meet the obligation existing at the reporting date. When the effect of deferring the estimated expense becomes a significant factor, the Group calculates the provisions as amounting to the present value of the expenses it is envisaged will be required to discharge the obligations. The provisions set aside are reassessed at every accounting reference date and adjusted to reflect the best current estimate.

The provision is reversed when it becomes unlikely that resources will be invested in sufficient quantity to produce economic benefits and fulfil the obligation or when the obligation is extinguished.

This item also includes long-term employee benefits, whose expenses are determined by using the same actuarial methods described for pension funds. Actuarial gains and losses are all recognised immediately in profit or loss.

SECTION 11 - FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The items Due to banks and Due to customers cover all the technical forms of borrowing from said counterparties. This item also includes the debts recognised by the bank in the capacity of lessee within the scope of leases.

These financial liabilities are initially recognised in the balance sheet at fair value, which is usually the amount collected, increased by any transaction costs directly attributable to the individual borrowing transaction. Debts for leases are recognised at the present value of the future lease payments, which are discounted using the implicit interest rate of the transaction or, if it cannot be determined, through the marginal loan rate.

The debts, with the exception of on-demand and short-term items which continue to be recognised at collection value, are subsequently measured at amortised cost using the effective interest rate method, with the related effect being recognised in profit or loss. Debts for leases are revalued when there is a lease modification (i.e. a change in the contract that is not recognised as a separate contract). The effect of the revaluation must be recognised as a balancing entry for the right-of-use asset. Financial liabilities are derecognised when they mature or are settled.

SECTION 12 - FINANCIAL LIABILITIES HELD FOR TRADING

Financial liabilities held for trading are recognised on the subscription date or issue date at a value equal to the fair value of the instrument, without considering any transaction costs or income directly attributable to the tools themselves. This category includes derivative contracts held for trading with a negative fair value and liabilities regarding technical short positions generated by dealing in securities. All trading liabilities are measured at fair value with allocation of the result of valuation in profit or loss. The financial trading liabilities are derecognised when the contractual rights to the associated cash flows expire or when the financial liability is sold with substantial transfer of all the risks and benefits deriving from ownership thereof.

SECTION 14 - FOREIGN EXCHANGE TRANSACTIONS

Foreign exchange transactions are recognised in the functional currency upon initial recognition, applying the exchange rate at the transaction date.

Items in foreign currencies are measured as follows at each reporting date:

- monetary items are converted using the exchange rate at the reporting date;
- non-monetary items measured at historical cost are converted using the exchange rate at the date of the transaction;
- non-monetary items measured at fair value are converted using the exchange rate at the reporting date.

Exchange differences arising from the settlement of monetary items or from the conversion of monetary items at a different rate from the initial conversion or previous financial statements are recognised in profit or loss for the period in which they arise.

When a profit or loss relating to a non-monetary item is recognised in shareholders' equity (other comprehensive income), the exchange difference of this item is likewise recognised in other comprehensive income. On the contrary, when a profit or loss is recognised in the profit or loss, the related exchange rate difference is also recognised in profit or loss.

SECTION 16 - OTHER INFORMATION

Provision for employment termination indemnities
The Provision for employment termination indemnities constitutes a "post-employment benefit" classified as:

- a "defined contribution scheme" for the employment termination indemnity contributions accrued from 1 January 2007 (the date when the complementary social security reform provided for by Italian Decree Law No. 252/2005 came into force), irrespective of whether the employee opts for complementary social security or for the contributions to be paid to the Treasury fund managed by Italy's Department of Social Security (INPS). The value of these contributions, which is recorded under personnel expenses, is calculated on the basis of the contributions due without applying actuarial calculation methods.
- a "defined benefit scheme" and therefore recognised on the basis of its actuarial value calculated using the Projected Unit Credit method for the employment termination indemnity contributions accrued up until 31 December 2006. These contributions are recognised on the basis of their actuarial value without pro-rating for length of service since the current service cost of the Provision for employment termination indemnities has almost been accrued in full, and it is considered that its revaluation for future years would not generate significant benefits for the employees.

The discount rate used is set with reference to market yield, taking into account the average residual maturity of the liability, weighted in relation to the percentage of the amount paid and advanced, for each maturity, with respect to the total amount to be paid and advanced for the entire obligation to be discharged in full. The service costs of the scheme are recognised under personnel expenses and the actuarial gains and losses are recognised in the valuation reserves, with the effects for the year being recorded in the statement of comprehensive income.

Securities lending transactions
The securities lending service is an ancillary banking service. Under securities lending agreements, customers transfer ownership of a certain number of securities of a given type (i.e. the securities in their portfolio with the exception of significant equity investments, mutual funds and SICAVs). The Group is required to return them and pay a fee for their loan. The transactions always have a maximum duration of 1 day. The customer retains full control over the loaned securities (in the case of both sale and transfer) and receives the coupon and/or dividend payments in the form of income.
The securities lending agreement entails the transfer of shares or bonds against an undertaking that the transferee will return them by the agreed term. Ownership of the securities is therefore transferred from the transferor to the transferee. From a legal standpoint the transaction is subject to the regulations governing loan contracts.

Securities lending agreements can be entered into on the following basis:

- with no collateral provided by the transferee to the transferor;
- with cash collateral provided by the transferee to the transferor;
- with collateral provided by the transferee to the transferor in the form of other securities.

Securities lending transactions secured by cash collateral to which the lender has full rights are recognised as repurchase agreements in the financial statements.
In the financial statements, in case of securities lending transactions without collateral, or with collateral in the form of other securities, the loaned security and the security provided as collateral continue to be recognised under assets in the balance sheet of the lender and borrower respectively. If the borrower sells the loaned security, it is recorded as a debt to the lender under liabilities in the balance sheet. On

the contrary, if the security is used in repurchase lending agreements, the borrower records a debt to the counterparty to the agreement. The lender recognises the fees they receive for the transaction in fee and commission income in profit or loss.

Accrued expenses and deferred income
Accrued expenses and deferred income, which consist of expense and income accrued on assets and liabilities in the year, are recorded in the financial statements as adjustments to the related assets and liabilities. In particular, the items includes the prepaid expenses regarding the bonuses for meeting net inflow targets, linked to the duration of contractual relationships with customers.

Leasehold improvements
The costs incurred in renovating leasehold property are capitalised in consideration of the fact that the Group has control of the assets for the term of the lease and can derive future economic benefits from them. These costs are recognised as Other assets and depreciated over a period not exceeding the lease term.

Share-based payments
Share-based payments, settled in cash, refer to the remuneration and incentive schemes for the Group's management and employees.

The remuneration and incentive schemes for management provide for the acquisition of Intesa Sanpaolo shares under the schemes, which are recorded under financial assets measured at fair value through profit or loss. The amounts due to personnel under the schemes are recorded under other liabilities as a balancing entry in personnel expenses, and adjusted for any fluctuations in the fair value of the shares until the liability is settled.

The share-based remuneration plans for employees are recognised in profit or loss, with a corresponding increase in shareholders' equity, on the basis of the fair value of the financial instruments assigned at the grant date, by dividing the cost over the expected period of the plan.

Financial Guarantees
The financial guarantee contracts the Group uses to cover counterparty risk provide for the reimbursement of any loss incurred regarding the asset covered as a result of the default of the debtor/issuer, upon payment of commission that is systematically recognised in profit or loss during the term of the contract.

Recognition of income and costs
Income consists of gross flows of economic benefits deriving from the performance of ordinary activity and is recognised in profit or loss at the time control of the assets or services is transferred to the customer, for an amount representing the amount of the consideration which is deemed to be owed. In particular, income is recognised through the application of a model that has to meet the following criteria:

- identification of the contract, defined as an agreement in which the parties promise to fulfil their mutual obligations;
- specification of the individual performance obligations contained in the agreement;
- determination of the transaction price, i.e. the consideration expected for transfer of the assets or services to the customer;
- allocation of the price of the transaction to each performance obligation on the basis of the sale prices of the individual obligation;
- recognition of income when (or gradually as) the performance obligation is satisfied with transfer to the customer of the promised asset or service.

The transaction price represents the amount of the consideration to which the seller believes it is entitled in exchange for transfer of the promised goods and services to the customer. This may include fixed or variable amounts or both types. The income comprised of variable consideration is recognised in profit or loss if it can be reliably estimated and only if it is highly likely that consideration will not have to be reversed from profit or loss in future years. When factors of uncertainty tied to the nature of the consideration strongly prevail, the consideration shall be recognised only when such uncertainty is resolved.

Revenue may be recognised:

- at a precise time, when the entity fulfils its performance obligation by transferring the promised asset or service to the customer, or
- over time, as the entity gradually fulfils its performance obligation by transferring the promised asset or service to the customer.

The asset is transferred when, or over the period during which, the customer acquires control over it. Specifically:

- interest income is recognised on an accrual basis applying the contractual interest rate or the effective interest rate when the amortised cost method is being used. The item interest income (or interest expense) also includes the gains (or losses) accrued on financial derivatives contracts at the accounting reference date;
- default interest is recognised in profit or loss only at the time of actual collection;
- dividends are recognised in profit or loss when their distribution is decided, unless this date was unknown or the information was not immediately available, in which case it may be recognised at the time of receipt;
- fee and commission income on services is recorded, on the basis of contractual agreements, in the period when the services are provided. The fee and commission income counted in the amortised cost for determining the effective interest rate is recognised as interest;
- profit and loss on trading in financial instruments are recognised in profit or loss when the sale is completed, as the difference between the amount paid or collected and the book value of the instruments;
- the income deriving from the sale of non-financial assets is recognised at the time their sale is completed, or when the performance obligation towards the customer is satisfied.

Costs are recognised in profit or loss according to the accrual method. The costs for obtaining and performing agreements with customers are recognised in profit or loss in the periods in which the related income is recognised.

Purchases and sales of financial assets
The Group recognises purchases and sales of financial assets at their settlement date, taking said purchases and sales to be those conducted on the basis of contracts that require the asset to be delivered within a period of time that is in accordance with market regulations or conventions, with the exception of that specified for derivatives.

Derecognition policy
Financial assets are derecognised when the contractual rights to the cash flows deriving from said assets expire or when the financial assets are sold, largely transferring all the risks/benefits connected with them. Financial liabilities are derecognised when they mature or are settled.

Business combinations
The transfer of control of a company (or of an integrated group of businesses and assets that is run and managed jointly) constitutes a business combination transaction.
IFRS3 is the reference accounting standard for business combinations. This standard requires an acquirer to be identified for all business combination transactions. The acquirer is normally identified as the entity obtaining control of another entity or group of assets. The acquisition and therefore the initial consolidation of the acquired entity is recognised at the date when the acquirer effectively obtains control of the entity or assets acquired.
The cost of a business combination transaction is calculated as the sum of the following:

- the fair value at the transaction date of the assets acquired, of the liabilities assumed, including any contingent liabilities, and of the equity instruments issued by the acquirer in exchange for control;
- any additional charges directly attributable to the business combination.

Business combination transactions are recorded using the purchase method, which involves recognising:

- the assets, liabilities and contingent liabilities of the acquired entity at their respective fair values at the acquisition date, including any intangible assets identifiable not already recognised in the financial statements of the acquired entity;
- non-controlling interests in the acquired entity in proportion to the related interest in the net fair values;
- the goodwill held by the Group, calculated as the difference between the cost of the business combination and the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Any positive difference between the Group's interest in the net fair value of the assets, liabilities and contingent liabilities acquired and the cost of the business combination is recognised in profit or loss.
The fair value of the assets, liabilities and contingent liabilities of the acquired entity may be calculated on a provisional basis before the end of the financial year in which the business combination takes place and must be finalised within twelve months of the acquisition date.

Transactions for the purposes of reorganisation between two or more entities or businesses which are already members of the Fideuram Group, or which belong to the Intesa Sanpaolo Group, and do not involve changes in the control structures irrespective of the percentage of non-controlling interests before and after the transaction (referred to as business combinations of entities subject to joint control) do not constitute business combinations, being excluded from the scope of IFRS3. Such transactions are considered to have no economic substance unless they result in a significant change in cash flows. Hence, in the absence of any specific IAS/IFRS Standard or Interpretation, and in accordance with IAS8 – which requires a company, in the absence of any specific Standard or Interpretation, to use its own judgment in applying an accounting policy which provides relevant, reliable and cautious information that reflects the economic substance of the transaction – these transactions are recognised maintaining continuity between the values stated by the acquired entity and the values stated in the financial statements of the acquiring entity. In accordance with this policy, the same values are recorded in the balance sheet as if the companies (or company divisions) involved in the business combination had always been combined. The businesses acquired are stated in the financial statements of the acquiring company at the same values that they had in the financial statements of the transferor company. Any difference between the price paid/received and the net book value of the businesses transferred is recorded directly as a balancing entry in shareholder's equity net of any deferred tax assets and liabilities (if necessary).

However, in certain cases of corporate reorganization transactions, as described below, Group policy requires continuity of values with respect to the consolidated financial statements of the parent company, when this approach ensures better accounting representation of the business combination under common control.
In particular, continuity of values with respect to the consolidated financial statements of the parent company generally ensures better accounting representation of the business combination under common control in cases where the latter meets the following conditions:

- it is functionally related to a previous business combination carried out with third parties and therefore recorded in the Group consolidated financial statements in accordance with IFRS3;
- it is carried out in close temporal proximity, i.e., within the next 24 months, to the business combination recorded in accordance with IFRS3;
- it involves subsidiaries without significant non-controlling interests and/or publicly traded debt securities.

It is very likely that in close temporal proximity to a business combination with third parties, the purchaser will carry out a series of extraordinary transactions aimed at rationalising the structure of the new group resulting from aggregation. These business combinations, though carried out within the Group, are to be considered as a natural extension of the main business combination carried out with third parties, representing its necessary complement and falling, with it, within a comprehensive strategic design; in such cases, the application of the principle of continuity in the variant that gives relevance to the consolidated financial statements of the common parent company makes it possible to ensure uniform representation to all the reorganisation transactions consequent to the business combination from which they derive and to preserve consistency within the Group with respect to the business combination to which these transactions under common control are functionally related.

Moreover, the application of the principle of continuity with respect to the consolidated financial statements of the common parent company, for aggregations under common control carried out in temporal proximity to the business combination recorded pursuant to IFRS3, means that the assets and liabilities subject to the business combination under common control are recognised in the financial statements of the subsidiary that acquires them at values close to their respective current values, i.e., the fair values recorded in the Group's consolidated financial statements as part of the Purchase Price Allocation (PPA) process provided for by IFRS3 for business combinations carried out with third parties, thereby providing more relevant information for the purposes of the overall representation of the business being transferred between companies under common control.

Use of estimates and assumptions in the preparation of the financial statements

The preparation of financial statements may also require the use of estimates and assumptions that can have significant effects on the amounts stated in the balance sheet and income statement, and on the information on assets and contingent liabilities provided in the financial statements. These estimates are made using the information available and adopting subjective valuations, which are also based on historical experience, to formulate reasonable assumptions for reporting operating performance. The estimates and assumptions used may by their nature vary from year to year, so that one cannot rule out the possibility of the values recognised in the financial statements varying, even significantly, in subsequent years as a result of changes in the subjective valuations used. In the presence of more significant uncertainties and/or activities subject to measurement of particular materiality, the valuation is supported, with the use of external experts/experts, by specific fairness opinions. Subjective valuations by company directors are mainly required for:

- quantifying impairment losses on loans, equity investments and, as a rule, other financial assets;
- the valuation models used for the fair value measurement of financial instruments not listed on active markets;
- assessing the fairness of the value of goodwill and other intangible assets;
- quantifying the fair value of real estate and valuable art assets;
- making estimates and assumptions regarding the recoverability of deferred tax assets;
- quantification of staff provisions and provisions for risks and charges;
- calculating the prepaid expenses regarding the Personal Financial Adviser Network bonuses and incentives linked to specified inflow targets.

Classification criteria for financial assets

The classification of financial assets in the three categories envisaged by IFRS9 is based on two classification criteria, or drivers:

- the business model used for management of the financial instruments;
- the contractual characteristics of the cash flows of the financial assets (or SPPI test).

The classification of the financial assets derives from the combined effect of the two drivers mentioned above as described below:

- Financial assets measured at amortised cost - Loans and advances to customers: assets that pass the test on contractual characteristics (SPPI test) and fall in the Hold to Collect (HTC) business model;
- Financial assets measured at fair value through other comprehensive income (FVOCI): assets that pass the SPPI test and fall in the Hold to Collect and Sell (HTCS) business model;
- Financial assets measured at fair value through profit or loss (FVTPL): this is a residual category, which includes financial instruments that cannot be classified in the previous categories based on the results of the business model or the test of the contractual cash flow characteristics (SPPI test not passed).

SPPI test

For a financial asset to be classified as at amortised cost or at FVOCI – in addition to the analysis of the business model – the contractual terms of the asset must also provide, on specified dates, for cash flows consisting of solely payments of principal and interest (SPPI). This analysis must be carried out for loans and debt securities in particular.
The SPPI test must be carried out on every single financial instrument when it is recognised in the financial statements. After initial recognition and as long as it is carried on the balance sheet, the asset is no longer subject to new measurements for the purposes of the SPPI test.
If the test shows that the contractual cash flows are significantly different from the cash flows of a benchmark instrument, the contractual cash flows cannot be considered compliant with the definition of SPPI. The presence of contractual clauses that may change the frequency or amount of the contractual cash flows must also be considered to determine whether those cash flows meet the requirements to be considered as SPPIs.

Business model

With regard to the business models, IFRS9 identifies three cases relating to the way in which cash flows and sales of financial assets are managed:

- Hold to Collect (HTC): this is a business model whose objective is achieved by collecting the contractual cash flows of the financial assets included in the portfolios associated to it. The inclusion of the portfolio of financial assets in this business model does not necessarily result in the inability to sell the instruments, but the frequency, value and timing of sales in prior periods, the reasons for the sales, and the expectations about future sales, need to be considered;

- Hold to Collect and Sell (HTCS): this is a mixed business model whose objective is achieved by collecting the contractual cash flows of the financial assets in portfolio and also through the sale of the financial assets, which is an integral part of the strategy. Both activities (collection of contractual flows and sale) are indispensable for achieving the business model's objective. Accordingly, sales are more frequent and significant than for an HTC business model and are an integral part of the strategies pursued;
- Other/Trading: this is a residual category that includes both financial assets held for trading and financial assets managed with a business model that does not come under the previous categories (Hold to Collect and Hold to Collect and Sell). In general, this classification applies to a portfolio of financial assets whose management and performance are measured based on fair value.

The business model reflects the way in which financial assets are managed to generate cash flows for the benefit of the entity and is defined by top management with the appropriate involvement of the business structures. It is observed by considering the way in which financial assets are managed and, as a consequence, the extent to which the portfolio's cash flows derive from the collection of contractual flows, from the sale of the financial assets, or from both.
The business model does not depend on management intentions regarding an individual financial instrument but refers to the ways in which groups of financial assets are managed to achieve a specific business objective.

In summary, the business model:

- reflects the way in which financial assets are managed to generate cash flows;
- is defined by top management with the participation of business units as appropriate;
- must be observable by considering the way the financial assets are managed.

Amortised cost measurements
The amortised cost of a financial asset or liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, calculated using the effective interest method, of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The effective interest rate is the rate that discounts the contractual future cash payments or receipts up to maturity or the next repricing date to the present value of a financial asset or liability. The present value is calculated by applying the effective interest rate to the future receipts or payments throughout the useful life of the financial asset or financial liability or for a shorter period in certain conditions (e.g. a change in market interest rates).

Subsequent to the initial recognition, the amortised cost allows one to add income and subtract costs from the value of the financial instrument throughout its useful life using the process of amortisation. The manner in which amortised cost is calculated differs depending on whether a fixed or floating rate financial asset or liability is concerned, and – for floating-rate financial instruments – on whether the interest rate variability is known in advance or not. For instruments with a fixed rate or which have a fixed rate for given periods of time, the future cash flows are quantified using the known interest rate (single or multiple) over the life of the instrument. For floating-rate financial assets and liabilities where the variability is not known in advance (e.g. index-linked), the cash flows are calculated using the last known interest rate. Whenever the interest rate changes, the amortisation schedule and effective rate of return are recalculated for the whole of the useful life of the instrument, which is to say to maturity. The adjustment is recognised as cost or income in profit or loss.
Amortised cost measurements are used for financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, as well as financial liabilities measured at amortised cost.

Financial assets and liabilities traded in arm's-length transactions are initially recognised at fair value, which is normally the amount received or paid, including – for instruments valued at amortised cost – any directly related transaction costs, commission and fees.

As set out in IFRS9, in some cases, a financial asset is considered impaired at the time of initial recognition because the credit risk is very high and, if purchased, it is acquired at large discounts (compared to the initial disbursement value). In the event that the financial assets in question, based on the application of the classification drivers (i.e., SPPI test and Business model), are classified among the assets valued at amortised cost or fair value with impact on comprehensive income, they are classified as "Purchased or Originated Credit Impaired Assets" (in short, "POCI"). In addition, on financial assets that qualify as POCI, a credit-adjusted effective interest rate is calculated at the date of initial recognition, for the identification of which it is necessary to include initial expected losses in cash flow estimates. Therefore, for the application of amortised cost, and the consequent calculation of interest, this credit-adjusted effective interest rate is applied.
With regard to impaired loans resulting from business combinations, the difference between the initial recognition value (the fair value determined at the time of PPA) of the POCI and the previous carrying amount at the acquired entity is divided into two components: one linked to the lower recoverable flows estimated when determining the fair value, which therefore discount the expected credit losses throughout the residual duration, and the other linked to the discounting of these lower recoverable flows. The reversal effect of discounting (relating to the estimated recoverable flows attributed to the impaired receivables at the time of PPA) is recorded on an accrual basis under interest income so as to supplement the contractual interest rate with the higher yield deriving from the lower value attributed to the recoverable flows, which, as mentioned above, take into account the losses expected throughout the residual duration of the POCI assets.

Amortised cost measurements are not used for financial assets and liabilities with maturities so short that the financial impact of discounting may be deemed negligible or for loans without a specified maturity or for revocable loans.

Impairment measurements

Impairment of financial assets

At every reporting date, the financial assets other than those measured at fair value through profit or loss are tested to determine whether there is evidence that might justify considering that the book value of those assets cannot be fully recovered. A similar analysis is also performed for the commitments to disburse funds and for the guarantees that fall within the scope of impairment under IFRS9.
If such evidence exists ("evidence of impairment"), the financial assets in question shall be considered doubtful and placed in stage 3. Adjustments equal to the expected losses for their entire remaining lifetime have to be recognised for these exposures, which are represented by the financial assets classified – pursuant to the provisions of Bank of Italy Circular No. 262/2005 – in the categories of doubtful loan, unlikely to pay, and past due for more than 90 days categories.

For financial assets for which there is no evidence of impairment (performing financial instruments), on the other hand it is necessary to check whether there are indicators that the credit risk of the individual transaction has increased significantly since initial recognition. This check, in terms of classification (or, more precisely, staging) and measurement, has the following consequences:

- when those indicators exist, the financial asset is classified in stage 2. Measurement in that case, even in the absence of manifest impairment, requires the recognition of adjustments equal to the losses expected over the entire residual lifetime of the financial instrument. These adjustments are subject to revision at each subsequent reporting date, both to periodically check their consistency with the continuously updated loss estimates and to take account – if the indicators of "significantly increased" credit risk are no longer present – of the change in the forecast period for the calculation of the expected credit loss;
- when those indicators do not exist, the financial asset is classified in stage 1. In that case, even if there is no manifest impairment, the measurement must recognise the expected losses for the specific financial instrument over the following 12 months. These adjustments are subject to revision at each subsequent reporting date both to periodically check their consistency with the continuously updated loss estimates and to take into account – if there are indicators that the credit risk has "significantly increased" – the change in the forecast period for the calculation of the expected loss.

The following elements have to be considered for measurement of the financial assets and, in particular, identification of the "significant increase" in credit risk (a necessary and sufficient condition for classification of the measured asset in stage 2):

- the variation of the lifetime probabilities of default compared to the time of initial recognition of the financial instrument. This is therefore an assessment made on a relative basis, which constitutes the main driver;
- any presence of payments that are at least 30 days past due. In that case, the credit risk of the exposure is considered to be presumably and "significantly increased" and consequently the asset is moved to stage 2;
- any presence of forbearance measures that entail classifying the exposures among those whose credit risk has increased significantly since initial recognition.

Once the allocation of the exposures to the various credit risk stages has been established, the expected credit losses (ECL) are determined at individual transaction or securities tranche level, using the IRB/Business models, based on the parameters of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), to which appropriate corrections are made to ensure compliance with the requirements of IFRS9.

The following definitions apply to PD, LGD, and EAD:

- PD (Probability of Default): likelihood of being moved from the status of performing to that of non-performing loan over a one-year time horizon; in the models consistent with supervisory provisions, the PD factor is typically quantified through the rating;
- LGD (Loss Given Default): percentage of loss in the event of default. In the models that are consistent with supervisory regulations, it is quantified through the historic experience of recoveries discounted on the loans that have been reclassified as non-performing;
- EAD (Exposure At Default) or credit equivalent: amount of exposure at the time of default.

Non-performing loans are represented by doubtful loans, unlikely to pay, and past due and/or overdue loans by over 90 days. Non-performing loans classified as doubtful loans are subject to the following valuation methods:

- analytical-statistical valuation, which is adopted for exposures of less than €2m. It is based on the application of special LGD assessments, in combination with an Add-On to account for forward-looking information, especially the information referring to the impact of future macroeconomic scenarios;
- specific analytical valuation, which is adopted for customers having exposures of more than €2m. It is based on the impairment percentages assigned by the manager after carrying out appropriate analysis and valuation processes, in combination with an Add-On to account for forward-looking information, especially the information referring to the impact of future macroeconomic scenarios (except for the doubtful loans secured by mortgages, for which the impacts of future scenarios are included through determination of the haircut to the value of the property posted as collateral).

The unlikely to pay loans are also measured according to different methods:

- analytical-statistical valuation, which is adopted for exposures of less than €2m. It is based on the application of special LGD statistical assessments, in combination with an Add-On to account for the impact of future macroeconomic scenarios and continuation of its doubtful status, with the aim of penalising those positions that have greater seniority or that do not show any movements and/or recoveries for a specific period of time;
- specific analytical valuation, adopted for on-balance sheet exposures exceeding €2m, based on the impairment percentages assigned by the manager, in combination with an Add-On to account for the impact of future macroeconomic scenarios and continuation of its doubtful status in this case too.

The non-performing loans classified as overdue/past due loans are measured analytically on a statistical basis, independently of the amount of the exposure. However, even in this case, the adjustment determined on the basis of the LGD statistical assessments is complemented to reflect the Add-On ascribable to the effect of future macroeconomic scenarios.

The credit exposures must continue to be recognised as non-performing until at least three months have passed since they ceased to meet the conditions for classification as such ("probation period"). Until the conditions are met for their removal from the non-performing category, those exposures are kept in the respective risk classes and measured on an analytical-statistical or specific analytical basis according to their lower riskiness.

Impairment of non-financial assets

Property and equipment and Intangible assets with a finite useful life undergo impairment tests if there is evidence that the book value can no longer be recovered. The recoverable value is calculated in relation to the fair value of the property, equipment or intangible asset less the costs of disposal, or in relation to its value in use if this is determinable and exceeds its fair value.
The fair value of properties is determined on the basis of an appraisal prepared by an independent appraiser.
For other property and equipment and intangible assets (other than those recognised following business combination transactions), the book value is normally taken to be the value in use, since the latter is estimated using an amortisation process based on the value that the asset actually contributes to the production process, whereas determination of the fair value would be extremely subjective. The two values diverge, causing impairment, in the event of damage, exit from the production process, or other similar and non-recurrent circumstances.
The Group measures its property used in operations and valuable art assets according to the revaluation model. In this case, any impairment loss of a revalued asset must be treated as a reduction of part or all of the revaluation. After that point, any difference is charged to profit or loss. In more detail, the non-investment property undergoes an annual scenario analysis of the real estate market trend to determine whether there are any significant variations in the value of the assets. If particularly large changes are found (+ or -10%), an updated appraisal is prepared to adjust the fair value of the asset to real estate market values.
The intangible assets recognised after acquisitions and in application of IFRS3 at every reporting date are subject to an impairment test to determine whether there is any objective evidence that the asset might have lost value.
Definite life intangible assets, as represented by the value of the asset management portfolio, are subject to a new measurement process to verify the recoverability of the amounts recognised in the financial statements when impairment indicators exist. The recoverable value is determined on the basis of its value in use, or its present value, which is estimated by using a rate representing the time value of money and the specific risks of the asset, the profit margins generated by the relationships existing at the measurement date over a time horizon equal to their expected residual duration.
Since indefinite life intangible assets, represented by goodwill, do not feature independent cash flows, they are annually tested for the adequacy of the value recognised in the assets referring to the Cash Generating Unit (CGU) to which the values were assigned upon business combinations.
Impairment is measured as the difference between the book value of the CGU and its recoverable value, represented as the greater between the fair value, net of any transaction costs, and its value in use. The book value of the CGUs must be determined consistently with the method used to determine their recoverable value.

A.4 - FAIR VALUE DISCLOSURES

QUALITATIVE INFORMATION

Fair value measurements

IFRS13, which harmonises the measurement rules and their disclosure, defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e. not a forced liquidation or below-cost sale) at the measurement date. Fair value is a market-based measurement and not an entity-specific measurement. The concept of fair value implicitly assumes that the entity is engaged in normal business operations and has no intention of liquidating its assets, of significantly reducing its assets or of entering into transactions with unfavourable conditions.

The fair value of an asset or liability must be measured using the assumptions that market participants would use when pricing the asset or liability, assuming that these market participants act in their best economic interests. Fair value measurement assumes that the sale of an asset or transfer of a liability took place:

- in the principal market for that asset or liability;
- in the absence of a principal market, in the most advantageous active market for the asset or liability.

A market is considered to be active when the transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. A financial instrument is considered to be quoted in an active market when the price quotations representing effective, standard market transactions that have occurred are readily and regularly available through stock exchanges, dealers, brokers, principal-to-principal markets, pricing services or authorised bodies. In cases where there is a significant reduction in the volume or level of transactions compared with normal business for the asset or liability (or for similar assets or liabilities) shown by a number of indicators (number of transactions, limited significance of market prices, significant increase in liquidity risk premiums, widening or narrowing bid-ask spread, fall or total lull in market for new issues, lack of information in the public domain), an analysis must be carried out on the transactions or quoted prices. A fall in the volume or level of business on its own does not indicate that the transaction price or quoted price does not represent the fair value or that the transaction in that market is not an ordinary transaction. If it is established that a transaction or quoted price does not represent the fair value (e.g. non-ordinary transactions), then it is necessary to make an adjustment to the transaction prices or quoted prices if those prices are being used as the fair value measurement basis and this adjustment may be significant with respect to the overall fair value measurement.

The fair value of financial instruments

The best indication of fair value is a quoted price in an active market. These quoted prices are therefore given precedence for the measurement of financial assets and liabilities. In the absence of an active market, the fair value is determined using measurement techniques which ultimately aim to establish the price that the product would have had on the measurement date in an arm's-length exchange motivated by normal business considerations. The measurement method used is not a matter of choice, but rather these must be applied in hierarchical order: Where a price is expressed by an active market, no other measurement approach can be used.

Fair value hierarchy

IFRS13 sets out a fair value hierarchy that categorises the inputs of the valuation techniques used to measure fair value into three levels. This hierarchy assigns the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the least importance to unobservable inputs (Level 3 inputs). Specifically:

- fair value level 1 is when the instrument is measured directly from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- fair value level 2 is when a quoted price in an active market cannot be obtained and the measurement uses a valuation technique based on parameters that are observable on the market, or unobservable parameters that are however supported and corroborated by market data, such as prices, spreads or other outputs (Comparable approach);
- fair value level 3 is when the measurement uses different inputs, not all of which are obtained from parameters that are directly observable in the market and therefore involve estimates and assumptions by the valuer.

Level 1 financial instruments are priced using the current "bid" price for financial assets and the current "ask" price for financial liabilities in the entity's principal market at the end of the reporting period.

If the financial instruments have a negligible bid-ask spread or the characteristics of the financial assets and liabilities create positions that offset market risk, the Group uses the average market price (at the last day in the reporting period as above) instead of the bid price or ask price. The following are classified as Level 1 instruments: quoted bonds (i.e. bonds traded on the EuroMTS platform, or for which the major international pricing services have continuously provided executable quotes), quoted shares (i.e. shares traded on the reference official market), quoted UCITS mutual funds, foreign exchange spot transactions and derivatives quoted in an active market (e.g. futures and exchange-traded options). Conversely, any financial instruments which do not belong to the above categories cannot be considered Level 1 instruments.

If the instrument is not quoted in an active market or if the market is not operating normally, which is to say when there is an insufficient number of continuous transactions and the bid-ask spread and volatility are not sufficiently low, the fair value of the financial instruments is mainly determined using valuation techniques that aim to establish the price at which the asset would be sold or the liability transferred in an orderly transaction between market participants at the measurement date under current market conditions. These techniques include:

- The use of market values that can be indirectly linked to the financial instrument being measured and can be obtained from products with similar risk characteristics (Level 2 inputs);
- measurements based even only partially on inputs that are not obtained from observable market parameters, using estimates and assumptions formulated by the valuer (Level 3 inputs).

In the case of Level 2 instruments, the measurement is based on the prices or credit spreads obtained from the quoted prices of instruments that are broadly similar in terms of risk, using a given valuation model. This approach consists in researching transactions in active markets in instruments which are comparable in risk with the instrument being valued. The Level 2 valuation methods allow one to use the prices of financial instruments quoted in active markets (model calibration) without including subjective parameters – which is to say parameters the value of which cannot be obtained from the prices of financial instruments quoted in active markets or cannot be set at levels replicating quoted prices on active markets – able to substantially impact the final measurement price.

These are measured adopting valuation models that use Level 2 inputs:

- unlisted bonds the fair value of which is measured using an appropriate credit spread, identified from quoted and liquid financial instruments with similar characteristics;
- loans the fair value of which is measured by applying an appropriate credit spread identified with evidence from a financial instrument market with similar characteristics;
- derivatives measured using special valuation models fed by input parameters observed in the market, such as interest rate, exchange rate and volatility curves;

- unquoted capital instruments measured using direct transactions, which is to say significant transactions in the equity recorded at constant market conditions or over a sufficiently short time frame in relation to the measurement date to allow relative valuation models based on multiples to be used.

The fair value measurement of Level 3 financial instruments requires the use of valuation models that use input parameters which cannot be observed directly on the market and accordingly involve estimates and assumptions by the valuer. For short-term assets and liabilities, the book value is considered to equate reasonably well to the fair value.

Foreign exchange derivatives that are not traded on regulated markets are referred to as being traded Over the Counter (OTC), which is to say traded bilaterally with market counterparties, and are measured using special pricing models fed by input parameters (such as interest rate, exchange rate and volatility curves) observed in the market.

In addition, non-performance risk is also taken into account to determine the fair value. This risk includes both changes in the credit risk of the counterparty and changes in the credit risk of the issuer (own credit risk).

The Bilateral Credit Value Adjustment (BCVA) model fully measures the effects of changes in the credit risk of the counterparty and of changes in own credit risk. The BCVA is in fact the sum of the following two addends calculated to express the default potential of both counterparties:

- the CVA (Credit Value Adjustment), which is a negative value that takes into consideration scenarios in which the counterparty defaults first and the Group has a positive exposure to the counterparty. In these scenarios, the Group suffers a loss equal to the cost of replacing the derivative;
- the DVA (Debt Value Adjustment), which is a positive value that takes into consideration scenarios in which the Group defaults before the counterparty and has a negative exposure to the counterparty. In these scenarios, the Group benefits from a gain equal to the cost of replacing the derivative.

The BCVA depends on the exposure, the probability of default and the Loss Given Default of the counterparties. Lastly, the BCVA needs to be calculated taking any counterparty risk mitigation agreements into consideration, and collateral and netting agreements for each individual counterparty in particular. If netting agreements are in place with a given counterparty, the BCVA is calculated taking into account the portfolio containing all the netting transactions with that counterparty.

The measurement method adopted for a given financial instrument is maintained over time and only changed if there are substantial changes in market conditions or subjective changes regarding the issuer of the financial instrument. The fair value disclosures incorporated in the notes to the financial statements use this fair value measurement hierarchy to provide analyses of the financial assets and liabilities by fair value level.

A.4.1 - Fair value levels 2 and 3: measurement techniques and inputs used

The measurement model to be used for each type of financial instrument is shown below.

The fair value of unquoted bonds is measured using the income method or by calculating the present value of expected future cash flows using an appropriate risk premium consisting of the credit spread for quoted and liquid financial instruments with similar characteristics. This measurement was drawn from the following sources:

- quoted and liquid debt securities from the same issuer;
- credit default swaps with the same reference entity;
- quoted and liquid securities issued by issuers with the same rating and belonging to the same sector.

Issues of the priced security having a different seniority in relation to the debt structure of the issuer must always be taken into account.
For bonds not listed on active markets, an additional component is added to the "fair" credit spread in the form of an estimate derived from market bid-ask spreads. This is to take into account the higher market premium compared to similar quoted securities.

The portfolio of Level 2 Financial assets measured at fair value also includes the insurance policies that the Group took out to guarantee market yields to the Personal Financial Adviser Networks' Loyalty Schemes. The fair value of Class I policies is determined using a prospective actuarial method based on the principle of the initial equivalence between the average present values of the contractual commitments of the insurer and the average present values of the contractual commitments of the policyholder/ contracting party. The fair value of Class III policies is calculated as the value of the units at the reporting date plus any pure premiums not yet invested at the valuation date.

An approach based on the fair value calculated with the discounted cash flow method is used for the valuation of derivatives, and is fed by market data providers and based on commonly-accepted valuation processes. Hedging and treasury derivatives taken out in ordinary investment activities (interest and exchange rate derivatives in particular) that are not traded on regulated markets, but traded bilaterally with market counterparties, are known as over-the-counter (OTC) instruments and valued using special pricing models to determine their fair value, which is based on observable market parameters or, for more complex instruments, on internal pricing models, since a market quotation is not available.

The derivatives in the banking book consisted principally of Interest Rate Swaps. The Group as a rule uses hedge derivatives to protect its assets. These hedge derivatives may be specific (micro fair value hedges) to cover fixed rate bonds, or generic (macro fair value hedges) to cover fixed rate loans, where both types seek to reduce its exposure to the risk of adverse fair value movements ascribable to the interest rate. Finally, hedges were adopted to mitigate the risk of exposure to changes in future expected cash flows attributable to adverse movements of the interest rate curve (so-called Cash Flow Hedge), covering floating rate bonds of Intesa Sanpaolo. The Risk Management Unit is responsible for assessing hedge effectiveness, carrying out prior assessments of the conditions that make hedge accounting applicable and formally documenting each hedging relationship. These assessments use the "initial prospective tests", which is performed at the hedge designation date, followed by ongoing retrospective and prospective tests at monthly intervals until maturity or the premature termination of the hedge. The process of testing macro fair value hedges entails not only retrospective and prospective accounting tests, but also sensitivity and fair value tests as a preliminary check before the previously mentioned accounting tests, which is necessary due to the failure to identify exactly the individual underlying hedged assets.

QUANTITATIVE INFORMATION

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: analysis by fair value level

	31.12.2022			31.12.2021		
FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
1. Financial assets measured at fair value through profit or loss	67	542	9	24	520	8
a) financial assets held for trading	-	25	-	-	17	-
b) financial assets measured at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	67	517	9	24	503	8
2. Financial assets measured at fair value through other comprehensive income	3,093	3	-	2,882	26	-
3. Hedging derivatives	-	317	-	-	32	-
4. Property and equipment	-	-	59	-	-	61
5. Intangible assets	-	-	-	-	-	-
Total	**3,160**	**862**	**68**	**2,906**	**578**	**69**
1. Financial liabilities held for trading	-	21	-	-	28	-
2. Financial liabilities measured at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	344	-	-	730	-
Total	**-**	**365**	**-**	**-**	**758**	**-**

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (Level 3)

	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	HEDGING DERIVATIVES	PROPERTY AND EQUIPMENT	INTANGIBLE ASSETS
	TOTAL	OF WHICH: A) FINANCIAL ASSETS HELD FOR TRADING	OF WHICH: B) FINANCIAL ASSETS MEASURED AT FAIR VALUE	OF WHICH: C) OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE				
1. Opening balance	**8**	**-**	**-**	**8**	**-**	**-**	**61**	**-**
2. Increases	**1**	**-**	**-**	**1**	**-**	**-**	**-**	**-**
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Profits recognised under:	1	-	-	1	-	-	-	-
2.2.1. Income statement	1	-	-	1	-	-	-	-
- including capital gains	1	-	-	1	-	-	-	-
2.2.2. Shareholders' equity	-	X	X	X	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3. Decreases	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**-**
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Redemptions	-	-	-	-	-	-	-	-
3.3. Losses recognised under:	-	-	-	-	-	-	2	-
3.3.1. Income statement	-	-	-	-	-	-	1	-
- including losses	-	-	-	-	-	-	-	-
3.3.2. Shareholders' equity	-	X	X	X	-	-	1	-
3.4. Transfers to other levels	-	-	-	-	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-	-	-
4. Closing balance	**9**	**-**	**-**	**9**	**-**	**-**	**59**	**-**

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: analysis by fair value level

ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	31.12.2022				31.12.2021			
	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets measured at amortised cost	49,485	265	27,015	21,719	54,943	-	31,492	23,523
2. Investment property and equipment	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**49,485**	**265**	**27,015**	**21,719**	**54,943**	**-**	**31,492**	**23,523**
1. Financial liabilities measured at amortised cost	56,266	-	51,481	4,772	58,607	-	48,226	10,385
2. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**56,266**	**-**	**51,481**	**4,772**	**58,607**	**-**	**48,226**	**10,385**

PART B - NOTES TO THE CONSOLIDATED BALANCE SHEET

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS - ITEM 10

1.1 Cash and cash equivalents: analysis

	31.12.2022	31.12.2021
a) Cash	59	67
b) Current accounts and sight deposits with central banks	1,702	533
c) Current accounts and sight deposits with banks	4,112	3,107
Total	**5,873**	**3,707**

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 20

2.1 Financial assets held for trading: analysis

	31.12.2022			31.12.2021		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. Cash assets						
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equities	-	-	-	-	-	-
3. Units in mutual funds	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreement assets	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives						
1. Financial derivatives	-	25	-	-	17	-
1.1 Held for trading	-	25	-	-	17	-
1.2 Connected with fair value option	-	-	-	-	-	-
1.3 Other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 Held for trading	-	-	-	-	-	-
2.2 Connected with fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
Total B	**-**	**25**	**-**	**-**	**17**	**-**
Total (A+B)	**-**	**25**	**-**	**-**	**17**	**-**

2.2 Financial assets held for trading: analysis by debtor/issuer/counterparty

	31.12.2022	31.12.2021
A. Cash assets		
1. Debt securities	**-**	**-**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equities	**-**	**-**
a) Banks	-	-
b) Other financial institutions	-	-
of which: insurance companies	-	-
c) Non-financial companies	-	-
d) Other issuers	-	-
3. Units in mutual funds	**-**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total A	**-**	**-**
B. Derivatives		
a) Central Counterparties	-	-
b) Other	25	17
Total B	**25**	**17**
Total (A+B)	**25**	**17**

2.5 Other financial assets mandatorily measured at fair value: analysis

	31.12.2022			31.12.2021		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**-**	**506**	**-**	**-**	**488**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities (*)	-	506	-	-	488	-
2. Equities	**65**	**-**	**-**	**23**	**-**	**-**
3. Units in mutual funds	**2**	**11**	**9**	**1**	**14**	**8**
4. Loans	**-**	**-**	**-**	**-**	**1**	**-**
4.1 Repurchase agreement	-	-	-	-	-	-
4.2 Other	-	-	-	-	1	-
Total	**67**	**517**	**9**	**24**	**503**	**8**

(*) The Level 2 debt securities regard the insurance policies that the Group took out to insure the market yields of the Personal Financial Adviser Networks' Loyalty Schemes.

2.6 Other financial assets mandatorily measured at fair value: analysis by debtor/issuer

	31.12.2022	31.12.2021
1. Equities	**65**	**23**
of which: banks	65	23
of which: other financial institutions	-	-
of which: non-financial companies	-	-
2. Debt securities	**506**	**488**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	506	488
of which: insurance companies	506	486
e) Non-financial companies	-	-
3. Units in mutual funds	**22**	**23**
4. Loans	**-**	**1**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	1
d) Other financial institutions	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**593**	**535**

SECTION 3 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - ITEM 30

3.1 Financial assets measured at fair value through other comprehensive income: analysis

	31.12.2022			31.12.2021		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**3,090**	**-**	**-**	**2,880**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	3,090	-	-	2,880	-	-
2. Equities	**3**	**3**	**-**	**2**	**26**	**-**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,093**	**3**	**-**	**2,882**	**26**	**-**

3.2 Financial assets measured at fair value through other comprehensive income: analysis by debtor/issuer

	31.12.2022	31.12.2021
1. Debt securities	**3,090**	**2,880**
a) Central Banks	-	-
b) Public entities	746	855
c) Banks	1,091	912
d) Other financial institutions	501	489
of which: insurance companies	25	11
e) Non-financial companies	752	624
2. Equities	**6**	**28**
a) Banks	-	-
b) Other issuers:	6	28
- Other financial institutions	6	28
of which: insurance companies	-	-
- Non-financial companies	-	-
- Other	-	-
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**3,096**	**2,908**

3.3. Financial assets measured at fair value through other comprehensive income: gross value and total net adjustments

	GROSS VALUE					TOTAL NET ADJUSTMENTS				TOTAL PARTIAL WRITE-OFFS
	FIRST STAGE	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	
Debt securities	3,063	160	28	-	-	(1)	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2022	**3,063**	**160**	**28**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**
Total 31.12.2021	**2,840**	**179**	**41**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**

SECTION 4 - FINANCIAL ASSETS MEASURED AT AMORTISED COST - ITEM 40

4.1 Financial assets measured at amortised cost - Loans and advances to banks: analysis

	31.12.2022						31.12.2021					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	FIRST AND SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	LEVEL 1	LEVEL 2	LEVEL 3	FIRST AND SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	LEVEL 1	LEVEL 2	LEVEL 3
A. Due from Central Banks	**1,488**	**-**	**-**	**-**	**1,488**	**-**	**242**	**-**	**-**	**-**	**242**	**-**
1. Term deposits	1,440	-	-	X	X	X	-	-	-	X	X	X
2. Statutory reserve	48	-	-	X	X	X	242	-	-	X	X	X
3. Repurchase agreement	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans and advances to banks	**31,266**	**-**	**-**	**-**	**24,158**	**6,814**	**38,646**	**-**	**-**	**-**	**26,201**	**12,515**
1. Loans	12,977	-	-	-	6,198	6,814	20,092	-	-	-	7,492	12,515
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Term deposits	12,311	-	-	X	X	X	18,942	-	-	X	X	X
1.3 Other loans:	666	-	-	X	X	X	1,150	-	-	X	X	X
- Repurchase agreement assets	-	-	-	X	X	X	-	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	666	-	-	X	X	X	1,150	-	-	X	X	X
2. Debt securities	18,289	-	-	-	17,960	-	18,554	-	-	-	18,709	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	18,289	-	-	-	17,960	-	18,554	-	-	-	18,709	-
Total	**32,754**	**-**	**-**	**-**	**25,646**	**6,814**	**38,888**	**-**	**-**	**-**	**26,443**	**12,515**

Fair Value - level 3 includes the statutory reserve and term deposits having a term longer than one year.

The sub-item "other loans" includes operating receivables, for total fees and commissions collectible of €99m.

4.2 Financial assets measured at amortised cost - Loans and advances to customers: analysis

	31.12.2022						31.12.2021					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	FIRST AND SECOND STAGE	THIRD STAGE (*)	IMPAIRED, PURCHASED OR ORIGINATED	LEVEL 1	LEVEL 2	LEVEL 3	FIRST AND SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	LEVEL 1	LEVEL 2	LEVEL 3
1. Loans	**15,002**	**101**	**1**	**-**	**1,599**	**13,417**	**13,794**	**35**	**4**	**-**	**3,169**	**10,766**
1.1 Current accounts	10,924	22	1	X	X	X	9,475	27	1	X	X	X
1.2 Repurchase agreement assets	-	-	-	X	X	X	-	-	-	X	X	X
1.3 Loans	2,029	42	-	X	X	X	2,225	7	3	X	X	X
1.4 Credit cards, personal loans and loans with repayments deducted directly from wages	256	1	-	X	X	X	248	1	-	X	X	X
1.5 Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
1.6 Factoring	-	-	-	X	X	X	-	-	-	X	X	X
1.7 Other transactions	1,793	36	-	X	X	X	1,846	-	-	X	X	X
2. Debt securities	**1,627**	**-**	**-**	**265**	**1,258**	**-**	**2,222**	**-**	**-**	**-**	**2,122**	**-**
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	1,627	-	-	265	1,258	-	2,222	-	-	-	2,122	-
Total	**16,629**	**101**	**1**	**265**	**2,857**	**13,417**	**16,016**	**35**	**4**	**-**	**5,291**	**10,766**

Fair Value - level 3 mainly includes current accounts and non-performing loans.

The sub-item "other loans" includes operating receivables, for total fees and commissions collectible of €364m.

4.3 Financial assets measured at amortised cost - Loans and advances to customers: analysis by debtor/issuer

	31.12.2022			31.12.2021		
	FIRST AND SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	FIRST AND SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED
1. Debt securities	**1,627**	**-**	**-**	**2,222**	**-**	**-**
a) Public entities	1,627	-	-	2,022	-	-
b) Other financial institutions	-	-	-	200	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
2. Loans to:	**15,002**	**101**	**1**	**13,794**	**35**	**4**
a) Public entities	-	-	-	7	-	-
b) Other financial institutions	1,215	12	-	921	-	-
of which: insurance companies	173	-	-	187	-	-
c) Non-financial companies	2,827	8	-	2,549	14	1
d) Households	10,960	81	1	10,317	21	3
Total	**16,629**	**101**	**1**	**16,016**	**35**	**4**

4.4. Financial assets measured at amortised cost: gross value and total net adjustments

	GROSS VALUE					TOTAL NET ADJUSTMENTS				TOTAL PARTIAL WRITE-OFFS
	FIRST STAGE	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	
1. Debt securities	18,572	18,212	1,358	-	-	(3)	(11)	-	-	-
2. Loans	27,603	12,663	1,884	129	5	(10)	(10)	(28)	(4)	-
Total 31.12.2022	**46,175**	**30,875**	**3,242**	**129**	**5**	**(13)**	**(21)**	**(28)**	**(4)**	**-**
Total 31.12.2021	**51,542**	**38,197**	**3,402**	**53**	**4**	**(18)**	**(22)**	**(18)**	**-**	**-**

4.4a Loans measured at amortised cost covered by Covid-19 support measures: gross value and total net adjustments

	GROSS VALUE					TOTAL NET ADJUSTMENTS				TOTAL PARTIAL WRITE-OFFS
	FIRST STAGE	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	
1. Forborne loans compliant with GL	-	-	-	-	-	-	-	-	-	-
2. Loans subject to existing moratorium measures that no longer comply with the GL and are not assessed as having been granted	-	-	-	-	-	-	-	-	-	-
3. Loans covered by other granting measures	-	-	-	-	-	-	-	-	-	-
4. New loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 31.12.2021	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

SECTION 5 - HEDGING DERIVATIVES - ITEM 50

5.1 Hedging derivatives: analysis by type of hedge and level

	31.12.2022				31.12.2021			
	FAIR VALUE			NOMINAL VALUE	FAIR VALUE			NOMINAL VALUE
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**-**	**317**	**-**	**2,503**	**-**	**32**	**-**	**2,051**
1. Fair value	-	317	-	2,475	-	25	-	1,651
2. Financial flows	-	-	-	-	-	7	-	400
3. Investments outside Italy	-	-	-	28	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Fair value	-	-	-	-	-	-	-	-
2. Financial flows	-	-	-	-	-	-	-	-
Total	**-**	**317**	**-**	**2,503**	**-**	**32**	**-**	**2,051**

5.2 Hedging derivatives: analysis by portfolio hedged and type of hedging

	FAIR VALUE							FINANCIAL FLOWS		INVESTMENTS OUTSIDE ITALY
	MICRO HEDGING						MACRO HEDGING	MICRO HEDGING	MACRO HEDGING	
	DEBT DERIVATIVES AND INTEREST RATES	EQUITY DERIVATIVES AND INDEX DERIVATIVES	CURRENCIES AND GOLD	LENDING	COMMODITIES	OTHER				
1. Financial assets measured at fair value through other comprehensive income	255	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	1	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	61	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**256**	**-**	**-**	**-**	**-**	**-**	**61**	**-**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Anticipated transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

SECTION 6 - ADJUSTMENTS TO FINANCIAL ASSETS SUBJECT TO MACRO-HEDGING - ITEM 60

6.1 Adjustments to hedged assets: analysis by portfolio hedged

	31.12.2022	31.12.2021
1. Positive adjustment	**-**	**8**
1.1 of specific portfolios:	-	8
a) financial assets measured at amortised cost	-	8
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 total	-	-
2. Negative adjustment	**(58)**	**-**
2.1 of specific portfolios:	(58)	-
a) financial assets measured at amortised cost	(58)	-
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 total	-	-
Total	**(58)**	**8**

SECTION 7 - EQUITY INVESTMENTS - ITEM 70

7.1 Equity investments: information on equity relationships

COMPANY	REGISTERED OFFICE	OPERATIONAL HEAD OFFICE	TYPE OF RELATIONSHIP	OWNERSHIP		% VOTES
				ASSOCIATE COMPANY	% OWNED	
A. Jointly controlled companies						
1. responsAbility BOP S.C.A.	Luxembourg	Luxembourg	1	Asteria Obviam	50.00	
B. Companies subject to significant influence						
1. 1875 Finance Holding AG	Sarnen	Sarnen	2	Reyl & Cie	40.00	
2. Alpian S.A.	Geneva	Geneva	2	Fideuram - Intesa Sanpaolo Private Banking Reyl & Cie	14.91 12.93	
3. Fideuram Vita S.p.A.	Rome	Rome	2	Fideuram - Intesa Sanpaolo Private Banking	19.99	
4. Consorzio Studi e Ricerche Fiscali	Rome	Rome	2	Fideuram - Intesa Sanpaolo Private Banking	7.50	

Type of relationship:
1. Joint control
2. Companies subject to significant influence.

7.2 Significant equity investments: book value, fair value and dividends received

COMPANY	BOOK VALUE	FAIR VALUE	DIVIDENDS RECEIVED
B. Companies subject to significant influence			
1. Fideuram Vita S.p.A.	155		41
2. Alpian S.A.	38		-
3. 1875 Finance Holding AG	22		-

The book value also includes the following equity investments in subsidiaries, which are consolidated using the equity method due to their limited significance:

COMPANY	BOOK VALUE
Reyl Finance (Mea) Ltd	5
Morval Bank & Trust Cayman Ltd in liquidation	5
Reyl Singapore PTE Ltd	2
Intesa Sanpaolo Private Argentina S.A.	1
Fideuram Asset Management UK Limited	1
Reyl & Co (Holdings) Ltd	1
Reyl Overseas S.A.	1
UBI Trustee S.A.	1

7.3 Significant equity investments: accounting information

COMPANY	CASH AND CASH EQUIVALENTS	FINANCIAL ASSETS	NON-FINANCIAL ASSETS	FINANCIAL LIABILITIES	NON-FINANCIAL LIABILITIES	TOTAL REVENUES	NET INTEREST INCOME	DEPRECIATION AND AMORTISATION	PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	NET PROFIT (LOSS) FOR THE YEAR (1)	OTHER COMPREHENSIVE INCOME AFTER TAX (2)	TOTAL COMPREHENSIVE INCOME (3) =(1)+(2)
B. Companies subject to significant influence														
1. Fideuram Vita S.p.A.	X	35,318	1,046	35,166	425	1,821	X	X	111	79	-	79	(80)	(1)
2. Alpian S.A.	X	5	18	5	2	1	X	X	(17)	(18)	-	-	-	-
3. 1875 Finance Holding AG	X	21	-	9	-	25	X	X	-	-	-	-	-	-

Reconciliation of financial statement data and book value of the equity investment

COMPANY	TOTAL EQUITY	PRO RATA EQUITY	GOODWILL	OTHER CHANGES	CONSOLIDATED BOOK VALUE
B. Companies subject to significant influence					
1. Fideuram Vita S.p.A.	773	155	-	-	155
2. Alpian S.A.	16	4	34	-	38
3. 1875 Finance Holding AG	12	3	19	-	22

7.5 Equity investments: changes in the year

	31.12.2022	31.12.2021
A. Opening balance	**238**	**184**
B. Increases	**64**	**83**
B.1 Purchases	19	57
of which business combination transactions	-	36
B.2 Write-backs	-	-
B.3 Revaluations	21	18
B.4 Other increases	24	8
C. Decreases	**70**	**29**
C.1 Sales	2	-
C.2 Value adjustments	-	-
C.3 Write-downs	5	3
C.4 Other decreases	63	26
D. Closing balance	**232**	**238**
E. Total revaluations	**-**	**-**
F. Total adjustments	**-**	**-**

Revaluations and Impairments include the profits and losses, respectively, of companies accounted for at equity. Other upward changes mainly include reclassifications from other portfolios. Other downward changes include dividend payments.

7.6 Significant judgements and assumptions made in determining joint control or significant influence

Joint ventures are companies in which control is contractually agreed to be shared between the Group and one or more third parties, or when decisions concerning relevant activities require the unanimous consent of all parties sharing control.

Companies are considered subject to significant influence if the Group holds 20% or more of the voting rights directly or indirectly, or if it is able to participate in determining the company's financial and management policies due to special legal ties, even in the case of holding fewer voting rights.

SECTION 9 - PROPERTY AND EQUIPMENT - ITEM 90

9.1 Property and equipment used in operations: analysis of assets measured at cost

	31.12.2022	31.12.2021
1. Owned assets	**20**	**18**
a) land	-	-
b) buildings	-	-
c) furniture	13	12
d) electronic equipment	6	4
e) other	1	2
2. Assets purchased under financial leasing agreements	**312**	**314**
a) land	-	-
b) buildings	312	314
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total	**332**	**332**
of which: obtained through execution of received guarantees	-	-

9.3 Property and equipment used in operations: analysis of revalued assets

	31.12.2022			31.12.2021		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Owned assets	**-**	**-**	**50**	**-**	**-**	**61**
a) land (*)	-	-	22	-	-	22
b) buildings (*)	-	-	27	-	-	38
c) furniture (*)	-	-	1	-	-	1
d) electronic equipment	-	-	-	-	-	-
e) other	-	-	-	-	-	-
2. Assets purchased under financial leasing agreements	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
c) furniture	-	-	-	-	-	-
d) electronic equipment	-	-	-	-	-	-
e) other	-	-	-	-	-	-
Total	**-**	**-**	**50**	**-**	**-**	**61**
of which: obtained through execution of received guarantees	-	-	-	-	-	-

(*) The property used in operations and valuable art assets are measured according to the revaluation method. For more information see Part A - Accounting Policies.

9.4 Tangible assets held for investment purposes: analysis of assets measured at fair value

	31.12.2022			31.12.2021		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Owned assets	**-**	**-**	**9**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	9	-	-	-
2. Assets purchased under financial leasing agreements	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
Total	**-**	**-**	**9**	**-**	**-**	**-**
of which: obtained through execution of received guarantees	-	-	-	-	-	-

9.6 Property and equipment used in operations - Owned assets and Rights-of-use acquired under lease: changes in the year

	LAND	BUILDINGS	FURNITURE	ELECTRONIC EQUIPMENT	OTHER	TOTAL
A. Gross opening balance	**22**	**489**	**58**	**53**	**46**	**668**
A.1 Total net adjustments	-	(137)	(45)	(49)	(44)	(275)
A.2 Net opening balance	**22**	**352**	**13**	**4**	**2**	**393**
B. Increases	**-**	**57**	**3**	**3**	**-**	**63**
B.1 Purchases	-	36	3	2	-	41
of which business combination transactions	-	4	-	-	-	4
B.2 Expenditures for capitalised improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other increases	-	21	-	1	-	22
C. Decreases	**-**	**70**	**2**	**1**	**1**	**74**
C.1 Sales	-	-	-	-	-	-
C.2 Amortisation	-	54	2	1	-	57
C.3 Impairment recognised in	-	1	-	-	-	1
a) shareholders' equity	-	1	-	-	-	1
b) income statement	-	-	-	-	-	-
C.4 Decreases in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Transfer to:	-	9	-	-	-	9
a) investment property and equipment	-	9	X	X	X	9
b) non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.7 Other decreases	-	6	-	-	1	7
D. Net closing balance	**22**	**339**	**14**	**6**	**1**	**382**
D.1 Total net adjustments	-	191	47	50	44	332
D.2 Gross closing balance	**22**	**530**	**61**	**56**	**45**	**714**
E. Valuation at cost (*)	12	13	1	-	-	26

(*) Valuable art assets, classified under furniture, were measured at their fair value. Their value at cost was €1m.

The depreciation rates applied to property and equipment were as follows (% range):
Buildings: from 3% to 5%
Furniture: 10%
Electronic and miscellaneous equipment: from 10% to 25%
Other: from 7% to 10%

9.6 of which assets purchased under financial leasing agreements: changes in the year

	LAND	OTHER	TOTAL
A. Gross opening balance	**448**	**1**	**449**
A.1 Total net adjustments	(134)	(1)	(135)
A.2 Net opening balance	**314**	**-**	**314**
B. Increases	**56**	**-**	**56**
B.1 Purchases	35	-	35
of which business combination transactions	4	-	4
B.2 Expenditures for capitalised improvements	-	-	-
B.3 Write-backs	-	-	-
B.4 Increases in fair value recognised in	-	-	-
a) shareholders' equity	-	-	-
b) income statement	-	-	-
B.5 Positive exchange rate differences	-	-	-
B.6 Transfers from investment property	-	X	-
B.7 Other increases	21	-	21
C. Decreases	**58**	**-**	**58**
C.1 Sales	-	-	-
C.2 Amortisation	52	-	52
C.3 Impairment recognised in	-	-	-
a) shareholders' equity	-	-	-
b) income statement	-	-	-
C.4 Decreases in fair value recognised in	-	-	-
a) shareholders' equity	-	-	-
b) income statement	-	-	-
C.5 Negative exchange rate differences	-	-	-
C.6 Transfer to:	-	-	-
a) investment property and equipment	-	X	-
b) non-current assets held for sale and discontinued operations	-	-	-
C.7 Other decreases	6	-	6
D. Net closing balance	**312**	**-**	**312**
D.1 Total net adjustments	186	1	187
D.2 Gross closing balance	**498**	**1**	**499**
E. Valuation at cost	-	-	-

9.7 Tangible assets held for investment purposes: changes in the year

	TOTAL	
	LAND	BUILDINGS
A. Initial balances	**-**	**-**
B. Increases	**-**	**9**
B.1 Purchases	-	-
B.2 Expenditures for capitalised improvements	-	-
B.3 Positive changes in fair value	-	-
B.3 Write-backs	-	-
B.5 Positive exchange rate differences	-	-
B.6 Transfers from properties for functional use	-	9
B.7 Other increases	-	-
C. Decreases	**-**	**-**
C.1 Sales	-	-
C.2 Amortisation	-	-
C.3 Negative changes in fair value	-	-
C.4 Value adjustments from impairment	-	-
C.5 Negative exchange rate differences	-	-
C.6 Transfers to other portfolios of assets	-	-
a) properties for functional use	-	-
b) non-current assets held for sale	-	-
C.7 Other decreases	-	-
D. Closing balance	**-**	**9**
E. Measurement at fair value	-	-

SECTION 10 - INTANGIBLE ASSETS - ITEM 100

10.1 Intangible assets: analysis by type of asset

	31.12.2022		31.12.2021	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**409**	**X**	**356**
A.1.1 Group interests	X	409	X	356
A.1.2 Third party interests	X	-	X	-
A.2 Other intangible assets	**427**	**-**	**350**	**-**
of which: software	119	-	100	-
A.2.1 Assets valued at cost:	427	-	350	-
a) Internally generated intangible assets	86	-	63	-
b) Other assets (*)	341	-	287	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	**427**	**409**	**350**	**356**

(*) Other intangible assets also include €308m in intangible assets with a finite useful life relating to the valuation of Client Assets linked to the acquisition of the UBI Top Private Unit (€76m), IW Bank (€63m), Reyl & Cie (€99m) and CBP Quilvest (€70m).

10.2 Intangible assets: changes in the year

	GOODWILL	OTHER INTANGIBLE ASSETS: GENERATED INTERNALLY		OTHER INTANGIBLE ASSETS: OTHER		TOTAL
		FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	
A. Gross opening balance	**356**	**73**	**-**	**429**	**-**	**858**
A.1 Total net adjustments	-	(10)	-	(142)	-	(152)
A.2 Net opening balance	**356**	**63**	**-**	**287**	**-**	**706**
B. Increases	**53**	**38**	**-**	**92**	**-**	**183**
B.1 Purchases	42	38	-	88	-	168
of which business combination transactions	42	-	-	77	-	119
B.2 Increases in internally generated intangible assets	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value recognised in:	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive exchange rate differences	11	-	-	4	-	15
B.6 Other increases	-	-	-	-	-	-
C. Decreases	**-**	**15**	**-**	**38**	**-**	**53**
C.1 Sales	-	-	-	-	-	-
C.2 Value adjustments	-	15	-	38	-	53
- Depreciation and amortisation	X	15	-	38	-	53
- Write-downs	-	-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ income statement	-	-	-	-	-	-
C.3 Decreases in fair value recognised in:	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Other decreases	-	-	-	-	-	-
D. Net closing balance	**409**	**86**	**-**	**341**	**-**	**836**
D.1 Total net adjustments	-	25	-	180	-	205
E. Gross closing balance	**409**	**111**	**-**	**521**	**-**	**1,041**
F. Valuation at cost	-	-	-	-	-	-

The software amortisation rate falls in a range between 14.3% and 33%.
The amortisation rate applied to intangible assets with a finite useful life falls in a range between 3.7% and 7.1%.

10.3 Other information

Information on intangible assets and goodwill

The application of the IFRS3 accounting standard in the accounting treatment of business combinations may lead to the recognition of new intangible assets and goodwill.

In the Fideuram Group, the non-recurring transactions carried out in previous years, as well as that completed in 2022 that saw the acquisition of Luxemburgish bank CBP Quilvest resulted in the recognition in the consolidated financial statements of goodwill and intangible assets with a defined useful life linked to customers and represented by the valuation of Client Assets relationships.

As of 31 December 2022, certain goodwill and intangible assets resulting from business combinations and relating to:

- €227m for goodwill related to the acquisition of the Swiss banking group Reyl in the first quarter of 2021;
- €140m for goodwill attributable to Private business units acquired by the subsidiary Intesa Sanpaolo Private Banking in the period 2009-2013;
- €42m for goodwill from the acquisition of CBP Quilvest on 30 June 2022;
- €308m for intangible assets with a finite useful life relating to the valuation of Client Assets as part of the acquisition of the UBI Top Private business unit (€76m), the Reyl Group (€99m), IW Bank (€63m) and CBP Quilvest (€70m).

During 2022, an extraordinary transaction was carried out that involved both the recognition of goodwill and intangible assets. This transaction is briefly outlined below, describing its effects on the amount and composition of intangible assets.

On 30 June 2022, Fideuram Bank (Luxembourg) acquired Luxembourgish bank CBP Quilvest (CBPQ) as part of its strategy to strengthen and reposition the Group's foreign activities. The acquisition price is based on a valuation of €180m for 100% of CBPQ, as attested in a fairness opinion issued by an external advisor. The €180m valuation shared by the parties was adjusted under the contract to take into account the changes in the company's assets between 31 December 2021 and the closing date. This adjustment saw the valuation of CBPQ increase by €4m. Consequently, the final acquisition was €184m for a 100% stake in the company.

The transaction was recorded in accordance with the acquisition method provided for in IFRS3. The acquirer was Fideuram Bank (Luxembourg) and the acquisition date was 30 June 2022, which is when which the transaction was completed against a cash payment of €180m; It is therefore from this date that Fideuram Bank (Luxembourg) acquired control of CBPQ in accordance with IFRS10, with the consequent obligation for Fideuram to include it in the scope of consolidation. For the purposes of the PPA process and CBPQ's first consolidation in Fideuram's consolidated financial statements, reference was made to the balance sheet at 30 June 2022, with the company's result included in Fideuram's consolidated financial statements starting from 1 July 2022.

For the purposes of the Consolidated Financial Statements at 31 December 2022, the PPA process was completed, concluding the analyses aimed at restating the fair value of the assets acquired and liabilities assumed and identifying any specific intangibles not previously recognised in CBPQ's financial statements. In particular, analysis of CBPQ's financial statements revealed the following off-balance-sheet intangible assets:

- an intangible asset with a finite useful life that is linked to the valuation of acquired assets (Client Assets);
- an intangible asset with a finite useful life that is linked to client direct deposit on demand relationships (core deposits).

The intangible Client Assets were allocated a total fair value of €43m, while the fair value of core deposits was €30 million. These values take into account the recognition of deferred tax liabilities of €11m and €7m, respectively. The amortisation period for the intangible assets is 16 years from the date of their acquisition. This value was determined on the basis of the mass decay curve. Considering that direct deposits are related to assets by client type, the core deposits component was allocated a residual life that is in line with the life of the intangible Client Assets.

On that basis and as required by IFRS3, at the acquisition date the acquirer must recognise as an asset the goodwill generated in a business combination. The goodwill is initially measured as the residual amount of the acquisition cost, comprising the part of the business combination cost than the acquirer's share of the net fair value of assets, identified contingent liabilities and liabilities. Goodwill was therefore recognised as the difference between the acquisition cost and the shareholders' of the company expressed at fair value as at the acquisition date. The total acquisition cost was €184m, while the shareholders' equity of CBPQ at 30 June 2022, remeasured at fair value, was €142m. A comparison of the total acquisition cost and equity at fair value of CBPQ resulted in a definitive residual difference of €42m which, following the conclusion of the PPA process, was recognised under goodwill. This goodwill was allocated to the Luxembourg CGU comprising Fideuram Bank (Luxembourg) and CBP Quilvest.

In accordance with accounting standard IAS36, intangible assets and goodwill are to be subject to an annual impairment test to verify the recoverability of their value. Its recoverable value is represented as the greater between the value in use and the fair value, net of any transaction costs; value in use essentially represents the present value of future net cash flows deriving from the asset being measured. In this regard, IAS36 provides that, in order to determine the value in use of intangible assets subject to impairment test, reference should be made to the cash flows relating to the intangible asset in its current conditions (at the impairment test date), without making a distinction between the cash flows relating to the asset originally recognised when applying IFRS3 and those relating to the assets existing at the time of the impairment test. This concept can also be replicated to determine, for the purpose of the goodwill impairment test, the value in use of the CGUs, whose cash flows are to be considered with reference to all the assets and liabilities included in the CGU and not only for the assets and liabilities against which goodwill was recorded upon application of IFRS3.

In the case of intangible assets with finite useful life, the impairment test should only be carried out when the presence of impairment indicators is detected; the analysis of potential impairment indicators did not reveal any evidence that impairment testing should be carried out. Goodwill, on the other hand, needs to undergo an annual impairment test regardless of the presence of impairment indicators.

Impairment test on goodwill

The 2022 consolidated financial statements include goodwill of €409m, of which €227m relates to the acquisition of the Swiss banking group Reyl in 2021, €140m is attributable to Private business units acquired by the subsidiary Intesa Sanpaolo Private Banking in the period 2009-2013 and €42m for the acquisition of CBO Quilvest.

As regards the goodwill relating to Reyl Group and the Luxemborugh CGU, for the purposes of determining the recoverable value as at 31 December 2022 reference was made to the value in use identified as the present value of future net cash flows deriving from the asset being measured. The estimate of the value in use, for the purpose of carrying out the impairment test, requires the preliminary attribution of goodwill to organisational units that are relatively autonomous in terms of their management profile, capable of generating cash flows that are largely independent of those generated by other business areas, but interdependent within the organisational unit that generates them. To this end, the recoverability of the value of goodwill was verified by applying the Discounted Cash Flow (DCF) model, applied by considering the Reyl Group and CBP Quilvest/Fideuram Bank (Luxembourg) as a Cash Generating Unit (CGU) as it is identified as the smallest autonomous organisational unit for the purposes of generating cash flows. The methodology adopted is based on the determination of value in use, understood as the present value of future cash flows that the Reyl Group and the Luxembourg-based CGU are expected to generate in the future. To this end, analytical estimates prepared internally were used, taking into account a base scenario for the period 2023-2027, which does not include certain additional managerial actions to increase revenues and reduce costs. In particular, the cash flows used for the impairment test are based on reasonable and sustainable assumptions that represent management's best estimate, and exclude the effects of any extraordinary restructuring or improvement operations, with the exception of those already initiated at the date of measurement. As part of the financial valuation criteria, such as the one used to determine value in use, the value of a company at the end of the period of analytical forecasting of cash flows (the so-called terminal value) is generally determined by capitalising, at an appropriate "g" rate, the ordinary cash flow achievable when the company is fully operational; specifically, the cash flow as at 2027, the last year of the analytical forecasts, was taken as the basis for the cash flow.

The cash flows thus determined were discounted by determining a discount rate expressing the cost of capital. The rate was determined using the Capital Asset Pricing Model (CAPM) and is net of taxes, in order to be consistent with the cash flows being discounted. Based on this model, the cost of capital is determined as the sum of the return on risk-free investments and a risk premium, which in turn depends on the specific risk of the activity (meaning both the risk of the operating segment and the geographical risk represented by the so-called "country risk"). The rates used to discount cash flows for the purpose of determining the value in use of the Reyl Group and the Luxembourg-based CGU are as follows:

- 5.31% for the Reyl Group's cash flow;
- 4.04% for the Reyl Group's terminal value;
- 7.10% for the Luxembourg CGU's cash flow;
- 3.59% for the Luxembourg CGU's terminal value.

The values in use of the Reyl Group and the Luxembourg-based CGU to which the goodwill was allocated at 31 December 2022 was higher than the related carrying amount, and therefore the outcome of the impairment test did not result in the need to make adjustments to the goodwill recorded in the consolidated financial statements. Although the initial assumptions are to be considered reasonable and prudent, as provided for by IAS36, the impact of adverse scenarios on cash flows was assumed. This test would be passed even in the most extreme scenarios.

Since the value in use is determined by estimates and assumptions that may present elements of uncertainty, the sensitivity analyses required by the IAS/IFRS standards have been carried out to verify the sensitivity of the results obtained to changes in certain parameters and underlying assumptions of the DCF method.

It was therefore analysed what were the limit values of the main inputs which would give rise to impairment if exceeded during the impairment testing on goodwill relating to the Reyl Group and the Luxembourg CGU. The table shows the growth rates "G" and the discount rates that would produce values in use that are in line with the values recorded in the financial statements if the discountable cash flows remained unchanged.

CGU	GROWTH RATE "G"	DIFFERENCE FROM THE "G" RATE USED	DISCOUNT RATE OF THE TERMINAL VALUE	DIFFERENCE WITH RESPECT TO THE DISCOUNT RATE OF THE TERMINAL VALUE USED
Luxembourg CGU	4.16%	-29 bps	9.44%	140 bps
Reyl Group	1.82%	-36 bps	9.88%	365 bps

With regard to the goodwill of €140m from the acquisition of Private Business Units by Intesa Sanpaolo Private Banking, the value configuration used to determine the recoverable value of the Cash Generating Unit to which the goodwill was allocated is the fair value less cost to sell obtained based on the market multiples method, developed based on the goodwill/Client Assets (GW/CA) and price/earnings (P/E) multiples recorded in relation to listed companies (stock market multiples) and market transactions (transaction multiples). For the purposes of applying the stock market multiples, a liquidity discount of 25% was taken into account and the transaction multiples were considered with reference to market transactions involving majority interests. Based on the market multiples method, the impairment test was largely passed.

SECTION 11 - TAX ASSETS AND TAX LIABILITIES - ASSETS ITEM 110 AND LIABILITIES ITEM 60

11.1 Deferred tax assets: analysis

Deferred tax assets, which are recognised in reference to temporary deductible differences, totalled €242m and consist of €185m for taxes recognised with a balancing entry in profit or loss and €57m for taxes recognised with a balancing entry in shareholders' equity. The former mainly refer to provisions for future charges, losses carried forward, adjustments to loans and deferred taxation recognised as a result of the realignment of goodwill and intangible assets. The deferred tax assets with a balancing entry in shareholders' equity mainly refer to the recognition of actuarial losses on staff provisions, financial flow hedges and taxes on negative valuation reserves relative to financial assets measured at fair value through other comprehensive income.

11.2 Deferred tax liabilities: analysis

Deferred tax liabilities totalled €116m and include €100m for taxes recognised with a balancing entry in profit or loss and €16m for taxes recognised with a balancing entry in shareholders' equity. The former are mainly attributable to deferred taxation on intangible assets recognised as a result of business combinations. The deferred tax liabilities with a balancing entry in shareholders' equity refer to the tax effect recognised for the increased value of property used in operations after the adoption of the revaluation method and taxes on the positive valuation reserves relative to financial assets measured at fair value through other comprehensive income.

11.3 Changes in deferred tax assets (balancing entry in income statement)

	31.12.2022	31.12.2021
1. Opening balance	**165**	**125**
2. Increases	**77**	**101**
2.1 Deferred tax assets recognised in the year	72	35
a) from prior years	1	-
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	71	35
2.2 New taxes or increases in tax rates	2	-
2.3 Other increases	2	15
2.4 Business combination transactions	1	51
3. Decreases	**57**	**61**
3.1 Deferred tax assets reversed in the year	39	61
a) reversals	35	54
b) write-downs for uncollectibility	-	-
c) changes in accounting policies	-	-
d) other	4	7
3.2 Reduction in tax rates	1	-
3.3 Other decreases	17	-
a) conversion to tax credits in accordance with Italian law no. 214/2011	-	-
b) other	17	-
4. Closing balance	**185**	**165**

11.4 Changes in deferred tax assets pursuant to law 214/2011

	31.12.2022	31.12.2021
1. Opening balance	**37**	**16**
2. Increases	**1**	**24**
3. Decreases	**3**	**3**
3.1 Reversals	3	2
3.2 Conversion to tax credits	-	1
a) from operating losses	-	1
b) from tax losses	-	-
3.3 Other decreases	-	-
4. Closing balance	**35**	**37**

11.5 Changes in deferred tax liabilities (balancing entry in income statement)

	31.12.2022	31.12.2021
1. Opening balance	**132**	**42**
2. Increases	**45**	**133**
2.1 Deferred tax liabilities recognised in the year	29	34
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	29	34
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	16	33
2.4 Business combination transactions	-	66
3. Decreases	**77**	**43**
3.1 Deferred tax liabilities reversed in the year	30	18
a) reversals	28	13
b) due to changes in accounting policies	-	-
c) other	2	5
3.2 Reductions in tax rates	-	-
3.3 Other decreases	47	25
4. Closing balance	**100**	**132**

11.6 Changes in deferred tax assets (balancing entry in shareholders' equity)

	31.12.2022	31.12.2021
1. Opening balance	**15**	**17**
2. Increases	**44**	**7**
2.1 Deferred tax assets recognised in the year	44	4
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	44	4
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
2.4 Business combination transactions	-	3
3. Decreases	**2**	**9**
3.1 Deferred tax assets reversed in the year	2	3
a) reversals	1	1
b) write-downs for uncollectibility	-	-
c) due to changes in accounting policies	-	-
d) other	1	2
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	6
4. Closing balance	**57**	**15**

11.7 Changes in deferred tax liabilities (balancing entry in shareholders' equity)

	31.12.2022	31.12.2021
1. Opening balance	**22**	**27**
2. Increases	**1**	**5**
2.1 Deferred tax liabilities recognised in the year	1	4
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	1	4
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
2.4 Business combination transactions	-	1
3. Decreases	**7**	**10**
3.1 Deferred tax liabilities reversed in the year	7	8
a) reversals	-	1
b) due to changes in accounting policies	-	-
c) other	7	7
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	2
4. Closing balance	**16**	**22**

11.8 Other information

The Italian companies in the Fideuram Group availed themselves of the "Istituto del Consolidato Fiscale Nazionale" tax consolidation regime as subsidiaries of Intesa Sanpaolo. This tax consolidation regime, which is governed by special regulations, provides for the aggregation of the taxable income of all the Group companies involved, and a single payment of IRES corporate income tax by Intesa Sanpaolo in its role as consolidating company. The check of whether the assumption of the "probability" of recovering deferred tax assets as at 31 December 2022 (the so-called "probability test") subsists is carried out considering the benefits arising from the participation of the Italian companies of the Fideuram Group in the tax consolidation regime as subsidiaries of Intesa Sanpaolo. For these purposes, the tax consolidating company developed the specific recoverability test provided for by IAS12, confirming the forecast of recovering the aforementioned deferred tax assets as at 31 December 2022 based on the Group's prospective income capacity. With regard to the recoverability of deferred tax assets relating to the IRES surcharge (where applicable) and IRAP, pertaining to the Italian companies of the Fideuram Group, a check was conducted based on the expected income for the reporting periods in which these deferred tax assets are expected to be reversed and it showed that they are fully recoverable. The Group's foreign companies carry out independent checks on the deferred tax assets recorded in their financial statements based on the expected income and these have shown that said assets are recoverable.

SECTION 13 - OTHER ASSETS - ITEM 130

13.1 Other assets: analysis

	31.12.2022	31.12.2021
Due from tax authorities (*)	545	458
Prepaid expenses relating to Network incentives (**)	524	478
Due from Personal Financial Advisers (***)	390	311
Loans and advances to customers for stamp duty	148	147
Clearing accounts and other receivables	84	95
Other accrued income and prepaid expenses	35	10
Leasehold improvements	16	15
Due from Intesa Sanpaolo under Italy's tax consolidation regime	10	11
Other receivables	56	73
Total	**1,808**	**1,598**

(*) The item includes €313 for prepayments of the stamp duty on non-managed financial products in accordance with Art. 13, paragraph 2-ter, of the table of rates annexed to Italian Presidential Decree No. 642/72.

(**) The item refers to the prepaid expenses regarding the bonuses for meeting net inflow targets, linked to the duration of contractual relationships with customers.

(***) Mainly advances on bonuses already accrued but subject to verification of continued attainment of inflow targets. Also includes advances on indemnities, loyalty schemes and other lesser items.

LIABILITIES

SECTION 1 - FINANCIAL LIABILITIES MEASURED AT AMORTISED COST - ITEM 10

1.1 Financial liabilities measured at amortised cost - Due to banks: analysis

	31.12.2022				31.12.2021			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Due to Central Banks	**-**	**X**	**X**	**X**	**-**	**X**	**X**	**X**
2. Due to banks	**5,419**	**X**	**X**	**X**	**3,988**	**X**	**X**	**X**
2.1 Current accounts and demand deposits	174	X	X	X	439	X	X	X
2.2 Term deposits	2,220	X	X	X	400	X	X	X
2.3 Loans	2,864	X	X	X	3,057	X	X	X
2.3.1 Repurchase agreement liabilities (*)	2,588	X	X	X	2,818	X	X	X
2.3.2 Other	276	X	X	X	239	X	X	X
2.4 Debts from commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Debts for leases	53	X	X	X	47	X	X	X
2.6 Other debts	108	X	X	X	45	X	X	X
Total	**5,419**	**-**	**2,265**	**3,141**	**3,988**	**-**	**793**	**3,195**

(*) The item mainly includes repurchase agreements with Intesa Sanpaolo.

Fair Value – level 3 includes deposits and repurchase agreements maturing in more than one year.

1.2 Financial liabilities measured at amortised cost - Due to customers: analysis

	31.12.2022				31.12.2021			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Current accounts and demand deposits	47,881	X	X	X	49,810	X	X	X
2. Term deposits	2,474	X	X	X	4,286	X	X	X
3. Loans	9	X	X	X	27	X	X	X
3.1 Repurchase agreement liabilities	9	X	X	X	21	X	X	X
3.2 Other	-	X	X	X	6	X	X	X
4. Debts from commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Debts for leases	260	X	X	X	270	X	X	X
6. Other debts	223	X	X	X	226	X	X	X
Total	**50,847**	**-**	**49,216**	**1,631**	**54,619**	**-**	**47,433**	**7,190**

Fair Value - level 3 mainly includes term deposits maturing in more than one year.

1.6 Debts for leases

Analysis of debts for leases by remaining contractual term

	NOT LATER THAN ONE YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	31.12.2022
Debts to banks for leases	13	38	2	53
Debts to customers for leases	38	133	89	260

The cash outflows during the period to cover debts for leases totalled €54m.

SECTION 2 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

2.1 Financial liabilities held for trading: analysis

	31.12.2022					31.12.2021				
	NOMINAL VALUE	FAIR VALUE			FV*	NOMINAL VALUE	FAIR VALUE			FV*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
A. Cash Liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1. Financial derivatives	-	-	21	-	-	-	-	28	-	-
1.1 Held for trading	X	-	21	-	X	X	-	28	-	X
1.2 Connected with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	-	-	-	-	-	-	-	-	-	-
2.1 Held for trading	X	-	-	-	X	X	-	-	-	X
2.2 Connected with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**-**	**21**	**-**	**X**	**X**	**-**	**28**	**-**	**X**
Total (A+B)	**X**	**-**	**21**	**-**	**X**	**X**	**-**	**28**	**-**	**X**

FV*: fair value calculated excluding any changes in value due to changes in the credit rating of the issuer with respect to the issue date.

SECTION 4 - HEDGING DERIVATIVES - ITEM

4.1 Hedging derivatives: analysis by type of hedge and level

	31.12.2022				31.12.2021			
	FAIR VALUE			NOMINAL VALUE	FAIR VALUE			NOMINAL VALUE
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**-**	**344**	**-**	**3,866**	**-**	**730**	**-**	**5,375**
1) Fair value	-	262	-	2,407	-	725	-	4,495
2) Financial flows	-	82	-	1,280	-	5	-	880
3) Investments outside Italy	-	-	-	179	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Financial flows	-	-	-	-	-	-	-	-
Total	**-**	**344**	**-**	**3,866**	**-**	**730**	**-**	**5,375**

4.2 Hedging derivatives: analysis by portfolio hedged and type of hedging

	FAIR VALUE							FINANCIAL FLOWS		INVESTMENTS OUTSIDE ITALY
	MICRO HEDGING						MACRO-HEDGING	MICRO-HEDGING	MACRO-HEDGING	
	DEBT DERIVATIVES AND INTEREST RATES	EQUITY DERIVATIVES AND INDEX DERIVATIVES	CURRENCIES AND GOLD	LENDING	COMMODITIES	OTHER				
1. Financial assets measured at fair value through other comprehensive income	-	-	15	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	210	X	-	-	X	X	X	82	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**210**	**-**	**15**	**-**	**-**	**-**	**-**	**82**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	37	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**37**	**-**	**-**	**-**
1. Anticipated transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

SECTION 5 - ADJUSTMENTS TO FINANCIAL LIABILITIES SUBJECT TO MACRO-HEDGING - ITEM 50

5.1 Adjustments to hedged financial liabilities

	31.12.2022	31.12.2021
1. Positive adjustment of financial liabilities	-	-
2. Negative adjustment of financial liabilities	(37)	(4)
Total	**(37)**	**(4)**

SECTION 6 - TAX LIABILITIES - ITEM 60

Please see section 11 of the assets.

SECTION 8 - OTHER LIABILITIES - ITEM 80

8.1 Other liabilities: analysis

	31.12.2022	31.12.2021
Due to Personal Financial Advisers	667	641
Due to Intesa Sanpaolo under Italy's tax consolidation regime	303	236
Clearing accounts and other payables	218	251
Due to suppliers	198	186
Due to tax authorities	125	132
Due under past Loyalty Schemes	57	82
Payroll and social security payables	32	32
Due to pension and social security institutions	22	21
Amounts to be collected by customers	13	15
Other debts	88	72
Total	**1,723**	**1,668**

Amounts due to Personal Financial Advisers mainly refer to fees and commissions payable to the Financial Advisers networks.

SECTION 9 - PROVISION FOR EMPLOYMENT TERMINATION INDEMNITIES - ITEM 90

9.1 Provision for employment termination indemnities: changes in the year

	31.12.2022	31.12.2021
A. Opening balance	**47**	**43**
B. Increases	**4**	**10**
B.1 Provisions for the year	1	-
B.2 Other increases	3	10
of which business combination transactions	-	6
C. Decreases	**13**	**6**
C.1 Indemnities paid	4	4
C.2 Other decreases	9	2
D. Closing balance	**38**	**47**

The main actuarial criteria and reference rates used to determine the provision for employment termination indemnities were as follows:
- Discount rate: 3.32%
- Anticipated rate of increase in remuneration: 3.39%
- Annual inflation rate: 2.7%

SECTION 10 - PROVISIONS FOR RISKS AND CHARGES - ITEM 100

10.1 Provisions for risks and losses: analysis

	31.12.2022	31.12.2021
1. Provisions for credit risk associated with commitments and financial guarantees issued	3	2
2. Provisions for other commitments and guarantees issued	-	-
3. Company pension funds	10	42
4.Other provisions for risks and charges	510	604
4.1 Lawsuits and tax disputes	81	85
4.2 Personnel expenses	128	140
4.3 Other	301	379
Total	**523**	**648**

10.2 Provisions for risks and losses: changes in the year

	PROVISIONS FOR OTHER COMMITMENTS AND GUARANTEES ISSUED	PENSION FUNDS	OTHER PROVISIONS FOR RISKS AND CHARGES	TOTAL
A. Opening balance	**-**	**42**	**604**	**646**
B. Increases	-	10	77	87
B.1 Provisions for the year	-	8	76	84
B.2 Changes due to the passage of time	-	-	-	-
B.3 Changes due to fluctuations in the discount rate	-	-	-	-
B.4 Other increases	-	2	1	3
C. Decreases	**-**	**42**	**171**	**213**
C.1 Utilisation in the year	-	7	97	104
C.2 Changes due to fluctuations in the discount rate	-	-	-	-
C.3 Other decreases	-	35	74	109
D. Closing balance	**-**	**10**	**510**	**520**

10.3 Provisions for credit risk associated with commitments and financial guarantees issued

	PROVISIONS FOR CREDIT RISK ASSOCIATED WITH COMMITMENTS AND FINANCIAL GUARANTEES ISSUED				
	FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	TOTAL
Commitments to grant finance	1	2	-	-	3
Financial guarantees issued	-	-	-	-	-
Total	**1**	**2**	**-**	**-**	**3**

10.5 Defined-benefit company pension funds

The actuarial values required by IAS19 - Employee benefits for the defined-benefit complementary social security funds were calculated by an independent actuary using the projected unit credit method. The item balance of €10m is for the Reyl & Cie (€9m) e Intesa Sanpaolo Private Banking (€1m) and includes:

- the Defined Performance Pension Fund of the Intesa Sanpaolo Group (an entity with its own legal personality and independent asset management);
- the CR Firenze Fund (an entity with its own legal personality and independent asset management);
- the Reyl & Cie employee pension plan, which guarantees top-ups when pension requirements are accrued under local pension legislation (Swiss LPP or in the event of an adverse event disability and death); obligations are met by dedicated assets managed under contract between the company and La Collective de Prévoyance - Copré, Geneva.

For the purposes of the actuarial measurements under IAS19, the Group uses the Euro Composite AA interest rate curve as the discount rate for Italian companies. this is a basket of securities issued by "investment grade" corporate issuers included in the "AA" class of ratings resident in the euro area and belonging to various sectors.
For Swiss companies, the SBI Basket AA yield curve of the Swiss bond market is used with maturities of between 10 and 25 years at the reference date. The main actuarial criteria and reference rates used to determine the provision for employment termination indemnities were as follows:

- Discount rate: 1.85%
- Anticipated rate of increase in remuneration: 0.00%
- inflation rate 1.25%.

More information on the third-party funds and operations for their pension plans are reported in those companies' financial statements.

10.6 Provisions for risks and charges - Other provisions

Other provisions for risks and charges comprised the following:

- Lawsuits and tax disputes: these provisions include the accruals for lawsuits against the company, tax disputes, clawback actions, and provisions for defaulted corporate bonds.
- Personnel expenses: this includes the variable component of the remuneration of employees, the provisions for voluntary redundancy expenses and the provisions set aside to pay seniority bonuses.
- Provision for the termination of Personal Financial Adviser agency agreements: this provision comprises the estimated amount of costs for the contractual indemnities to be paid to the Group's Personal Financial Advisers. The total amount of the provision was determined using actuarial valuations that take the indemnities actually accrued into account, together with the composition of the Network and the indemnities paid.
- Network Loyalty Schemes: this provision, calculated on the basis of actuarial methods, comprises the estimate of costs connected with the Retention Plans of the Group's personal financial advisers.

Other provisions for risks and charges: changes in the year

	LAWSUITS AND TAX DISPUTES	PERSONNEL EXPENSES	RESERVE FOR THE TERMINATION OF PERSONAL FINANCIAL ADVISER AGENCY AGREEMENTS	NETWORK LOYALTY SCHEMES	OTHER PROVISIONS	TOTAL
A. Opening balance	**85**	**140**	**273**	**102**	**4**	**604**
B. Increases	**7**	**61**	**8**	**1**	**-**	**77**
B.1 Provisions for the year	7	60	8	1	-	76
B.2 Changes due to the passage of time	-	-	-	-	-	-
B.3 Changes due to fluctuations in the discount rate	-	-	-	-	-	-
B.4 Other increases	-	1	-	-	-	1
C. Decreases	**11**	**73**	**40**	**44**	**3**	**171**
C.1 Utilisation in the year	7	69	18	1	2	97
C.2 Changes due to fluctuations in the discount rate	-	-	-	-	-	-
C.3 Other decreases	4	4	22	43	1	74
D. Closing balance	**81**	**128**	**241**	**59**	**1**	**510**

SECTION 13 - EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY - ITEMS 120, 130, 140, 150, 160, 170 AND 180

13.1 "Share capital" and "Treasury shares": analysis

The share capital and share premium reserve were the same as the amounts for the corresponding items in the shareholders' equity of Fideuram - Intesa Sanpaolo Private Banking S.p.A..

At 31 December 2022, the share capital totalled €300,000,000 divided into 1,500,000,000 ordinary shares with no par value.

At 31 December 2022, the Group held treasury shares for an amount of €3m, which refer to the treasury shares held by Swiss subsidiary Asteria Obviam S.A..

13.2 Share capital – Parent Company's number of shares: changes in the year

	ORDINARY	OTHER
A. Shares at beginning of financial year	**1,500,000,000**	**-**
- full paid-up	1,500,000,000	-
- partially paid-up	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	1,500,000,000	-
B. Increases	**-**	**-**
B.1. New issues	-	-
- Cash issues:	-	-
- business combination transactions	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- Other	-	-
- Free issues:	-	-
- for employees	-	-
- for directors	-	-
- Other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other increases	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Company sale transactions	-	-
C.4 Other decreases	-	-
D. Outstanding shares: closing balance	**1,500,000,000**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares at end of financial year	1,500,000,000	-
- full paid-up	1,500,000,000	-
- partially paid-up	-	-

13.5 Equity instruments: analysis and changes in the year

GRANTING ISSUER	INTEREST RATE	ISSUE DATE	MATURITY	EARLY REPAYMENT FROM	CURRENCY	ORIGINAL AMOUNT IN CURRENCY UNITS	BALANCE SHEET VALUE (MILLION EURO)
Reyl & Cie	4,75% FIXED	30.11.2018	indeterminate	30.11.2023	CHF	12,000,000	11
Reyl & Cie	4,75% FIXED	30.11.2019	indeterminate	30.11.2024	CHF	13,110,000	13
TOTAL							**24**

13.6 Other information

The reserves totalled €2,242m and include Fideuram's legal reserve and other reserves. The legal reserve, established in accordance with the law, is required to total at least one fifth of the share capital. In the past it was made up of retained annual net profit in the amount of one twentieth. The item other reserves comprises Fideuram's remaining reserves and Group changes in the shareholders' equity of the companies included in the consolidation. Consolidation reserves were created following the elimination of the book value of equity investments as a balancing entry for the relevant fraction of the shareholders' equity of each investee.
The Group valuation reserves total a negative €24m, and include:

- the valuation reserve of financial assets measured at fair value through other comprehensive income, at negative €39m;
- the revaluation reserve related to recalculation of the value of property used in operations totalling €14m;
- the valuation reserve for foreign investment hedges, which was negative by €10m;
- the valuation reserve for cash flow hedges, which was negative by €57m;
- the foreign exchange difference valuation reserve, which was positive at €51m;
- the valuation reserve for actuarial gains and losses on defined benefit plans, which was positive at €19m;
- the reserves stemming from special revaluation laws, positive at €6m;
- the portion of valuation reserves related to investments consolidated using the equity method, which was negative at €8m.

SECTION 14 - EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS - ITEM 190

14.1 Detail of item 210 "Equity attributable to non-controlling interests"

Equity investments in consolidated companies with significant non-controlling interests	-
Other equity investments	1
Total 31.12.2022	**1**
Total 31.12.2021	**29**

OTHER INFORMATION

1. Commitments and financial guarantees issued

	NOMINAL VALUE OF COMMITMENTS AND FINANCIAL GUARANTEES ISSUED				31.12.2022	31.12.2021
	FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED AND/OR ORIGINATED		
1. Commitments to grant finance	**6,648**	**752**	**10**	**-**	**7,410**	**6,582**
a) Central Banks	-	-	-	-	-	-
b) Public entities	-	-	-	-	-	-
c) Banks	679	-	-	-	679	573
d) Other financial institutions	227	145	-	-	372	291
e) Non-financial companies	1,122	407	3	-	1,532	1,355
f) Households	4,620	200	7	-	4,827	4,363
2. Financial guarantees issued	**625**	**57**	**1**	**-**	**683**	**411**
a) Central Banks	-	-	-	-	-	-
b) Public entities	-	-	-	-	-	-
c) Banks	301	-	-	-	301	91
d) Other financial institutions	25	9	-	-	34	16
e) Non-financial companies	75	42	-	-	117	86
f) Households	224	6	1	-	231	218

2. Other commitments and guarantees issued

	NOMINAL VALUE	
	31.12.2022	31.12.2021
1. Other guarantees issued	**-**	**-**
of which: non-performing credit exposures	-	-
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	-	-
e) Non-financial companies	-	-
f) Households	-	-
2. Other commitments	**-**	**51**
of which: non-performing credit exposures	-	-
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	-	-
e) Non-financial companies	-	-
f) Households	-	51

3. Assets pledged as security for own liabilities and commitments

	31.12.2022	31.12.2021
1. Financial assets measured at fair value through profit or loss	-	-
2. Financial assets measured at fair value through other comprehensive income	462	700
3. Financial assets measured at amortised cost	1,862	2,721
4. Property and equipment	-	-
of which: property and equipment constituting inventory	-	-

5. Administration and trading on behalf of third parties

	31.12.2022
1. Execution of customer instructions	**1,665**
a) purchases	874
1. settled	874
2. not settled	-
b) sales	791
1. settled	791
2. not settled	-
2. Portfolio management	**108,111**
a) individual	64,542
b) collective	43,569
3. Custody and administration of securities	
a) third-party securities held on deposit: connected with activities as depositary bank (excluding portfolio management)	82
1. securities issued by companies included in the consolidation	-
2. other securities	82
b) third-party securities held on deposit (excluding portfolio management): other	65,675
1. securities issued by companies included in the consolidation	-
2. other securities	65,675
c) third-party securities deposited with third parties	64,904
d) portfolio securities deposited with third parties	23,380
4. Other transactions	**40,137**

6. Financial assets subject to offsetting, master netting arrangements or similar agreements

	GROSS FINANCIAL ASSETS	FINANCIAL LIABILITIES SET OFF IN THE FINANCIAL STATEMENTS	NET FINANCIAL ASSETS RECOGNISED IN THE FINANCIAL STATEMENTS	RELATED AMOUNTS NOT SET OFF IN THE FINANCIAL STATEMENTS		NET AMOUNT AT 31.12.2022	NET AMOUNT AT 31.12.2021
				FINANCIAL INSTRUMENTS	CASH DEPOSITS HELD AS COLLATERAL		
1. Derivatives	336	2	334	-	3	331	1
2. Repurchase agreement	-	-	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
TOTAL 31.12.2022	**336**	**2**	**334**	**-**	**3**	**331**	**X**
TOTAL 31.12.2021	**34**	**-**	**34**	**32**	**1**	**X**	**1**

7. Financial liabilities subject to offsetting, master netting arrangements or similar agreements

	GROSS FINANCIAL LIABILITIES	FINANCIAL ASSETS SET OFF IN THE FINANCIAL STATEMENTS	NET FINANCIAL LIABILITIES SET OFF IN THE FINANCIAL STATEMENTS	RELATED AMOUNTS NOT SET OFF IN THE FINANCIAL STATEMENT		NET AMOUNT AT 31.12.2022	NET AMOUNT AT 31.12.2021
				FINANCIAL INSTRUMENTS	CASH DEPOSITS PLEDGED AS COLLATERAL		
1. Derivatives	361	4	357	7	78	272	1
2. Repurchase agreement	1,914	-	1,914	1,914	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-
TOTAL 31.12.2022	**2,275**	**4**	**2,271**	**1,921**	**78**	**272**	**X**
TOTAL 31.12.2021	**3,048**	**-**	**3,048**	**2,418**	**629**	**X**	**1**

The Group subordinates Over-The-Counter (OTC) derivatives transactions and most of its repurchase and reverse repurchase agreement transactions to ISDA Master Agreements and Global Master Repurchase Agreements (GMRA) respectively.

These agreements enable the Group to reduce counterparty risk using what are known as close-out netting clauses under which the agreement is terminated and the net amount owing is settled. Pursuant to these clauses, when certain termination events occur – including non-performance of the contract, failure to deliver collateral and the insolvency of one of the parties – the contractual obligations arising from the individual transactions are terminated and replaced by a single obligation to pay the creditor the global net amount resulting from offsetting the current market values of the previous obligations, with which the parties settle their mutual accounts.

The Group enters into financial guarantee agreements in accordance with the ISDA Credit Support Annex (CSA) standard for OTC derivatives and in accordance with the GMRA standard for repurchase and reverse repurchase agreement transactions, which provide for the bilateral exchange of collateral in the form of cash and/or government securities. In accordance with the terms of the CSA and GMRA, the Group is able to make use of the assets held as collateral, including thorough disposal and transfers to third parties as collateral.
Information on the measurement criteria adopted for the above financial assets and liabilities is provided in Part A - Accounting Policies.

Schedule 6 presents the financial derivatives subject to netting agreements recognised in balance sheet assets.
Schedule 7 presents the financial derivatives recognised in balance sheet liabilities and the repurchase agreements recognised in Due to banks and Due to customers subject to netting agreements.

8. Securities lending transactions

An optional bank service for securities lending transactions is offered by Fideuram Bank (Luxembourg), Intesa Sanpaolo Private Banking and Fideuram to their customers (individuals, legal entities and commercial entities). The agreement entails the transfer of ownership of a certain quantity of securities of a given kind with the obligation to return them, in exchange for a consideration as remuneration for use of those securities.

PART C - NOTES TO THE CONSOLIDATED INCOME STATEMENT

SECTION 1 - INTEREST - ITEMS 10 AND 20

1.1 Interest income and similar income analysis

	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	2022	2021
1. Financial assets measured at fair value through profit or loss				-	-
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets measured at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	24	-	X	24	21
3. Financial assets measured at amortised cost	283	274	-	557	335
3.1 Loans and advances to banks	214	106	X	320	173
3.2 Loans and advances to customers	69	168	X	237	162
4. Hedging derivatives	X	X	(72)	(72)	(91)
5. Other assets	X	X	-	-	1
6. Financial liabilities	X	X	X	12	17
Total	**307**	**274**	**(72)**	**521**	**283**
of which: interest income on impaired financial assets	-	2	-	2	1
of which: interest income on finance leases	X	-	X	-	-

1.2 Interest income and similar income: other information

1.2.1 Interest income on financial assets denominated in foreign currencies

	2022	2021
On financial assets denominated in foreign currencies	23	11

1.3 Interest expense and similar expense: analysis

	DEBTS	SECURITIES	OTHER TRANSACTIONS	2022	2021
1. Financial liabilities measured at amortised cost	80	-	-	80	68
1.1 Due to Central Banks	-	X	X	-	-
1.2 Due to banks	28	X	X	28	16
1.3 Due to customers	52	X	X	52	52
1.4 Debt on issue	X	-	X	-	-
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities measured at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	-	-	-
5. Hedging derivatives	X	X	3	3	-
6. Financial assets	X	X	X	31	36
Total	**80**	**-**	**3**	**114**	**104**
of which: interest expense on debts for leases	4	X	X	4	4

1.4 Interest expense and similar expense: other information

1.4.1 Interest expenses on liabilities denominated in foreign currencies

	2022	2021
On liabilities denominated in foreign currencies	6	4

1.5 Hedging gains and losses

	2022	2021
A. Hedging gains	56	16
B. Hedging losses	131	107
C. Net gains / losses (A-B)	**(75)**	**(91)**

SECTION 2 - FEE AND COMMISSION INCOME AND EXPENSE - ITEMS 40 AND 50

2.1 Fee and commission income: analysis

	2022	2021
a) Financial instruments	**939**	**869**
1. Securities placement	170	133
1.1 On a firm and/or irrevocable commitment basis	-	-
1.2 Without irrevocable commitment	170	133
2. Receiving and transmitting orders and executing orders on behalf of customers	57	62
2.1 Receiving and transmitting orders for one or more financial instruments	55	52
2.2 Executing orders on behalf of customers	2	10
3. Other fees and commissions related to financial instrument activities	712	674
of which: proprietary trading	-	-
of which: individual portfolio management	712	674
b) Corporate Finance	**9**	**21**
1. Advice on mergers and acquisitions	9	21
2. Treasury services	-	-
3. Other fees and commission related to corporate finance services	-	-
c) Investment advisory activities	**113**	**119**
d) Clearing and settlement	**-**	**-**
e) Collective portfolio management	**657**	**695**
f) Custody and administration	**36**	**46**
1. Depository bank	1	3
2. Other fees and commission related to custody and administration activities	35	43
g) Central administrative services for collective portfolio management	**-**	**-**
h) Trust activity	**14**	**10**
i) Payment Services	**33**	**30**
1. Current accounts	9	9
2. Credit Cards	17	13
3. Debit cards and other payment cards 1	1	1
4. Bank transfers and other payment orders	3	4
5. Other fees and commission related to payment services	3	3
j) Distribution of third-party services	**1,235**	**1,252**
1. Collective portfolio management	539	530
2. Insurance products	678	705
3. Other products	18	17
of which: individual portfolio management	10	10
k) Structured finance	**2**	**-**
l) Servicing activities for securitisation transactions	**-**	**-**
m) Commitments to grant finance	**-**	**-**
n) Financial guarantees issued	**3**	**2**
of which: credit derivatives	-	-
o) o) Financing transactions	**3**	**2**
of which: for factoring transactions	-	-
p) Currency trading	**3**	**3**
q) Commodities	**-**	**-**
r) Other fees and commission income	**21**	**20**
of which: for management activities of multilateral trading systems	-	-
of which: for management activities of organised trading systems	-	-
Total	**3,068**	**3,069**

For more information on the breakdown of revenues from customer contracts, please refer to the information in the Report on Operations - Results by business segment.

2.2 Fee and commission expense: analysis

	2022	2021
a) Financial instruments	**25**	**7**
of which: trading in financial instruments	25	7
of which: placement of financial instruments	-	-
of which: individual portfolio management	-	-
- Proprietary	-	-
- Delegated to third parties	-	-
b) Clearing and Settlement	**-**	**-**
c) Collective portfolio management	**43**	**50**
1. Proprietary	8	10
2. Delegated to third parties	35	40
d) Custody and administration	**24**	**28**
e) Collection and payment services	**20**	**18**
of which: credit cards, debit cards and other payment cards	13	12
f) Servicing activities for securitisation transactions	**-**	**-**
g) Commitments to receive funds	**-**	**-**
h) Financial guarantees received	**8**	**8**
of which: credit derivatives	-	-
i) Off-premises offer of financial instruments, products and services	**904**	**885**
j) Currency trading	**1**	**-**
k) Other fees and commission expenses	**24**	**37**
Total	**1,049**	**1,033**

SECTION 3 - DIVIDENDS AND SIMILAR INCOME - ITEM 70

3.1 Dividends and similar income: analysis

	2022		2021	
	DIVIDENDS	SIMILAR INCOME	DIVIDENDS	SIMILAR INCOME
A. Financial assets held for trading	-	-	-	-
B. Financial assets mandatorily measured at fair value	2	-	2	-
C. Financial assets measured at fair value through other comprehensive income	-	-	-	-
D. Equity investments	-	-	-	-
Total	**2**	**-**	**2**	**-**

SECTION 4 - NET PROFIT (LOSS) ON TRADING ACTIVITIES - ITEM 80

4.1 Net profit (loss) on trading activities: analysis

	PROFIT	TRADING PROFITS	LOSS	TRADING LOSSES	NET PROFITS (LOSSES)
1. Financial assets held for trading	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Equities	-	-	-	-	-
1.3 Units in mutual funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Other	-	-	-	-	-
Other financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	**24**
3. Derivatives	**-**	**3**	**-**	**-**	**26**
3.1 Financial derivatives:	-	3	-	-	26
- Debt derivatives and interest rate derivatives	-	3	-	-	3
- Equity derivatives and index derivatives	-	-	-	-	-
- Currencies and gold	X	X	X	X	23
- Other	-	-		-	-
3.2 Credit derivatives	-	-	-	-	-
of which: natural hedges connected with fair value option	X	X	X	X	-
Total	**-**	**3**	**-**	**-**	**50**

SECTION 5 - NET PROFIT (LOSS) ON HEDGING DERIVATIVES - ITEM 90

5.1 Net profit (loss) on hedging derivatives: analysis

	2022	2021
A. Profit on:		
A.1 Fair value hedge derivatives	801	233
A.2 Hedged financial assets (fair value)	-	2
A.3 Hedged financial liabilities (fair value)	33	4
A.4 Financial derivatives hedging financial flows	-	-
A.5 Assets and liabilities denominated in foreign currencies	10	-
Total profit on hedging derivatives (A)	**844**	**239**
B. Loss on:		
B.1 Fair value hedge derivatives	(43)	(5)
B.2 Hedged financial assets (fair value)	(797)	(235)
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Financial derivatives hedging financial flows	-	-
B.5 Assets and liabilities denominated in foreign currencies	-	-
Total loss on hedging derivatives (B)	**(840)**	**(240)**
C. Net profit (loss) on hedging derivatives (A-B)	**4**	**(1)**

SECTION 6 - NET PROFIT (LOSS) ON SALES/REPURCHASES - ITEM 100

6.1 Net profit (loss) on sales/repurchases: analysis

	2022			2021		
	PROFITS	LOSSES	NET PROFITS (LOSSES)	PROFITS	LOSSES	NET PROFITS (LOSSES)
Financial assets						
1. Financial assets measured at amortised cost	-	-	-	1	(4)	(3)
1.1 Loans and advances to banks	-	-	-	-	-	-
1.2 Loans and advances to customers	-	-	-	1	(4)	(3)
2. Financial assets measured at fair value through other comprehensive income	5	(4)	1	10	(4)	6
2.1 Debt securities	5	(4)	1	10	(4)	6
2.2 Loans	-	-	-	-	-	-
Total assets	**5**	**(4)**	**1**	**11**	**(8)**	**3**
Financial liabilities measured at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt on issue	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

SECTION 7 - NET PROFIT (LOSS) ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 110

7.2 Net change in the value of other financial assets and liabilities measured at fair value through profit or loss: analysis of the other financial assets mandatorily measured at fair value

	PROFIT	PROFIT ON DISPOSAL	LOSS	LOSS ON DISPOSAL	NET PROFITS (LOSSES)
1. Financial assets	**8**	**-**	**(75)**	**(4)**	**(71)**
1.1 Debt securities (*)	-	-	(70)	(2)	(72)
1.2 Equities	5	-	-	(2)	3
1.3 Units in mutual funds	3	-	(5)	-	(2)
1.4 Loans	-	-	-	-	-
2. Financial assets: exchange rate differences	**X**	**X**	**X**	**X**	**-**
Total	**8**	**-**	**(75)**	**(4)**	**(71)**

(*) The losses mainly regarded the insurance policies taken out as part of the Personal Financial Adviser loyalty schemes.

SECTION 8 - NET IMPAIRMENT FOR CREDIT RISK - ITEM 130

8.1 Net impairment for credit risk related to financial assets measured at amortised cost: analysis

	WRITE-DOWNS						WRITE-BACKS				2022	2021
	FIRST STAGE	SECOND STAGE	THIRD STAGE		PURCHASED OR ORIGINATED IMPAIRED		FIRST STAGE	SECOND STAGE	THIRD STAGE	PURCHASED OR ORIGINATED IMPAIRED		
			WRITE-OFF	OTHER	WRITE-OFF	OTHER						
A. Loans and advances to banks	**(3)**	**-**	**-**	**-**	**-**	**-**	**9**	**-**	**-**	**-**	**6**	**7**
- Loans	(2)	-	-	-	-	-	7	-	-	-	5	5
- Debt securities	(1)	-	-	-	-	-	2	-	-	-	1	2
B. Loans and advances to customers	**(5)**	**(8)**	**-**	**(17)**	**-**	**-**	**7**	**4**	**3**	**-**	**(16)**	**(3)**
- Loans	(5)	(7)	-	(17)	-	-	6	4	3	-	(16)	-
- Debt securities	-	(1)	-	-	-	-	1	-	-	-	-	(3)
Total	**(8)**	**(8)**	**-**	**(17)**	**-**	**-**	**16**	**4**	**3**	**-**	**(10)**	**4**

8.2 Net impairment for credit risk related to financial assets measured at fair value through other comprehensive income: analysis

	WRITE-DOWNS						WRITE-BACKS				2022	2021
	FIRST STAGE	SECOND STAGE	THIRD STAGE		PURCHASED OR ORIGINATED IMPAIRED		FIRST STAGE	SECOND STAGE	THIRD STAGE	PURCHASED OR ORIGINATED IMPAIRED		
			WRITE-OFF	OTHER	WRITE-OFF	OTHER						
A. Debt securities	-	-	-	-	-	-	-	-	-	-	-	2
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- Due to customers	-	-	-	-	-	-	-	-	-	-	-	-
- Due to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**

SECTION 12 - ADMINISTRATIVE EXPENSES - ITEM 190

12.1 Personnel expenses: analysis

	2022	2021
1) Employees	**512**	**456**
a) Wages and salaries	368	316
b) Social security contributions	81	75
c) Termination indemnities	4	3
d) Pension costs	2	-
e) Provision for employee termination indemnities	1	-
f) Provision for retirement benefits and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Payments to external supplementary pension funds:	27	23
- defined contribution	19	18
- defined benefit	8	5
h) Costs arising from payment agreement based on own equity instruments	-	-
i) Other employee benefits (*)	29	39
2) Other staff	**2**	**2**
3) Directors and auditors	**4**	**4**
4) Retired staff	**-**	**-**
Total	**518**	**462**

(*) In 2022, the item includes a €4m provision to the Exit Fund (€11m in 2021).

12.2 Average number of employees by category

	2022	2021
Employees:	**3,970**	**3,838**
a) Directors	137	140
b) Executive Management	2,280	2,262
c) Other employees	1,553	1,436
Other staff	**32**	**39**

12.4 Other employee benefits

These mainly comprised the provisions accrued for seniority bonuses, the company contributions to the Health Fund, canteen contributions, provisions for indemnities relating to Personal Financial Advisers and provisions for redundancy incentives.

12.5 Other administrative expenses: analysis

	2022	2021
IT costs	**46**	**48**
Maintenance costs for IT services and electronic equipment	43	42
Telephone, broadcasting and data transmission costs	3	6
Property management costs	**17**	**17**
Property rent and building charges	3	4
Security	1	1
Cleaning	3	3
Building maintenance	4	4
Power	3	4
Miscellaneous building costs	3	1
General operating expenses	**33**	**23**
Printed material, stationery, consumables and publications	3	2
Transport and other related services (including counting of valuables)	3	2
Search and information services	23	15
Postage and telegraphic expenses	4	4
Professional and insurance costs	**33**	**33**
Professional advice	18	20
Legal advice and court fees	7	6
Bank and customer insurance premiums	8	7
Promotional and advertising expenses	**7**	**7**
Services by third parties	**24**	**20**
Expenses for outsourcing within the Group	**123**	**122**
Costs related to banking system	**53**	**47**
Indirect personnel expenses	**8**	**5**
Other expenses	**17**	**6**
Indirect taxes	**338**	**337**
Recovery of sundry expenses	**(4)**	**-**
Total other administrative expenses	**695**	**665**

SECTION 13 - NET PROVISIONS FOR RISKS AND CHARGES - ITEM 200

13.1 Net provisions for credit risk associated with commitments to grant funds and financial guarantees issued: analysis

	2022		
	PROVISIONS	REALLOCATIONS	TOTAL
Commitments to grant finance	(2)	1	(1)
Financial guarantees issued	-	-	-

13.3 Net provisions to other provisions for risks and charges: analysis

	2022		
	PROVISIONS	REALLOCATIONS	TOTAL
Termination of Personal Financial Adviser agency agreements	(8)	21	13
Lawsuits and tax disputes	(7)	3	(4)
Costs relating to the Personal Financial Adviser Networks' Loyalty Schemes	(1)	43	42
Total	**(16)**	**67**	**51**

SECTION 14 - DEPRECIATION OF PROPERTY AND EQUIPMENT - ITEM 210

14.1 Depreciation of property and equipment: analysis

	DEPRECIATION	NET ADJUSTMENTS FOR IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT (LOSS)
A. Property and equipment				
1. Functional property and equipment	(57)	-	-	(57)
- Owned	(5)	-	-	(5)
- Rights of use acquired under lease	(52)	-	-	(52)
2. Investment property and equipment	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired under lease	-	-	-	-
3. Inventories	X	-	-	-
Total	**(57)**	**-**	**-**	**(57)**

SECTION 15 - AMORTISATION OF INTANGIBLE ASSETS - ITEM 220

15.1 Amortisation of intangible assets: analysis

	AMORTISATION	NET ADJUSTMENTS FOR IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT (LOSS)
A. Intangible assets				
of which: software	(30)	-	-	(30)
A.1 Owned	(53)	-	-	(53)
- Generated internally	(15)	-	-	(15)
- Other	(38)	-	-	(38)
A.2 Rights of use acquired under lease	-	-	-	-
Total	**(53)**	**-**	**-**	**(53)**

SECTION 16 - OTHER INCOME (EXPENSE) - ITEM 230

16.1 Other expense: analysis

Depreciation of leasehold improvements	6
Consolidation charges	1
Other expenses	8
Total 2022	**15**
Total 2021	**13**

16.2 Other income: analysis

Recovery of indirect taxes	331
Income on leases	2
Other income	32
Total 2022	**365**
Total 2021	**347**

SECTION 17 - PROFIT (LOSS) ON EQUITY INVESTMENTS - ITEM 250

17.1 Profit (loss) on equity investments: analysis

	2022	2021
1) Jointly-controlled entities		
A. Income	-	-
1. Revaluations	-	-
2. Profit on sales	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Expenses	-	-
1. Write-downs	-	-
2. Impairment	-	-
3. Losses from sales	-	-
4. Other	-	-
Net profit (loss)	**-**	**-**
2) Entities subject to significant influence		
A. Income	21	18
1. Revaluations	21	18
2. Profit on sales	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Expenses	(5)	(3)
1. Write-downs	(5)	(3)
2. Impairment	-	-
3. Losses from sales	-	-
4. Other	-	-
Net profit (loss)	**16**	**15**
Total	**16**	**15**

The items “Revaluations” and “Write-downs” consist of the income and expenses, respectively, that derive from the equity investments carried at equity.

SECTION 20 - GAIN (LOSS) ON DISPOSAL OF INVESTMENTS - ITEM 280

20.1 Gain (Loss) on disposal of investments: analysis

	2022	2021
A. Properties	**-**	**-**
- Gains on disposal	-	-
- Losses on disposal	-	-
B. Other assets	**-**	**219**
- Gains on disposal	-	219
- Losses on disposal	-	-
Net gains (losses)	**-**	**219**

For 2021, the item refers to gain realised on the sale of the Depositary and Fund Administration Business unit of Fideuram Bank (Luxembourg).

SECTION 21 - INCOME TAXES FOR THE YEAR ON CONTINUING OPERATIONS - ITEM 300

21.1 Income taxes for the year on continuing operations: analysis

		2022	2021
1.	Current taxes (-)	(473)	(420)
2.	Changes to current taxes for prior years (+/-)	10	5
3.	Reduction in current taxes (+)	-	-
3.bis	Reduction in current taxes due to tax credit pursuant to Italian Law No. 214/2011 (+)	-	1
4.	Change in deferred tax assets (+/-)	34	(26)
5.	Change in deferred tax liabilities (+/-)	1	(16)
6.	**Taxes for the year (-)**	**(428)**	**(456)**

21.2 Reconciliation of theoretical tax burden and actual financial statement tax burden

	2022
Taxable income	**1,495**
Standard tax rate applicable	33%
Theoretical tax burden	493
Tax impact with respect to:	
Different tax rates applying to foreign subsidiaries	(49)
IRAP regional business tax and minor effects	(16)
Actual tax burden	**428**

SECTION 23 - NET PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS - ITEM 340

23.1 Detail of item 340 “Profit (loss) for the year of non-controlling interests”

	2022
Equity investments in consolidated companies with significant non-controlling interests	
1. REYL & Cie S.A.	2
2. Asteria Obviam S.A.	2
3. REYL Finance (MEA) Ltd	(1)
Other equity investments	**-**
Total 2022	**3**
Total 2021	**(20)**

SECTION 24 - OTHER INFORMATION

In 2022 the Fideuram Group received no public subsidies to be reported pursuant to Article 35 of Decree Law No. 34/2019 ("growth decree"), converted by Law No. 58/2019, which imposes transparency obligations on information about grants, subsidies, benefits, contributions or aid in cash or in kind, "that are not general and are not in the form of consideration, remuneration or compensation", effectively paid out by the public administrations and by the parties envisaged in Article 2-bis of Legislative Decree No. 33/2013.

SECTION 25 - EARNINGS PER SHARE

Earnings per share

	2022		2021	
	ORDINARY SHARES	SAVINGS SHARES	ORDINARY SHARES	SAVINGS SHARES
Weighted average shares (number)	1,500,000,000	-	1,500,000,000	-
Income attributable to different share classes (€m)	1,070	-	1,101	-
Basic earnings per share (€)	0.713	-	0.734	-
Diluted earnings per share (€)	0.713	-	0.734	-

PART D - TOTAL COMPREHENSIVE INCOME

COMPONENTS OF TOTAL COMPREHENSIVE INCOME

		2022	2021
10.	**Net Profit (Loss) for the year**	**1,067**	**1,121**
	Other comprehensive income not transferred to the income statement:	**29**	**17**
20.	Equity instruments measured at fair value through other comprehensive income	(3)	4
	a) changes in fair value	(3)	4
	b) transfers to other components of shareholders' equity	-	-
30.	Financial liabilities measured at fair value through profit or loss (changes in own credit rating):	-	-
	a) changes in fair value	-	-
	b) transfers to other components of shareholders' equity	-	-
40.	Hedging of equity instruments measured at fair value through other comprehensive income	-	-
	a) changes in fair value (hedged instrument)	-	-
	b) changes in fair value (hedging instrument)	-	-
50.	Property and equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	41	11
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Valuation reserves related to investments carried at equity	-	
100.	Income tax on comprehensive income not transferred to the income statement	(9)	2
	Other comprehensive income that may be transferred to the income statement	**(115)**	**4**
110.	Hedging of net investments in foreign operations:	(10)	-
	a) changes in fair value	-	-
	b) transfers to income statement	-	-
	c) other changes	(10)	-
120.	Exchange rate differences:	21	25
	a) changes in value	-	-
	b) transfers to income statement	-	-
	c) other changes	21	25
130.	Cash flow hedges:	(82)	(12)
	a) changes in fair value	(82)	(12)
	b) transfers to income statement	-	-
	c) other changes	-	-
	of which: result of net positions	-	-
140.	Hedging instruments (undesignated elements):	-	-
	a) changes in value	-	-
	b) transfers to income statement	-	-
	c) other changes	-	-
150.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income:	(84)	(9)
	a) changes in fair value	(70)	(2)
	b) transfers to income statement	(10)	(4)
	- adjustments for credit risk	-	-
	- income/losses on disposal	(10)	(4)
	c) other changes	(4)	(3)
160.	Non-current assets held for sale and discontinued operations:	-	-
	a) changes in fair value	-	-
	b) transfers to income statement	-	-
	c) other changes	-	-
170.	Valuation reserves related to investments carried at equity:	(25)	(4)
	a) changes in fair value	(23)	(3)
	b) transfers to income statement	(1)	-
	- adjustments for impairment losses	(1)	-
	- income/losses on disposal	-	-
	c) other changes	(1)	(1)
180.	Income tax on comprehensive income transferred to the income statement	65	4
190.	**Total other comprehensive income**	**(86)**	**21**
200.	**Total comprehensive income (Item 10+190)**	**981**	**1,142**
210.	Total comprehensive income attributable to non-controlling interests	(3)	20
220.	Total comprehensive income attributable to parent company	984	1,122

PART E - INFORMATION ON RISK AND RELATED HEDGING POLICIES

INTRODUCTION

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.

SECTION 1 - RISKS FROM CONSOLIDATION

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 Non-performing and performing credit exposures: amounts, adjustments, changes, and financial distribution

A.1.1 Analysis of financial assets by asset class and credit quality (book value)

ASSET CLASS/QUALITY	DOUBTFUL LOANS	UNLIKELY TO PAY	NON-PERFORMING PAST DUE EXPOSURES	PERFORMING PAST DUE EXPOSURES	PERFORMING EXPOSURES	TOTAL
1. Financial assets measured at amortised cost	30	62	10	89	49,294	49,485
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	3,090	3,090
3. Financial assets measured at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	506	506
5. Financial assets held for sale	-	-	-	-	-	-
Total 31.12.2022	**30**	**62**	**10**	**89**	**52,890**	**53,081**
Total 31.12.2021	**1**	**22**	**14**	**102**	**58,173**	**58,312**

A.1.2 Analysis of financial assets by asset class and credit quality (gross and net amounts)

ASSET CLASS/ QUALITY	NON-PERFORMING				PERFORMING			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL PARTIAL WRITE-OFFS	GROSS EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	
1. Financial assets measured at amortised cost	134	(32)	102	-	49,417	(34)	49,383	49,485
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	3,091	(1)	3,090	3,090
3. Financial assets measured at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	506	506
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31.12.2022	**134**	**(32)**	**102**	**-**	**52,508**	**(35)**	**52,979**	**53,081**
Total 31.12.2021	**55**	**(18)**	**37**	**-**	**57,825**	**(39)**	**58,275**	**58,312**

ASSET CLASS/QUALITY	ASSETS WITH CLEARLY LOW CREDIT QUALITY		OTHER ASSETS
	ACCRUED LOSSES	NET EXPOSURE	NET EXPOSURE
1. Financial assets held for trading	-	-	25
2. Hedging derivatives	-	-	317
Total 31.12.2022	**-**	**-**	**342**
Total 31.12.2021	**-**	**-**	**49**

B. DISCLOSURES ON STRUCTURED ENTITIES (OTHER THAN SECURITISATION COMPANIES)

B.2 Unconsolidated structured entities

B.2.2 Other structured entities

QUANTITATIVE INFORMATION

BALANCE SHEET ITEMS / TYPE OF STRUCTURED ENTITY	ACCOUNTING PORTFOLIOS UNDER ASSETS	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIOS UNDER LIABILITES	TOTAL LIABILITIES (B)	NET BOOK VALUE (C = A-B)	MAXIMUM EXPOSURE TO RISK OF LOSS (D)	DIFFERENCE BETWEEN EXPOSURE TO RISK OF LOSS AND BOOK VALUE (E = D - C)
Mutual Fund	Other financial assets mandatorily measured at fair value	22		-	22	22	-

SECTION 2 - RISKS FROM PRUDENTIAL CONSOLIDATION

1.1 CREDIT RISK

QUALITATIVE INFORMATION

1. GENERAL INFORMATION

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 equities 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.

Impacts of the Covid-19 pandemic

As regards credit ratings, the Group has maintained an overall prudent approach. On the one hand, after the progressive improvements observed during 2021, the economic situation confirmed the recovery both in the final figures for 2022 and in the forecasts for the following three-year period drawn up by the various Authorities. Therefore, considering the lesser uncertainty characterising the process of estimating projections, the Group has deemed it appropriate to return to the use of scenarios produced internally by the Research Department as input to the ECL models, thus ensuring consistency with the scenarios used in other valuation (e.g., impairment tests on intangible assets) and estimate processes (e.g., new Business Plan).

Impacts of the Russia-Ukraine conflict

The Group's Italian companies do not have significant exposures to Russian, Belarusian or Ukrainian clients or banks. The Swiss subsidiary Reyl & Cie has exposures to Russian clients for insignificant amounts that are amply guaranteed by the Client Assets deposited with the company. In line with the indications from Intesa Sanpaolo, the amounts due from Russian and Belarusian counterparties were classified as stage 2 but they did not have a significant impact in ECL terms as they were fully guaranteed. This classification applied to volumes of approximately €3.5m, with a negligible impact on the portfolio at the Group level.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 Organisational aspects

The credit risk management policy, which is integrated and consistent with the guidelines issued by Intesa Sanpaolo, is subject to approval by the Corporate Bodies of Fideuram, which have the prerogative of making strategic risk management decisions for the Fideuram Group. The Group's credit risk policies are formulated by the Board of Directors and governed by internal lending regulations. These regulations ensure appropriate loan portfolio risk management, governing the authority to grant loans and specifying the company bodies so authorised, together with their related limits. The internal regulations also specify the organisational units responsible for managing credit risk, problem loans and non-performing loans. Credit risk management is carried out by a central unit that is separate from those in charge of granting and managing loans.

During 2022, the decision-making RWA alignment project was completed, which saw the risk weighted assets based approach extended to Fideuram rather than only on nominal exposure to become fully aligned with the Intesa Sanpaolo Group framework. The components that contribute to determination of the Risk Weighted Assets (RWA) constitute the key elements for determining the authority to grant and manage loans, credit limit, pricing of the loan, calculation of the impairment on performing and non-performing exposures, and calculation of the economic and regulatory capital. The authority levels limit the decision-making authority at the time the loan is granted, by specifying the delegated professionals and the decision-making procedures for the loans made to individual counterparties. If the granted loan exceeds specific limits, a compliance opinion must be requested from the delegated bodies of Intesa Sanpaolo.

2.2 Management, measurement and control systems

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.

2.3 Methods for measuring expected losses

The expected loss is the product of the exposure, the probability of default and the Loss Given Default.

In the Group, the probability of default is measured with rating models that differ according to the operating segment of the counterparty (Corporate, SME Retail, Retail, Sovereign States, Public Sector Entities and Banks). These models, developed by Intesa Sanpaolo, make it possible to summarise the counterparty's credit quality in a single measure, called the rating, which reflects the probability of default with a one-year horizon, calibrated to the average level of the business cycle. Moreover, the calculated rating are reconciled with the classifications of official rating agencies on the basis of a uniform reference scale.

The LGD models are based on the notion of "Economic LGD", i.e. the discounted value of cash flows received during the various phases of the recovery process net of any directly applicable administrative costs and the indirect management costs borne by the Group. The calculation of the LGD relies on models that are differentiated according to operating segment (Corporate, SME Retail, Retail, Factoring, Leasing, Public Entities and Banks). For banks, the model used to determine the Loss Given Default (LGD) diverges partly from the models developed for the other segments insofar as the model used to make estimates is based on the prices of the debt instruments observed 30 days after the official default date and related to a sample of banks that have defaulted worldwide, acquired from an external source.

Calculation of the exposure at default (EAD) uses specialised models that differ according to the operating segment (Corporate, SME Retail, Retail, Factoring, Leasing, Public Entities and Banks) and also considers the percentage of available but unused margin of a certain credit line that will be transformed into an exposure over a given time horizon (so called Credit Conversion Factor - CCF).

The expected loss (EL) estimation process is implemented consistently with supervisory regulations and is based on the same risk parameters used for the AIRB models described above. When determining the impairment of credit exposures, these parameters are adapted to assure full compliance with the requirements imposed by IFRS9, which requires adoption of a point-in-time approach to incorporate in the calculation process all information available at the time of the measurement, including prospective information, such as macroeconomic scenarios and estimates, while the approach adopted in development of the internal models used to determine regulatory capital instead requires that the ratings be calibrated on the expected average level of the business cycle over the long-term ("Through the Cycle"), and thereby only partially reflecting current conditions.

The impairment of performing loans and past due loans is determined based on an expected loss impairment model to obtain more timely recognition of credit losses in profit or loss. IFRS9 requires entities to recognise expected credit losses in the 12 months (Stage 1) after initial recognition of a financial instrument, resulting from the product of PD, EAD and LGD. However, the time horizon for calculating expected loss becomes the entire residual life of the asset when there has been any significant deterioration in the credit quality of the financial instrument since initial recognition (Stage 2) or if the financial instrument is impaired (Stage 3).

The illustrated measurement method is also extended to endorsement credit and commitments. In regard to the latter, the unused margins on irrevocable credit lines are not included in the calculation base.

Measurement of expected losses
In 2022, net impairment of loans to customer amounted to €16m, whereas loans to banks recorded net recoveries of €5m.

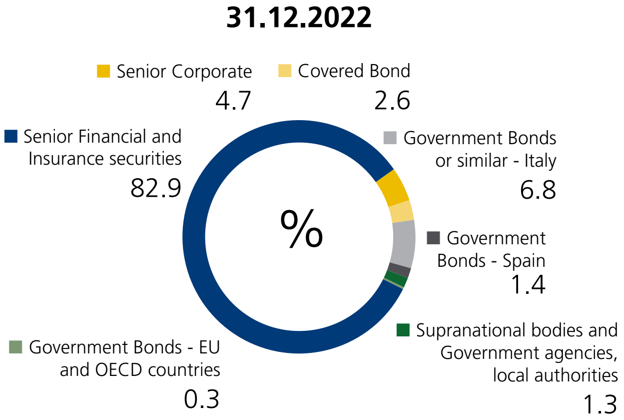
2.4 Credit risk mitigation techniques
In order to mitigate the credit risk of loans and advances to customers, the Group normally obtains collateral, bank guarantees or irrevocable mandates to sell financial instruments. The types of collateral obtained are principally products distributed by the Fideuram Group (mutual funds and asset management) or financial instruments listed on major regulated markets. Bonds are only accepted as collateral if the issuer or loan has an appropriate rating (by leading rating agencies).

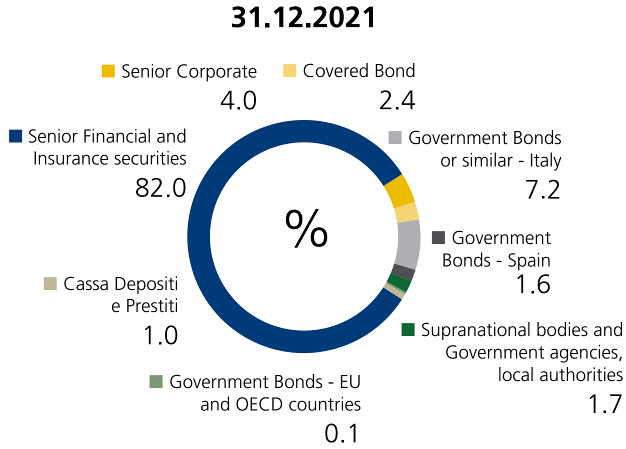
The value of the financial instruments obtained as collateral is discounted differentially in relation to the type of product and technical form concerned, as a precautionary measure when calculating the credit limit to be granted, with a view to protecting the Group against any fluctuations in market value. The concentration of collateral in issuers is very low, except for mutual funds and other products distributed by the Fideuram Group. There were no encumbrances at the time this report was prepared capable of undermining the legal validity of any collateral, which is moreover subject to periodic verification.

The Group uses bilateral netting agreements, which offset creditor and debtor positions in the event of the default of one counterparty, to mitigate the counterparty risk in Security Financing Transactions (SFT), specifically securities lending transactions and repurchase agreements. Aside from what has already been indicated (bilateral netting), when OTC (unregulated) derivatives are subject to a Clearing House, counterparty risk is mitigated through an additional level of collateralization represented by centralised margining. ISDA and ISMA/GMRA agreements are used to this end, which also allow to reduce the regulatory capital allocation while operating in accordance with the supervisory regulations.

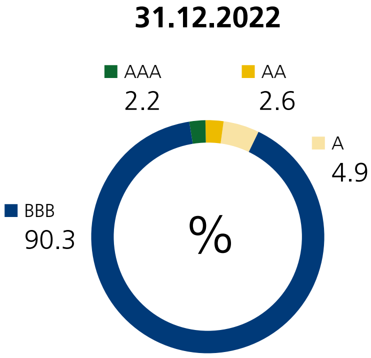
At 31 December 2022, the Group portfolio was broken down as follows by product type and rating.

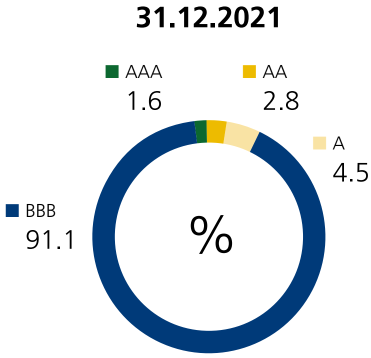
Analysis by product type





Analysis by rating class





3. NON-PERFORMING EXPOSURES

3.1 Management strategies and policies

The potential impairment of assets undergoes detailed ongoing monitoring, examining overdue/past due positions and carefully analysing all the other indicators available. Loans assessed as high risk, confirmed over time, are identified and allocated to different categories according to their risk profile. Exposures to insolvent parties (even if insolvency has not been declared by court order) or parties in substantially equivalent situations are classified as doubtful loans, regardless of any loss estimates prepared by the intermediary.
Exposures where the borrower is assessed as being unlikely to meet their payment obligations in full (principal and/or interest) are classified as unlikely to pay loans.
Lastly, loans that are past due and/or overdue which have exceeded the objective overdue payment conditions specified by the Bank of Italy are also considered problem loans. The Group's internal lending regulations govern the procedures for transferring performing positions to non-performing assets, and specify the different types of problem loans, their management and the company bodies empowered to authorise the transfer of positions between different classes of loans.

Doubtful loans, net of adjustments, accounted for a very small percentage of total loans (0.2% of loans to customers). Loss forecasts are formulated analytically for each individual loan based on all the relevant valuation factors (debtor assets, employment income and estimated recovery date etc.). The valuations are examined at regular intervals and revised if any significant new elements emerge.

3.2 Write-off

Then, we recall that in the case of non-performing loans, the Fideuram Group uses full or partial cancellation/removal of bad debts (write-off), and consequently recognises a loss on the remaining part that has not yet been adjusted in the following cases:

a) irrecoverability of the loan, resulting from certain and precise elements (e.g. the debtor has disappeared and has no assets, failure to recover anything from forfeiture of assets and property, failed foreclosures, collective creditor actions that end without complete recovery, if there are no additional guarantees that can be effectively enforced, etc.);
b) waiver of claim, consequent to unilateral forgiveness of the remaining debt when settlement agreements are made;
c) assignments of loans.

Any recoveries from collection after the write-off are recognised under reversals of impairment on profit or loss.

3.3 Purchased or originated credit-impaired financial assets

In accordance with IFRS9, the loans that are considered impaired from the very moment of their initial recognition in the balance sheet, due to the high credit risk associated with them, are defined as Purchased or Originated Credit-Impaired Asset (POCI). If they fall within the scope of application of impairment under IFRS9, these loans are measured by creating, from their initial recognition date, provisions to cover the losses that cover the entire remaining lifetime of the loan (Expected Credit Loss lifetime). Since these are impaired loans, they initially have to be recognised as Stage 3, notwithstanding the possibility of being moved during their lifetime to Stage 2 if, according to the credit risk analysis, they are no longer impaired.
There were POCI positions amounting to approx. €1m in the portfolio of the Fideuram Group at 31 December 2022.

4. FINANCIAL ASSETS SUBJECT TO COMMERCIAL RENEGOTIATION AND FORBORNE EXPOSURES

Forbearance measures represent the forbearance offered to a debtor who is facing, or is about to face difficulties in satisfying his own payment obligations (troubled debt). The term "forbearance" means both the contractual amendments that are accorded to the debtor in financial difficulty (modification) and the disbursement of a new loan so that the pre-existing obligation can be satisfied (refinancing). Forbearance also refers to the contractual modifications which the debtor may freely request under a contract that has already been signed, but only if the creditor believes that debtor is in financial difficulty (embedded forbearance clauses). Therefore, the notion of "forborne" has to exclude renegotiation of contracts for commercial reasons/practice that are made irrespective of the debtor's financial difficulties.

The exposures subject to forbearance measures ("forborne assets" or "forborne exposures") are necessarily identified on the basis of a "by transaction" approach, in accordance with the provisions of EBA regulations. In this context, "exposure" refers to the renegotiated contract and not to all of the exposures to the same debtor.
Unlike the forbearance measures, which concern the outstanding loans to counterparties in financial difficulty, renegotiations for commercial reasons involve debtors who are not in financial difficulty and include all the transactions aimed at adjusting the cost of the debt to market conditions.
These commercial renegotiations of loans involve a change in the original conditions of the contract, usually requested by the borrower and generally relating to aspects concerning the cost of the debt (or its duration), with a consequent economic benefit for the borrower. In general, whenever the Group carries out a renegotiation to avoid losing its customer, that renegotiation should be considered as substantial because, if it were not carried out, the customer would borrow from another intermediary and the Group would incur a decrease in expected future revenues.
Under specific conditions, these transactions are similar in accounting terms to the premature repayment of the original debt and the opening of a new loan.

With regard to the impact of economic support measures on the SICR assessment processes and the measurement of expected losses, reference is made to what is published in Part A - Accounting policies.

Loans and advances to customers: credit quality

(€m)

	31.12.2022		31.12.2021		CHANGE
	NET EXPOSURE	%	NET EXPOSURE	%	NET EXPOSURE
Doubtful loans	30	-	1	-	29
Unlikely to pay	62	-	22	-	40
Past due loans or overdue loans	10	-	14	-	(4)
Non-performing assets	**102**	**-**	**37**	**-**	**65**
Performing loans	15,002	90	13,796	86	1,206
Debt instruments	1,627	10	2,222	14	(595)
Loans and advances to customers	**16,731**	**100**	**16,055**	**100**	**676**

The increase in NPLs is the result of the reduction in creditworthiness of certain positions as a result of the declining macroeconomic environment.

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 Non-performing and performing credit exposures: amounts, adjustments, changes, and financial distribution

A.1.1 Prudential consolidation - Analysis of financial assets by past-due bands (book value)

PORTFOLIOS/ RISK STAGES	FIRST STAGE			SECOND STAGE			THIRD STAGE			IMPAIRED, PURCHASED OR ORIGINATED		
	BETWEEN 1 AND 30 DAYS	BETWEEN MORE THAN 30 DAYS AND 90 DAYS	OVER 90 DAYS	BETWEEN 1 AND 30 DAYS	BETWEEN MORE THAN 30 DAYS AND 90 DAYS	OVER 90 DAYS	BETWEEN 1 AND 30 DAYS	BETWEEN MORE THAN 30 DAYS AND 90 DAYS	OVER 90 DAYS	BETWEEN 1 AND 30 DAYS	BETWEEN MORE THAN 30 DAYS AND 90 DAYS	OVER 90 DAYS
1. Financial assets measured at amortised cost	49	10	7	6	12	4	1	1	100	-	-	1
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 31.12.2022	**49**	**10**	**7**	**6**	**12**	**4**	**1**	**1**	**100**	**-**	**-**	**1**
Total 31.12.2021	**47**	**12**	**3**	**31**	**7**	**2**	**1**	**1**	**32**	**-**	**-**	**3**

A.1.2 Prudential consolidation - Financial assets, commitments to grant funds and financial guarantees issued: changes in comprehensive adjustments and comprehensive provisions

REASONS/ RISK STAGES	TOTAL NET ADJUSTMENTS											
	ASSETS FALLING IN FIRST STAGE						ASSETS FALLING IN SECOND STAGE					
	LOANS WITH BANKS AND CENTRAL BANKS ON DEMAND	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS HELD FOR SALE	OF WHICH: INDIVIDUAL WRITE-DOWNS	OF WHICH: COLLECTIVE WRITE-DOWNS	LOANS WITH BANKS AND CENTRAL BANKS ON DEMAND	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS HELD FOR SALE	OF WHICH: INDIVIDUAL WRITE-DOWNS	OF WHICH: COLLECTIVE WRITE-DOWNS
Opening balance	**1**	**17**	**1**	**-**	**19**	**-**	**-**	**21**	**-**	**-**	**21**	**-**
Increases in purchased or originated financial assets	-	30	-	-	30	-	-	-	-	-	-	-
Cancellations other than write-offs	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment for credit risk	-	(33)	-	-	(33)	-	-	1	-	-	1	-
Contractual changes without cancellation	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation method	-	-	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	(1)	-	-	(1)	-	-	(1)	-	-	(1)	-
Closing balance	**1**	**13**	**1**	**-**	**15**	**-**	**-**	**21**	**-**	**-**	**21**	**-**
Recoveries from collection on financial assets subject to write-off		-	-	-	-	-		-	-	-	-	-
Write-offs recognised directly in income statement	-	-	-	-	-	-	-	-	-	-	-	-

ASSETS FALLING IN THIRD STAGE						PURCHASED OR ORIGINATED NON-PERFORMING FINANCIAL ASSETS					TOTAL PROVISIONS ON COMMITMENTS TO GRANT FUNDS AND FINANCIAL GUARANTEES ISSUED				TOTAL
LOANS WITH BANKS AND CENTRAL BANKS ON DEMAND	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS HELD FOR SALE	OF WHICH: INDIVIDUAL WRITE-DOWNS	OF WHICH: COLLECTIVE WRITE-DOWNS	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS HELD FOR SALE	OF WHICH: INDIVIDUAL WRITE-DOWNS	OF WHICH: COLLECTIVE WRITE-DOWNS	FIRST STAGE	SECOND STAGE	THIRD STAGE	COMMITMENTS TO GRANT FUNDS AND FINANCIAL GUARANTEES ISSUED IMPAIRED ACQUIRED OR ORIGINATED	
-	**18**	**-**	**-**	**18**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**1**	**-**	**-**	**60**
-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	30
-	(1)	-	-	(1)	-	-	-	-	-	-	-	-	-	-	(1)
-	16	-	-	16	-	4	-	-	4	-	-	-	-	-	(12)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	(4)	-	-	(4)	-	-	-	-	-	-	-	-	-	-	(4)
-	(1)	-	-	(1)	-	-	-	-	-	-	-	-	-	-	(3)
-	**28**	**-**	**-**	**28**	**-**	**4**	**-**	**-**	**4**	**-**	**1**	**1**	**-**	**-**	**70**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.1.3 Prudential consolidation - Financial assets, commitments to grant funds and financial guarantees issued: transfers between different credit risk stages (gross and face values)

PORTFOLIOS/RISK STAGES	GROSS VALUES/FACE VALUE					
	TRANSFERS BETWEEN FIRST STAGE AND SECOND STAGE		TRANSFERS BETWEEN SECOND STAGE AND THIRD STAGE		TRANSFERS BETWEEN FIRST STAGE AND THIRD STAGE	
	TRANSFERS FROM FIRST STAGE TO SECOND STAGE	TRANSFERS FROM SECOND STAGE TO FIRST STAGE	TRANSFERS FROM SECOND STAGE TO THIRD STAGE	TRANSFERS FROM THIRD STAGE TO SECOND STAGE	TRANSFERS FROM FIRST STAGE TO THIRD STAGE	TRANSFERS FROM THIRD STAGE TO FIRST STAGE
1. Financial assets measured at amortised cost	541	335	7	9	95	2
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to grant funds and financial guarantees issued	315	139	1	1	5	-
Total 31.12.2022	**856**	**474**	**8**	**10**	**100**	**2**
Total 31.12.2021	**975**	**1,082**	**21**	**3**	**7**	**10**

A.1.4 Prudential consolidation - On and off-balance-sheet exposures of loans and advances to banks: gross and net values

TYPE OF EXPOSURE/ VALUE	GROSS EXPOSURE					TOTAL NET ADJUSTMENTS AND TOTAL PROVISIONS					NET EXPOSURE	TOTAL PARTIAL WRITE-OFFS
		FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED		FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED		
A. Cash exposure												
A.1 Demand deposits	**5,815**	**5,815**	**-**	**-**	**-**	**(1)**	**(1)**	**-**	**-**	**-**	**5,814**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	5,815	5,815	-	X	-	(1)	(1)	-	X	-	5,814	-
A.2 Other	**33,813**	**33,813**	**-**	**-**	**-**	**(5)**	**(5)**	**-**	**-**	**-**	**33,808**	**-**
a) Doubtful loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	33,850	33,850	-	X	-	(5)	(5)	-	X	-	33,845	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total A	**39,665**	**39,665**	**-**	**-**	**-**	**(6)**	**(6)**	**-**	**-**	**-**	**39,659**	**-**
B. Off-balance-sheet exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	1,518	988	-	X	-	-	-	-	X	-	1,518	-
Total B	**1,518**	**988**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,518**	**-**
Total (A+B)	**41,183**	**40,653**	**-**	**-**	**-**	**(6)**	**(6)**	**-**	**-**	**-**	**41,177**	**-**

A.1.5 Prudential consolidation - On and off-balance-sheet exposures of loans and advances to customers: gross and net values

TYPE OF EXPOSURE/ VALUE	GROSS EXPOSURE					TOTAL NET ADJUSTMENTS AND TOTAL PROVISIONS					NET EXPOSURE	TOTAL PARTIAL WRITE-OFFS
		FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED		FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED		
A. Cash exposure												
a) Doubtful loans	46	X	-	44	2	(16)	X	-	(13)	(3)	30	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	75	X	-	73	2	(13)	X	-	(12)	(1)	62	-
- of which: forborne exposures	3	X	-	3	-	(2)	X	-	(2)	-	1	-
c) Non-performing past due exposures	13	X	-	13	-	(3)	X	-	(3)	-	10	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	89	66	23	X	-	-	-	-	X	-	89	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	19,074	15,320	3,247	X	1	(29)	(9)	(20)	X	-	19,045	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total A	**19,297**	**15,386**	**3,270**	**130**	**5**	**(61)**	**(9)**	**(20)**	**(28)**	**(4)**	**19,236**	**-**
B. Off-balance-sheet exposures												
a) Non-performing	11	X	-	11	-	-	X	-	-	-	11	-
b) Performing	7,094	6,284	808	X	-	(3)	(1)	(2)	X	-	7,091	-
Total B	**7,105**	**6,284**	**808**	**11**	**-**	**(3)**	**(1)**	**(2)**	**-**	**-**	**7,102**	**-**
Total (A+B)	**26,402**	**21,670**	**4,078**	**141**	**5**	**(64)**	**(10)**	**(22)**	**(28)**	**(4)**	**26,338**	**-**

A.1.7 Prudential consolidation - On-balance sheet exposures of loans and advances to customers: changes in gross non-performing loans

REASONS/CATEGORIES	DOUBTFUL LOANS	UNLIKELY TO PAY	NON-PERFORMING PAST DUE EXPOSURES
A. Gross exposure at beginning of period	**10**	**29**	**16**
- of which: loans disposed of but not written off	-	-	-
B. Increases	**41**	**60**	**43**
B.1 Transfers from performing exposures	38	47	39
B.2 Transfers from impaired financial assets that are purchased or originated	-	-	-
B.3 Transfers from other categories of non-performing exposures	-	8	-
B.4 Contractual changes without cancellation	-	-	-
B.5 Other increases	3	5	4
C. Decreases	**(5)**	**(14)**	**(46)**
C.1 Transfers to performing exposures	-	(2)	(28)
C.2 Write-off	(4)	-	-
C.3 Collections	(1)	(7)	(8)
C.4 Disposals	-	-	-
C.5 Losses on sales	-	-	-
C.6 Transfers to other categories of non-performing exposures	-	-	(8)
C.7 Contractual changes without cancellation	-	-	-
C.8 Other decreases	-	(5)	(2)
D. Gross exposure at end of period	**46**	**75**	**13**
- of which: loans disposed of but not written off	-	-	-

A.1.7bis Prudential consolidation - On-balance sheet exposure of loans and advances to customers: changes in gross loans ranked by credit quality

REASONS/QUALITY	FORBORNE EXPOSURES: NON-PERFORMING	FORBORNE EXPOSURES: PERFORMING
A. Gross exposure at beginning of period	**6**	**8**
- of which: loans disposed of but not written off	-	-
B. Increases	**-**	**-**
B.1 Transfers from non-forborne performing exposures	-	-
B.2 Transfers from forborne performing exposures	-	X
B.3 Transfers from non-performing forborne exposures	X	-
B.4 Transfers from non-performing exposures	-	-
B.5 Other increases	-	-
C. Decreases	**(3)**	**(8)**
C.1 Transfers to non-forborne performing exposures	X	(1)
C.2 Transfers to forborne performing exposures	-	X
C.3 Transfers to non-performing forborne exposures	X	-
C.4 Write-off	-	-
C.5 Collections	(1)	-
C.6 Disposals	-	-
C.7 Losses on sales	-	-
C.8 Other decreases	(2)	(7)
D. Gross exposure at end of period	**3**	**-**
- of which: loans disposed of but not written off	-	-

A.1.9 Prudential consolidation - On-balance sheet exposure of non-performing loans and advances to customers: changes in total adjustments

REASONS/CATEGORIES	DOUBTFUL LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE EXPOSURES	
	TOTAL	OF WHICH: FORBORNE EXPOSURES	TOTAL	OF WHICH: FORBORNE EXPOSURES	TOTAL	OF WHICH: FORBORNE EXPOSURES
A. Total adjustments at beginning of period	**9**	**-**	**7**	**2**	**2**	**-**
- of which: loans disposed of but not written off	-	-	-	-	-	-
B. Increases	**11**	**-**	**9**	**-**	**4**	**-**
B.1 Adjustments to impaired financial assets that are purchased or originated	-	X	-	X	-	X
B.2 Other adjustments	9	-	5	-	4	-
B.3 Losses on sales	-	-	-	-	-	-
B.4 Transfers from other categories of non-performing exposures	-	-	2	-	-	-
B.5 Contractual changes without cancellation	-	-	-	-	-	-
B.6 Other increases	2	-	2	-	-	-
C. Decreases	**(4)**	**-**	**(3)**	**-**	**(3)**	**-**
C.1 Write-backs from year-end valuations	-	-	(1)	-	(1)	-
C.2 Write-backs following collections	-	-	(1)	-	-	-
C.3 Profit on sales	-	-	-	-	-	-
C.4 Write-off	(4)	-	-	-	-	-
C.5 Transfers to other categories of non-performing exposures	-	-	-	-	(2)	-
C.6 Contractual changes without cancellation	-	-	-	-	-	-
C.7 Other decreases	-	-	(1)	-	-	-
D. Total adjustments at end of period	**16**	**-**	**13**	**2**	**3**	**-**
- of which: loans disposed of but not written off	-	-	-	-	-	-

A.2 Classification of exposures by external and internal rating

A.2.1 Prudential consolidation - Analysis of financial assets, commitments to grant funds and financial guarantees issued by external rating classes (gross values)

EXPOSURES	EXTERNAL RATING CLASS						NO RATING	TOTAL
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6		
A. Financial assets measured at amortised cost	**4**	**1,433**	**31,144**	**-**	**-**	**-**	**16,970**	**49,551**
- First stage	4	77	31,142	-	-	-	14,952	46,175
- Second stage	-	1,356	2	-	-	-	1,884	3,242
- Third stage	-	-	-	-	-	-	129	129
- Impaired financial assets that are purchased or originated	-	-	-	-	-	-	5	5
B. Financial assets measured at fair value through other comprehensive income	**832**	**991**	**944**	**72**	**37**	**-**	**215**	**3,091**
- First stage	832	991	925	72	37	-	206	3,063
- Second stage	-	-	19	-	-	-	9	28
- Third stage	-	-	-	-	-	-	-	-
- Impaired financial assets that are purchased or originated	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Impaired financial assets that are purchased or originated	-	-	-	-	-	-	-	-
TOTAL (A+B+C)	**836**	**2,424**	**32,088**	**72**	**37**	**-**	**17,185**	**52,642**
D. Commitments to grant funds and financial guarantees issued								
- First stage	-	-	980	-	-	-	6,294	7,274
- Second stage	-	-	-	-	-	-	808	808
- Third stage	-	-	-	-	-	-	11	11
- Impaired financial assets that are purchased or originated	-	-	-	-	-	-	-	-
TOTAL (D)	**-**	**-**	**980**	**-**	**-**	**-**	**7,113**	**8,093**
TOTAL (A+B+C+D)	**836**	**2,424**	**33,068**	**72**	**37**	**-**	**24,298**	**60,735**

		CREDIT RATING					
		CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6
Rating agency (ECAI)	S&P Global Ratings	from AAA to AA-	from A+ to A-	from BBB+ to BBB-	from BB+ to BB-	from B+ to B-	CCC+ and below
	Moody's	from Aaa to Aa3	from A1 to A3	from Baa1 to Baa3	from Ba1 to Ba3	from B1 to B3	Caa1 and below
	Fitch	from AAA to AA-	from A+ to A-	from BBB+ to BBB-	from BB+ to BB-	from B+ to B-	CCC+ and below

A.3 Analysis of secured loan exposures by type of guarantee

A.3.1 Prudential consolidation - On and off-balance-sheet exposures of loans and advances to secured banks

	GROSS EXPOSURE	NET EXPOSURE	COLLATERAL			
			BUILDINGS - MORTGAGES	BUILDINGS - FINANCIAL LEASING	SECURITIES	OTHER COLLATERAL
1. Cash exposure of secured loans	**-**	**-**	**-**	**-**	**-**	**-**
1.1 fully secured	-	-	-	-	-	-
- including impaired	-	-	-	-	-	-
1.2 partially secured	-	-	-	-	-	-
- including impaired	-	-	-	-	-	-
2. Off-balance-sheet exposures of secured loans	**4**	**4**	**-**	**-**	**-**	**3**
2.1 fully secured	-	-	-	-	-	-
- including impaired	-	-	-	-	-	-
2.2 partially secured	4	4	-	-	-	3
- including impaired	-	-	-	-	-	-

A.3.2 Prudential consolidation - On and off-balance-sheet exposures of loans and advances to secured customers

	GROSS EXPOSURE	NET EXPOSURE	COLLATERAL			
			BUILDINGS - MORTGAGES	BUILDINGS - FINANCIAL LEASING	SECURITIES	OTHER COLLATERAL
1. Cash exposure of secured loans	**14,193**	**14,163**	**1,507**	**-**	**10,568**	**1,402**
1.1 fully secured	12,859	12,834	1,402	-	10,021	1,375
- including impaired	94	82	46	-	36	-
1.2 partially secured	1,334	1,329	105	-	547	27
- including impaired	12	9	3	-	4	-
2. Off-balance-sheet exposures of secured loans	**5,876**	**5,873**	**1**	**-**	**5,047**	**719**
2.1 fully secured	5,409	5,406	1	-	4,703	691
- including impaired	4	3	-	-	3	-
2.2 partially secured	467	467	-	-	344	28
- including impaired	1	1	-	-	1	-

PERSONAL GUARANTEES									TOTAL
CREDIT DERIVATIVES					ENDORSEMENT CREDIT				
CREDIT LINKED NOTES	OTHER DERIVATIVES				PUBLIC ENTITIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES	
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES					
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3**
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	3
-	-	-	-	-	-	-	-	-	-

PERSONAL GUARANTEES									TOTAL
CREDIT DERIVATIVES					ENDORSEMENT CREDIT				
CREDIT LINKED NOTES	OTHER DERIVATIVES				PUBLIC ENTITIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES	
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES					
-					**-**	**362**	**-**	**39**	**13,878**
-	-	-	-	-	-	8	-	27	12,833
-	-	-	-	-	-	-	-	-	82
-	-	-	-	-	-	354	-	12	1,045
-	-	-	-	-	-	-	-	-	7
-	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**11**	**5,779**
-	-	-	-	-	-	-	-	9	5,404
-	-	-	-	-	-	-	-	-	3
-	-	-	-	-	-	1	-	2	375
-	-	-	-	-	-	-	-	-	1

B. DISTRIBUTION AND CONCENTRATION OF LOANS

B.1 Prudential consolidation - Analysis of on and off-balance sheet exposure of loans and advances to customers by sector

EXPOSURES/ COUNTERPARTIES	PUBLIC ENTITIES		FINANCIAL INSTITUTIONS		OTHER FINANCIAL INSTITUTIONS (OF WHICH: INSURANCE COMPANIES)		NON-FINANCIAL COMPANIES		HOUSEHOLDS	
	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS
A. Cash exposure										
A.1 Doubtful loans	-	-	-	-	-	-	-	-	30	(16)
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	7	(3)	55	(10)
- of which: forborne exposures	-	-	-	-	-	-	-	-	1	(2)
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-	10	(3)
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	2,420	(11)	2,350	(1)	702	-	3,381	(8)	10,983	(9)
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
Total A	**2,420**	**(11)**	**2,350**	**(1)**	**702**	**-**	**3,388**	**(11)**	**11,078**	**(38)**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	3	-	8	-
B.2 Performing exposures	-	-	392	-	1	-	1,713	(1)	4,986	(2)
Total B	**-**	**-**	**392**	**-**	**1**	**-**	**1,716**	**(1)**	**4,994**	**(2)**
Total (A+B) 31.12.2022	**2,420**	**(11)**	**2,742**	**(1)**	**703**	**-**	**5,104**	**(12)**	**16,072**	**(40)**
Total (A+B) 31.12.2021	**2,885**	**(9)**	**2,395**	**(6)**	**684**	**-**	**5,064**	**(15)**	**14,499**	**(18)**

B.2 Prudential consolidation - Analysis of territorial distribution of on and off-balance sheet exposure of loans and advances to customers

EXPOSURES/ GEOGRAPHICAL AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS
A. Cash exposure										
A.1 Doubtful loans	-	(4)	2	(3)	28	(9)	-	-	-	-
A.2 Unlikely to pay	16	(12)	46	(1)	-	-	-	-	-	-
A.3 Non-performing past due exposures	10	(3)	-	-	-	-	-	-	-	-
A.4 Performing exposures	15,155	(27)	3,070	(1)	591	-	171	(1)	147	-
Total A	**15,181**	**(46)**	**3,118**	**(5)**	**619**	**(9)**	**171**	**(1)**	**147**	**-**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	11	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	7,007	(3)	18	-	15	-	-	-	51	-
Total B	**7,018**	**(3)**	**18**	**-**	**15**	**-**	**-**	**-**	**51**	**-**
Total (A+B) 31.12.2022	**22,199**	**(49)**	**3,136**	**(5)**	**634**	**(9)**	**171**	**(1)**	**198**	**-**
Totale (A+B) 31.12.2021	**21,254**	**(47)**	**1,981**	**(1)**	**626**	**-**	**34**	**-**	**948**	**-**

B.2 bis Prudential consolidation - Breakdown by geographical area of business with customers domiciled in Italy (book value)

EXPOSURES/ GEOGRAPHICAL AREAS	NORTH-WEST		NORTH-EAST		CENTRAL ITALY		SOUTH AND ISLANDS	
	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS
A. Cash exposure								
A.1 Doubtful loans	-	-	-	(1)	-	(2)	-	(1)
A.2 Unlikely to pay	6	(4)	3	(3)	3	(1)	4	(4)
A.3 Non-performing past due exposures	4	(1)	1	-	4	(1)	1	(1)
A.4 Performing exposures	5,960	(6)	2,474	(3)	5,055	(15)	1,666	(3)
Total A	**5,970**	**(11)**	**2,478**	**(7)**	**5,062**	**(19)**	**1,671**	**(9)**
B. Off-balance-sheet exposures								
B.1 Non-performing exposures	3	-	5	-	-	-	3	-
B.2 Performing exposures	3,094	(1)	1,583	(1)	1,441	(1)	889	-
Total B	**3,097**	**(1)**	**1,588**	**(1)**	**1,441**	**(1)**	**892**	**-**
Total (A+B) 31.12.2022	**9,067**	**(12)**	**4,066**	**(8)**	**6,503**	**(20)**	**2,563**	**(9)**
Total (A+B) 31.12.2021	**8,345**	**(10)**	**3,707**	**(7)**	**6,829**	**(23)**	**2,373**	**(7)**

B.3 Prudential consolidation - Analysis of territorial distribution of on and off-balance sheet exposure of loans and advances to banks

EXPOSURES/ GEOGRAPHICAL AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS
A. Cash exposure										
A.1 Doubtful loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	34,837	(6)	4,298	-	137	-	319	-	68	-
Total A	**34,837**	**(6)**	**4,298**	**-**	**137**	**-**	**319**	**-**	**68**	**-**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	1,297	-	12	-	-	-	-	-	-	-
Total B	**1,297**	**-**	**12**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31.12.2022	**36,134**	**(6)**	**4,310**	**-**	**137**	**-**	**319**	**-**	**68**	**-**
Total (A+B) 31.12.2021	**41,610**	**(12)**	**2,295**	**-**	**80**	**-**	**5**	**-**	**148**	**-**

B.3 bis Prudential consolidation - Analysis of territorial distribution of on and off-balance sheet exposures of loans and advances to banks resident in Italy (book value)

EXPOSURES/ GEOGRAPHICAL AREAS	NORTH-WEST		NORTH-EAST		CENTRAL ITALY		SOUTH AND ISLANDS	
	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS
A. Cash exposure								
A.1 Doubtful loans	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-
A.4 Performing exposures	34,657	(6)	131	-	49	-	-	-
Total A	**34,657**	**(6)**	**131**	**-**	**49**	**-**	**-**	**-**
B. Off-balance-sheet exposures								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	1,297	-	-	-	-	-	-	-
Total B	**1,297**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31.12.2022	**35,954**	**(6)**	**131**	**-**	**49**	**-**	**-**	**-**
Total (A+B) 31.12.2021	**40,777**	**(11)**	**148**	**-**	**685**	**(1)**	**-**	**-**

D. DISPOSAL TRANSACTIONS

A. FINANCIAL ASSETS DISPOSED OF BUT NOT WRITTEN OFF

QUALITATIVE INFORMATION

The item Financial assets disposed of but not written off regarded repurchase agreements.
In 2012, the Group entered into six repurchase agreements with the former Banca IMI (now Intesa Sanpaolo) in order to improve the overall risk/return ratio of the portfolio. The repurchase agreements had the same terms as the maturities of a number of BTP Italian government bonds with a total face value of €467.8m and maturities between 2019 and 2033 that Fideuram acquired from market counterparties in previous years.
These bonds were already recorded under financial assets available for sale and subsequently reclassified under financial assets measured at amortised cost, while maintaining the hedge against interest rate risk by using interest rate swaps. The liquidity obtained from this transaction was used to purchase bonds issued by Intesa Sanpaolo. The Group simultaneously entered into six financial guarantee contracts to cover the associated credit risk, again with Banca IMI, which on average expire three years before the maturities of the related bonds. At 31 December 2022, four of these contracts had expired, with a residual notional value of €200m.
The bank went through a rigorous process to determine how these repurchase agreements should be recognised, analysing the underlying aims of the contractual agreements in the light of the guidance provided by the Supervisory Authorities in document No. 6 of 8 March 2013 on the accounting treatment of long-term structured repurchase transactions, issued jointly by the Bank of Italy, the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Italian Insurance Regulator (IVASS). The analysis considered the structure, cash flows and risks connected with the transactions concerned to verify whether they could be considered term-structured repurchase transactions as described in this document and whether, in accordance with the principle of substance over form, they accord with the guidelines on the basis of which the transaction is substantially the same as a derivative contract and a credit default swap in particular. The aforementioned transactions clearly differ in certain respects from term-structured repurchase agreement transactions as described in the document. The differences are specifically as follows:

- the BTP Italian government bonds and the Interest Rate Swaps hedging interest rate risk were already held by the Bank through independent purchases made in prior years (between 2008 and 2010);
- said transactions were entered into with different market counterparties from the repurchase agreements;
- the cash flows from the transactions are not substantially the same as those of credit derivatives;
- the different management purpose of the transactions considered as a whole, which aim to cover counterparty risk through the purchase of a financial guarantee.

The transactions were therefore recognised separately depending on the type of contract concerned.

QUANTITATIVE INFORMATION

D.1 Prudential consolidation - Financial assets disposed of recognised in full and associated financial liabilities: book value

	FINANCIAL ASSETS DISPOSED OF RECOGNISED IN FULL				ASSOCIATED FINANCIAL LIABILITIES		
	BOOK VALUE	OF WHICH: OBJECT OF SECURITISATIONS	OF WHICH: OBJECT OF SALES CONTRACTS WITH BUYBACK CLAUSE	INCLUDING IMPAIRED	BOOK VALUE	OF WHICH: OBJECT OF SECURITISATIONS	OF WHICH: OBJECT OF SALES CONTRACTS WITH BUYBACK CLAUSE
A. Financial assets held for trading	**-**	**-**	**-**	**X**	**-**	**-**	**-**
1. Debt securities	-	-	-	X	-	-	-
2. Equities	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**458**	**-**	**458**	**-**	**(468)**	**-**	**(468)**
1. Debt securities	458	-	458	-	(468)	-	(468)
2. Equities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	**1,558**	**-**	**1,558**	**-**	**(1,373)**	**-**	**(1,373)**
1. Debt securities	1,558	-	1,558	-	(1,373)	-	(1,373)
2. Loans	-	-	-	-	-	-	-
Total 31.12.2022	**2,016**	**-**	**2,016**	**-**	**(1,841)**	**-**	**(1,841)**
Total 31.12.2021	**2,644**	**-**	**2,644**	**-**	**(2,043)**	**-**	**(2,043)**

D.3 Prudential consolidation - Disposal transactions with transfer of liabilities exclusively for assets disposed of and not entirely cancelled: fair value

	RECOGNISED IN FULL	PARTIALLY RECOGNISED	TOTAL	
			31.12.2022	31.12.2021
A. Financial assets held for trading	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equities	-	-	-	-
3. Loans	-	-	-	-
4. Derivatives	-	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equities	-	-	-	-
3. Loans	-	-	-	-
C. Financial assets measured at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**458**	**-**	**458**	**636**
1. Debt securities	458	-	458	636
2. Equities	-	-	-	-
3. Loans	-	-	-	-
E. Financial assets measured at amortised cost (fair value)	**1,464**	**-**	**1,464**	**1,928**
1. Debt securities	1,464	-	1,464	1,928
2. Loans	-	-	-	-
Total financial assets	**1,922**	**-**	**1,922**	**2,564**
Total associated financial liabilities	**(1,841)**	**-**	**(1,841)**	**(2,043)**
Net value at 31.12.2022	**81**	**-**	**81**	**X**
Net value at 31.12.2021	**521**	**-**	**X**	**521**

1.2 MARKET RISK

1.2.1 INTEREST RATE RISK AND PRICE RISK – REGULATORY TRADING BOOK

QUALITATIVE INFORMATION

A. General information

The trading book mainly serves Group customers. The trading book also includes a securities component resulting from market transactions and foreign exchange and exchange rate derivative transactions, which are likewise aimed at meeting the needs of the Group's customers and asset management companies.

Impacts of the Covid-19 pandemic

As regards market risk, during 2022 the gradual return to an orderly functioning of the financial markets continued, as witnessed by the return of the main indicators to the average values observed in the twelve months prior to the crisis. This dynamic has enabled ordinary management of the Group's HTCS and Trading portfolios not only in terms of turnover but also in terms of risk management, as shown by the main metrics used to monitor market risk. In the current market context characterised by low volatility, the management VaR measures showed a decreasing trend with reference to the average VaR calculated at Group level on all the financial assets belonging to the Trading and HTCS business models.

As regards capital requirements (market risk), the effects of the COVID-19 pandemic on financial markets have subsided. During 2022, there was a marked reduction in the volatility of the main risk factors associated with the pandemic in RWA terms. Market risk, net of currency risk, stood at €2.1m at the end of 2022, a sharp reduction on the previous year (€10.7m).

B. Management procedures, and methods for measuring interest rate risk and price risk

Impacts of the Covid-19 pandemic

With reference to interest rate risk, during 2022, the strategies and controls implemented were aimed at protecting the interest margin from potential further negative impacts of the context following the pandemic.

1.2.2 - INTEREST RATE RISK AND PRICE RISK - BANKING BOOK

QUALITATIVE INFORMATION

A. General aspects, management procedures, and methods for measuring interest rate risk and price risk

Fideuram complies with the instructions of Intesa Sanpaolo concerning market risks and extends its governance and control role to the entire Fideuram Group with centralisation and monitoring functions. This governance and control role is based, among other things, on extending the policies adopted by the Board of Directors to the entire Group and on the functional coordination provided by the Group's related departments.

As a rule, the Risk Committee meets quarterly to analyse investment performance, proposing strategic guidelines to the CEO based on the risk situation identified. The CEO reports quarterly to the Board of Directors on the investment choices made and on the performance of the Group's portfolios and risk management. The Chief Risk Officer continually monitors market risk exposure and compliance with the limits specified by the Financial Portfolio Policy, and periodically informs the CEO, Risk Committee and Finance and Treasury Manager regarding the levels of exposure to the different types of risk subject to operating limits. Similar information is presented to the Board of Directors on a quarterly basis.

The composition of the securities portfolio is governed by limits with respect to asset allocation, rating, currency area, geographical area, sector concentration and counterparty. Market risk limits are likewise specified. The Financial Portfolio Policy splits investments in securities into a liquidity portfolio, a stable investment portfolio and a service portfolio.
The liquidity portfolio is defined as a portfolio containing financial assets and liabilities held for the purpose of:

- providing a liquidity reserve through securities deemed eligible with central banks or readily liquidated;
- comply with/optimise regulatory liquidity ratios;
- invest any excess liquidity in anticipation of future investments with a short-term investment horizon or with a moderate risk profile;
- optimise the risk profile through the use of derivative trading and/or hedging instruments.

This portfolio has a prudent minimum limit of assets deemed eligible with the Central Bank, as determined on a prudent basis.

The size of the stable investment portfolio depends on the structure of the Group's inflows, investments and shareholders' equity. It is defined as the portfolio containing positions in financial assets with a minimum mandatory holding period of 30 days, save for exceptional market events that require their disposal.
In particular, it consists of financial investments acquired when there is excess structural liquidity and contains low risk positions acquired for the purpose of benefiting from the corresponding coupon flow, whose expected holding period is for the medium-long term at the time of purchase.
Derivative instruments may be used to optimise the risk profile of this portfolio. Given the characteristics of the portfolio in question, the Hold to Collect business model is associated with the relevant securities.
The service portfolio mainly serves customers and includes:

- positions connected with the offer of products/services to customers, such as bonds to be offered as repurchase agreements, foreign currency and foreign exchange derivative trading, for intermediation purposes;
- a component resulting from market transactions aimed at meeting the needs of the Group's asset management companies.

The Group has developed a pricing methodology for the measurement of financial instruments which rigorously implements the provisions of the IAS/IFRS international financial reporting standards. This measurement is based on the concept of Fair Value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition, the fair value measurement must incorporate a counterparty risk premium in the form of a Credit Value Adjustment (CVA) for assets and a Debit Value Adjustment (DVA) for liabilities.
The fair value of financial instruments is calculated directly from their market value. Wherever possible, the official prices on active markets are adopted as this market value, otherwise the value is obtained using pricing models based on the values of comparable securities and on market parameters. In situations where the market is not operating normally, which is to say when there is an insufficient number of continuous transactions and the bid/ask spread and volatility are not sufficiently narrow, it is however necessary to abandon the principle of obtaining the fair value directly from market prices and to apply models that mostly use market parameters to calculate an appropriate fair value for the financial instruments. The following are considered in assessing whether a market is operating normally:

- availability of price contributions;
- reliability of price contributions;
- size of the bid-ask spread.

In the absence of an active market, the fair value is determined using measurement techniques which ultimately aim to establish the price that the financial instrument would have had on the measurement date in an arm's-length exchange motivated by normal business considerations. These techniques include:

- reference to market values that can be indirectly linked to the financial instrument being valued and that can be obtained from products with similar risk characteristics (Comparable Approach);
- valuations performed using – even only partially – inputs that are not obtained from observable market parameters, using estimates and assumptions formulated by the valuer (Mark-to-Model Approach).

The choice between these methods is not arbitrary, since they have to be applied in hierarchical order and presented in the financial statements by level. Absolute priority is given to the quoted active market prices of the assets and liabilities being measured (Level 1 - Effective Market Quotes) or of similar assets and liabilities (Level 2 - Comparable Approach), and the lowest priority to unobservable inputs, which are accordingly more subjective (Level 3 - Mark-to-Model Approach).

The priority of market prices is put into practice through a process based on market-maker prices. The valuation price is calculated as the average of the prices available, selected using objectively identified criteria. The number of contributions, the bid/ask spread and the reliability of the contributors are monitored regularly, enabling the Group to keep market prices as the appropriate prime parameter for the determination of fair value.

The entire portfolio of financial assets measured at fair value through other comprehensive income was valued at market bid prices (mark to market) to ensure the maximum transparency of the values in the financial statements. This ensures the overall holdings meet the ready liquidity criteria for items in the financial statements.

The portfolio of Level 2 financial assets measured at fair value through profit or loss consisted of the insurance policies taken out to guarantee market yields to the Personal Financial Adviser Networks' Loyalty Schemes. The fair value of Class I policies is determined using a prospective actuarial method based on the principle of the initial equivalence between the average present values of the contractual commitments of the insurer and the average present values of the contractual commitments of the policyholder/contracting party. The fair value of Class III policies is calculated as the value of the units at the reporting date plus any pure premiums not yet invested at the valuation date.
The derivatives in the banking book consisted principally of Interest Rate Swaps. As a rule, the Fideuram Group uses fair value hedge derivatives to reduce its exposure to adverse fair value movements due to interest rate risk. The Chief Risk Officer is responsible for assessing hedges effectiveness, carrying out prior assessments of the conditions that make hedge accounting applicable and formally documenting each hedging relationship. These assessments use prospective tests when the hedges are taken out, followed by retrospective tests at monthly intervals.
The Group uses derivatives (mainly interest rate swaps) to hedge interest rate risk following a strategy that involves buying swaps linked to the individual fixed-coupon bonds in the portfolio. This strategy has made the Group's long-term securities holdings less sensitive to interest rate risk. Where risk concentration is concerned, the securities holdings are highly diversified as a result of the stringent limits specified by the Financial Portfolio Policy, which limits the maximum exposure to any single corporate Group to 5% of the total holdings, with the sole exception of Intesa Sanpaolo.

An approach consistent with fair value measurement hierarchy Level 2 is used for the measurement of derivatives, based on commonly accepted valuation processes and fed by market data providers. Hedging and treasury derivatives taken out in ordinary investment activities (interest and exchange rate derivatives in particular) that are not traded on regulated markets, but traded bilaterally with market counterparties or triangulated with Clearing Houses, are known as over-the-counter (OTC) instruments and valued using special pricing models.

The banking book comprises long-term investment securities, interest rate hedging derivatives and short and medium-long term loans. The banking book totalled €57bn at 31 December 2022.

QUANTITATIVE INFORMATION

Banking Book

(€m)

	31.12.2022	31.12.2021	CHANGE	
			AMOUNT	%
Financial assets measured at fair value through other comprehensive income	3,096	2,908	188	6
Debt securities classified as loans to banks	18,289	18,554	(265)	-1
Debt securities classified as loans to customers	1,627	2,222	(595)	-27
Hedging derivatives	317	32	285	n.s.
Total securities and derivatives	***23,329***	***23,716***	***(387)***	***-2***
Sight deposit current accounts with banks	4,112	3,107	1,005	32
Loans to banks	14,465	20,334	(5,869)	-29
Loans to customers	15,104	13,833	1,271	9
Total loans	***33,681***	***37,274***	***(3,593)***	***-10***
Total banking book	**57,010**	**60,990**	**(3,980)**	**-7**

n.s.: not significant

The internal system used to measure interest rate risk evaluates and describes the effect of changes in interest rates on the economic value and interest income and identifies all significant sources of risk that influence the banking book:
- repricing risk: risk originating from mismatches in due dates (for fixed rate positions) and the rate revision date (for floating rate positions) of the financial items due to parallel movements in the yield curve;
- yield curve risk: risk originating from mismatches in due dates and the rate revision date due to changes in the inclination and shape of the yield curve;
- basis risk: risk originating from the imperfect correlation in the adjustment of the interest income and interest expense rates of floating rate instruments, which may differ due to their indexing parameter, rate revision procedure, indexing algorithm, etc. This risk arises after non-parallel changes in market rates.

The interest rate risk of the banking book is measured using the following methods:
1. shift sensitivity of the economic value (ΔEVE);
2. net interest income:
   - margin shift sensitivity (ΔNII);
   - dynamic simulation of net interest income (NII);
3. Value at Risk (VaR).

Shift sensitivity
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).

In the measurements, the balance sheet items are represented according to their contractual profile, with the exception of those categories of instruments that feature risk profiles different from the contractually envisaged ones. For these transactions, it was consequently decided to use a behavioural representation in order to calculate the risk measurements. In particular:

- for loans, prepayments are taken into account so as to reduce the exposure to rate risk (overhedge) and liquidity risk (overfunding);
- for those items that are contractually payable on demand, a financial representation model is implemented to reflect the behavioural characteristics of stability of the assets and partial and delayed reaction to the changes in market rates, in order to stabilise net interest income both in absolute and variable terms over time;
- the cash flows used both for the contractual and the behavioural type are developed at the contractual rate or at the FTP.

A multicurve system is used to determine the present value. This calls for the use of different discounting curves and "forwarding" according to the type of instrument and the tenor of its indexing. To determine the shift sensitivity, the shock standard to which all the curves are subject is defined as the parallel and uniform shift of the curves by +100 basis points. In addition to the +100 standard scenario, the measure of economic value (EVE) is also calculated on the basis of the six scenarios prescribed by the BCBS document and on the basis of historic stress simulations aimed at identifying the works and best cases.

The shift sensitivity of net interest income quantifies the impact on short-term net interest income of a parallel, instantaneous and permanent shock in the interest rate curve. The sensitivity of the margin is measured using a method that allows the expected change in the interest margin to be estimated, following a shock of the curves produced by the items susceptible to a revision of the rate within a gapping period fixed at 12 months from the date of analysis.
This measure highlights the effect of changes in market rates on the net interest income generated by the measured portfolio in the perspective of a constant balance sheet, excluding any potential effects deriving from the new transactions and from future changes in the mix of assets and liabilities. Therefore, it cannot be considered a forecasting indicator of the future level of net interest income.
To determine the changes in net interest income (ΔNII), the standard scenarios of a parallel rate shock of +/- 50 basis points are applied, referring to a time horizon of twelve months. Moreover, dynamic simulations are run on the net interest income that combine shifts in the yield curves with changes in the base and liquidity differentials, and the changes in behaviour of customers in different market scenarios.

The changes in net interest income and economic value are subject to monthly monitoring in accordance with the limits and sub-limits approved by the Group Financial Risk Committee.
Accordingly, the measurements are shown according to the details used to run the test, in terms of credit limit and sub-credit limit, time buckets (short, medium, and long-term), company, and currency.
The scenarios used to check the limits are:

- to check exposure in terms of ΔEVE: instantaneous and parallel shock of +100 bps;
- to check exposure in terms of ΔNII: instantaneous and parallel shock of +/-50 bps.

The shift sensitivity of the interest margin, assuming a -50 basis point drop in rates, stood at -€80.1m at the end of December 2022, up compared to the end of 2021 (-€147.6m); This change was mainly due to the increase in interest rates in the fourth quarter of 2022, which was fully absorbed by indexed loans due to the lower reactivity of customer deposits, which are historically more sticky. This led to strong growth in net interest income, which will continue in the event of further rises in interest rates, with positive effects on the prospective sensitivity of the margin.
Shift Sensitivity of the value for a +100 basis point rate shock stood at -€8.2m (relating to both the HTC and HTCS portfolio) at the close of December 2022, down from the figure at the close of 2021 figure (-€35.6m); this change is due to the positive effects of the change to the model in the behavioural modelling of on-demand items (€42m), which was partially offset by negative sensitivities generated by new fixed-rate loans.

Value at Risk
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.

Following a rally towards the middle of the year, the Value at Risk calculated for a one-day time horizon returned to ordinary levels (€4.6m) by 31 December 2022 as a result of a downward trend of volatility on markets.

1.2.3 EXCHANGE RATE RISK

QUALITATIVE INFORMATION

A. General aspects, management processes, and methods for measuring exchange rate risk

Exchange rate risk is defined as the possibility of fluctuations in market exchange rates generating either positive or negative changes in the value of the Group's net assets.

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.

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.

B. Hedging of exchange rate risk

Exchange rate risk is mitigated by the practice of funding in the same currency as the assets, while the residual exposures are included in the trading book.

QUANTITATIVE INFORMATION

1. Analysis of assets and liabilities and derivatives by currency of denomination

ITEMS	CURRENCIES					
	US DOLLAR	STERLING	YEN	CANADIAN DOLLAR	SWISS FRANC	OTHER CURRENCIES
A. Financial assets	**1,385**	**214**	**13**	**-**	**1,168**	**78**
A.1 Debt securities	285	-	-	-	-	-
A.2 Equities	4	-	-	-	-	-
A.3 Loans to banks	459	64	9	-	626	58
A.4 Loans to customers	637	150	4	-	214	20
A.5 Other financial assets	-	-	-	-	328	-
B. Other assets	**-**	**-**	**-**	**-**	**1**	**-**
C. Financial liabilities	**2,095**	**392**	**78**	**3**	**419**	**97**
C.1 Due to banks	1,316	135	9	-	369	79
C.2 Due to customers	779	257	69	3	50	18
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**8**	**1**	**-**	**-**	**31**	**-**
E. Financial derivatives	**3,903**	**374**	**239**	**5**	**1,034**	**91**
- Options						
+ Long positions	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-
- Other derivatives						
+ Long positions	2,209	267	152	5	99	58
+ Short positions	1,694	107	87	-	935	33
Total assets	**3,594**	**481**	**165**	**5**	**1,268**	**136**
Total liabilities	**3,797**	**500**	**165**	**3**	**1,385**	**130**
Balance (+/-)	**(203)**	**(19)**	**-**	**2**	**(117)**	**6**

1.3 DERIVATIVES AND HEDGING POLICIES

1.3.1 TRADING DERIVATIVES

A. FINANCIAL DERIVATIVES

A.1 Financial trading derivatives: notional values at the end of the period

UNDERLYING ASSETS/ TYPES OF DERIVATIVES	31.12.2022				31.12.2021			
	OVER THE COUNTER			REGULATED MARKETS	OVER THE COUNTER			REGULATED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS			WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS	
1. Debt securities and interest rate derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity derivatives and index derivatives	**-**	**-**	**99**	**29**	**-**	**-**	**99**	**-**
a) Options	-	-	99	29	-	-	99	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**6,451**	**1,156**	**1**	**-**	**1,290**	**1,833**	**1,901**
a) Options	-	-	-	1	-	-	-	-
b) Swap	-	705	-	-	-	2	30	-
c) Forward	-	5,746	1,156	-	-	1,288	1,803	1,901
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**6,451**	**1,255**	**31**	**-**	**1,290**	**1,932**	**1,901**

A.2 Financial trading derivatives: gross positive and negative fair value - distribution by product

TYPES OF DERIVATIVES	31.12.2022				31.12.2021			
	OVER THE COUNTER			REGULATED MARKETS	OVER THE COUNTER			REGULATED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS			WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS	
1. Positive fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	-	-	-	-	-	-
c) Cross currency swap	-	-	-	-	-	-	3	-
d) Equity swaps	-	-	-	1	-	-	-	-
e) Forward	-	22	2	-	-	3	3	8
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**22**	**2**	**1**	**-**	**3**	**6**	**8**
2. Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	-	-	-	-	-	-
c) Cross currency swap	-	-	-	-	-	-	2	-
d) Equity swaps	-	-	-	1	-	-	-	-
e) Forward	-	17	2	-	-	4	5	16
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	1	-	-	-	-	-	-
Total	**-**	**18**	**2**	**1**	**-**	**4**	**7**	**16**

A.3 OTC financial trading derivatives: notional values, gross positive and negative fair value by counterparty

UNDERLYING ASSETS	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES
Contracts other than netting agreements				
1. Debt securities and interest rate derivatives				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2. Equity derivatives and index derivatives				
- notional values	X	-	67	32
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3. Currencies and gold				
- notional values	X	-	1,155	1
- positive fair value	X	-	2	-
- negative fair value	X	-	2	-
4) Commodities				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Netting agreements				
1. Debt securities and interest rate derivatives				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2. Equity derivatives and index derivatives				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3. Currencies and gold				
- notional values	-	6,305	50	96
- positive fair value	-	21	-	1
- negative fair value	-	17	1	-
4) Commodities				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial hedging derivatives: notional values

UNDERLYING/RESIDUAL LIFE	UP TO 1 YEAR	OVER 1 YEAR AND UP TO 5 YEAR	OVER 5 YEARS	TOTAL
A.1 Debt derivatives and interest rate derivatives	-	-	-	-
A.2 Equity derivatives and index derivatives	-	99	-	99
A.3 Currency and gold derivatives	3,718	3,888	1	7,607
A.4 Commodity derivatives	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2022	**3,718**	**3,987**	**1**	**7,706**
Total 31.12.2021	**3,123**	**99**	**-**	**3,222**

1.3.2 ACCOUNTING HEDGES

QUALITATIVE INFORMATION

Upon first-time adoption of IFRS9, the Group exercised the option allowed by the accounting standard to continue applying all the rules of IAS39 for all types of hedges (micro and macro). Therefore, the provisions of IFRS9 for hedging do not apply.

DISCLOSURE OF UNCERTAINTY ARISING FROM REFORM OF BENCHMARKS ON HEDGING DERIVATIVES

The Group made use of the possibility of early adoption of Regulation No. 34/2020 of 15 January 2020, which endorsed the document issued by the IASB in September 2019 on "Interest Rate Benchmark Reform (amendments to IFRS9 Financial Instruments, IAS39 Financial Instruments: Recognition and Measurement and to IFRS7 Financial Instruments: Disclosures"). The regulation in question introduced several changes in hedge accounting, for the purpose of preventing the uncertainties over the amount and timing of the cash flows deriving from the interest rate reform from interrupting existing hedges and difficulty in designating new hedge relationships. Therefore, the analysis of the performance of the hedges was carried out considering the flows and timing of the hedging derivatives in place, assuming that the benchmarks for determining existing interest rates are not changed as a result of the reform of interbank rates (Interest Rate Benchmark Reform or IBOR Reform).
We then provide the disclosure required by IFRS7 paragraph 24H on the uncertainty arising from the interest rate benchmark reform on hedging relationships and the nominal amount of hedging instruments potentially impacted by the benchmark reform.
Derivatives hedging fair value hedge relationships are mainly indexed to Euribor, the calculation methodology of which was revised in 2019 in order to continue using this parameter after 1 January 2022, for both existing and new contracts. To make Euribor comply with the Regulation (EU) No. 2016/1011/EU (Benchmarks Regulation – BMR), the EMMI – European Money Markets Institute – has completed the transition to a new "hybrid" calculation methodology. The new calculation system, whose activities were completed at the end of November 2019, does not change the economic variable that the index measures: Euribor expresses the actual cost of funding for the contributing European banks and is always available and consultable. Therefore, the Group does not believe there is any uncertainty about the timing or amount of Euribor cash flows and does not consider Euribor-related fair value hedges to be impacted by the reform. Fair value hedge relationships also include derivatives indexed to benchmarks impacted by the reform, in particular to EONIA which was replaced with the new risk-free €STR rates.

A. Fair value hedging

The Group engages in hedging to immunise its banking book from changes in the fair value of investments caused by movements in the interest rate curve (interest rate risk).

The Group adopts both specific hedges (micro fair value hedge) and generic hedges (macro fair value hedge).
The micro fair value hedges mainly hedge bonds that are purchased. Macro fair value hedges of fixed rate loans were introduced. The hedges are characterised by the missing identification of the individual underlying assets that are hedged. This choice, determined by the natural fractioning (both in terms of number and amount) of the mortgage exposures, entails periodic checks that the sensitivity and fair value of the hedging derivative (or derivatives) are sufficient to cover the same measures calculated on the hedged assets. The type of hedge in question is implemented by purchasing amortizing Interest Rate Swaps with a long maturity date (usually 30 years), which require quarterly amortisation of the same amount for both the pay fixed and receive floating legs, with the latter being indexed to the 3-month Euribor benchmark. At the end of December 2022, the overall size of the existing ten hedges was about €294m in original notional value.
All the macro fair value hedges that were subsequently completed are fully effective and efficient in terms of both sensitivity and fair value and in situations of capital gains and losses on the derivatives.
The principal types of derivatives used are represented by interest rate swaps (IRS) that are plain bullet or have an accreting notional, overnight index swap (OIS), or cross currency swap (CCS) realised mainly with Intesa Sanpaolo or, on a residual basis, with independent counterparties or through Clearing Houses. In the case of hedges with intergroup counterparties, Intesa Sanpaolo outsources the related risk to the market by taking a mirror position to neutralise exposure.

The derivatives are not listed on regulated markets, but traded on OTC circuits. The OTC contracts also include those that are intermediated through clearing houses.

B. Cash flow hedging

The Group has long had hedges in place to mitigate the risk of exposure to changes in future cash flows attributable to movements of the interest rate curve (so-called Cash Flow Hedge). Specifically, the hedged flows are those associated with the coupons of a floating-rate Intesa Sanpaolo bond with a residual maturity of three years. The hedge was sized with reference to a notional value of €1.3bn by means of five IRS. The methods of performing effectiveness tests are similar to those relating to the hedging of micro fair value hedges, with some differences linked to the fact that the subject of the hedge are the cash flows and not the value of the hedged asset.

Furthermore, the Group put in place metadeposit hedging, a representation of customer current accounts modelled on the basis of a behavioural model, aimed at identifying the stable component over time, to which a fixed rate and a periodically renewable maturity must be attributed. These hedges were completed by signing plain vanilla IRS derivative contracts, where variable is paid and fixed is received. (1-month Euribor). From the point of view of the accounting treatment of the effects of the hedge, these transactions are considered macro fair value hedges, as the management is linked to the application of a model that assembles individual customer current accounts, transforming them into macro metadeposits.

C. Foreign exchange hedging

EU legislation on own funds requirements in relation to exchange rate risk provides that, under article 352 (2) of Regulation (EU) 575/2013 of 26 June 2013 (CRR – Capital Requirements Regulation), positions in currencies other than that of consolidated financial statements that are held in the form of equity investments (structural positions) are not subject to capital requirements. Therefore, it is possible for potential adverse effects of exchange rates on capital ratios to be neutralised subject to authorisation by the competent authority. In response to the waiver request, Intesa Sanpaolo received authorisation from the European Central Bank to apply this approach under exemption, up to a maximum amount (optimal position) of the foreign currency position that would be capable of neutralising capital ratio sensitivity to exchange rate movements. As part of Intesa Sanpaolo's FX Risk Capital Requirements project, a hedge accounting framework was defined for managing hedging operations with the aim of reducing structural foreign exchange risk exceeding the optimal position. As far as the Fideuram Group is concerned, the structural exchange rate risk is essentially represented by investments in Swiss francs relating to the Reyl Group. FX forward outright hedges have been identified, providing for the forward sale of CHF against the forward purchase of EUR, renewable approaching rollover, which varies between every 3 to 6 months. Fideuram began hedging the structural CHF position in March 2022; Fideuram is the holder of the hedged investments. The hedge currently consists of 3 deals with a notional total size of €208m in CHF equivalent; the total book value of equity investments is approximately €328m.
Hedge accounting requires periodic effectiveness testing at the individual, sub-consolidated and consolidated level, with trading impacts on the income statement in the form of the forward points differential of interest rates between the two currencies. With regard to the spot component – i.e. the change in the exchange rate from the designation date to the valuation date – this is treated as profit/loss from hedging activities and has offsetting effects.

D. Hedging instruments

The principal causes for the ineffectiveness of the model adopted by the Group to check the effectiveness of the hedges are attributable to the following phenomena:

- mismatching between the notional amount of the derivative and the underlying recognised at the time of initial designation or generated subsequently, as in the case of partial repayments of loans or the buyback of bonds;
- application of different curves on the hedging derivative and the hedged item. Derivatives, which are normally collateralised, are discounted on the €STR curve, while the hedged objects are discounted on the indexing curve of the hedging instrument;
- inclusion in the effectiveness test of the value of the variable leg of the hedging derivative, in the case of a fair value hedge.

The ineffectiveness of the hedge is promptly recognised in order to:

- determine the effect in profit or loss;
- assessment of the possibility of continuing to apply hedge accounting rules.

The Group does not use dynamic hedges, as defined in IFRS7, paragraph 23C.

E. Hedged items

The principal types of hedged items are:

- debt securities carried as assets;
- fixed rate loans;
- floating rate loans;
- fixed-rate short-term deposits with current coupon already fixed of floating-rate loans;
- modelled demand deposits;
- net foreign currency investments.

Debt securities carried as assets

These are hedged in micro fair value hedge relationships, using IRS, OIS and CCS as hedging instruments. Interest rate risk is hedged for the entire duration of the bond. The Dollar Offset Method is used to test the effectiveness of the hedge. This method is based on the relationship between the accumulated changes (since the beginning of the hedge) in fair value of the hedging instrument, attributable to the hedged risk, and the changes in fair value of the hedged item (delta fair value), net of accrued interest.

Fixed rate loans

The Group has designated micro fair value hedge or macro fair value hedge relationships, mainly using IRS as hedging instruments. Interest rate risk is hedged for the entire duration of the underlying. The Dollar Offset Method is used to test the effectiveness of the micro hedges. For macro hedges, the hedged loan portfolio is of the open type, i.e. it is composed of a changing bask of fixed rate instruments managed at the aggregate level through the hedging derivatives that are stipulated over time. The effectiveness of the macro hedges on fixed rate loans is periodically tested with capacity tests aimed at demonstrating that the portfolio subject to potential hedging contains an amount of assets whose sensitivity profile and changes in fair value for interest rate risk are adequate compared to those of the derivatives used for the hedge. Once the capacity has been verified, the accounting test is carried out, both prospectively and retrospectively, in a way similar to what is done for micro fair value hedges.

Variable rate loans

These hedges aimed at stabilising the cash flows of assets such as securities and floating-rate deposits over time. Intesa Sanpaolo's floating-rate bonds are currently subject to this type of hedging.

Fixed-rate short-term deposits with coupon already fixed of floating-rate loans

Fixed rate deposits managed by Treasury and the fixed coupon of floating rate loans may be subject to a micro fair value hedge relationship, using OIS as hedging instruments. The purpose of this type of hedging is to immunise the interest rate risk determined by the fixed rate deposits or by the previously set coupons of floating rate loans.
The Dollar Offset Method is used to test the effectiveness of the hedge.

Modelled demand deposits

On-demand liabilities are hedged using IRSs in which a floating rate is exchanged for a fixed rate. As mentioned above, these PAVs are represented by metadeposits; i.e. fictitious aggregates built according to a behavioural model aimed at identifying the stable part of rates over time and transforming it into fixed-rate deposit liabilities at maturity.

Net foreign currency investments.

These hedges occur through FX outright forward derivatives aimed at immunising against the effects of changes in the exchange ratio that could impact the foreign exchange reserves in the Group's consolidated shareholders' equity.

QUANTITATIVE INFORMATION

A. FINANCIAL HEDGING DERIVATIVES

A.1 Financial hedging derivatives: notional values at the end of the period

UNDERLYING ASSETS/ TYPES OF DERIVATIVES	31.12.2022 TOTAL				31.12.2021 TOTAL			
	OVER THE COUNTER			REGULATED MARKETS	OVER THE COUNTER			REGULATED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS			WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS	
1. Debt securities and interest rate derivatives	**-**	**6,092**	**-**	**-**	**-**	**7,360**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	6,092	-	-	-	7,360	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity derivatives and index derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**277**	**-**	**-**	**-**	**66**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	70	-	-	-	66	-	-
c) Forward	-	207	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**6,369**	**-**	**-**	**-**	**7,426**	**-**	**-**

A.2 Financial hedging derivatives: gross positive and negative fair value - distribution by product

TYPES OF DERIVATIVES	POSITIVE AND NEGATIVE FAIR VALUE			
	31.12.2022 TOTAL			
	OVER THE COUNTER			REGULATED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS	
1. Positive fair value				
a) Options	-	-	-	-
b) Interest rate swap	-	317	-	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	**-**	**317**	**-**	**-**
2. Negative fair value				
a) Options	-	-	-	-
b) Interest rate swap	-	329	-	-
c) Cross currency swap	-	15	-	-
d) Equity swaps	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	**-**	**344**	**-**	**-**

31.12.2021 TOTAL				CHANGE IN VALUE USED TO DETERMINE INEFFECTIVENESS OF HEDGE	
OVER THE COUNTER			REGULATED MARKETS	31.12.2022 TOTAL	31.12.2021 TOTAL
CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES				
	WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS			
-	-	-	-	-	-
-	32	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	**32**	**-**	**-**	**-**	**-**
-	-	-	-	-	-
-	714	-	-	-	-
-	16	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	**730**	**-**	**-**	**-**	**-**

A.3 OTC financial hedging derivatives: notional values, gross positive and negative fair value by counterparty

UNDERLYING ASSETS	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES
Contracts other than netting agreements				
1. Debt securities and interest rate derivatives				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2. Equity derivatives and index derivatives				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3. Currencies and gold				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Netting agreements				
1. Debt securities and interest rate derivatives				
- notional values	-	6,092	-	-
- positive fair value	-	317	-	-
- negative fair value	-	329	-	-
2. Equity derivatives and index derivatives				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3. Currencies and gold				
- notional values	-	277	-	-
- positive fair value	-	-	-	-
- negative fair value	-	15	-	-
4) Commodities				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial hedging derivatives: notional values

UNDERLYING/RESIDUAL LIFE	UP TO 1 YEAR	OVER 1 YEAR AND UP TO 5 YEAR	OVER 5 YEARS	TOTAL
A.1 Debt derivatives and interest rate derivatives	141	3,154	2,797	6,092
A.2 Equity derivatives and index derivatives	-	-	-	-
A.3 Currency and gold derivatives	207	70	-	277
A.4 Commodity derivatives	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2022	**348**	**3,224**	**2,797**	**6,369**
Total 31.12.2021	**1,431**	**2,565**	**3,430**	**7,426**

1.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

A. General aspects, management processes, and methods for measuring liquidity risk

Liquidity risk is the risk that the Group will fail to satisfy its own payment commitments due to its inability both to obtain funds on the market (funding liquidity risk) and to sell its own assets (market 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, including extended ones, 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. This objective is developed by the "Group Guidelines for Governance of Liquidity Risk" approved by the Corporate Bodies of Intesa Sanpaolo, applying the relevant current regulatory provisions.

The guidelines incorporate the latest regulatory provisions covering liquidity risk and illustrate the duties of the various corporate functions, the rules and set of control and management processes designed to assure prudent monitoring of that risk, by preventing crisis situations from arising. To this end, they include procedures for identifying risk factors, measuring risk exposure and verifying compliance with limits, as well as rules for carrying out stress tests and identifying appropriate risk mitigation initiatives, in addition to the preparation of contingency plans and reporting to corporate bodies. In particular, from the organisational point of view, the duties assigned to the Board of Directors have been defined in detail, and top management is delegated with several important compliance measures, such as approval of the measurement methods, definition of the principal assumptions underlying the stress scenarios, and the composition of the attention indicators used to activate emergency plans.

The liquidity risk measurement metrics and mitigation tools are set out in the Group's Liquidity Risk Governance Guidelines, which define the methodological framework of both short-term and structural liquidity indicators.

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 (so-called Liquidity Buffer) that can be freely used as the main liquidity risk mitigation instrument.
The Liquidity Coverage Ratio (LCR), 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 an acute liquidity stress scenario as defined in the Delegated Regulation (EU) no. 2015/61.

The Structural Liquidity Policy sets out to adopt the Net Stable Funding Ratio (NSFR) requirement, which entered into force in June 2021 and has a minimum level of 100%, following the final approval and subsequent publication in the Official Journal of the banking reform package containing Directive (EU) 2019/878 (CRD V) and Regulation (EU) 2019/876 (CRR II). 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.

As part of the Group's Liquidity Risk Governance Guidelines, it is also 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, with the objectives of safeguarding the Group's assets and, at the same time, guaranteeing operational continuity in conditions of serious emergency on the liquidity front, ensures the identification of early warning signals, their continuous monitoring, the definition of the procedures to be launched in the event of liquidity stress, indicating also the immediate lines of action and the intervention tools to resolve the emergency.

Adequate and timely disclosures on the development of market conditions and the Group's position have been issued to the Corporate Bodies and to the internal Committees, to assure full awareness and the governability of the different risk factors.

The Fideuram Group manages liquidity risk in accordance with Intesa Sanpaolo's Liquidity Risk Governance Guidelines, which ensure prompt implementation of national and supranational legal and regulatory changes. The key principles of said regulatory changes introduce prudential rules regarding both short-term liquidity risk management and long-term liquidity risk management (structural liquidity).

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.

The above-mentioned Policy provides for setting up an operational limit monitoring and reporting unit in line with current regulations. Liquidity risk exposure is monitored constantly to ensure that the operational limits and relevant regulations are respected. The methods adopted to measure the Group's exposure to liquidity risk follow the cardinal principles of the European Banking Authority (EBA) and the provisions of the Supervisory Regulations, and ensure that the asset and liability items are calculated in a wholly suitable manner for providing an appropriate representation of expected cash flows.

Impacts of the Covid-19 pandemic

With regard to liquidity risk, also in 2022 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 2022, the Liquidity Coverage Ratio (LCR) of the Division, measured in accordance with Delegated Regulation (EU) 2015/61, stood at 131.9% (136.6% at December 2021). Liquidity reserves, including High-Quality Liquid Assets (HQLA) and other eligible components, increased to around €7.1bn. Again at the end of the year, the Division's NSFR stood at 134.9%. 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.

QUANTITATIVE INFORMATION

1. Analysis of financial assets and liabilities by remaining contractual term (euro)

ITEMS/ TIME BANDS	DEMAND DEPOSITS	BETWEEN MORE THAN 1 AND 7 DAYS	BETWEEN MORE THAN 7 AND 15 DAYS	BETWEEN MORE THAN 15 DAYS AND 1 MONTH	BETWEEN MORE THAN 1 MONTH AND 3 MONTHS	BETWEEN MORE THAN 3 MONTHS AND 6 MONTHS	BETWEEN MORE THAN 6 MONTHS AND 1 YEAR	BETWEEN MORE THAN 1 AND 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Cash assets	**16,968**	**195**	**180**	**929**	**4,726**	**2,442**	**1,899**	**17,766**	**9,974**	**519**
A.1 Government securities	-	-	-	-	42	6	70	583	1,494	-
A.2 Other debt securities	40	-	7	7	791	407	790	12,077	7,663	-
A.3 Units in mutual funds	21	-	-	-	-	-	-	-	-	-
A.4 Loans	16,907	195	173	922	3,893	2,029	1,039	5,106	817	519
- Banks	5,627	100	100	604	3,575	1,946	870	4,481	115	519
- Customers	11,280	95	73	318	318	83	169	625	702	-
Cash liabilities	**45,226**	**739**	**407**	**576**	**760**	**1,520**	**187**	**2,340**	**624**	**1,827**
B.1 Deposits and current accounts	44,971	53	406	575	756	905	121	1,020	221	1,827
- Banks	218	-	-	-	308	612	-	990	220	3
- Customers	44,753	53	406	575	448	293	121	30	1	1,824
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	255	686	1	1	4	615	66	1,320	403	-
Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	31	-	68	1,140	208	-	70	-	-
- Short positions	-	304	-	-	1,146	1	2	-	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	-	-	-	5	17	16	32	-	-	-
- Short positions	-	-	-	4	15	19	37	-	-	-
C.3 Deposits and loans receivable										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to grant finance										
- Long positions	-	-	-	-	-	-	-	1	-	-
- Short positions	1	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	53	-	1	5	9	13	16	52	14	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

(Other currencies)

ITEMS/ TIME BANDS	DEMAND DEPOSITS	BETWEEN MORE THAN 1 AND 7 DAYS	BETWEEN MORE THAN 7 AND 15 DAYS	BETWEEN MORE THAN 15 DAYS AND 1 MONTH	BETWEEN MORE THAN 1 MONTH AND 3 MONTHS	BETWEEN MORE THAN 3 MONTHS AND 6 MONTHS	BETWEEN MORE THAN 6 MONTHS AND 1 YEAR	BETWEEN MORE THAN 1 AND 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Cash assets	**1,030**	**141**	**363**	**302**	**292**	**80**	**33**	**140**	**-**	**8**
A.1 Government securities	-	-	-	-	65	-	28	70	-	-
A.2 Other debt securities	-	-	2	-	-	-	2	70	-	-
A.3 Units in mutual funds	2	-	-	-	-	-	-	-	-	-
A.4 Loans	1,028	141	361	302	227	80	3	-	-	8
- Banks	864	-	282	10	33	55	2	-	-	8
- Customers	164	141	79	292	194	25	1	-	-	-
Cash liabilities	**1,870**	**1**	**5**	**72**	**57**	**3**	**15**	**5**	**-**	**-**
B.1 Deposits and current accounts	1,870	1	5	72	57	3	15	5	-	-
- Banks	29	-	-	70	47	-	-	-	-	-
- Customers	1,841	1	5	2	10	3	15	5	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	537	-	12	1,163	1	5	-	-	-
- Short positions	-	263	2	78	1,156	207	4	70	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans receivable										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to grant finance										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1.5 OPERATIONAL RISK

QUALITATIVE INFORMATION

A. General aspects, management processes, and methods for the measurement of 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.

The Group implements an operational risk assumption and management strategy based on the principles of prudent management and aimed at guaranteeing its long-term soundness and business continuity. Moreover, the Group devotes special attention to striking an optimal balance between growth and earnings targets and the consequent risks.

To that end, the Group drew up a framework for the governance of operational risks some time ago, establishing rules and organisational processes for measuring, managing and monitoring operational risk.

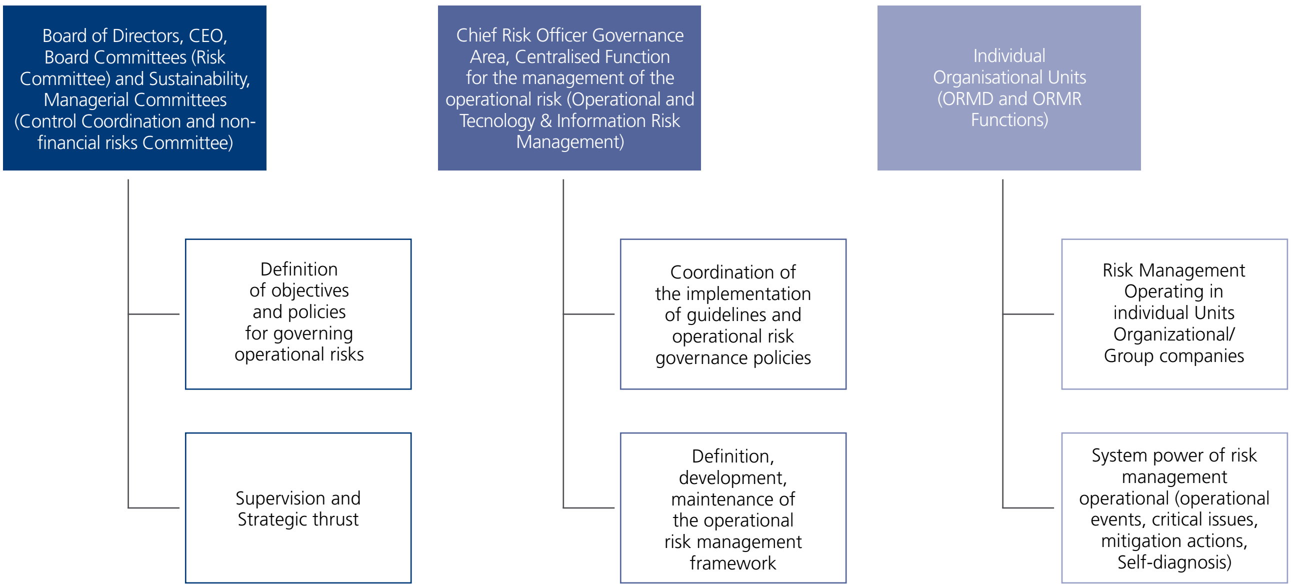
The Group calculates its capital requirement using the Advanced Measurement Approach (AMA) in partial use with the standardised approach (TSA) and basic indicator approach (BIA) to meet its supervisory requirements.

Governance Model

An effective and efficient risk management framework presupposes that it be tightly integrated in the decision-making processes and management of company operations. For this reason, Intesa Sanpaolo has chosen to involve the Organisational Units (business units, central/support structures) of the Parent Company, and Group banks and companies with direct responsibility in the Operational Risk Management process.

The operational risk governance model is developed in view of:

- optimising and developing the organisational safeguards, interrelationships and information flows among the existing Organizational Units and integration of the operational risk management approach with other company models developed to deal with specific risks (e.g. Business Continuity, Computer Security, etc.);
- transparency and distribution of the models, methods, and analytical, assessment and measurement criteria used to facilitate the process of cultural dissemination and comprehension of the logics underlying the adopted choices.



The Group has a centralised operational risk management unit that forms part of Intesa Sanpaolo's Enterprise Risk Management Central Department. The unit is responsible for designing, implementing and monitoring the methodological and organisational framework, as well as measuring risk profiles, verifying the effectiveness of mitigation measures and reporting to top management. In compliance with current legislative requirements, each business unit is responsible for detecting, assessing, managing and mitigating risks: It has clearly identified internal units which are responsible for the Operational Risk Management of each unit (collection and structured recording of information on operational loss events, criticality detection and mitigation, scenario analyses and the evaluation of risks associated with the operating context). To continuously support the operational risk governance process, a structured training program is active for people actively involved in the process itself.

In line with the framework defined by Intesa Sanpaolo, Fideuram - Intesa Sanpaolo Private Banking is responsible for identifying, assessing and mitigating its risks; It has clearly identified internal units coordinated by Operation Risk Management which are responsible for the Operational Risk Management of Fideuram processes (collection and structured recording of information on operational loss events, scenario analyses and the evaluation of risks associated with its own autonomously managed processes and systems).

The Group has developed an operational risk governance system which assigns responsibility as follows:

- the Board of Directors is responsible for strategically overseeing the smooth operation, efficiency and effectiveness of the operational risk management and control system over time;
- the CEO is responsible for ensuring the suitability and effectiveness over time of the risk management and control systems;
- the Operational Risk Committee is a managerial committee that analyses the reports on the operational risk profile, and for proposing any actions required to prevent and mitigate risk;
- the Audit Coordination Committee, a technical body set up to strengthen coordination and inter-functional cooperation mechanisms between the Group's control functions;
- the operational risk audit unit, which reports to the Chief Risk Officer of Fideuram, is responsible for organising and maintaining the set of activities provided for by the operational risk management system.

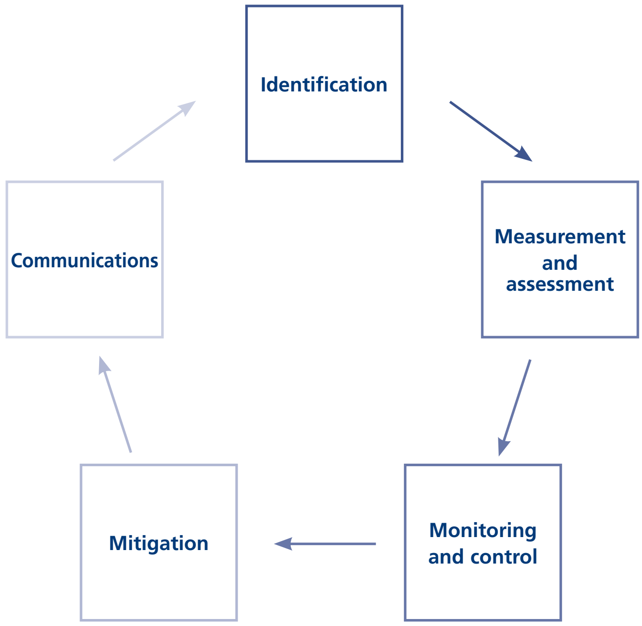
ICT risk

The Group considers its information system to be a tool of primary importance for achieving its own strategic, business and social responsibility objectives, inter alia in light of the critical importance of the business processes that depend on it. Consequently, it is committed to creating a resilient environment and investing in activities and infrastructure aimed at minimising the potential impact of ICT events and to protect the business, its image, customers and employees.
Therefore, the Group has implemented a system of principles and rules designed to identify and measure the ICT risk to which corporate assets are exposed, assess the existing safeguards and identify the adequate procedures for handling such risks, as compatible with the operational risk management process.
Consistently with the methodological framework defined for the governance of operational risks and, the ICT risk governance management model is developed in view of integration and coordination of the specific skills of the units involved.
ICT (Information and Communication Technology) risk means the risk of incurring economic losses, reputational harm, and loss of market share in connection with the use of information and communication technology. In the integrated representation of business risks, this type of risk is prudently considered according to specific aspects, including operational, reputational, and strategic risks.
ICT risk consists of:

- cyber risk (including cybersecurity risk): the risk of incurring economic losses, reputational harm, and loss of market share due to:
  - any unauthorised access or attempted access to the Group information system and the data and information stored on it;
  - any event (malicious or involuntary) facilitated or caused by the use of technology or connected with it that has or might have a negative impact on the integrity, availability, confidentiality and/or authenticity of the corporate data and information, or on the continuity of business processes;
  - improper use and/or dissemination of digital data and information, even if not directly produced and managed by the Intesa Sanpaolo Group;
- IT or technological risk: the risk of incurring economic losses, reputational harm, and loss of market share in connection with use of the corporate information system and connected with the malfunctioning of hardware, software and networks.

Operational risk management process

The Group's Operational Risk Management Process is broken down into the following phases:



Identification

The identification phase covers the activities of gathering and classifying the qualitative and quantitative information that permit identification and description of the potential areas of operational risk.
It specifically envisages:

- the collection and updating of data about operational events (Loss Data Collection), with this activity being delegated to the Organisational Units;
- identification of the business processes and components of the information system at greatest potential risk;
- determination of the applicability and relevance of the defined operational risk factors;
- identification of the projects that will require major modifications to the information system or modifications to major components of the information system;
- identification of the major risk scenarios, inter alia according to the external context (e.g. external data loss, regulatory developments, emerging trends, strategic and threat intelligence);
- identification and analysis of the problems affecting the operational areas of the Group.

Evaluation and measurement

The evaluation and measurement phase comprises the activities performed for the qualitative and quantitative determination of exposure to Group operational risks.
It calls for:

- at least annually, carrying out the process of assessing exposure to operational and ICT risk (Self-Diagnosis);
- the execution of preventive analyses of operational and ICT risks stemming from agreements with third parties (e.g. outsourcing of activities), business transactions or projects, introduction or revision of new products and services, startup of new activities and entry into new markets;
- determination of the importance of the identified problems;
- transformation of the gathered assessments (e.g. internal and external operational loss data, monitoring levels of risk factors, likelihood and impact if the risk scenarios are realised) in summary risk measurements;
- determination of the economic and regulatory capital through the internal model and the simplified methods defined by current laws and regulations.

Monitoring and control

The monitoring phase aims to continuously analyse and verify the following:

- changes in the exposure to operational risks. It is based on the structured organisation of the results obtained from the identification, assessment, measurement and observation of indicators that represent a good proxy of exposure to operational risks (e.g. limits, early warnings and indicators defined in the RAF);
- changes in the risk profile from adopting new technologies or implementing significant modifications to existing systems.

Mitigation

The mitigation phase consists of the activities designed to limit exposure to operational risks, defined on the basis of what is revealed during identification, measurement, assessment and monitoring. It calls for:

- the identification, definition and implementation of the corrective actions (so-called mitigation actions) necessary to remedy the identified control deficiencies or to reduce the relevance of the identified criticalities within the defined tolerance;
- the promotion of initiatives to disseminate the operational risk culture inside the Group;
- the development of operational risk transfer strategies, in view of streamlining insurance coverage and any other forms of risk transfer adopted by the Group over time.

In that regard, aside from relying on a traditional insurance program (for protection against unlawful acts such as employee misconduct, theft and damage, transport of cash and cash equivalents, computer fraud, counterfeiting, cyber crime, fire and earthquake, and for civil liability), while complying with all the related regulatory requirements and leveraging the financial benefits envisaged by law, the Group has taken out an insurance policy known as an Operational Risk Insurance Programme, which provides greater cover for the companies included in the scope of he AMA and significantly higher limits, transferring the risk of substantial operational losses to the insurance market.
In addition, the Group has its own business continuity solutions that can be deployed to contain risks regarding its premises and infrastructures and the impact of events such as environmental disasters, international crises and social protests.

Communications

The communications phase consists in the arrangement of appropriate flows of information connected with the management of operational risks, designed to provide, for example, information useful for:

- analysis and comprehension of any dynamics underlying changes in the level of exposure to operational risks;
- analysis and comprehension of the main critical issues identified;
- the development of mitigation actions and intervention priorities.

Self-diagnosis

Self-diagnosis is the annual process through which the Organisational Units identify their own level of exposure to operational and ICT risks. It consists of the Operational Risk Assessment and ICT Risk Assessment, which are comprised in turn of:

- Assessment of the Operational Context (AOC): activities through which major risk factors are identified and the associated monitoring level is assessed[1].
- Scenario Analysis (SA): prospective analytical method that is elaborated in a systematic process which is typically repeated with a predetermined frequency but which may be performed ad hoc. It consists in imagining the occurrence of particular situations (or scenarios) and forecasting their consequences. Once they have been identified and appropriately classified, the scenarios have to be assessed. In other words, it is necessary to determine their likelihood of occurrence (frequency) and the potential impact (average impact and worst case), if they occur, of the situation described by the scenario itself.

Internal model for operational risk measurement

The internal model for calculating capital absorption of the Group has been designed to combine all the main sources of information, whether quantitative (operational loss: internal and external events) or qualitative (Self-Diagnosis: Scenario Analysis and Assessment of the Operational Context).
The capital at risk is therefore considered to be the minimum amount at Group level which would be required to meet the maximum potential loss that could be incurred. It is estimated using a Loss Distribution Approach model (an actuarial statistical model for calculating the Value at Risk of operational losses), which is applied both to the quantitative data and to the results of the scenario analysis over a one-year time horizon, with a confidence interval of 99.90%. This method also involves applying a correction factor obtained from qualitative risk assessments of the operating context (AOC), in order to take the effectiveness of the internal controls in the various different Organisational Units into account.

Impacts of the Covid-19 pandemic

In 2022, the measures and corporate rules adopted since the beginning of the pandemic with the aim of ensuring business continuity and safeguarding the health of customers, employees and suppliers were constantly reassessed and updated based on developments in public health and regulations.
From an operational risk perspective, there are no further impacts due to the pandemic specifically.

Impacts of the Russia-Ukraine conflict

As far as operational risks are concerned, there are no significant impacts. The Group has no offices or subsidiaries in the areas affected by the conflict.

1 The applicability and significance of the Risk Factors related to ICT risk are assessed by the technical units, cybersecurity units and business continuity units, while those related to operational risk are assessed by the Decentralised Operational Risk Management.

QUANTITATIVE INFORMATION

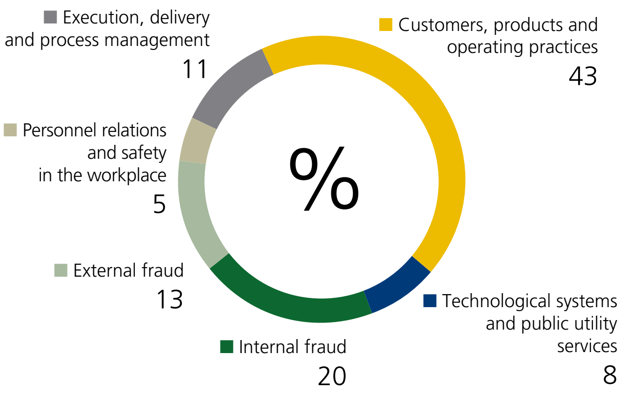
The total capital absorption of the Fideuram Group amounted to €276m at 31 December 2022, up from 31 December 2021 (€251m).

The following table shows a breakdown of operational losses (exceeding the compulsory recognition threshold established for the Group) recorded during the year, broken down by type of event.

In 2022, the Group recorded losses of approximately €11.3m. A breakdown of the operating losses recognised during the year shows that the lion's share is attributable to the Customers, Products and Operating Practices categories (which mainly include charges of a physiological nature relating to causes/complaints on commercial relations with customers) and Internal Offences where losses deriving from embezzlement perpetrated by Personal Financial Advisers were accrued to the detriment of clients.
Other loss factors, such as expenses from External Offenses (ATM theft, cyber fraud and payment card cloning), labour disputes with former Personal Financial Advisers and expenses from IT flow anomalies or errors in process execution and management, had a lower impact.

To protect itself against these issues, the Group has insurance coverage in place and has continued to improve its processes and controls aimed at containing its exposure to operational and ICT risk, as well as adhering fully to all Intesa Sanpaolo initiatives.

Breakdown of operational losses, 2022



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 31 December 2022, these provisions totalled €81m. The total provisions and the amount of the individual provisions set aside are calculated based on the estimated probability as well as on external and internal legal advisers' indications of the proceedings having negative outcomes. As a consequence of said process, certain pending proceedings in which the Group is involved and regarding which a negative outcome is considered either remote or not quantifiable are not included in the provisions for legal disputes. At 31 December 2022, the number and value of pending proceedings were not such as to have any potential significant impact on the business, assets or financial situation of the Group. More specifically, existing litigation may be classified as follows:

1) Cases regarding alleged unlawful and/or improper conduct by former Personal Financial Advisers authorised to offer products and services outside Group premises

The majority of legal proceedings against the Group regard requests for compensation for damages in response to alleged unlawful conduct by former financial advisers authorised to offer products and services off Group premises. The Group's involvement where damaging events of this kind are concerned is linked to the fact that it is considered jointly and severally liable with its Personal Financial Advisers pursuant to article 31, subparagraph 3, of the Italian Finance Consolidation Act (Testo Unico della Finanza - TUF), which specifies that the broker is jointly and severally liable for any damages to third parties caused by a personal financial adviser authorised to offer products and services outside company premises, even when responsibility for said damages has been ascertained in a court of criminal law. This type of complaint is in most cases due to acts of appropriation, forged signatures on contractual forms and the issue of false statements and/or reports to customers.
In June 2022, Fideuram renewed with Generali Italia, in coinsurance with UnipolSai and Intesa Sanpaolo Assicura, through the broker AON S.p.A., a Personal Financial Adviser misconduct insurance policy which covers claims consequent upon unlawful acts committed by Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking and IW Private Investments Personal Financial Advisers for amounts in excess of €3m. The annual per-claim limit provided for in the policy is €16m (to cover all complaints, including out-of-court settlements, regarding the unlawful/improper conduct of a single Personal Financial Adviser).

In 2019, an inspection performed by the Audit Department exposed major irregularities committed by a Personal Financial Adviser of Sanpaolo Invest. The audits confirmed that irregularities were committed that caused damage to several customers, such as the misappropriation of funds and false reporting showing untrue increases in value. On 28 June 2019, Sanpaolo Invest terminated the agency contract with the personal financial adviser banker for just cause and communicated the results of its inspections to the Judicial Authorities and to the body supervising and keeping of the single register of Financial Advisors. This latter body suspended and then removed the personal financial advisor with effect from 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. To date, 65 disputes have been settled against claims of approximately €25m, 157 damages claims for approximately €12m have been rejected or settled following commercial agreements and 56 claims and lawsuits for a payout of approximately €26m are still pending.

A total of €6.4m has been recovered from the wrongfully credited customers (and already returned to the damaged customers), with about €2m in seizures currently pending.
An asset freeze order was issued against the personal financial adviser, equal in amount to what was found on accounts and deposits made at banks and on his social security account with Enasarco. In the consequent court trial, the former personal financial adviser made a counterclaim for a total of €0.6m, for the failure to pay him his termination benefits.
Moreover, another lawsuit was filed against the former personal financial adviser for recovery of the receivables deriving from his own agency agreement, for a total of €1.6m, plus interest, as compensation in lieu of notice, a penalty on a loan agreement, and the return of bonus advances.
The Company has set aside adequate provisions connected with the aforementioned fraud case, considering the foreseeable outlays without taking the insurance coverage into account.

2) Cases regarding securities in default and losses on investments in financial products

Other lawsuits brought against the company by customers seek voidance and/or compensation for damages arising from the purchase of securities in default or which have otherwise depreciated significantly, and cases in which the customer alleges infringement of the regulations governing the provision of investment services and activities, consequently requesting the cancellation of transactions, refunding of the principal invested and/or compensation for damages.

3) Disputes initiated by former Personal Financial Advisers authorised to offer products and services outside Group premises regarding alleged breaches of their agency contract

There are a few lawsuits of this kind brought by former Fideuram and Sanpaolo Invest Personal Financial Advisers authorised to offer products and services off Group premises, which involve complaints regarding alleged breach of contract. They are mainly requests for the payment of various termination indemnities, commissions and compensation for damages.

4) Disputes regarding banking and other transactions

These sorts of lawsuits are mainly connected with normal banking operations (e.g. capitalisation of interest, claims from receivers and the disposal of pledged assets) and/or miscellaneous complaints raised for various reasons not falling within any other category, and which consist in claims for compensation or restitution.

5) Tax disputes

After inspections carried out at Fideuram - Intesa Sanpaolo Private Banking in 2014 and 2015, the Lazio Regional Office of the Italian Revenue Agency, Large Taxpayers Office, alleged non-compliance in 2009, 2010, and 2011 with respect to withholding tax on interest earned on accounts outside Italy linked to mutual funds distributed by the bank. The assessment notices were appealed by the company, which, most recently, lost the case at the hearings held before the Regional Tax Court for all the tax years. Convinced that it acted correctly, the company will continue to defend its own reasons before the Court of Cassation.
Nevertheless, considering the rejection of its appeal, the company decided to accrue €4.9m in the risk provision to cover the costs, including penalties and interest, that will be owed if it loses at the last level of jurisdiction.

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. The various practices are currently awaiting the outcome of the hearing in the second-instance Court of Tax Justice (only for the year 2016) and in the Court of Cassation. Since the tax office's claim is groundless, no amount has been set aside in the provision 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 has already been appealed by in the first-instance Court of Tax Justice.

PART F - INFORMATION ON CONSOLIDATED SHAREHOLDERS' EQUITY

SECTION 1 - CONSOLIDATED SHAREHOLDERS' EQUITY

A. QUALITATIVE INFORMATION

Capital management in the Fideuram - Intesa Sanpaolo Private Banking Group is directed towards ensuring that the shareholders' equity and capital ratios of Fideuram and its banking and financial subsidiaries are consistent with their risk profiles and capital requirements and allow adequate allocation of the capital to the value creation process.
The adequacy requirements applied at Fideuram Group level are established by the harmonised regulations set out in Directive 2013/36/EU (Capital Requirements Directive - CRD IV), EU Regulation No. 575/2013 (Capital Requirements Regulation - CRR) of 26 June 2013 and in EU Regulation 876/2019 (Capital Requirements Regulation - CRR II) of 20 May 2019, which implement the standards developed by the Basel Committee on Banking Supervision in the European Union, and on the basis of Bank of Italy Circulars No. 285 and No. 286 of 17 December 2013.
These rules provide for a notion of own funds that is distinct from the shareholders' equity recorded in the accounts, and which is calculated as the algebraic sum of positive and negative items that are included on the basis of capital quality.
The Group companies monitor their respect for the regulatory capital ratios during the year and on a quarterly basis, taking appropriate direction and control actions with regard to the capital items when necessary. Whenever a company transaction is to be conducted, the capital adequacy is assessed together with any related interventions that may be required regarding the shareholders' equity and/or capital items that impact on the minimum capital requirements.

The share capital and share premium reserve were the same as the amounts for the corresponding items in the shareholders' equity of Fideuram and of non-controlling shareholders. The item Other reserves comprises Fideuram's remaining reserves and any changes in the shareholders' equity of the companies included in the scope of consolidation and of non-controlling interest shareholders.
At 31 December 2022, Fideuram - Intesa Sanpaolo Private Banking's share capital was €300,000,000 divided into 1,500,000,000 ordinary shares with no par value.
At 31 December 2022, the Group held treasury shares for an amount of €3m, which refer to the treasury shares held by Swiss subsidiary Asteria Obviam S.A..

B. QUANTITATIVE INFORMATION

B.1 Consolidated shareholders' equity: analysis by type of company

	PRUDENTIAL CONSOLIDATION	INSURANCE COMPANIES	OTHER COMPANIES	ELIMINATIONS AND ADJUSTMENTS FROM CONSOLIDATION	TOTAL
1. Share capital	300	-	-	-	300
2. Share premium reserve	206	-	-	-	206
3. Reserves	2,246	-	-	-	2,246
4. Equity instruments	24	-	-	-	24
5. (Treasury shares)	(3)	-	-	-	(3)
6. Valuation reserves:	(24)	-	-	-	(24)
- Equity instruments measured at fair value through other comprehensive income	1	-	-	-	1
- Hedging of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income	(40)	-	-	-	(40)
- Property and equipment	14	-	-	-	14
- Intangible assets	-	-	-	-	-
- Hedging of net investments in foreign operations	(10)	-	-	-	(10)
- Cash flow hedges	(57)	-	-	-	(57)
- Hedging instruments (undesignated elements)	-	-	-	-	-
- Exchange rate differences	51	-	-	-	51
- Non-current assets held for sale and discontinued operations	-	-	-	-	-
- Financial liabilities measured at fair value through profit or loss (changes in own credit rating)	-	-	-	-	-
- Actuarial gains (losses) on defined benefit pension plans	19	-	-	-	19
- Valuation reserves related to investments carried at equity	(8)	-	-	-	(8)
- Special revaluation laws	6	-	-	-	6
7. Net profit (loss) for the year (+/-) for the Group and non-controlling interests	1,067	-	-	-	1,067
Total	**3,816**	**-**	**-**	**-**	**3,816**

B.2 Valuation reserves for financial assets measured at fair value through other comprehensive income: analysis

	PRUDENTIAL CONSOLIDATION		INSURANCE COMPANIES		OTHER COMPANIES		ELIMINATIONS AND ADJUSTMENTS FROM CONSOLIDATION		TOTAL	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	8	(48)	-	-	-	-	-	-	8	(48)
2. Equities	1	-	-	-	-	-	-	-	1	-
3. Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2022	**9**	**(48)**	**-**	**-**	**-**	**-**	**-**	**-**	**9**	**(48)**
Total 31.12.2021	**22**	**(3)**	**-**	**-**	**-**	**-**	**-**	**-**	**22**	**(3)**

B.3 Valuation reserves for financial assets measured at fair value through other comprehensive income: changes in the year

	DEBT SECURITIES	EQUITIES	LOANS
1. Opening balance	**16**	**3**	**-**
2. Increases	**8**	**-**	**-**
2.1 Increases in fair value	8	-	-
2.2 Impairment for credit risk	-	-	-
2.3 Transfers to income statement of negative reserves from realisation	-	-	-
2.4 Transfers to other components of shareholders' equity (equity securities)	-	-	-
2.5 Other increases	-	-	-
3. Decreases	**(64)**	**(2)**	**-**
3.1 Decreases in fair value	(57)	(1)	-
3.2 Reversal of impairment for credit risk	-	-	-
3.3 Transfers to income statement from positive reserves: from realisation	(7)	-	-
3.4 Transfers to other components of shareholders' equity (equity securities)	-	-	-
3.5 Other decreases	-	(1)	-
4. Closing balance	**(40)**	**1**	**-**

B.4 Valuation reserves for defined-benefit plans: changes in the year

During the year, the reserves in question recorded a positive change of €32m, and therefore at 31 December 2022 there is a positive reserve for defined benefit plans of €19m.

PART G - BUSINESS COMBINATION TRANSACTIONS OF COMPANIES OR COMPANY DIVISIONS

SECTION 1 - TRANSACTIONS COMPLETED IN THE YEAR

1.1 Business combination transactions

(€m)

COMPANY NAME	TRANSACTION DATE (A)	TRANSACTION COST	EQUITY STAKE % (B)	INTERMEDIATION MARGIN (C)	PROFIT/LOSS FOR THE YEAR (D)	PROFIT/LOSS FROM ACQUISITION DATE (E)
1. Compagnie de Banque Privée Quilvest S.A.	30-June-22	184	100%	66	9	7

(a) Date of acquisition of control.

(b) Sum of the percentage of interest acquired with voting rights at the shareholders' meeting.

(c) Net interest and trading income for the full reporting period 2022.

(d) Profit/loss for the full reporting period 2022.

(e) Profit/loss recorded following the acquisition date and included in the Group's consolidated results.

The acquisition of Compagnie de Banque Privée Quilvest S.A.

As part of the strategy to strengthening and reposition the Group's foreign activities as envisaged in the 2018-2021 Business Plan, the Boards of Directors of Intesa Sanpaolo and Fideuram held on 6 and 8 July 2021, respectively, authorised the acquisition by Fideuram Bank (Luxembourg), a wholly-owned subsidiary of Fideuram, of the entire share capital of Compagnie de Banque Privée Quilvest (CBPQ), a Luxembourg private bank wholly-owned by the holding company Quilvest Wealth Management.

The acquisition of CBPQ has allowed for the creation of an additional European hub alongside the one already present in Switzerland. This hub is aimed at European and international customers and will enable private banking activities to be developed in areas with promising growth forecasts such as Luxembourg and Belgium.

The acquisition contract was finalised on 17 September 2021. Following its authorisation by the Supervisory Authorities, the transaction was completed on 30 June 2022, with Fideuram Bank (Luxembourg) acquiring 100% of the share capital in CBPQ.

The parties agreed on a price based on a valuation of 100% of CBPQ of €180m. In order to ascertain economic and financial fairness, a specific fairness opinion was requested from an independent third party, which certified that the price agreed can be considered fair. The €180m valuation was subject to a price adjustment to take into account the changes in the company's assets between 31 December 2021 and the closing date. This adjustment saw the valuation of CBPQ increase by approximately €4m. Consequently, the final acquisition price was €184m for a 100% stake in the company.

Accounting for the merger and the Purchase Price Allocation (PPA) process

The acquisition of control of CBPQ took the form of a business combination to be accounted for in accordance with accounting standard IFRS3, which provides for the application of the acquisition method. Under this method, it is necessary to:

- Identify the acquirer and the acquisition date;
- Determine the acquisition cost;
- Allocate the acquisition cost (so-called Purchase Price Allocation – "PPA") by recording the identifiable assets, liabilities and potential liabilities of the acquired company at their fair value on the acquisition date. Any intangible assets must also be entered where not already recognised in the financial statements.

Without prejudice to the identification of Fideuram Bank (Luxembourg) as the acquiring party, the acquisition date was identified as 30 June 2022, i.e., the date on which the transaction was completed. It is therefore from this date that Fideuram Bank (Luxembourg) (and consequently the Group indirectly) acquired control of CBPQ, with the consequent obligation to include it in its scope of consolidation.

For the purposes of the PPA process and CBPQ's first consolidation in the consolidated financial statements, reference was made to the balance sheet at 30 June 2022, with the company's result included in the consolidated financial statements starting from 1 July 2022.

The €184m acquisition cost was determined based on the €180m price paid at closing for 100% of the share capital of CBPQ's share capital. As indicated above, this was adjusted by approximately €4m to reflect the increase in the company's shareholders' equity between the closing date and 31 December 2021. Once the acquisition cost was established, it was allocated to the shareholders' equity subject to acquisition, adjusted to take into account the fair value of the assets and liabilities acquired.

For the purposes of the Annual Report 2022, with the support of an independent expert, the PPA process was finally completed, concluding the analyses aimed at restating the fair value of the assets acquired and liabilities assumed and identifying any specific intangibles not previously recognised in CBPQ's financial statements. In particular, the following accounting items emerged as worthy of attention in terms of potential differences between book values and fair value:

- the securities portfolio;
- the medium/long-term receivables portfolio;
- two specific intangibles with a finite life that are linked to client relationships; these are typical of the Wealth Management sector, and previously were not recognised in the financial statements of CBPQ; the first is linked to enhancing acquired assets (Client Assets - CA), while the latter is linked to client direct deposit on demand relationships (Core Deposits - CD).

The measurement process revealed that securities and credit portfolios had an overall fair value in line with the values deriving from CBPQ's financial statements. Therefore, further analysis was carried out which led to the identification of two specific intangibles relating to Customer Relationship Related assets, especially indirect deposits (Client Assets - CA) and direct on-demand deposits (Core Deposits - CD). The value of these assets lies in the economic benefits that the bank can benefit from over time as a result of it client relationships. For the purposes of estimating the value of these two intangible assets, only contractual relationships existing at the acquisition date were considered as the capacity to generate new relationships cannot be separated and transferred to third parties. Consequently, the intangible assets being recognised were considered to have a finite useful life. A for indirect deposits, the identified value of an intangible asset is linked to existing relationships with customers for Client Assets (CA) business and to the value that the bank can benefit from over time as a result of these relationships. As regards direct deposits on demand, the value of the intangible asset lies in the bank's ability to benefit from a direct deposits component from its customers at lower-than-market cost.

For the valuation of the two intangible assets at the acquisition date, the independent expert referred to the Multi period Excess Earnings Method (MEEM), which establishes the value of the intangible asset starting from the estimated gross cash flows generated by the intangible assets being measured, through the use of prospective data, appropriately adjusted to take into account (i) administrative costs necessary for the production of income flows, (ii) the tax effect, (iii) the cost connected with the capital absorbed by the intangible assets, (iv) the cost of risk, where applicable, and (v) the cost associated with the use of other assets that contribute to the generation of cash flows associated with the specific intangible assets. The present value of net cash flows attributable to the intangibles being valued was then calculated using a discount rate representing the cost of capital.

The a total fair value of the CA intangible was valued at €43m, corresponding to 0.7% of all CAs, while the fair value of the core deposits intangible was valued at €30m, equal to 1.8% of all sight deposits at the acquisition date. The related tax liabilities were also recognised, as required by IAS12, in accordance with the Luxembourg nominal rate.

By using the same assumption adopted to measure the CA intangible with reference to the useful life of the underlying assets, the amortisation period was defined as 16 years from the acquisition date for both intangible assets. Considering that direct deposits are related to assets by specific client type, the core deposits component was allocated a residual life that is in line with that of the Client Assets intangible.

Summary of the acquisition cost allocation process and determination of goodwill

As required by IFRS3, at the acquisition date the acquirer must recognise as an asset the goodwill acquired in a business combination. The goodwill is initially measured as the residual amount of the acquisition cost, comprising the part of the business combination cost than the acquirer's share of the net fair value of assets, identified contingent liabilities and liabilities.
As already described, goodwill was recognised as the difference between the acquisition cost and the shareholders' equity of the company expressed at fair value as at the acquisition date. The total acquisition cost was €184m, while the IAS/IFRS shareholders' equity of the acquiree CBPQ at 30 June 2022, remeasured at fair value, was €142m.

The following tables summarises the acquisition cost allocation and final determination of goodwill.

(€m)

		CBPQ
Cost of CBPQ at the acquisition date	a	180
Price adjustment	b	4
Final acquisition cost	**c=a+b**	**184**
IAS/IFRS shareholders' equity at the acquisition date	**d**	**87**
Effects of PPA	**e=f+g+h**	**55**
- of which intangible CA	*f*	*43*
- of which intangible CD	*g*	*30*
- of which deferred tax liabilities on intangible assets CA and CD	*h*	*(18)*
Shareholders' equity at fair value on the acquisition date	**i=d+e**	**142**
Goodwill detected	**c-i**	**42**

A comparison of the total acquisition cost and equity at fair value of CBPQ resulted in a residual allocable difference of €42m, which was recognised under goodwill following the conclusion of the PPA process.

For the sake of completeness, the financial position of CBPQ at the acquisition date is shown below, with the book values resulting from the company's IAS/IFRS financial statements compared against the fair values deriving from the PPA process.

(€m)

ASSETS	BOOK VALUE AT DATE OF ACQUISITION	FAIR VALUE DIFFERENCE	FAIR VALUE AT DATE OF ACQUISITION
Cash and cash equivalents	1,255	-	1,255
Financial assets measured at fair value through profit or loss	3	-	3
Financial assets measured at fair value through other comprehensive income	209	-	209
Financial assets measured at amortised cost	601	-	601
Property and equipment	4	-	4
Intangible assets	2	115	117
- of which intangible CA	-	*43*	*43*
- of which intangible Core Deposits	-	*30*	*30*
- of which: goodwill	-	*42*	*42*
Tax assets	1	-	1
Other assets	32	-	32
TOTAL ASSETS	**2,107**	**115**	**2,222**

LIABILITIES AND SHAREHOLDERS' EQUITY	BOOK VALUE AT DATE OF ACQUISITION	FAIR VALUE DIFFERENCE	FAIR VALUE AT DATE OF ACQUISITION
Financial liabilities measured at amortised cost	1,963	-	1,963
Financial liabilities held for trading	4	-	4
Tax liabilities	8	18	26
a) current	*8*	-	*8*
b) deferred	-	*18*	*18*
Other liabilities	45	-	45
Shareholders' equity	87	97	184
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,107**	**115**	**2,222**

In addition to the business combination transaction relating to the acquisition of CBPQ, accounted for in accordance with IFRS3, a number of non-recurring intercompany transactions were carried out in 2022, with no impact on the consolidated financial statements. These transactions, excluded from the scope of application of accounting standard IFRS3, involved the transfer of business units or legal entities between companies belonging to the Intesa Sanpaolo Group or aggregation transactions between the companies (under common control). In view of the purely reorganisational purpose of these transactions and in application of the Group's accounting policies, they were recorded at constant accounting values (with the statutory financial statements of the companies involved or with the consolidated financial statements) without recognising economic effects.

The main intercompany transactions completed during the year concerned the following:

- merger by incorporation of Intesa Sanpaolo Private Bank (Suisse) Morval into Reyl & Cie;
- the partial demerger of IW Bank in favour of Fideuram of a business unit consisting of banking relationships and activities;
- acquisition of 100% of UBI Trustee by Fideuram Bank (Luxembourg);
- the merger by incorporation of Sanpaolo Invest into Fideuram, with maintenance of the Sanpaolo Invest distribution network;
- the merger by incorporation of Obviam into Asteria.

SECTION 2 - TRANSACTIONS COMPLETED AFTER THE YEAR

2.1 Business combination transactions

After the end of 2022, no business combination transactions were realised during the year as governed by IFRS3.

After the end of the year, a single non-recurring intercompany transaction was carried out, with no effects on the consolidated financial statements. This was the merger by incorporation of Fideuram Bank (Luxembourg) into Compagnie de Banque Privée Quilvest, with the renaming of the merged company as Intesa Sanpaolo Wealth Management.

PART H - TRANSACTIONS WITH RELATED PARTIES

OPERATING ASPECTS

The Board of Directors of Fideuram - Intesa Sanpaolo Private Banking adopted, most recently with a resolution on 30 July 2021, following the procedures provided for by Italian law, the amendment of the Group Regulations governing the management of transactions with Intesa Sanpaolo S.p.A. Related Parties, Group Associated Parties and Insiders in accordance with ex art. 136 of Italian Banking Consolidation Act (Testo Unico Bancario - TUB) and adopted the new text of the related Addendum (hereinafter, the "Regulations").

The Regulations take into account both the regulations issued by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB), pursuant to article 2391 bis of the Italian Civil Code, and the Supervisory Regulations brought in by the Bank of Italy on 12 December 2011 regarding bank and banking group risk assets and conflicts of interest in respect of associated parties, the latter issued to implement article 53, subparagraph 4 et seq. of the Italian Banking Consolidation Act (Testo Unico Bancario - TUB) and in accordance with resolution No. 277 of the Italian Interministerial Committee for Credit and Savings (CICR) of 29 July 2008 and, in addition, the rules set out in article 136.
The Regulation governs the following aspects for the entire Intesa Sanpaolo Group:

- the criteria for identifying Related Parties and Associated Parties;
- the investigative and decision-making process for transactions with Related Parties and associated parties, together with the process for providing information to the Company Bodies on said transactions;
- information provided to the market on transactions with Related Parties;
- the prudential limits and the requirements for periodically notifying the Bank of Italy about risk assets in respect of Associated Parties;
- the rules regarding controls and organisational supervision;
- the general disclosure and abstention rules for the management of the personal interests of company directors, employees and agents/freelancers, including those other than Associated Parties.

Pursuant to the Regulation, Intesa Sanpaolo's Related Parties are those entities that are defined as such by the international accounting standards adopted in accordance with the procedure referred to in Article 6 of Regulation (EC) no. 1606/2002. Group Associated Parties are instead comprised of the Associated Parties of each bank in the Group and each significant authorised intermediary with regulatory capital exceeding 2% of consolidated shareholders' equity.

The following are considered Associated Parties:

i. shareholders that exercise control or significant influence and their respective company groups;
ii. subsidiaries, joint subsidiaries and associate companies, as well as entities in which the latter have a controlling interest, including jointly with others;
iii. company directors and their relatives up to the second degree of consanguinity or affinity and significant equity investments.

As a self-regulatory measure, the Regulations were extended to:

i. Intesa Sanpaolo shareholders and related company groups that hold shares with voting rights in the Parent Company above the minimum threshold provided for by the regulations on the disclosure of significant investments in listed companies;
ii. companies in which members of Intesa Sanpaolo or their close family members hold executive positions or are chairperson of the board of directors;
iii. entities in which Intesa Sanpaolo representatives or their close family members hold a qualified interest of 10% or more of the capital or voting rights of such entity, or over which such persons may exercise significant influence;
iv. companies in which the Group has significant equity or financial interests.

The parties considered Insiders by the Regulations also include the related parties as defined by IAS24.

The Regulations specify the various investigative safeguards that need to be observed in carrying out transactions with Intesa Sanpaolo Related Parties, Group Associated Parties and Insiders in accordance with ex art. 136 of the Italian Banking Consolidation Act (Testo Unico Bancario - TUB), to satisfy the need for the substantial propriety of the transactions and requiring, among other things, a detailed examination of the reasons and interests, of the asset-related, economic and financial effects, and of the conditions of the transaction.

Consistently with the rules adopted by CONSOB and the Bank of Italy, a system of full or partial exemptions from application of the rules also applies.
The decision-making procedures for transactions with Intesa Sanpaolo Related Parties and Group Associated Parties are differentiated as follows:

- transactions of negligible amount: with a value of €250k or less for natural persons and €1m or less for parties that are not natural persons (exempted from application of the regulations);
- transactions of minor significance: with a value above the thresholds for transactions of negligible amount (€250k or less for natural persons and €1m or less for parties that are not natural persons) but less than or equal to the thresholds for transactions of major significance indicated as follows;

- transactions of major significance: with a value that is above the 5% threshold of the indicators specified by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Bank of Italy;
- transactions requiring the approval of the shareholders' meeting in accordance with the law or the By-Laws.

The Related Parties Committee, made up of three non-executive and mostly independent members of the Bank's Board of Directors, as provided by the law and By-laws, plays a consultative role in the process for approving transactions with Intesa Sanpaolo Related Parties and Group Associated Parties. When deemed appropriate, the Committee may use independent experts according to the significance, special economic or structural characteristics of the transaction or the nature of the related party or associated party.

Transactions of major significance require the company departments to involve the Committee in the investigative and negotiation phases by sending a complete flow of prompt information, with the committee being empowered to request further information and formulate observations.

All transactions with a Related Party or Associated Party that are not exempted pursuant to the Regulations are subject to the Parent Company's consent and a resolution of the Board of Directors, following consultation with the Related Parties Committee. Moreover, transactions with Related Parties or Associated Parties are conditioned on an opinion by the aforesaid Committee and a resolution by the Board of Directors, even if they are ordinary and made on an arm's length basis, if those transactions are subject to resolution by the Board of Directors according to the corporate rules.

The Regulations envisage specific safeguards if the Board of Directors approves a transaction of greater or lesser magnitude, notwithstanding the negative opinion of the independent Committee.

The Regulations likewise specify the general criteria for the reports to be submitted, at least quarterly, to the Board of Directors and Board of Statutory Auditors on transactions with Related Parties and Associated Parties completed in the reference period, to give a complete overview of the most significant transactions that are executed, and of the volumes and principal characteristics of all delegated transactions. The same information is also provided to the Related Parties Committee, also in order to allow a check on the correct application of the exemption conditions for transactions of lesser and greater importance. The reports must detail all the transactions, even if they are exempt from the decision-making process, with a value above the thresholds for transactions of negligible amount. These exclude financing transactions of minor significance and banking inflows between group companies (provided that they do not involve a subsidiary with significant interests of another related party or associated party and feature non-market or standard conditions). Ordinary transactions of minor significance between group companies under arm's length conditions, on the other hand, are to be reported annually in an aggregate report. In addition to covering the obligations provided for in article 2391 of the Italian Civil Code and article 53 of the Italian Banking Consolidation Act (Testo Unico Bancario - TUB) regarding the interests of directors, the Regulations also govern Insider transactions in accordance with article 136 of the TUB and therefore adopt the escalated decision-making procedure (unanimous resolution of the Board of Directors, excluding the vote of the director concerned, and vote in favour by the members of the Board of Statutory Auditors) provided for to permit bank directors to enter into liabilities either directly or indirectly with the bank in which they hold their position.

1 INFORMATION ON REMUNERATION OF SENIOR MANAGERS WITH STRATEGIC RESPONSIBILITIES

(€m)

	31.12.2022
Short-term benefits	12
Post-employment benefits	1
Other long-term benefits	2
Employment termination indemnity	-
Payment in shares	3
Total	**18**

2. INFORMATION ON 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 the bank, all transactions with related parties during 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.

Related intercompany transactions are not included in this section as they have been removed at the consolidated level.

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 following corporate transactions were carried out in 2022:

- the Boards of Directors of Fideuram and Fideuram Bank (Luxembourg) approved, on 5 and 8 March 2021 respectively, the acquisition by Fideuram Bank (Luxembourg) of UBI Trustee S.A., a company belonging to the former UBI Group, which is based in Luxembourg and specialises in fiduciary services to HNWI and UHNWI clients, subject to the approval of the competent Supervisory Authorities. On 21 January 2022, the sale of a 100% stale in UBI Trustee S.A. from Intesa Sanpaolo to Fideuram Bank (Luxembourg) was completed against payment of €260k;
- On 23 March, 31 March and 2 April 2021 respectively, the Boards of Directors of Intesa Sanpaolo, Fideuram and IW Bank approved, to the extent of their respective remits, the transactions of: (i) partial demerger of IW Bank in favour

of Fideuram of a Business Unit consisting of banking relationships and assets, non-performing loans (not sold to the market prior to the demerger), advanced trading activities, finance activities and management of the owned securities portfolio; (ii) the partial demerger of Fideuram in favour of Intesa Sanpaolo of a compendium substantially made up of performing loans and related funding and personnel; and (iii) transformation of the bank into an investment company according to the above terms.

Following the approval of the Shareholders Meetings of 2 December 2021 (Fideuram and IW Bank), on 11 January 2022 the deeds of (i) partial demerger of the so-called Banking Business Unit of IW Bank in favour of Fideuram and (ii) partial demerger of Fideuram in favour of Intesa Sanpaolo were therefore signed, under the terms described above. The effects of the two demergers take effect on 14 February 2022, without prejudice to the immediate logical and legal precedence of the effectiveness of the demerger under (i) with respect to that of the demerger under (ii). On the same date and at the end of the partial demerger of IW Bank in favour of Fideuram, IW Bank was reconfigured as an investment company and called "IW Private Investments Società di Intermediazione Mobiliare S.p.A." and, in abbreviated form, "IW SIM S.p.A." Moreover, pending completion of the aforementioned demerger transactions, part of the assets assigned to Intesa Sanpaolo, consisting mainly of non-performing receivables, were directly disposed of;
Fideuram's 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: Siref Fiduciaria, Intesa Sanpaolo Private Banking, Fideuram Asset Management SGR, Fideuram Asset Management (Ireland), IW Private Investments, Fideuram Bank (Luxembourg) and Fideuram Asset Management UK.

Overall, the service contracts in place between Intesa Sanpaolo and the companies of the Fideuram Group (Fideuram - Intesa Sanpaolo Private Banking, IW Private Investments, Intesa Sanpaolo Private Banking, Fideuram Asset Management SGR, Siref, Fideuram Asset Management (Ireland), Fideuram Bank (Luxembourg) and Reyl & Cie) will entail payment, subject to adjustment at the end of the year, of an estimated consideration for 2022 of approximately €117.5m, an increase compared to the final figure at the end of 2021 for the services rendered by Intesa Sanpaolo.

All amounts receivable and payable and all income and expenses at 31 December 2022 regarding companies in the Intesa Sanpaolo Group are summarised below:

Assets 31.12.2022

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Cash and cash equivalents	3,774	64
Debt and equity securities	18,942	80
Loans and advances to banks	12,461	86
Loans and advances to customers	202	1
Financial derivatives	320	94
Property and equipment	62	16
Other assets	24	1

Liabilities 31.12.2022

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Due to banks	5,316	98
Due to customers	424	1
Financial derivatives	263	72
Other liabilities	443	26
Guarantees and commitments	963	12

Income statement 2022

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Interest income	286	55
Interest expense	(55)	49
Fee and commission income	951	31
Fee and commission expense	(44)	4
Net profit (loss) on the financial assets	576	n.s.
Administrative expenses	(145)	12
Depreciation of property and equipment	(13)	24

n.s.: not significant

Relationships with companies in the Intesa Sanpaolo Group

(€m)	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS	INCOME	EXPENSES
Parent Company					
Intesa Sanpaolo S.p.A.	34,862	5,989	963	991	255
Companies controlled by the Parent Company					
Eurizon Capital S.A.	-	-	-	1	-
Eurizon Capital SGR S.p.A.	33	1	-	151	2
Fideuram Vita S.p.A.	620	393	-	507	7
Intesa Sanpaolo Assicura S.p.A.	-	-	-	-	1
Intesa Sanpaolo Bank Ireland Plc	-	13	-	-	-
Intesa Sanpaolo Bank Luxembourg S.A.	204	18	-	4	-
Intesa Sanpaolo Harbourmaster III S.A.	6	6	-	-	-
Intesa Sanpaolo Holding International S.A.	3	3	-	-	1
Intesa Sanpaolo Life dac	8	-	-	45	-
Intesa Sanpaolo Servitia S.A.	-	-	-	-	2
Intesa Sanpaolo Vita S.p.A.	49	14	-	126	1
RBM Assicurazione Salute S.p.A.	-	9	-	-	-

PART I - SHARE-BASED PAYMENT ARRANGEMENTS

QUALITATIVE INFORMATION

1. DESCRIPTION OF THE SHARE-BASED PAYMENT ARRANGEMENTS

1.1 Incentive plan based on financial instruments

The Supervisory Regulations regarding the remuneration and bonus and incentive scheme policies and practices of banks and banking groups stipulate, inter alia, that part of the bonuses awarded to "risk takers" (at least 50%) be in the form of financial instruments allocated over a long-term time horizon. To that end, at 31 December 2022 the Fideuram Group had a total of €65m in Intesa Sanpaolo stock in its portfolio, which is recognised in the balance sheet under financial assets measured at fair value through profit or loss. The shares will be assigned to the participants in accordance with the implementation regulations of the bonus systems, which as a rule require the participants to have been in continuous service up until the moment the shares are actually delivered, and make each deferred part of the bonus (whether in the form of cash or financial instruments) subject to an ex-post correction mechanism (known as a malus condition) which can reduce the amount paid and the number of any shares allocated in relation to the extent to which certain specific financial/asset targets that measure the sustainability of the results achieved over time have been met.

1.2 Long-term incentive plans 2018-2021: POP Plan and LECOIP 2.0 Plan

At the same time that the Business Plan 2018-2021 was launched, two long-term incentive plans were begun, targeting different population clusters:

- POP (Performance-based Option Plan) reserved for top management, risk takers and key managers, which will end in March 2023;
- LECOIP 2.0 Plan reserved for the Managers and remaining staff, which ended in March 2022.

In regard to top management, risk takers and key managers, who have a direct impact on Group results, a tool was adopted in connection with achievement of the Business Plan targets and with an adequate risk/return profile reflecting the role played and the levels of ambition and challenge of the Business Plan.
The POP Plan is based on financial instruments connected to the shares (call option) and subject to achievement of key performance conditions of the Business Plan, as well as to individual activation and access conditions (compliance breach).

The entire amount accrued will be paid in shares and over a time horizon of 3-5 years, according to the cluster to which the beneficiary belongs, after checking the malus conditions, which are defined specularly to the activation conditions, over the years when these are envisaged.

Moreover, in June 2018, the Group signed an assumption of obligations agreement with JP Morgan. That agreement transferred to JP Morgan the obligation to deliver to the Intesa Sanpaolo Group employees any ordinary shares due upon expiration of the POP Options and, consequently, assumption of all the volatility risks of the Plan by the counterparty itself.

In regard to the managers and remaining staff, the 2018-2021 LECOIP 2.0 retention plan was introduced, substantially continuing the LECOIP 2014-2017.
The LECOIP 2.0 plan, which is intended to facilitate the sharing at all organisation levels of the value created over time after the Business Plan targets are met and to promote identification with and a spirit of belonging to the Group, is assigned in certificates issued by JP Morgan, i.e. share-based financial instruments. In particular, the LECOIP 2.0 Plan envisages:

- the free assignment of newly issued Intesa Sanpaolo ordinary shares resulting from a bonus issue (free shares);
- the free assignment of additional Intesa Sanpaolo ordinary shares resulting from the same bonus issue (matching shares), and subscription of newly issued Intesa Sanpaolo ordinary shares in a cash capital increase reserved for employees in which the shares were discounted from their market value (discounted shares).

The Certificates are broken down into two categories and have different characteristics according to whether they are allocated to Professional employees or managers within the Italian operations of the Group. The Certificates reflect the terms of certain options whose underlying consists of Intesa Sanpaolo ordinary shares and allow employees to receive on maturity, unless certain events occur, an amount in cash (or in Intesa Sanpaolo ordinary shares) equal to the original market value of the free shares and the matching shares for the professional employees and 75% of that market value for the manager employees, plus any gain from the original market value, connected with the amount of free shares, matching shares, and discounted shares.

The POP and LECOIP 2.0 Plans were submitted for approval at the Shareholders' Meeting on 27 April 2018.
With particular reference to the LECOIP 2.0 Plan, the Extraordinary Shareholders' Meeting resolved to grant the Board of Directors the power to increase the share capital pursuant to article 2443 of the Italian Civil Code, for the purpose of implementing the LECOIP 2.0 Plan. These capital increases were executed on 11 July 2018 concurrently with the launch of the 2018-2021 Long-Term Incentive Plans.

With regard to the POP Plan, – in the light of the occurrence of exogenous events of an extraordinary nature (in particular, the reduced distribution of dividends in the European banking sector

during the Covid-19 pandemic), and with the aim of neutralising the technical effects on the Plan's operating mechanisms, which compromised its incentive value, i.e., the possibility that the POP Plan could realistically be in the money in view of the recovery in the value of Intesa Sanpaolo shares and the resumption of the regular distribution of dividends – the Ordinary Shareholders' Meeting of 28 April 2021 approved certain amendments.
In particular, the changes provided for concerned the correction mechanism of the strike price according to the amount of dividends actually distributed in each year of the plan compared to the consensus expectations and the postponement of the so-called Averaging Period (i.e., the observation period during which the average price of the ISP share is compared to the strike price), originally set in the time interval 11 March 2021 - 11 March 2022, by one year with consequent postponement of one year also of the exercise date of the POP options.

Both of the long-term incentive plans in question (POP and LECOIP 2.0) fall within the scope of application of IFRS2 and can be referred to as equity-settled share-based payment transactions ("equity-settled plans").

In regard to the POP Plan, the fair value of the equity instruments covered by the plan was established at the grant date (represented by the fair value of the options adjusted for the availability restriction to which the shares will be subject following exercise of the options) and subsequently updated following changes to the Plan. The Plan requires satisfaction of non-market service and performance conditions (the activation and performance conditions), which were taken into account to determine the number of shares for measuring the cost of the plan. These estimates will be revised during the vesting period and until maturity. The cost of the plan as defined hereinabove is recognised in the income statement as the cost of labour pro rata temporis over the vesting period of the benefit, as a balancing entry for a specific shareholders' equity reserve. Similar accounting representation under IFRS2 is applied to the plan amendments. Specifically, the cost of the original plan continued to be recognised over the initial vesting period (i.e., through 11 March 2022), while the additional cost related to the plan amendment is recognised over the new vesting period, i.e., through 10 March 2023. The postponement of the observation period by one year, with the consequent lengthening of the period of service, is in fact an increase in the vesting period.
When events occur such as to cause employees to lose their right to the benefits of the POP Plan (performance conditions, activation conditions, and resignation or termination), a financial asset is recognised in the financial statements as a balancing entry to equity. In subsequent valuations, changes in fair value are recognised in profit or loss. In regard to the right to assume obligations – since it can essentially be construed as the operational method adopted by the Group to fulfil its obligation to make physical delivery of the shares resulting from the Plan – they shall be represented in the accounts as an equity instrument recognised as a balancing entry in shareholders' equity.

In regard to the LECOIP 2.0 Plan, the fair value of the instruments representing the capital covered by the plan (equal to the sum of the fair value of the shares assigned for free and the fair value of the discount for the paid shares) was calculated at the grant date and not modified thereafter. The Plan requires satisfaction of non-market service and performance conditions (trigger events), which were taken into account to determine the number of shares for measuring the cost of the plan. These estimates will be revised during the vesting period and until maturity. The cost of the plan as defined hereinabove is recognised in the income statement as the cost of labour pro rata temporis over the vesting period of the benefit, as a balancing entry for a specific shareholders' equity reserve.
When events occur such as to cause employees to lose their right to the benefits of the LECOIP 2.0 certificates (trigger events and resignation or termination), a financial asset (the transferred receivable representing the certificates) is recognised in profit or loss as a balancing entry in shareholders' equity. In accordance with the provisions of IFRS9, the Certificates recorded in the financial statements are classified under item 20.c) "Financial assets measured at fair value through profit or loss: Other financial assets mandatorily measured at fair value. At the same time, if the previously made estimate needs to be adjusted, the cost of the plan is modified through an adjustment made in equity.

1.3 Long-term incentive plans 2022-2025: Performance Share Plan and LECOIP 3.0 Plan

At the same time that the Business Plan 2022-2025 was launched, two new long-term incentive plans were begun, targeting different population clusters:
- Performance Share Plan (PSP) for Group management, the Group's other senior risk takers and other Group risk takers (Italy and abroad);
- LECOIP 3.0 plan for all professionals falling within the Group's Italian perimeter.

Intesa Sanpaolo has decided to adopt a management plan explicitly linked to achievement the objectives of the Business Plan. The risk/return profiles envisaged in the plan are appropriate to the role held and to the levels of ambition and challenges of each role. The plan also provides for the adoption of Performance Shares as a financial instrument.
Under the Performance Share Plan, newly issued Intesa Sanpaolo ordinary shares are allocated against a free capital increase, subject to achieving the Business Plan's KPIs. Multipliers are also applied based on sustainability targets, with individual compliance breaches also factored in.
Any shares accrued will be paid over a time horizon of 4/5 years. Payout schemes are defined according to the cluster to which the beneficiary belongs, total variable remuneration and the significance of this variable part with respect to the fixed remuneration. Shares deferred over time are also subject to malus conditions which are defined specularly to the activation conditions.

In continuity with the LECOIP 2.0 Plan, a retention plan called "LECOIP 3.0" has been structured for professionals with the aim of continuing to strengthen staff identification and sense of belonging to the Group, in line with its inclusive organisational culture.
The LECOIP 3.0 Plan is assigned as Certificates issued by JP Morgan – i.e. share-based financial instruments – and envisages:
- the allocation of newly issued Intesa Sanpaolo ordinary shares following a free share capital increase for an amount equal to the advance on the Variable Performance Bonus accrued for 2022 (nevertheless, employees may request that this advance be paid in cash and, therefore, can choose not to sign up to LECOIP 3.0);

- the free assignment of additional shares resulting from the same bonus issue (matching shares), assigned based on position and seniority, and subscription of newly issued Intesa Sanpaolo ordinary shares (calculated pro rata to the number of free shares assigned) in a cash capital increase reserved for employees at a discounted issue price compared to their market value (discounted shares).

The Certificates reflect the terms of certain options whose underlying consists of Intesa Sanpaolo ordinary shares and allow employees to receive on maturity, unless certain events occur, an amount in cash (or in Intesa Sanpaolo ordinary shares) equal to the original market value of the free shares and the matching shares, plus any gain from the original market value, connected with the amount of free shares, matching shares, and discounted shares.
In all other cases, the amount will be settled according to specific collection schemes that allow part of the premium to be deferred and recognised in financial instruments. These schemes are differentiated according to the population cluster to whom the premium accrues, the total variable remuneration and its significance with respect to the fixed remuneration.
The Performance Share Plan and LECOIP 3.0 Plans were submitted for approval at the Shareholders' Meeting on 29 April 2022.
The Extraordinary Shareholders' Meeting resolved to grant the Board of Directors the power to increase the share capital pursuant to article 2443 of the Italian Civil Code, for the purpose of implementing the Plans.
On 21 June 2022, the Board of Directors of Intesa Sanpaolo exercised the powers granted to it by the Shareholders' Meeting to increase capital in favour of Group employees, thus servicing the implementation of the LECOIP Plan 3.0 2022-2025.

Both of the long-term incentive plans in question (Performance Share Plan and LECOIP 3.0) fall within the scope of application of IFRS2 and can be referred to as equity-settled share-based payment transactions ("equity-settled plans").

As regards the Performance Share Plan, the fair value of the equity instruments included in the Plan is calculated on the date of allocation. The Plan requires satisfaction of service and performance conditions which must be taken into account to determine the number of shares for measuring the cost of the Plan. These estimates will be revised during the accrual period and until maturity. Furthermore, in determining the fair value of the plan, any market performance conditions must be taken into account.
The cost of the plan as defined hereinabove is recognised in the income statement as the cost of labour pro rata temporis over the accrual period of the benefit, as a balancing entry for a specific shareholders' equity reserve. If any event leads employees to lose their right to the benefits under the plan (performance targets, activation conditions and loss of seniority) and if there is therefore a need to adjust the estimate previously made, Intesa Sanpaolo will modify the cost of the Plan by making the relevant adjustment in shareholders' equity.

In regard to the LECOIP 3.0 Plan, the fair value of the instruments representing the capital covered by the plan (equal to the sum of the fair value of the shares assigned for free and the fair value of the discount for the paid shares) is calculated at the grant date and not modified thereafter.
The Plan requires satisfaction of non-market service and performance conditions (trigger events), which must be taken into account to determine the number of shares for measuring the cost of the plan. These estimates will be revised during the vesting period and until maturity. The cost of the plan as defined hereinabove is recognised in the income statement as the cost of labour pro rata temporis over the vesting period of the benefit, as a balancing entry for a specific shareholders' equity reserve.

When events occur such as to cause employees to lose their right to the benefits of the LECOIP 3.0 Certificates (trigger events and resignation or termination), a financial asset (the transferred receivable representing the certificates) is recognised in profit or loss as a balancing entry in shareholders' equity. In accordance with the provisions of IFRS9, the Certificates recorded in the Group's financial statements are classified under item 20.c) "Financial assets measured at fair value through profit or loss: Other financial assets mandatorily measured at fair value. At the same time, if the previously made estimate needs to be adjusted, the cost of the plan is modified through an adjustment made in equity.

QUANTITATIVE INFORMATION

2. OTHER INFORMATION

2.1 Development of the financial instrument based incentive scheme

	NUMBER OF SHARES	PER-SHARE FAIR VALUE (euro)
Intesa Sanpaolo Shares at 31 December 2021	**10,125,745**	**2.2740**
- Shares acquired in the year	28,993,387	1.8994
- Shares allocated in the year	8,352,259	1.9956
Intesa Sanpaolo Shares at 31 December 2022	**30,766,873**	**2.0780**

2.2 Long-term general equity instruments: LECOIP 2.0

	LECOIP 2.0 PLAN									NUMBER OF LECOIP CERTIFICATES AT 31.12.2021	CHANGES IN THE YEAR (C)	NUMBER OF LECOIP CERTIFICATES AT 31.12.2022	AVERAGE PER-SHARE FAIR VALUE AT 31.12.2022
	FREE SHARES AT JULY 2018		MATCHING SHARES AT JULY 2018		DISCOUNTED SHARES AT JULY 2018		SELL TO COVER SHARES AT JULY 2018 (A)		TOTAL NUMBER OF SHARES ALLOCATED AT JULY 2018				
	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE (B)	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE					
TOTAL EMPLOYEES	1,166,440	2.4750	3,655,740	2.4750	33,755,260	0.3771	7,414,214	2.5416	45,991,654	4,409,590	20,659	-	-

(a) Shares allocated to cover the employee's tax disbursement.
(b) Fair value of subscription discount.
(c) Number of Certificates to which employees will become entitled in the event of failing to comply with the length of service condition and other accrual conditions.

2.3 Long-term equity instruments: Performance-based Option Plan (POP)

	PERFORMANCE-BASED OPTION PLAN (POP)										
	POP OPTIONS IN JULY 2018 (A)		POP OPTIONS AS OF 31.12.2021				POP OPTIONS AS OF 31.12.2022				
	NUMBER OF POP OPTIONS	AVERAGE PER-SHARE FAIR VALUE	NUMBER OF POP OPTIONS	AVERAGE PER-SHARE FAIR VALUE	OF WHICH: POP OPTIONS RESTRUCTURED AS OF 07.06.2021		NUMBER OF POP OPTIONS - CHANGES DURING THE YEAR (B)	NUMBER OF POP SHARES	AVERAGE PER-SHARE FAIR VALUE	OF WHICH: POP OPTIONS RESTRUCTURED AS OF 07.06.2021	
					NUMBER OF POP SHARES	AVERAGE PER-SHARE FAIR VALUE				NUMBER OF POP SHARES	AVERAGE PER-SHARE FAIR VALUE
TOTAL BENEFICIARIES (Top Management, Risk Takers and Key Managers)	26,976,939	0.3098	23,592,397	-	19,511,914	0.0819	-	19,511,914	-	19,511,914	-

(a) Number of POP options and their average fair value allocated to beneficiaries (top management, risk takers and strategic managers) on 11 July 2018.
(b) Number of restructured POP options entitling employees to assume rights following non-compliance with continued service and other accrual conditions.

The income statement effects of the POP Plan totalled €2m in 2022.

2.4 Long-term general equity instruments: LECOIP 3.0

	LECOIP 3.0 PLAN												
	FREE SHARES IN JUNE 2022		MATCHING SHARES IN JUNE 2022		SHARES DISCOUNTED IN JUNE 2022		SELL TO COVER SHARES IN JUNE 2022 (A)		TOTAL NUMBER OF SHARES ASSIGNED IN JUNE 2022	NUMBER OF LECOIP CERTIFICATES AS OF JUNE 2022	CHANGES DURING THE YEAR (C)	NUMBER OF LECOIP CERTIFICATES AS OF 31.12.2022	AVERAGE FAIR VALUE AS OF 31.12.2022
	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE (B)	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE					
TOTAL EMPLOYEES	1,798,390	1.7800	3,253,536	1.7800	26,657,848	0.3409	6,863,631	1.7800	38,573,405	5,051,926	(45,439)	5,006,487	3.6670

(a) Shares allocated to cover the employee's tax disbursement.

(b) Fair value of subscription discount.

(c) Number of Certificates to which Intesa Sanpaolo will be entitled in the event of failure to comply with the condition of length of service and other employee vesting conditions.

The income statement effects of the Lecoip Plan totalled €7m in 2022.

2.5 Long-term equity instruments: Performance Share Plan (PSP)

	PERFORMANCE SHARE PLAN (PSP)			
	NUMBER OF PERFORMANCE SHARE AS OF JUNE 2022 (A)	CHANGES DURING THE YEAR (B)	NUMBER OF PERFORMANCE SHARE AS OF 31.12.2022	UNIT FAIR VALUE
TOTAL BENEFICIARIES (all management, other of the group's senior risk takers and other group risk takers - Italy and abroad)	10,519,334	-	10,519,334	0.9979

(a) Number of Performance Shares allocated to beneficiaries (all management, other of the group's senior risk takers and other group risk takers - Italy and abroad) on 30 June 2022.

(b) Number of Performance Shares that will not be awarded to employees for failing to comply with the length of service or other accrual conditions.

The income statement effects of the PSP totalled €1m in 2022.

PART M - DISCLOSURE ON LEASES

This section provides the information required by IFRS16 that has not been presented in other parts of the financial statements.

SECTION 1 - LESSEE

QUALITATIVE INFORMATION

The Group mainly has real estate leases and car leases in force. The number of lease contracts at 31 December 2022 totalled 689, of which 679 for real estate leases, with the rights-of-use worth a total of €312m.
The real estate leases mainly consist of properties for use as offices, bank branches, or Personal Financial Advisers' offices. Within Italy, the lease contracts normally have a term longer than 12 months and typically feature renewal and termination options that can be exercised by the lessor and the lessee as prescribed by law or specific contractual provisions. These contracts usually do not include the purchase option at the end of the lease term or significant restoration costs. According to the characteristics of Italian lease contracts and the provisions of Law 392/1978, in case of a new lease having a term of six years and the option for tacit renewal of the lease once every six years, the total duration of the lease is set at twelve years. This general guidance is superseded if there are new elements or specific situations within the contract.
The contracts referring to other leases mainly concern cars. These are long-term rental contracts for cars provided to the employees (mixed personal and business use) or the organisational units of the individual companies. These contracts generally have a four-year term, with monthly payments, with no renewal option and do not include a purchase option. The contract may be extended according to management of the car fleet. If it is terminated prematurely, a penalty may apply.
The lease contracts other than those relating to real estate or cars represent a negligible amount.
During 2022, no sale or leaseback transactions were made.

Sublease transactions represent an insignificant amount and concern intercompany relationships.
As previously mentioned in the accounting policies, the Group uses the exemptions allowed by IFRS16 for short-term leases (having a term less than or equal to 12 months) or leases for assets having a low value (worth less than or equal to €5,000).

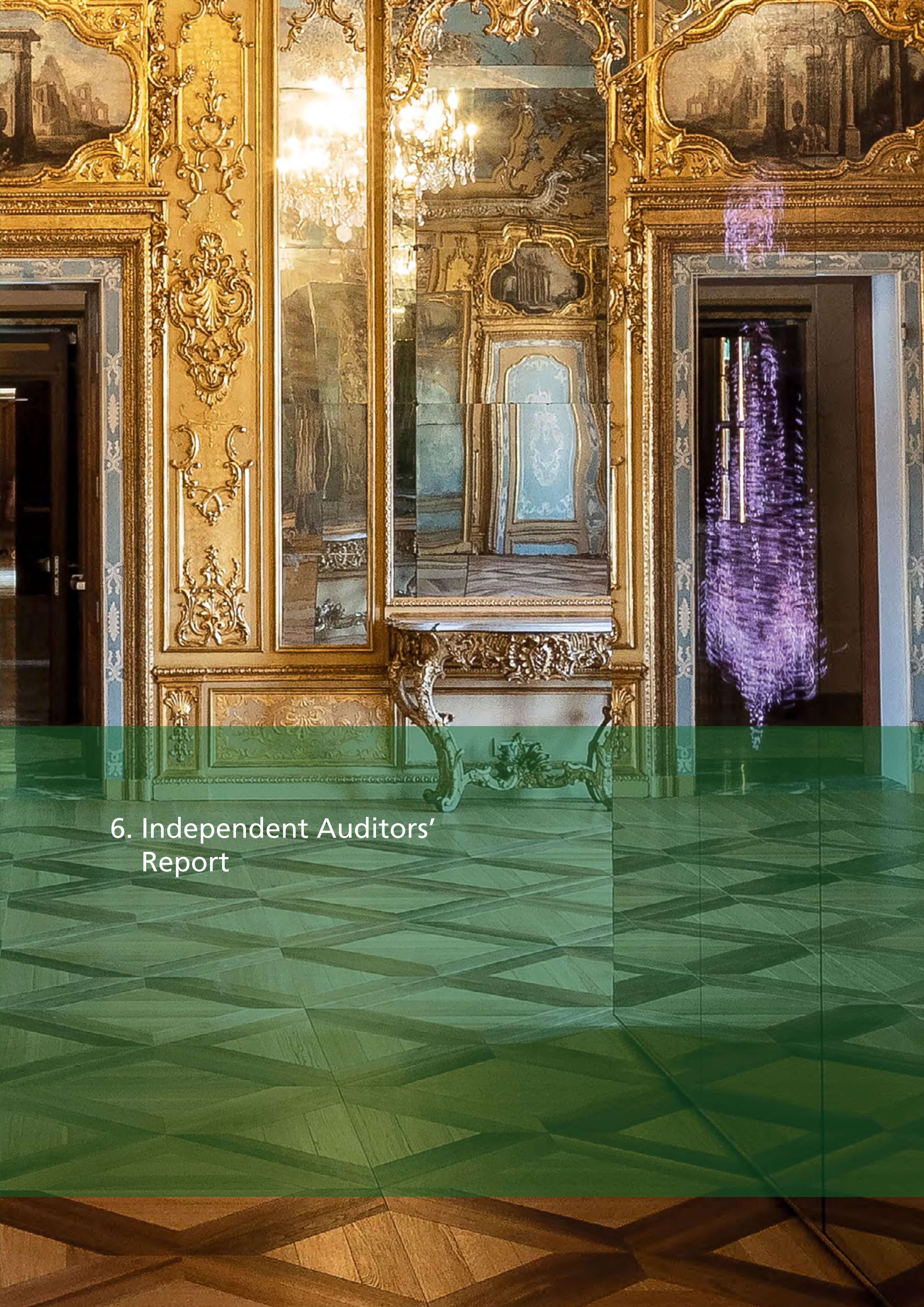
QUANTITATIVE INFORMATION

Part B - Assets in the Notes to the consolidated financial statements contains information about the rights of use acquired with leases (Table 9.1 - Property and equipment used in operations: analysis of assets measured at cost) and Part B - Liabilities shows the debts for leases (Table 1.1 - Financial liabilities measured at amortised cost - Due to banks: analysis and Table 1.2 - Financial liabilities measured at amortised cost - Due to customers: analysis).
Part C of the Notes to the consolidated financial statements contain information on the interest expense for debts for leases and the other costs connected with the rights of use acquired with leases. Reference is made to the specific sections for more details.
The following table breaks down the depreciation expenses for right-of-use assets in the various categories, consistently with the presentation of property and equipment.

Depreciation expense by asset class

(€m)

	2022	**2021**
Property and equipment used in operations		
a) buildings	52	49
b) furniture	-	-
c) electronic equipment	-	-
d) other	-	-
Total	**52**	**49**



6. Independent Auditors' Report

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

(Translation from the original Italian text)

To the Sole Shareholder of
Fideuram – Intesa Sanpaolo Private Banking S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Fideuram – Intesa Sanpaolo Private Banking Group (the "Group"), which comprise the consolidated balance sheet as at December 31, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated Shareholders' equity and the statement of consolidated cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2022, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005 and article 43 of Legislative Decree n. 136/2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated] Financial Statements* section of our report. We are independent of the Fideuram – Intesa Sanpaolo Private Banking S.p.A. (the "Company") in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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We identified the following key audit matters:

Key Audit Matter	Audit Response
Accounting of the Compagnie de Banque Privée Quilvest S.A. ("CBPQ")'s business combination and related "purchase price allocation"	
During 2022, Fideuram Bank S.A. acquired the 100% ownership interest in the share capital of CBPQ for total amount of euro 184 million (the "Transaction"). Since the Transaction qualifies as a business combination, the Company's directors applied the accounting treatment required by IFRS 3 and have therefore identified the buyer and the acquisition date, determined the cost of the business combination and the allocation of its cost ("*purchase price allocation*"). The purchase price allocation process implied, among others: i) the determination of the fair value of the assets acquired and liabilities assumed, ii) the identification and recognition of the intangible assets with a finite useful life related to the client assets under management, particularly referring to indirect funding ("Asset Under Management") and on demand direct funding ("Core Deposits") and, iii) the recognition of the residual difference, amounting to euro 42 million, as goodwill in the consolidated financial statements as at December 31, 2022. Considering the relevance of the Transaction and the complex valuations involved, which required a high level of judgement by the Company's directors in the purchase price allocation process, also through the involvement of an external appraiser, we believe that the accounting of the business combination is a key audit matter. The disclosure relating to the accounting of the Transaction is provided in Part G – Business combination transactions of companies or company division of the notes to the financial statements.	Our audit procedures addressing the key audit matter included, amongst others: • the analysis of the contractual documentation relating to the Transaction; • the analysis of the compliance with the IFRS of the accounting treatment applied by the Company to the Transaction; • the analysis of the accuracy of the accounting entries; • the assessment, also with the support of our specialists in business valuation models, of the valuation approach, the assumptions and the methods used to measure the fair value at the acquisition date of the assets acquired and liabilities assumed and of the intangible assets with a finite useful life related to the assets under management, as well as the analysis of the report prepared by the external appraiser appointed by the Company; • the examination of the adequacy of the disclosures provided in the notes to the financial statements.

Key Audit Matter	Audit Response
Measurement of provisions for risks and charges for legal disputes and for costs related to Personal Financial Advisers' contractual indemnities and loyalty schemes	
The consolidated financial statements as at December 31, 2022 include provisions for risks and charges of euro 523 million. They comprise provisions for pending legal and tax disputes (euro 81 million), Personal Financial Advisers' contractual indemnities (euro 241 million) and Personal Financial Advisers networks loyalty schemes (euro 59 million). The measurement of provisions for risks and charges for pending disputes and for Personal Financial Advisers' contractual indemnities and loyalty schemes is a complex activity, with a high degree of uncertainty, with respect to which the directors estimate, also with the support of their own consultants, the risk of loss of legal disputes, the expected disbursement and the timing for its settlement and use actuarial criteria to estimate the contractual indemnities for Personal Financial Advisers and the costs associated with the loyalty schemes, which take into account the allowances actually accrued, the probability of payment of the related charges and the average permanence and composition of the Personal Financial Advisers' networks as well as the assets under management of the customers acquired. For the above reasons, we believe that measuring provisions for risks and charges is a key audit matter. The disclosure relating to the measurement of provisions for risks and charges is provided by directors in Part B - Notes to the balance sheet - section 10 - Provisions for risks and charges, Part C - Notes to the income statement, section 13 - Net provisions for risks and charges and Part E - Information on risks and related hedging policies.	Our audit procedures addressing the key audit matter included, amongst others: • the understanding of policies, process and controls applied by the Group in relation to the measurement of provisions for risks and charges; • the analysis, also with the support of our information technology specialists, of the functionality of the information system used by the Company for remote monitoring of the operability of the Personal Financial Advisers' networks, for the purpose of identifying any fraud or illicit acts; • obtaining written confirmation, from the Group's legal Advisers, of their assessment of the evolution of pending disputes in case of adverse judgment; • the analysis, also with the support of our legal specialists, of the reasonableness of the assumptions used by directors to measure the possibility of loss for pending disputes and the estimation of provisions for risks and charges; • the analysis, also with the support of our actuarial specialists, of the reasonableness of the assumptions, actuarial assumptions and methods used by directors to estimate charges for contractual indemnities and loyalty schemes for Personal Financial Advisers;; • the performance of substantive procedures to verify the completeness and the accuracy of the data used for the determination of provisions for risks and charges and for the estimation of charges for Personal Financial Advisers' contractual indemnities and loyalty schemes. • the examination of the adequacy of the disclosures provided in the notes to the financial statements.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and article 43 of Legislative Decree n. 136/2015 and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by international standards on auditing (ISA Italia), regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/2014

The Shareholders of Fideuram – Intesa Sanpaolo Private Banking S.p.A., in the general meeting held on 30 March 2020, engaged us to perform the audits of the separate and consolidated financial statements of the Company for each of the years ending December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services, referred to article 5, paragraph 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the statutory audit committee (Collegio Sindacale) in its capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010

The Directors of Fideuram – Intesa Sanpaolo Private Banking S.p.A. are responsible for the preparation of the Directors' Report of the Fideuram – Intesa Sanpaolo Private Banking Group as at December 31, 2022, which comprise paragraphs from 2.1 to 2.3 and 2.5 of the Section 2 "External context and strategies", paragraphs from 3.1 to 3.4, 3.7, 3.8.1 and 3.9 of the Section 3 "Performance" and the paragraph 4.2 of the Section 4 "Governance" of the Integrated Annual Report (the "Directors' Report"), including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Directors' Report with the Group consolidated financial statements as at December 31, 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Directors' Report is consistent with the consolidated financial statements of Fideuram – Intesa Sanpaolo Private Banking Group as at December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Exemption from the preparation of the non-financial statement

As disclosed in the Directors' Report, the Directors of Fideuram – Intesa Sanpaolo Private Banking S.p.A. availed of the exemption from the preparation of the Non-Financial Statement pursuant to article 6, paragraph 1, of Legislative Decree n. 254, dated December 30, 2016.

Rome, March 20, 2023

EY S.p.A.
Signed by: Francesco Chiulli, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

7. Schedules

7.1 Non-financial reporting methodology

The non-financial disclosures have been included in the Directors' Report to highlight the connections among the various financial and environmental, social and governance information in the value creation process. These disclosures are addressed to all stakeholders identified in the Group Code of Ethical Conduct.

As part of the Group's sustainability policies, a Sustainability Manager is in place to provide overall oversight of ESG initiatives within the Private Banking Division. Within this role linking the Private Banking Division's ESG initiatives to those of Intesa Sanpaolo, the Sustainability Manager participates in ESG Control Room activities. The Control Room supports the Management Committee - Business Plan and Sustainability (ESG) Session - of Intesa Sanpaolo in strategic policymaking on ESG themes, exercising operational coordination for the implementation of the most important ESG initiatives and evaluating the opportunity and soundness of new initiatives in that area. Within the Division's Management Committee, the Sustainability Manager also manages the quarterly Sustainability Sessions.

The Integrated Annual Report is available in Italian and English on the Fideuram website. An interactive Annual Report with multimedia information (audio and video aids) is also available on the homepage, supplementing and enhancing the financial reporting with a varied array of external corporate communications.

REFERENCE STANDARDS

Since 2013, the Fideuram Group has reported financial and non-financial information in the Integrated Annual Report. This year's Integrated Annual Report has been prepared on the same basis as last year's, confirming the Group's commitment to transparent performance reporting.

Non-financial information is prepared in compliance with the GRI Sustainability Reporting Standards (GRI Standards) updated in 2021 by the GRI-Global Reporting Initiative. This initiative targets the improvement of comparability between the reporting of GRI-compliant entities by eliminating the two previously reporting options: "*in accordance – core option*" and "*in accordance – comprehensive option*". Instead, it has kept the sole option of reporting *in accordance with* the GRI Standards, which requires entities to satisfy nine requirements. Any entity that does not meet the nine requirements or wishes to report only specific information can, however, report *with reference to* the GRI Standards. Both reporting methods can apply for any entity, irrespective of its size, sector or location.

THE 9 GRI REQUIREMENTS

Requirement 1 - Apply reporting principles: The organisation must apply all reporting principles (Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability Context, Timeliness and Verifiability).	**Requirement 2 - Report information in GRI 2:** The organisation must provide information on reporting practices, activities and workers, governance, strategy, policies and practices, and on the involvement of stakeholders. This information explains the profile and size of the organisation, providing a context for understanding its impact.	**Requirement 3 - Identify material topics:** The organisation must identify its material topics, examine the GRI Industry Standards applicable to the sector in which it operates, and determine if each topic in the relevant Industry Standards is a material topic for itself; it must also list within the GRI content index any topic derived from the Sector Standards considered to have been judged as non-material by the organisation and explain the reason.
Requirement 4 - Report the information required by GRI 3: The organisation must indicate the procedure for determining the material topics, publish the list of material topics using and illustrate how it manages each material topic.	**Requirement 5 - Report the information provided by the GRI Specific Standards for each material topic:** For each material topic, the organisation must report the information of the GRI Specific Standards listed for that given topic or explain the reason for omission.	**Requirement 6 - Present the reasons for omitting information and requirements that the company cannot comply with:** An organisation that cannot comply with a notice or requirement for which reasons for omission are allowed must specify what they are and the reason for omission (Not Applicable, Regulatory Prohibitions, Confidentiality Constraints, Information Unavailable or Partial).
Requirement 7 - Publish the GRI content index: The organisation must publish an index of the GRI contents with title, statement of use, GRI 1 used, relevant Industry Standards, list of material topics, list of topics contained in the Sector Standards that are not relevant and reasons, list of information reported, titles of the GRI Standards and other sources used, list of information omitted, reference numbers of the Industry Standards, location of the information, any reasons for omissions.	**Requirement 8 - Submit a usage statement:** The organisation must include, in the GRI content index, the statement drafting a report in accordance with the GRI Standards for the reference period.	**Requirement 9 - Notify the GRI:** The organisation must notify GRI of the use of the GRI Standards and the statement of use by sending an email to reportregistration@globalreporting.org.

The Group has drawn up this Integrated Annual Report *in accordance with* the GRI Standards in order to keep the principles of conciseness and connectivity of its Integrated Report unchanged. The materiality assessment of sustainability issues lies at the base of the Group's value creation and global wellbeing approach, allowing the Group to focus on reporting the areas of greatest impact to stakeholders. Global society pins prime importance on fundamental issues such as social justice and environmental conditions, with a particular focus on climate change: these issues underpin long-term community wellbeing. In this respect, the Fideuram Group is committed to help create, rather than erode, this value.

The contents of the Integrated Annual Report have been selected based on the principles outlined in the International <IR> Framework 2021 of the IIRC, in the GRI Standards guidelines, and the AA1000APS AccountAbility standard. In particular, the materiality principle was followed to define the topics most material to the Group for reporting purposes, with ESG issues creating significant risks and opportunities. As well as assessing how ESG issues can influence the value creation process (internal impacts), entities must also consider the feedback of potential risk by assessing the ESG impacts of their business on the environment and the community (external impacts). The new standards deal with the materiality analysis through the due diligence process, with a focus on the company's impact - positive or negative, actual or potential. The analysis concentrates on identifying impacts and prioritising them based on their severity, extent and likelihood of occurrence. The GRI Standards explicitly underline the importance of commencing the process of identifying impacts and involving stakeholders in advance of the reporting process in order to make preventive and mitigation actions and the corporate sustainability strategy more effective.

In particular, the concepts the new GRI Standards wished to place at the core of reporting are:

- **Impact**: the effect – real or potential, positive or negative – that an entity may have on the economy, the environment and people, including human rights.
- **Material topics**: identified based on the significance of the impacts on the economy, environment and people, including impacts on their human rights.
- **Due Diligence**: the process through which an entity identifies, prevents, mitigates and addresses negative impacts on the economy, environment and people.
- **Stakeholder**: individuals or groups that have interests that are affected or could be affected (positively or negatively) by an entity's activities.

When implementing the materiality analysis process, the Fideuram Group also took into account the definition of materiality contained in the International <IR> Framework, according to which materiality for the organisation and for its stakeholders is taken to mean the potential to affect, positively or negatively, the ability to create value for the Group.

The principles of stakeholder inclusiveness, sustainability context and completeness were also taken into account in determining the reporting content. The GRI principles (quality of information, pertinence, verifiability, comprehensibility, comparability and fidelity to the nature of the company) were also considered in defining the information quality criteria and the scope of reporting.
In addition, the Group has decided to express its commitment to sustainable development by identifying which Sustainable Development Goals (SDG) of the UN Agenda 2030 it intends to pursue in the course of company operations. In keeping with the Paris Global Climate Conference, the Group has committed itself to monitoring and reporting on greenhouse gas emissions to identify and implement actions to reduce its ecological footprint.

The data and information provided on Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions were prepared in accordance with the international Greenhouse Gas Protocol, and with the guidelines set out in the GRI Standards.

In order to give further impetus to the decarbonisation process, the companies Fideuram Asset Management SGR, Fideuram Asset Management (Ireland) and Asteria Obviam joined the Net-Zero Asset Managers Initiative in October 2021, committing to zero CO_2 emissions by 2050. Moreover, the Fideuram Group adheres to the commitments made by Intesa Sanpaolo by joining the Net-Zero Banking Alliance.

What is a materiality analysis?

A materiality analysis is a formal process through which an entity identifies, evaluates and prioritises ESG topics. In recent years, several standard setters and regulatory bodies have worked to refine the definition of materiality. In particular, the European Commission was the first to introduce the concept of double materiality in the Non-Financial Reporting Directive (Directive 2014/95/EU, "NFRD").

International corporate reporting standards apply diversified approaches to the issue of materiality. Some, such as the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), and the International <IR> Framework focus on the financial materiality of topics that can affect the ability to create business value, while others such as the GRI advise reporting to considering the materiality of topics from a broader impact perspective. In a White Paper published in 2020, the World Economic Forum stated that "an area of focus for investors should be the ability to anticipate issues that could become financially relevant to an industry or company". What is of no financial relevance today can become material tomorrow, a process known as "dynamic materiality". Therefore, entities should be forward-thinking and proactive. They should constantly review their list of material topics to make sure that no topics go unnoticed or are overlooked. They should also be aware of environmental influences that will shape the business environment in the medium/long term.

THE REPORTING PROCESS

The non-financial reporting process is set out in a specific operating guide. All our company departments contribute to drafting the Integrated Annual Report and operate to establish dialogue with stakeholders. Data collection for the report is centralised in the Administration and Reporting Department and implemented by sending specific requests to the different departments involved.

MEASUREMENT SYSTEMS

The indicators used in our non-financial reporting have been chosen in accordance with the reference standard and the results of the materiality analysis process. Almost all the data are direct measurements obtained from accounting data and other information systems, with the exception of a small number of estimates, which are all appropriately identified. To ensure accuracy of measurement and period-on-period comparability in interpreting the indicators, the Group departments have been equipped with appropriate information to ensure the measurement methods are applied correctly. The financial indicators come from the accounting system and are in line with the International Financial Reporting Standards.

PERIOD AND SCOPE OF REPORTING

The non-financial reporting is published annually. The data presented refer to the 2022 financial year and are, where applicable, compared with the previous two years.
The scope of reporting refers to the companies included in the consolidated financial statements, with any limitations appropriately identified. The non-financial data (economic, social, environmental and governance) have been restated as necessary to take the amendments to the scope of consolidation into account and enable comparison of the data for different periods.

MATERIALITY ANALYSIS

The materiality analysis was updated during the year with different perspectives integrated in order to better understand the economic and social topics that impact business and which topics can be impacted - negatively or positively, potentially or actually - by the Group's value creation processes and policies. A list of potentially relevant ESG topics has been prepared and assessed from three different perspectives:

- the stakeholder perspective;
- the internal impact on performance, business and value creation in terms of risks and opportunities;
- the external impact on society and the planet.

The process involved Group management and stakeholders and was carried out in the stages as follows:

1. **A list of issues connected with the entity was identified** in line with the Group's strategic objectives, with a focus on ESG topics. This was achieved by studying topics relevant to the banking sector, by reading internal documentation (minutes of the corporate bodies, Code of Ethics), through a benchmark analysis of the documentation

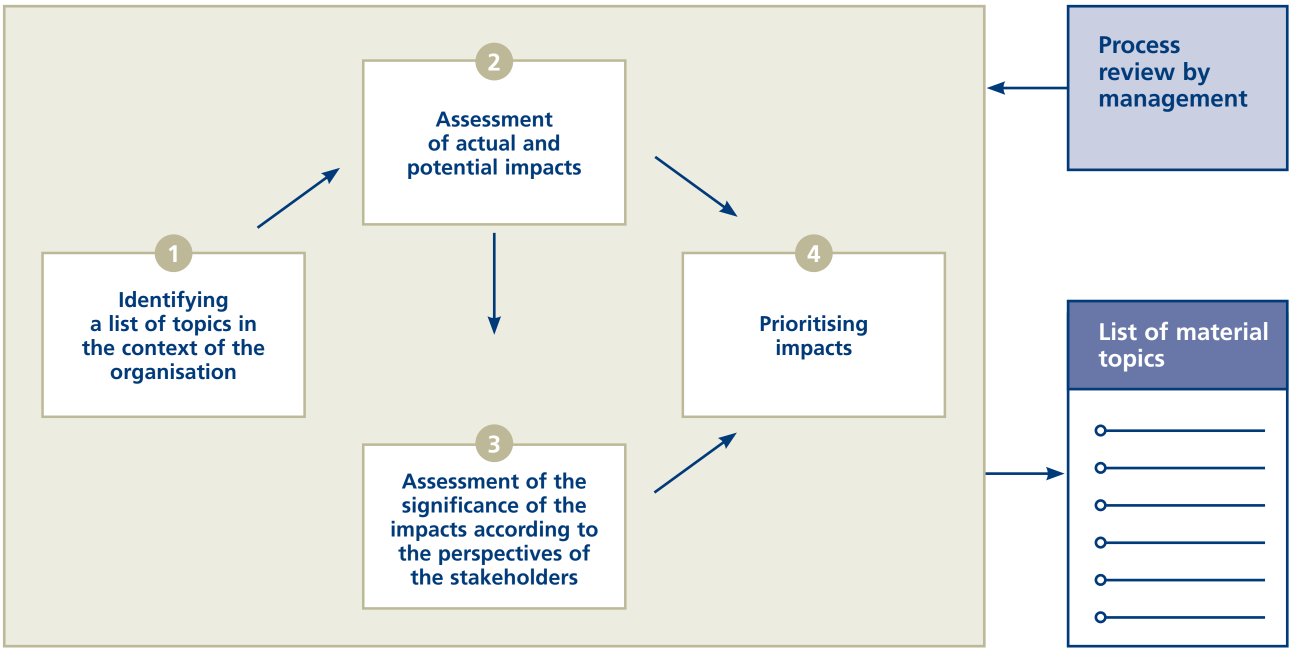
published by the main competitors and comparables, and by reading the Group press review (media search). The materiality assessment must be supported by an exhaustive list of ESG topics covering all potentially areas which are relevant to and which impact the Fideuram Group. For the sake of balance and completeness, a list of topics was prepared that includes all ESG areas relevant in the short, medium and long term for the internal value creation process and for external wellbeing. The different topics were described objectively to avoid preconceptions resulting from routine judgments and to make the analysis more comparable with those of other entities. Priority was given to the impact description, before focusing on the input that generates the impact and on the activities undertaken to make changes, mitigations and improvements.

2. **Actual and potential impacts** were evaluated through an internal assessment. In this phase, the topics identified above were defined according the impacts of its activities and commercial relationships on the economy the environment and people, also including impacts on human rights - whether actual or potential, negative or positive, short or long-term, foreseen or unforeseen, intentional or unintentional, reversible or irreversible.

3. **The significance of impacts according to stakeholder perspectives** was assessed via questionnaires submitted to the Group's management and to a sample of internal and external stakeholders (customers, Personal Financial Advisers, employees, suppliers and the community). Involving stakeholders in the prioritisation process is essential since their feedback is an integral part of defining the strategy, enabling the issues and opportunities that are of importance to them to be exhaustively addressed together, as well as allowing a focus on positively or negatively impacting issues by developing lasting solutions or continuing along the line undertaken but making improvements.
The questionnaire covered 15 material ESG topics and the respondents were asked to assign a materiality (relevance) score of 1 to 7 to each of them from two prospectives: internal impact (how ESG risk and opportunities can influence the value creation process) and external impact (which ESG impacts a company can have on the community and on the environment).

4. **Impacts were prioritised** by comparing the answers to all the questionnaires received from management and stakeholders, then setting a numerical threshold above which the topic should be considered relevant and therefore assessed and delved into as a priority. Furthermore, management conducted a stakeholder prioritisation analysis by assigning a percentage weight to each category of stakeholder interacting with the Group based on the level of influence that the Fideuram Group exercises over them.

5. **Process review by management**
After all the materiality analysis were conducted and summarised, the results were shared, evaluated and reviewed by management.

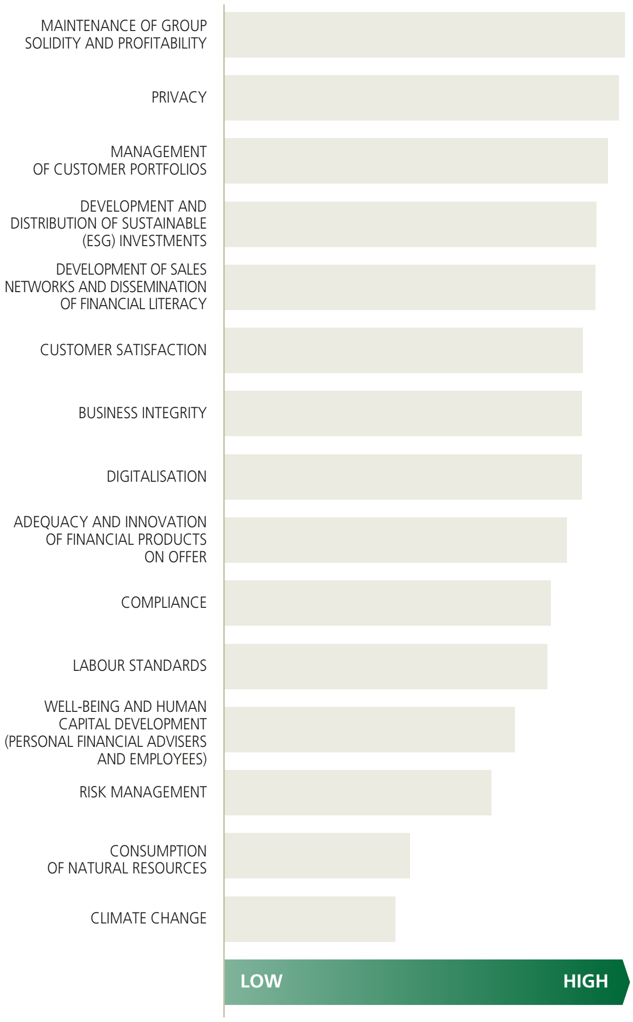


Materiality Analysis Process

The materiality analysis is aimed at contributing to sustainable development by understanding and managing internal and external impacts (positive and negative) in a transparent, continuous and reliable manner. The aim is therefore to share the publication of a report disclosing these most significant data relating to the economic, environmental and social impacts.
The approach considers the material risks and opportunities created by ESG issues from an internal point of view (i.e. how sustainability issues affect the Group's business) and from an external point of view (i.e. how the policies implemented by the Group can affect the community and the environment).

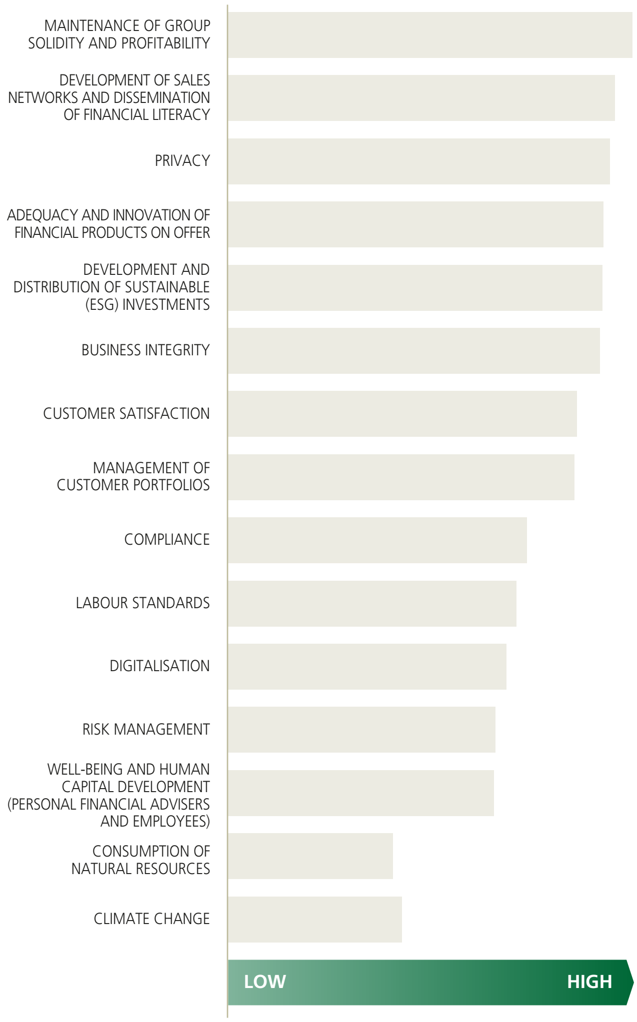
Prioritisation of issues based on an internal impact analysis

The topics with a high internal impact based on their importance, scope, probability and corporate value are listed below, in decreasing order of significance. Specifically, topics such as the maintenance of the Group's solidity and profitability (developed in the subtopics of capital adequacy, tax governance, market competitiveness, contribution to the real economy, contribution to employment and social prosperity) and privacy (IT fraud prevention, adequacy of distribution networks controls, data security, data management and cybersecurity) have been shown to have the most significant impact on the Fideuram Group.



Prioritisation of issues based on an external impact analysis

The topics with a high external impact based on their importance, scope, probability and corporate value are listed below, in decreasing order of significance. Also in terms of external impacts, in first place is the maintenance of the Group's solidity and productivity, together with the development of sales networks and the dissemination of financial literacy (developing consulting services so as to anticipate market requirements, responding promptly and effectively to customer needs, financial education and promotion of a culture for responsible investment management and new tools available to customers).



The materiality matrix below shows the positioning of topics in relation to their priority for the Group and relevance for stakeholders.
The environment in which the Fideuram Group operates is constantly evolving and nowhere is that more true than in ESG issues. Therefore, an analysis has been prepared to continuously engage stakeholders with the aim of managing risks and business opportunities ever more efficiently.

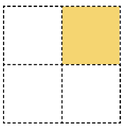
To identify the material issues for the Group, two areas of analysis were therefore considered and proposed for evaluation by the stakeholders:

- issues that may impact the business;
- issues that may be influenced by Group policies.

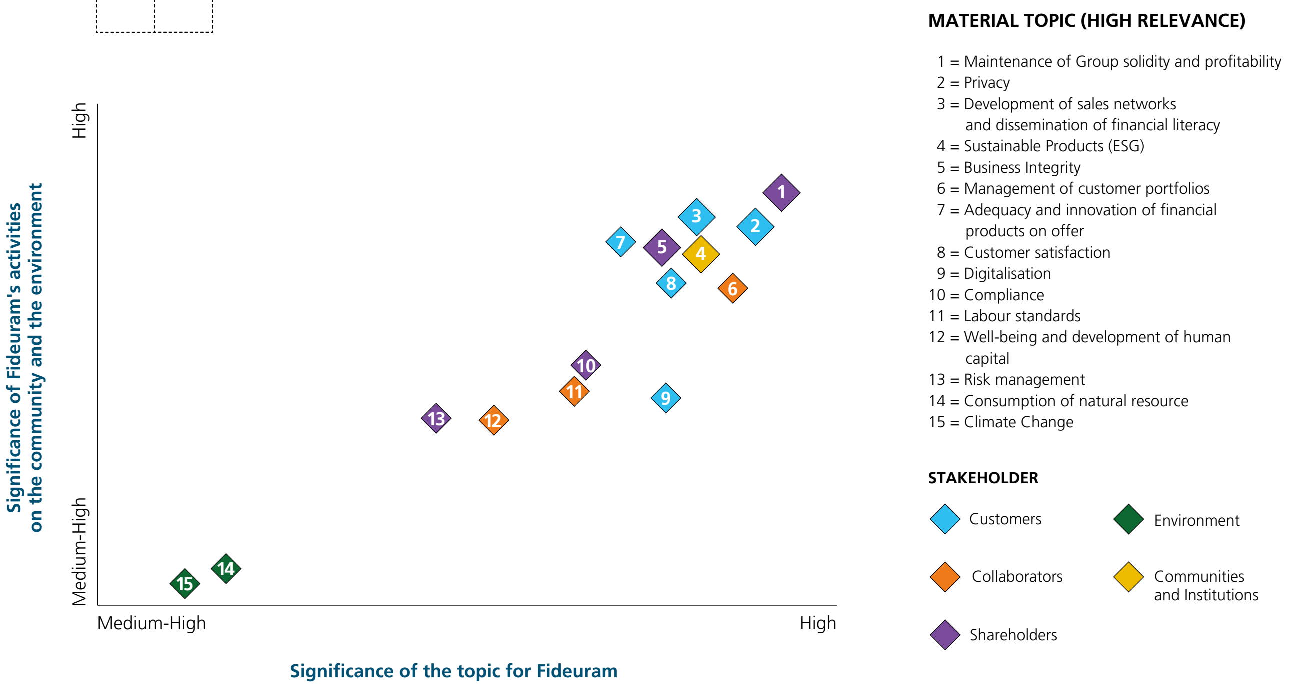
The area between the two variables was divided into bands of increasing materiality for the creation of value and community wellbeing. All topics selected were shown to be relevant due to being positioned in the top right-hand quadrant of the matrix, and it is on these that the Group has prevalently focused its sustainability performance monitoring and reporting in order to create value in the long term.

Material issues are shown such to respond to the "dynamic materiality" concept referred to in the International <IR> Framework. According to this concept, topics that are considered material today may vary in their significance over time, meaning the Group should be supported in dealing with ESG topics with a forward-looking logic which makes it possible to anticipate – even before it comes to mitigating – the impact of possible new risks from an internal and external value creation perspective. The sizes of the squares in the chart are directly proportional to the importance of the individual topics in the value creation process, and were defined in relation to the contribution of each topic to the various different drivers. When implementing the materiality analysis process, the Group was inspired by, among other things, the definition of materiality contained in the International <IR> Framework, according to which materiality for the organisation and for its stakeholders is taken to mean the potential to affect, positively or negatively, the ability to create value for the Group.

Materiality matrix



The materiality matrix below shows the upper right quadrant of the overall matrix; all topics identified as material are placed in this quadrant.



Graphic representation in compliance with the requirements of the GRI Standard 2021.

The table below shows the material topics and their related indicators when they are linked to given GRI Standards aspects. Topics with medium to low materiality for both management and stakeholders (in the lower left quadrant) are not shown in the table.

Table of impact scope of material aspects of the in accordance with GRI Standards option (High relevance)

MATERIAL TOPICS	POTENTIAL/CURRENT IMPACTS GENERATED		IMPACT INSIDE THE ORGANISATION	IMPACT OUTSIDE THE ORGANISATION
	POSITIVES	NEGATIVES		
Maintenance of Group solidity and profitability	- Capital adequacy - Tax Governance - Competitiveness on the market - Contribution to the real economy - Contribution to employment - Social prosperity - Maximisation of value creation processes and related distribution to stakeholders	- Potential failure to comply with capital strength constraints - Potential reduction in value of the organisation, with negative consequences in the area of redistribution of value to stakeholders	Fideuram Group	Customers Supervisory Authority Community
Privacy	- Prevention of computer fraud - Adequacy of controls over the distribution networks - Data security - Data management - Cybersecurity	- Potential breaches of computer systems with data compromise involving confidential information, to the detriment of the organisation and with direct impacts and indirect effects on the external context	Fideuram Group	Customers Community
Development of sales networks and dissemination of financial literacy	- Development of consulting services to anticipate market demands - Prompt and effective response to customer needs - Financial education and promotion of a culture for responsible investment management - New tools available to customers	- Potential failure to respond to customer needs that favours competitors and has negative consequences on business performance - Failure to develop the financial culture of customers, which leads to poor knowledge of the products and a lack of propensity for advanced savings	Fideuram Group Personal Financial Advisers	Customers Supervisory Authority Community
Development and distribution of sustainable (ESG) investments	- Inclusion of ethical, social and environmental criteria in the evaluation of investments (e.g. green bonds, funds and asset management) - Governance of ESG themes - Dissemination of the ESG culture	- Potential reduction of ESG Client Assets with negative repercussions in the economic, environmental, social and governance fields	Fideuram Group Personal Financial Advisers	Customers Community
Business Integrity	- Ethics in the conduct of business - Transparency and clarity in management of decision-making processes - Managing Conflicts of Interest - Remuneration and compensation policies for members of the Board of Directors - Business Codes of Conduct	- Potential cases of non-compliance in the ethical conduct of business with impacts inside and outside the organisation	Fideuram Group	Customers Supervisory Authority Community
Management of customer portfolios	- Transparent management of the customer portfolio - Monitoring of Private Banker-customer relationships - Strengthening retention mechanisms - Focus on customers who are High Net Worth Individuals	- Potential increase in outgoing Personal Financial Advisers turnover - Potential reduction in High Net Worth Individuals customers	Fideuram Group Personal Financial Advisers	Customers Supervisory Authority Community
Adequacy and innovation of financial products on offer	- Adequate cost of financial products in relation to the quality of service offered - Appropriateness of the products offered to the financial literacy of customers - Information provided is understandable and relevant (e.g. prospectuses) - Product and service innovation - Customisation of the product offer in relation to customer needs	- Potential lack of attractiveness of the financial products offered to customers - Potential inadequacy of financial products compared to the competitors' offer	Fideuram Group Personal Financial Advisers	Customers Community

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MATERIAL TOPICS	POTENTIAL/CURRENT IMPACTS GENERATED		IMPACT INSIDE THE ORGANISATION	IMPACT OUTSIDE THE ORGANISATION
	POSITIVES	NEGATIVES		
Customer satisfaction	- Customer satisfaction evaluation of quality of services offered by the Group - Effective management of customer reports and complaints to improve service - Accessibility to services for customers with physical disabilities	- Potential reduction in customers due to an ineffective management of complaints - Potential physical inaccessibility of customers at operating points due to the presence of architectural barriers	Fideuram Group Personal Financial Advisers	Customers Supervisory Authority Community
Digitalisation	- E-banking and services virtualization - Availability of diversified and interactive channels for Bank-customer communications - Banca Diretta Development	- Potential failure to manage the processes of innovation and digital transformation - Potential reduction in customers for the benefit of more digitised competitors	Fideuram Group	Customers Community
Compliance	- Regulatory compliance - Update of the regulatory framework of reference - Anti-money laundering and anti-corruption policies - Anti-collusive and anti-trust policies	- Potential cases of non-compliance with related reputational risks for the organisation - Potential penalties for non-compliance with the law	Fideuram Group	Supervisory Authority Community
Labour standards	- Remuneration policies - Health and safety policies - Freedom of association and collective bargaining - Working conditions - Professional/personal life balance - Job satisfaction - Inclusiveness policies	- Potential negative impacts on the health, safety and well-being of workers - Potential employee dissatisfaction with consequences on work activities - Potential risks of labour law litigation	Fideuram Group Employees	Community
Well-being and human capital development (personal financial advisers and employees)	- Talent attraction - Talent retention activities - Customised training courses - Incentive systems and career paths - Consolidating tools used in advisory services	- Potential increase in outgoing turnover and loss of key knowledge and skills - Lower attractiveness for talent and for new generations	Fideuram Group Employees	Customers Supervisory Authority Community
Risk management	- Monitoring business risks (credit, market, liquidity, operational, legal and tax risks) - Monitoring climate change risks (transitional and physical risk)	- Inadequate risk management with potential significant consequences on business, climate change and in the reputational area	Fideuram Group	Supervisory Authority Community
Consumption of natural resources	- Responsible use and management of natural resources (water, diesel, methane, electricity)	- Potential negative management of natural resources with increasing consumption and negative impacts on the environment	Fideuram Group	Supervisory Authority Community
Climate Change	- Energy efficiency initiatives and supply from renewable sources promoted by the organisation in order to reduce risks related to climate change	- Potential increase in emissions (direct and indirect) with a subsequent negative impact on climate change	Fideuram Group	Supervisory Authority Community

STAKEHOLDER ENGAGEMENT

The Group developed and implemented its stakeholder engagement process adopting the principles set out in the AA1000APS standard developed by AccountAbility (the Institute of Social and Ethical Accountability), which identifies the foundations on which effective stakeholder engagement is built in the following principles:

- **inclusiveness**: promoting stakeholder participation in the development and achievement of an accountable and strategic approach to sustainability;
- **materiality**: determining the relevance and significance of an issue to an organisation and its stakeholders;
- **responsiveness**: an organisation's ability to respond to stakeholder issues, through decisions, actions, results and communication.

A management model has been designed to enable us to monitor the entire engagement process with the objective of adhering to the three principles of the AA1000APS standard. This monitoring extends from the mapping of stakeholders and quality assessment of engagement initiatives to the proposals and weaknesses that emerge, and the action plan resulting from balancing corporate strategy and input from stakeholders.
The stakeholders involved in the materiality analysis process were selected at the end of the phase involving Group Management.

The stakeholders were selected to meet the following requirements:

RESPONSIBILITIES	Parties for whom the Group has responsibilities (legal, financial and operational) that are formalised in regulations, contracts and company policies.
INFLUENCE	Parties that are currently or could in the future be able to influence the Group's decision-making processes. Can include parties who have an informal influence over those with formal decision-making powers.
PROXIMITY	Parties with whom the Group has established long-term relations and parties on whom the Group depends for its day-to-day operations.
REPRESENTATION	Parties that by law or culture and tradition act in a representative capacity for other individuals.
STRATEGY	Parties with whom the Group has entered into direct or indirect relations in line with its policies and strategic choices.

The following stakeholder groups were identified: customers, shareholder, Personal Financial Advisers, employees, suppliers and associations.

7.2 Overview tables of GRI indicators

The following table summarises the GRI indicators (Content Index).

OVERVIEW TABLE OF GRI INDICATORS

Statement of use	Fideuram - Intesa Sanpaolo Private Banking has presented a report in compliance with the GRI Standards for the period from 1.1.2022 to 31.12.2022
GRI 1 used	GRI 1: Core Principles 2021
Applicable GRI Sector Standards	G4 Financial service sector disclosure

GRI STANDARD / OTHER RESOURCES	DISCLOSURE	PARAGRAPH	OMISSIONS			GRI SECTOR STANDARD REF. NO.
			OMITTED DISCLOSURE	MOTIVATION	EXPLANATION	
GENERAL INFORMATION						
GRI 2: General information 2021	2-1 information on the organization	Front Cover (Fideuram - Intesa Sanpaolo Private Banking Group) Group structure Back Cover Ownership structure. Role of the sub-holding				
	2-2 Entities included in the organization's sustainability reporting	Group structure Role of sub-holding company Non-financial reporting methodology: Period and scope of reporting				
	2-3 Reporting period, frequency and point of contact	Sustainability reporting methodology: Period and scope of reporting Date of most recent report: March 2022 The Group at a glance				
	2-4 Changes in reporting	The figures for 2022 were restated on a consistent basis to take account of changes in the scope of consolidation.				
	2-5 External assurance	The Group has obtained a limited assurance engagement for Non-Financial Disclosure relating to the year ending 31 December 2022, consisting of the following sections of the Group's Integrated Annual Report at the same date: - "Chairman's Statement"; "Chief Executive Officer's Statement"; - Chapter 1 "Business Model"; - Section 2.5 "The Group's strategy"; - Sections, 3.3 "Client financial assets", 3.6 "Advanced consultancy", 3.8.1 "Financial capital", 3.8.2 "Productive capital", 3.8.3 "Intellectual capital", 3.8.4 "Human capital", 3.8.5 "Relational capital" and 3.8.6 "Natural capital"; - Chapter 4 "Governance"; - Sections, 7.1 "Methodological note on non-financial reporting", 7.2 "Summary tables of GRI indicators", 7.6 "Statement of determination and distribution of economic value", 7.7 "Disclosure on tax management"				
	2-6 Activities, value chain and other business relationships	Business segments Business model Advanced Advisory Services Suppliers In 2022, there were no significant changes compared with the previous year.				

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GRI STANDARD / OTHER RESOURCES	DISCLOSURE	PARAGRAPH	OMISSIONS			GRI SECTOR STANDARD REF. NO.
			OMITTED DISCLOSURE	MOTIVATION	EXPLANATION	
	2-7 Employees	Employees The calculation is on a per head basis.				
	2-8 Non-employee workers	Personal Financial Advisers The calculation is on a per head basis.				
	2-9 Governance structure and composition	Organizational structure Company administration Internal control system Our commitment				
	2-10 Appointment and selection of the highest governing body	Organisational structure				
	2-11 Chair of the highest governance body	Chairman's Statement Chief Executive Officer's Statement Company administration				
	2-12 Role of the highest governance body in overseeing impact management	Organisational structure				
	2-13 Delegation of responsibility for impact management	Governance Currently, a delegation process has not yet been formalised for social and environmental. However, responsibility for these topics lies with the Board of Directors. Information on other delegation mechanisms is provided in the section on the Fideuram Group.				
	2-14 Role of the highest governance body in sustainability reporting	Governance				
	2-15 Conflicts of interest	Company administration Internal control system Part H - Transactions with related parties				
	2-16 Communication of critical issues	Governance				
	2-17 Collective knowledge of the highest governing body	Governance				
	2-18 Evaluation of the performance of the highest governance body	Governance				
	2-19 Remuneration policies	Remuneration policies Part H - Transactions with related parties				
	2-20 Process for determining remuneration	Remuneration policies				
	2-21 Total annual remuneration index	N/A	2-21	Confidentiality constraints	Confidential information not subject to publication obligations for unlisted companies.	
	2-22 Sustainable Development Strategy Statement	Group Strategy Governance				
	2-23 Political commitments	Governance				
	2-24 Integration of political commitments	Governance				
	2-25 Processes for remediating adverse impacts	Customer feedback Governance				
	2-26 Mechanisms for asking for advice and raising concerns	Customer feedback Governance				
	2-27 Compliance with laws and regulations	Customer feedback Governance In 2022, the Group received 4 fines relating to minor violations of labour laws.				
	2-28 Membership associations	The financial system and other institutions				
	2-29 Approach to stakeholder engagement	Stakeholders Non-financial reporting methodology: Stakeholder engagement				
	2-30 Collective bargaining agreements	Contractual Relations				

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GRI STANDARD / OTHER RESOURCES	DISCLOSURE	PARAGRAPH	OMISSIONS			GRI SECTOR STANDARD REF. NO.
			OMITTED DISCLOSURE	MOTIVATION	EXPLANATION	
MATERIAL TOPICS						
GRI 3: Material Topics 2021	3-1 Material Issue Determination Process	Non-financial reporting methodology				
	3-2 List of material topics	Non-financial reporting methodology				
MAINTENANCE OF GROUP SOLIDITY AND PROFITABILITY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Financial capital Governance Group structure Distribution of customers by geographical area Productive capital In compliance with the Code of Ethics, the Group is committed to observing principles based on values of honesty and integrity in the management of the tax variable, in compliance with tax regulations applicable in countries where the Group operates and to maintain a collaborative and transparent relationship with the tax authorities, also through observing cooperative compliance regimes.				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Stakeholders Distribution of value Group contributions by sector				
	201-4 Financial assistance received from government	Notes to the consolidated financial statements (Section 24 - Other information)				
GRI 202: Market presence 2016	202-1 Ratio of standard basic wages by gender to the local minimum wage	Contractual relations (Employees) Contractual relations (Personal Financial Advisers) Remuneration and incentives Geographical distribution of Networks				
GRI 207: Taxes 2019	207-1 Approach to taxes	Tax management disclosure				
PRIVACY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Intellectual capital Relational capital				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer feedback				
DEVELOPMENT OF SALES NETWORKS AND DISSEMINATION OF FINANCIAL LITERACY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Financial capital Governance Human capital				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Stakeholders Distribution of value Group contributions by sector				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Personal Financial Advisers Employees				
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Development of human resources Network training				
	404-3 Percentage of employees receiving regular performance and career development reviews	Career development				
DEVELOPMENT AND DISTRIBUTION OF SUSTAINABLE (ESG) INVESTMENTS						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human capital The values and history of the Group				
GRI 406: Non-discrimination 2016	406-1 Episodes of discrimination and corrective measures taken	During 2022, a complaint was received regarding violations of the code of ethics.				
Sector-specific guidance for management approach disclosures - G4	Former FS1 Policies with specific environmental and social components applied to the business lines	Sustainable finance				
	FS2 Procedures to assess and verify social and environmental risks in the business lines	Sustainable finance				
	Former FS9 Scope and frequency of audits to assess the implementation of social and environmental policies and risk assessment procedures	Sustainable finance				

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GRI STANDARD / OTHER RESOURCES	DISCLOSURE	PARAGRAPH	OMISSIONS			GRI SECTOR STANDARD REF. NO.
			OMITTED DISCLOSURE	MOTIVATION	EXPLANATION	
BUSINESS INTEGRITY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Suppliers Governance Human capital The Group has solutions in place, implemented by its internal audit units, to monitor compliance with current regulations regarding anti-competitive behaviour, anti-money laundering and embargoes and operates in close collaboration with the relevant authorities to this end.				
GRI 204: Procurement Policies 2016	204-1 Proportion of spending on local suppliers	Suppliers				
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Employees Corruption risk monitoring				
	205-3 Confirmed incidents of corruption and actions taken	No episodes of corruption were reported during the last three years.				
GRI 206: Anti-Competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No legal actions for unfair competition, antitrust or monopolistic behaviour were initiated against the Group over the last three years.				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Personal Financial Advisers Employees Protected categories Board of Directors				
GRI 415: Public Policy 2016	415-1 Political contributions	In accordance with internal policy, political parties and movements and their organisational arms cannot receive donations and sponsorships. The only form of loans that may be made to these types of borrowers is an annual advance on public contributions for the reimbursement of election expenses. No loans were made to political parties and movements in 2022.				
MANAGEMENT OF CUSTOMER PORTFOLIOS						
GRI 3: Material Topics 2021	3-3 Management of material topics	Financial capital Relational capital Intellectual capital Governance				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Stakeholders Distribution of value Group contributions by sector				
GRI 417: Marketing and Labelling 2016	417-3 Incidents of non-compliance concerning marketing communications	No incidents of non-compliance with regulations or voluntary codes on marketing activities, including advertising, promotion and sponsorship, were reported over the last three years.				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer feedback				
Sector-specific supplement Indicators - G4	FS6 Percentage of the portfolio broken down by business lines, specific geographical areas, size (e.g. micro/SME/large) and sector	Client financial assets				
Sector-specific guidance for management approach disclosures - G4	Former FS16 Initiatives to improve financial literacy by type of beneficiary	Promoting financial literacy				

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GRI STANDARD / OTHER RESOURCES	DISCLOSURE	PARAGRAPH	OMISSIONS			GRI SECTOR STANDARD REF. NO.
			OMITTED DISCLOSURE	MOTIVATION	EXPLANATION	
ADEQUACY AND INNOVATION OF FINANCIAL PRODUCTS ON OFFER						
GRI 3: Material topics 2021	3-3 Management of material topics	Relational capital governance				
GRI 417: Marketing and Labelling 2016	417-3 Incidents of non-compliance concerning marketing communications	No incidents of non-compliance with regulations or voluntary codes on marketing activities, including advertising, promotion and sponsorship, were reported over the last three years.				
Sector-specific Indicators - G4	FS14 Initiatives to improve access to financial services by disadvantaged persons	Accessibility of services				
CUSTOMER SATISFACTION						
GRI 3: Material Topics 2021	3-3 Management of material topics	Intellectual capital Relational capital				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer feedback				
Sector-specific Indicators - G4	FS14 Initiatives to improve access to financial services by disadvantaged persons	Accessibility of services				
DIGITALISATION						
Sector-specific Indicators - G4	FS14 Initiatives to improve access to financial services by disadvantaged persons	Accessibility of services Internet sites				
COMPLIANCE						
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance The Group has solutions in place, implemented by its internal audit units, to monitor compliance with current regulations regarding anti-competitive behaviour, anti-money laundering and embargoes. and operates in close collaboration with the relevant authorities to this end.				
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Employees Corruption risk monitoring				
	205-3 Confirmed incidents of corruption and actions taken	No episodes of corruption were reported during the last three years.				
GRI 206: Anti-Competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No legal actions for unfair competition, antitrust or monopolistic behaviour were initiated against the Group over the last three years.				
GRI 415: Public Policy 2016	415-1 Political contributions	In accordance with internal policy, political parties and movements and their organisational arms cannot receive donations and sponsorships. The only form of loans that may be made to these types of borrowers is an annual advance on public contributions for the reimbursement of election expenses. No loans were made to political parties and movements in 2022.				
LABOR STANDARDS						
GRI 3: Material Topics 2021	3-3 Management of material topics	Group structure Distribution of customers by geographical area Financial capital Productive capital Human capital Governance				
GRI 202: Market presence 2016	202-1 Ratio of standard basic wages by gender to the local minimum wage	Contractual relations (Employees) Contractual relations (Personal Financial Advisers) Remuneration and incentives Geographical distribution of Networks				

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GRI STANDARD / OTHER RESOURCES	DISCLOSURE	PARAGRAPH	OMISSIONS			GRI SECTOR STANDARD REF. NO.
			OMITTED DISCLOSURE	MOTIVATION	EXPLANATION	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Personal Financial Advisers Employees				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee healthcare, pensions and services Supplementary pension funds Geographical distribution of Networks				
	401-3 Parental leave	Parental leave				
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Contractual Relations				
GRI 403: Occupational Health And Safety 2018	403-1 Occupational health and safety management system	Health and safety				
	403-2 Hazard identification, risk assessment, and incident investigation	Health and safety				
	403-3 Occupational health services	Health and safety				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health and safety				
	403-5 Worker training on occupational health and safety	Health and safety				
	403-6 Promotion of worker health	Health and safety				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety				
	403-9 Accidents at work	Health and safety				
WELL-BEING AND HUMAN CAPITAL DEVELOPMENT (PERSONAL FINANCIAL ADVISERS AND EMPLOYEES)						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human capital Governance				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Development of human resources Key Performance Indicators				
	404-2 Programs for upgrading employee skills and transition assistance programs	Development of human resources Network training				
	404-3 Percentage of employees receiving regular performance and career development reviews	Career development				
RISK MANAGEMENT						
GRI 3: Material Topics 2021	3-3 Management of material topics	The Group has solutions in place, implemented by its internal audit units, to monitor compliance with current regulations regarding anti-competitive behaviour, anti-money laundering and embargoes, and operates in close collaboration with the relevant authorities to this end.				
GRI 206: Anti-Competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No legal actions for unfair competition, antitrust or monopolistic behaviour were initiated against the Group over the last three years.				

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GRI STANDARD / OTHER RESOURCES	DISCLOSURE	PARAGRAPH	OMISSIONS			GRI SECTOR STANDARD REF. NO.
			OMITTED DISCLOSURE	MOTIVATION	EXPLANATION	
CONSUMPTION OF NATURAL RESOURCES						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital				
GRI 301: Material topics 2016	301-1 Materials used based on weight or volume	Paper				
	301-2 Recycled input materials used	Paper				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy				
GRI 306: Water discharges and waste 2020	306-3 Waste generated	Other consumption - Waste				
	306-4 Waste diverted from disposal	Other consumption - Waste				
	306-5 Waste directed to disposal	Other consumption - Waste				
CLIMATE CHANGE						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital				
GRI 305: Emissions 2016	305-1 Direct emissions (Scope 1) of greenhouse gases (GHG)	Atmospheric emissions				
	305-2 Indirect emissions (Scope 2) of greenhouse gases (GHG)	Atmospheric emissions				
	305-3 Other indirect emissions (Scope 3) of greenhouse gases (GHG)	Atmospheric emissions				
GRI 306: Water discharges and waste 2020	306-3 Waste generated	Other consumption - Waste				
	306-4 Waste diverted from disposal	Other consumption - Waste				
	306-5 Waste directed to disposal	Other consumption - Waste				

ADDITIONAL INDICATORS

INDICATORS	PARAGRAPH
CUSTOMERS	
Customer complaints by type	Customer feedback
Net Promoter Score (NPS)	Customer satisfaction survey
Customer Satisfaction Index (CSI)	Customer satisfaction survey
SHAREHOLDERS	
Rating	Key Performance Indicators
EMPLOYEES	
Education	Employees, education
Number of participants (enrolled) in training activities	Development of human resources
Training by subject matter	Development of human resources
Trade union freedom: days of work absence for trade union reasons	Relationships with trade union organisations
PERSONAL FINANCIAL ADVISERS	
Ratio of customers to Personal Financial Advisers	Personal Financial Advisers
Ratio of Client Assets to Personal Financial Advisers	Personal Financial Advisers
Size of Network distribution structure	Size of Networks
Origin of professionals joining Networks	Size of Networks
Turnover by staff age and gender	Size of Networks
Total number of Personal Financial Advisers by Network, area and geographical distribution, gender and rank, average age and length of service	Geographical distribution of Networks Organisational structure
Training by subject matter	Network training
COMMUNITY	
In-house ESG products for Client Assets	Commitment to sustainable development
Group contributions by sector	The Community
GOVERNANCE	
Composition of the Board of Directors by professional expertise	Governance

7.3 Overview tables of SASB indicators

TOPIC	CODE	REFERENCES
SECTOR - ASSET MANAGEMENT & CUSTODY ACTIVITIES		
Transparent Information & Fair Advice for Customers	FN-AC270a.3	Transparency with customers
Employee Diversity & Inclusion	FN-AC330a.1	Company management Employees
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	FN-AC410a.1	Our commitment
	FN-AC410a.3	Our commitment
Business Ethics	FN-AC510a.1	During 2022, the Fideuram Group was not the subject of any legal action or sanctioning measures in the field of competition. Notes Part E - Information on risk and related hedging policies - Legal and tax risk
Systemic Risk Management	FN-AC550a.1	Notes Part E - Information on risk and related hedging policies - 1.4 Liquidity risk
	FN-AC550a.2	Notes Part E - Information on risk and related hedging policies - 1.4 Liquidity risk
	FN-AC550a.3	Notes Part E - Information on risk and related hedging policies - A. Credit quality
Activity Metrics	FN-AC-000.A	Client financial assets
	FN-AC-000.B	Inflows into managed and non-managed assets
SECTOR - COMMERCIAL BANK		
Financial Inclusion & Capacity Building	FN-CB-240a.4	Customer events Promotion of financial literacy
Business Ethics	FN-CB-510a.1	During 2022, the Fideuram Group was not the subject of any legal action or sanctioning measures in the field of competition. Notes Part E - Information on risk and related hedging policies - Legal and tax risk
	FN-CB-510a.2	Audit

The indicators shown in the table have not been subject to a limited review by the appointed auditor, except for information corresponding to the GRI Standards.

7.4 Basis of preparation of the restated financial statements

The comparative analysis of the balance sheet and income statement figures for 2022 compared to the corresponding balances for 2021 is affected by:

- Fideuram Bank (Luxembourg)s' acquisition of the Luxembourg bank Compagnie de Banque Privée Quilvest;
- the partial demerger in favour of Intesa Sanpaolo Private Banking of the UBI Banca "Top Private Banking" business unit, which is organised for activities and services for high net worth customers and companies;
- the partial demerger in favour of Fideuram of the entire interest held in IW Bank and of the UBI Banca business unit consisting of the units dedicated to service activities for IW Bank, known as the "IWB Service Business unit";
- the acquisition by Fideuram of a 69% stake in the share capital of Reyl & Cie and the simultaneous contribution to Reyl of the entire stake held by Fideuram in Intesa Sanpaolo Private Bank (Suisse) Morval.

In order to allow for a like-for-like comparison and to adequately represent the effects of the aforementioned transactions, the reconciliation of the official balance sheet and income statement and the corresponding restated statements are shown below, obtained by making appropriate adjustments to the historical data to retroactively reflect the changes that occurred during 2021 and 2022, without however 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 profit of non-controlling interests in the restated income statement and in minority interests in the restated balance sheet.

Specifically:

- the balance sheet as at 31 December 2021 has been restated to include, for comparative purposes, the contribution of transactions carried out in 2022;
- the income statement has been restated so as to include in the consolidated results, in both 2022 and 2021, the full contribution of non-recurring transactions including for the portion prior to the acquisition by the Group.

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	31.12.2021 PUBLISHED	CHANGES IN SCOPE OF CONSOLIDATION (*)	31.12.2021 RESTATED
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 measured 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	31.12.2021 PUBLISHED	CHANGES IN SCOPE OF CONSOLIDATION (*)	31.12.2021 RESTATED
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 year (+/-)	1,101	-	1,101
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**65,276**	**1,633**	**66,909**

(*) Figures relating to the contribution of CBP Quilvest.

Reconciliation between the published consolidated income statement as at 31 December 2021 and the consolidated income statement at 31 December 2021 restated

(€m)

	2021 PUBLISHED	CHANGES IN SCOPE OF CONSOLIDATION (*)	2021 RESTATED
10. Interest income and similar income:	283	24	307
of which: interest income calculated with the effective interest method	*356*	*14*	*370*
20. Interest expense and similar charges	(104)	(8)	(112)
30. Net interest income	**179**	**16**	**195**
40. Fee and commission income	3,069	138	3,207
50. Fee and commission expense	(1,033)	(31)	(1,064)
60. Net fee and commission income	**2,036**	**107**	**2,143**
70. Dividends and similar income	2	-	2
80. Net profit (loss) on trading activities	30	18	48
90. Net profit (loss) on hedging derivatives	(1)	-	(1)
100. Net profit (loss) on sale or repurchase of:	3	-	3
a) financial assets measured at amortised cost	(3)	-	(3)
b) financial assets measured at fair value through other comprehensive income	6	-	6
c) financial liabilities	-	-	-
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	34	-	34
a) financial assets and liabilities measured at fair value	-	-	-
b) other financial assets mandatorily measured at fair value	34	-	34
120. Net interest and trading income	**2,283**	**141**	**2,424**
130. Net impairment for credit risk related to:	6	2	8
a) financial assets measured at amortised cost	4	2	6
b) financial assets measured at fair value through other comprehensive income	2	-	2
140. Gains/losses on contractual changes without cancellation	-	-	-
150. Operating income	**2,289**	**143**	**2,432**
160. Net insurance premiums	-	-	-
170. Other income/expense from insurance activities	-	-	-
180. Operating income from financing and insurance activities	**2,289**	**143**	**2,432**
190. Administrative expenses:	(1,127)	(110)	(1,237)
a) personnel expenses	(462)	(71)	(533)
b) other administrative expenses	(665)	(39)	(704)
200. Net provisions for risks and charges	(62)	(2)	(64)
a) commitments and guarantees	1	-	1
b) other net provisions	(63)	(2)	(65)
210. Depreciation of property and equipment	(54)	(5)	(59)
220. Amortisation of intangible assets	(37)	(3)	(40)
230. Other income/expense	334	10	344
240. Operating costs	**(946)**	**(110)**	**(1,056)**
250. Profit (loss) on equity investments	15	2	17
260. Net fair value gains (losses) on property and equipment and intangible assets	-	-	-
270. Goodwill impairment	-	-	-
280. Profit (loss) on disposal of investments	219	-	219
290. Profit (loss) before tax from continuing operations	**1,577**	**35**	**1,612**
300. Income taxes for the year on continuing operations	(456)	(10)	(466)
310. Profit (loss) after tax from continuing operations	**1,121**	**25**	**1,146**
320. Profit (loss) after tax from discontinued operations	-	-	-
330. Net profit (loss) for the year	**1,121**	**25**	**1,146**
340. Minority interest profit (loss) for the year	(20)	(25)	(45)
350. Parent company interest in net profit (loss) for the year	**1,101**	**-**	**1,101**

(*) Figures relating to the contribution of the UBI Top Private Business unit, IW Bank, the Reyl Group and CBP Quilvest.

Reconciliation between the published consolidated income statement as at 31 December 2022 and the consolidated income statement at 31 December 2022 restated

(€m)

	2022 PUBLISHED	CHANGES IN SCOPE OF CONSOLIDATION (*)	2022 RESTATED
10. Interest income and similar income:	521	5	526
of which: interest income calculated with the effective interest method	*579*	*4*	*583*
20. Interest expense and similar charges	(114)	(3)	(117)
30. Net interest income	**407**	**2**	**409**
40. Fee and commission income	3,068	21	3,089
50. Fee and commission expense	(1,049)	(4)	(1,053)
60. Net fee and commission income	**2,019**	**17**	**2,036**
70. Dividends and similar income	2	-	2
80. Net profit (loss) on trading activities	50	6	56
90. Net profit (loss) on hedging derivatives	4	-	4
100. Net profit (loss) on sale or repurchase of:	1	-	1
a) financial assets measured at amortised cost	-	-	-
b) financial assets measured at fair value through other comprehensive income	1	-	1
c) financial liabilities	-	-	-
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	(71)	-	(71)
a) financial assets and liabilities measured at fair value	-	-	-
b) other financial assets mandatorily measured at fair value	(71)	-	(71)
120. Net interest and trading income	**2,412**	**25**	**2,437**
130. Net impairment for credit risk related to:	(10)	-	(10)
a) financial assets measured at amortised cost	(10)	-	(10)
b) financial assets measured at fair value through other comprehensive income	-	-	-
140. Gains/losses on contractual changes without cancellation	-	-	-
150. Operating income	**2,402**	**25**	**2,427**
160. Net insurance premiums	-	-	-
170. Other income/expense from insurance activities	-	-	-
180. Operating income from financing and insurance activities	**2,402**	**25**	**2,427**
190. Administrative expenses:	(1,213)	(23)	(1,236)
a) personnel expenses	(518)	(16)	(534)
b) other administrative expenses	(695)	(7)	(702)
200. Net provisions for risks and charges	50	-	50
a) commitments and guarantees	(1)	-	(1)
b) other net provisions	51	-	51
210. Depreciation of property and equipment	(57)	(1)	(58)
220. Amortisation of intangible assets	(53)	-	(53)
230. Other income/expense	350	2	352
240. Operating costs	**(923)**	**(22)**	**(945)**
250. Profit (loss) on equity investments	16	-	16
260. Net fair value gains (losses) on property and equipment and intangible assets	-	-	-
270. Goodwill impairment	-	-	-
280. Profit (loss) on disposal of investments	-	-	-
290. Profit (loss) before tax from continuing operations	**1,495**	**3**	**1,498**
300. Income taxes for the year on continuing operations	(428)	(1)	(429)
310. Profit (loss) after tax from continuing operations	**1,067**	**2**	**1,069**
320. Profit (Loss) after tax from discontinued operations	-	-	-
330. Net profit (loss) for the year	**1,067**	**2**	**1,069**
340. Net profit (loss) for the year attributable to non-controlling interests	3	(2)	1
350. Parent company interest in net profit (loss) for the year	**1,070**	**-**	**1,070**

(*) Figures relating to the contribution of CBP Quilvest.

7.5 Basis of preparation of the reclassified financial statements

The balance sheet and income statement as at and for the period ended 31 December 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 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.
- 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	CONSOLIDATED BALANCE SHEET ITEMS – ASSETS	31.12.2022	31.12.2021 RESTATED
Cash and cash equivalents		5,873	4,464
	Item 10. Cash and cash equivalents	*5,873*	*4,464*
Financial assets measured at fair value through profit or loss		618	554
	Item 20. Financial assets measured at fair value through profit or loss	*618*	*554*
Financial assets measured at fair value through other comprehensive income		3,096	3,125
	Item 30. Financial assets measured at fair value through other comprehensive income	*3,096*	*3,125*
Debt securities measured at amortised cost		19,916	20,776
	Item 40. a) (partial) Financial assets measured at amortised cost - Loans and advances to banks - securities	*18,289*	*18,554*
	Item 40. b) (partial) Financial assets measured at amortised cost - Loans and advances to customers - securities	*1,627*	*2,222*
Loans to banks		14,465	20,352
	Item 40. a) Financial assets measured at amortised cost - Loans and advances to banks	*32,754*	*38,906*
	Item 40. a) (partial) Financial assets measured at amortised cost - Loans and advances to banks - securities	*(18,289)*	*(18,554)*
Loans to customers		15,104	14,450
	Item 40. b) Financial assets measured at amortised cost - Loans and advances to customers	*16,731*	*16,672*
	Item 40. b) (partial) Financial assets measured at amortised cost - Loans and advances to customers - securities	*(1,627)*	*(2,222)*
Hedging derivatives		317	32
	Item 50. Hedging derivatives	*317*	*32*
Equity investments		232	238
	Item 70. Equity investments	*232*	*238*
Property and equipment and intangible assets		1,227	1,106
	Item 90. Property and equipment	*391*	*397*
	Item 100. Intangible assets	*836*	*709*
Tax assets		273	191
	Item 110. Tax assets	*273*	*191*
Other assets		1,750	1,621
	Item 60. Adjustments to financial assets subject to macro-hedging (+/-)	*(58)*	*8*
	Item 130. Other assets	*1,808*	*1,613*
Total assets	**Total assets**	**62,871**	**66,909**

RECLASSIFIED BALANCE SHEET ITEMS – LIABILITIES	RESTATED CONSOLIDATED BALANCE SHEET ITEMS – LIABILITIES	31.12.2022	31.12.2021 RESTATED
Due to banks		5,419	4,000
	Item 10. a) Financial liabilities measured at amortised cost - due to banks	*5,419*	*4,000*
Due to customers		50,847	56,306
	Item 10. b) Financial liabilities measured at amortised cost - due to customers	*50,847*	*56,306*
Financial liabilities held for trading		21	30
	Item 20. Financial liabilities held for trading	*21*	*30*
Hedging derivatives		344	730
	Item 40. Hedging derivatives	*344*	*730*
Tax liabilities		177	211
	Item 60. Tax liabilities	*177*	*211*
Other liabilities		1,724	1,729
	Item 50. Adjustments to financial liabilities subject to macro-hedging (+/-)	*(37)*	*(4)*
	Item 80. Other liabilities	*1,723*	*1,686*
	Item 90. Provision for employment termination indemnities	*38*	*47*
Provisions for risks and charges		523	649
	Item 100. Provisions for risks and charges	*523*	*649*
Equity, reserves and equity instruments		2,745	2,218
	Items 120, 140, 150, 160, 170, 180 Equity attributable to owners of the parent company	*2,745*	*2,218*
Equity attributable to non-controlling interests		1	(65)
	Item 190. Equity attributable to non-controlling interests (+/-)	*1*	*29*
	Effect of extraordinary operations	*-*	*(94)*
Net profit		1,070	1,101
	Item 200. Net profit (loss) for the year	*1,070*	*1,101*
Total liabilities	**Total liabilities and shareholders' equity**	**62,871**	**66,909**

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

(€m)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT ITEMS	RESTATED CONSOLIDATED INCOME STATEMENT ITEMS	2022	2021
Net interest income		419	217
	Item 30. Net interest income	*409*	*195*
	- Item 30. (partial) Net interest income PPA IW Private Investments and Fideuram	*10*	*22*
Net profit (loss) on financial assets and liabilities		60	56
	Item 70. Dividends and similar income	*2*	*2*
	Item 80. Net profit (loss) on trading activities	*56*	*48*
	Item 90. Net profit (loss) on hedging derivatives	*4*	*(1)*
	Item 100. Gains (losses) on disposal or repurchase of financial assets	*1*	*3*
	Item 110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	*(71)*	*34*
	- Item 110. (partial) Component of the return on insurance policies for the Networks	*68*	*(30)*
Net fee and commission income		1,980	2,095
	Item 60. Net fee and commission income	*2,037*	*2,143*
	- Item 60 (partial) Soft commission	*(1)*	*(1)*
	- Item 110. (partial) Component of the return on insurance policies for the Networks	*(9)*	*5*
	- Item 190. a) (partial) Component of staff expenses relating to fee and commission income	*(39)*	*(43)*
	- Item 190. b) (partial) Component of administrative expenses relating to fee and commission income	*(8)*	*(9)*
Net interest and trading income		**2,459**	**2,368**
Profit on equity investments and other income (expense)		17	23
	Item 230. Other income/expense	*353*	*344*
	Item 250. Profit (loss) on equity investments	*16*	*17*
	- Item 230. (partial) Recovery of indirect taxes	*(333)*	*(338)*
	- Item 230. (partial) Component of the returns on insurance policies for the Networks	*(19)*	*-*
Net operating income		**2,476**	**2,391**
Personnel expenses		(484)	(470)
	Item 190. a) Personnel expenses	*(534)*	*(532)*
	- Item 190. a) (partial) Component of staff expenses relating to fee and commission income	*39*	*43*
	- Item 190. a) (partial) Integration expenses	*10*	*19*
	- Item 190. a) (partial) Charges related to extraordinary disbursement in favour of personnel	*1*	*-*
Other administrative expenses		(284)	(285)
	Item 190. b) Other administrative expenses	*(702)*	*(705)*
	- Item 60 (partial) Soft commission	*1*	*1*
	- Item 190. b) (partial) Integration expenses	*23*	*23*
	- Item 190. b) (partial) Costs related to banking system	*53*	*49*
	- Item 190. b) (partial) Component of administrative expenses relating to fee and commission income	*8*	*9*
	- Item 230. (partial) Recovery of indirect taxes	*333*	*338*
Depreciation and amortisation		(81)	(76)
	Item 210. Depreciation of property and equipment	*(59)*	*(59)*
	Item 220. Amortisation of intangible assets	*(53)*	*(40)*
	- Item 220. b) (partial) Integration expenses	*13*	*11*
	- Item 220. (partial) Intangible amortisation Client Assets PPA Reyl, IW Private Investments, UBI Top Private business unit and CBP Quilvest	*18*	*12*
Net operating expenses		**(849)**	**(831)**
Net operating income (expenses)		**1,627**	**1,560**
Net impairment of loans		(12)	3
	Item 130. Net impairment for credit risk	*(10)*	*8*
	Item 200. a) Provisions for commitments and guarantees issued	*(1)*	*1*
	- Item 130. a) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at amortised cost - Debt securities	*(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	*-*	*(2)*
	- Item 130. b) (partial) Net impairment/reversal of impairment for credit risk (Effect of allocation of acquisition costs)	*-*	*(4)*

Continued overleaf >>

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RECLASSIFIED CONSOLIDATED INCOME STATEMENT ITEMS	RESTATED CONSOLIDATED INCOME STATEMENT ITEMS	2022	2021
Net provisions for risks and charges and net impairment of other assets		12	(37)
	Item 200. b) Net provisions for risks and charges	*51*	*(64)*
	Item 110. (partial) Component of the return on insurance policies for the Networks	*(40)*	*25*
	- Item 130. a) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at amortised cost - Debt securities	*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	*-*	*2*
Net non-recurring income (expenses)		(1)	219
	Item 280. Profit (loss) on disposal of investments	*-*	*219*
	- Item 190. a) (partial) Charges related to extraordinary disbursement in favour of personnel	*(1)*	*-*
Gross income (loss)		**1,626**	**1,745**
Income taxes for the year on continuing operations		(464)	(507)
	Item 300. Income taxes for the year on continuing operations	*(430)*	*(466)*
	- Item 300. (partial) Tax impact on integration expenses	*(10)*	*(16)*
	- Item 300. (partial) Tax impact on costs related to the banking system	*(17)*	*(16)*
	- Item 300. (partial) Tax impact on PPA Reyl, IW Private Investments, UBI Top Private business unit, Fideuram and CBP Quilvest	*(7)*	*(9)*
Integration and voluntary redundancy expenses (net of tax)		(36)	(37)
	- Item 190. a) (partial) Integration expenses	*(10)*	*(19)*
	- Item 190. b) (partial) Integration expenses	*(23)*	*(23)*
	- Item 220. b) (partial) Integration expenses	*(13)*	*(11)*
	- Item 300. (partial) Tax impact on integration expenses	*10*	*16*
Effects of purchase price allocation (net of tax)		(21)	(22)
	- Item 30. (partial) Net interest income IW Private Investments and Fideuram	*(10)*	*(22)*
	- Item 130. b) (partial) Net impairment/reversal of impairment for credit risk (Effect of allocation of acquisition costs)	*-*	*4*
	- Item 220. (partial) Intangible amortisation Client Assets PPA Reyl, IW Private Investments, UBI Top Private business unit and CBP Quilvest	*(18)*	*(12)*
	- Item 300. (partial) Tax impact on PPA Reyl, IW Private Investments, UBI Top Private business unit, Fideuram and CBP Quilvest	*7*	*8*
Expenses regarding the banking system (net of tax)		(36)	(33)
	- Item 190. b) (partial) Costs related to banking system	*(53)*	*(49)*
	- Item 300. (partial) Tax impact on costs related to the banking system	*17*	*16*
Net profit (loss) attributable to non-controlling interests		1	(45)
	Item 340. Minority interest profit (loss) for the year	*1*	*(45)*
Net profit	**Item 350. Parent company interest in net profit (loss) for the year**	**1,070**	**1,101**

7.6 Value Added Statement

The Group's Value Added Statement shown below has been prepared using the income statement figures from the 2022 Consolidated Financial Statements. These figures have been reclassified following the guidelines of the Italian Banking Association (Associazione Bancaria Italiana - ABI), updated on 24 October 2019, which comply with the Global Reporting Initiative's guidelines.

The statement prepared using these reclassified figures breaks the economic value added down into three main components:

- Wealth created;
- Value distributed;
- Economic value retained by the Group.

Value Added Statement (*)

(€m)

FINANCIAL STATEMENT ITEMS		2022	2021
10.	Interest and similar income	526	307
20.	Interest expense and similar charges	(117)	(112)
40.	Fee and commission income	3,089	3,206
50.	Fee and commission expense (not including expenses for Personal Financial Advisers Networks)	(149)	(156)
70.	Dividends and similar income	3	2
80.	Net profit (loss) on trading activities	56	48
90.	Net profit (loss) on hedging derivatives	4	(1)
100.	Net profit (loss) on sale or repurchase of:	1	3
	a) financial assets measured at amortised cost	-	(3)
	b) financial assets measured at fair value through other comprehensive income	1	6
	c) financial liabilities	-	-
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	(71)	34
	a) financial assets and liabilities measured at fair value	-	-
	b) financial assets mandatorily measured at fair value	(71)	34
130.	Net impairment for credit risk related to:	(10)	8
	a) financial assets measured at amortised cost	(10)	6
	b) financial assets measured at fair value through other comprehensive income	-	2
140.	Gains/losses on contractual changes without cancellation	-	-
160.	Net insurance premiums	-	-
170.	Other income/expense from insurance activities	-	-
230.	Other income/expense	352	344
250.	Profit (loss) on equity investments (profit/losses from sales)	-	-
260.	Net fair value gains (losses) on property and equipment and intangible assets		-
280.	Profit (loss) on disposal of investments	-	219
320.	Profit (loss) after tax from discontinued operations		-
A.	**Total Wealth created**	**3,684**	**3,902**
190.b	Other administrative expenses (net of indirect taxes, gifts/donations and charges for termination provisions and deposit guarantees)	(312)	(315)
	Value distributed to suppliers	**(312)**	**(315)**
190.a	Personnel expenses (including Personal Financial Advisers Networks)	(1,383)	(1,498)
	Value distributed to employees and Personal Financial Advisers	**(1,383)**	**(1,498)**
340.	Profit (loss) for the year attributable to non-controlling interests	1	(45)
	Value distributed to third parties	**1**	**(45)**
	Profit distributed to shareholders	(900)	(701)
	Value distributed to shareholders	**(900)**	**(701)**
190.b	Other administrative expenses: indirect taxes	(337)	(341)
190.b	Other administrative expenses: charges for termination provisions and deposit guarantees	(53)	(47)
300.	Income taxes for the year on continuing operations (for the portion for current taxes, changes in current taxes from previous periods and the reduction in current taxes for the year)	(464)	(425)
	Value distributed to Central and Branch Administration	**(854)**	**(813)**
190.b / 220.	Other administrative expenses /Other income (expense): donations and gifts	-	(1)
	Value distributed to community and environment	**-**	**(1)**
B.	**Total Value distributed**	**(3,448)**	**(3,373)**
C.	**Total Value retained**	**236**	**529**

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

7.7 Disclosure on tax management

In compliance with the Code of Ethics, the Group is committed to managing its tax affairs with honesty and integrity, complying with the tax regulations applicable in the countries where it operates and dealing cooperatively and transparently with the tax authorities, including by adhering to cooperative compliance schemes. Fideuram is particularly attentive to developments in domestic and international tax regulations aimed at countering tax erosion and profit-shifting and is constantly committed to those regulatory principles.
The Group has strengthened its Tax Control Framework in such a way that it monitors strategically significant tax risk and meets the requirements to access the cooperative compliance scheme introduced in Italy by Legislative Decree 128/2015. Group companies Fideuram (in 2018) and Intesa Sanpaolo Private Banking, Fideuram Asset Management SGR and Siref Fiduciaria (in 2020) also joined the scheme.
This regulatory scheme enables companies and tax authorities to jointly assess situations likely to generate tax risks by maintaining constant, preventive contact with the aim at resolving potential disputes in before they arise.

The Fideuram Group's tax strategy is delivered through fiscal conduct principles which ensure compliance with the tax regulations of the countries where it operates over time and which protect its capital and reputation. In particular, guidelines have been set up to ensure that tax is uniformly managed across all Group companies, grounded in the correct and timely determination and settlement of all statutory taxes and fiscal obligations and the mitigation of tax risk. This refers to the risk of operating in breach of tax regulations or counter to the principles or purposes of the tax system in the various jurisdictions in which the Group operates both due to exogenous factors (mainly interpretative uncertainty caused by ambiguity or a lack of clarity in tax regulations) and endogenous factors (typically, the incorrect and/or untimely fulfilment of mandatory requirements, failure to detect new regulations that affect taxation and the conducting of transactions that may be challenged as abusive by tax authorities). The guiding principles are:

- Corporate responsibility - the Group's tax management actions are guided by the values of honesty and integrity, in full awareness that tax revenues are one of the key drivers behind economic and social development in the countries where it operates.
- Legality - the Group's conduct is geared towards complying with the tax regulations applicable in each country where it operates and interpreting those regulations in a way that facilitates the responsible management of tax risk.
- Tone at the top - the Board of Directors takes the Group's tax conduct principles on board and ensures they are applied at Fideuram. In doing so, the Board assumes responsibility for disseminating a corporate culture grounded in the values of honesty and integrity and the principle of legality.
- Relationship - the Group maintains a cooperative and transparent relationship with the tax authority and provides it with a full understanding of the facts underlying the application of tax regulations.

The tax conduct principles are adopted and have been approved by the Board of Directors of each group company. Each company adhering to the scheme has also approved the Guidelines for Managing Tax Risk under the Internal Revenue Service's Cooperative Compliance Scheme, which regulate the criteria and processes the company must put in place to ensure that its Tax Control Framework and Policies are adequate and effective.

(€m)

	Number of employees	Revenues from sales to third parties	Revenues from intra-group transactions or with other tax jurisdictions	Profit/loss before tax	Taxes on operating income	Property and equipment	Taxes on income of companies paid based on the cash criterion
Italy	3,462	1,647	789	1,076	362	360	73
Outside Italy	551	657	(238)	504	96	33	44
Total	**4,013**	**2,303**	**551**	**1,581**	**458**	**393**	**117**

The figures shown are for the 2021 tax year. The Fideuram Group also uses data collected for Country by Country Reporting, which was introduced into Italian tax legislation (by Article 1 para 145 of Law 208/2015) in line with the OECD's Base Erosion and Profit Shifting (BEPS) project. This report must be sent to the local tax authorities no later than 12 months after the close of each tax year ("OECD CbCR").

8. Glossary

Additional Tier 1 capital (AT1): comprised of equity instruments other than ordinary shares (which are included in CET1) that comply with the regulatory requirements for inclusion in this tier of own funds (such as savings shares). A series of items are then subtracted from the foregoing amount.

Advisor: financial adviser who assists companies involved in corporate finance transactions. Their tasks include providing advisory services and preparing valuations.

Alternative investment: alternative investments are generally characterised by certain innovative elements compared to traditional investments. These innovative elements may concern the asset class of the investment (considered to be alternative) or the investment strategy used.

American Option: an option that may be exercised at any time before and not only at the expiry date of the option.

Amortised cost: differs from cost in providing for the cumulative amortisation of the difference between the value at initial recognition of an asset or liability and its nominal value using the effective interest rate method.

Asset allocation: procedure adopted by an asset manager that consists in distributing a portfolio across a variety of financial instruments in different investment markets.

Asset class: these represent the categories into which the various types of financial instruments are divided, according to the specific details (e.g. legal nature, their implicit risk factors, market behaviour, etc.).

Asset Liability Management (ALM): body of techniques that enables the integrated management of financial statement assets and liabilities, typically used for measuring interest rate risk.

Asset management: the activity of managing and administering assets on behalf of customers.

Asset management company: a joint stock company under Italian law with registered office and general management in Italy that is authorised to provide collective asset management and individual portfolio management services for third parties, together with any other services and activities provided for by the relevant laws and regulations in force.

Associazione Bancaria Italiana (ABI): the association that represents, defends and promotes the interests of the Italian banking and financial system.

Associazione fra le Società italiane per Azioni (Assonime): the association representing Italian joint stock companies of all kinds (industrial, financial, insurance and service companies). Its mission is to contribute to building a regulatory system that is favourable to economic activity, to interpret, adapt and apply legislation for effective operation of the market and, lastly, to assist member companies in their application of the law.

Associazione Italiana Private Banking (AIPB): Association of Private Banking operators that numbers Italy's leading operators amongst its members. AIPB's members include Banks and Banking Groups, Associations, Universities, Research Centres, Asset Management Companies and Advisors who share their expertise to establish, develop and extend private banking culture at the service of high net worth individuals.

Associazione Nazionale Consulenti Finanziari (ANASF): advocates and provides continuing professional development and information for financial advisors, supporting their interests in tax, legal, contractual and pension matters, while also offering specialist consultancy services.

Assogestioni: Italian association of fund managers that represents Italy's leading asset management companies and a large number of banks and insurance companies offering discretionary accounts and complementary social security. A number of non-Italian asset management companies operating in Italy are also members. Assogestioni's various activities include drawing up a ranking of mutual funds.

Assoreti: association of banks and investment companies that provide advisory support regarding investments, as defined in article 1, subparagraph 5, f), of Italian Legislative Decree No. 58 of 24 February 1998, acting through their own financial advisors authorised to offer products and services outside company premises. The association's purpose is to research and follow developments in the legislation, maintain constant contact with the relevant institutions and provide statistical processing of data that enables analysis of the development of the sector.

Audit: the body of activities for monitoring company processes and accounting, carried out both by internal departments (internal audits) and by independent auditors (external audits).

Backtesting: historical testing to assess the reliability of asset portfolio risk source measurements.

Bancassurance: the offer of insurance products through a bank's branch network.

Bank of Italy: a public-law institution that acts in the general interest in the monetary and financial sector, maintaining price stability, the stability and effective operation of the financial system and undertaking other duties assigned by Italian law.

Banking Book Taxonomy Alignment Ratio (BTAR): the ratio that assesses how the bank's activities contribute to the EU's climate objectives based on the extent to which the bank finances environmentally sustainable activities.

Banking book: the portion of a bank's holdings, and securities holdings in particular, that is not held for trading purposes.

Banking direct inflows: deposits by and bonds issued by banks.

Banking indirect inflows: debt securities and other instruments received by the bank for custody, management or in relation to the management of equity investments.

Basel II: the common name for the Capital Accord which came into effect on 1 January 2007.
The Accord is based on three "pillars":
- Pillar 1: while the objective of a minimum capital requirement of 8% of risk-weighted assets remains unchanged, a new system of rules was developed for measuring typical banking and financial sector risks (credit risk, counterparty risk, market risk and operational risk) that provides for alternative calculation approaches with different levels of complexity and offers the option, following prior authorisation by the Regulator, of internally-developed approaches.
- Pillar 2: requires banks to adopt processes and tools that equip them with an Internal Capital Adequacy Assessment Process (ICAAP) that is appropriate for every type of risk, including forms other than those covered by the minimum capital requirement (first pillar), for the purposes of assessing current and prospective risk in a manner that takes strategies and developments in the reference scenario into account. The Supervisory Authorities are tasked with examining the ICAAP process, formulating an overall judgement and specifying appropriate corrective measures where necessary.
- Pillar 3: introduces obligations regarding the publication of information on capital adequacy, risk exposure and the general characteristics of the systems in place for identifying, measuring and managing risk.

Basel III: set of reforms drawn up by the Basel Committee on Banking Supervision following the 2007-2008 financial crisis with the aim of improving the existing capital adequacy framework for the banking sector (Basel II), the effectiveness of supervision and the ability of intermediaries to manage the risks they assume.

Basel Committee: international forum for regular periodic cooperation on banking supervisory matters with two main objectives: to disseminate and enhance understanding of key supervisory issues and to improve the quality of banking supervision worldwide.

Basis point: unit of measurement for interest rate spread or changes in interest rates, equal to one hundredth of a percentage point. Example: If rates rise from 9.65% to 9.80%, they have risen by 15 basis points.

Benchmark: financial parameter or indicator or financial instrument with characteristics that brokers consider sufficiently representative to be adopted as a reference for understanding whether a financial instrument with similar characteristics has performed better or worse than the benchmark over a given period.

Best practice: generally speaking, identifies a way of doing something that may be considered representative of the best level of knowledge and its implementation within a given technical and/or professional area.

Bid-ask spread: the difference between the prices quoted for an immediate sale and an immediate purchase of a given financial instrument or group of financial instruments.

Board of Directors company body responsible by law for the management of a company and the direction of its business.

Board of Statutory Auditors: internal supervisory body in joint stock companies.

Bond: a security in the form of a loan contracted between a legal person and members of the public that incorporates two rights: the right to repayment of the nominal value upon maturity and the right to the payment of interest on the amount (coupon). Bonds pay interest, calculated in relation to the nominal value, that can be fixed, floating or index-linked, which is to say linked to price indices or reference rates using specific mechanisms.

Borsa Italiana S.p.A.: the private company managing the organisation and operation of Italy's financial markets.

Branches: the bank's area branches.

Broker: a financial intermediary who executes their customers' instructions to buy and sell for which they receive payment in commission that is usually stated as a percentage of the value of the transaction.

Budget: the planned future costs and income of a company.

Bund: a long-term government bond issued by the German government.

Buono del Tesoro Poliennale (BTP): acronym of Treasury Bonds with a long-term maturity, a medium-to-long-term government bond issued by the Italian Ministry of Economy and Finance to finance public debt, which pays a fixed-rate yield.

Business model: the system of inputs, added-value activities and outputs by means of which an organisation creates and preserves value in the short, medium and long term.
From the point of view of financial reporting, it is a driver that guides, together with the SPPI test, the classification of financial instruments in the categories provided for by the accounting standard IFRS9. The objective of the business model is to reflect the ways in which groups of financial assets are managed to generate cash flows.

Call option: an option contract that, upon payment of a premium, gives the buyer the right to buy a given asset at a price set by the contract (exercise price or strike price) on or by a given date.

Capital: the assets forming the inputs in an organisation's business model, which are used, improved, consumed, changed or influenced through its activities in the process of creating value.

Cash Generating Unit (CGU): a cash generating unit is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.

Certificates: investment certificates are financial instruments that can have the contractual characteristics of derivatives that are linked to the performance of an underlying asset. The purchase of a certificate gives the investor the right to receive a sum linked to the value of the underlying asset at a given date. In certain cases, an option may provide the investor with partial or total protection of the premiums paid irrespective of the performance links stipulated in the contracts.

Client Assets (CA) these 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.

Collateral: pledge of financial instruments or cash offered as security by a borrower to a lender that the lender can take possession of or sell on the market if the borrower defaults on their obligations. Collateral provides banks with a guarantee, in relation to their market counterparties, of the successful conclusion of the transactions in progress and of future transactions, effectively releasing the risk profile of its investments from considerations connected with the counterparty risk.

Commissione Nazionale per le Società e la Borsa (CONSOB) - Italian National Commission for Listed Companies and the Stock Exchange: an entirely autonomous administrative body with the status of a legal person and the object of promoting the protection of investors' interests and of ensuring the effective operation, transparency and growth of the Italian securities market.

Common Equity Tier 1 Capital - CET1: as defined by the new regulatory provisions for banks set out in European Union Regulation No. 575/2013 (Capital Requirements Regulation or CRR) and by Directive 2013/36/EU (Capital Requirements Directive CRD IV), which implement the standards developed by the Basel Committee on Banking Supervision (Basel III) in the European Union. CET1 is calculated as the algebraic sum of ordinary shares issued by the Bank that meet the classification criteria for regulatory purposes, the share premium deriving from the issue of the instruments included in CET1, profits carried forward, revaluation reserves and other reserves.
A series of items are then deducted from the foregoing amount (e.g. anticipated losses, equity investments, deferred tax assets), which moreover benefit from the allocation mechanism and, in the transitional period, gradual application through the phase-in arrangements.

Common Equity Tier 1 ratio (CET1 ratio): comprised of Common Equity Tier 1 capital (CET1) plus additional Tier 1 capital (AT1).

Community Directives: European Union legislative instruments directed at member states, which are obliged to achieve the objectives specified in the directives, and in turn issue implementation legislation for application within each individual state.

Compound interest: percentage of principal formed when accrued interest is added to the principal and generates interest in its turn.

Core Business: principal business towards which company strategies and policies are directed.

Corporate Customers: customer segment made up of medium and large enterprises (mid-corporate and large corporate).

Corporate Governance the body of rules and regulations that govern the life of a company, in particular with respect to the transparency of its documents and company minutes, and to the completeness of the information it provides the market.

Corporate Social Responsibility (CSR): is the voluntary integration of social and environmental matters in a company's business operations and stakeholder relations.

Cost/Income ratio: the financial ratio of net operating expenses to net operating income. One of the key ratios showing the efficient running of a bank. The lower it is, the higher the efficiency.

Counterparty risk: the risk of a potential loss due to a counterparty failing to meet their contractual obligations.

Country risk: set of economic, financial and political factors that may make it difficult to obtain the repayment of debts contracted by trusted foreign customers irrespective of their individual solvency.

Country Risk Premium (CRP): premium for country risk, a cost of capital component aimed specifically at compensating the risk associated with a given country (which is to say the risk connected with economic, financial, political or currency instability).

Credit risk: the risk that a change in the credit rating of a trusted counterparty with whom a bank has an exposure could generate a corresponding change in value of the credit position.

Customer Satisfaction Index (CSI): this is an indicator that measures customer satisfaction with regard to the company.
The CSI is based on a simple question to the customer to see what assessment they attribute to the company: from 1 to 10 where 10 is the highest and 1 the lowest.

Default: the situation in which it is impossible for a party to meet their contracted financial obligations.

Deficit: a situation in which spending exceeds revenue. A Public Deficit is when the difference between government revenue and spending forms a public debt.

Deposit Guarantee Scheme: one of the three pillars of the euro area banking union, this was set up in 2014 to meet the challenges of fragmentation in the European financial market. Bank deposits of up to €100k are protected using a single guarantee fund.

Depository bank: a bank providing third parties with a custody and administration service for assets (cash and financial instruments) under management with an asset management company. In the case of mutual funds and pension funds, the depository bank also acts in a supervisory role with respect to the work of the asset management company, regarding both respect for the fund regulations and the correct accounting of the transactions conducted and calculates the Net Asset Value (NAV).

Derivative: term for a type of financial instrument, the price/return of which is based on the price/return of other assets known as underlying assets, which can be financial instruments, indices, interest rates, currencies or raw materials.

Dividend: amount distributed by a company to its shareholders by way of remuneration for the capital they have invested (risk capital), representing the distribution of net profit for the year.

Donor Advised Fund: is a kind of juridical tool that ensures donors to maintain direction and control powers, while alleviating them from the responsibilities of management and administration. These funds can be created through foundations which already exist and offer to act as philanthropic intermediaries.

Doubtful loan: loan to a party that is insolvent or in a substantially equivalent situation.

Dow Jones: index showing the performance of the New York Stock Exchange.

Duration: financial duration of a security, or its residual life, weighted by the flow of coupons that the security will pay in the future. The duration is generally used to measure investments in bonds. The duration expressed in years and days indicates the date by which the holder of a bond regains possession of the principal initially invested, taking the coupons into account. It is an indicator of the interest rate risk of a bond or bond portfolio.
In its most frequent configuration it is calculated as the average due date of the projected cash flows, weighted for the contribution of the current value of each flow to the price.

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 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.

Earnings per Share (EPS): ratio of net profit to the average number of outstanding shares at period end, net of treasury shares.

E-banking: the use of an electronic network (Internet or similar) that allows customers to carry out a vast range of banking and financial transactions online.

ECB reference interest rates: interest rates set by the Governing Council that reflect European Central Bank monetary policy. Currently they include the minimum bid rate on the main refinancing transactions, the interest rate on the marginal lending facility and the interest rate on the deposit facility of the central bank.

Effective interest rate: the effective interest rate is the rate that discounts the current value of the future cash flows arising from a loan - in relation to both principal and interest - to the amount disbursed inclusive of the costs/income arising from the loan. This method of accounting using financial logic makes it possible to spread the economic effect of costs/income throughout the residual life of the loan.

E-learning: distance training using computer aids.

Emerging markets: the financial markets of developing countries. These markets offer considerable opportunities to obtain high yields, but are characterised by high risk and volatility.

Endorsement credit: operation through which a bank or finance company undertakes to bear or guarantee a customer's debt to a third-party.

EONIA (Euro overnight index average): It is calculated as a weighted average of all overnight unsecured lending transactions in the interbank market, initiated within the euro area by a panel of contributing banks.

ESG: identifies three areas that constitute the concept of social awareness and guide the choices taken by business operators with their investment policies and pursued strategies.

Euribor: reference interbank rate used in European Union countries. It is calculated as the weighted average of the interest rates at which the major banks operating in the European Union grant loans. It is calculated daily and used as a parameter for setting the variable interest rates on loans.

Euro Short-Term Rate (€STR): new rate for loans, also known as Ester. This new index will definitively replace Eonia (Euro Overnight Index Average) to become the official average short-term interest rate of transactions on the European interbank market, i.e. those transactions that need to be settled by the end of the day following the day they were set up.

European Banking Authority (EBA): EU body established by Regulation (EU) No. 1093/2010 made up of representatives of the member states' central banks and supervisory authorities and operating as part of the framework of regulatory activities regarding banking policy. It promotes cooperation and convergence in the financial supervisory practices of the different member states.

European Central Bank (ECB): European Union institution tasked with managing monetary policy in the euro area. Its objective is price stability. The main governing bodies of the ECB are the Governing Council, Executive Board and General Council.

European Commission: executive body of the European Union tasked with the implementation of European Laws (Directives, Regulations and Decisions), and the financial statements and programmes of the European Parliament and Council. It has power of legislative initiative and negotiates international agreements, mainly regarding commerce and cooperation. The President and members of the European Commission are appointed by the member states following the prior approval of the European Parliament.

European Financial Reporting Advisory Group (EFRAG): a committee set up to assist the European Commission with prior technical advice regarding the endorsement of new International Financial Reporting Standards (IFRS).

European Option: an option that may be exercised only at the expiry date of the option.

European Securities and Markets Authority (ESMA): EU body established by Regulation (EU) No. 1095/2010 responsible for safeguarding the stability of the European Union's financial system by ensuring the integrity, transparency, efficiency and orderly functioning of securities markets, as well as enhancing investor protection.

European Stability Mechanism (ESM): financial stability mechanism with a maximum lending capacity of €500bn that provides financial assistance to euro area Member States experiencing or threatened by financing difficulties. The main difference with respect to the earlier European Financial Stability Facility (EFSF) regards private sector involvement. The ESM is able to provide loans, buy government bonds on the primary and secondary markets and recapitalise banks, albeit not yet directly.

European Union (EU): currently made up of 27 members, the European Union is governed by five institutions: the European Parliament, the European Council, the European Commission, the Court of Justice and the Court of Auditors.

European Union Regulations: regulations that are directly applicable and compulsory in all member states of the European Union without any national transposition legislation being required.

Exchange rate risk: the risk that the fair value or future cash flows of a financial instrument could fluctuate as a result of exchange rate fluctuations.

Exchange-traded funds (ETF): mutual funds which track a given market index. The certificates representing units can be traded on regulated markets.
The sole investment objective of an ETF is to passively match the composition and return of a market index (stock market, sector, geographical area, bond market) which is the benchmark. When one of the components of the benchmark changes, the corresponding financial asset in the fund is also changed.

Expected loss: expected loss on lending activities. It has the aim of promptly recognising losses on outstanding loans in the financial statements. The ECL will be calculated according to the stage in which the instruments are classified from the time that they are first recognised, with a time horizon of 12 months (stage 1) or lifetime (stages 2 and 3).

Exposure At Default (EAD): EAD is an estimation of future on-balance sheet and/or off-balance sheet exposure in the event and at the time of a debtor's default.

Fair value: the purchase price for which an asset can be traded or a liability settled in a free transaction between informed and independent parties.

Fair value hedge: a hedge of the exposure to fluctuations in fair value of a recognised asset or liability that are attributable to a particular risk.

Fair value option (FVO): the fair value option permits entities to designate a financial instrument to be measured at fair value. The option can also be exercised for financial instruments that are not derivatives and not held for trading, allowing them to be measured at fair value in the income statement.

Fairness/Legal opinion: opinion provided upon request by experts recognised for their professionalism and competence regarding the congruence of economic conditions and/or the legitimacy and/or technical aspects of a given transaction.

Federal funds rate: short-term interest rate in the United States federal funds market, in which banks excess reserves with the Federal Reserve are traded. Although it is a market rate, the Federal Reserve announces a short-term rate target for its open market transactions, and the effective rate is generally close to this target rate.

Federal Reserve (FED): the Federal Reserve (Bank) or just Fed is the Central Bank of the United States.

Financial instruments quoted in an active market: financial instruments are considered to be listed in an active market when the price quotations representing effective, standard market transactions that have occurred over a normal reference period are readily and regularly available through stock exchanges, dealers, brokers, sector companies, pricing services or authorised bodies.

Financial intermediary: professional figure who provides the public with financial products and services (purchase of equities, granting of loans, provision of payable services and foreign exchange broking).

Financial Stability Board (FSB): international body tasked with monitoring the global financial system in order to develop and promote policies in the interest of financial stability.

Forborne exposures: forborne exposures can be non-performing or performing as follows.
- Non-performing exposures with forbearance measures. These exposures can be an item under doubtful loans, unlikely to pay or non-performing past due or overdue loans. They do not represent a category of non-performing assets of their own.
- Forborne performing exposures.

Forward: forward contracts on interest rates, exchange rates or stock market indices, generally traded in Over The Counter markets, in which the conditions are stipulated when the contract is agreed but performance occurs at a predetermined future date, through the receipt or payment of differentials calculated with reference to parameters that differ depending on the subject of the contract.

Front-end fees: fees paid by customers when signing a contract and when making any subsequent payments.

FTSE MIB: the principal benchmark index for the Italian equity markets. The index measures the performance of the 40 most-capitalised Italian shares and seeks to replicate the broad sector weights of the Italian stock market. The FTSE MIB Index is market capitalisation-weighted after adjusting constituents for float.

Funding: obtaining, in various forms, the funds needed to finance company operations or specific financial transactions.

Futures: standardised forward contracts with which the parties commit to exchanging assets or commodities at a predetermined price on a future date. These contracts are as a rule traded on regulated markets, where their performance is guaranteed. In practice, futures on assets often do not involve the physical exchange of the underlying asset.

Gain: positive economic amount resulting from the sale of an asset at a higher price than the purchase price.

Global Reporting Initiative (GRI): an independent international organisation with the object of developing and disseminating guidelines for the proper reporting of the three elements of sustainability: the economy, environment and society.

Goodwill: the goodwill paid for the acquisition of an equity investment in a company equals the difference between the purchase price and the corresponding portion of shareholders' equity, for the part that cannot be attributed to the separable assets of the company purchased.

Green Asset Ratio (GAR): a quantitative indicator and tool to show how institutions incorporate sustainability considerations into their risk management, business models, and strategy to set the path toward achieving the Paris Agreement goals. It measures how much of an entity assets are considered "green".

Greenhouse gas emissions: total amount of greenhouse gas emissions produced by an entity.

Gross Domestic Product (GDP): the total value of the end goods and services produced by a country in a given period of time using its own home market input. When calculated at current prices, it is known as nominal GDP, and when calculated at constant prices (base-year prices), it is known as real GDP.

Gross inflows: assets gathered through new business in mutual funds, asset management and life insurance (inflows) gross of payments (outflows) in the same period.

Harmonised mutual funds: open-ended mutual funds able to offer units (shares) to the public with certain investment limits. These limits include the requirement to invest predominantly in quoted financial instruments.

Hedge accounting: rules regarding the accounting of hedging transactions.

Hedge fund: a mutual fund that employs hedging instruments with the aim of achieving a better risk/return ratio. It has no constraints with regard to investment objectives andinvestment instruments and can take positions financed by heavy borrowing.

Hedging: hedging transactions are entered into to cover the risk of undesirable fluctuations in exchange rates, securities, interest rates, commodities, etc.

Holding: a company that has controlling interests in several companies.

Home Banking: banking service for private customers which allows them to use a computer at home and to mobile to execute transactions such as payment instructions and utility payments, to request services such as the issue of new cheque books and to obtain information on their banking situation.

IAS/IFRS: the International Accounting Standards/International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), adopted by the countries of the European Union from 2005 for companies listed on the stock exchange.

Impairment: a financial asset is considered to be impaired when its book value is higher than its estimated recoverable value.

Impairment test: an impairment test is an estimate of the recoverable value (which is the higher of fair value less costs to sell and the value in use) of an asset or group of assets. Pursuant to IAS36, the following must be tested for impairment on an annual basis:
- intangible assets with an indefinite useful life;
- goodwill acquired in a business combination transaction;
- any asset, if there is an indication that it may have suffered a permanent impairment loss.

In the money: expression regarding option contracts. A call option is in the money when the market price is higher than the strike price, whereas a put option is in the money when the market price is lower than the strike price.

Incurred loss: a loss that is already inherent in a portfolio but not yet identifiable at individual loan level. Also known as "incurred but not reported loss". It represents the credit risk inherent in a portfolio of performing loans, and is a basic indicator of the total presumptive adjustments required in the financial statements.

Index-Linked Policies: life insurance policies where the benefit upon maturity depends on the performance of a reference parameter that can be a share price index, a basket of securities or other indicator.

Inflation: phenomenon in which price changes impact on asset purchasing power expressed in nominal terms. Measured statistically by an index regarding a basket of specific goods.

Information system: the system of infrastructures, personnel and procedures used to manage important information for a company. The part of this system which is managed using information technology is generally called the information technology (IT) system.

Initial public offering (IPO): offering to the public of the shares of a company that intends to be listed on a regulated market.

Insolvency: situation in which a debtor is no longer able to meet their financial commitments as they fall due.

Institutional investors: entities such as banks, insurance companies, asset management companies and stockbrokers which invest in securities for professional reasons.

Integrated Report: a document reporting on how the governance, business model and overall vision of an organisation, its operating context, opportunities and risks, strategy and plans for the allocation of its resources, its performance and future prospects contribute to the creation and preservation of value in the short, medium and long term.

Integrated reporting: body of processes and activities through which an organisation communicates its ability to create and preserve value in the short, medium and long term, integrating financial reporting with reporting on strategies, future development plans, risks, opportunities and topics relating to governance and to economic, environmental and social impacts.

Interbank Deposit Protection Fund (IDPF): a deposit guarantee scheme, set up in the form of a private consortium recognised by the Bank of Italy. Its members are Italian banks other than mutual savings banks and its purpose is to guarantee the depositors of member banks for amounts up to €100k. The Fund intervenes in cases of compulsory administrative liquidation or extraordinary administration, following authorisation by the Bank of Italy. The resources for these interventions are provided by the member banks subsequent to the emergence of the crisis affecting the bank (ex post), at the request of the Fund.

Interbank market: a residual money market, offered by banks with excess funds and taken up by banks that need additional funds to meet their liquidity requirements. The introduction of the euro created a single large European interbank market with the Euribor as its reference rate.

Interest: remuneration for principal borrowed.

Interest rate risk: the financial risk to which a bank is exposed as a result of a fluctuation in interest rates, which can be measured in terms of potential changes in future net interest income or in the current value of shareholders' equity (considered as the difference between the current value of interest-bearing assets and interest-bearing liabilities).

Interest Rate Swap (IRS): a contract in which the counterparties agree to exchange cash flows, paying a fixed/floating or floating/floating rate on a given notional principal amount.

International Accounting Standards Board (IASB): the international body responsible for issuing the IAS/IFRS international accounting standards.

International Integrated Reporting Council (IIRC): an international committee whose mission is to create a global framework that integrates financial, environmental, social and governance information in a manner that is clear, concise, cohesive, comparable and able to respond to the complexities of the current socio-economic environment, cohesively integrating different reporting models.
The IIRC merged with the SASB in June 2021, creating the Value Reporting Foundation and in August 2022 the latter was consolidated into the IRS Foundation.

Investment grade: term for a medium-to-high rating of an issuer or bond (higher than S&P Global Ratings BBB and Moody's Baa2). Classifying a financial instrument as investment grade implicitly means it is of medium-to-high quality.

ISIN: a 12-digit alphanumeric code that uniquely identifies the securities in circulation of all member countries of the International Organization for Standardization (ISO).

ISTAT: Italy's National Institute of Statistics, founded in 1926, which produces statistics on all aspects of Italian economic and social life.

Istituto per la Vigilanza sulle Assicurazioni (IVASS) - Italian Insurance Regulator: independent authority that works to ensure the stability of the market and insurance companies, as well as the transparency of insurance products, in the interest of insurees and users in general.

Investment firm: an intermediary authorised to provide investment services including, amongst others, dealing on their own behalf and on behalf of third parties, the receipt and transmission of trading orders, the broking of services and asset management.

Joint venture: agreement between two or more companies to undertake a given business activity, generally by establishing a joint stock company.

Junior bond: in a securitisation transaction, the most subordinated tranche of securities issued and the first to absorb any losses that may be encountered in the process of recovering the underlying assets.

Lease liability: this represents the payable recognised in the lessee's balance sheet for a leasing transaction and is equal to the present value of the instalments due under the lease and discounted at the marginal financing rate of the lessee itself.

Liquidity: convertibility into cash. When liquidity regards an investment, it refers to the potential of that investment to be converted into cash quickly and without difficulty.

Liquidity risk: the risk of an entity encountering difficulties in obtaining the funds to meet the obligations deriving from financial instruments.

Lock-up: period of time during which management and large investors are prohibited from selling their shares.

London Benchmarking Group (LBG): a network of companies committed to measuring and reporting the value and impact of their community investment. The London Benchmarking Group has drawn up a comprehensively-structured reporting model that has become an internationally-recognised standard, widely endorsed by many organisations, including the main sustainability indices (such as the Dow Jones Sustainability Index).

Long position: the market purchase of a security with the expectation that the asset will rise in value on any market.

Loss Given Default (LGD): the estimated share of an asset that is lost if a debtor defaults.

Mark to Market: a process for valuing a portfolio of securities or other financial instruments on the basis of market prices.

Market: a place where demand and supply for one or more goods or services meet, and where this meeting leads to the determination of a price at which sellers are prepared to sell their assets and buyers to purchase them.

Market making: a financial activity carried out by specialist brokers with the aim of ensuring the liquidity and depth of the market, both through their continuous presence and through their function as a competitive guide for determining prices.

Market risk: the risk of losses on balance-sheet and offbalance-sheet positions that could result from unfavourable fluctuations in market prices. The variables that constitute the different types of risks forming market risk are: interest rates (interest rate risk), market prices (price risk) and exchange rates (exchange rate risk).

Materiality: consists in determining the relevance and significance of a topic for an organisation and its stakeholders. A topic is material to an organisation and its stakeholders if it influences their decisions, actions and performance.

Mercato interbancario dei depositi (e-MID - interbank market of deposits): electronic market for trading in interbank deposits operated by the company e-MID S.p.A..

Mercato Telematico Azionario (MTA): the electronic stock exchange division of the Italian stock exchange on which ordinary shares, preference shares, savings shares, convertible bonds, pre-emption rights, warrants, covered warrants and units in closed-ended equity and real-estate funds are traded.

Merger: transaction in which a number of legal entities are replaced with one.

Mezzanine bond: in a securitisation transaction, the intermediate subordinated tranche between the junior tranche and senior tranche.

MiFID (Markets in Financial Instruments Directive): The Markets in Financial Instruments Directive is Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 regarding investment services in the financial instruments sector.

MiFID 2: the new European directive 2014/65/EU on investment services addresses the goal of creating a single market for financial services in Europe, which guarantee complete and fair disclosure to investors, management of potential conflicts of interest, and adequate customer profiling.

Morgan Stanley Capital International All Country World Index (MSCI ACWI): an index measuring the stock performance of principal listed companies worldwide. The vast measurement basis of the index reflects the average situation of stock markets worldwide and provides information on the performance of a hypothetical equity investment on the world market, measured as the weighted average of the performance of the regional markets. The MSCI ACWI is made up of 48 country indices, comprising 23 of securities traded on developed country markets and 25 of securities traded on emerging country markets.

Mutual fund: independent assets in the form of a diversified portfolio of financial assets divided up into units belonging to a large number of holders and managed by a special management company.

NASDAQ (National Association of Securities Dealers Automated Quotation): The US electronic stock exchange for securities which usually have lower capitalisation than those listed on the New York Stock Exchange.

Net Asset Value (NAV): the value per unit (share) of a fund's assets minus its liabilities.

Net inflows: assets gathered through new business in mutual funds, asset management and life insurance (inflows) net of payments (outflows) in the same period.

Net Promoter Score (NPS): this is an indicator that measures the propensity of customers to recommend a product, service or company. The NPS is based on a simple question to the customers to understand to what extent they would recommend the bank to a friend, relative or business partner (depending on the interlocutor). Based on the opinion expressed, respondents are divided into:
- detractors: unhappy customers who could damage the company through negative word of mouth;
- passive customers: satisfied but not devoted customers, who could be influenced by competitors;
- promoters: customers who are loyal to the company and recommend it to other people.

The NPS is calculated by subtracting the percentage of detractors from the percentage of promoters. The result, however, is not expressed in percentage points, but as an absolute number between -100 and +100.

New York Stock Exchange (NYSE): the New York Stock Exchange is the world's largest stock exchange by market capitalisation of its listed companies. The NYSE was founded in 1817 and merged with Euronext in 2007, creating a global capital market that includes the principal European markets.

Nikkei 225: Tokyo stock market index of the top 225 shares listed in the first section of the stock exchange, with the highest capitalisation and liquidity.

Nominal value: for shares is the fraction of share capital represented by a single share. For bonds is the value that the issuer commits to repaying upon maturity and on which the interest is calculated. It does not change over time and is not influenced by the issuer's financial situation. In the case of shares, it can only be changed by means of a change to the Articles of Association and the consequent splitting or consolidation of shares. The nominal value (also known as par value or face value) is not the same as the issue price (shares can be issued for a higher amount than their nominal value, that is to say with a premium, while bonds can not only be issued above par but below par as well); nor is it the same, for shares, as the current value or market value.

Non-financial disclosure: a non-financial disclosure covering environmental, social, human resources and human rights compliance issues, and measures against bribery and extortion. This disclosure, introduced by Legislative Decree 254/2016, is mandatory for all large businesses and groups.

Non-performing loans: loans that show evidence of a possible decline in value (impairment loss) as a result of events occurring after their initial recognition. They include loans that have been given the status of doubtful loans, debtor unlikely to pay loans and non-performing past due loans in accordance with the Bank of Italy rules in line with the IAS/IFRS.

Official reserves: the official reserves held by central banks consist of universally-accepted means of payment, mainly dollars and gold, on which they can draw to finance the import of essential goods in the event of a crisis or to intervene on the foreign exchange market to support their currency.

Online trading: system for trading financial assets on the stock exchange using a computer.

Open market operations: the purchase or sale of government bonds by a country's central bank with the aim of controlling the monetary base of an economy.

Operational risk: the risk of loss arising from inadequate or ineffective internal processes, human resources or systems, or from external events. This definition includes legal risk.

Option: the entitlement but not the obligation, acquired through the payment of a premium, to buy (call option) or sell (put option) a financial instrument at a predetermined price (strike price) by or at a given future date.

Organismo Italiano di Contabilità (OIC - Italian accounting standards body): standards setting organisation for accounting matters in Italy. It issues accounting standards for financial statements for which the application of IAS/IFRS is not mandatory, provides support regarding the application of the IAS/IFRS in Italy and assists Italian lawmakers in the issue of accounting regulations.

Out of the money: said of a call option when the strike price is above the spot price of the underlying asset, and of a put option when the strike price is below the spot price.

Outright Monetary Transaction (OMT): programme launched by the Governing Council of the European Central Bank in 2012. It provides for unlimited purchases, without the subordination of private investors, of short-term government bonds issued by euro area countries which have declared they are in economic difficulty. It requires the submission of a formal request for help to the ESM bailout fund in order to be activated, and that the specified conditions of the intervention be respected in the future.

Outsourcing: use of an outside company to provide goods or services.

Over The Counter (OTC): transactions entered into directly by the parties concerned without using a regulated market.

Overdue loan: loans to parties with loans that are overdue or past due at period end as defined by the related Bank of Italy rules.

Overnight: interbank transaction in which one bank lends money to another bank with the commitment that the loan will be repaid the following day. The interest is also paid upon repayment.

Own funds: in the new regulatory framework, own funds are composed of the sum of Tier 1 capital and Tier 2 capital.

Pay-out Ratio: the percentage of a company's income that is distributed to shareholders in the form of a dividend related to the company's total income.

Pension funds: bodies/management companies (in certain cases with the status of a legal person) which pay out supplementary pension benefits.

Performance: result obtained by a mutual fund over a given period of time. Performance is measured by the increase in value of a unit in the reference period with respect to a benchmark.

Performance fees: recurring fees withheld by an asset management company exclusively on the basis of the performance of the product managed. The percentage charged is usually linked to any increase in the value of a unit with respect to a reference parameter. This reference parameter can be a benchmark or another indicator, such as the rate of inflation, for example.

Performing loan: loan to a party that did not present any specific insolvency risks at period end.

Personal Financial Advisers: a natural person who – as an employee, agent or authorised representative – is professionally engaged in the off-premises offer of financial instruments and/or investment services in accordance, in Italy, with the provisions of the Italian Finance Consolidation Act and the laws and regulations implementing them. The work of a personal financial adviser is carried out exclusively in the interest of a single principal. In order to practice the profession in Italy, a personal financial adviser must be registered in a register kept for the purpose by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB).

Plain vanilla (derivatives): expression identifying financial instruments characterised by their simple, standardised composition. Although this is a relative and not absolute concept, plain vanilla instruments have pre-set characteristics that leave no room for discretion.

Portfolio: the real and financial assets held by an individual investor.

Position: market commitment to buy or sell financial instruments.

Price risk: the risk that the fair value or future cash flows of a financial instrument could fluctuate following fluctuations in market prices (other than the fluctuations caused by interest rate risk or exchange rate risk) arising from factors specific to the individual instrument or to its issuer, or due to factors that influence all similar financial instruments traded on the market.

Pricing: generally speaking, the procedures used to calculate the returns/yields and/or costs of the products and services offered by a bank.

Primary market: complex of underwriting or sale transactions for the issuance of securities to the public.

Prime rate: the interest rate that banks offer for loans to their most important customers. The Prime Rate depends on general market conditions, the availability of reserves and the amount of the loan and can vary from one country to another.

Private Banking: financial services for the global management of private customers' financial requirements.

Prospectus: a document prepared on the basis of templates prescribed by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and approved by it, in which an issuer provides adequate disclosure to investors about the characteristics of an investment and the risks associated with it.

Prudential filters: filters used in calculating own funds that apply corrections to the financial statement items in order to maintain the quality of own funds and reduce any potential volatility that could arise from the application of the IAS/IFRS international financial reporting standards.

PSD2: Directive 2015/2366/EU on payment services promotes the development of an efficient, secure and competitive internal market for retail payments by strengthening user protection, supporting innovation and improving the security levels of services.

Public offer for sale: offering, to the public, of a block of shares by the controlling group, through a placement.

Public offer for subscription: an offer to the public of shares in the process of issue regarding which the old shareholders have waived their pre-emption rights either partially or totally.

Public purchase and exchange offer: a mixed purchase and exchange offering in which shares can be purchased or exchanged with others.

Public Purchase Offer (PPO): transaction by which a substantial number of shares in a listed company is purchased in order to acquire control of said company. The Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) has set the maximum ownership limit for any controlling shareholder at 30%, above which it is obligatory to launch a PPO for the remaining shares on the market.

Put option: an option contract that, upon payment of a premium, gives the buyer the right but not the obligation to sell a given asset at a predetermined price (strike price).

Quantitative easing: in monetary policy, quantitative easing identifies one of the unconventional procedures that a central bank uses to intervene in a country's financial and economic system to increase the cash in circulation through the purchase of government securities or other bonds on the market.

Rating: an assessment of the creditworthiness of a company or of the debt securities it issues on the basis of the financial soundness of the company and of its prospects. This assessment is carried out by specialist agencies.

Rating Agency: independent company that specialises in assigning credit ratings to the issuers of financial instruments. The rating is expressed as a combination of letters and/or digits.

Recession: commonly used to mean an extended decline in Gross Domestic Product (GDP). In economics, this means a decline in GDP for at least two consecutive quarters.

Recurring fees: fees withheld by an asset management company by way of remuneration for their management activities, calculated in relation to the market value of CA.

Repurchase agreement: financial instruments largely consisting in lending agreements in accordance with which the holder sells securities to or buys them from a bank or other financial institution at a predetermined price with a commitment to buy back or resell the same securities at a future date.

Residual public purchase offer: public purchase offer provided for by Italian law to protect non-controlling shareholders against the possibility of shares being delisted or traded irregularly. A shareholder owning more than 90% of the ordinary share capital of a listed company is required to launch a residual public purchase offer.

Retail Customers: a customer segment that principally comprises private individuals, professionals, retailers and the owners of small enterprises.

Return: the total profit on an investment expressed as a percentage of the capital invested.

Return On Asset (R.O.A.): the ratio of net profit to total assets.

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

Right of use asset (RoU asset): this identifies the asset carried on the lessee's balance sheet and corresponds to the value of the right of use of an asset held under a finance lease. The fundamental prerequisites for recognition of the RoU in the balance sheet are the possibility to identify the asset, the right to control its use and enjoy its future economic benefits.

Risk factors: the factors that give rise to the risk of a financial instrument or portfolio (e.g. exchange rates, interest rates etc.).

Risk-free interest rate: the interest rate of a risk-free investment, which is to say an investment where there is no uncertainty regarding the cash flows generated. Risk-free investments are generally identified with short-term high investment grade government securities. The return required of any security can be expressed as the sum of the nominal risk-free rate plus the risk premium.

Risk Management: the acquisition, measurement, evaluation and global management of the various different types of risk and their respective hedging.

Risk-weighted assets (RWA): on and off-balance sheet assets (derivatives and guarantees) classified and weighted in relation to risk ratios in accordance with the banking regulations issued by the supervisory authorities for calculating capital ratios.

Scope 1 emissions: greenhouse gas emissions generated by the head office of an enterprise and by the vehicles owned by that same enterprise.

Scope 2 emissions: greenhouse gas emissions deriving from the consumption of electricity, heating and air conditioning that the company purchases from outsourcers.

Scope 3 emissions: indirect emissions produced by the activity of an organisation (excluding the emissions already counted in Scope 2). This category includes both "upstream" emissions, i.e. emissions deriving from production of the tools that the company needs during its own production process, and "downstream" emissions, i.e. the emissions caused by the goods produced by the company during their life cycle.

Secondary market: market on which previously-issued financial instruments are bought and sold.

Securitisation: transactions in which pools of assets are transferred to a "Special Purpose Vehicle" company and the latter issues securities with different degrees of subordination regarding potential losses on the underlying assets.

Segment reporting: the reporting of financial results by business segment and geographical area.

Senior bond: in a securitisation transaction, the most privileged tranche in terms of priority of payment of principal and interest.

Sensitivity: identifies the greater or lesser sensitivity with which certain assets or liabilities react to changes in rates or other reference parameters.

SEPA: Single Euro Payments Area, comprised of the 27 Member States of the European Union and other countries not belonging to the EU. All traders within this area may make and receive payments in Euro according to harmonised rules, procedures and practices.

Settlement risk: the risk, arising in securities transactions, of the counterparty not fulfilling its obligation to deliver the securities or pay the amount owed after maturity.

Share: a unit of ownership of the share capital of a joint stock company or a partnership company limited by shares. The owner of a share has the status of shareholder. Should the company go into liquidation, repayment of the share capital is made on a residual basis after all the other creditors have been paid.

Share capital: the sum of the nominal values of all the shares issued by a company, corresponding to the capital received from shareholders at its foundation and subsequent changes.

Shareholders' equity: on a company balance sheet, the shareholders' equity is the difference between the assets and liabilities.

Short position: the market sale of a security with the expectation that the asset will fall in value.

Single Resolution Mechanism (SRM): one of the three pillars of the euro area banking union, this was set up in 2014 to meet the challenges of fragmentation in the European financial market. The mechanism provides for a Single Resolution Committee that resolves bank and investment firm crises in the euro area, operating in accordance with harmonised regulations and making use of the Single Resolution Fund.

Single Supervisory Mechanism (SSM): one of the three pillars of the euro area banking union, this was set up in 2014 to meet the challenges of fragmentation in the European financial market. The mechanism grants the European Central Bank a direct supervisory role regarding the major euro area banks, with the objective of ensuring harmonised supervisory criteria.

Società di investimento a capitale variabile (SICAV - open-ended investment company): a mutual fund with the structure of a joint stock company and the exclusive object of investing its assets. In contrast to a mutual fund, in which one owns units, one owns shares in a SICAV. The subscribers of a SICAV are therefore entitled to take part in the Shareholders' Meeting.

Special Purpose Vehicles (SPV): Special Purpose Vehicles are companies that are set up by one or more entities to fulfil a specific objective.

Speculative grade: term for a low rating of an issuer or bond (less than S&P Global Ratings BBB and Moody's Baa2). Classifying a financial instrument as speculative grade implicitly means that it is exposed to high credit risk.

Spin off: this is when part of the assets of a company is separated from it to form a new legal entity.

SPPI test: this is a test used to analyse whether the cash flows of a certain financial instrument represent solely payments of principal and interest. The result of the test, together with the adopted business model, determines the balance sheet classification of the financial instrument pursuant to IFRS9.

Spread: the difference between the interest rates of different securities with the same maturities. Normally used by Banca Fideuram to measure the difference in yield between the tenyear Bund, Germany's ten-year government bond, and Italy's equivalent, the Buono del Tesoro Poliennale (BTP). When the BTP/Bund spread widens it means that the interest the Italian government has to pay market investors rises in comparison with the equivalent German government bond. In practice, it is a measure of Italy's risk compared to Germany, the benchmark country.

Stakeholder: parties who for various reasons interact with the activities of a company, being involved in its results, influencing its performance and evaluating its economic, social and environmental impact.

Stakeholder engagement: the process of exchanging information with, listening to and learning from stakeholders with the intention of building mutual understanding and trust regarding problems of mutual interest. Its value lies in the possibility of combining the achievement of corporate goals with meeting the expectations of stakeholders.

Statutory reserve: the minimum amount that a bank is required to hold in reserves at the National Central Bank. Compliance with this requirement is assessed on the basis of the average daily reserve holdings over a maintenance period.

Stock option: option contracts which grant the entitlement to purchase shares in a company within a predetermined time and at a predetermined price. They are used as a form of supplementary remuneration in bonus and loyalty schemes.

Stress test: a simulation procedure used to measure the impact of extreme market scenarios on the bank's total risk exposure.

Strike price: the exercise price of an option.

Structured security: a security comprising a fixed component which is similar to a normal bond and a derivative component which is similar to an option, linked to the performance of an external factor.

Sub-fund: subdivision of an umbrella fund or SICAV, distinguished by its management characteristics. A sub-fund represents capital that is independent of the asset management company's capital and of all the other funds or sub-funds that it manages.

Sustainability Accounting Standards Board (SASB): international body responsible for issuing standards for financial sustainability reporting.

Sustainability Reporting: the process by which an organisation measures, communicates and takes responsibility for its performance from the standpoint of achieving the objective of sustainable development.

Sustainable Finance Disclosure Regulation (SFDR): new regulatory framework on sustainability in the financial services industry, effective 10 March 2021, adopted by the European Union to create a consistent system of dialogue between industry players and investment customers. The system provides for a classification of products connotated as ESG based on the extent to which sustainability principles and criteria are integrated into their investment objectives or approaches.

Swaps: transactions that generally consist in the exchange of cash flows between operators in accordance with different types of contracts. In the case of an interest rate swap, the counterparties exchange payment cash flows, which may or may not be linked to interest rates, calculated on a notional principal amount (e.g.: one counterparty pays a fixed-rate while the other pays a floating-rate). In the case of a currency swap, the counterparties exchange specific amounts in different currencies, repaying them over time following predetermined procedures, which may regard both the notional principal and the interest-rate-linked cash flows.

Tax rate: effective tax rate, resulting from the relationship between income taxes and income before taxes.

Taxonomy: classification tool provided by Regulation (EU) 2020/852 that allows to identify eco-friendly economic activities.

Technical form: the type of contract used for a given inflow or investment relationship.

Tier 1 capital (T1): ratio between the bank's Common Equity Tier 1 capital and total risk-weighted assets (RWA).

Tier 1 ratio: ratio of the bank's Tier 1 capital to its total risk-weighted assets (RWA).

Tier 2 capital (T2): principally comprised of eligible subordinated liabilities and any excesses of write-downs for anticipated losses (excess reserves) for loan positions risk-weighted following the IRB – Internal Rating Based approach.

Time value: change in the financial value of an instrument in relation to the different time horizon at which given cash flows become available or fall due.

Total Capital Ratio: ratio of own funds to total risk-weighted assets (RWA).

Trading book: the portion of a bank's securities or financial instruments in general that is held for trading purposes.

Underlying instrument: financial instrument that determines the value of a derivative instrument or structured security.

Unit Linked Policies: life insurance policies where the benefits are linked to the value of investment funds. A policy may provide a capital guarantee or guaranteed minimum return.

Unlikely to pay: loans that are not doubtful loans, where the bank assesses the borrower as being unlikely to meet their payment obligations in full (principal and/or interest) without recourse to action such as the enforcement of collateral are classified as "Debtor unlikely to pay".

Value added: the total wealth created by a company and distributed to its stakeholders (community, financial partners, human resources, business partners/shareholders and Local and Government Bodies) or reinvested in the company (undistributed net profit and depreciation allowances). The difference between gross production and the consumption of goods and services.

Value in use: the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value Reporting Foundation (VRF): in June 2021, the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) merged into the Value Reporting Foundation, with the aim of providing investors and companies with a comprehensive framework for corporate reporting using the entire range of drivers of business value and standards to guide the performance of global sustainability.

Value retained: the difference between the Wealth created and the Value distributed, and it is used for productive investments with the aim of enabling economic growth and financial stability, as well as to ensure the creation of new wealth to the benefit of our stakeholders.

VaR: criterion for measuring market risk that follows a probabilistic approach, quantifying the risk in relation to the maximum loss that may be expected with a certain probability, on the basis of historical price fluctuations, with respect to a single position or an entire portfolio of securities for a specific time horizon.

Volatility: statistical indicator for measuring the price fluctuation of a financial instrument with respect to its average price in a given period. The greater the volatility of a financial instrument, the riskier it is.

Wealth created: the economic value generated in the year, which is for the most part distributed to the stakeholders with whom the Group has relations as part of its daily operations.

9. Contact us

Branches and Personal Financial Advisers' Offices

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CBP QUILVEST SUBSIDIARIES

Brussels - Ghent - Luxembourg

(Updated as at 31 December 2022)

The Fideuram Group in a click

The Fideuram Group offers its customers increasingly advanced mobile online services, with information and account management features.

For natural person customers: Fideuram, Sanpaolo Invest and IW Private Investments.

Banking Trading Patrimonio

App Alfabeto Banking, Trading and Patrimonio: available free of charge for smartphones with iOS and Android operating systems, they offer home banking, online trading and asset analysis features, respectively, in a complete way compared to the Alphabet Fideuram web platform.

For Customers subscribing to IW Conto Trader:
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The Intesa Sanpaolo Private App can be downloaded free of charge from the App Store for iPhone and from the Play Store for devices with Android operating system, completing the experience offered by the Internet Banking platform.

Private

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GALLERIE D'ITALIA.
FOUR MUSEUMS, ONE 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 - Milano hosts, in a building of great architectural importance, a significant selection of two hundred 19th century Lombard masterpieces from art collections owned by Fondazione Cariplo and Intesa Sanpaolo, with a dedicated exhibit on 20th century Italian art.

Gallerie d'Italia - Vicenza showcases examples of 18th century art from the Veneto region, including a collection of paintings by Pietro Longhi and the extraordinary sculpture depicting *The Fall of the Rebel Angels*, with more than seventy figures carved from a single block of Carrara marble. It also holds one of the most important collections of Russian icons in the West.

Gallerie d'Italia - Napoli: the new location opened in spring 2022 through a project by Michele De Lucchi – AMDL Circle transforms the spaces of the historic monumental building of the former Banco di Napoli and expands the well-known collection of Neapolitan and southern Italian art to include masterpieces from the 17th to the 20th century, an exhibit of Attic and Magna Graecia pottery and a rich offering of modern and contemporary art.

Gallerie d'Italia - Torino: the recent architectural project designed by Michele De Lucchi - AMDL Circle transforms the spaces of Palazzo Turinetti into a place where photography and video art document and preserve images, events and reflections to promote issues related to the evolution of sustainability. Gallerie d'Italia – Torino is also home to an invaluable collection of Piedmontese works, withpaintings, sculptures, tapestries and furnishings from the 14th to the 18th centuries, including the nine large canvases produced in the second half of the 17th century for the old Oratory of the Saint Paul Company, which has since been destroyed; it also holds the Intesa Sanpaolo Publifoto Archive, which is a collection of more than seven million images from the news as well as political, cultural and social events from the 1930s to the 1980s.

Cover:

Gallerie d'Italia - Torino
Sala Turinetti
Piazza San Carlo 156, Turin
Inside the new museum complex
Project by AMDL CIRCLE and
Michele De Lucchi
Photo: DSL Studio

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