FIDEURAM
INTESA SANPAOLO
PRIVATE BANKING

Integrated Annual Report 2023

PAPERLESS
REPORT

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.

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About this Report

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.

"Integrated Reporting is a form of corporate communication that presents financial and sustainability reporting from the perspective of value creation."

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 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.

Our identity

Fideuram as 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.

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.

2023 Fideuram introduced the digital financial advisory service Fideuram Direct and started a partnership in asset management with Man Group.

WHO WE ARE

With approximately €360bn 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.

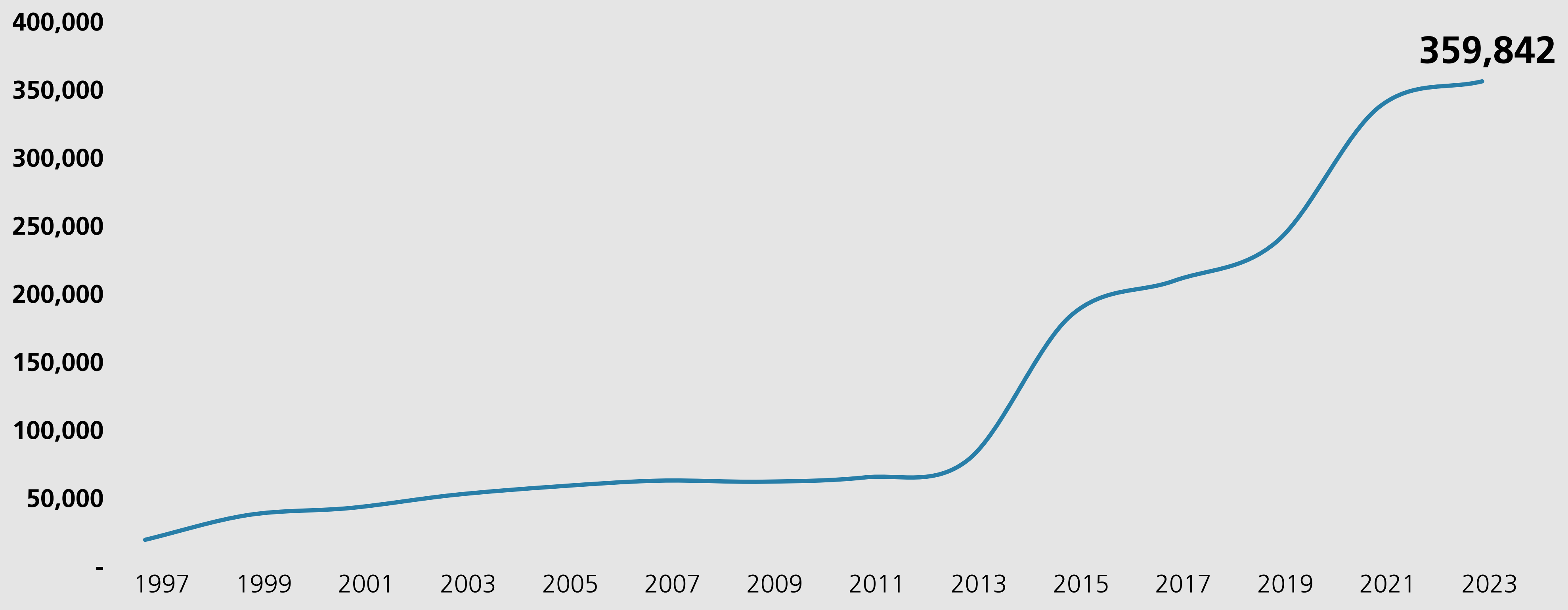
WHERE WE ARE

The Group has a strong local presence throughout Italy, with 257 Bank Branches and 394 Personal Financial Adviser Offices. The Group also operates abroad with 6 bank branches and 8 Personal Financial Adviser offices.
With 10 HNWI Centres and 6 Wealth management units, the Group is structured to accommodate High Net Worth Individuals.
Abroad, the Group is present in Switzerland, the United Kingdom, Singapore, the United Arab Emirates and Argentina through the Swiss banking group Reyl & Cie and in Luxembourg and Belgium with the Luxembourg-based private bank Intesa Sanpaolo Wealth Management.

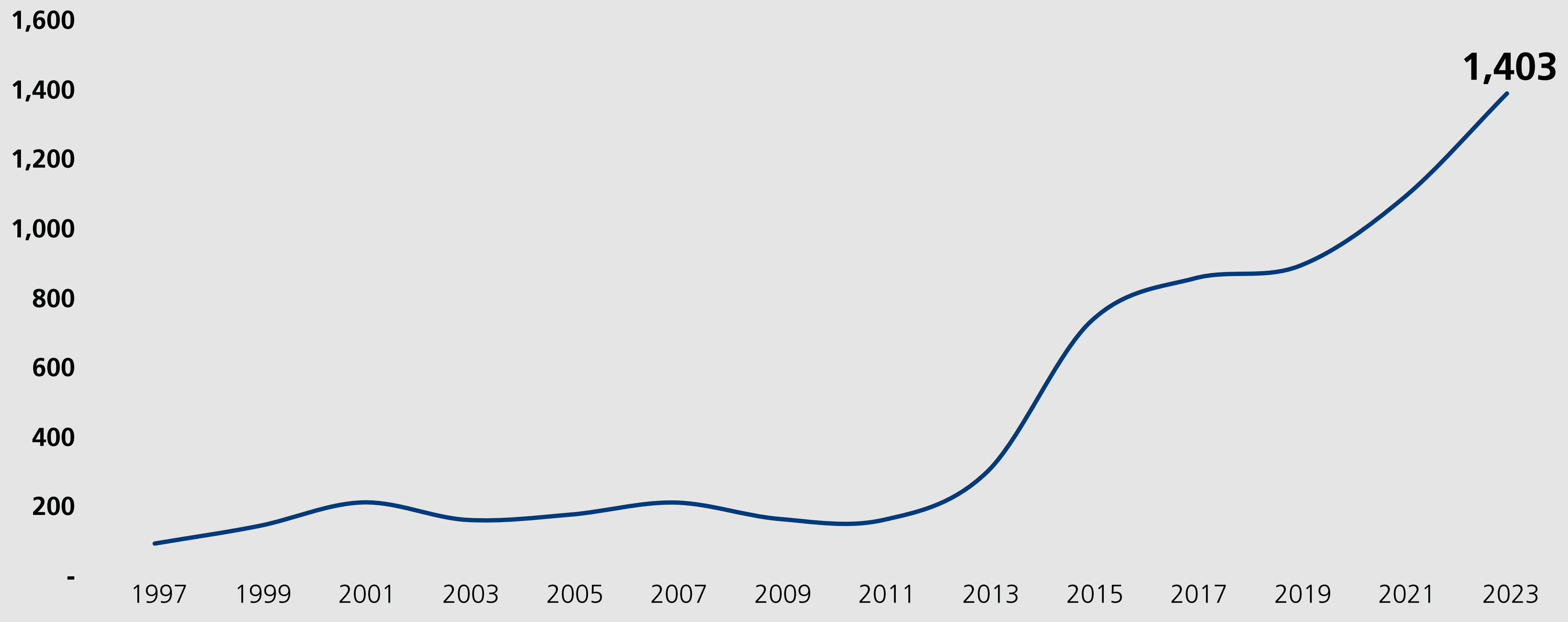
TOGETHER, HORIZONS NOT BORDERS

We have captured 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.

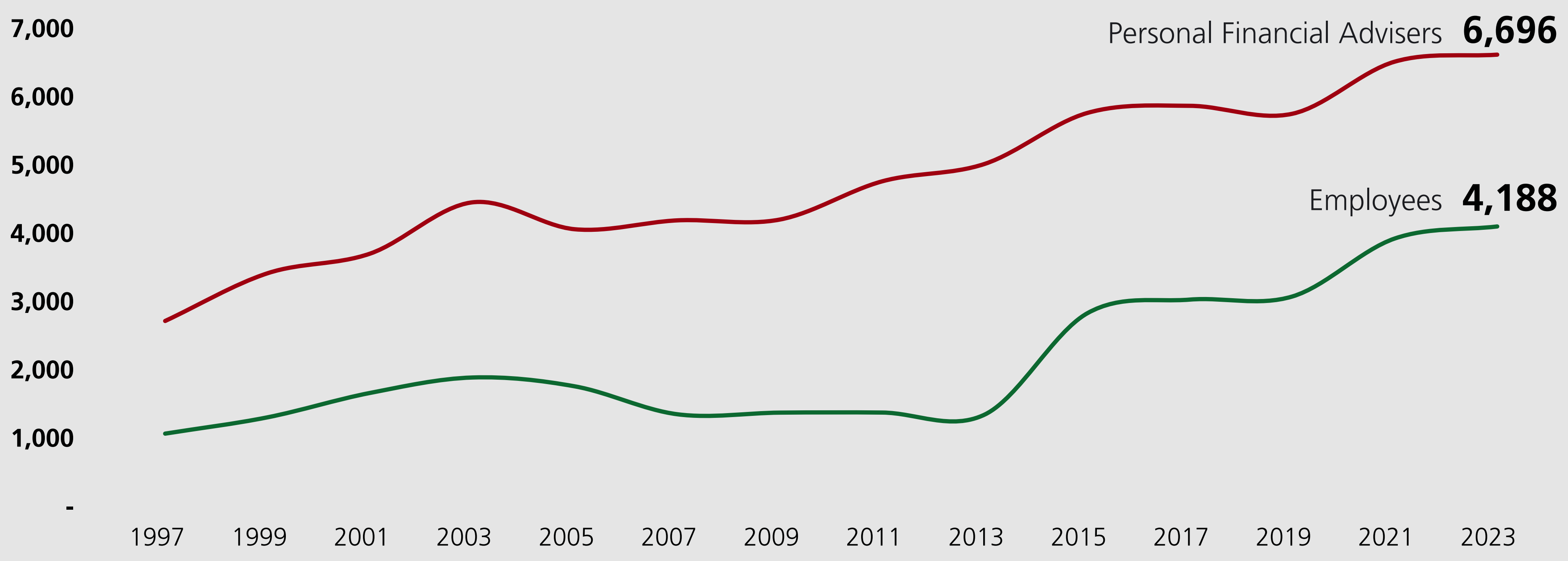
Client Assets (€m)



Net profit (€m)



Personal Financial Advisers and Employees (no.)



Our awards

Oscar di Bilancio 2023
59° EDIZIONE

MILANO FINANZA BANKING AWARDS

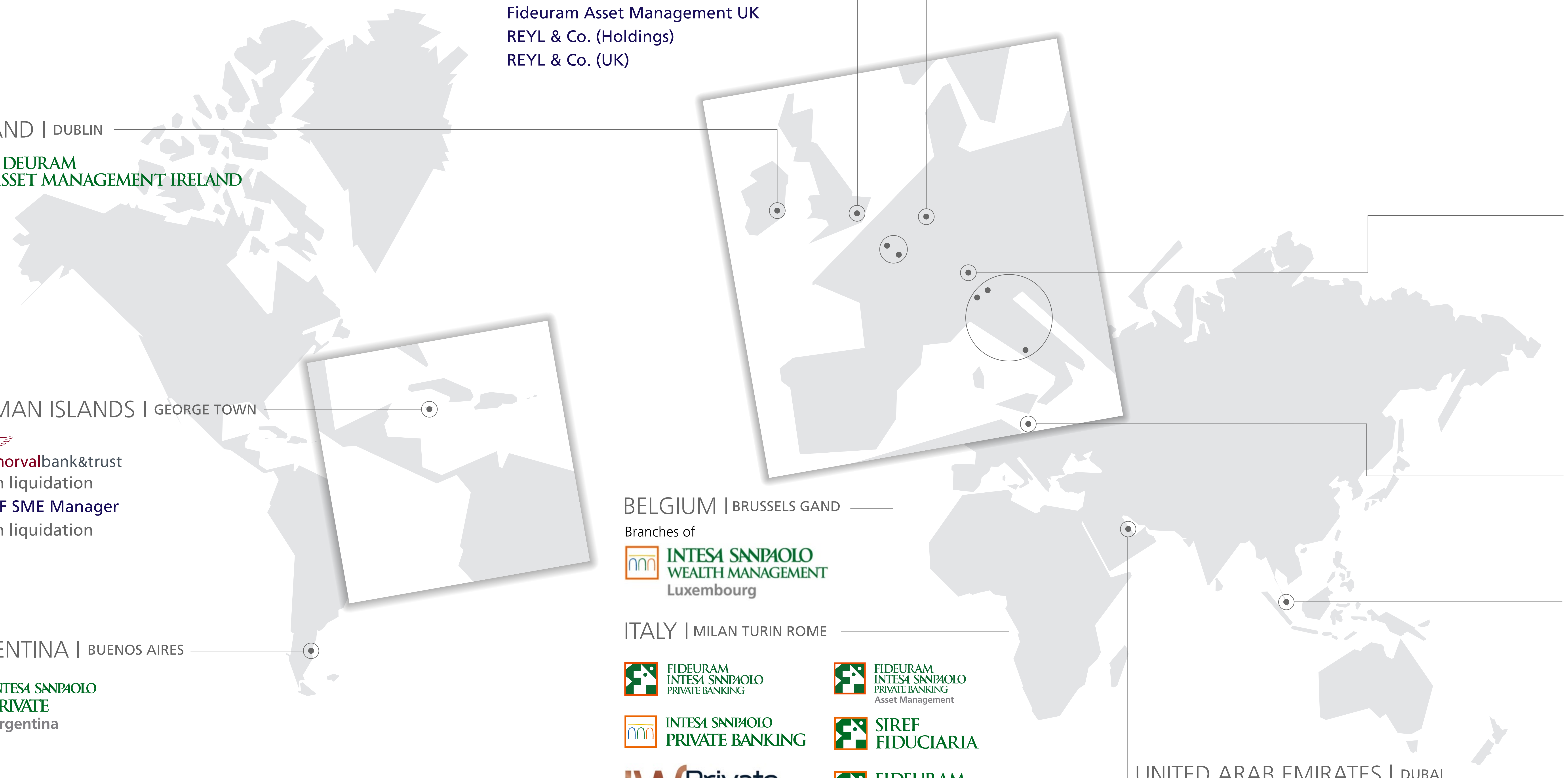
EUROMONEY GLOBAL PRIVATE BANKING AWARDS 2023

PRIVATE BANKING AWARDS 2023

CITYWIRE SELECTOR AWARDS 2023

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:



IRELAND | DUBLIN

FIDEURAM ASSET MANAGEMENT IRELAND

CAYMAN ISLANDS | GEORGE TOWN

morvalbank&trust in liquidation

IIF SME Manager in liquidation

ARGENTINA | BUENOS AIRES

INTESA SANPAOLO PRIVATE Argentina

UNITED KINGDOM | LONDON

Fideuram Asset Management UK
REYL & Co. (Holdings)
REYL & Co. (UK)

BELGIUM | BRUSSELS GAND

Branches of INTESA SANPAOLO WEALTH MANAGEMENT Luxembourg

ITALY | MILAN TURIN ROME

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

UNITED ARAB EMIRATES | DUBAI

REYL Finance (MEA)

LUXEMBOURG | LUXEMBOURG

INTESA SANPAOLO WEALTH MANAGEMENT Luxembourg
CBP Quilvest PE Fund
Gap ManCo
Iberia Distressed Assets Manager
REYL Private Office

SWITZERLAND | GENEVA ZURICH SARNEN

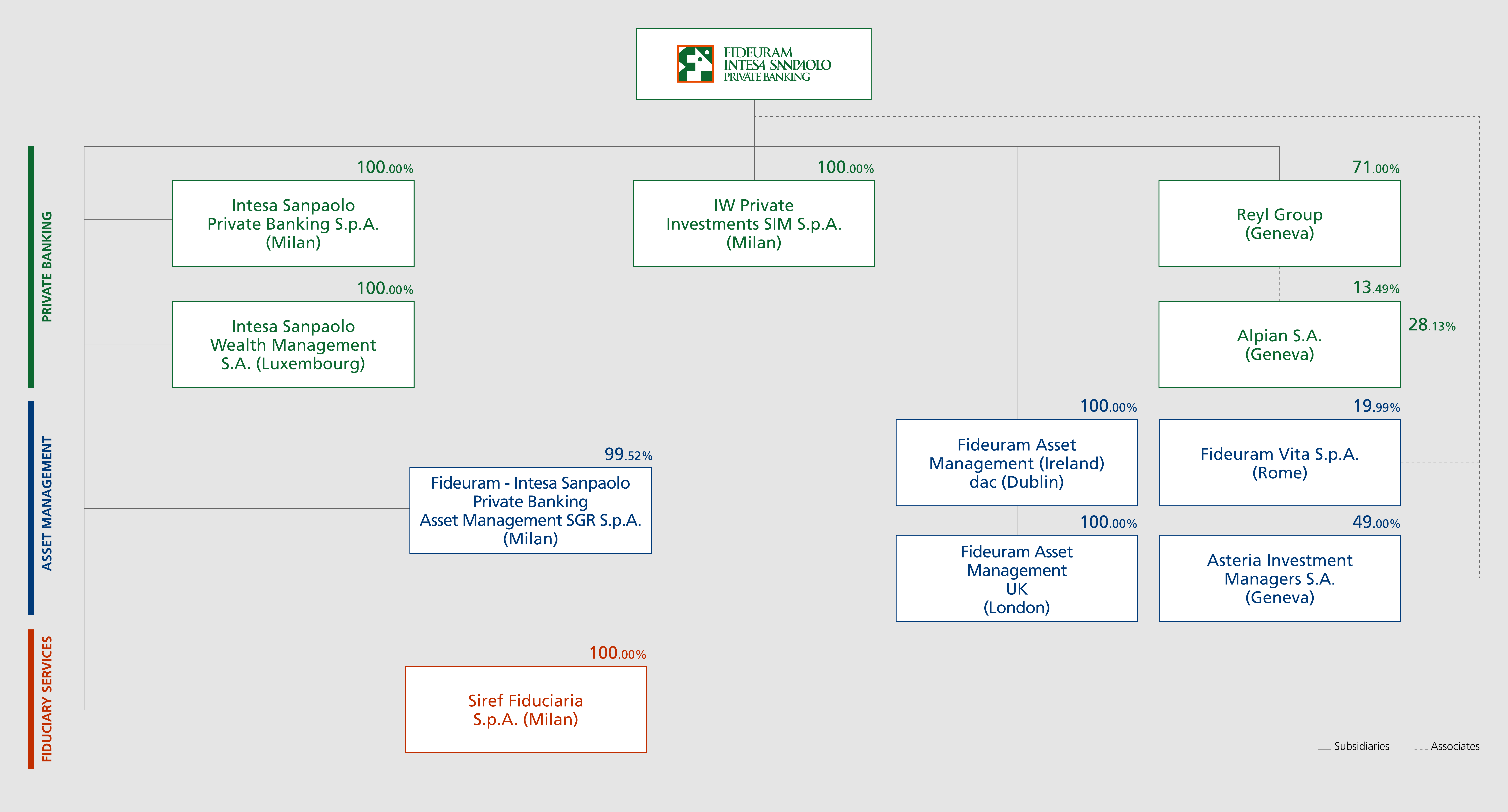
REYL INTESA SANPAOLO
RB Participations
1875 Finance Holding
Alpian
Asteria Investment Managers
Carnegie Fund Services
Reyl Overseas

MALTA | VALLETTA

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

SINGAPORE | SINGAPORE

REYL Singapore Holding PTE
REYL Singapore PTE

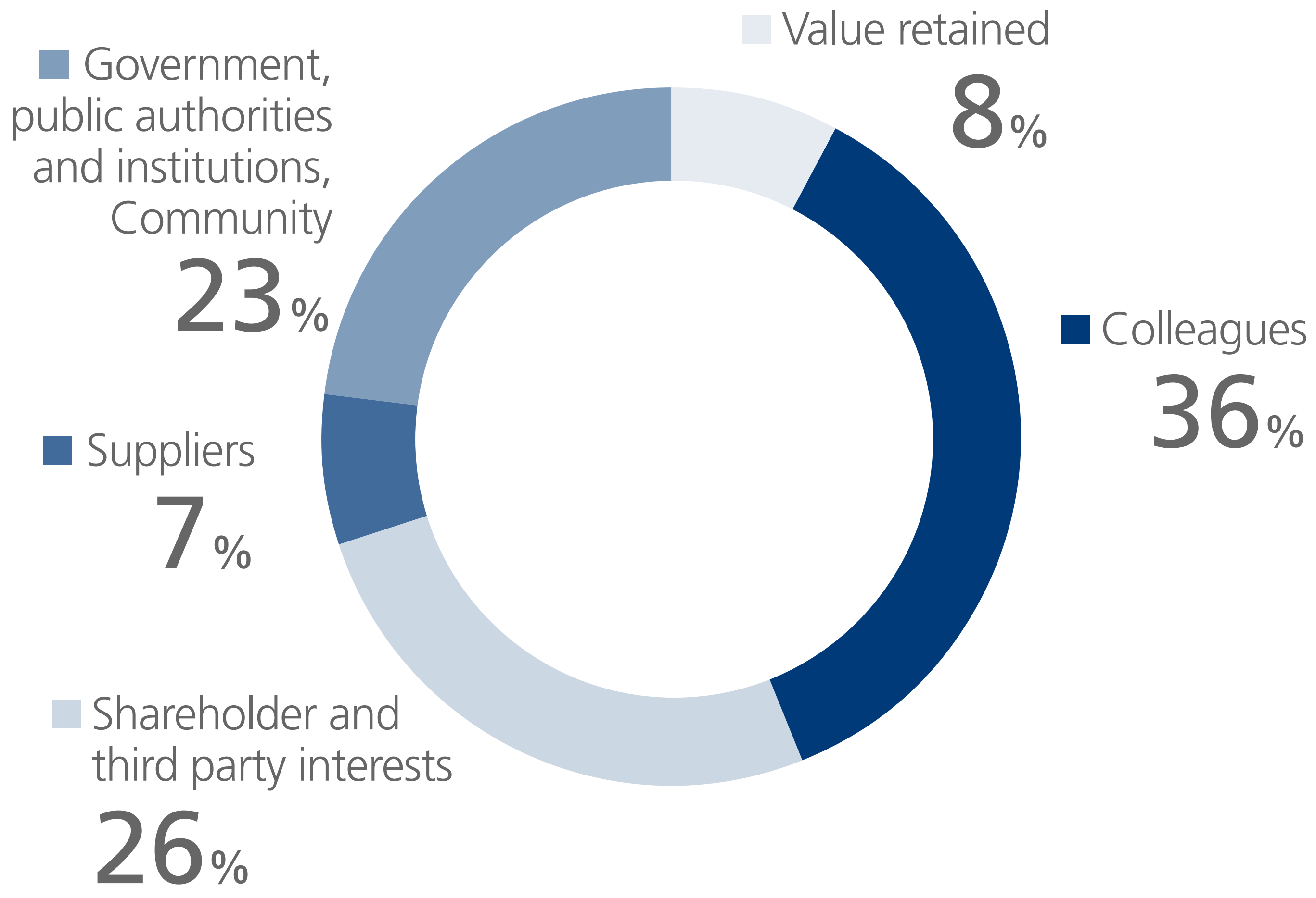

FIDEURAM INTESA SANPAOLO PRIVATE BANKING
PRIVATE BANKING
ASSET MANAGEMENT
FIDUCIARY SERVICES
100.00%
Intesa Sanpaolo Private Banking S.p.A. (Milan)
100.00%
Intesa Sanpaolo Wealth Management S.A. (Luxembourg)
100.00%
IW Private Investments SIM S.p.A. (Milan)
71.00%
Reyl Group (Geneva)
13.49%
Alpian S.A. (Geneva)
28.13%
99.52%
Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. (Milan)
100.00%
Fideuram Asset Management (Ireland) dac (Dublin)
19.99%
Fideuram Vita S.p.A. (Rome)
100.00%
Fideuram Asset Management UK (London)
49.00%
Asteria Investment Managers S.A. (Geneva)
100.00%
Siref Fiduciaria S.p.A. (Milan)
Subsidiaries
Associates

Highlights

Financial Capital

WEALTH CREATED

€4.6 bn



RETURN ON EQUITY 40%

COST / INCOME RATIO 29%

SHAREHOLDERS' EQUITY €3.2 bn

NET PROFIT €1.4 bn

NET FEE AND COMMISSION INCOME €1.9 bn

of which recurring €1.8 bn

TOTAL NET INFLOWS

€12.1 bn

of which Net inflows into Managed Assets -€2 bn

CLIENT ASSETS

€359.8 bn

of which managed Client Assets €209.7 bn

Productive Capital

NO. OF BANK BRANCHES

263 *outside Italy* 6

NO. OF PERSONAL FINANCIAL ADVISERS OFFICES

402 *outside Italy* 8

Intellectual Capital

INVESTMENTS IN INFORMATION SYSTEMS

€71 m annually

NO. OF PROJECTS

100 projects

Human Capital

NO. OF PERSONAL FINANCIAL ADVISERS
6,696

NO. OF EMPLOYEES
4,188

NO. OF CUSTOMERS PER PERSONAL FINANCIAL ADVISER

Fideuram Network	Sanpaolo Invest Network	Intesa Sanpaolo Private Banking Network	IW Private Investments Network	Foreign Network
197:1	149:1	45:1	113:1	80:1

CLIENT ASSETS PER PERSONAL FINANCIAL ADVISER
€54 m

NET INFLOWS PER PERSONAL FINANCIAL ADVISER
€2 m

TRAINING (HRS)

Personal Financial Advisers	Employees
547,194 hours	191,374 hours

AVERAGE LENGTH OF SERVICE

Personal Financial Advisers	Employees
15 years	18 years

Natural Capital

EMISSION

Scope1 / Scope2 2,639 tCO_2

Scope3 2,978 tCO_2

RENEWABLE ELECTRICITY 99.8%

ECOLOGICAL PAPER 86%

Relational Capital

NO. OF CUSTOMERS

Fideuram	Sanpaolo Invest	Intesa Sanpaolo Private Banking
751,178	182,145	47,704 households
IW Private Investments	**Siref Fiduciaria**	**Foreign Network**
58,344	1,683 mandates	7,497

AVERAGE LENGTH OF CUSTOMER RELATIONSHIP

Fideuram and Sanpaolo Invest	Intesa Sanpaolo Private Banking	IW Private Investments
12 years	17 years	10 years

CLIENT RETENTION RATE 95%

NEW CLIENT RATE 8%

NET PROMOTER SCORE (NPS)

Fideuram / Sanpaolo Invest / IW Private Investments Networks / Fideuram Direct	Intesa Sanpaolo Private Banking Network
62	69

CUSTOMER SATISFACTION INDEX (CSI)

Fideuram / Sanpaolo Invest / IW Private Investments Networks / Fideuram Direct	Intesa Sanpaolo Private Banking Network
8.5	8.6

CUSTOMER SEGMENTATION

HNWI	Private	Affluent	Mass
Client Assets €110.1 bn	Client Assets €170.4 bn	Client Assets €59 bn	Client Assets €20.3 bn

Key Performance Indicators (*)

	2023	2022	2021	2020	2019
CLIENT FINANCIAL ASSETS					
Net inflows into managed assets (€m)	(2,013)	2,134	11,835	6,153	4,605
Total net inflows (€m)	12,125	12,859	15,979	13,082	10,926
Client Assets (€m)	359,842	327,179	348,271	303,711	242,715
OPERATING STRUCTURE					
Personal Financial Advisers (No.)	6,696	6,648	6,621	6,475	5,834
Staff (No.)	4,188	4,185	4,151	4,054	3,179
- outside Italy (No.)	678	668	689	545	310
Bank Branches (No.)	263	268	279	281	235
Personal Financial Advisers' Offices (No.)	402	399	377	375	321
CONSOLIDATED FINANCIAL RESULTS					
Consolidated net profit (€m)	1,403	1,070	1,101	817	906
Group shareholders' equity (€m)	3,215	3,815	3,319	3,147	2,960
Basic consolidated net earnings per share (€)	0.936	0.713	0.734	0.545	0.604
Dividends per share (€)	0.800	0.600	0.334	0.434	0.433
Total assets (€m)	56,415	62,871	66,909	60,938	47,767
Wealth created (€m)	4,574	3,684	3,902	3,277	2,906
Value distributed (€m)	4,213	3,448	3,373	2,982	2,572

	2023	2022	2021	2020	2019
PROFITABILITY INDICATORS					
Return on Equity (%)	40	30	34	27	31
Return on Assets (%)	2	2	2	1	2
Cost / Income ratio (%)	29	34	35	36	31
Payroll costs / Operating margin (%)	16	20	20	21	18
Net profit / Average client assets (%)	0.4	0.3	0.3	0.3	0.4
E.V.A. (€m)	1,200	934	981	704	791
NON-FINANCIAL INDICATORS					
Customer requests (No.)	3,797	6,479	4,430	3,795	2,260
Personal Financial Adviser training (hrs.)	547,194	517,656	424,419	394,090	447,338
Employees on open-ended contracts (%)	99.2	99.2	98.4	98.8	99.4
Women in management positions (% out of the total number of senior managers)	14	13	8	11	10
Staff turnover (%)	14	17	11	10	15
Employees training (hrs.)	191,374	188,083	166,300	134,243	142,832
Donations (€m)	0.5	0.4	1.1	1.2	0.5
Operating margin / Number of employees (€m)	0.8	0.6	0.6	0.5	0.6
Client Assets / Number of Personal Financial Advisers (€m)	54	49	53	47	42
Paper consumption per employee (kg)	34	38	46	39	53
Direct and indirect emissions (scope1 and scope2) (tCO_2)	2,639	2,874	3,454	2,483	2,833

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 and 2019 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.

Contents

Introductory note

Economic scenario

By 2023, world GDP growth is estimated to have slowed to around 3%. However, the slowdown in global economic activity is a summary of very different geographic trends. The growth of the Chinese economy picked up, exceeding 5%, despite the crisis in the real estate sector. In the US, economic activity continued to expand robustly, reacting better than expected to the sharp rise in interest rates. GDP growth was much higher than expected and resulted in strong employment gains and a stable trend in the unemployment rate, although there was a moderate and gradual slowdown in demand. The reduction in inflation, in the US as in many other advanced countries, is at present taking place without an economic recession. However, following the resurgence of armed conflicts in the Middle East, risks of new exogenous shocks on energy prices and transport costs have emerged in the last few months of 2023.
A relatively stronger slowdown in economic growth was observed in the eurozone compared to North America and Asia. High inflation penalised household demand for goods and services, and the rate increase implemented by the European Central Bank was passed on to the real economy, dampening the components of domestic demand most sensitive to financial conditions, such as fixed investments. Finally, fiscal policy became less accommodative and the weakness of foreign demand also weakened the contribution of exports. As a result, GDP growth in the eurozone was virtually stagnant throughout 2023. Nevertheless, employment continued to increase and the average annual unemployment rate of 6.5% was lower than in 2022. Inflation fell rapidly: its annual average stood at 5.4% and the change in December from a year earlier was 2.7%. The turnaround in price dynamics mainly reflects the fall in energy prices, but undeniable improvements in the price development of non-energy goods and services also contributed to it.

In Italy, based on the preliminary growth estimate, the gross domestic product increased by 0.7% in 2023. The quarterly trend alternated between negative and positive changes, with an average of almost zero since the fourth quarter of 2022. The stagnation in economic activity reflects the zero contribution of net exports and the negative trend in the inventory cycle, in a context of weaker domestic final demand than in 2022. Expenditure flows related to NRRP projects were lower than planned and did not provide the hoped-for support for domestic demand. Fiscal policy is becoming less expansive, thanks to the cancellation of support measures against the energy crisis and the downsizing of incentive programmes for building renovations. However, containing the deficit to 5.6% of GDP proved insufficient to ensure a significant reduction in debt, which is stabilising above 140% of GDP. Despite the stagnation in economic activity, employment increased vigorously until the second quarter; subsequently, its momentum slowed down, although it remained positive. This resulted in a slow but steady decline in the unemployment rate, which reached 7.2% in December: this is the lowest level since 2009.
Between February and September 2023, the ECB raised its official deposit rates from 2 to 4% and signalled at its December meeting that it would keep them at that level for some time. In parallel with the increase in official rates, the ECB also started to reduce its monetary policy portfolios: the reinvestment of maturities related to the APP portfolio was reduced from March 2023 and then stopped altogether as of July, and the accelerated repayment of TLTRO III loans continued. As an effect of these measures, the level of the banking system's excess reserves in the eurozone fell for the first time since 2019.

The transmission of official rate hikes to the market rate structure was progressively dampened by the build-up of expectations of a reversal in the monetary policy cycle, which held back the short maturities of the curve even more than the far maturities. In particular, medium and long-term rates fell significantly in November and December. The spread between ten-year and two-year rates remained largely negative throughout the year. The Btp-Bund spread declined over the course of the year towards 155-160 basis points, apparently unaffected by the increased need for net supply absorption and the rise in official rates. The supply of government bonds was mainly covered by an exceptional increase in net demand from resident households, in addition to a modest positive contribution from foreign investors.

On currency markets, the euro saw a marked strengthening against the Japanese yen and a significant decline against the Swiss franc; the performance of the exchange rate against the dollar has been erratic and lacking clear direction.

In 2023, international stock markets showed a generally bullish trend, albeit with wide fluctuations over the period. In the initial months of the year, markets showed significant rises, driven by re-openings in China and expectations for an expansionary shift in central banks' monetary policies, as risks of a possible recession diminished. In March, the crisis of some regional banks in the US and that of Credit Suisse in Europe triggered a large correction in equity prices. Prompt intervention by governments and monetary authorities stemmed the effects of the crises, and equity indices gradually regained their previous levels, also supported by satisfactory quarterly results in the eurozone.
In the second half of the year, equity markets first saw a fall in prices, triggered by further interest rate hikes and renewed concerns about the international economic situation. Subsequently, in the final months of the year, equity indices reached new highs, thanks to a faster-than-expected decline in inflation and an overall reassuring third quarter results season. However, geopolitical uncertainties related to ongoing conflicts remain, which could influence risk premiums also in the coming year. The Euro Stoxx index closed 2023 up 15.7%. Outside the eurozone, the Swiss SMI market index underperformed, closing the period at +3.8%, on a par with the FTSE 100 index in the UK (+3.8%). The US stock market recorded very strong rises: the S&P 500 index closed 2023 at +24.6%, while the NASDAQ Composite index of technology stocks largely outperformed (+43.4%). The major stock markets in Asia showed divergent performances: the NIKKEI 225 index closed the year at +28.2%, while China's benchmark Shanghai Composite index underperformed, down 3.8%. The Italian stock market outperformed the euro area benchmarks: the FTSE MIB index closed the year at +28.0% and the FTSE Italia All Share index at +26.3%. The European corporate bond markets closed the first half of 2023 in positive territory: to a greater extent High Yield securities, while Investment Grade securities saw a smaller narrowing of spreads. The year was characterised by a high volatility, with central banks' monetary policy proving to be one of the main market drivers. ESG emissions were broadly in line (-3%).

In Italy, increases in monetary policy rates were transmitted to lending and deposit rates with different speed and intensity. In 2023, the rapid and significant increase in rates on new loans to non-financial corporations, which started in the second half of 2022, continued: the average lending rate in December was 4.3 percentage points higher than at the end of 2021, at 5.5%, on the highs of the end of 2008. Rates on new home loans also increased significantly, but less than those on business loans: after the rises in 2022 had mainly affected the fixed rate, in 2023 it was the variable rate that experienced the biggest rises, to go higher than the fixed rate. With the rate hikes on new transactions and adjustments of the variable rates on outstanding loans, the average rate on the stock of loans to households and businesses also rose significantly to 4.8% (+2.6 points on end-2021). As for deposit rates, those on current accounts increased moderately, while rates on new term deposits showed a high degree of responsiveness, with considerable rises. The viscosity of demand rates and the high share of current accounts out of total deposits influenced the trend in the average deposit rate, which grew moderately. The increase in the overall cost of customer inflows (+0.7 points to 1.2% at the end of 2021) also reflected the gradual rise in the average rate on bonds. The spread between lending and borrowing rates widened considerably, reaching an all-time high.

The considerable increase in the mark-down on demand deposits continued in 2023, reaching an all-time high in the second half of the year, after eleven years below zero and a rapid return to a positive value from September 2022. On the contrary, the mark-up on short-term lending rates, after having fallen considerably at the end of 2022, settled down substantially in the course of 2023, as increases in benchmarks were passed on to lending rates.

The credit market saw the continuation of a moderate tightening of criteria, consistent with the monetary policy stance and the increase in perceived risks, while on the side of banks' financial performance factors, no supply constraints emerged, with a good liquidity and funding situation confirmed, a degree of capitalisation further strengthened and credit quality stable, with no particular signs of deterioration. The restrictive monetary stance, with rapidly rising interest rates, led to a marked reduction in demand for household and business loans.

The development of corporate lending was mainly influenced by the significant increase in the cost of credit, the postponement of investment decisions and the reliance on self-financing. As a result of the sharp drop in demand, corporate loans declined rapidly to a low in September, showing a slowdown in the negative trend in the fourth quarter. Loans to households were impacted by the tightening of monetary conditions, marking a sharp slowdown that, in just over a year, led the stock to decline in the second half of 2023. Rising interest rates, lower consumer confidence and a worsening outlook for the residential market led to a significant drop in demand for home loans. Mortgage disbursements fell sharply, consistent with the contraction of residential sales and the slowdown in house prices. Lower disbursements, combined with early repayments of variable-rate mortgages, caused the stock of mortgages to slow down considerably, from a growth rate of 5% in the middle months of 2022 to a slightly negative change at the end of 2023.

On the credit quality side, the stock of impaired loans net of write-downs amounted to 1.1% of total loans in September 2023 for significant banks, and was stable compared to mid-year, falling slightly compared to 1.2% at the end of 2022. The rate of formation of new impaired loans has remained historically very low.

The tightening of monetary policy also had a significant impact on bank funding, as a result of the reallocation of demand deposits towards more remunerative financial instruments and the reduction of refinancing with the Eurosystem. The robust growth of bank deposits that lasted more than a decade was followed by the start of a contraction phase, which worsened in 2023 to reach an all-time low of -6.5% in July. This development was due to outflows from current accounts, which recorded double-digit declines in the stock as a result of a combination of several factors, including the use by businesses and households of ample liquid assets deposited with banks and the reallocation of savings towards domestic government bonds. At the same time, there was a robust recovery in fixed term deposits, boosted by the higher rates offered. Around €100bn of liquidity flowed out of the current accounts of households and companies during the year, 60% of which was offset by inflows to fixed-term deposits. Bank bonds also saw a return to growth, posting double-digit dynamics after more than a decade of contraction.

Rising market yields induced a renewed interest in direct investment in fixed-income securities, initiating a process of the recomposition of household financial portfolios. Substantial purchases of government bonds by savers fuelled managed assets, continuing the growth that had already begun in 2022 with significant volumes of securities in custody at banks, providing a potential pool for subsequent transformation into managed assets.
Conversely, the rise in rates had an unfavourable impact on the asset management industry, which reported negative net inflows across the board for mutual funds, discretionary accounts and life insurance in 2023. In 2023, funds recorded outflows of over €20bn, caused by disinvestments from flexible and balanced funds. On the other hand, bond fund subscriptions picked up, with significant inflows of almost €24bn. Conversely, the positive contribution of equity funds gradually faded, leading to moderate outflows in the second half of the year. Life insurance had a weak year, reporting negative net inflows both in traditional policies, which are less attractive with rising rates than direct investment in securities, and in unit-linked policies, which continued to post double-digit declines in new business premiums.

Significant events in 2023

On 29 June 2023, an agreement establishing a strategic partnership in asset management between Fideuram - Intesa Sanpaolo Private Banking and the British Man Group, a global management company that applies cutting-edge technologies in portfolio management, was signed the new initiative combines Fideuram's private banking expertise and Man's capabilities in the field of investment solutions for customers.
Under the deal, Man will initially take over a 51% interest in Asteria Investment Managers, the Geneva-based ESG-focused asset manager, including its existing range of funds, while 49% of the company will go to Fideuram. The partnership will focus on building the offering, with the creation of a broad range of alternative and long-only investment strategies applying cutting-edge technologies, combining Man's expertise in developing tailored portfolio solutions, strong investment management capabilities and expertise, the Network of financial advisers and Fideuram's customer base. It will also be able to leverage Fideuram and Man's strong distribution capabilities across Europe, with an initial focus on Italy. The deal was finalised in the fourth quarter of 2023 with the acquisition by Fideuram of 100% of Asteria from Reyl & Cie and the subsequent sale of a 51% stake to Man.

On 30 June 2023, an agreement was reached between five leading Italian insurance companies (including Intesa Sanpaolo Vita), twenty-five distribution banks (including Fideuram, Intesa Sanpaolo Private Banking and IW Private Investments) and some of the main Italian banking institutions (including Intesa Sanpaolo), for a system operation aimed at protecting the underwriters of policies of Eurovita, an insurance company that – in view of the sudden increase in interest rates and the structure of commitments to the insured – had registered a progressive deterioration in solvency indicators and subsequently been the recipient of a measure establishing its Extraordinary Administration and the dissolution of its bodies with administrative and control functions. In this context, with the intention of avoiding a further aggravation of the company's capital and financial imbalance, all surrender requests submitted by Eurovita customers were

suspended until the end of October 2023 and a structured system-level comparison was promoted aimed at identifying a rescue scheme, with the primary objective of ensuring the full protection of the rights of the insured and restoring the ordinary course of existing insurance relationships. In brief, the agreements between the parties provided – on the one hand – for the sale, for a symbolic amount, of the business unit consisting of nearly all of Eurovita's assets in favour of a newly established company called Cronos Vita, whose capital is held by the companies Intesa Sanpaolo Vita, Generali Italia, Poste Vita and UnipolSai each with a 22.5% stake, and by Allianz for the remaining 10%, in the face of a dedicated capital increase and – on the other – the granting of credit facilities in favour of Cronos Vita by the financial institutions currently distributing Eurovita policies, to meet the potential surrenders of Class I and V policies placed by each institution. It should be noted that Cronos Vita is configured as a bridging vehicle: at the conclusion of the transaction, approximately within 18-24 months at the most, the insurance portfolio of Eurovita will be taken over by the five, aforementioned insurance groups. Lastly, the agreements signed set out a specific fee framework, supplementing the existing distribution agreements, which the distributing banks will pay to Cronos Vita against the latter's servicing activities, with the aim of allowing them to preserve and reactivate the business relationships with customers who have signed up for the policies.
Following the agreements reached at the end of June, on 17 October, Cronos Vita obtained authorization from IVASS to carry out the insurance business. On 31 October 2023, following IVASS's authorisation to transfer the company assets from Eurovita to Cronos Vita and the signing of final binding agreements, the transfer of the unit was finalized together with the simultaneous increase in capital subscribed by the Companies for €213m, which represents the second and final tranche of a total capital increase of €220m, of which the appropriateness from an economic and financial point of view was supported by a specific opinion issued by an expert independent. On the basis of the agreements signed and the analysis of the commitments made, there is no evidence of costs for the Group.
Within the scheme shown, the Fideuram Group's involvement includes:

- the granting of a loan by Fideuram and Intesa Sanpaolo Private Banking to Cronos Vita for a total amount of approximately €205m;
- the payment to Cronos Vita of the above-mentioned servicing fees;
- the repayment of 30% of the costs incurred by the distributing banks that placed Class I products to the distributing banks that placed Class III products based on the proportion of Class III policies placed by each of the distributing banks out of Eurovita's total number of Class III policies.

In 2023, 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:

- 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 start of operations of Fideuram Asset Management UK, an investment company based in the United Kingdom, which took over the assets previously managed by the London branch of Fideuram Asset Management (Ireland);
- the liquidation of the Swiss subsidiary Inveniam S.A. and the Luxembourg subsidiary Portugal Real Estate Opportunities Manager SARL;
- the acquisition by Reyl & Cie of Carnegie Fund Services S.A., a Swiss company that carries out asset services and representation activities for mutual investment funds;
- the sale of the Luxembourg subsidiary UBI Trustee;
- the aforementioned sale of 51% of Asteria Investment Managers S.A. to the Man Group.

The 2024 outlook

Forecasts for the development of the world economy in 2024 point to a moderate slowdown in real growth and further progress in the disinflation process. Monetary policies are expected to ease in the major advanced countries. The markets are already being affected by a very aggressive approach of US and European official rate cuts. In the case of the European Central Bank, the forward rates will incorporate a reduction of 125-150 basis points by the end of the year. The escalation of tensions in the Middle East region could, however, disturb the orderly development of these trends by increasing price volatility and weakening confidence. For the Italian economy, consensus forecasts put average annual GDP growth at around half a percentage point.
As for the Italian banking system, 2024 is expected to see a still weak demand for credit, given the high rates, with a continuing decline in corporate loans. While credit could benefit from the positive spillover effects of NRRP projects, the financing gap could be filled through the use of liquidity buffers at banks and through self-financing. For household loans, with the continuation of the decline in real estate transactions, 2024 is expected to be negative on average for mortgages, but possibly improving towards the end of the year as a result of falling official rates and competitive pressure.

Direct inflows will still see a significant reduction. In a context of substantial net issues by the Italian Treasury, the high level of rates should continue to support household demand for government bonds. Current accounts will therefore be characterised by a prolonged decline, while the shift towards term deposits will continue. For bank bonds, the recovery that emerged strongly in 2023 will continue, with the gradual redemption of TLTROIII.

In view of the start of official rate cuts, a moderate recovery in asset management and life insurance business volumes is assumed, in an environment that will nevertheless confirm the strong attractiveness of direct investments in fixed-income securities. The offering of bond funds is expected to support the return of positive net inflows for mutual funds, by a modest amount overall. Net inflows are also expected to pick up for life insurance.

Chairman's Statement

> "We have consolidated a business model of the highest value, shared and appreciated by our Customers, whom I thank for the trust and esteem they place in us over time."

Paolo Molesini
Chairman

Another year of great complexity on several fronts, in Italy and around the world, has come to an end: we have seen the dramatic conflict in Ukraine continue unabated and a new tragic war in the Middle East begin. On the economic front, we have seen continued instability in the financial markets and the tumultuous rise in interest rates.

In spite of all this, Fideuram - Intesa Sanpaolo Private Banking continued its journey in a commendable manner, demonstrating solidity, resilience and fairness, enabling us to end 2023 with record results.

We have confirmed that we are an essential point of reference in Wealth Management, a leader in the Italian market and a primary player in Europe, a role we share with the Intesa Sanpaolo Group.

We have consolidated a business model of the highest value, shared and appreciated by our Customers, whom I thank for the trust and esteem they place in us over time.

The achievements of our Division, the quality of service, and the advisory skills of our Personal Financial Advisers are a source of pride for everyone.

I am deeply grateful to all the women and men of the Private Division for having been able to overcome important challenges in such a brilliant way, showing determination, competence and dedication and working in harmony and business synergy with the Intesa Sanpaolo Group Divisions in Italy and abroad.

We have proven to be a great and successful team, we have the responsibility to continue in this direction and lead tomorrow once again. A team which Elena David, who was on our board for years and passed away prematurely in August 2023, is a member.

This is our way of being and acting, which makes us unique. This is our strength to reach new goals together, with energy and confidence.

Chief Executive Officer's Statement

"Our people, with their skills and professional qualities, are the architects of all our successes."

Tommaso Corcos
Chief Executive Officer and General Manager

The results and performance of 2023 confirm and underline the excellent work of the Head Office and Network professionals of Fideuram - Intesa Sanpaolo Private Banking, highlighting the deep relationship of trust with the families and businesses we assist each day; a relationship that is the key to our success.

Together with our 6,700 Personal Financial Advisers, we reached €359.8bn in client assets, with €12.1bn of net inflows.

An important achievement and the result of many factors.

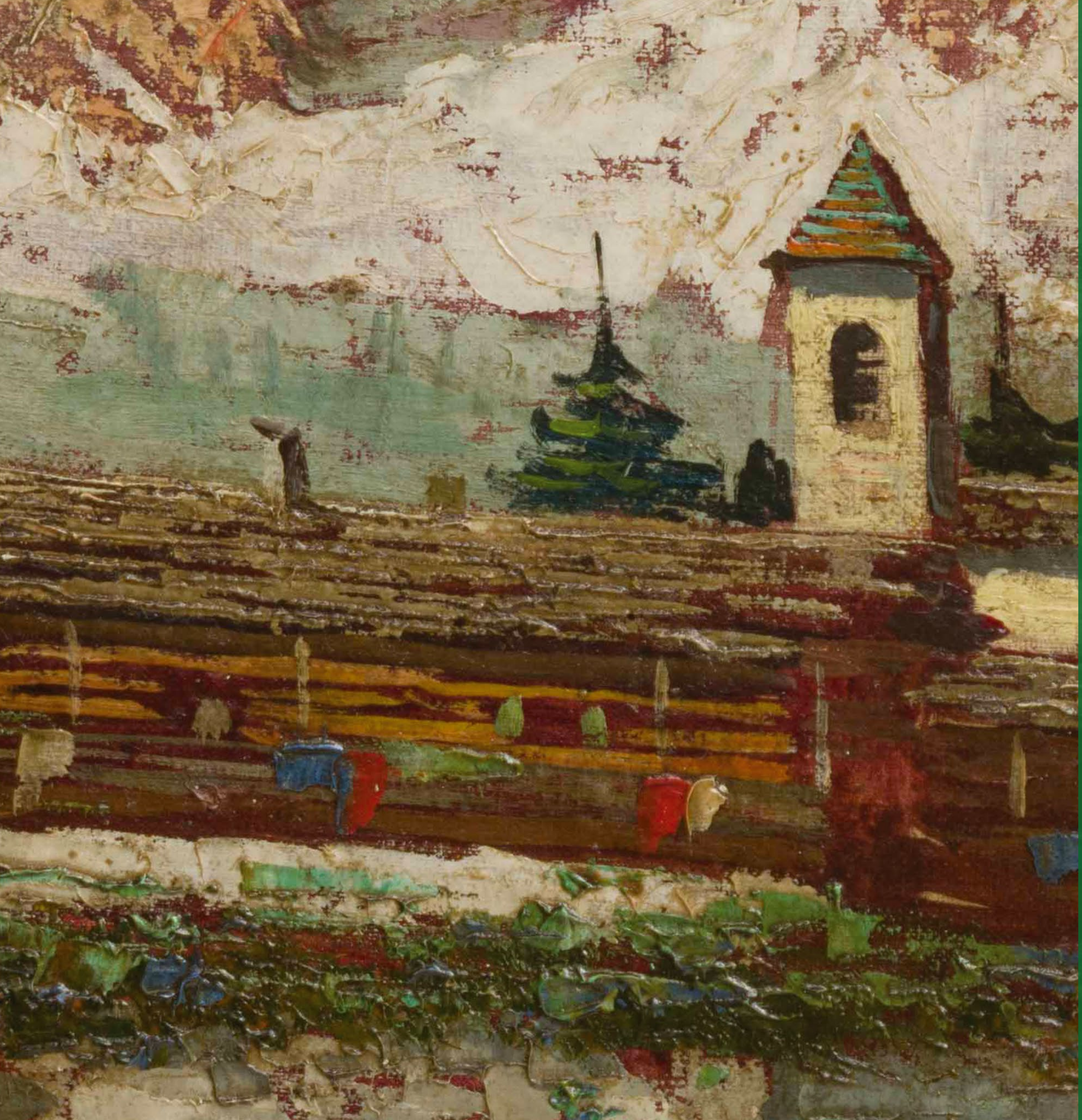
Our people, with their skills and professional qualities, are the architects of all our successes. That is why we consider it essential to develop an inclusive community in which the value of each person can be fully expressed. During 2023, we continued to focus our attention on new generations of professionals, increasing the number of women in key positions, and promoting a balanced work/personal life.

Our commitment to the transition of products and services towards sustainability. With the continued support of the Intesa Sanpaolo Group, we exceeded the targets we had set ourselves both in terms of products under placement and their share of total Client assets. This confirms the enormous work on the supply side, its conversion and integration to meet ESG criteria, demonstrating our ability to be a major player in a substantial change within our industry with respect to sustainability values. Being at the side of those who want to look to the future with peace of mind and confidence, close to the most vulnerable realities, protecting our planet to make it more hospitable for new generations, is a mission in which we firmly believe.

Our focus and resources are dedicated to innovation. We have launched Direct Advisory, Italy's first remote financial advisory service. Through Fideuram Direct, our technological platform dedicated to savers and traders who wish to act independently, we offer our customers the constant support of competent advisors specialised in a remote service. We are actively trialling the application of generative AI to support our Financial Advisor Network, to develop services and types of interaction that can enrich our relationship with the Client.

Our presence abroad. We have strengthened our Wealth Management activities in strategic countries such as Luxembourg and Switzerland and implemented major initiatives with leading Asset Management companies, considering our international presence and the provision of excellent services as essential levers for our growth.

But these elements are not the only drivers of our growth. We therefore feel it is our duty to share our success with our Customers, who give us their trust and hopes each day, and with the Intesa Sanpaolo Group, which is always close to all its stakeholders and to our country with its indispensable support.
Together we have experienced a year of challenges, successes and achievements that make us proud.
Together we will continue to reach new horizons.

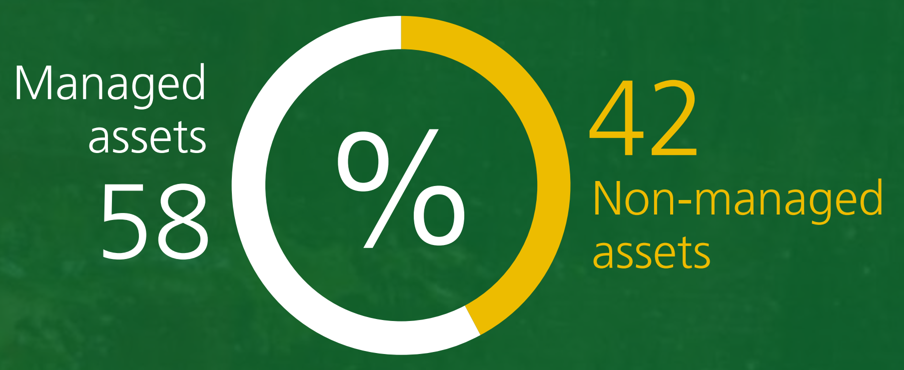


1. Business model

Wealth created in 2023 amounted to €**4.6bn** (+24% compared to 2022)

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

Client assets (CA) 2023:



1.1 Business model

Fideuram - Intesa Sanpaolo Private Banking belongs to the Intesa Sanpaolo Banking Group and wholly owned by Intesa Sanpaolo S.p.A.

Fideuram - Intesa Sanpaolo Private Banking, the Division that brings together the Group's financial advisory, wealth and fiduciary services companies; it is the leading private bank in Italy and among the first in Europe, with assets equal to €359.8bn, with an international asset management presence boasting expertise in both liquid and private markets to support Personal Financial Advisers and their clients. 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. Some 6,700 Personal Financial Advisers operate in the Group in five Networks: Fideuram, Intesa Sanpaolo Private Banking, Sanpaolo Invest, IW Private Investments and the Foreign 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.

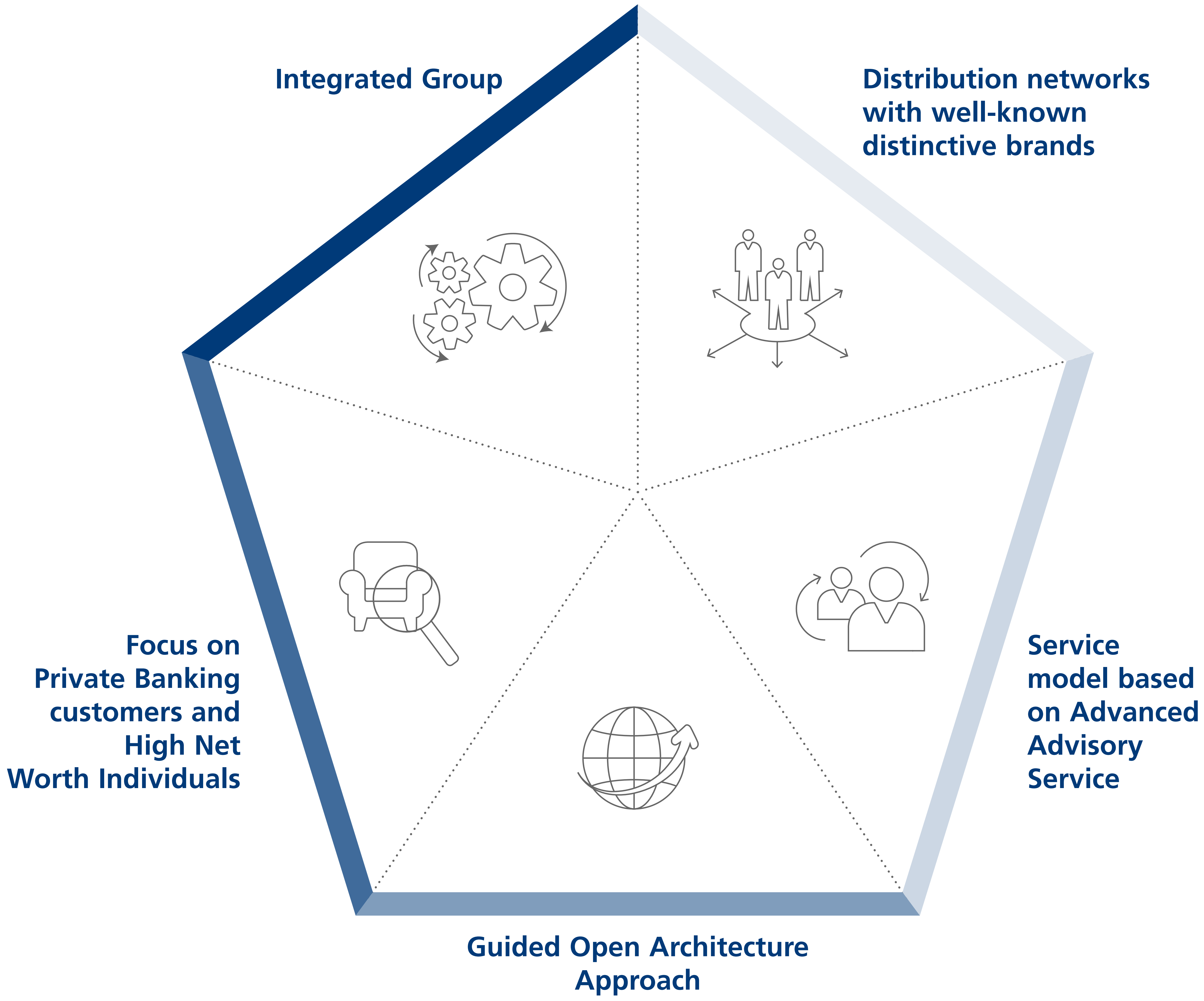
The approach to wealth management is comprehensive and includes both family and corporate assets, with financial, tax, legal, trust, M&A, Art and Real Estate Advisory services, offered using the skills of the Private Banking Division, in synergy with the Intesa Sanpaolo Group, or developed in partnership 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 enhanced over time, the Fideuram Direct business unit was created to respond to the needs of customers who want to operate independently in investments and online trading, and the new remote financial advisory service Direct Advisor was activated, with its specialised team of Direct Bankers, the first network in Italy of financial advisors who operate only remotely, in teams. 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.

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

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 Luxembourg bank Intesa Sanpaolo Wealth Management and the Swiss bank Reyl, the expansion of distribution networks in international markets continued. A bricks and mortar presence, with 263 bank branches and 402 Personal Financial Adviser 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:* 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 Networks. 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.
- *WE ADD Advanced Advisory Service:* new advanced advisory service offered by Intesa Sanpaolo Private Banking, which from 1 April 2023 replaced the previous VIEW service and the related Advisory, Real Estate and Asset Protection related services. WE ADD was designed with the aim of enriching and strengthening the advanced Advisory Service thanks to competence, method and vision. Personal Financial Advisers, as qualified professionals, are the sole contact in the relationship with the customer: they are supported and assisted by the investment strategies set out by the Investment Committee, by the "Analysis and Strategies" unit and by a new digital and innovative platform, which allows them to maximise and rationalise the information system in support of investment choices. A structured process allows them to get to know the customer, his/her needs and his/her investment objectives, to analyse and monitor over time, thanks to multiple and professional detailed views, the single financial instrument and the portfolio as a whole, identifying concrete solutions that can respond to specific customer needs.
- *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 the central Advisory Team.
- *ISWM Advanced Advisory Service:* personalised and continuous advisory service offered by Intesa Sanpaolo Wealth Management, which makes use of the specialist skills of dedicated, highly trained professionals and an advanced technological platform to constantly monitor the balance between risk and return of the customer's portfolio.

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 Fideuram Direct business unit, activities continued in 2023 to support the launch and positioning of Fideuram Direct, the digital platform aimed at savers and traders who want to invest remotely in the financial markets independently, or through a guided approach based on a fully digital experience and a wide range of solutions:

- advanced trading platforms, to trade on more than 50 cash and derivative markets worldwide within 24 hours, also with long and short leverage;
- Direct Advisory is the new remote financial advisory service launched in July 2023, which works with a specialised team of Direct Bankers (Italy's first network of financial advisors operating only remotely, in teams) and enables customers to make appointments via a dedicated app and be guided in configuring their investment portfolio;
- managed asset solutions for investors operating autonomously, with the possibility of choosing from a careful selection of Funds and Sicavs (around 150) of the main international investment houses, in an open architecture logic attentive to ESG principles, and asset management, which enables investors to delegate the management of investments in portfolios consistent with the risk and sustainability profile to Fideuram Asset Management SGR specialists;
- a current account and payment cards, to enable full day-to-day customer operations through digital channels.

Thanks to Fideuram Direct, more digitised customers can start to operate with Fideuram via the Welcome App and immediately begin trading and investing in managed asset products with the Alfabeto suite. Set up in 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 at 31 December 2023 had around 64,000 customers and €2.6bn of Client Assets.

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 78% 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 continued in 2023, 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. During the year, the business unit was further strengthened thanks to the creation of the Client Business Development team, entirely dedicated to the development of targeted solutions for the needs of business customers.
Private Wealth Management unit provides necessary support to Personal Financial Advisers in assessing the needs of HNW clients through a dedicated service model and a specific product and service offering, designed to provide adequate answers to articulated and complex needs.

Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest - Monza Office

Fideuram's dedicated business unit supporting the Networks comprises the structures described below:

- Private Advisory Unit, which develops the array of financial services dedicated to Private Banking customers, by coordinating with the delegated structures and specialised Group units, creating solutions to develop and protect the customer's financial assets.
- Wealth Solution Competence Centre, which provides added value services for non-financial assets (e.g. household wealth protection analyses, artistic heritage management, property management, philanthropy, etc.) by using the Group's specialised companies and competent, select external providers for the realisation of family Wealth Planning deals and projects.
- Client Business Development that offers access to high value added services for entrepreneurial clients (e.g. Corporate Finance and M&A transactions) by activating both specialised Group companies and competent external partners, while also developing new proactive solutions to enhance commercial action in the Corporate sphere.
- Monitoring and Development Service, that is responsible for developing the service model, in coordination with Bank units involved. It monitors the distribution of services offered by the business unit to the Networks, analyses market trends in the Wealth Management sector, develops commercial projects targeting Private Banking customers, and manages partnerships with providers of specialised services.

Moreover, the Group enhances its provision for High and Ultra 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.
- 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 and UHNWI customer service model, delivered through the specialisation of the Network with dedicated resources and Centres aims to bring the most important relationships together in a small number of operating centres and to strengthen our market coverage of these segments through the creation of ad hoc organisational solutions. These centres interact with the Wealth Management Department on a regular and recurring basis, in order to resolve any issues typical of a dedicated service model.

ABOUT THIS REPORT
OUR IDENTITY
GROUP STRUCTURE
HIGHLIGHTS
KEY PERFORMANCE INDICATORS
INTRODUCTORY NOTE
CHAIRMAN'S STATEMENT
CHIEF EXECUTIVE OFFICER'S STATEMENT
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2. EXTERNAL CONTEXT AND STRATEGIES
3. PERFORMANCE
4. GOVERNANCE
5. CONSOLIDATED FINANCIAL STATEMENTS
6. INDEPENDENT AUDITORS' REPORT
7. SCHEDULES
8. GLOSSARY
9. CONTACT US

THE CREATION OF VALUE

REGULATIONS | FINANCIAL MARKETS | TECHNOLOGICAL DEVELOPMENT

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
- Client assets: €359.8bn of which Managed Assets: €209.7bn
- Capital solidity CET1 18.4% and Total Capital Ratio 18.6%"

PRODUCTIVE CAPITAL
- No. 263 bank branches
- No. 402 Personal Financial Advisers' offices

INTELLECTUAL CAPITAL
- Investments in information systems €71m
- No. 100 project initiatives

HUMAN CAPITAL
- No. 6,696 Personal Financial Advisers
- No. 4,188 employees
- No. 547,194 hour of training provided to personal Financial Advisers and no.191,374 hours to employees

RELATIONAL CAPITAL
- Client retention rate 95%
- New client rate 8%
- Net Promoter Score for Fideuram / Sanpaolo Invest Networks / IW Private Investments / Fideuram Direct of 62 and for Intesa Sanpaolo Private Banking Networks of 69
- Customer Satisfaction Index for Fideuram / Sanpaolo Invest / IW Private Investments / Fideuram Direct Networks of 8,5 and for Intesa Sanpaolo Private Banking Networks of 8.6

MISSION • BUSINESS VALUES • PERFORMANCE

GOVERNANCE

BUSINESS MODEL
- Integrated Group
- Open Architecture Approach
- Distribution networks with well-known distinctive brands
- Focus on Private Banking customers and High Net Worth Individuals
- Service model based on Advanced Advisory Service

INPUT

BUSINESS ACTIVITIES

Branches
Private Banking
Online

PERSONAL FINANCIAL ADVISERS AND CUSTOMERS

OUTCOME

- Advanced Advisory Services
- ESG investment products
- Managed asset products

OUTPUT

- 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

CONSUMER BEHAVIOUR | 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 long-standing 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.

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.

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.

STAKEHOLDER MAP

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:

		2023	2022
CUSTOMERS	Fideuram customers (No.)	751,178	724,103
	Sanpaolo Invest customers (No.)	182,145	174,460
	Intesa Sanpaolo Private Banking customers (No. of households)	47,704	46,628
	Siref Fiduciaria customers (No. fiduciary mandates)	1,683	1,714
High Net Worth Individuals Private Banking customers Affluent customers Mass Market customers	IW Private Investments customers (No.)	58,344	60,251
	Foreign Network customer (No.)	7,497	8,396
	Client Assets (€m)	359,842	327,179
	Average length of customer relationship Fideuram and Sanpaolo Invest Networks (years)	12	12
	Average length of customer relationship IW Private Investments Network (years)	10	10
	Average length of customer relationship Intesa Sanpaolo Private Banking Network (years)	17	16
SHAREHOLDER	Fideuram ordinary shares (No.)	1,500,000,000	1,500,000,000
	Par value (€)	no-par shares	no-par shares
	Shareholders' equity (€m)	3,215	3,815
Intesa Sanpaolo S.p.A.	Consolidated pay-out (%)	86	84
	Separate pay-out (%)	82	83
	Counterparty rating (S&P Global Ratings)	BBB/Stable	BBB/Stable
COLLEAGUES	Employees (No.)	4,188	4,185
	Graduate employees (%)	57	55
Employees	Turnover (%)	14	17
	Average training hours per employee (No.)	47	46
	Personal Financial Advisers (No.)	6,696	6,648
Personal Financial Advisers	Client Assets / Number of Personal Financial Advisers (€m)	54	49
	Average training hours per Personal Financial Adviser (No.)	82	79
SUPPLIERS	IT services (€m)	53	46
	Building management (€m)	24	17
	Third-party services (€m)	151	147
	Professional and insurance costs (€m)	33	33
	Advertising and promotional costs (€m)	8	7
	Other expenses (€m)	46	50
COMMUNITY Leading investment companies Non-profit organisations Public institutions Local Media	Charitable and other donations (€m)	0.5	0.4
	Current taxes (€m)	644	473
	Indirect taxes and levies (€m)	375	338
	Expenses regarding the banking system (€m)	46	53
ENVIRONMENT Environmental organisations Future generations	Paper consumption per employee (kg)	34	38
	Direct and indirect GHG emissions (scope1 and scope2) (tCO_2)	2,639	2,874
	Other indirect GHG emissioni (scope3) (tCO_2)	2,978	2,678

	% 2023	% 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.	26	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.*	36	38
The value created for the **SUPPLIERS** is distributed through Administrative expenses.	7	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.*	23	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.	8	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 investment 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 AND NON-MANAGED ASSETS SERVICES, 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.

The distribution of UCITS funds has taken place not only through the Group's Personal Financial Adviser Networks, but also through Fideuram Direct, the 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 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 discretionary accounts that invest in Group and third-party funds and discretionary accounts that invest in securities, both with a range of risk profiles.

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, Discretionary accounts 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.

The Fideuram Omnia – Ego Personal Tesoreria and Wealth Collection - Private Tesoreria management lines are solutions designed specifically for the Group's corporate and institutional clients for their treasury management. Direct Valore + is the 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, of Italian companies as well as foreign companies, with bespoke solutions), 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.

TRADITIONAL INSURANCE PRODUCTS

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 Class I products "Fideuram Vita Garanzia e Valore" proposed by the Fideuram, Sanpaolo Invest and IW Private Investments Networks, the products "Patrimonio per Giovani Insurance" and "Base sicura Tutelati" proposed by Intesa Sanpaolo Private Banking and Private Insurance products, in co-intermediation with the broker Firstance, available to the entire Group.

UNIT-LINKED AND MULTI-CLASS INSURANCE PRODUCTS

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 Dublin Branch" policy proposed by Intesa Sanpaolo Via Dublin Branch. 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 Customers of high-standing, distributed by Intesa Sanpaolo Private Banking.

Both of the above-mentioned product types are also available as part of the Private Insurance offer, in co-intermediation with the broker Firstance, for the entire Group.

PENSION AND PROTECTION PRODUCTS

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 Networks, as well as the "Il Mio Domani" open pension fund and the "Il Mio Futuro" personal pension plan offered by Intesa Sanpaolo Private Banking.

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 AND NON-MANAGED ASSETS

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 AND LIQUIDITY PRODUCTS

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 "Conto Direct Start", "Conto Direct Trader" and "Conto Direct 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.
In addition, liquidity management products are also available to customers, including Savings Bonds/Cash Deposits, Time Cash and Time Deposits, which enable them to receive remuneration on amounts subject to non-liquid conditions for a defined period of time.

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, also for investment in financial instruments, 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 Managed Assets and Insurance areas, solutions are available, developed by the Group or selected from the proposals of leading international investment houses, that promote environmental and/or social characteristics or that have a sustainable investment objective, implemented through processes aimed at guiding the selection of investments in line with sustainability principles focussed on 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 managed asset 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 Group level, in compliance with Regulation (EU) 2019/2088 (SFDR), additional criteria have been adopted which, besides the classification pursuant to Articles 8 and 9 of the SFDR and compliance with the principle of good governance of the companies in which they invest, also considering the presence of both sustainable investments (pursuant to Article 2(17) of the SFDR), environmentally sustainable investments (pursuant to Article 2(1)Regulation (EU) 2020/852) and (PAI) Principle Adverse Impacts (pursuant to Article 7 of the SFDR).

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

With regard to the Group's products, the most distinctive ESG solutions, for funds, include Article 9 products with sustainable investment objectives:

- Fonditalia 4Children, managed by the ESG & Strategic Activism team of Fideuram Asset Management SGR. The Fonditalia's sub-fund was created from the collaboration with UNICEF and has a distinctly social goal, aimed in particular at the women and men of tomorrow.
- The four sub-funds WPS - Eurizon Multi-Asset Circular Economy, WPS - Lombard Odier Natural Capital, WPS - Vontobel Equity Global Impact and WPS - Man AHL Multi-Asset Target Climate Change of Willerfunds Private Suite created in collaboration with some of the international investment houses most involved in sustainability issues and dedicated to Intesa Sanpaolo Private Banking.

For Fideuram Asset Management SGR's asset management dedicated to the Group's networks (Fideuram Portfolios, Fideuram Omnia and Wealth Collection), there are numerous investment lines classified under Articles 8 and 9 of the SFDR, available to investors with preferences for sustainability issues.

In the area of Insurance Products, the Companies of the Intesa Sanpaolo Group offer solutions classified under Article 8 of the SFDR both as insurance-based investment products and as pension products with open pension funds.
Unit Linked policies include Fideuram Vita Futura for Fideuram and Selezione Private Pro Dublin Branch for Intesa Sanpaolo Private Banking and multi-class policies include Fideuram Vita Sintonia for Fideuram and Synthesis, Synthesis Business and Synthesis HNWI for Intesa Sanpaolo Private Banking.

Fideuram Asset Management SGR also adopts a sustainability-oriented approach for alternative investments. Since 2022, two SFDR Article 8 solutions have been developed within the FAI - Fideuram Alternative Investments platform: FAI Mercati Privati Sostenibili, in collaboration with Blackrock, and FAI Progetto Italia II, the new alternative PIR in collaboration with ECRA SGR.

The drive towards sustainability-oriented investment solutions also includes the Non-Managed Asset component, with the issue of Intesa Sanpaolo certificates with ESG-type underlyings and participation in Group or third-party bond placements with a particular focus on sustainability issues and classified as ESG products. In particular, the Group participated in the 'ENI Obbligazioni Sustainability-Linked 2023/2028' Public Offer for Subscription in 2023.

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 managed asset products offered by the world's best managers.

TOP CLASS PARTNERS

abrdn
Algebris Investments
Amundi Asset Management
Asteria Investment Managers
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
DWS
Epsilon SGR
Eurizon Asset Management
Fidelity International
Fideuram Asset Management Ireland
Fideuram Intesa Sanpaolo Private Banking Asset Management
Franklin Templeton
Goldman Sachs Asset Management
Invesco
Janus Henderson Investors
J.P.Morgan Asset Management
Kairos – a Julius Baer Group company
Lemanik
Lombard Odier
Lyxor Asset Management – Societe Generale Group
Man
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. Indeed, the Treaty stipulated that the European Union must promote sustainable and balanced economic and social progress, assert its identity in the international context through action for sustainable development and, finally, consolidate the rights and interests of the Union's citizens. 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. In the years since the Amsterdam Treaty, the European Union has made a concrete commitment to all sustainability goals, first adopting the Kyoto Protocol on climate change in 1997, establishing the UN 2030 Agenda in 2015 and adopting the European Green Deal in 2019. 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 Principles of the Global Compact 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 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	LABOUR	ENVIRONMENT	ANTI-CORRUPTION
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.	**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.	**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.	**PRINCIPLE 10** Work against corruption in all its forms, including extortion and bribery.

Starting from 2023, companies adhering to UN Global Compact must submit a new annual disclosure on their progress in implementing the Global Compact's ten Principles. This disclosure, called 'Communication on Progress' (CoP), was introduced to improve the transparency and comparability of information provided by companies and to provide them with an opportunity to strengthen their credibility and value. The benefits of the new CoP for companies are manifold:

- Strengthening credibility and corporate value: the CoP allows companies to demonstrate their commitment to the principles of sustainable development and to communicate the results in a transparent manner. This can help improve the company's reputation in the eyes of stakeholders, including investors, customers, employees and local communities.
- Measuring and reporting in a coherent and harmonised manner: the CoP uses a standardised questionnaire that allows companies to measure and report progress in a consistent and harmonised manner. This can facilitate comparison with other member organisations and improve understanding of the progress made by each company.
- Access to opportunities for in-depth study, training and continuous improvement: the UN Global Compact offers CoP member companies a range of resources and training opportunities to help them improve their sustainability practices. This can help strengthen the capacities of companies and promote continuous improvement.
- Comparison of own progress with that of other member organisations: the CoP allows companies to compare themselves with other member organisations. This can help companies identify areas where they can improve and learn from the experiences of other companies.

The UN Global Compact launched an early adopter programme in 2022 to engage companies in using the new CoP. More than 850 companies from over 80 countries joined the pilot phase. In Italy, 23 business members participated, including 10 SMEs. According to the results of the early adopter programme, 89% of participants agreed that the new CoP significantly improves reporting on the UN Global Compact Principles and contributes to advancing corporate sustainability. Moreover, 80% of them recommend the CoP to other participating companies. In conclusion, the new CoP represents an important opportunity for companies to demonstrate their commitment to sustainable development.

PRINCIPLES FOR RESPONSIBLE INVESTMENT – PRI

In 2005, Kofi Annan, the then 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.

The principles therefore provide investors with a framework to integrate ESG factors into their investment decisions and to help create a more sustainable world while improving the performance of their investments, to reduce the risks associated with factors such as climate change, human rights' violations and corruption, and to enhance their reputation in the eyes of stakeholders.

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.

Since 2023, over 5,000 investors have joined the PRIs, with managed assets of over $100 trillion.

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 main provisions of the Paris Agreement include:

- a long-term temperature target: the Agreement sets a target of limiting average global warming to well below 2 degrees Celsius compared to pre-industrial levels, aiming for a maximum increase of 1.5 degrees;
- nationally determined contributions (NDC): each country is required to submit a nationally determined contribution that specifically includes a project to reduce greenhouse gas emissions and adapt to the impacts of climate change;
- global review: every five years, countries will conduct a comprehensive review to assess progress towards the long-term temperature target and to identify possible corrective actions;
- funding: developed countries are committed to providing financial support to developing countries to help them implement their NDCs.

The Paris Agreement entered into force on 4 November 2016 and, as of October 2023, has been ratified by 197 countries.

The agreement was also implemented through a number of mechanisms, including the Conference of the Parties (COP) and the subsidiary bodies of the United Nations Framework Convention on Climate Change (UNFCCC).
Since the adoption of the Paris Agreement, some progress has been made in reducing greenhouse gas emissions. However, to achieve the goal of limiting global warming to 1.5°C, global emissions will have to be reduced by 50% by 2030 and reach net zero emissions by 2050.

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.

COP28

COP28, the climate conference organised annually by the United Nations within the framework of the United Nations Framework Conference on Climate Change (UNFCCC), ended in Dubai on 12 December 2023. The event brought together representatives from 198 countries to discuss how to accelerate the transition to a low-carbon future. During the conference, an agreement described as historic, the culmination of complex negotiations, was presented and the first global stocktake (GST) under the Paris Agreement was conducted, measuring progress towards the climate goals set out in the agreement.

The global stocktake highlighted the need to peak global greenhouse gas emissions by 2025 and reduce them by 43% by 2030 and 60% by 2035 compared to 2019 levels in order to limit global warming to 1.5°C. It also noted the delay of some countries in achieving the goals of the Paris Agreement. The parties agreed to present by COP30 their updated climate plans for 2035, which should be aligned to the 1.5°C limit based on the best available scientific knowledge and the results of the global 2023 assessment.

The following main points emerged:

- Transition away from the use of fossil fuels in energy systems, in a fair, orderly and equitable manner, accelerating action in this critical decade, to achieve zero emissions in 2050, led by science.
- Triple the global renewable energy capacity and double the global average annual rate of energy efficiency improvement by 2030.
- Accelerate efforts towards the gradual phase-down of energy produced from unabated coal, i.e. without capture and storage technology.
- Accelerate zero- and low-emission technologies, including, inter alia, renewable energy, nuclear power, abatement and removal technologies such as carbon capture and utilisation and storage, particularly in hard-to-abate sectors, and low-carbon hydrogen production.

During the Summit, the final go-ahead was given for the implementation of the Climate Change Loss and Damage Fund in vulnerable countries. The fund in question, intended for the group of the 46 poorest nations in the world - those least polluting but most affected by warming - will be financed by voluntary rather than compulsory contributions.

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

The SDG7 ENERGYNOW 2023 Action Forum, which took place from 13 to 22 September 2023, addressed a number of issues related to achieving Sustainable Development Goal 7 (SDG7), which aims to ensure access to clean and affordable energy for all by 2030.

Among the topics discussed during the Forum were:

- progress in implementing the UN-Energy Action Plan towards 2025. The Action Plan is a document outlining the actions needed to accelerate the transition to a low-carbon economy and increase access to clean and affordable energy.
- The need to strengthen partnerships and collaborations between the different actors involved in the energy transition. The Forum emphasised the importance of working together to overcome the challenges in achieving SDG7.
- Good practices and success stories that can be replicated in other contexts. The Forum provided concrete examples of how SDG7 can be achieved, even in difficult contexts.

Among the concrete results of the Forum were:

- The announcement of new commitments by governments, businesses and civil society organisations. These commitments include increasing investment in renewable energy, accelerating the deployment of clean technologies and expanding energy access for rural and vulnerable communities.
- The presentation of new initiatives and partnerships. The Forum saw the emergence of new initiatives and partnerships between the different actors involved in the energy transition.
- Updating the database of good practices and success stories. The database, which was launched at the Forum, collects concrete examples of how SDG7 can be achieved.

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 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. By integrating the 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, namely 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:

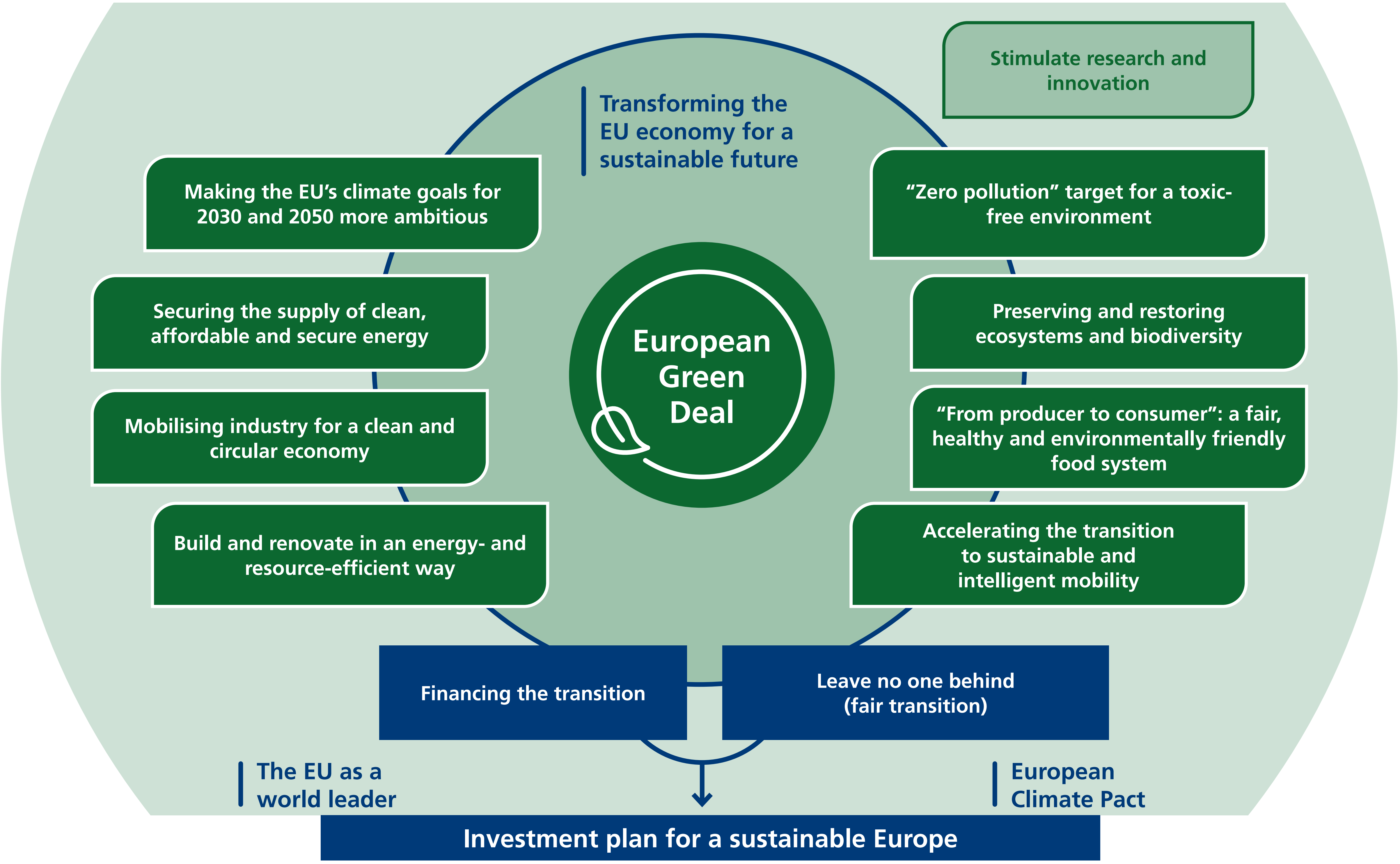
- encourage sustainable investments by introducing a new framework of more efficient structures and instruments;
- provide financial operators, undertakings and citizens with more opportunities to adopt sustainable solutions;
- improve the understanding and management of climate-related and environmental 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 is based on three fundamental pillars:

- a clean and circular economy: the EU has committed to reducing greenhouse gas emissions by 55% by 2030 compared to 1990 levels. To achieve this goal, the EU will invest in renewable energy, energy efficiency and sustainable transport. The EU is also committed to promoting a circular economy, which reduces waste generation and resource use;
- a just Society: the EU is committed to creating a just and inclusive society where everyone can benefit from the transition to a green economy. The EU will invest in education, training and employment to help people prepare for the changes the transition will bring. The EU is also committed to protecting human and social rights in the transition;
- a Healthy environment: the EU is committed to protecting the environment and promoting biodiversity. The EU will invest in reducing pollution, protecting forests and oceans and preserving biodiversity.

The Green Deal is an ambitious plan that will require a significant commitment from all actors involved, but the EU is determined to meet the targets and build a more sustainable future for all.



Source: Communication from the European Commission, Brussels 12.11.2019

TIMELINE OF THE EUROPEAN GREEN DEAL FROM 2019 TO 2022

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

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

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).

TIMELINE OF THE EUROPEAN GREEN DEAL 2023

2023

10 March	The Council and Parliament reach an agreement on the Energy Efficiency Directive. The Presidency of the Council of the EU and the European Parliament's negotiators reach a provisional political agreement to reduce EU-wide final energy consumption by 11.7% in 2030.
16 March	The Council reaches an agreement on amendments to the directive on industrial emissions.
28 March	The Council and the European Parliament reach a provisional agreement on a proposal that will allow the transport sector to significantly reduce its carbon footprint; in addition, the Council adopts four sets of rules included in the "Fit for 55" package that will enable the EU to reduce its net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels; finally, the Council agrees its negotiating positions ("general approaches") on two proposals establishing common rules for the internal markets for renewable gas and natural gas and hydrogen.
30 March	The Council and Parliament negotiators reach a provisional political agreement to increase the share of renewables in the EU's overall energy consumption to 42.5% by 2030, with an additional indicative top-up of 2.5% to reach 45%.
25 April	The Council formally adopts five pieces of legislation from the "Fit for 55" package that will enable the EU to reduce greenhouse gas emissions in key sectors of the economy, while ensuring that the most vulnerable citizens and micro-enterprises, as well as sectors exposed to the risk of carbon leakage, receive effective support in the climate transition. The Council and Parliament agree to decarbonise the aviation sector.
3 May	The Council adopts its negotiating mandate on the proposal for a directive on empowering consumers for the green transition, which aims to strengthen consumer rights by amending the Unfair Commercial Practices Directive and the Consumer Rights Directive.
30 June	The Council adopts a position on the construction products regulation and the regulation on classification, labelling and packaging of chemicals.
10 July	The Council adopts a new regulation on batteries and waste batteries.
25 July	The Council adopts new legislation for more recharging and refuelling stations across Europe, to reduce EU-wide final energy consumption by 11.7% by 2030. The Council adopts a new regulation for the decarbonisation of the maritime sector.
19 September	The Council and Parliament reach a provisional agreement to empower consumers for the green transition. The Green Transition Empowerment Directive aims to tackle unfair commercial practices that prevent consumers from making the right choices by opting for greener or more circular products and services.
25 September	The Council adopts its position on the proposal for a regulation on the type-approval of motor vehicles and engines, and of systems, components and separate technical units intended for such vehicles, with regard to their emissions and battery durability, better known as the Euro 7 regulation.
5 October	The Council and Parliament reach an agreement on fluorinated gases and ozone-depleting substances.
9 October	The Council adopts the new directive on the promotion of renewable energy to increase the share of renewable energy in the EU's total energy consumption to 42.5% by 2030, with an additional indicative top-up of 2.5% to reach 45%. The Council adopts a new regulation, which will see more renewable and low-carbon fuels reduce the carbon footprint of the aviation sector and create a level playing field for sustainable aviation in the EU.
15 November	The Council and Parliament reach an agreement on new rules to reduce methane emissions in the energy sector.
22 November	The Council adopts a position on a directive enshrining consumers' right to repair (Circular economy).
29 November	Council and Parliament negotiators reach a provisional political agreement on the revision of the Industrial Emissions Directive and the regulation on the creation of an Industrial Emissions Portal.
5 December	The Council and Parliament reach a provisional agreement on new ecodesign requirements for sustainable products. The new regulation sets new minimum requirements for almost all products sold on the EU market. These requirements include: - durability, reusability, possibility of improvement and repairability of products; - possibility of remanufacturing and recycling; - energy and resource efficiency.
7 December	EU ministers adopt a common position on the proposal for a regulation on net-zero industry. The aim is to cover 40% of the EU's need for strategic technology products, such as solar photovoltaic panels, wind turbines, batteries and heat pumps. The Council and Parliament reach an agreement on a proposal to revise the Energy Performance of Buildings Directive.
8 December	The Council and Parliament reach a provisional political agreement on a regulation laying down common rules for the internal markets for renewable gas and natural gas and hydrogen to facilitate the penetration of renewable and low-carbon gases into the energy system, in particular hydrogen and biomethane.
14 December	The Council and Parliament reach a provisional agreement on the Corporate Sustainability Due Diligence Directive. Large EU companies and non-EU companies operating in the EU will have to take measures to prevent, detect and mitigate any negative impacts on human rights or the environment caused by: - companies' own activities; - activities of their subsidiaries; - activities carried out by their business partners. Large companies will also need to ensure that their business model is compatible with the Paris Agreement's goal of limiting global warming to 1.5°C.

In 2023, the Green Deal put in place a number of initiatives including:

- Renewable energy: the EU is the world leader in renewable energy; in 2023 the share of renewable energy in the EU energy mix was 40%, up from 32% in 2019. The EU is committed to achieving a 75% share by 2030.
- Energy efficiency: the EU has reduced greenhouse gas emissions by 23% since 1990, largely due to improvements in energy efficiency. The EU is committed to reducing greenhouse gas emissions by 55% by 2030.
- Sustainable transport: the EU is investing in more sustainable transport and is committed to reducing greenhouse gas emissions from transport by 30 per cent by 2030.
- Circular economy: the EU has introduced a number of policies to promote a circular economy, such as Eco-design for Sustainable Products Regulation and the Extended Producer Responsibility Directive. The EU is committed to reducing packaging waste by 50 per cent by 2030.
- a just Society: the EU has invested in education and training to help people prepare for the transition to a green economy.
- a Healthy environment: the EU has reduced air, water and noise pollution and is committed to achieving the goals of the Paris Climate Agreement and protecting biodiversity.

In 2023, the Green Deal took an important step forward with the approval of the Fit for 55 package presented by the European Commission in 2021: the ultimate goal of the Green Deal is to achieve carbon neutrality across Europe by 2050. In addition to this target, the Fit for 55 has added an intermediate goal of a 55% reduction in emissions compared to 1990 levels, to be achieved by 2030. The Fit for 55 package was approved by the European Parliament and the Council of the European Union in 2023 and is now being implemented.
At the heart of the package is the Emissions Trading Scheme (ETS), a proven instrument that caps emissions and incentivises emission reductions through a trading system between companies. The Fit for 55 package strengthens the ETS by extending it to new sectors, such as international aviation and maritime transport, and by introducing a carbon border adjustment mechanism (CBAM). The CBAM is an innovative measure that aims to protect European industries from unfair competition from countries with less stringent environmental standards. In fact, non-EU companies importing polluting goods into the EU will have to pay a duty equivalent to the carbon price in the ETS. In addition to the ETS and CBAM, the Fit for 55 package includes several other measures, such as:

- a €86bn social climate fund to accompany the transition and mitigate social impacts;
- targets for the use of more sustainable fuels in aviation and maritime transport;
- a ban on the sale of new petrol, diesel or hybrid cars from 2035 onwards;
- the revision of the Energy Efficiency Directive to reduce energy consumption in buildings;
- increasing the contribution of renewable energies to the European energy mix to 42.5 per cent.

The Fit for 55 package represents an ambitious challenge for the European Union, which will require a collective commitment from all actors involved.

EUROPEAN UNION ACTION PLAN ON SUSTAINABLE FINANCE

The European Union played a decisive role in defining the United Nations 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. In March 2018, the European Commission published an 'Action Plan for Sustainable Finance', outlining the strategy and measures to be taken to achieve a financial system capable of promoting development that is genuinely sustainable in economic, social and environmental terms, helping to implement the Paris Agreement on Climate Change and the United Nations 2030 Agenda for Sustainable Development. The Action Plan recommends ten actions to be taken at European level to encourage the channelling of financial investments towards a more sustainable economy, integrate sustainability into risk management procedures and promote transparency and long-term investment. The Action Plan also refers to:

- improving the quality of non-financial corporate reporting;
- the need for institutional investors and asset managers to value sustainability factors in investment decision-making and make disclosure requirements more stringent;
- the integration of sustainability into ratings and market research;
- the integration of sustainability into the prudential requirements of credit institutions;
- the creation of EU labels for green financial products based on the EU classification system, enabling investors to easily identify investments that meet environmental or low-carbon criteria.

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 Regulation (EU) 2020/852 (the 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.

The Taxonomy directive introduces classification criteria to identify environmentally sustainable economic activities. These criteria allow 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 to the EU taxonomy. On 6 July 2021, the European Commission published the final version of Commission Delegated Regulation (EU) 2021½178, which details the content, timing and manner in which this information must 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. For banks, the main indicator is the Green Asset Ratio (GAR), which indicates the share of exposures related to taxonomy-aligned assets in relation to total assets. The GAR refers to the core lending and investment activity of credit institutions, including loans, debt securities and equity investments, to reflect the extent to which these institutions finance taxonomy-aligned activities.

The GAR is calculated using a predefined methodology consisting of the following steps:

1. Identification of the denominator of the GAR, consisting of the total of loans, debt securities, equity investments and assets from recovered collateral, together with all other on-balance sheet assets, excluding exposures to central governments, central banks and supranational issuers, and exposures held for trading (i.e., trading book exposures).
2. Identification of the reference perimeter for the GAR numerator which, starting from the denominator, further excludes:
   - derivative exposures;
   - exposures to companies that are not required to publish non-financial information under Directive 2013/34/EU (with the exception of exposures in eco-bonds intended to finance specific assets issued by an investee company);
   - interbank loans on demand;
   - other assets of the bank not subject to valuation in the GAR context (e.g., goodwill, cash and cash related assets, tax assets).
3. Calculation of total eligible economic activities. Eligibility is defined as a certain economic activity underlying a product/transaction (or the counterparty's share of turnover/expenses) that falls within those listed in the EU Taxonomy Delegated Regulations. Eligibility is therefore not dependent on compliance with the technical screening criteria but is assessed solely on the compliance of the underlying activity with the economic activities permitted by the Taxonomy.
4. Calculation of total economic activities aligned with the EU Taxonomy. For the definition of alignment with the EU Taxonomy, eligible activities must meet all technical screening criteria. The technical screening criteria for the first two environmental objectives (i.e. climate change mitigation and climate change adaptation) were defined in Commission Delegated Regulation (EU) 2021½139, while those for the other four objectives were defined in Commission Delegated Regulation (EU) 2023/2486.

The EU Taxonomy Regulation defines three conditions for assessing alignment with the Taxonomy by verifying the compliance of each activity with specific technical screening criteria:

- Substantial Contribution (SC) to at least one of the six environmental objectives;
- Do No Significant Harm (DNSH) to the other environmental objectives;
- Compliance with Minimum Safeguards (MS) for all activities.

For each of these objectives, the legislation has defined detailed criteria at the level of individual economic activities.

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 in Pillar 3 disclosure, including physical risks and transition risks.
In January 2022, the EBA published the "Final draft Implementing Technical Standards on prudential disclosures on ESG risks" (ITS) on Pillar 3 disclosure requirements, in accordance with Article 449a of the Capital Requirements Regulation (CRR). These ITS govern, through templates and instructions, the obligations under Article 449a of the CRR for large financial institutions with instruments listed on a regulated market of any Member State to publish prudential information, in order to allow investors and all interested parties to compare the sustainability performance of financial institutions. Furthermore, the ITS 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 climate change and the transition to a more sustainable economy.

In addition to the GAR, the EBA also introduced another ecological performance indicator, the BTAR (Banking Book Taxonomy Alignment Ratio). Both GAR and BTAR are synthetic indices to quantify the sustainable exposures of a bank. Pillar 3 quantitative disclosure in the area of ESG, as governed by the EBA's ITS, covers three information areas with a total of ten templates: the first four templates cover transition risk, the fifth template covers physical risk, and the last five templates cover the GAR, BTAR and all other climate change mitigation actions that do not fall within the activities aligned to the taxonomy, but still support counterparties in the process of transition and adaptation to the taxonomy's objectives.

Finally, measures to **promote transparency in the financial system** include the following:

- the Non-Financial Reporting Directive (NFRD), which 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 Union-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 and published in an XHTML and XBRL electronic format.
- The Sustainable Financial Disclosure Regulation (SFDR) requires financial institutions to disclose - in prospectuses, on the web and in periodic reporting - how they manage 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 greenwashing, especially in the case of products that promote environmental or social characteristics (Article 8) and those with ESG objectives (Article 9).

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 corporate sustainability reporting. Indeed, investors and all market participants need transparent, comparable and credible information to make choices that are in line with a more sustainable economic approach, that reduces the risk of financing companies that engage in greenwashing practices.
Measuring sustainability is therefore crucial but requires appropriate indicators. Similarly, the measurement of traditional business performance entails the existence of a reliable database and designing a system of interrelated indicators, to acquire 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. The new Standards, which came into force in January 2023, updated and integrated the concepts of impact, materiality, due diligence and stakeholder engagement, to meet the demand for greater transparency and accountability made by the Corporate Sustainability Reporting Directive (CSRD).

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. On 26 June 2023, the International Sustainability Standards Board (ISSB) published its IFRS S1 and IFRS S2, developed on the basis of the memorandum of understanding between GRI and the IFRS Foundation for Sustainability Financial Reporting and Impact Reporting. IFRS S1 and IFRS S2 are effective for financial years beginning on or after 1 January 2024 with early application possible.
IFRS S1 establishes requirements for disclosure of an organisation's sustainability-related risks and opportunities that can reasonably be expected to affect cash flows, access to finance or the cost of capital in the short, medium or long term, thereby influencing the company's prospects.
IFRS S2 establishes disclosure requirements for an organisation's climate-related risks and opportunities and applies to climate-related risks to which the organisation is exposed (physical and transition risks).
The launch of these first standards (S1 General and S2 Climate-related Disclosures) represents a significant milestone in the realisation of a strengthened global corporate reporting system, in which disclosure on impacts and sustainability and related risks and opportunities are on an equal footing.

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. 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.

The overall architecture of the ESRS includes:

- Two 'cross-cutting standards', which apply across all reporting areas and include general reporting principles and requirements.
- Ten 'topical standards', i.e. disclosure requirements relevant to the three ESG variables, which include five environmental standards ('Climate change', 'Pollution', 'Water and marine resources', 'Biodiversity and ecosystems', 'Resources use and circular economy'), four social standards ('Own workforce', 'Workers in the value chain', 'Affected communities', 'Consumers and end-users') and one governance standard ('Business Conduct').
- Various 'sector-specific standards', i.e. disclosure requirements applicable according to economic sectors and SME-specific standards.

In developing the ESRS proposals, EFRAG took into account related European legislation and international initiatives for reporting on sustainability issues.
The standards integrate indicators and detailed data from the main voluntary initiatives and European standards, in particular:

- they incorporate all PAI (Principal Adverse Impacts) indicators foreseen by the SFDR;
- they have been coordinated with the Taxonomy Regulation in order not to burden companies with additional obligations beyond those already provided for (Capex, Opex, NSH, Minimum Safeguards);
- they have also been co-ordinated with the CRR (Capital Requirement Regulation for Banks and Financial Institutions), again with the aim of not burdening companies, by referring the main obligations to sector standards;
- they have been co-ordinated with the main global reporting standards by integrating the information and data required by them into the disclosure (i.e. TCFD Recommendation, GHG Protocol, GRI, UN SDGs, OECD Guidelines for Multinational Enterprises, PRI, ISO 26000, etc.).

The first set of standards was submitted by EFRAG to public consultation, with the aim of encouraging a discussion on technical aspects related to sustainability and reporting among EFRAG representatives, members of the community and participants in the consultation.

Following observations made, the first set of standards proposed to the European Commission was involved in a reduction in the number and granularity of the reporting requirements, and the European Commission subsequently returned to the matter, anticipating that further "proposals will be developed to simplify reporting requirements by reducing them by a further 25 per cent".

The first set of ESRS (consisting of cross-cutting standards and topical standards) was issued in July 2023 by the European Commission and the second set (consisting of sector and SME standards) will be issued by 30 June 2024.

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).

ESG integration in the service model

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.

In line with the objective stated in the 2022-2025 Business Plan on the development of dedicated ESG advisory services, in 2023 Fideuram integrated its service model based on personalised advice to manage clients' sustainability preferences, which, from as early as 2021, have been obtained through the MiFID profiling questionnaire. During the year, a new question was included in the MiFID questionnaire concerning the minimum percentage of sustainable products that the client is willing to hold in his or her portfolio and, consequently, the ESG consistency check at the proposal stage was modified. In addition, regulatory information (percentage of the taxonomy alignment, percentage of sustainable investments, Principal Adverse Impacts - PAIs, SDGs) available on the platforms and in reporting was enhanced, between July and September 2023.

The Fideuram Group aligns its internal regulations, incorporating changes attributable to sustainability and related 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 regard to the development and selection of new investment solutions, analyses aimed at assessing positioning with respect to parameters related to ESG factors and sustainability risk management are part of the process of selecting issuers and product companies; furthermore, in compliance with Regulation (EU) 2019/2088 (SFDR), in addition to the criteria for the classification of sustainable products (Articles 8 and 9), the criteria for sustainable/eco-sustainable investments (Article 2(17) of Regulation(EU) 2020/852) are also adopted, where applicable, at Group level, and PAI (Article 7 of the SFDR) 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, Fideuram publishes 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 on its 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 geared towards sustainable and responsible investment (SRI), and also to integrating environmental, social and governance (ESG) factors into the investment process, the Group's product companies (Fideuram Asset Management SGR and Fideuram Asset Management (Ireland)) have put in place so-called Sustainable and Responsible Investment Policies. These Policies apply to company activities and investment processes. Commitment Policies aimed at describing the action taken to encourage dialogue with issuers and favour a long-term commitment in companies in which the product companies invest in have also been adopted. In addition, both Group product 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.

During 2023, a number of updates were made to the Sustainable and Responsible Investment Policies by Fideuram Asset Management SGR and Fideuram Asset Management (Ireland), with the inclusion of additional Exclusion Criteria in the selection of financial instruments, the strengthening of the concept of good governance of investee companies in accordance with the SFDR for Article 8 and Article 9 products, and some additions related to the Article 8 framework and the classification of an issuer as a Sustainable Investment.

Sustainability governance

Fideuram - Intesa Sanpaolo Private Banking, through sustainability governance based on important organisational controls, builds and pursues an integrated corporate strategy that looks beyond business results to human, social, relational and environmental capital. Specifically:

- the Sustainability Manager supervises ESG initiatives in a comprehensive and integrated manner, also in connection with Intesa Sanpaolo Group initiatives;
- the 'Sustainability (ESG)' session of the Fideuram Management Committee identifies sustainability issues at least quarterly and defines strategic initiatives, assessing their financial feasibility and impact. Its assigned functions include the coordination and integration of Group 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;
- the ESG & Strategic Activism team ensures proper management of ESG issues in the Group's Asset Management companies. Main tasks include: integrating ESG metrics into the financial analysis of managed products, assessing the sustainability profiles of products distributed and managed by third parties, managing sustainability-focused products, and overseeing corporate governance and engagement activities with issuers. The team also deals with the implementation of the Net Zero Asset Management Initiative project and climate change programmes and, in particular, in 2023, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) joined the Climate Action 100+ and Nature Action 100 initiatives.

PARTICIPATION IN THE CLIMATE ACTION 100+ AND NATURE ACTION 100 INITIATIVES

Climate Action 100+ (CA100+) is the world's largest climate change engagement initiative, involving 700 investors for a total of over USD 68 trillion under management. The initiative acts to ensure that the 166 major groups responsible for global greenhouse gas emissions take the necessary actions to align their business strategies with the goals of the Paris Agreement. At an operational level:

- corporate governance on climate change;
- the reduction of greenhouse gas emissions;
- and the strengthening of climate-related financial reporting are monitored.

Parallel to CA100+, Nature Action 100 (NA100) is also a global investor engagement initiative that focuses on promoting corporate actions to preserve natural capital and biodiversity and to consequently reverse the loss of nature and biodiversity by 2030, involving companies that belong to sectors considered as 'key'.

Net Zero Asset Managers Initiative

Reflecting the awareness of their active role in combating climate change, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) have been a part of the Net Zero Asset Managers Initiative (NZAMI) since 2021. 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.

Participation also involves setting intermediate targets in four areas 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 CA, while that of Fideuram Asset Management (Ireland) stands at €13.1bn, equivalent to 29.8% of its CA.
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 CAs will be invested in Green Bond financed projects.

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.

2023 was an extremely important year for the evolution of the NZAMI initiative with a special focus on the:
- preparation of monitoring and reporting activities for the four objectives outlined above on a quarterly basis;
- the annual compilation of the PRI questionnaire, including data to be reported for Net Zero purposes;
- the start of Net Zero engagement activities.

In order to achieve the target of zero 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

	2023	
	FIDEURAM ASSET MANAGEMENT SGR	FIDEURAM ASSET MANAGEMENT (IRELAND)
Companies that make up the portfolios (no.)	512	4,265
Companies for which engagement activities have been carried out (no.)	106	94
Companies for which ESG engagement activities have been carried out (no.)	78	82
Companies for which ESG engagement activities have been carried out (%)	**73.6**	**87.2**
Engagement activities (no.)	112	98
Engagement activities on ESG issues (no.)	78	82
ESG issues engagement activity of total engagement activities (%)	**69.6**	**83.7**

The ESG Programme

Regulatory developments envisaged by regulators and society's continued focus on the transition to a more sustainable economy have led the Group to further intensify its commitment, initiatives and improved approach to sustainability, confirming the focus and strategic importance of the ESG Programme launched in June 2021. The project is ambitious and transversally involves all company functions, aiming to integrate sustainability into all aspects of business management and operations.

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.

Following the evolution of the topics covered and in line with the development of each working area, the project organisation chart was revised in 2023, in order to achieve greater synergy and operational efficiency in the performance of vertical and transversal activities, through a rationalisation and remodelling of the working areas within the programme. These changes enable a flexible and structured response to the increasingly specific and ESG-oriented needs of all stakeholders.

New features in 2023, which were implemented in the original ESG Programme, can therefore be traced back to a redefinition of the project design that involved all sites, both vertical and transversal. More precisely:

- the Regulatory and Policy Working Area is no longer included in the vertical working areas, as a specific 'coordination session' called 'Regulatory Areas' has been set up, with the aim of sharing and setting out the guidelines identified on a regulatory level by specific Intesa Sanpaolo projects;
- the Impact Working Area has been revised, from a "transversal" working area perspective, considering the transversal nature of its activities;
- the Risk Framework Working Area, considering its specific aspects and the ever-increasing relevance of related issues, has been revised as a vertical working area;
- the previous Sustainable Offering and Marketing & Communication sites have been merged in a single 'vertical' working area, in light of the numerous interests and relationships between the respective areas;
- the previously transversal Foreign Subsidiaries Working Area is now under vertical working areas, in view of the specific nature of the topics covered.

In 2023, therefore, the ESG 2.0 Programme was divided into six main and three transversal working areas, for each of which key objectives were defined as priority areas for the evolution of the ESG approach.

Objectives and description of the six main working areas

NAME	OBJECTIVE	DESCRIPTION
Working area 1: Risk Framework	Integration of ESG factors into the Group's risk management processes	The risk governance framework defined at Group level - updated over time with current legislation - is kept in line with the typical, specific aspects of the business both at regulatory level and in terms of monitoring. The main activities of this working area include the definition of logics for measuring, managing and monitoring sustainability risk and, from a broader perspective, the assessment of how ESG factors can be integrated into risk management processes in the areas of governance and risk monitoring (proprietary and client portfolios).
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. Stewardship and Engagement activities and initiatives adopted are also monitored within the working area, in addition to all ESG initiatives (e.g. UN PRI, Net Zero Asset Managers Initiative, Climate Action 100+).
Working area 3: ESG Service Model	Review and update of the service model to integrate ESG factors into the suitability engine and advisory platforms	The main activities of this working area are to ensure the evolution of the advisory platforms and commercial tools, in view of the revision of the adequacy system in the light of new questions supplementing the MiFID profiling questionnaire on clients' sustainability preferences. The evolutions planned and monitored in the working area also refer to necessary commercial information and sustainability risk metrics to be included, in addition to planned commercial tools, in detailed reporting.
Working area 4: Sustainable Offering - Marketing and Communication	The implementation of new offering strategies focused on sustainable products and the definition and implementation of a marketing strategy to promote the Group's ESG initiatives	A sustainable offer is one of the pillars of the Group's ESG transformation. The main activities include the definition and evolution of the Product Plan, the identification of KPIs for strengthening the sustainable offer with relative 2022-2025 roadmap, and the updating of Product Governance policies and processes to integrate sustainability factors. In addition, the working area aims to define a marketing and communication strategy dedicated to sustainability issues that also includes brand-awareness initiatives.
Working area 5: Network Engagement	Definition and implementation of ESG initiatives for all Group Networks	To date, this area's activities are aimed at disseminating and consolidating a culture of sustainability within the Networks with a twofold purpose: disseminating ESG issues and sustainable behaviour, while at the same time acting as a listening point for customers' needs. To this end, the 'ESG Ambassador' initiative was launched: the 'ambassador' is a person who engages and works with Clients, the Market and Personal Financial Advisers, capable of intercepting market needs and transferring them to head office and vice versa. The main characteristics of the role are: - disambiguator: a guide to the complexities of the context; - testimonial: an enthusiastic spokesperson for the change taking place; - engine: a driving force as well as support and reference point of the Network. The activity envisages an initial pilot phase starting in September 2023 (duration 8 months) and a subsequent full-scale phase currently being defined.
Working Area 6: Foreign Subsidiaries	Strengthen the monitoring and coordinating role of foreign subsidiaries on ESG issues and ensure consistency, uniformity and a common direction of the various topics dealt with by the other working areas in the field of sustainability	Since January 2023, the growing need to adopt a common approach and implement a convergence plan for ESG issues, for the Group's foreign companies (Reyl and Intesa Sanpaolo Wealth Management) through the adoption of the Group's rules and methodologies and the concurrent implementation of related IT developments has been formalised. These activities are always planned and conducted considering and being attentive to the typical aspects of the business and models of foreign companies.

The following three working areas have been identified, that cut across the six main working areas:

- Working area A - 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 B - Reporting & Disclosure, with the aim of producing and updating the disclosures provided for in the integrated report, in the field of sustainability, providing timely and comprehensive evidence of commitment in this area;
- Working area C - Impact, which covers research and the definition of activities to promote social development and reduce inequalities. By engaging in support and inclusion activities, the Group works with non-profit organisations and supports social and environmental initiatives. In the light of the projects launched and implemented during the programme and the issues addressed (Digital Restart, Meta Insieme, etc.), assessments are underway of the areas on which to focus the next initiatives, with an impact on human and natural capital, with the aim of structuring a uniform approach within the Group.

Focus on the NATIVA Initiative - sustainability pathway

The Fideuram Group is fully committed to its attention and strategic focus on sustainability issues, aware of its responsibility towards stakeholders. For this reason, the 'SUSTAINABILITY PATHWAY' initiative was launched in 2022 in cooperation with NATIVA, a Regenerative Design Company that supports some of the most important Italian and European companies in an evolution towards regenerative models. This initiative has made it possible to measure the Group's impact profile through the B Corp methodology and to define an evolution plan based on the strategic directions considered as priorities.

The project has involved all corporate functions involved in the Group's ESG Programme; in particular, a "B Team" was set up with the heads of the Group's key areas, which contributed during 2023 to the measurement and evolution of the various business areas of Governance, People, Community, Suppliers, Environment and Customers. The collaboration with NATIVA will continue with the implementation of the evolution plan and the identified strategic initiatives.

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 the 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 of two meetings for members of the Board of Directors, implemented in cooperation with Intesa Sanpaolo's Institutional Affairs Department, focused on developments in EU legislation on ESG issues;
- six hours of ESG training content were delivered on the Apprendo platform for all Group employees subject to mandatory CONSOB training;
- 4,650 financial advisors of the Fideuram, Sanpaolo Invest and IW Private Investments Networks received training in the ESG Advisor EFPA certification programme for a total of more than 95,000 hours, and 1,049 financial advisors of the Intesa Sanpaolo Private Banking Network received specific training on ESG issues, for approximately 9 thousand hours;
- Intesa Sanpaolo Wealth Management launched an ESG training course aimed primarily at individuals in contact with customers and the functions that are directly involved in the process of offering and monitoring these products. Plans have been made to extend sustainability training to everyone, PWC-led workshops dedicated to individual departments are in progress. Other initiatives include the Investment team presenting an information document to the entire sales department, explaining the regulatory framework, strategies and practical aspects related to the ESG investment control and development process;
- Reyl & Cie held two classroom training sessions of 8 hours each for Relationship Managers, Personal Financial Advisers and other internal positions in particular control functions at its offices in Lugano, Geneva, Zurich and Dubai. The subject of the training was "Sustainable and Impact Investing for Financial Institutions" and it was curated by the Center for Sustainable Finance & Private Wealth at the University of Zurich. Training is also accredited within the Swiss "SAQ Bank Client Advisor" certification for Relationship Managers.

ESG EVENTS AND INITIATIVES

In 2023, in-person events on ESG issues were organised for clients of the Financial Adviser Networks. Specifically:

- 13 in-person events were organised: 8 events in cooperation with BlackRock on the impacts, prospects and opportunities of sustainable investments, with a focus on the automotive sector and 5 events in cooperation with Raiffeisen, held in prestigious theatres with a focus on climate change and analysis of possible solutions, also through savings choices.
- A webinar event, in cooperation with BlackRock and The European House - Ambrosetti, aimed at all customers, to discuss topics related to sustainable mobility and the revolution that will impact the entire transport sector.

Together with Intesa Sanpaolo, Intesa Sanpaolo Private Banking was the main partner of miart 2023. The Bank set up an exhibition dedicated to young emerging artists as part of the Culture Project. In addition, as 'gold partner' it sponsored the Maratona dles Dolomites 2023, the best known and most coveted amateur cycling event in the world. The theme of sustainability has always been a central focus of the Marathon, as demonstrated by the 'Green Event' certification awarded to the event.

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

ESG AMBASSADOR

Clients' interest in sustainable investments is growing steadily: in this evolutionary process, the role of Personal Financial Advisers is fundamental, ready to listen to and address the needs of customers by making them understand the logic of an ESG investment and its value points.

The Group trains highly qualified professionals who recognise themselves in ESG values, disseminating a sustainability-conscious financial culture and offering a quality level of service.

To this end, several training courses on this area have been developed, in collaboration with prestigious Italian universities, as well as ad hoc training sessions, taking advantage of the experience of leading international asset managers.

This area includes the introduction of the role of ESG Ambassador, currently held by a group of 34 Personal Financial Advisers, selected for an initial pilot phase from among the approximately 6,000 members of the Fideuram and Intesa Sanpaolo Private Banking networks, on the basis of their attention to ESG issues.

The ESG Ambassadors are called on to promote a culture of sustainability in their respective territories with a dual purpose: disseminating ESG issues and sustainable behaviour and being a listening point for the needs of clients and Personal Financial Advisers.

With the introduction of the position of ESG Ambassador, the Group aims to further accelerate the process of disseminating sustainable guidelines and policies not only internally, but also to customers and more generally to the territory.

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 that will have an 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.

CHAPTERS	MATERIAL TOPICS	RELEVANCE FOR OUR STAKEHOLDERS: CUSTOMERS	SHAREHOLDER	COLLABORATORS	SUPPLIERS	COMMUNITY	ENVIRONMENT	CONTRIBUTIONS TO THE SDGS
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

The 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 240 managed asset products (232 products classified under Article 8 and 8 products classified under Article 9 of the SFDR), for total Client Assets at 31 December 2023 of €60.4bn, made up of €33.3bn in investment funds (including alternative funds), €21.2bn in asset management and €5.9bn 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 2023, 70% of managed assets subscribed by customers were classified under Articles 8 and 9 of the SFDR, up on the figure of 2022 (57%).

(€m)

MANAGED ASSET PRODUCTS	SFDR TYPE	PLATFORM	PRODUCTS NO.	31.12.2023 CLIENT ASSETS	PRODUCTS NO.	31.12.2022 CLIENT ASSETS
Mutual funds	Art. 8	AILIS Sicav	6	2,120	3	1,307
		FIDEURAM FUND	2	1,405	2	997
		FONDITALIA	40	15,484	39	13,539
		INTERFUND Sicav	22	10,178	21	8,954
		WILLERFUNDS - PRIVATE SUITE	12	1,486	8	937
		FIDEURAM MASTER SELECTION	3	169	3	172
		ALTERNATIVE FUNDS - MAKE PRIVATE MARKETS SUSTAINABLE	2	478	1	394
		FIDEURAM ASSET MANAGEMENT SGR FUND	5	1,610	-	-
	Art. 9	FONDITALIA	1	235	1	255
		WILLERFUNDS - PRIVATE SUITE	4	178	3	44
		TOTAL MUTUAL FUNDS	**97**	**33,343**	**81**	**26,599**
Discretionary accounts	Art. 8	FOGLI	53	7,579	43	6,072
		OMNIA	37	12,520	35	10,008
		ISPB WEALTH COLLECTION	13	970	9	965
		DIRECT VALUE +	5	-	5	-
	Art. 9	FOGLI	1	121	2	181
		TOTAL DISCRETIONARY ACCOUNTS	**109**	**21,190**	**94**	**17,226**
Insurance and pension funds	Art. 8	FIDEURAM VITA	20	3,021	9	160
	Art. 8	INTESA SANPAOLO VITA	6	57	6	27
	Art. 8	FIDEURAM PENSION FUND	6	2,731	6	2,387
	Art. 9	FIDEURAM VITA	1	53	1	42
		INTESA SANPAOLO VITA	1	20	-	-
		TOTAL INSURANCE AND PENSION FUNDS	**34**	**5,882**	**22**	**2,616**
	Total		**240**	**60,415**	**197**	**46,441**
	of which Art. 8		*232*	*59,808*	*190*	*45,919*
	of which Art. 9		*8*	*607*	*7*	*522*

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 themes.

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). Furthermore, Intesa Sanpaolo is included in numerous sustainability indices, including Dow Jones Sustainability Indices, S&P ESG Indices, FTSE4Good Index Series, MSCI ESG Indexes, Climate Change A List di CDP, Corporate Knights Global 100, Euronext ESG Indices including MIB ESG Index, Solactive ESG Indices, Qontigo STOXX® Sustainability Indices, Standard Ethics Indices, Standard Ethics Indices and also in the thematic indices: 2023 Bloomberg Gender - Equality Index and the Refinitiv Global Diversity and Inclusion Index 2023.

2. External context and strategies

The **MSCI ACWI** index (in dollars) stood at

727

(605.38 at the end of 2022)

Source: Bloomberg

Drivers of the managed assets market 2023-2025:

- **Equity components recovered** as a result of the expected easing of restrictive monetary policies, the easing of inflationary pressure and growth forecasts.
- **Recomposition of portfolios** with reduced liquidity in favour of new investments flowing into equities and managed asset products

2.1 Economic scenario

GDP 2023

AVERAGE ANNUAL GROWTH

▲ 2.4% USA

▼ 0.5% Eurozone

▲ 5.2% China

▲ 2.0% Japan

▼ 0.7% Italy

Source: National Statistical Offices

The arrow indicates the change from the previous year (2022) (▲ increase ▼ decrease)

During 2023, there was the expected decline in inflation in the US and Europe, after the strong increase in the previous two years, but without the slowdown in global growth that was expected by the analysts' consensus, despite a monetary policy of the Fed and ECB that turned out to be even more aggressive than expected in the first part of the year. This result was mainly driven by the robustness of the US economy, which not only avoided the widely expected recession during the year, but even continued to grow above potential, despite the significant monetary tightening imposed by the Federal Reserve as of March 2022, and the crisis in the regional banking sector in the early part of spring. On the other hand, both the Eurozone and China, after a start to the year characterised by a more robust than expected trend in economic activity (although still subdued for the Eurozone), clearly disappointed expectations. In fact, after a strong acceleration at the beginning of the year due to the removal of restrictions adopted by the authorities in previous years to contain the spread of Covid, the trend of economic activity in China decidedly and unexpectedly slowed down in the spring and, in particular, the crisis in the real estate sector intensified, which the authorities only tackled in a more decisive and coordinated manner in the second half of the year. By contrast, the Eurozone economy avoided the widely expected recession in the quarters between 2022 and 2023, but entered a phase of substantial stagnation from the last quarter of 2022 onwards, under the combined impact of the repercussions of the huge terms-of-trade shock brought about by the surge in energy prices in 2021-22, the weakness of the manufacturing sector and demand from China and, finally, the significant monetary tightening decided by the ECB to contain the surge in inflation.
This opened up a significant divergence in growth prospects from mid-year onwards, which became more pronounced over the months, between the US, on the one hand, with continuous upward revisions of short to medium-term forecasts, and China and the Eurozone, on the other hand, where growth prospects were gradually corrected downwards. Geopolitical factors, which were definitely important for the economy and markets in 2022, were less relevant in 2023, despite the continuation of the war in Ukraine and the Hamas attack on Israel in early October. The decline in inflation allowed the Fed and ECB to moderate the extent of rate hikes during the year and then break the restrictive cycle. The Fed, which had already gone from a 75 basis point hike to a 50 basis point hike at its December 2022 meeting, raised rates by 25 basis points at its first three meetings in 2023 and, after keeping rates unchanged at its June meeting, decided on a final 25 basis point hike at its late July meeting. At the mid-December meeting, the Chairman Jerome Powell even hinted that rate cuts might even be relatively imminent (in line with market expectations). The ECB, which started its restrictive cycle later than the Fed and faced a higher inflation spike at the end of 2022, continued to raise rates by 50 basis points in the first two meetings of the year, and then moved to 25 basis point hikes in the next four meetings between May and September, while keeping rates unchanged in October and December, when President Christine Lagarde made it clear that the restrictive cycle could probably be considered over. Instead, there were no significant changes by the BoJ, only adjustments at the margin in the gradual exit path from the ultra-expansive monetary policy. Finally, the Chinese Central Bank conducted a moderately expansionary policy to support the economy.

GDP growth in the **US** during 2023 was significantly more robust than expected, as the economy not only avoided the recession widely expected at the beginning of the year, but actually maintained a higher-than-potential pace of growth in the first six months, accelerating significantly in the third quarter (with growth around 5% annualised), before slowing down again in the final quarter of the year. Growth was supported both by a buoyant trend in private consumption, which reflected still decidedly robust labour market conditions (although employment growth gradually slowed down during the year), and by a positive contribution from the foreign channel (driven by a decline in imports). An unexpected positive factor was also fiscal policy, which turned out to be decidedly more expansionary than expected, despite the absence of new specific measures to support the economy as in previous years. The crisis in the regional banking sector, triggered by the abrupt failure of Silicon Valley Bank in early March, did not have a significant impact on the economy, thanks in part to the Fed's swift intervention to support the banking sector. Inflation, which had already started a gradual comeback from the highs in the second half of 2022, continued its descent during the year, approaching 3% in the final part of 2023. A significant contribution to the decline in inflation came from the correction of energy prices, with core inflation (i.e., excluding food and energy) falling much more gradually than total inflation, to around 4% by the end of 2023 (from a peak at 6.6% in September 2022).

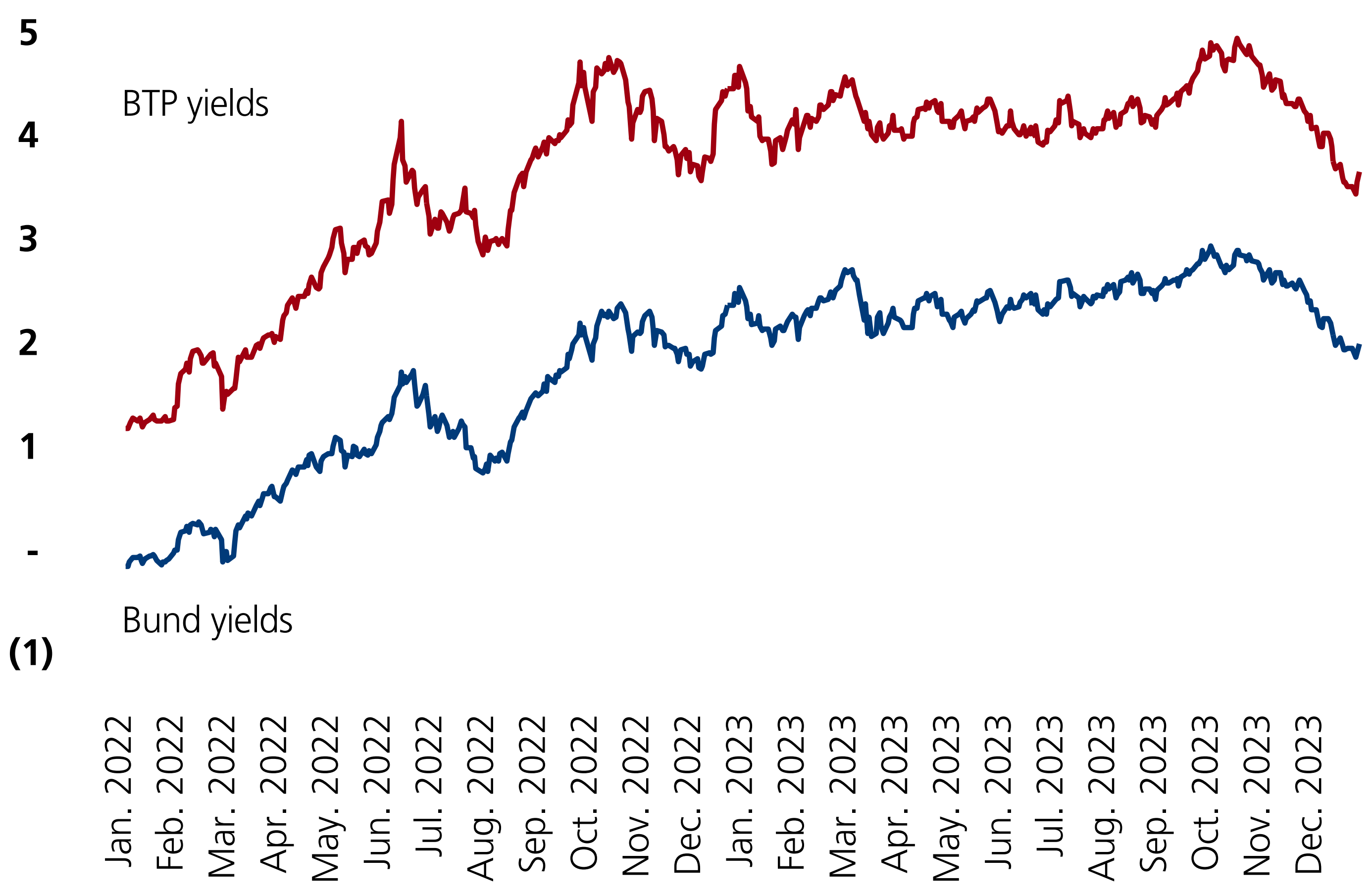
Growth in the **Eurozone** came to a virtual standstill in 2023, suffering the triple negative impact of the consequences of the energy crisis stemming from the war in Ukraine, rising inflation that dampened private consumption, and weak foreign demand due to the disappointing recovery in China. After a slight decline in GDP in the final quarter of 2022, growth was weakly positive in the first half of the year, only to contract slightly again in the second half. The recession at the beginning of the year was avoided due to the combined impact of a number of factors: the pronounced fall in gas prices (which started early in the year), the flexibility of the industrial sector in adjusting to the energy shock, the still very accommodating fiscal policies, and, above all, the surprising strength of the labour market, with employment growing steadily for the entire year. The resilience of the labour market, combined with the savings accumulated during the pandemic, was instrumental in cushioning the impact on consumption of the inflationary surge, although demand for services also decelerated in the second half of the year. At the same time, inflation started a downward process that has strengthened especially since the end of the summer: the drop in energy prices and the resolution of malfunctioning problems in production chains also enabled a sharp drop in inflation which, from the maximum of 10.6% in October 2022, closed 2023 at 2.9%. The still high levels of inflation for a large part of the year, rising wages and low growth in productivity convinced the ECB to continue the most aggressive rate hike cycle in its history, while moderating the size of the increases compared to 2022. In December, the ECB also announced a reduction of reinvestments in the PEPP in 2024, which turned out to be milder and more moderate than expected. On the fiscal governance front, 2023 ended with the agreement reached in December between the EU Finance Ministers to reform the Stability and Growth Pact, which the European Parliament is expected to approve by spring 2024.

Growth in **Asia** was relatively moderate. In China, economic policy took a moderately expansionary turn, both on the fiscal side and on the monetary and credit side, and during the second half of the year, there was a recovery that enabled the government's growth target (around 5%) to be reached. The weak demand in China was reflected in a very subdued price dynamic, with inflation even slightly negative during the second half of the year. In Japan, GDP growth accelerated despite a lacklustre performance of consumption, thanks to the positive contribution of the foreign channel. Inflation accelerated further, to levels unprecedented in the last four decades (albeit much lower than the peaks in the US and Europe), but the Bank of Japan did not substantially change its monetary policy, limiting itself to marginal corrections in setting the target band around the 10-year rate.

The decline in inflation, positive surprises in growth, and the Fed's gradually less aggressive stance were reflected in a particularly brilliant performance of the US stock market, with the S&P 500 index advancing by 24.2%, although the performance was largely concentrated in a very limited number of stocks (the so-called 'Magnificent Seven'). The Japanese market also made significant progress (with the Topix index up 25.1%), while European stock markets rose 12.7% (with the Italian market clearly outperforming, with the FTSE-MIB index up 28%). Finally, the emerging markets index recoded a 7% performance (for the MSCI index in US dollars). As regards bonds, yields rose significantly between spring and October, when markets assumed that policy rates would remain high for a long time to come, and then fell sharply in the final two months of the year, when perceptions of the monetary policy outlook shifted in a decidedly more accommodating direction. The yield on ten-year US Treasuries thus ended the year essentially at the levels of the end of 2022, while in the case of Bunds the yield was more than 50 basis points lower than at the beginning of the year. The spread of Italian bonds against German bonds also dropped significantly.

10-year Bund and BTP yields

(%)



Source: Bloomberg

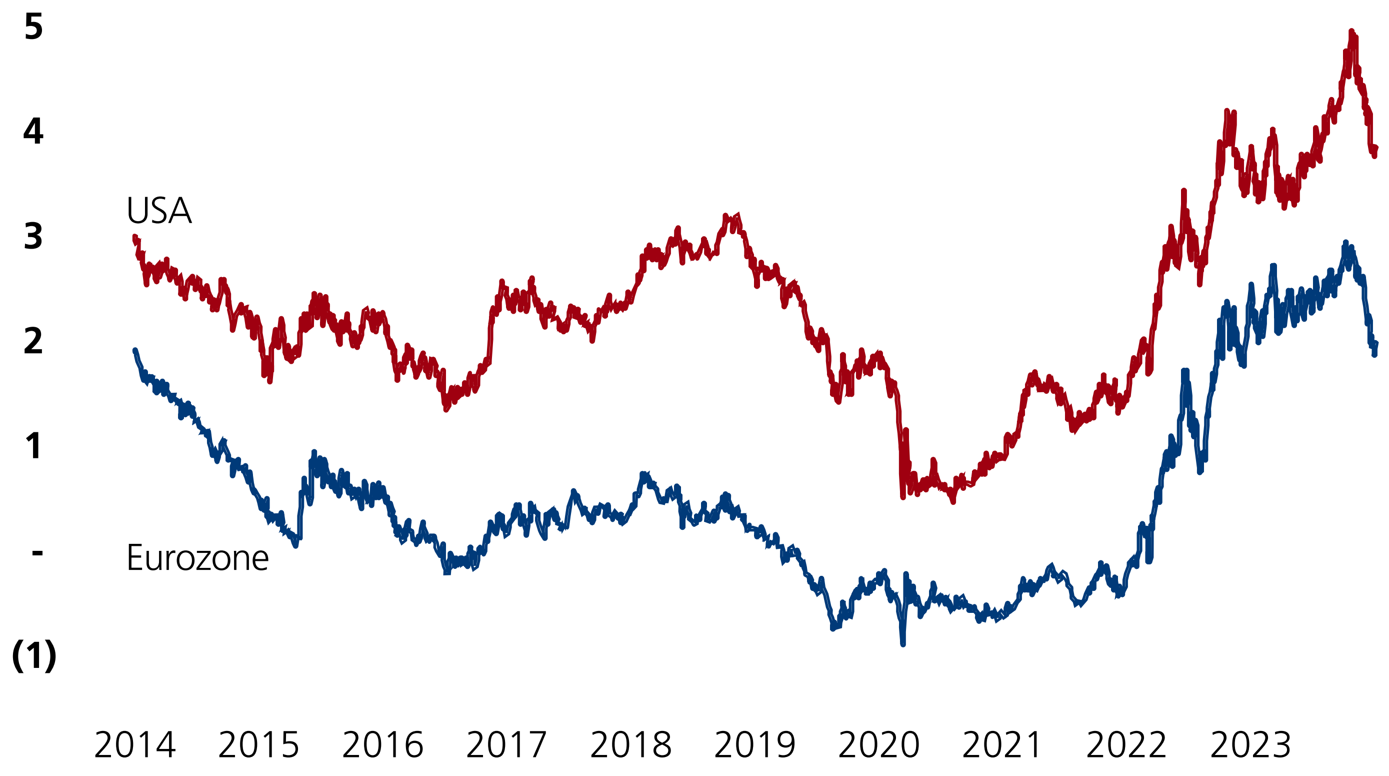
Stock market performance

Source: Bloomberg

Bond market performance

(10-year government bond yields)

(%)



Source: Bloomberg

Historic market returns 2014-2023

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

2014	RANGE	2015	RANGE	2016	RANGE	2017	RANGE	2018	RANGE	2019	RANGE	2020	RANGE	2021	RANGE	2022	RANGE	2023	RANGE
USA shares	1	ITALY shares	1	Oil	1	EM shares	1	USA monetary	1	USA shares	1	GOLD	1	Oil	1	Commodity	1	ITALY shares	1
USA Government Bonds		USA shares		USA shares		ITALY shares		USA Government Bonds		ITALY shares		Convertible		USA shares		Oil		USA shares	
Global Inflation Linked		USA Government Bonds		EM shares		GOLD		GERMANY Government Bonds		Oil		USA shares		Commodity		USA Monetary		JAPAN shares	
ITALY Government Bonds		USA monetary		Commodities		EUROPE shares		Euro Government Bonds		EUROPE shares		EM shares		ITALY shares		GOLD		EUROPE shares	
USA monetary		EUROPE shares		GLOBAL HY Euro hdg		Pac formerly Japan shares		USA shares	2	EM shares		Global Inflation Linked		EUROPE shares		EMU Monetary	3	Euro HY	
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	4	GLOBAL HY Euro hdg	
EMU Government Bonds		ITALY Government Bonds		Pac formerly Japan shares		Financial Euro sub		EMU Monetary	3	GOLD		Global Corp Hdg Eur		USA Monetary		USA Government		GOLD	
EM shares		Convertible		Euro HY		USA shares		Euro Corporate Bonds		EM local debt		Euro Government Bonds		Euro Inflation Linked		EUROPE shares		ITALY Government Bonds	
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		Euro subordinated financials	
Financial Euro sub		EMU Government Bonds		GOLD		GLOBAL HY Euro hdg		Euro Inflation Linked		Euro HY		Global HY Hdg Eur		USA Government Bonds		Euro Inflation Linked		EM local debt	
Global Government Bonds Euro hdg		Financial Euro sub		Global Inflation Linked		Oil		EM local debt		GLOBAL HY hdg Eur		EM external debt hdg		Global Inflation Linked		JAPAN shares		EU Corporate Bonds	
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		Convertible	
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		Euro Government Bonds	
EUROPE shares		Euro HY		Global Corporate Bonds Euro hdg		Global Hedge Fund EUR		Euro subordinated financials	4	Convertible		Euro Inflation Linked		Global Hedge Fund EUR	2	Euro subordinated financials		EM shares	
EM local debt		EM external debt hdg		USA Government Bonds		EU Corporate Bonds	2	Global Corporate Bonds Euro hdg		Global Corporate Bonds Euro hdg		GERMANY Government Bonds	2	Global HY Hdg Eur		Global HY Hdg Eur		Global Corp Hdg Eur	
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 Hdg Euro		Commodity		Euro HY		EMU Monetary	3	USA shares		GERMANY Government Bonds	
Euro Inflation Linked		EU Corporate Bonds	3	USA monetary		ITALY Government Bonds		Convertible		Euro Government Bonds		Euro Corporate Bonds		Euro Corporate Bonds		EM shares		EM external debt hdg	
Convertible		Global Corporate Bonds Euro hdg		EUROPE shares		Global Government Bonds Euro hdg		Pac formerly Japan shares		Euro Inflation Linked		EMU Monetary	3	Global Corporate Bonds Euro hdg		Global government Hdg Euro		Global Government Euro hdg	
ITALY shares	2	GLOBAL HY Euro hdg		EMU Government Bonds		EMU Government Bonds	3	EM external debt hdg		Euro Corporate Bonds		USA Government Bonds		Convertible		Global Corp Hdg Eur		EMU Monetary	2
GLOBAL HY Euro hdg		Global Hedge Fund EUR	4	Global Government Bonds Euro hdg	2	EMU Monetary		Commodities		Global Inflation Linked		Pac formerly Japan shares		GERMANY Government Bonds		ITALY Government Bonds		Global Inflation Linked	
EMU Monetary		EM shares		ITALY Government Bonds		GERMANY Government Bonds		EM shares		Global Government Euro hdg		EUROPE shares		EM local debt		Convertible		USA Monetary	
Global Hedge Fund EUR	3	EM local debt		Global Hedge Fund EUR		Global Inflation Linked	4	EUROPE shares		USA monetary		ITALY shares	4	Global Government Euro hdg	4	GERMANY Government Bonds		Global Hedge Fund EUR	
GOLD		GOLD		Convertible		USA Government Bonds		Global Hedge Fund EUR		Global Hedge Fund EUR		USA monetary		ITALY Government Bonds		Euro Government Bonds		USA Government Bonds	
Commodities	4	Commodities		EMU Monetary	3	USA monetary		ITALY shares		GERMANY Government Bonds		Commodities		Euro Government Bonds		Global Inflation Linked		Oil	4
Oil		Oil		ITALY shares	4	Commodities		Oil		EMU Monetary	3	Oil		EM external debt hdg		EM local debt		Commodity	

1 > 3% **2** 0% / 3% **3** -3% / 0% **4** < -3%

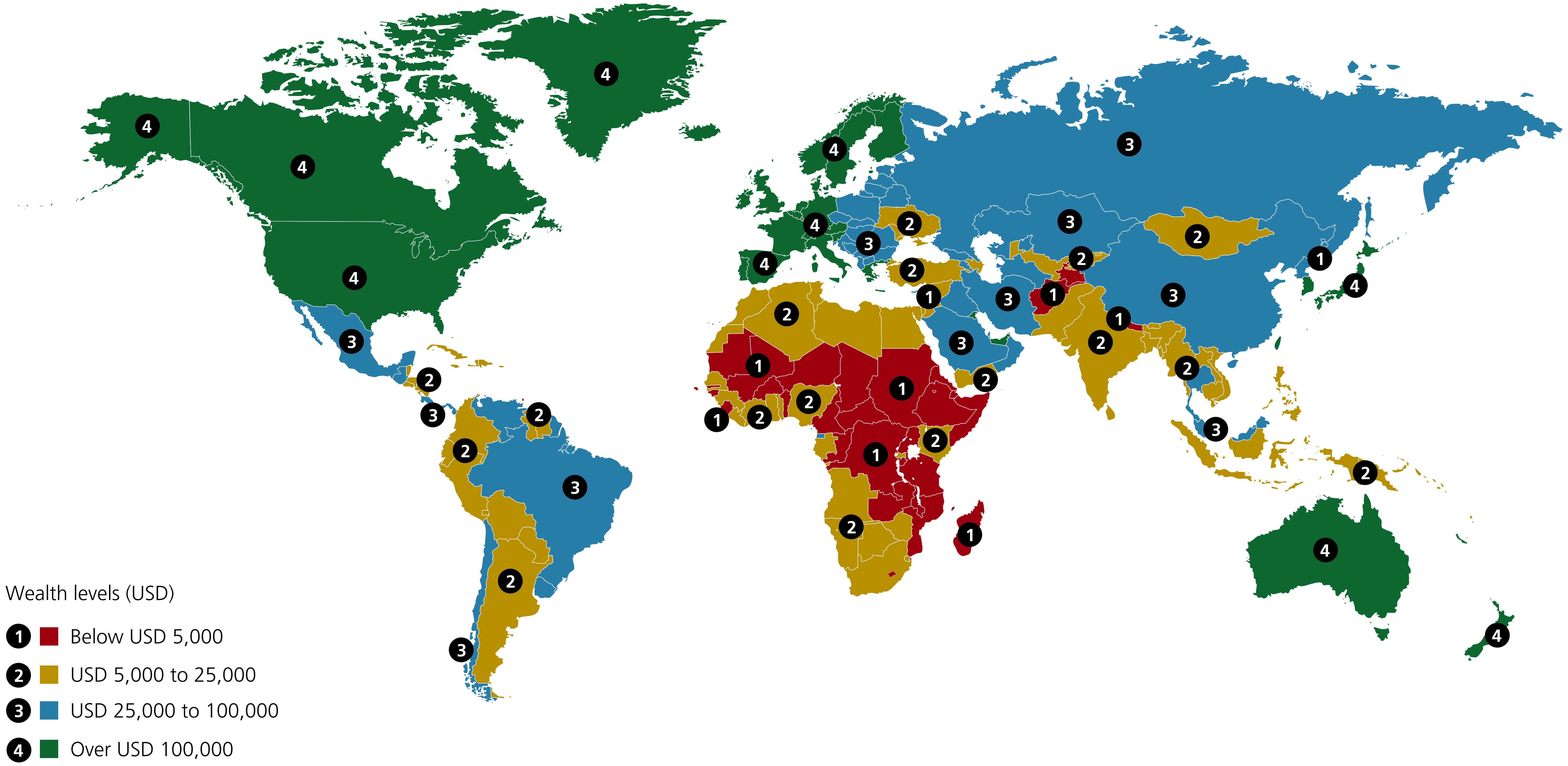
The information, opinions and data contained in this table do not in any way constitute research, recommendation, investment advice, investment advisory or any other form of advice and are subject to change.
The data shown refers to the past. Past results do not constitute a reliable indicator of future results.
Source: Prepared by Fideuram Asset Management SGR S.p.A..

2.2 Market growth prospects

THE WORLD MARKET

The evolution of household wealth in recent years has been unusual in several respects. During the first phase of the Covid-19 pandemic in 2020, household wealth proved highly resilient to the economic setbacks experienced worldwide. The financial support provided to households by the central government in many advanced countries, coupled with lower interest rates and restricted consumption opportunities, increased household savings and led to a generalised increase in stock and house prices. The result was a significant increase in household wealth in many countries. In 2021, these trends were reinforced by the recovery of macroeconomic activity in a low interest rate environment. This produced exceptionally favourable conditions for the growth of household wealth, leading to the fastest increase ever recorded, but this combination of favourable conditions was unlikely to last. The war between Russia and Ukraine, together with other factors, caused a rapid increase in inflation in 2022. This caused interest rates to rise, hampering economic growth, depressing asset prices and contributing to a widespread depreciation of currencies against the US dollar. 2022 saw the first fall in net household wealth worldwide since the global financial crisis of 2008. Wealth per adult decreased by $3,198 (-3.6%), reaching $84,718 by early 2023. This reduction was more pronounced in richer regions, such as North America and Europe. Much of this decline stems from the appreciation of the US dollar against many other currencies. Holding exchange rates constant at 2021 rates, total wealth would have increased by 3.4% and wealth per adult by 2.2%. This is still the slowest increase in wealth at constant exchange rates since 2008. Holding exchange rates constant, but taking into account the effects of inflation, would result in a loss of real wealth of -2.6%. However, the world market is still estimated to grow in the long term: global wealth will increase by 38% over the next five years, reaching $629 trillion by 2027. The growth of middle-income countries will be the main driver of global trends.

World Wealth Map, 2022



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global Wealth Databook 2023

The information in the section "The World Market" is taken from the research "Global Wealth Report 2023" published by UBS in June 2023.

The loss of global wealth was concentrated in North America and Europe, which together lost $10.9 trillion. China and the Asia-Pacific region recorded losses totalling $3.5 trillion, but these were offset by small gains in India and Africa. The anomaly was Latin America, where total wealth increased by $2.4 trillion (+18.6%). This increase partially reverses several years of recent wealth losses and was helped by an average 6% appreciation of the currency against the US dollar. In terms of wealth per capita, Europe and Asia-Pacific recorded similar declines to the global average (-3.6%), while the percentage loss in North America was slightly higher. Population growth in Africa has turned the modest 1.5% increase in total wealth into a 1.3% decline in per capita wealth. Non-financial assets performed relatively better in most regions with the exception of China, where both financial and non-financial assets lost value in terms of the US dollar, although not in terms of the yuan. Emerging countries represent the majority of the market in terms of growth. China is the leading country in terms of wealth, with a net worth of $115.3 trillion. This is followed by the United States ($83.2 trillion), Japan ($35.7 trillion) and Germany ($23.2 trillion). Financial assets contributed the most to the decline in wealth, losing $10.5 trillion. Non-financial assets, on the other hand, held up well, losing only $0.8 trillion. Equities were the financial assets with the most significant losses, at $7.6 trillion. Government bonds lost $2.2 trillion, while mutual funds lost $0.7 trillion. The most resilient non-financial assets were real estate, which increased in value by $0.2 trillion, and private companies, which lost only $0.6 trillion. The wealth management market is increasingly characterised by strong competition. Traditional operators, such as banks and asset management companies, are facing competition from new players, such as technology companies and financial advisory firms.

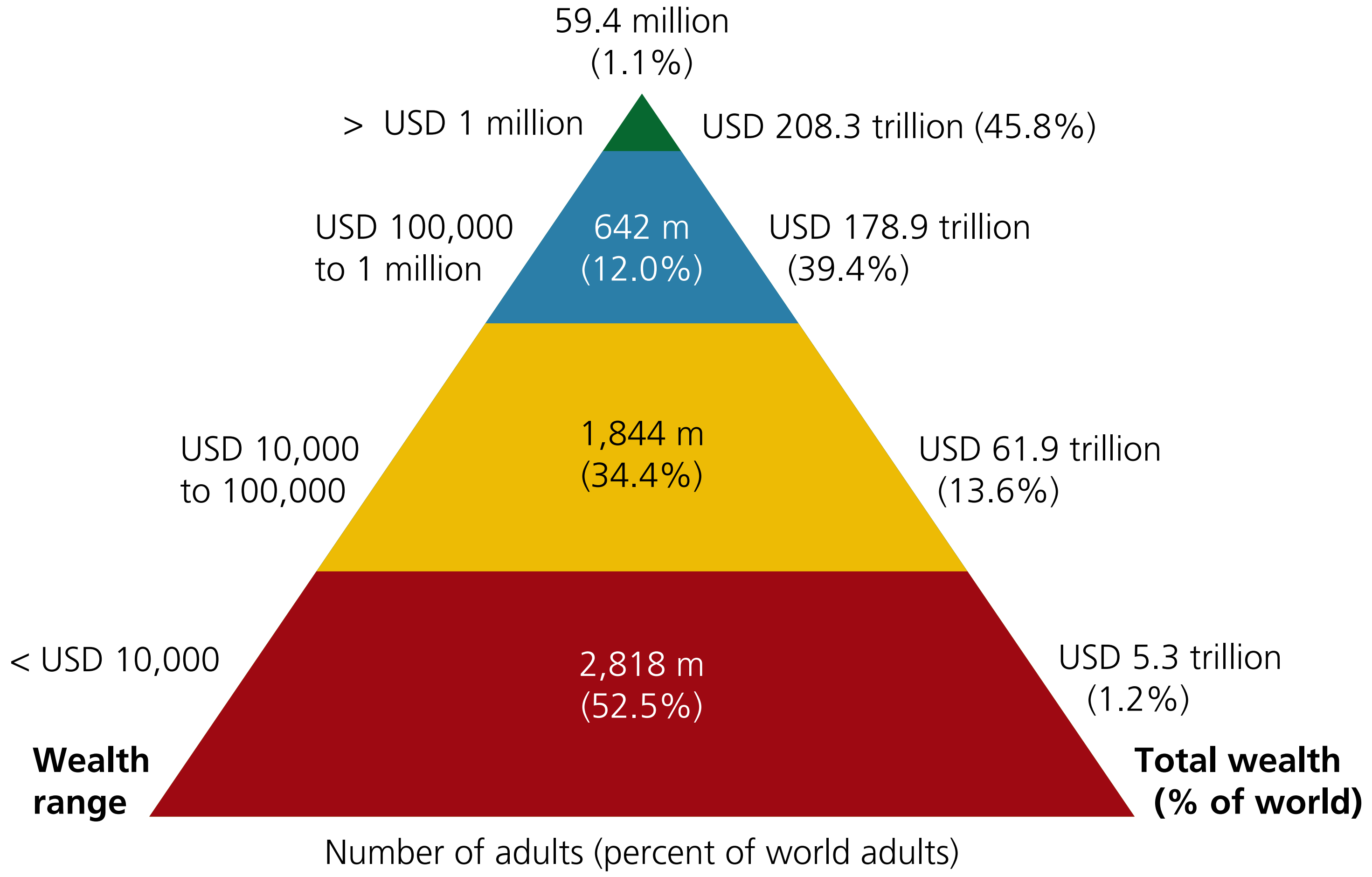
Change in household wealth in 2022, by region

	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 debt	
	USD bn	USD bn	%	USD	%	USD bn	%	USD bn	%	USD bn	%
Africa	5,909	85	1.5	8,345	-1.3	57	2.1	36	1.0	8	1.9
Asia-Pacific	77,974	-2,070	-2.6	61,154	-4.0	-2,931	-6.5	476	1.0	-385	-3.6
China	84,485	-1,462	-1.7	75,731	-2.2	-116	-0.3	-1,632	-3.1	-285	-2.8
Europe	104,410	-3,703	-3.4	177,179	-3.4	-5,736	-10.4	1,552	2.3	-480	-3.2
India	15,365	675	4.6	16,500	2.8	34	1.0	679	5.4	38	3.0
Latin America	15,071	2,359	18.6	32,760	16.9	819	12.9	1,745	22.7	204	15.1
North America	151,170	-7,166	-4.5	531,826	-5.3	-11,226	-9.0	5,025	9.5	965	4.9
World	**454,385**	**-11,281**	**-2.4**	**84,718**	**-3.6**	**-19,099**	**-6.8**	**7,882**	**3.2**	**65**	**0.1**

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global Wealth Databook 2023

WEALTH CONCENTRATION

The global wealth pyramid 2022

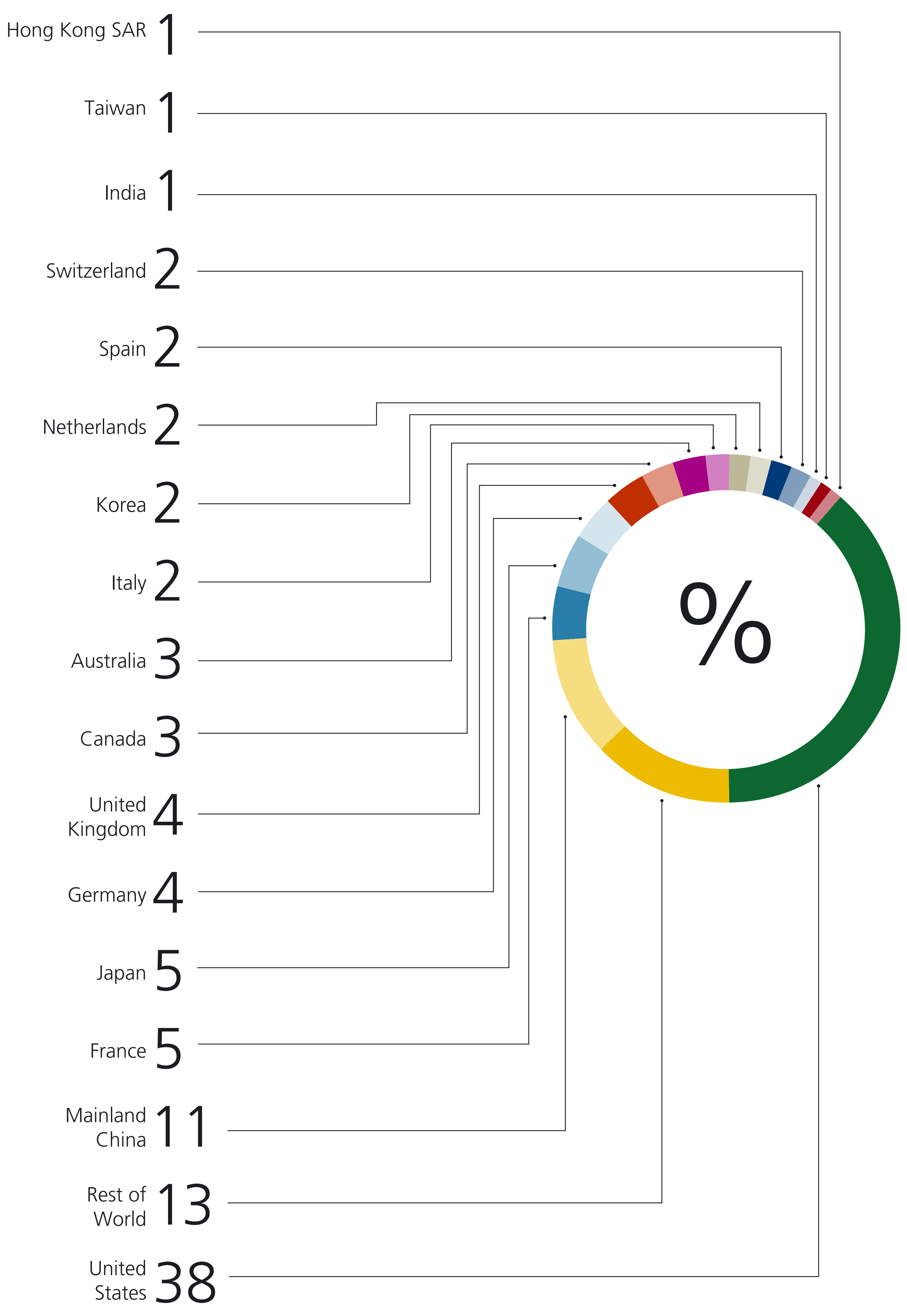


Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global Wealth Databook 2023

The wealth pyramid summarizes the distribution of wealth among the global adult population. A broad base of low-level holders supports the higher levels, which are occupied by progressively fewer adults: 2.8bn individuals (53% of all adults in the world) had wealth of less than $10,000 in 2022. The next segment, which covers those with wealth between $10,000 and $100,000, has seen the largest increase in numbers this century, more than tripling in size from 503m in 2000 to 1.8bn by mid-2022. 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 $33,573, or about 40% of the global average wealth level.
The total assets of $61.9 trillion provide this segment with considerable leverage.
The upper-middle segment, with wealth ranging from $100,000 to $1m, has also tripled in this century, from 208m to 642m. Members of this group currently own a net worth of $178.9 trillion, or 39.4 per cent of global wealth, which is more than three times their percentage share of the adult population. The middle class in developed countries typically belongs to this group. Above them, the highest level of high net worth individuals (HNWI, i.e. millionaires in US dollars) remains relatively small at 59.4 million (1.1% of all adults). The number of global millionaires has grown rapidly in recent years and exceeded 1% of adults for the first

time in 2020, although the number decreased by 3.5 million in 2022. In terms of asset ownership, the HNW group is increasingly dominant. The aggregate wealth of HNWIs grew fivefold, from $41.4 trillion in 2000 to $208.3 trillion in 2022, and their share of global wealth increased from 35% to 46% over the same period.
The groups classified in the layers of the wealth pyramid are diversified in terms of residence and personal characteristics. The base level has the most even distribution between areas and countries, but also the widest spread of personal circumstances. In advanced economies, about 30 per cent of adults fall into this category and, for most of these individuals, membership is transitory (e.g., due to business losses or unemployment or a life cycle phase associated with youth or old age). In contrast, in many low-income countries, more than 80 per cent of the adult population falls into this wealth bracket, so lifelong membership at the basic level is often the norm.
The main characteristic of the two segments of the central pyramid is the dominance of China, which accounts for 36% of the total membership, compared to 10% for India, 7% for Latin America and only 4% for Africa. Regional representation is further skewed among millionaires, where 42% of all members reside in North America, 27% in Europe, and 17% in Asia-Pacific (excluding China and India). Thus, in stark contrast to the base of the wealth pyramid (which is characterised by a wide variety of people from all countries and all stages of the life cycle), HNW individuals are highly concentrated in particular regions and countries and tend to share similar lifestyles, participating in the same global markets for luxury goods, holidays and educational opportunities for their children, for example, even when they reside on different continents. The asset portfolios of these individuals are also likely to be more similar, with a focus on financial assets and in particular on stocks, bonds and other securities traded on international markets.

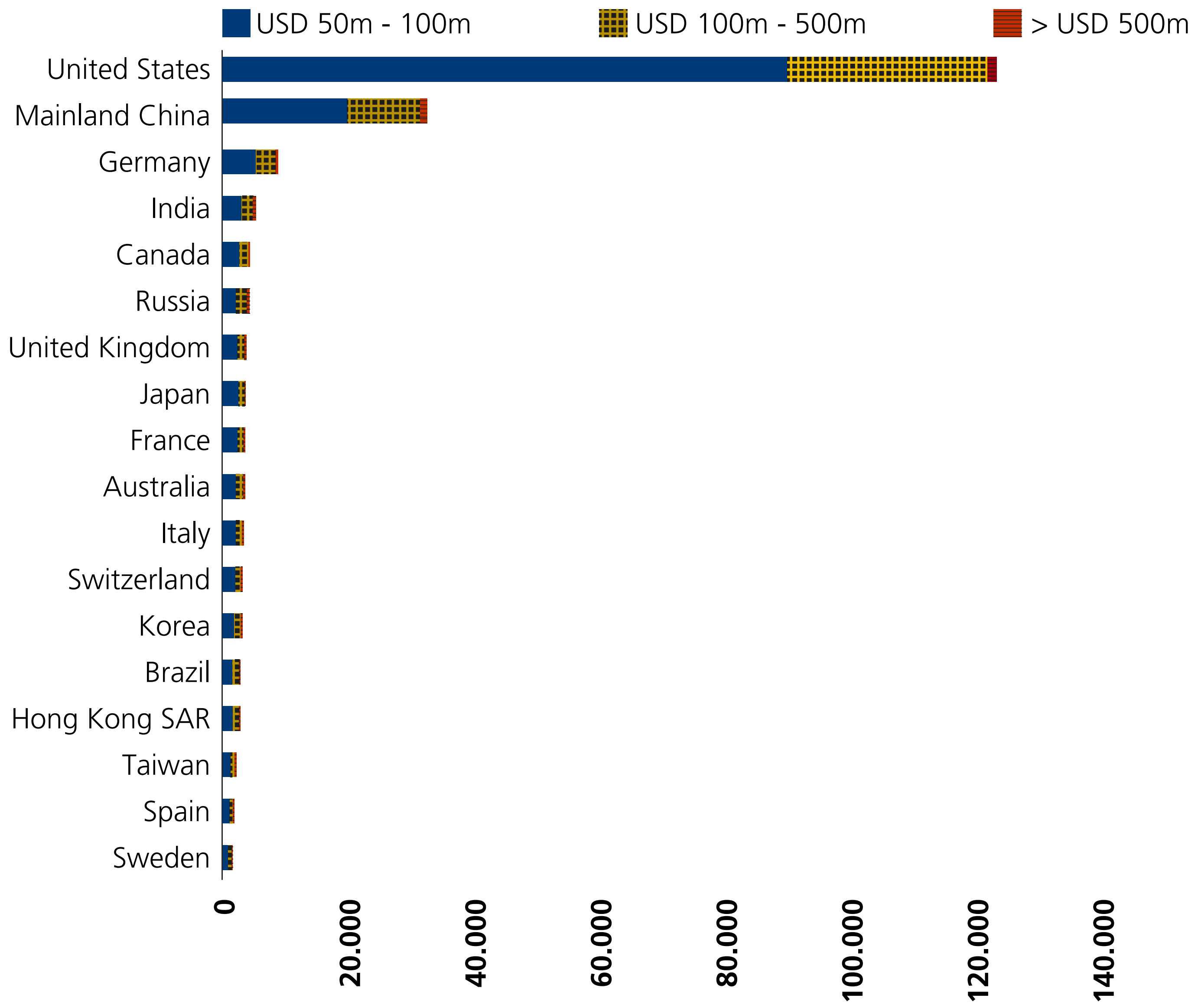
Number of US dollar millionaires (% of world total) by market, 2022



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global Wealth Databook 2023

For each market, the number of millionaires in US dollars depends on three factors: the size of the adult population, average wealth and wealth inequality. The US scores high in all three criteria and has by far the largest number of millionaires with 22.7 million or 38.2% of the world total. China ranks second, with 10.5% of all global millionaires. The number of millionaires in Japan competed with the US at the beginning of this century, but Japan's position has steadily eroded since then. Japan was overtaken by China in 2014 and accounted for only 4.6 per cent of millionaires in 2022, placing fourth below France (4.8%) for the first time and challenged by Germany (4.4%) and the UK (4.3%). Next come Canada (3.4%) and Australia (3.1%), followed by Italy, Korea, the Netherlands, Spain and Switzerland, each hosting around 2% of global millionaires. India, Taiwan and Hong Kong also account for more than 1% of the world's dollar millionaires, but this is no longer the case this year for Sweden.

Ultra-high-net-worth individuals in 2022, top 20 markets



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global Wealth Databook 2023

A further breakdown of the UHNW group reveals 79,490 adults with assets over $100m at the end of 2022, of which 7,020 were worth over $500m. The regional distribution of the UHNW group as a whole is dominated by North America with 128,470 members (53%), while 40,090 (17%) live in Europe, 32,910 (14%) in mainland China and 27,700 (11%) in the Asia-Pacific countries, excluding China and India. Among individual countries, the United States leads by a considerable margin with 123,870 members, equivalent to 51% of the world total. Mainland China is in second place with 32,910 UHNW individuals, followed by Germany (9,100), India (5,480) and Canada (4,560). Russia (4,490), the United Kingdom (3,980), Japan (3,930), France (3,890) and Australia (3,780) make up the remaining ten largest countries by number of UHNWI.

THE ITALIAN MARKET

CONSUMER SPENDING

Household consumption in the euro area returned to growth in the third quarter of 2023, after two quarters of contraction. Growth was led by Spain, Italy and France, while Germany contracted again. In Italy, national and domestic consumption grew by 0.7% in the third quarter, compared to a decline of 0.3% in the previous quarter. Growth was driven by an increase in consumption of durable goods (+2.7%) and services (+1.4%), while consumption of non-durable and semi-durable goods decreased by 0.4% and 1.5% respectively. This result is due to a number of factors, including the savings accumulated during the pandemic phase cushioning the negative impacts of inflation and high interest rates, the good employment performance which helped to support domestic demand, the cooling of the construction sector which was affected by rising raw material costs and political uncertainty, and the delays in the implementation of the NRRP, which held back public and private investment. The outlook for the Italian economy in 2024 appears weak. Available high-frequency indicators point to weak consumption, squeezed by inflation, and investment, held back by uncertainty and high financing costs. The support for low and middle incomes next year, provided by the decontribution and personal income tax reform measures contained in the 2023-2024 budget will be limited. The revision of the NRRP agreed with the European Commission does not include any substantial changes in terms of expenditure and support for the economy compared to the previous version. Under these conditions, Italian GDP growth is likely to be around 0.4% in 2024.
Germany and France recorded a contraction in GDP, while Spain and Italy recorded growth. In Italy, growth originated from buoyant household spending, particularly on durable goods and services. Investment remained stable, with construction recovering only marginally and capital investment contracting. The foreign component showed growth in exports, albeit limited to goods, and a fall in imports. On the supply side, manufacturing continued to contract, while services supported economic activity. In particular, the entertainment and recreation sector experienced an unexpected drop, falling back below pre-pandemic levels by about 2 percentage points.

THE INVESTMENT MARKET

The process of reallocating private savings in Italy continues. Up to October 2023, liquidity deposited with banks by households and companies decreased by about €93bn, with a more pronounced decline in household deposits (-€72bn).
This decrease in deposits was caused by several factors, including:

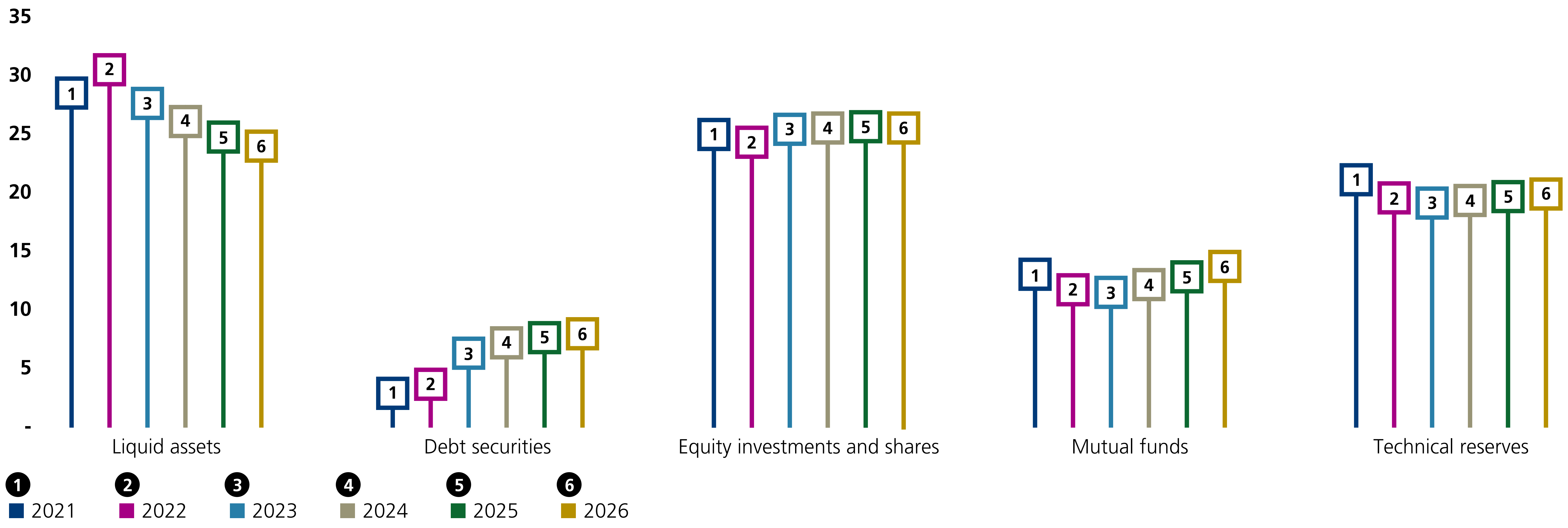
- the need to finance the operational needs of companies and household consumption;
- the desire to improve the financial situation of businesses and households by reducing debt and investing in more profitable financial assets.

In particular, companies preferred to invest in shares and equity, but also increased their term deposits and government bonds. In the first half of the year, the securities held in corporate portfolios grew by some €14bn, which is more than the total for 2022. In households' choices, longer-term deposits increased, but above all securities, and especially government bonds. The banking system is encouraging reallocation within direct funding instruments, offering demand deposit outflow customers competitive alternatives in terms of yield, such as bonds and term deposits.

Term deposit rates are expected to rise until the second quarter of 2024, in line with expectations of a rates cut before the summer, with yields reaching around 370 basis points.
On the other hand, bond yields are estimated to rise, reaching 360 basis points by the end of 2026, following the dynamics of medium- and long-term rates. The reallocation process will therefore continue, favoured by the rate differential that rewards outflows from liquid positions towards term deposits and, to a lesser extent, towards bonds. In terms of share in household financial assets, demand deposits are expected to decrease by -2.6 percentage points (from an estimated 25.3% at the end of 2023 to 22.6%).
Against this decline, the share of term deposits and bonds will increase by 0.6 and 0.4 percentage points respectively. In the following two years, the recomposition will continue with a decline in the share of demand deposits of -3 percentage points, only partly offset by the increase in term deposits and bonds. These data suggest that Italian households are gaining an appetite for risk and are seeking higher returns on their savings. Moreover, the reallocation process is set to continue in the coming years due to rising interest rates.

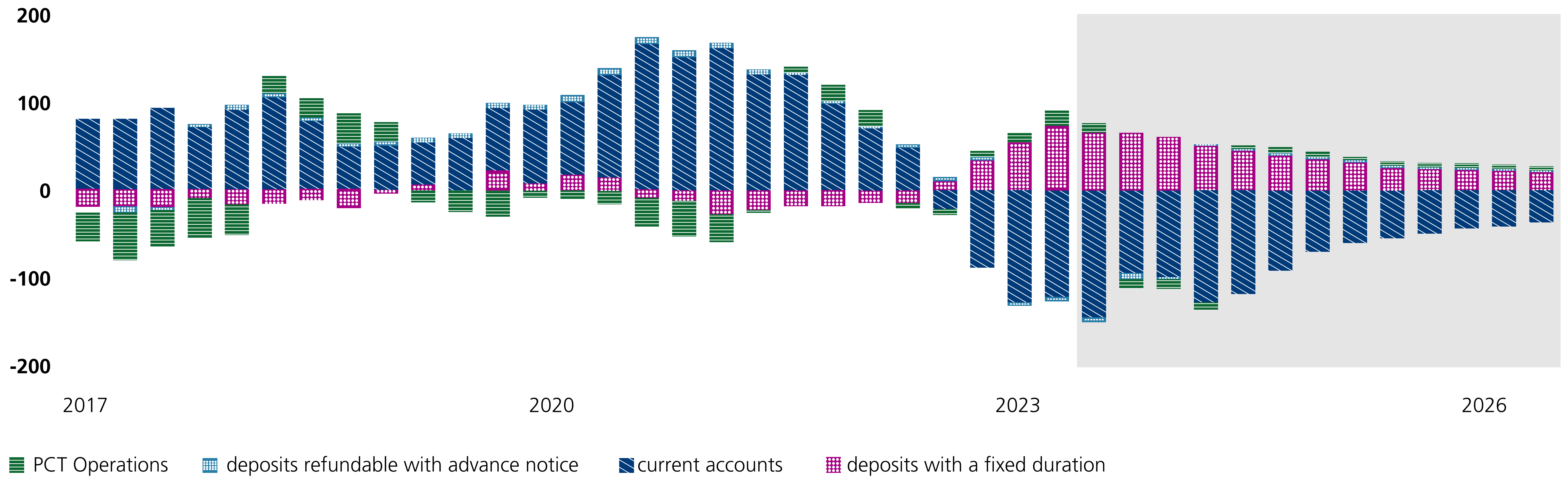
The information presented in this section has been taken from the Prometeia publication "Forecast Report – December 2023".

Households: breakdown of financial assets in Italy
(percentages)



Source: Prometeia forecasts using Bank of Italy data

Composition of deposits
(annual changes in billions of euro)



Source: Prometeia forecasts using Bank of Italy data

THE PRIVATE MARKET

Equity markets fell significantly in 2022, penalised by geopolitical tensions and restrictive monetary policies of central banks. The recovery of listings in the final months of the year made it possible to limit year-on-year losses, which in the EMU, and particularly in Italy, were lower than in the US. In fact, the EMU index dropped by about 15% compared to the end of 2021 (-13.3% the Italian index), while the US index lost more than 21%. 2022 was also a difficult year for investments in fixed-rate strategies, especially those with a medium to long duration and thus more sensitive to rising interest rates. Indeed, the major bond indices recorded heavy write-downs, similar to those of the stock markets. In this context, the correlation between the two asset classes, bonds and shares, increased significantly.

The worsening economic and geopolitical conditions led to a deterioration in the confidence of Italian households. The assessment of own personal situations also worsened, due to the perceived impact of high utility bills and fears about the development of the conflict in Ukraine. These changes had an impact on the economic conditions of households, which reduced savings. On average in 2022, the savings rate almost realigned with 2019 levels, as a result of consumption holding up well until the summer months and, on average over the year, the loss of purchasing power. It was only in the last months of the year that households succumbed to inflationary pressures and reduced their spending. Thus, on average for the year, consumption grew by 4.6% (in real terms), in contrast to disposable income, which fell by 1.1% also as a result of the partial adjustment of wages to the increase in the cost of living.

In 2022, after more than a decade of low rates, some significant changes were observed in the investment choices of Italian households. Non-managed assets attracted the largest inflows (+€47bn), which were positive for the first time since 2011 thanks to government bonds, for which demand was very high given the attractive yields to maturity and BTP Italia issues.

By contrast, investments in direct funding instruments were much lower than in 2021 due to the decline in deposit flows, which had grown over the past decade due to the low opportunity cost of holding liquidity. The resumption of investments in securities and the lower accumulation of savings were accompanied by a marked reduction in the accumulation of liquidity, which turned negative in the last months of the year due to the decline in current accounts with higher balances, a sign that the reduction of excess liquidity driven by households with greater financial assets is beginning. The lower accumulation of liquid assets was only partly offset by the resumption of the placement of bank bonds.

The information presented in this section has been taken from the "Report on Private Banking in Italy (2023)", produced by AIPB in conjunction with Prometeia.

Despite a very complex financial environment, investments in managed and insurance products were positive, although much lower than in 2021. By contrast, net inflows were negative for policies and mutual funds with bond portfolios, which were affected by the shift in preference towards direct investment in securities. On the other hand, net inflows remained positive overall for financial policies and mutual funds with a higher risk profile, confirming the importance of the managed assets market in continuing to bring medium- to long-term investments into portfolios.

The negative performance of the financial markets, however, resulted in sharp decline in the stock of managed products (-12.9%) and, to a lesser extent, insurance products (-3.2%). Assets under administration, on the other hand, grew by 1.9%, thanks to flows that more than offset the negative contribution of the financial markets. Direct inflows grew only slightly (+0.8%). In summary, the changes observed in 2022 reflect the start of a normalisation process of financial conditions, leading to higher interest rates and increased volatility in financial markets.

More than a third of the wealth that can be invested by Italian households belongs to a 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 considerable wealth, 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. The wealth of affluent Italian households decreased by 4.5% by the end of 2022, due to the negative performance of financial markets. The average wealth of affluent households fell to €1.8m, while the number of private target households decreased by 5,500. AIPB's survey of well-off families shows that these families are concerned about the economic and social consequences of the war in Ukraine, rising prices and health problems. These concerns could lead wealthy households to invest in instruments with a lower level of risk, as well as to increase their choice of solutions protecting them and their sources of income.

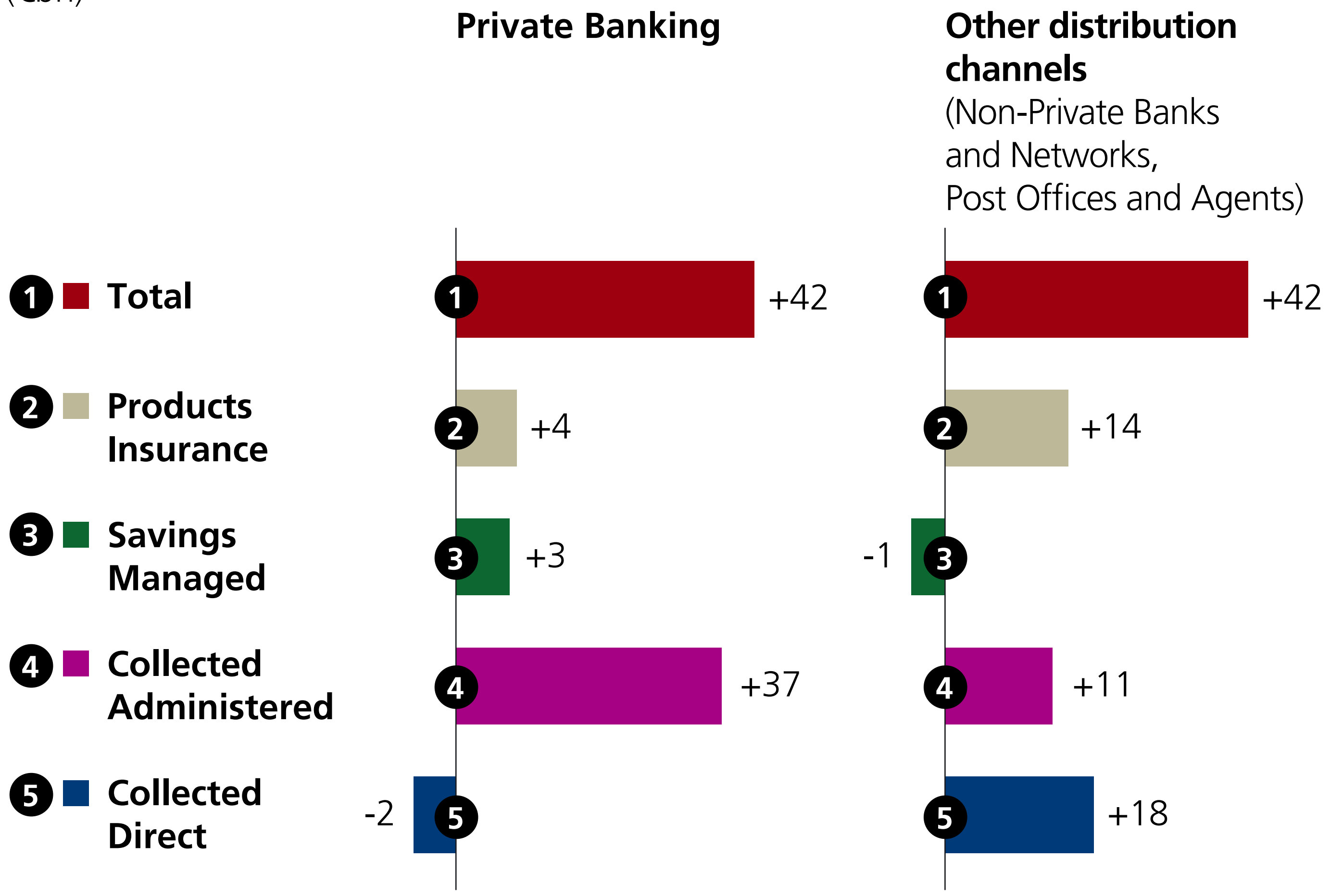
The private banking industry went through a complicated year, recording a negative change in assets of 4.1%. Private Banking's net inflows were more than double that of other operators (+4.0% versus +1.7%), demonstrating an ability to manage the Private service, even at times of heightened uncertainty and also making it possible to mitigate the negative contribution of the markets. Private Banking, however, maintained its market share of indirect inflows at 44%.

Private banking intercepted half of the wealth flows generated by Italian households in 2022, with €42bn in net inflows. The industry has been able to remain close to families, demonstrating the need, in complex times, to have a professional reference in managing savings. All Private Banking's inflows were directed towards investments other than deposits, with the largest share going to non-managed assets, mainly thanks to investments in government bonds favoured by the context of rising interest rates, which supported the return to investment in a segment historically appreciated by Italian households. Private banking's liquidity accumulation decreased, in stark contrast to the dynamics of other players. According to the figure for direct inflows, private portfolios seem to have begun a process of re-composition towards financial investments (especially non-managed assets) to the detriment of direct inflows. In insurance, Private Banking recorded positive net inflows.

In summary, 2022 was a difficult year for wealthy households and the private banking industry. Wealthy families have seen their wealth decrease and are worried about the future. The private banking industry had to face the challenges of a difficult economic and geopolitical environment but proved to be able to offer quality services.

Net inflows by investment segment

(€bn)



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

OUTLOOK

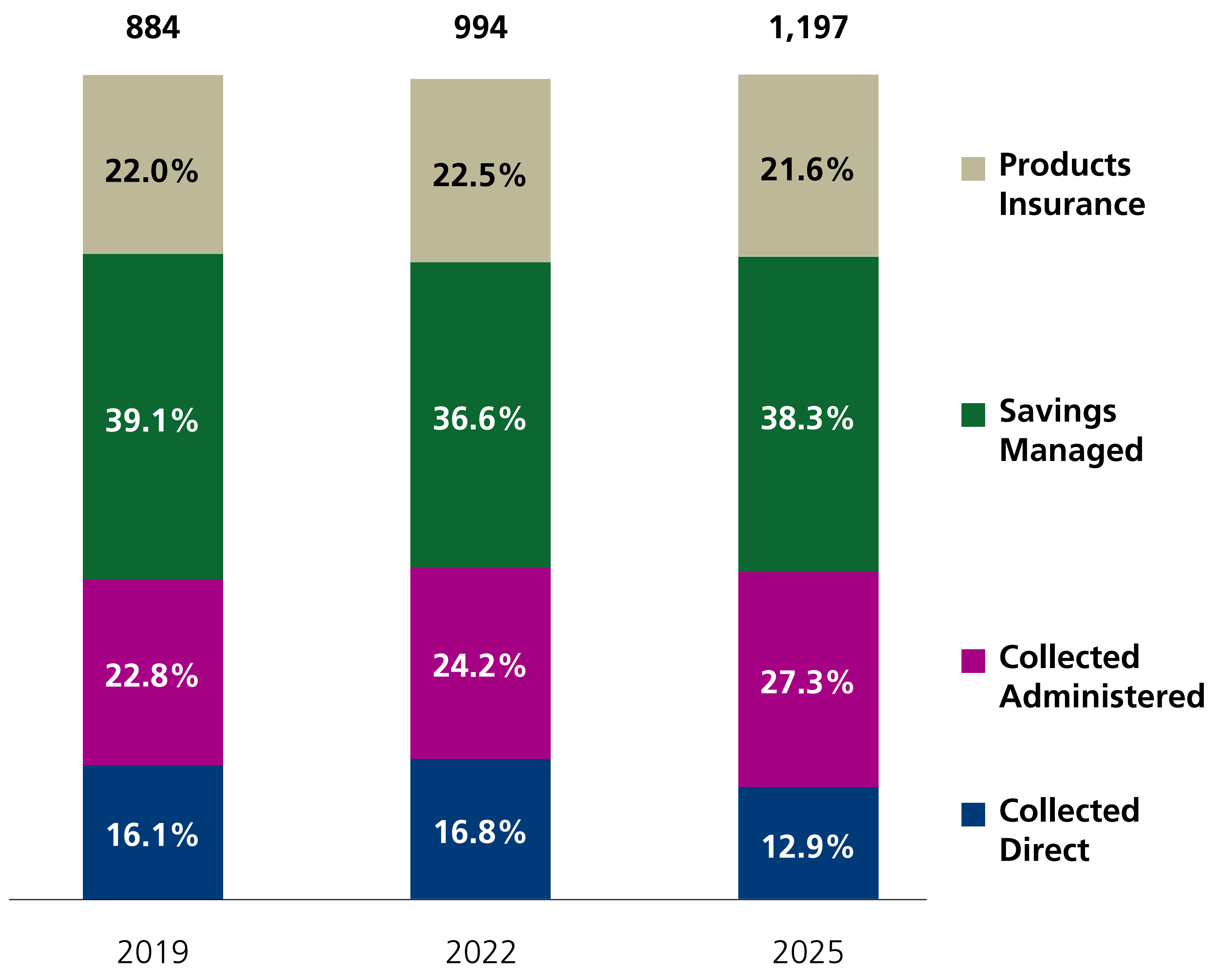
Private banking is expected to maintain its strongest growth momentum among distribution channels. The positive change of 6.4% per annum on average over the three-year period 2023-2025 (versus 2.4% for other operators) will take to €1,197bn, an increase of €203bn. This change could lead to a further increase in market share of more than one percentage point over other distribution channels, to reach 32.2%. Private Banking's net inflows are expected to contribute more than 3 times that of other operators (2.96% average per annum for Private Banking compared to 0.9% for other operators), realising net inflows of around €90bn. The performance of private portfolios will more than double that of other operators, with a revaluation of products under management contributing to the growth of client assets. The process of the Private Banking portfolio recomposition will continue, with an initial shift in of investments towards fixed-rate securities, followed by an increase in investments in equities and managed asset products. The expectation of an easing of restrictive monetary policies, the easing of inflationary pressure and the growth forecasts for the next three years will allow equities to recover. The financial environment also remains favourable for investments in debt securities with yields that can contribute positively to portfolio performance.
Interpreting the scenario of the coming years remains of paramount importance for private banking players. The sharp rise in inflation and interest rates, to levels not seen in years, seem to have completely revised investment guidance. The challenge will be to counter the various forces influencing investment decisions such as an increased risk aversion, with the tendency to choose safer investments, even at the expense of returns, with possible wealth devaluation consequences, given the current high levels of inflation.
The process of portfolio recomposition, whereby liquidity is reduced in favour of new investments, will continue over the next three years: initially, investments will continue to flow towards fixed-interest securities, but later on towards equities and managed asset products, which will become more attractive again as interest rates stop rising and inflation falls.

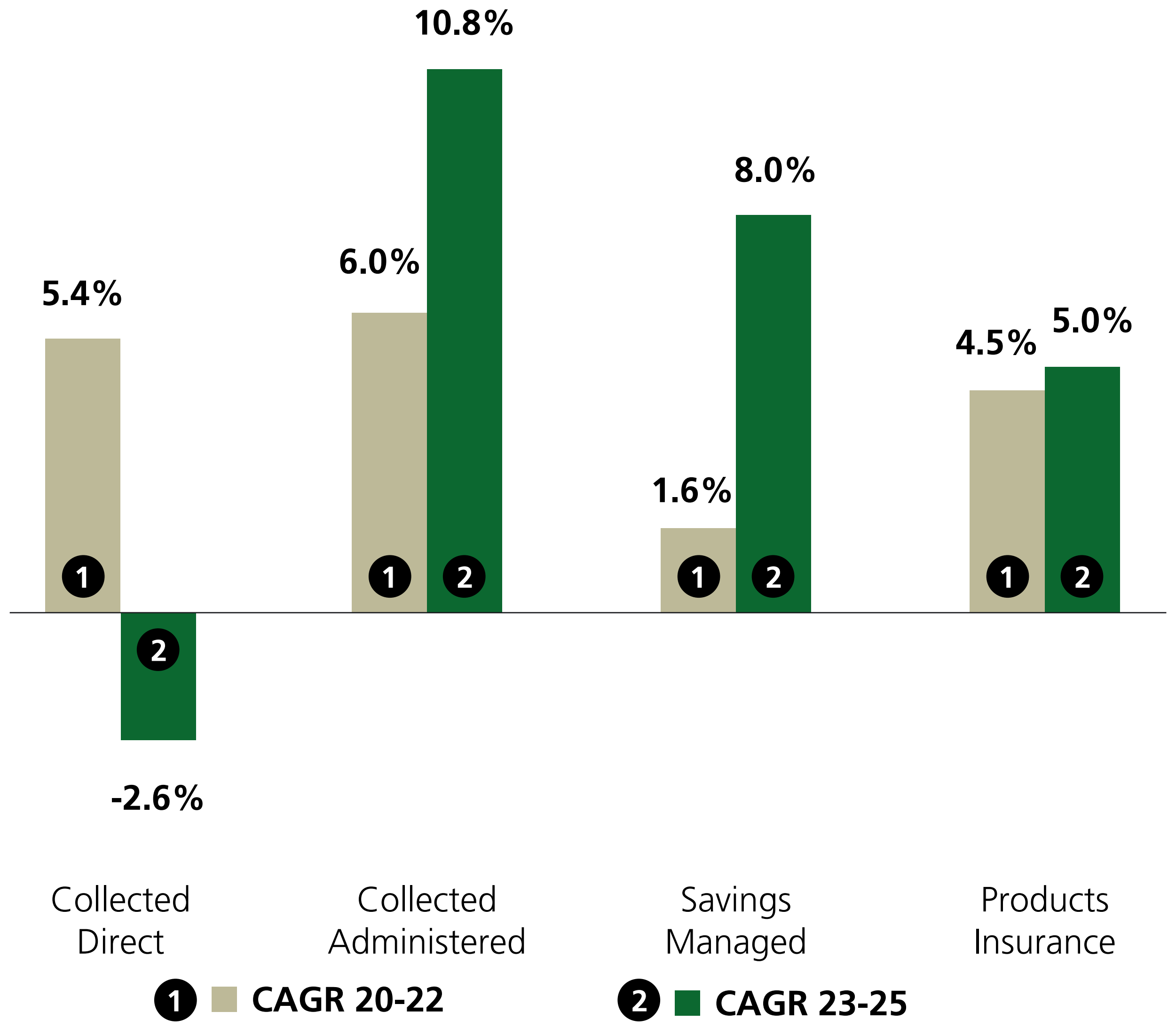
Italian private banking is therefore confirmed as one of the most dynamic distribution channels in the financial market, thanks to its ability to offer personalised services and advice to high-profile clients. The growth of Private Banking will be driven by the growth of the financial wealth of Italian households, which is expected to increase by about 10% in the three-year period 2023-2025. The growth of net inflows will be supported by the increase in the propensity of households to save, which is expected to rise from 7.9% in 2022 to 9% in 2025. The performance of private portfolios will be boosted by easing inflationary pressure and interest rates that are expected to start falling during 2023.

The Italian Private Banking managed assets segment will grow at a sustained pace over the three-year period 2023-2025, thanks to the recovery of losses incurred in 2022 and new investment flows. In particular, the share of this segment in the overall portfolio will increase by 1.7 percentage points to 38.7%. The insurance component, on the other hand, will continue to grow at a solid pace, with an average annual change of 4.9%. This growth will be driven by the market effect, while the contribution of new investment flows will be more modest. Liquidity, on the other hand, will be affected by outflows, due to the decrease in savings and the willingness of households to invest to mitigate inflationary effects. In particular, new investment flows will be responsible for 70% of the growth in the securities segment, while the market effect will contribute 33%. In the managed assets and insurance segments, on the other hand, the market effect will be the main growth driver, contributing 53% and 33%, respectively. New investment flows, on the other hand, will contribute 28% and 17%.

Changes in deposits in private portfolios

(Client Assets shares and annual average changes)





Source: AIPB-Prometeia

ESG INVESTMENTS

2023 AT A GLANCE

In 2023, ESG investments continued to grow at a fast pace, despite economic and geopolitical uncertainties related to the war in Ukraine and the energy crisis. ESG-managed assets reached $40.5 trillion at year-end, up 17.4% from 2022.

This growth was driven by several factors, including:

- an increased investor awareness of ESG risks: investors are increasingly aware of the impact that environmental, social and governance factors can have on their activities and portfolios;
- a growing product offering: the ESG investment market is continuously expanding, with new players entering the market and offering an increasingly wide range of products, which has made it easier for investors to find ESG products that fit their needs and investment objectives;
- government policies supporting ESG investments: governments around the world are adopting policies to support ESG investments, such as regulating products and promoting transparency. These policies help to create a favourable environment for the growth of such investments.

POSITIVE RETURNS

In 2023, ESG fund returns beat those of traditional products. The median performance of ESG funds was 6.9% in the first half of 2023, compared to 3.8% for non-ESG competitors.
This performance was attributed to several factors, including:

- the strong performance in 2023 of ESG sectors, such as clean energy, energy efficiency and health, which influenced ESG fund returns;
- the leverage effect: ESG investors tend to invest in companies with positive ESG factors, which are often also high-quality companies.

CHALLENGES AND PERSPECTIVES

Despite positive growth in 2023, ESG investments still face some challenges. Among these is the lack of standardisation: there is no single standard for measuring and reporting ESG factors. This can make it difficult for investors to compare ESG products and choose the ones best suited to their needs. Another factor is the risk of greenwashing, the practice of promoting products or services as sustainable when in fact they are not. This can lead to a loss of confidence on the part of investors.

Despite these challenges, ESG investments are set to continue growing in the coming years. The war in Ukraine has led to an increase in commodity and energy prices, with a negative impact on companies and financial markets. In addition, inflation has increased costs for companies, making it more difficult for them to invest in ESG projects.

In 2024, the following trends are expected to be at the forefront:

- the energy transition: investments in renewable energy, energy efficiency and green infrastructure will continue to grow;
- environmental sustainability: investments in environmental conservation, waste management and pollution reduction projects will be increasingly important;
- governance: investments in companies committed to sustainable governance, including transparency, fairness and social responsibility, will be increasingly in demand.

In Italy, ESG investments reached €100bn in 2023, up 20% year-on-year. In 2024, ESG investments in Italy are expected to continue growing, reaching €120bn. In the meantime, sustainability-related regulation is making significant progress with the introduction of detailed technical standards in the Regulation on Sustainability-related disclosure in the financial services sector (Regulatory Technical Standards), which allow for the comparison of financial products and provide investors with more transparent information.

The information in the section “ESG investments” is taken from the publications Global Sustainable Investment Alliance - “Global Sustainable Investment Review 2022”, Franklin Templeton (2023) - “Market Outlook for European Logistics in 2024”and EY (2023) - “Investing in Italy. But how? Forecasts for 2024”.

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.

The Group has a leading position in its reference market (Asset Gathering), being ranked fifth in Europe (sixth in 2022) and second in the euro area for client assets.

Top 10 Private Banking operators in Europe

(figures at 31.12.2023 - €bn)

	AUM
UBS	3,484
Julius Bar	462
BNP Paribas	415
HSBC	405
Fideuram - Intesa Sanpaolo Private Banking	360
Santander	278
Deutsche Bank[1]	276
Pictet	262
ABN-AMRO	216
Indosuez Private Banking[2]	198

1. Client assets of IPB Private Banking and Wealth Management (partially estimated figure).
2. Data referring to LCL Private Banking and Indosuez Wealth Management.

The Fideuram 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 40.8% market share at 31 December 2023 (amounting to approximately €320bn). Moreover, the Group took first place in 2023 both for total net inflows (€13.5bn).
The following tables show the market breakdown of CA and net inflows among the main Groups operating in Italy.

Market shares by Client Assets

(€bn)

	31.12.2023		31.12.2022	
	CLIENT ASSETS	% OF TOTAL CLIENT ASSETS	CLIENT ASSETS	% OF TOTAL CLIENT ASSETS
Fideuram Group (*)	320.0	40.8	287.4	41.1
Finecobank	106.7	13.6	93.2	13.3
Banca Mediolanum	105.5	13.4	92.9	13.3
Banca Generali Group	91.8	11.7	82.2	11.8
Allianz Bank	68.4	8.7	59.8	8.6
Credito Emiliano Group	44.5	5.7	40.6	5.8
Zurich Group	16.7	2.1	16.1	2.3
BNP Paribas Group	10.5	1.3	9.4	1.3
Mediobanca Group	9.2	1.2	7.8	1.1
Monte dei Paschi di Siena Group	8.2	1.0	7.5	1.1

(*) Only includes the client assets of the Fideuram, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Private Banking Networks.

Source: Assoreti

Total net inflows and into managed assets

(€bn)

	2023		2022	
	TOTAL NET INFLOWS	NET INFLOWS INTO MANAGED ASSETS	TOTAL NET INFLOWS	NET INFLOWS INTO MANAGED ASSETS
Fideuram Group (*)	13.5	(1.7)	10.9	2.3
Finecobank	7.1	0.3	8.8	3.0
Banca Mediolanum	6.3	2.9	7.3	4.4
Banca Generali Group	5.8	(0.5)	5.7	1.2
Allianz Bank	5.6	2.2	5.2	3.2
Credito Emiliano Group	2.1	(0.9)	2.2	-
Mediobanca Group	1.1	0.4	1.0	0.5
BNP Paribas Group	1.0	0.2	1.4	0.7
Monte dei Paschi di Siena Group	0.5	-	0.5	0.2

(*) Only includes the inflows of the Fideuram, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Private Banking 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

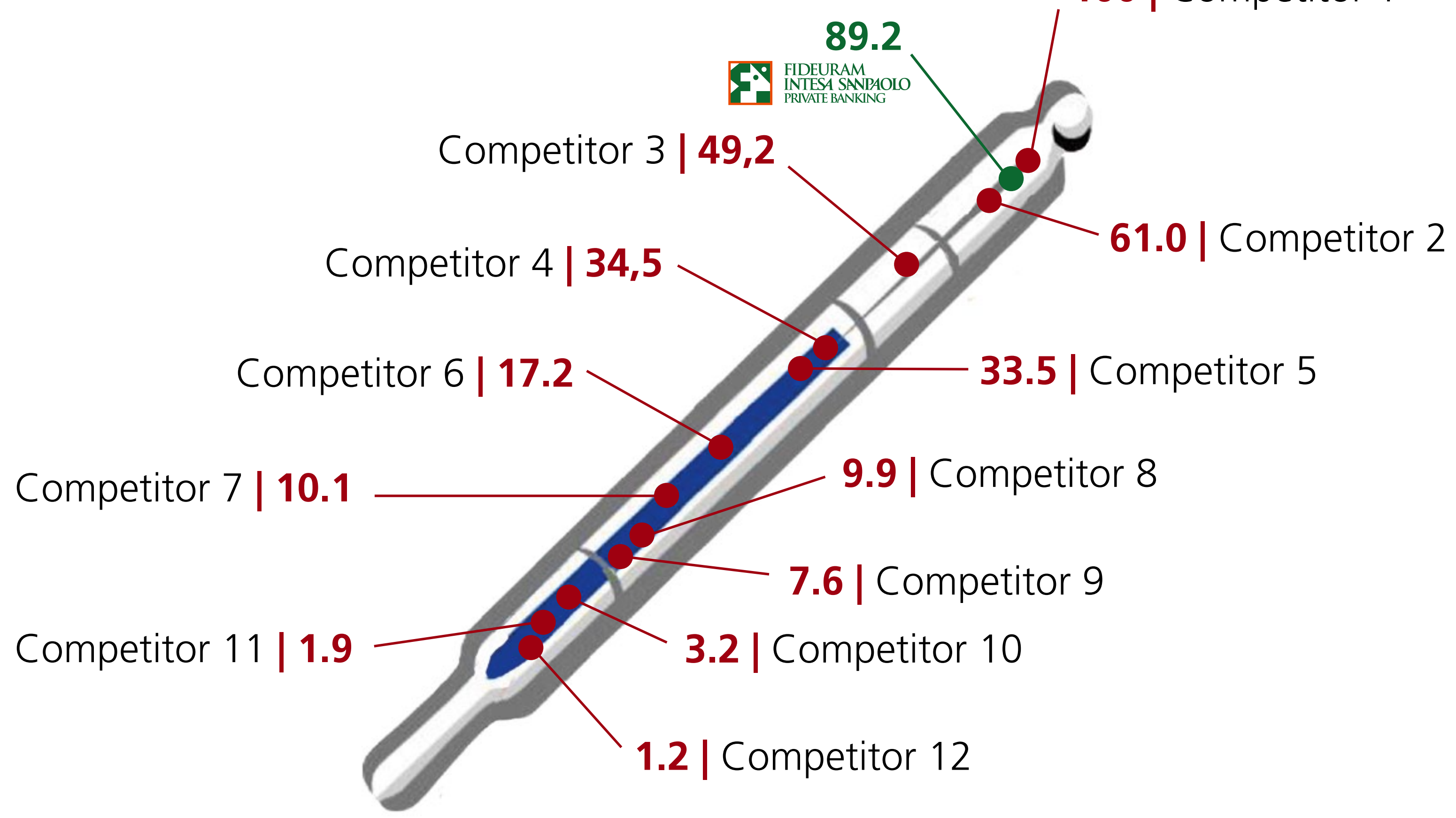
The **FINER CF EXPLORER 2023** market research survey confirmed that the Fideuram Network continued to lead the sector in terms of its standing among Italian financial advisors, for its reputation and brand image. Moreover, **95% of its financial advisors were satisfied.**

The survey was carried out based on 3,491 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.

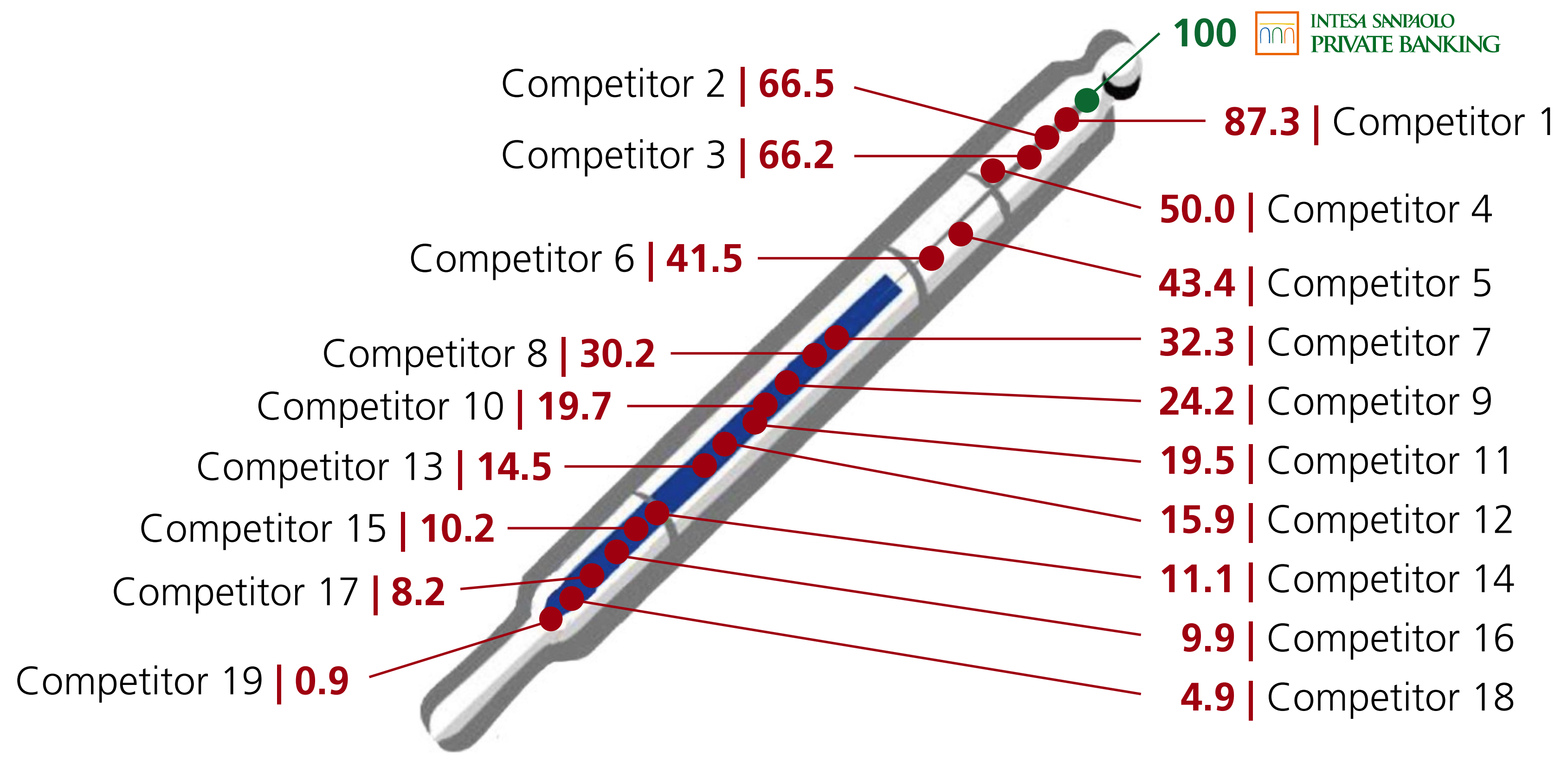
The **FINER PB EXPLORER 2023**, with its annual survey on the world of Italian Personal Financial Advisers and Wealth Managers, has once again confirmed Intesa Sanpaolo Private Banking as the best Equity Brand in terms of consideration and appreciation from the Private Banking professionals.

The survey was carried out based on 1,790 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 Bank's management and Group was confirmed. The positive assessment is given with regard to the breadth of the commercial offering, including wealth planning services, specialised banking services including Internet Banking, and the digitalisation of processes. Finally, Personal Financial Advisers highly value the support received from network managers and the advisory desk.

Synthetic index of Brand Equity 2023



Synthetic index of Brand Equity 2023



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CUSTOMER SATISFACTION SURVEY

The Group's customer satisfaction survey takes into account the specific aspects of the service models of each company. This year a specific focus was devoted to Fideuram Direct customers. Compared to the previous year, the number of completed questionnaires almost doubled: in fact, 61,845 customers responded (44,966 from Fideuram, 12,272 from Sanpaolo Invest, 621 from IW Private Investments, 3,497 from Intesa Sanpaolo Private Banking and 489 from Fideuram Direct) compared to 33,893 customers last year.

The following aspects emerged from the survey:

- Fideuram, Sanpaolo Invest, IW Private Investments and Fideuram Direct Networks: The overall customer satisfaction figure is on the rise. In 2023, the Customer Satisfaction Index (CSI) was 8.5 (8.3 in 2022), on a scale of 1 to 10, and the Net Promoter Score (NPS) was 62 (59 in 2022). Compared to the previous year's survey, the factor that has grown the most is overall satisfaction with online banking and trading platforms.
  Three key factors are most appreciated in the relationship with the financial advisor: competence, the ability to propose solutions in line with specific customer requirements and interpersonal skills: courtesy, clarity and dedicated attention, the latter a fast-growing driver. Among the distinctive elements attributed to the Group, reputational aspects prevail: solidity, reliability and belonging to a banking group with a long tradition. A good knowledge of ESG issues is confirmed, with more than 60% of customers aware of this type of investment and a significant propensity to include this type of product in their investment choices: as many as 71% of those familiar with these products said they would be willing to include them in their portfolios, even in significant proportions.
- Intesa Sanpaolo Private Banking: overall customer satisfaction remained high in 2023. The Customer Satisfaction Index (CSI) was 8.6 (8.5 in 2022) and the Net Promoter Score (NPS) was 69 (66 in 2022). The most appreciated factors are the professionalism of bankers and branch staff, the understanding of customers' needs, the ability to make customers feel privileged, attention to privacy and the ability to anticipate critical issues. Furthermore, customers always value the solidity and reliability of the Group. As regards ESG issues and products, it emerged that 53% of customers involved know these products, 36% already have them in their portfolio and over 60% of the sample, with returns being equal, prefer to invest in these instruments.

Net Promoter Score (NPS)

Fideuram / Sanpaolo Invest / IW Private Investments Networks and Fideuram Direct:

62

Intesa Sanpaolo Private Banking Network:

69

Customer Satisfaction Index (CSI)

Fideuram / Sanpaolo Invest / IW Private Investments Networks and Fideuram Direct:

8.5

Intesa Sanpaolo Private Banking Network:

8.6

2.5 Group strategy

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

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, by a geopolitical uncertainty, 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:

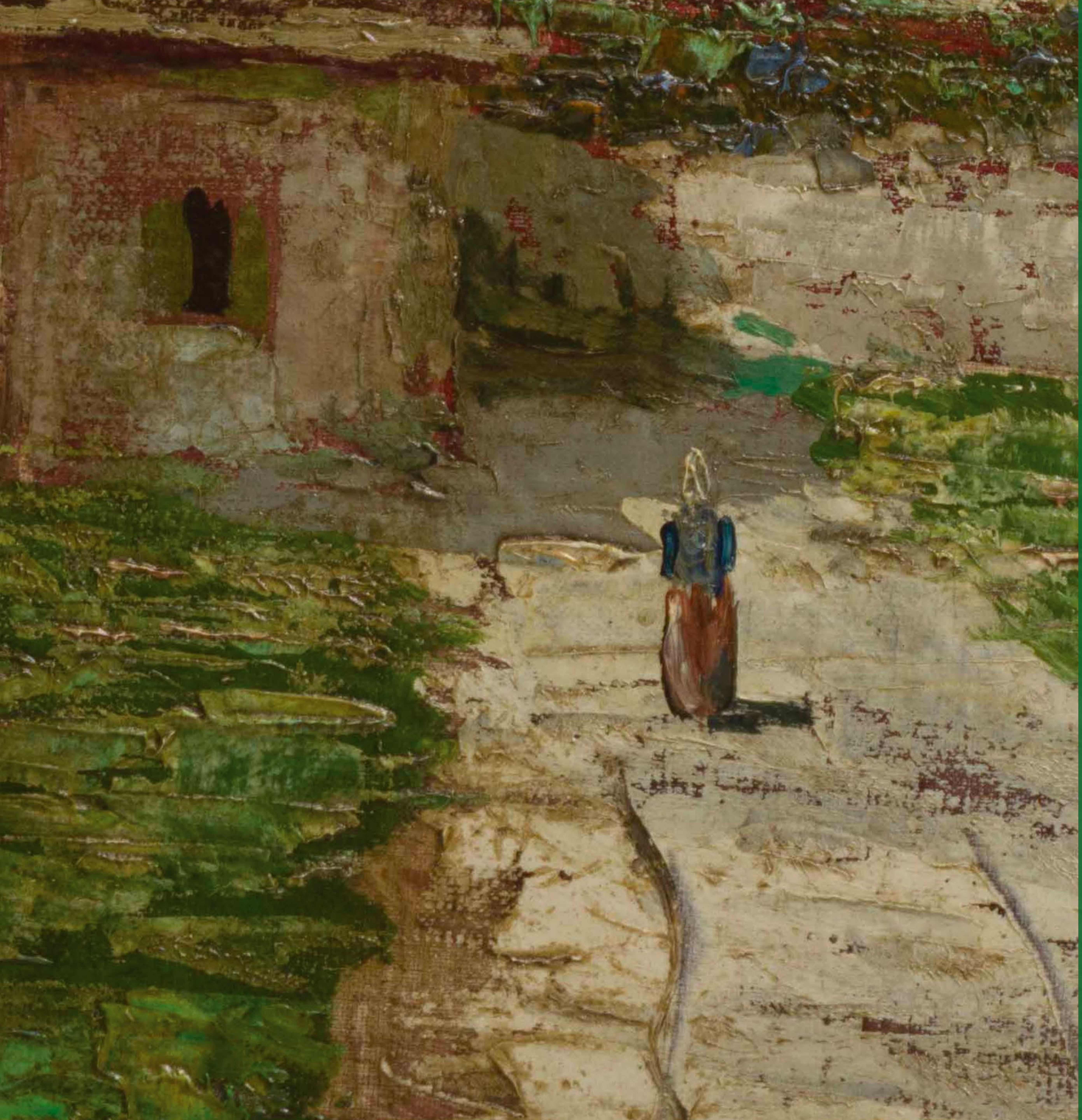
1. **Strengthening the Division's identity** by fully tapping the potential of its People and their skills. The key activities include:
   - Continuation of the "Value & Purpose" project to share common values within the Group.
   - Management training and the evolution of digital culture.
   - Further 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 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**, 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 in 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 advisory 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 environmental impact, also in line with the Group's initiative plan.
   - Consolidation of 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 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.



3. Performance

Total net inflows €12.1bn

R.O.E.
40%

Cost / Income Ratio
29%

3.1 Overview of 2023

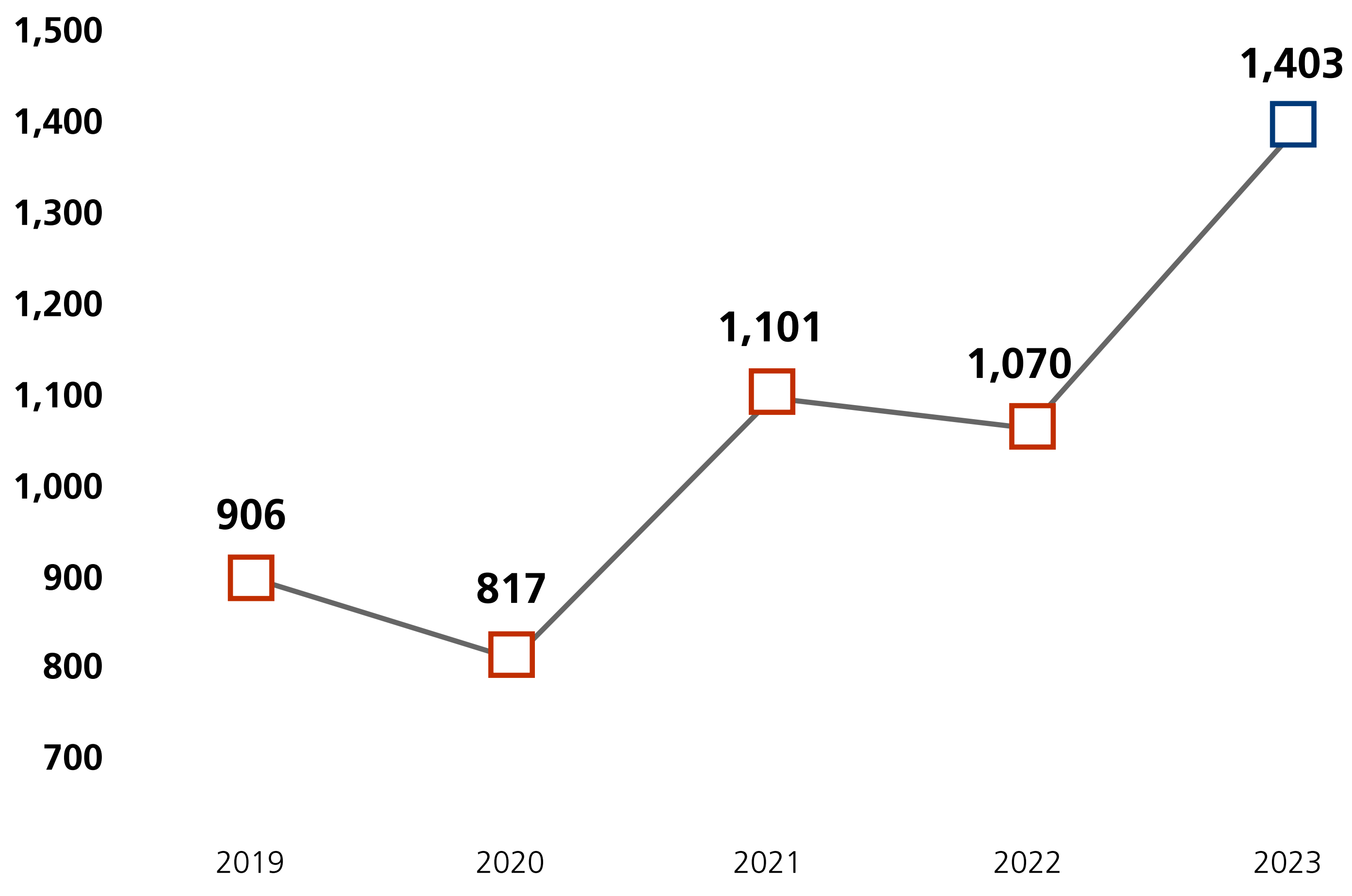
In an economic context affected by conditions of persistent geopolitical uncertainty, the Fideuram - Intesa Sanpaolo Private Banking Group closed the 2023 financial year with a consolidated net profit of €1.4bn, up €333m compared to 2022 (+31%). The Cost / Income Ratio stood at 29%, an improvement from 34% of the previous year. The Return On Equity (R.O.E.) was 40% (30% at the end of 2022).

Analysis of the main economic aggregates shows that net operating income increased by €708m compared to the previous year; This trend was due to the strong growth in the net interest income (+€848m), partially offset by the reduction in net fee and commission income (-€123m), the result of financing activities (-€6m) and in the result on equity investments and other income (-€11m).
Net operating expenses (+€62m), impairment of loans (+€26m) and provisions for risks and charges (+€84m) went in the opposite direction. Gross income amounted to €2.2bn, up 34% compared to 2022.

At 31 December 2023, there were a total of 6,696 Personal Financial Advisers, up from 6,648 at 31 December 2022. Client assets per Personal Financial Adviser at 31 December 2023 amounted to around €54m, up from €49m in 2022. The Group's workforce is made up of 4,188 resources (4,185 units at 31 December 2022). There were 263 bank branches and 402 Personal Financial Advisers' offices.

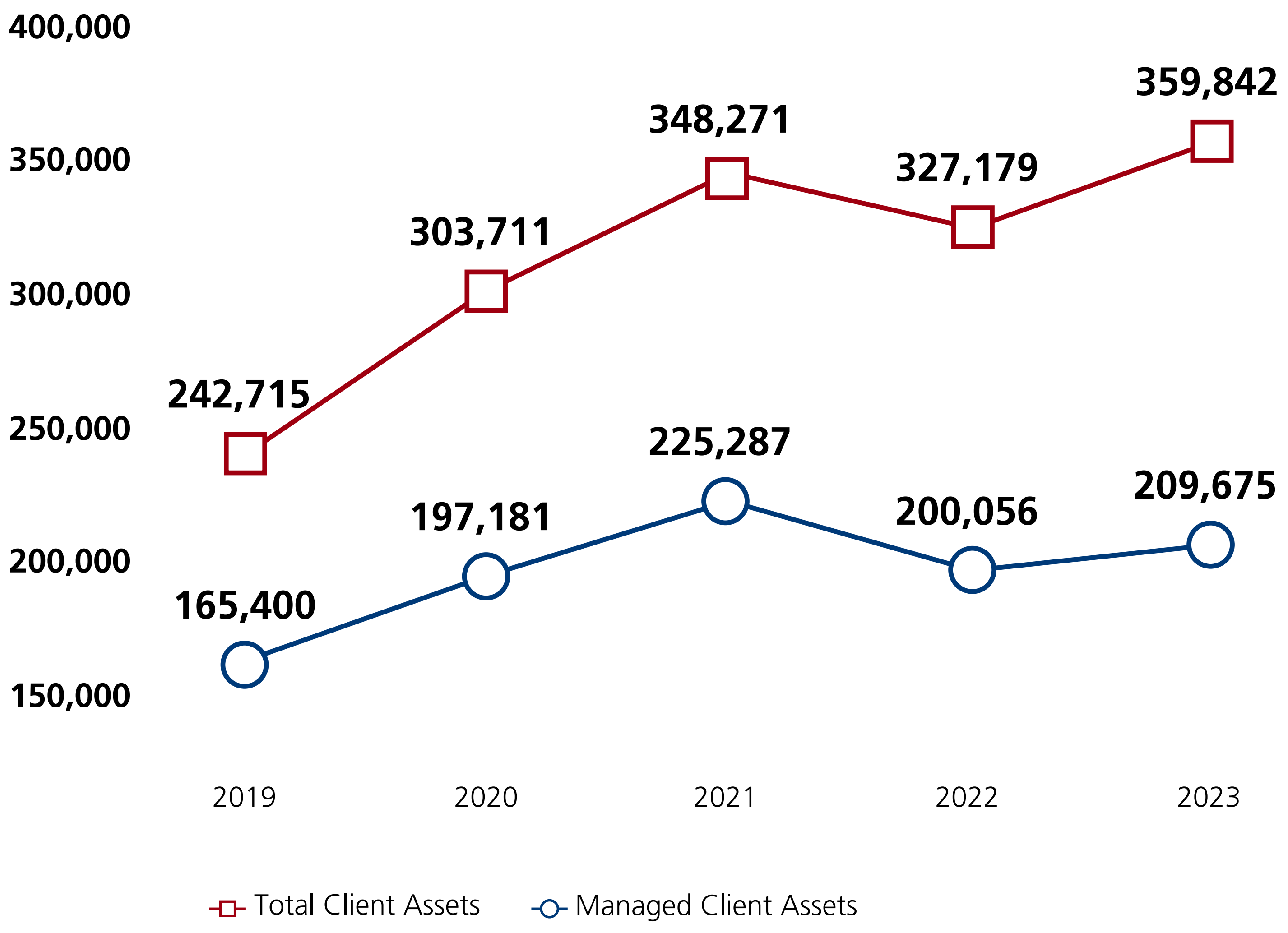
Consolidated net profit

(€m)



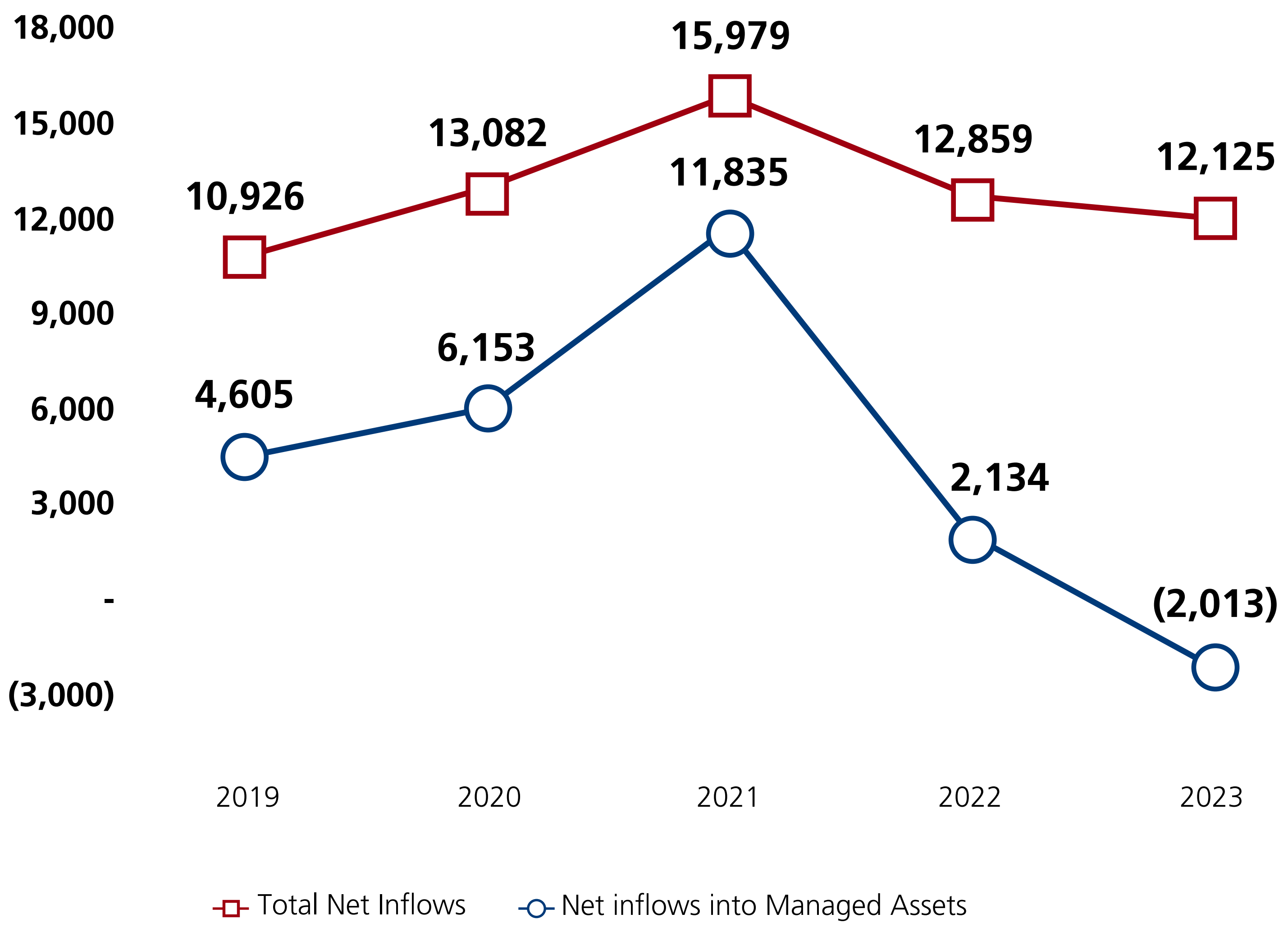
Client Assets (*)

(€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 were not restated.

3.2 Reclassified financial statements

Consolidated balance sheet

(reclassified - €m)

	31.12.2023	31.12.2022	CHANGE	
ASSETS			AMOUNT	%
Cash and cash equivalents	5,238	5,873	(635)	-11
Financial assets measured at fair value through profit or loss	719	618	101	16
Financial assets measured at fair value through other comprehensive income	3,360	3,096	264	9
Debt securities measured at amortised cost	19,504	19,916	(412)	-2
Loans to banks	9,482	14,465	(4,983)	-34
Loans to customers	14,371	15,104	(733)	-5
Hedging derivatives	257	317	(60)	-19
Equity investments	247	232	15	6
Property and equipment and intangible assets	1,220	1,227	(7)	-1
Tax assets	215	273	(58)	-21
Other assets	1,802	1,750	52	3
TOTAL ASSETS	**56,415**	**62,871**	**(6,456)**	**-10**
LIABILITIES				
Due to banks	3,955	5,419	(1,464)	-27
Due to customers	46,130	50,847	(4,717)	-9
Financial liabilities held for trading	52	21	31	n.s.
Hedging derivatives	362	344	18	5
Tax liabilities	148	177	(29)	-16
Other liabilities	1,962	1,724	238	14
Provisions for risks and charges	590	523	67	13
Share capital, reserves and equity instruments	3,012	2,745	267	10
Interim dividends	(1,200)	-	(1,200)	n.s.
Equity attributable to non-controlling interests	1	1	-	-
Net profit	1,403	1,070	333	31
TOTAL LIABILITIES	**56,415**	**62,871**	**(6,456)**	**-10**

n.s.: not significant

Consolidated income statement

(reclassified - €m)

	2023	2022 (*)	CHANGE	
			AMOUNT	%
Net interest income	1,267	419	848	n.s.
Net profit (loss) on financial assets and liabilities	54	60	(6)	-10
Net fee and commission income	1,857	1,980	(123)	-6
INTERMEDIATION MARGIN	**3,178**	**2,459**	**719**	**29**
Profit on equity investments and other income (expense)	6	17	(11)	-65
NET OPERATING INCOME	**3,184**	**2,476**	**708**	**29**
Personnel expenses	(518)	(484)	(34)	7
Other administrative expenses	(304)	(284)	(20)	7
Depreciation and amortisation	(89)	(81)	(8)	10
NET OPERATING EXPENSES	**(911)**	**(849)**	**(62)**	**7**
OPERATING MARGIN	**2,273**	**1,627**	**646**	**40**
Net impairment of loans	(38)	(12)	(26)	n.s.
Net provisions for risks and charges and net impairment of other assets	(72)	12	(84)	n.s.
Net non-recurring income (expenses)	14	(1)	15	n.s.
GROSS INCOME (LOSS)	**2,177**	**1,626**	**551**	**34**
Income taxes for the year on continuing operations	(695)	(464)	(231)	50
Integration and voluntary redundancy expenses (net of tax)	(23)	(36)	13	-36
Effects of purchase price allocation (net of tax)	(23)	(21)	(2)	10
Expenses regarding the banking system (net of tax)	(31)	(36)	5	-14
Net profit (loss) attributable to non-controlling interests	(2)	1	(3)	n.s.
NET PROFIT	**1,403**	**1,070**	**333**	**31**

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

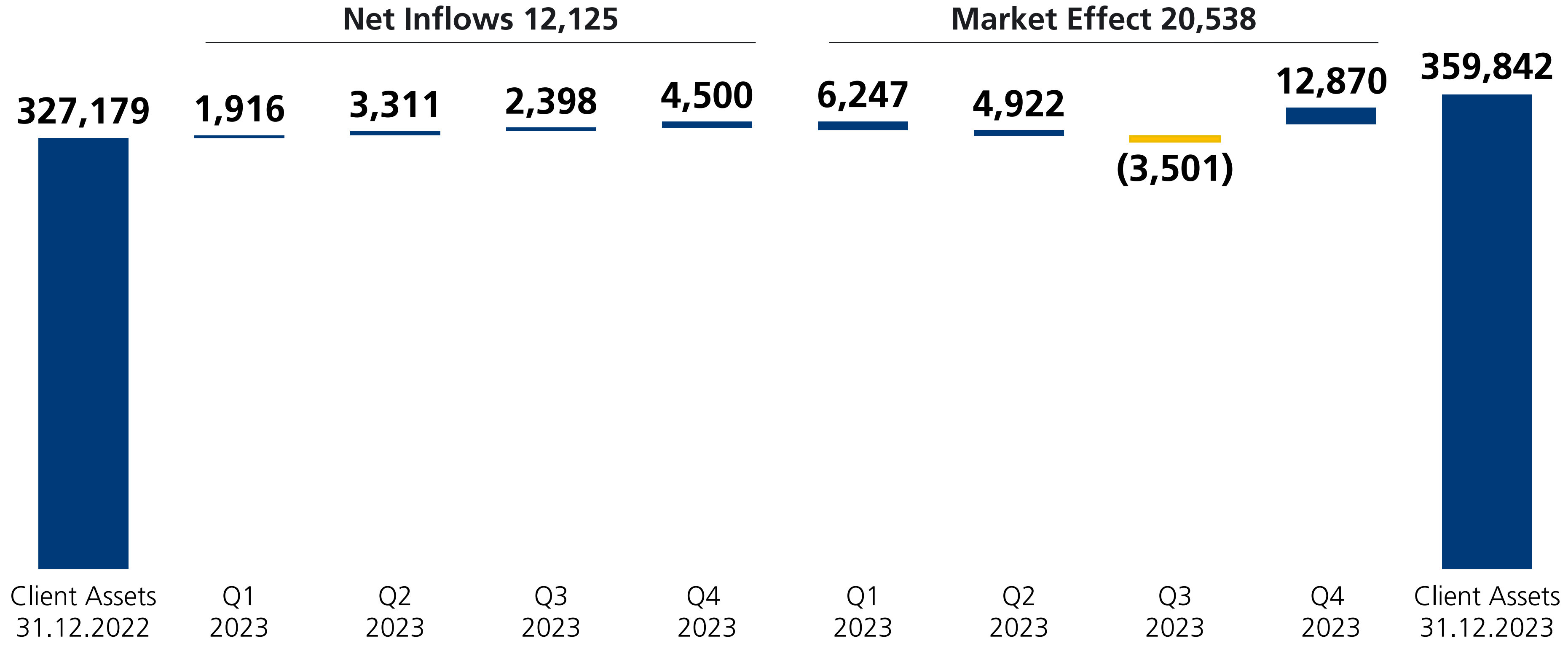
€359.8 bn

Client Assets

Client assets at 31 December 2023 amounted to **€359.8bn,** up €32.6bn, compared to 31 December 2022.
This trend is due to the market performance, which had a positive impact on assets for €20.5bn, and to positive net inflows for €12.1bn.

Trend in Client Assets 2023

(€m)



An analysis by aggregate shows that the **managed assets** component (58% of total client assets) amounted to **€209.7bn**, up €9.6bn over the end-2022 figure. The increase is mainly attributable to discretionary accounts (+€5.4bn), mutual funds (+€2.6bn) and life insurance (+€1.1bn). **Non-managed assets** increased to a total of **€150.1bn,** or €23bn higher than at 31 December 2022.

Client Assets

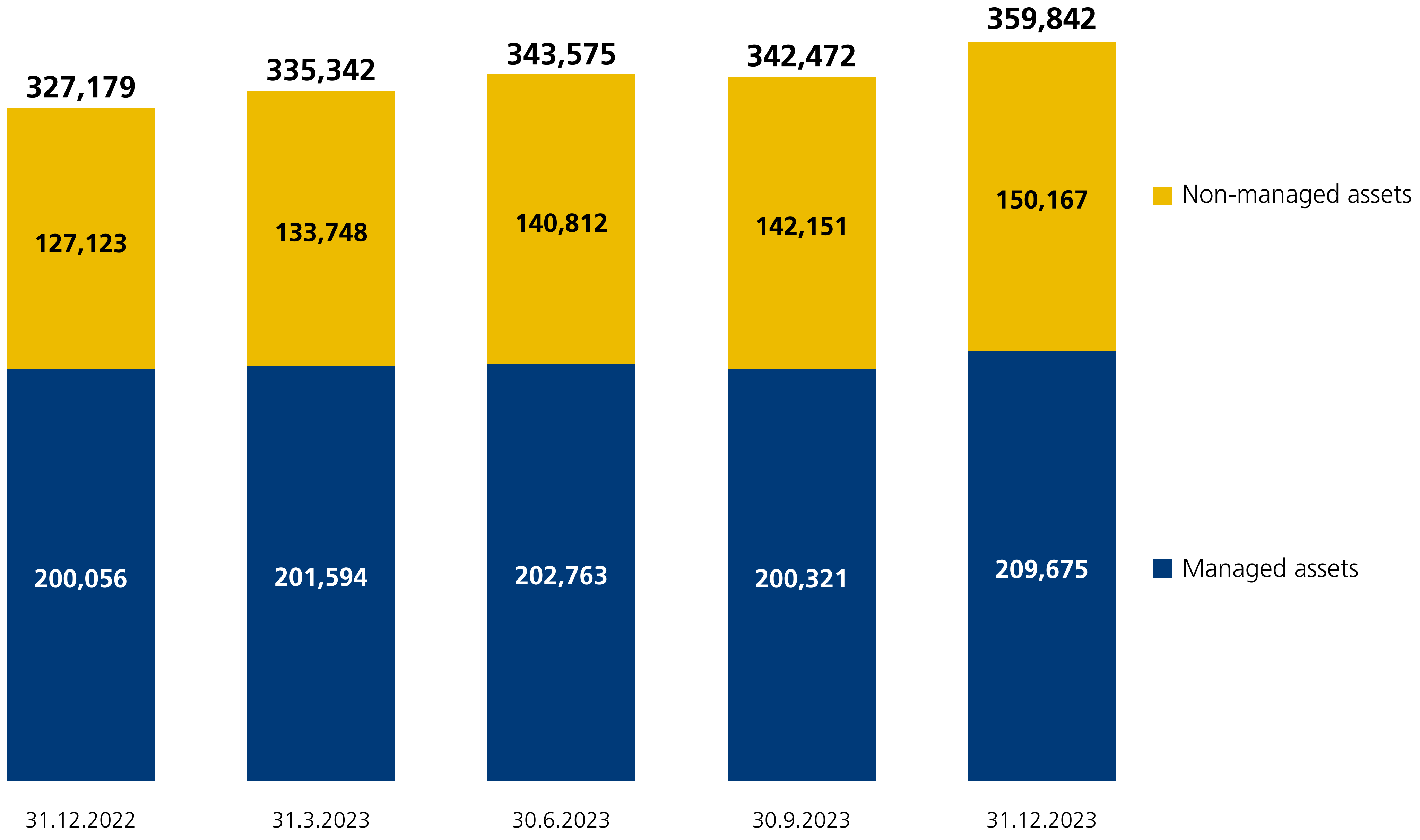
(€m)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
Mutual funds	72,340	69,735	2,605	4
Discretionary accounts	67,775	62,337	5,438	9
Life insurance	65,953	64,834	1,119	2
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*41,546*	*40,245*	*1,301*	*3*
Pension funds	3,607	3,150	457	15
Total managed assets	**209,675**	**200,056**	**9,619**	**5**
Total non-managed assets	**150,167**	**127,123**	**23,044**	**18**
including: Securities	*107,275*	*82,157*	*25,118*	*31*
Total Client Assets	**359,842**	**327,179**	**32,663**	**10**

The following graphs show the quarterly trend of Client Assets, analysed by type of inflow and sales Network.

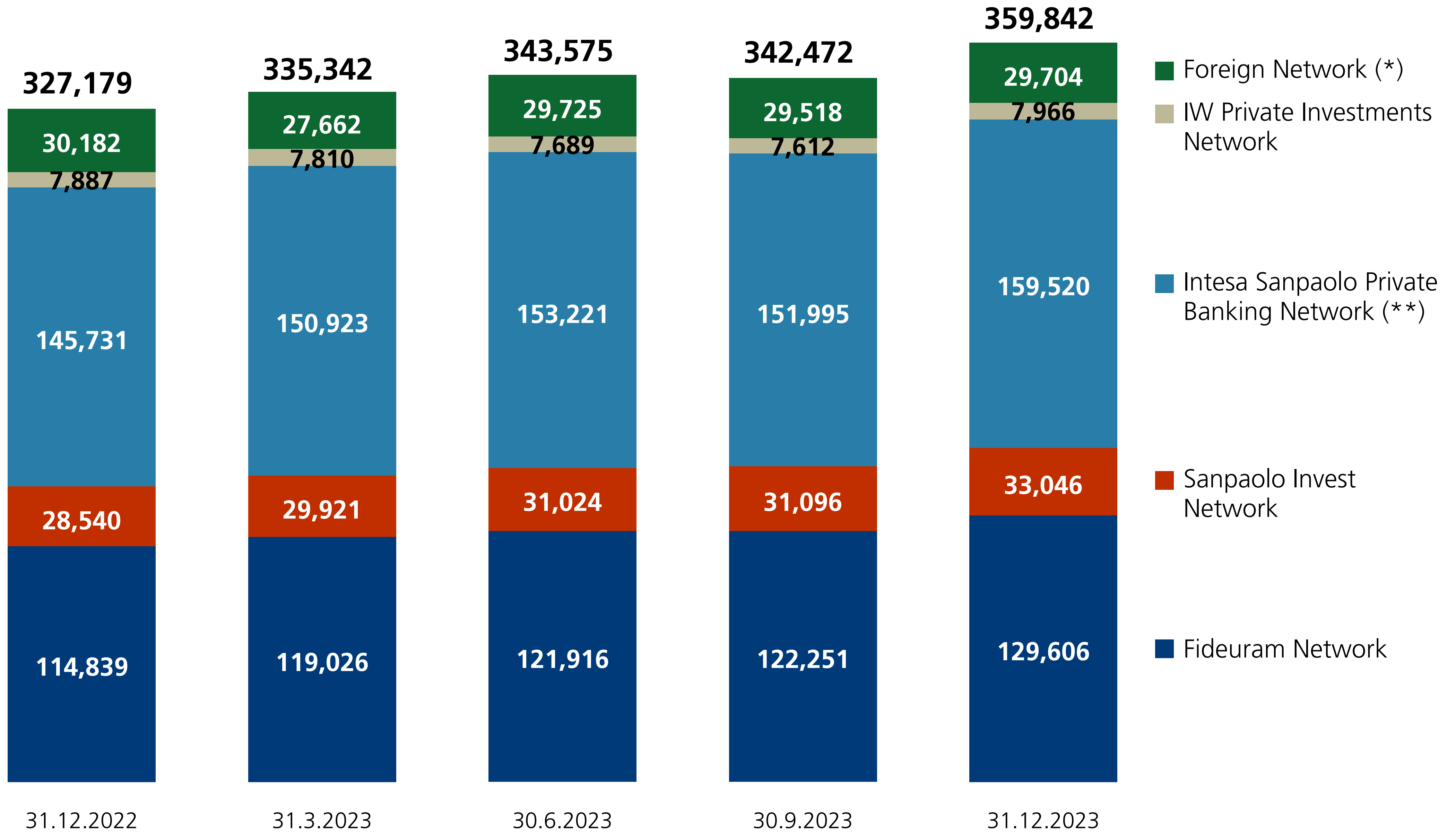
Client Assets - by type of inflows

(€m)



Client Assets - by Sales Network

(€m)



(*) The Foreign Network includes the client assets of Reyl and Intesa Sanpaolo Wealth Management.

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

3.4 Inflows into managed and non-managed assets

€12.1 bn

Net inflows

The Group's sales networks brought in **€12.1bn** of **net inflows** in 2023, down €734m compared to 2022 (-6%). Aggregate analysis shows that managed assets, negative by €2bn, recorded a decline of €4.1bn compared to the previous year, mainly attributable to the activities of the Group's financial advisers who directed customer savings flows towards the bond market. Non-managed assets, positive by €14.1bn, increased by €3.4bn compared to 2022.

Net inflows

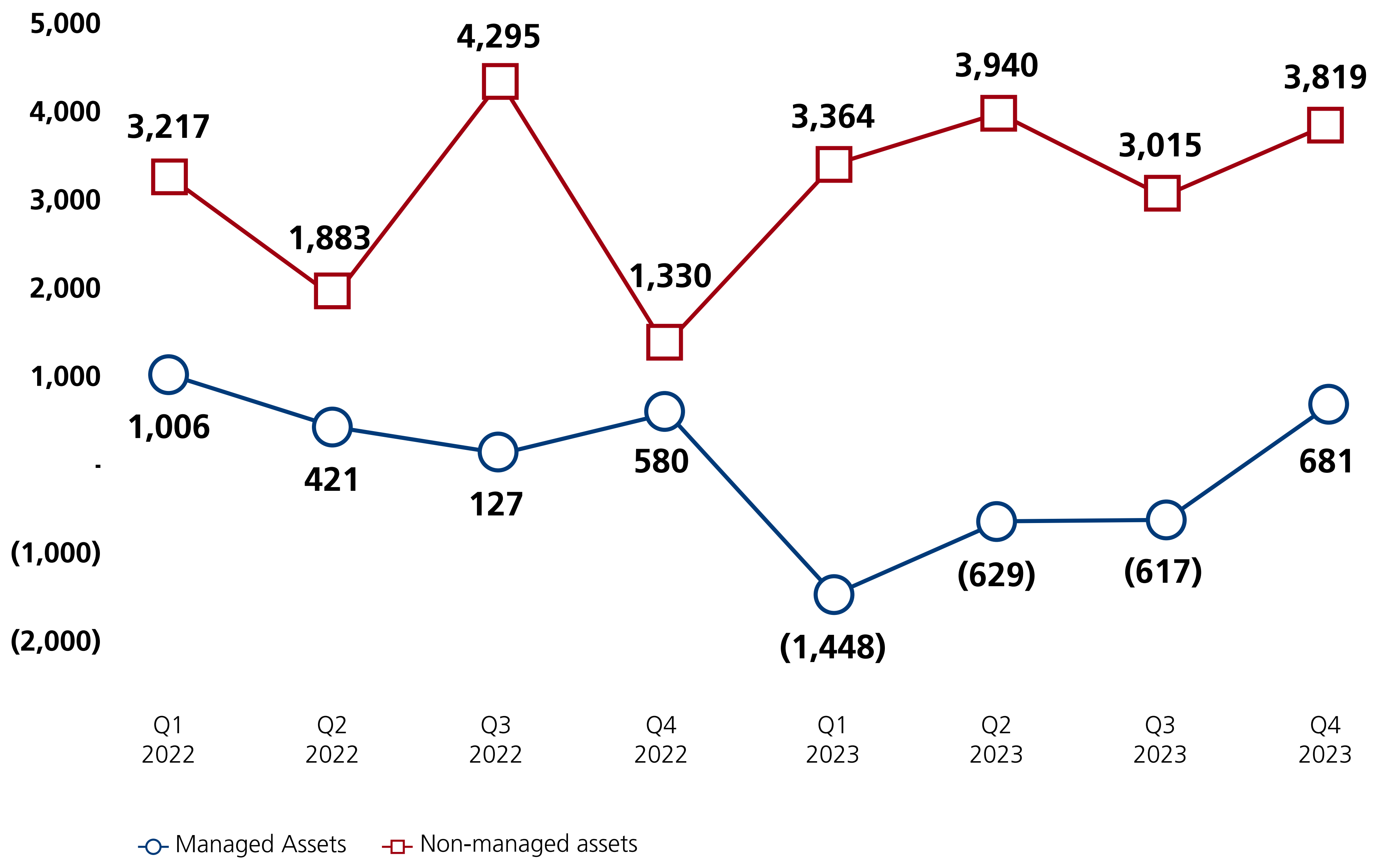
(€m)

	2023	2022	CHANGE	
			AMOUNT	%
Mutual funds	(920)	(2,058)	1,138	-55
Discretionary accounts	1,104	3,317	(2,213)	-67
Life insurance	(2,474)	620	(3,094)	n.s.
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*(1,623)*	*450*	*(2,073)*	*n.s.*
Pension funds	277	255	22	9
Total managed assets	**(2,013)**	**2,134**	**(4,147)**	**n.s.**
Total non-managed assets	**14,138**	**10,725**	**3,413**	**32**
including: Securities	*17,297*	*14,553*	*2,744*	*19*
Total Net inflows	**12,125**	**12,859**	**(734)**	**-6**

n.s.: not significant

Trend Net inflows

(€m)



3.5 Customer segmentation

CLIENT ASSETS AT 31 DECEMBER 2023

- Fideuram: €129.6bn
- Sanpaolo Invest: €33bn
- Intesa Sanpaolo Private Banking: €155.1bn
- IW Private Investments: €8bn
- Siref Fiduciaria: €4.4bn (*)
- International network: €29.7bn

(*) The figure does not include the fiduciary mandates regarding Group client assets. Fiduciary mandates. The total number of fiduciary mandates is 52,538, with total Client Assets of €12.1bn.

CUSTOMERS AT 31 DECEMBER 2023

- Fideuram: no. 751,178
- Sanpaolo Invest: no. 182,145
- Intesa Sanpaolo Private Banking: no. 47,704 (**)
- IW Private Investments: no. 58,344
- Siref Fiduciaria: no. fiduciary mandates 1,683 (*)
- International network: no. 7,497

(**) 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 78% of client assets, corresponding to about 16% 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 and customised products and services. The table and graphs below analyse client assets by type of customer.

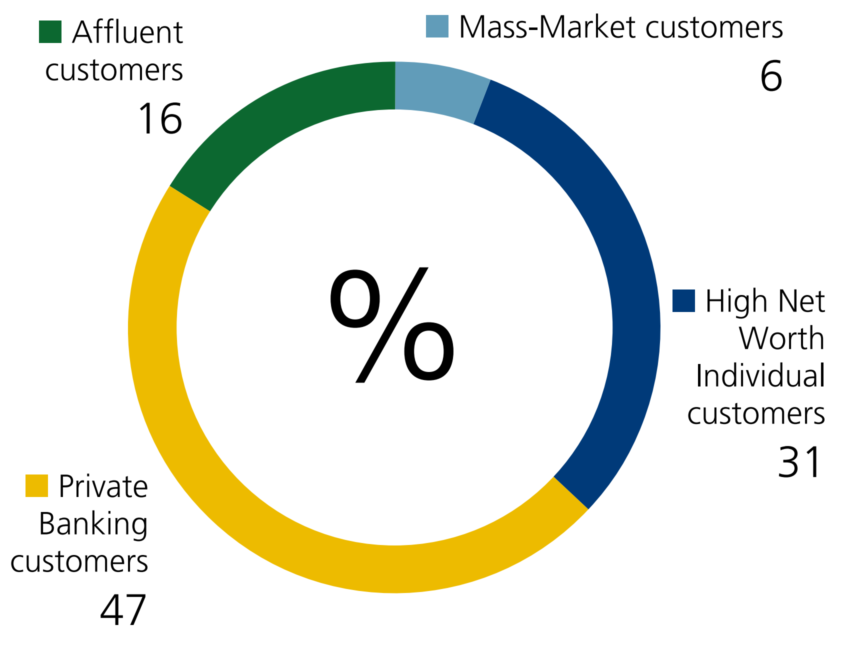
Client Assets by type of customer (***)

(€m)

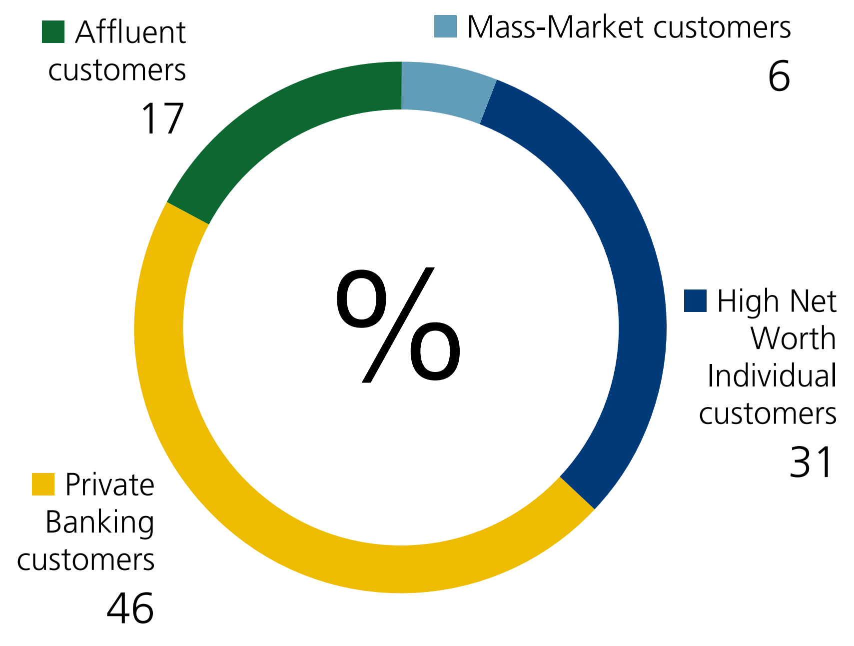
	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	110,096	102,492	7,604	7
Private Banking customers	170,367	149,175	21,192	14
Affluent customers	59,012	54,930	4,082	7
Mass-Market customers	20,367	20,582	(215)	-1
Total	**359,842**	**327,179**	**32,663**	**10**

Percentage of Client Assets by type of customer

31.12.2023



31.12.2022



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

3.6 Advanced advisory services

€48 bn

Advanced Advisory Services Client Assets

62 k

Customers subscribed to Advanced Advisory Services

The Fideuram Group is a leading Italian banking group in the provision of financial advisory services and in the distribution, development and management of financial services and products for private individuals. The Group's principal distinctive strengths, emblematic of its market leadership, are founded on a business model that anchors the distribution of products and services in the professional relationships between our Personal Financial Advisers and their customers, and is supported by the strength of a Group with four recognised brands: Fideuram, Intesa Sanpaolo Private Banking, Sanpaolo Invest, IW Private Investments, that contribute decisively to customer loyalty, in addition to the Intesa Sanpaolo Wealth Management Network abroad.

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.
- **WE ADD Advanced Advisory Service**: new advanced advisory service offered by Intesa Sanpaolo Private Banking, which from 1 April 2023 replaced the previous VIEW service and the related Advisory, Real Estate and Asset Protection related services. WE ADD was designed with the aim of enriching and strengthening the advanced Advisory Service thanks to competence, method and vision. Personal Financial Advisers, as qualified professionals, are the sole contact in the relationship with the customer: they are supported and assisted by the investment strategies set out by the Investment Committee, by the Analysis and Strategies unit and also by a new digital and innovative platform, which allows them to maximise and rationalise the information system in support of investment choices. A structured process allows them to get to know the customer, his/her needs and his/her investment objectives, to analyse and monitor over time, thanks to multiple and professional detailed views, the single financial instrument and the portfolio as a whole, identifying concrete solutions that can respond to specific customer needs.
- **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 the central Advisory Team.
- **ISWM Advanced Advisory Service**: personalised and continuous advisory service offered by Intesa Sanpaolo Wealth Management, which makes use of the specialist skills of dedicated, highly trained professionals and an advanced technological platform to constantly monitor the balance between risk and return of the customer's portfolio.

A total of approximately 62,000 customers were subscribed to our Advanced Advisory Services at the end of December 2023, accounting for approximately €48bn of Client assets.

Fideuram and Sanpaolo Invest - Roma Office, Via Romagna

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

Customers subscribed to Advanced Advisory Services

(number)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	1,430	1,264	166	13
Private Banking customers	18,246	16,413	1,833	11
Affluent customers	28,293	29,011	(718)	-2
Mass-Market customers	13,858	15,100	(1,242)	-8
Total	**61,827**	**61,788**	**39**	**-**

Advanced Advisory Service Client Assets

(€m)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	12,393	9,732	2,661	27
Private Banking customers	27,715	23,830	3,885	16
Affluent customers	7,419	7,545	(126)	-2
Mass-Market customers	813	964	(151)	-16
Total	**48,340**	**42,071**	**6,269**	**15**

Advanced Advisory Service fee and commission income

(€m)

	2023	2022	CHANGE	
			AMOUNT	%
Fee and commission income	117	116	1	1
Fee and commission expense	(44)	(41)	(3)	7
Net fee and commission income	**73**	**75**	**(2)**	**-3**

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 €1.4bn and a Return on Equity of 40%. Financial resources acquired as customer deposits through direct inflows to current accounts, deposits and repurchase agreements totalled €46.1bn, down 9% compared to the end of 2022. Consolidated shareholders' equity totalled €3.2bn. Fideuram's own funds totalled €1.8bn and its total capital ratio was 20.9%. The Fideuram Group voluntarily estimates its consolidated capital requirements, taking its membership of the Intesa Sanpaolo Banking Group into account. At 31 December 2023, our Common Equity Tier 1 Ratio was estimated to be 18.4% and the Total Capital Ratio 18.6%. For further information on the impacts deriving from changes to the regulatory framework expected in 2024, please refer to the section on significant events that occurred after 31 December 2023.

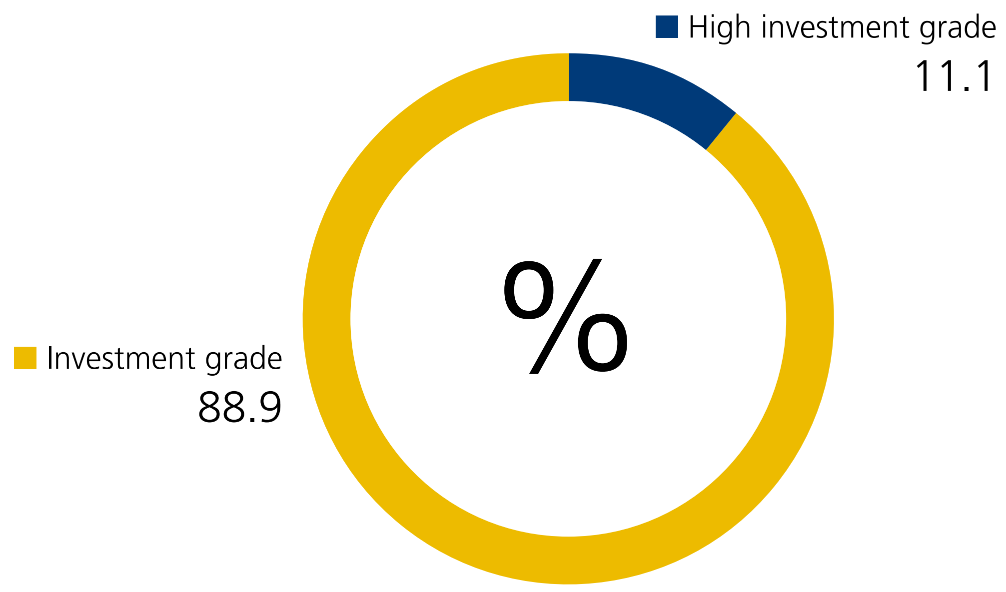
The Group's stability has a fivefold foundation:

- a business model which integrates production and distribution;
- sustainable revenue deriving mainly from recurring fees generated by a solid base of managed 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 €49.6bn at 31 December 2023 (€57bn at 31 December 2022), consisted of €26.5bn 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 78% 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 -€9m (-€39m at 31 December 2022). The €30m positive change resulted from the increase in fair value recorded by the bond portfolio.
Analysis of the portfolio showed continued high loan quality: with 11.1% of the investments having a high investment grade rating and 88.9% belonging to the investment grade.
The Group's total exposure to interest rate risk (shift sensitivity) was mitigated in part 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 €46.1bn 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

In the value creation process, the Fideuram Group, in the context of its business model, uses the resources that underpin its strategies. The Group has five strategic objectives, which combine to enable it to achieve its prime objective of creating sustainable value over time.

The following table shows how the Group creates value through the combination of available capital (financial, productive, intellectual, human, relational, and natural) within the 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	Funds available to the Group, obtained from diverse internal and external sources of finance for use in the conduct of its business.	Financial capital	- Net profit - Net fees and commissions - Personnel expenses - Wealth created	- Net Profit - Net Fees and Commission - Client Assets - Client Assets by type of customer - 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 type of customer - 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	Property owned, bank branches, Personal Financial Advisers' offices and plant and equipment necessary to conduct our business.	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 business 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	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.	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	The capital formed by the skills, abilities and knowledge of the people who work in the Group, including our Personal Financial Advisers and employees.	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	Intangible resources attributable to the Group's relations with its key stakeholders, necessary to enhance its image and reputation.	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	Set of processes and environmental resources, both renewable and otherwise, which contribute to generating goods or services for the Group's business.	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 (scope1, scope2 and scope3)

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

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

WHY TOPICS ARE MATERIAL

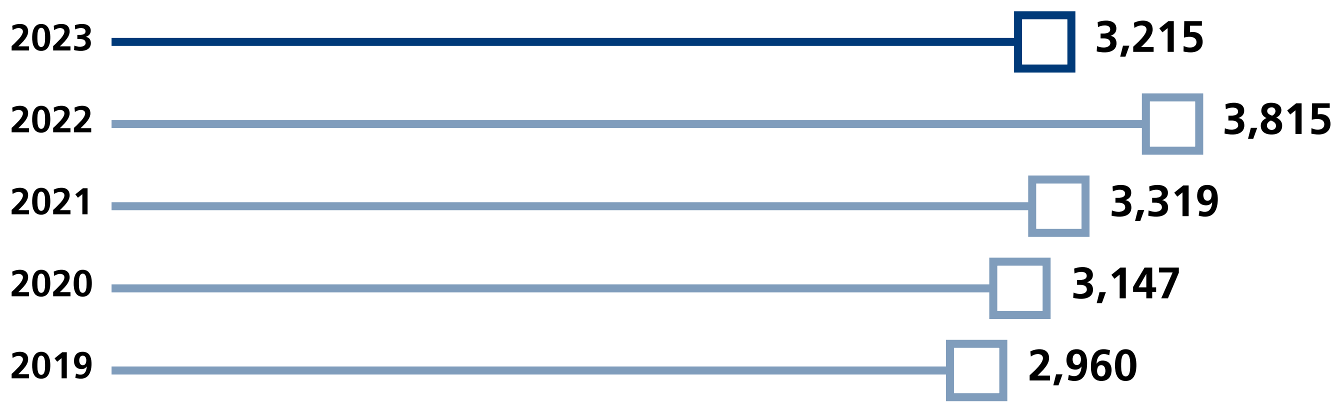
The Group provides products and services of excellence tailored to customer needs through careful advice by highly qualified professionals with particular attention to transparency and compliance with the rules.

CORPORATE POLICIES

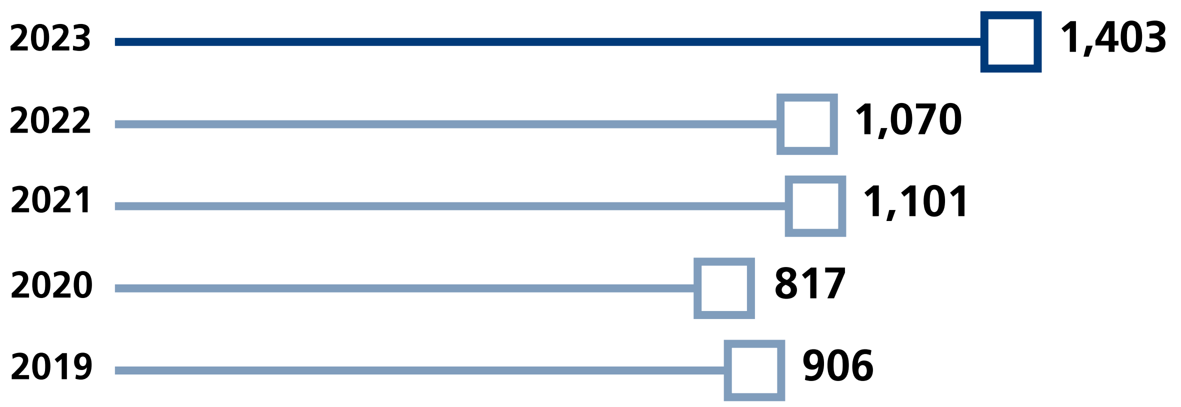
The Code of Ethical Conduct is a voluntary self-regulatory tool and an integral part of the Corporate Social Responsibility management model. It contains the mission, corporate values, and principles that govern relations with stakeholders, beginning with the corporate identity. In certain particularly 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 (*)

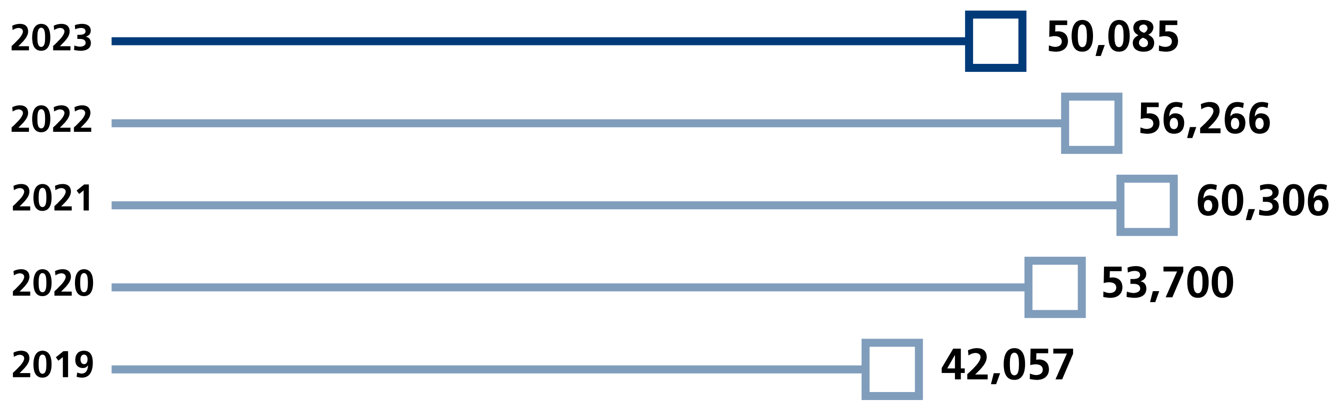
Group shareholder's equity
(€m)



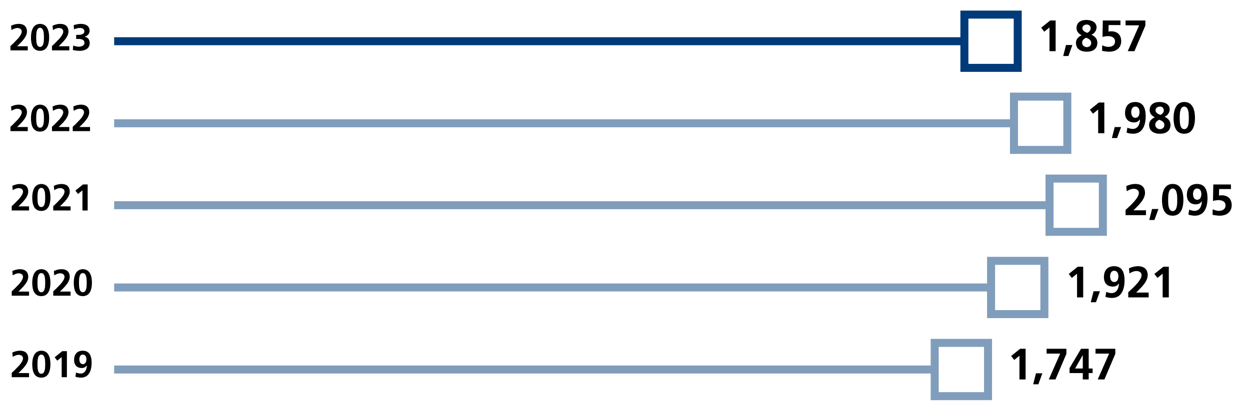
Consolidated net profit
(€m)



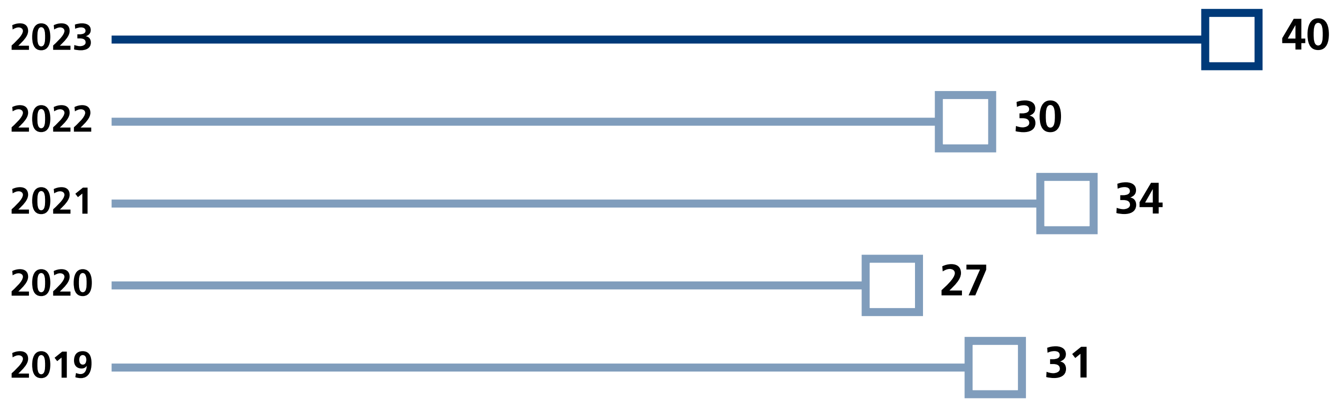
Bank and customer deposit
(€m)



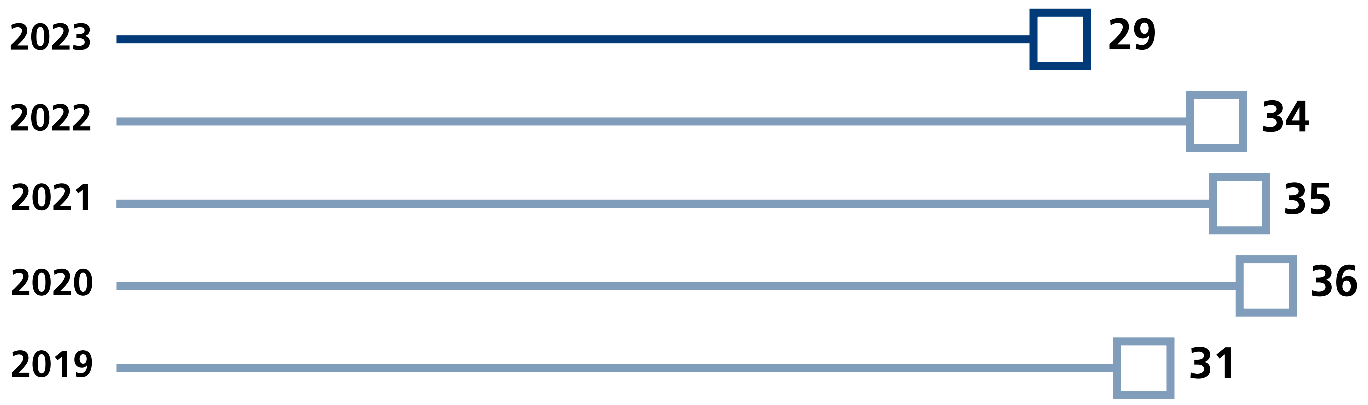
Net fee and commission income
(€m)



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 2019 and 2020 were not restated.

ANALYSIS OF THE INCOME STATEMENT

The Fideuram - Intesa Sanpaolo Private Banking Group ended the 2023 financial year with consolidated net profit of €1.4bn, up by €333m from 2022 (+31%).

Consolidated income statement

(reclassified - €m)

	2023	2022 (*)	CHANGE	
			AMOUNT	%
Net interest income	1,267	419	848	n.s.
Net profit (loss) on financial assets and liabilities	54	60	(6)	-10
Net fee and commission income	1,857	1,980	(123)	-6
INTERMEDIATION MARGIN	**3,178**	**2,459**	**719**	**29**
Profit on equity investments and other income (expense)	6	17	(11)	-65
NET OPERATING INCOME	**3,184**	**2,476**	**708**	**29**
Personnel expenses	(518)	(484)	(34)	7
Other administrative expenses	(304)	(284)	(20)	7
Depreciation and amortisation	(89)	(81)	(8)	10
NET OPERATING EXPENSES	**(911)**	**(849)**	**(62)**	**7**
OPERATING MARGIN	**2,273**	**1,627**	**646**	**40**
Net impairment of loans	(38)	(12)	(26)	n.s.
Net provisions for risks and charges and net impairment of other assets	(72)	12	(84)	n.s.
Net non-recurring income (expenses)	14	(1)	15	n.s.
GROSS INCOME (LOSS)	**2,177**	**1,626**	**551**	**34**
Income taxes for the year on continuing operations	(695)	(464)	(231)	50
Integration and voluntary redundancy expenses (net of tax)	(23)	(36)	13	-36
Effects of purchase price allocation (net of tax)	(23)	(21)	(2)	10
Expenses regarding the banking system (net of tax)	(31)	(36)	5	-14
Net profit (loss) attributable to non-controlling interests	(2)	1	(3)	n.s.
NET PROFIT	**1,403**	**1,070**	**333**	**31**

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)

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2 (*)	Q1 (*)
Net interest income	335	330	322	280	216	102	53	48
Net profit (loss) on financial assets and liabilities	13	7	14	20	31	4	12	13
Net fee and commission income	472	454	476	455	475	482	511	512
INTERMEDIATION MARGIN	**820**	**791**	**812**	**755**	**722**	**588**	**576**	**573**
Profit on equity investments and other income (expense)	1	6	-	(1)	5	3	6	3
NET OPERATING INCOME	**821**	**797**	**812**	**754**	**727**	**591**	**582**	**576**
Personnel expenses	(161)	(118)	(123)	(116)	(145)	(115)	(115)	(109)
Other administrative expenses	(78)	(75)	(77)	(74)	(72)	(64)	(76)	(72)
Depreciation and amortisation	(24)	(22)	(22)	(21)	(20)	(21)	(20)	(20)
NET OPERATING EXPENSES	**(263)**	**(215)**	**(222)**	**(211)**	**(237)**	**(200)**	**(211)**	**(201)**
OPERATING MARGIN	**558**	**582**	**590**	**543**	**490**	**391**	**371**	**375**
Net impairment of loans	(9)	(18)	(5)	(6)	(5)	(4)	(5)	2
Net provisions for risks and charges and net impairment of other assets	(57)	2	(11)	(6)	(10)	9	9	4
Net non-recurring income (expenses)	14	-	-	-	1	(2)	-	-
GROSS INCOME (LOSS)	**506**	**566**	**574**	**531**	**476**	**394**	**375**	**381**
Income taxes for the year on continuing operations	(153)	(188)	(190)	(164)	(156)	(118)	(80)	(110)
Integration and voluntary redundancy expenses (net of tax)	(7)	(5)	(6)	(5)	(15)	(6)	(8)	(7)
Effects of purchase price allocation (net of tax)	(6)	(5)	(6)	(6)	(6)	(5)	(5)	(5)
Expenses regarding the banking system (net of tax)	2	(23)	(1)	(9)	(2)	(23)	-	(11)
Net profit (loss) attributable to non-controlling interests	(2)	2	(2)	-	2	1	(1)	(1)
NET PROFIT	**340**	**347**	**369**	**347**	**299**	**243**	**281**	**247**

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

€3.2 bn

Net operating income

Net operating income, equal to €3.2bn, increased by €708m compared to the previous year (+29%). This result is attributable to:

- growth in net interest income (+€848m);
- the decrease in net profit on financial assets (-€6m);
- the decrease in net fee and commission income (-€123m);
- the decrease in results from equity investments and other income (-€11m).

Net interest income

(€m)

	2023	2022	CHANGE	
			AMOUNT	%
Relation with customers	160	121	39	32
Relation with banks	330	57	273	n.s.
Interest income on debt securities	798	316	482	153
Net interest on hedging derivatives	(21)	(75)	54	-72
Total	**1,267**	**419**	**848**	**n.s.**

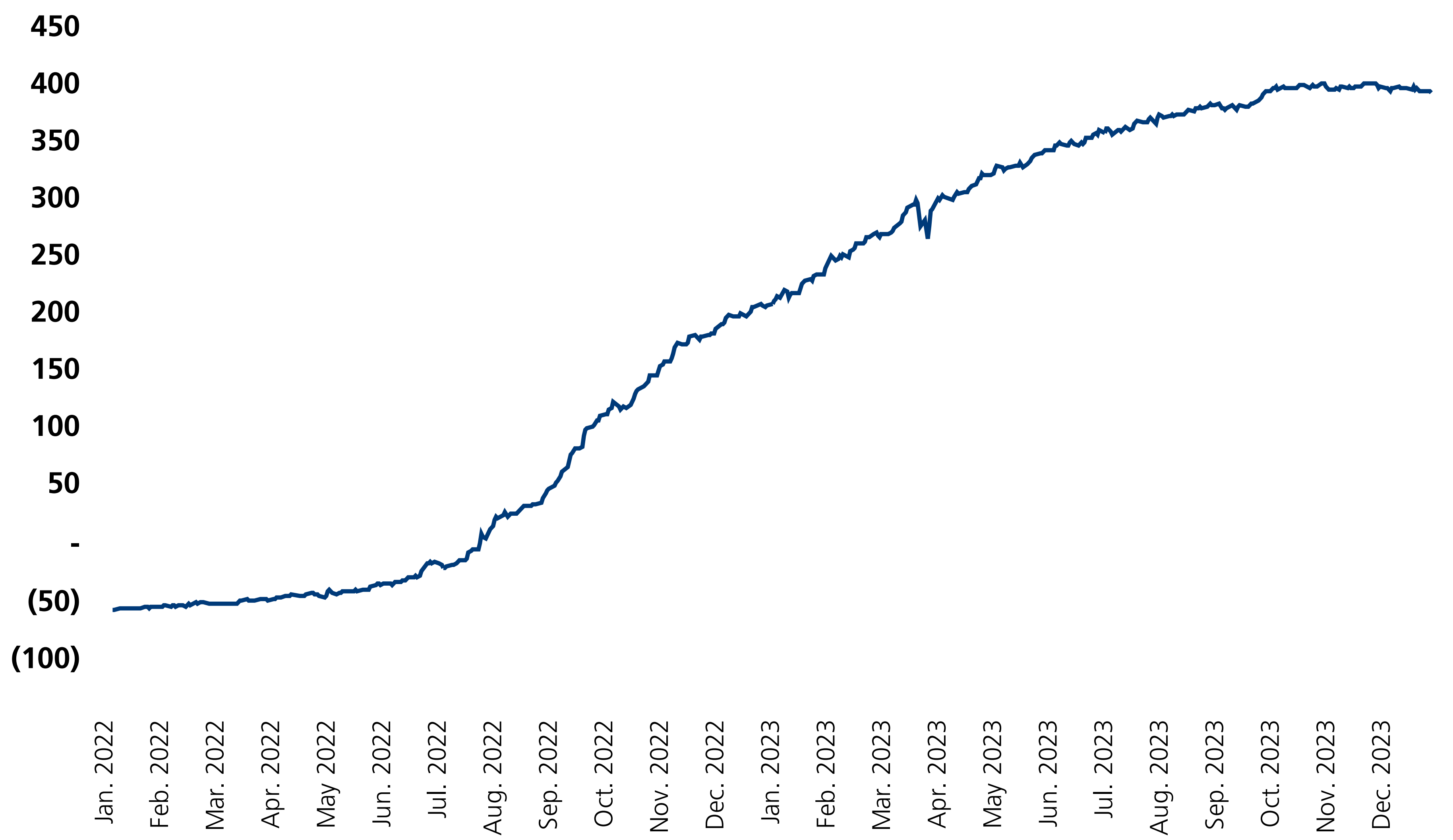
€1.3 bn

Net interest income

Net interest income amounted to €1.3bn, a sharp increase (+€848m) compared to the previous year, due to the greater contribution of securities investments and brokerage with banks and customers, in a scenario of rising market interest rates. The analysis of the quarterly trend shows a significant acceleration in the growth of net interest income starting from the second half of 2022, thanks to floating rate loans which benefited from the progressive rise in interest rates by the ECB.

3-month Euribor rate

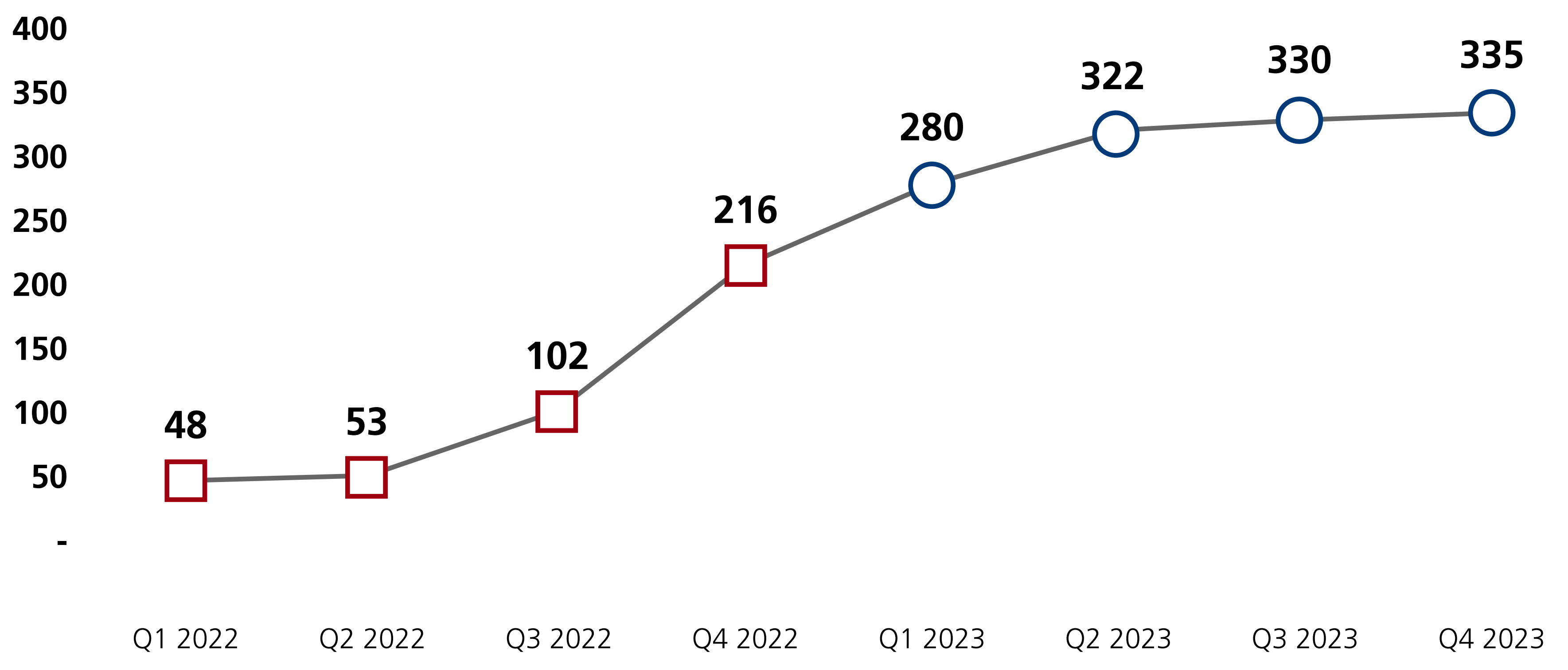
(bps)



Source: Bloomberg

Quarterly net interest income

(€m)



€54 m

Net profit (loss) on financial assets and liabilities

€1.9 bn

Net fee and commission income

Net profit (loss) on financial assets and liabilities

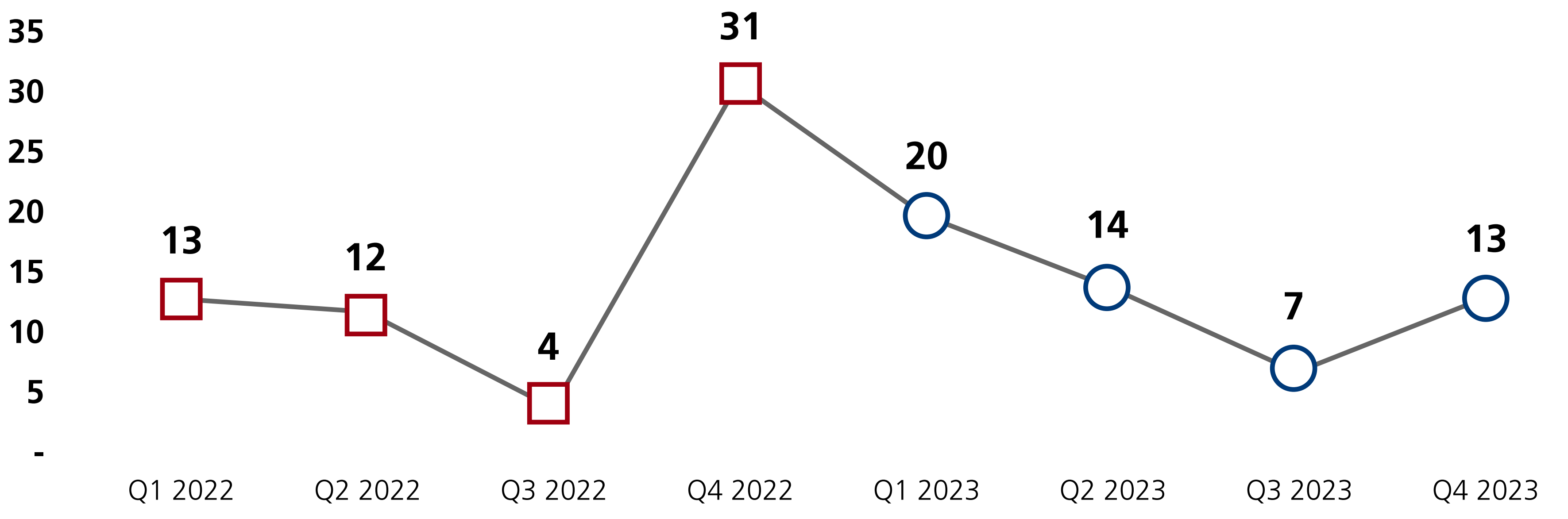
(€m)

	2023	2022	CHANGE	
			AMOUNT	%
Net profit (loss) on sale of financial assets	(11)	1	(12)	n.s.
Net profit (loss) of financial assets measured at fair value through profit or loss	70	55	15	27
Net profit (loss) on hedging derivatives	(5)	4	(9)	n.s.
Total	**54**	**60**	**(6)**	**-10**

The **net profit (loss) on financial assets and liabilities**, equal to €54m, showed a reduction of €6m compared to the previous year, attributable to the performance of the result from the sale of financial assets (-€12m) and the result of hedging activities (-€9m), partly offset by the capital gains recorded on financial instruments held to service risk taker incentive plans (+€15m).

Quarterly net profit (loss) on financial assets and liabilities

(€m)



Net fee and commission income

(€m)

	2023	2022	CHANGE	
			AMOUNT	%
Fee and commission income	3,036	3,087	(51)	-2
Fee and commission expense	(1,179)	(1,107)	(72)	7
Net fee and commission income	**1,857**	**1,980**	**(123)**	**-6**

Net fee and commission income totalled €1.9bn, up €123m from 2022 (-6%).

Net recurring fees

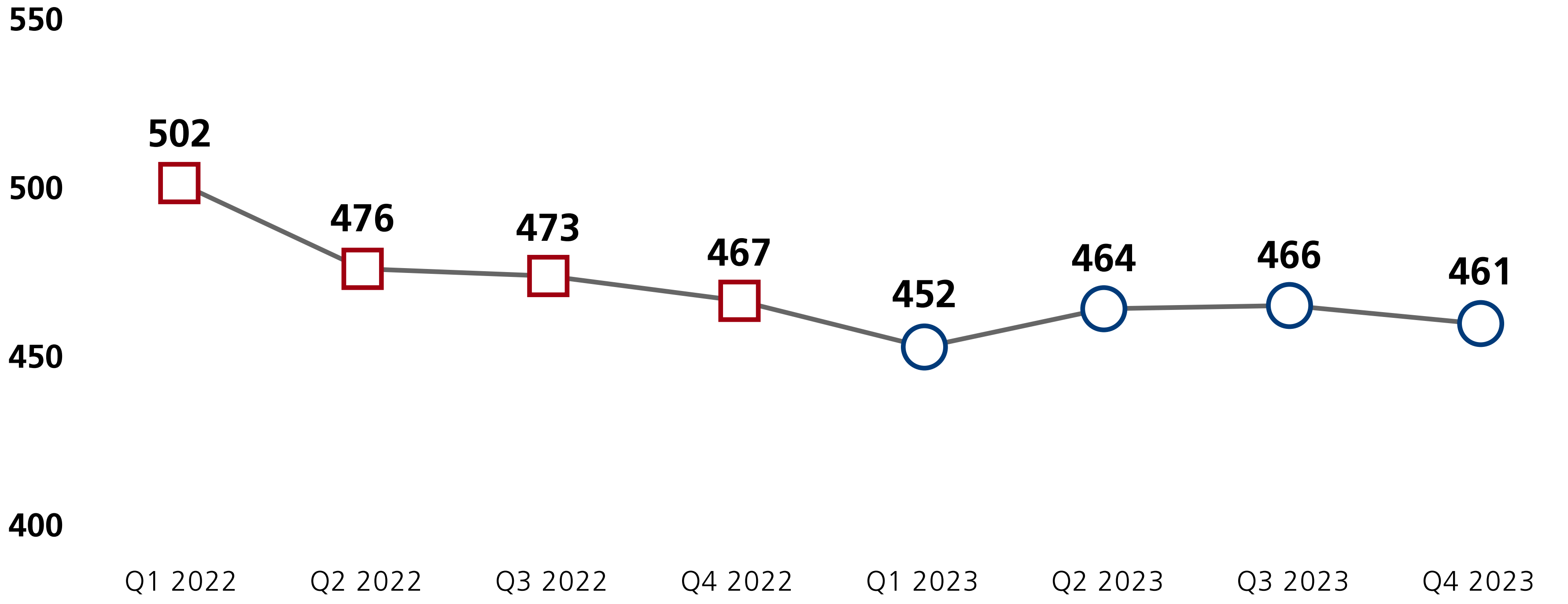
(€m)

	Q1	Q2	Q3	Q4	TOTAL
2023	452	464	466	461	1,843
2022	502	476	473	467	1,918
Change	**(50)**	**(12)**	**(7)**	**(6)**	**(75)**

Net recurring fees, equal to €1.8bn, recorded a decrease compared to the previous year (-€75m, -4%) mainly due to the reduction in average managed assets, which went from €208.4bn at 31 December 2022 to €202.5bn at 31 December 2023 (-€5.9bn, -3%). The analysis of the quarterly dynamics highlights a decrease in recurring fees in the last quarter of 2023, due to the decrease in average managed assets compared to the previous quarter.

Quarterly net recurring fees

(€m)



Performance fees totalled €17m, up by €6m compared to 2022. The Fideuram Group charges performance fees on private 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

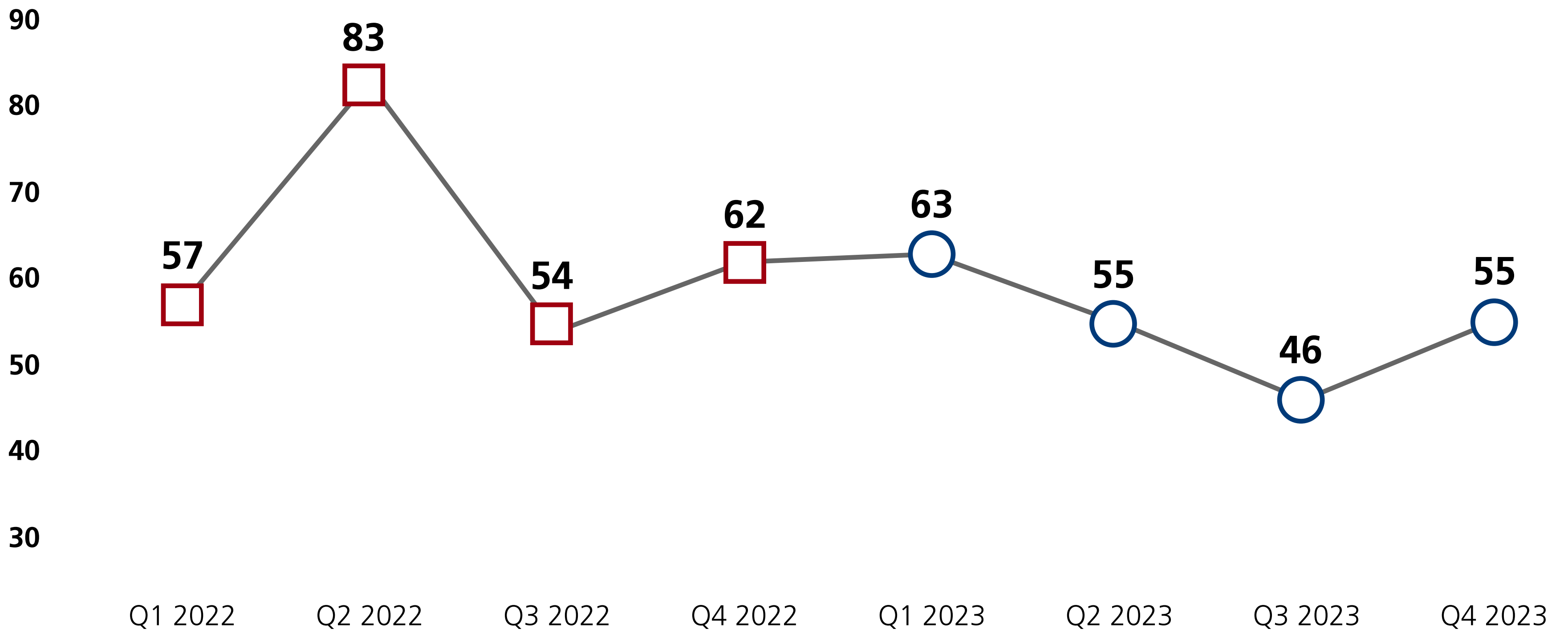
(€m)

	Q1	Q2	Q3	Q4	TOTAL
2023	63	55	46	55	219
2022	57	83	54	62	256
Change	**6**	**(28)**	**(8)**	**(7)**	**(37)**

Net front-end fees, amounting to €219m, showed a decrease of €37m compared to 2022 (-14%). This trend is mainly due to lower placements by the Group's distribution networks of bonds issued by Intesa Sanpaolo.

Quarterly net front-end fees

(€m)



Other fee and commission expense

(€m)

	Q1	Q2	Q3	Q4	TOTAL
2023	(60)	(43)	(58)	(61)	(222)
2022	(47)	(48)	(45)	(65)	(205)
Change	**(13)**	**5**	**(13)**	**4**	**(17)**

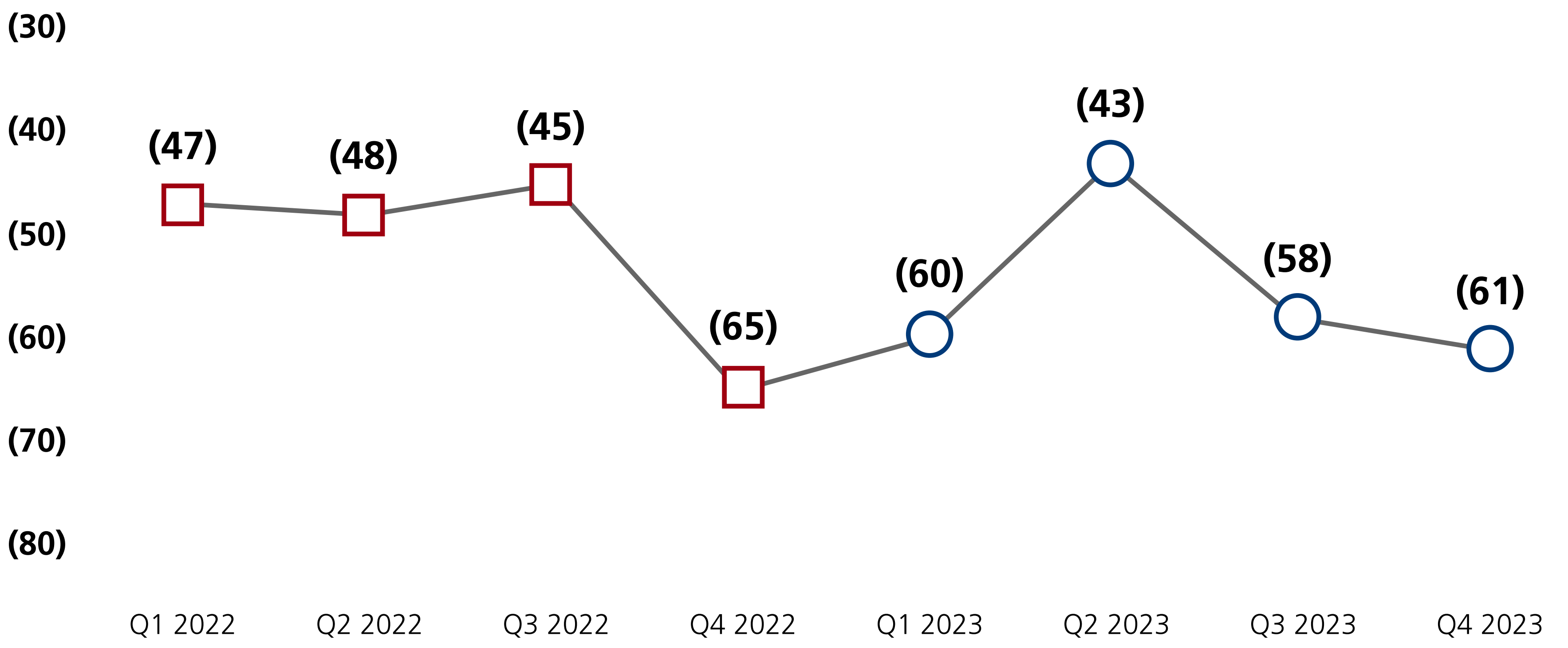
Other **fee and commission expense** amounted to €222m, up €17m compared to the previous year, due to higher incentive fees recognised in favour of distribution networks.

€911m

Net operating expenses

Quarterly other fee and commission expense

(€m)



The **result of investments and other operating income (expenses)**, equal to €6m, recorded a decrease of €11m compared to the previous year, mainly attributable to the lower result of investments consolidated with the equity method.

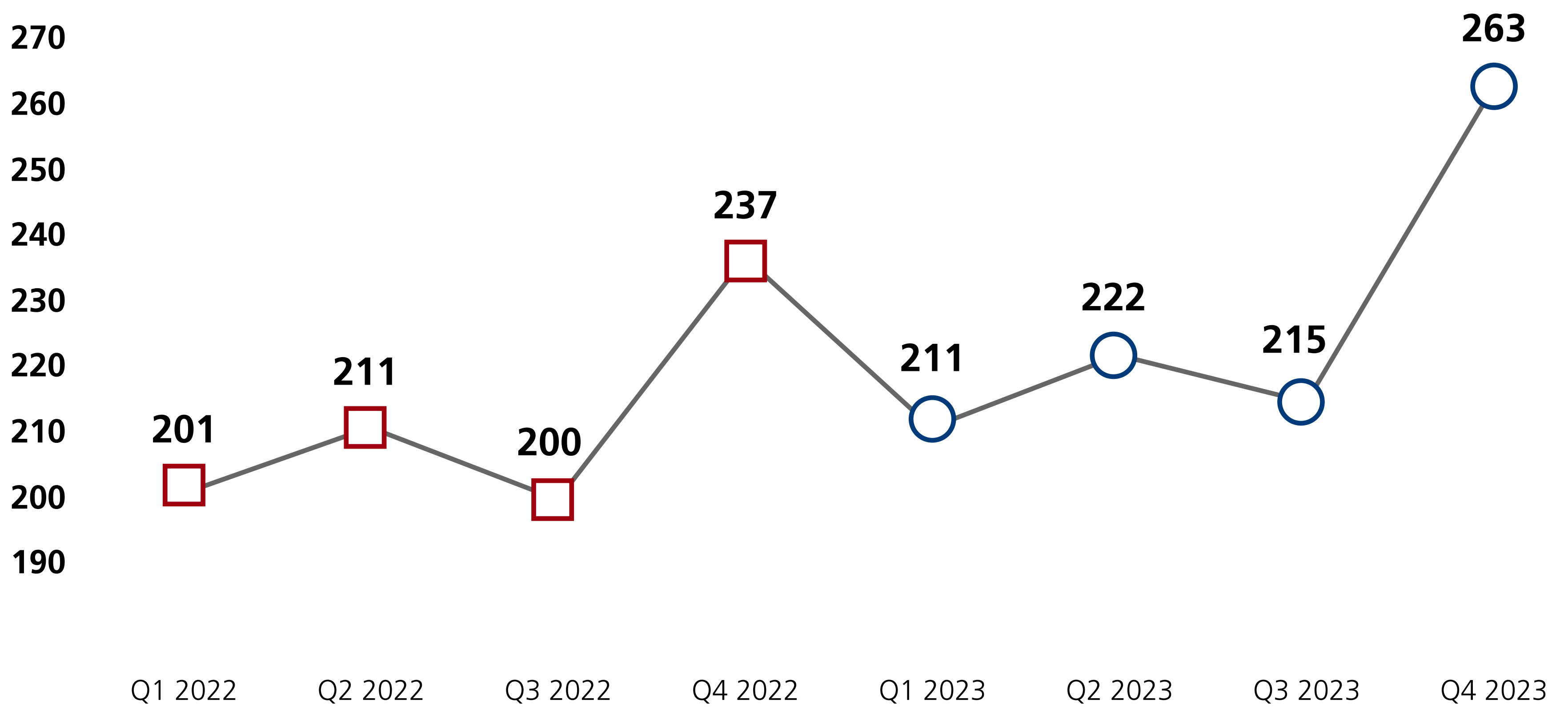
Net operating expenses

(€m)

	2023	2022	CHANGE	
			AMOUNT	%
Personnel expenses	518	484	34	7
Other administrative expenses	304	284	20	7
Depreciation and amortisation	89	81	8	10
Total	**911**	**849**	**62**	**7**

Net operating expenses, equal to €911m, increased by €62m, (+7%) compared to the previous year. Detailed analysis shows that personnel expenses, amounting to €518m, recorded an increase of €34m attributable to the renewal of the national ABI agreement, and to the strengthening of the foreign component and the variable component of remuneration. Other administrative expenses, equal to €304m, showed an increase of €20m attributable to higher IT and real estate expenses and expenses for services rendered by third parties. Depreciation and amortisation increased by €8m, due to the higher amortisation of software and rights of use of leased assets.

Quarterly net operating expenses
(€m)



Net impairment losses on loans stood at €38m, up €26m compared to 2022 due to a higher impairment of loans to non-performing customers.

Net provisions for risks and charges and net impairment of other assets
(€m)

	2023	2022	CHANGE	
			AMOUNT	%
Personal Financial Advisers' termination indemnities and incentives	(33)	13	(46)	n.s.
Litigation and complaints	(4)	(4)	-	-
Network Loyalty Schemes	(13)	2	(15)	n.s.
Net impairment of (recoveries on) other assets	(22)	1	(23)	n.s.
Total	**(72)**	**12**	**(84)**	**n.s.**

€72 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 negative balance of €72m compared to a positive balance of €12m in the previous year.

The change of €84m is mainly attributable to the dynamics of discount rates of provisions for contractual indemnities and for the Personal Financial Adviser' loyalty plans which led to a lower release to the income statement compared to the previous year, and, to a lesser extent, to the review of the actuarial assumptions used to estimate the provisions. Net impairment losses on other assets recorded a negative change of €23m, determined by the impairment of the investment in Alpian for €25m, partly offset by greater writebacks on bonds for €2m.

Net non-recurring income (expenses) include income and expenses that are not attributable to ordinary operations. In 2023, this item included the capital gain of €8m realised from the sale of a property by the Swiss subsidiary Reyl & Cie and the capital gain of €6m relating to the sale of the 51% stake in Asteria and the revaluation of the residual share.

Income taxes, equal to €695m, increased by €231m compared to the previous year, due to higher gross profit during the year. The tax rate was 32%, up compared to 29% in 2022, as last year's taxes included tax benefits for a total of €43m due to the detaxation of the higher values of the equity investment in Reyl & Cie and of intangible assets, as well as the acquisition of the former UBI's tax losses, for the portion attributed to the business units demerged in favour of Fideuram and Intesa Sanpaolo Private Banking.

Integration and voluntary redundancy expenses (net of tax) recorded a balance of €23m, down by €13m compared to 2022 and mainly include expenses incurred for extraordinary integration transactions involving Group companies.

The **economic effects of acquisition costs (net of tax)**, of €23m 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 Division, IW Private Investments and Intesa Sanpaolo Wealth Management.

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 2023, the net amount for this item was €31m, down €5m from the previous year. It includes €21m in expenses for the contribution to the Deposit Guarantee Scheme (DGS Fund) introduced by Directive 2014/49/EU and €10m 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 €2m refers to the net results of companies included in the full consolidation area attributable to non-controlling interests. The balance mainly consisted of the profit (loss) of the non-controlling interests of the Reyl Group companies.

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 2023, 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 €4.6bn (+€890m on 2022).

This wealth was distributed to stakeholders as follows:

- Colleagues received 35.5% of the Wealth created, amounting to a total of €1.6bn. This included the remuneration paid to employees and also to the Personal Financial Adviser Networks;
- our Shareholder and non-controlling interests received 26.3% of the Wealth created, in the form of the proposed dividend pay-out totalling €1.2bn and the result attributable to non-controlling interests (+€2m);
- the Government, public authorities, institutions and the Community received €1.1bn, principally in the form of direct and indirect taxes, amounting to 23.3% of the Wealth created; this amount also includes the expenses for the European Single Resolution Fund and Deposit Guarantee Scheme;
- Suppliers received 7% of the Wealth created, totalling €322m paid for goods and services;
- the remainder of €361m 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

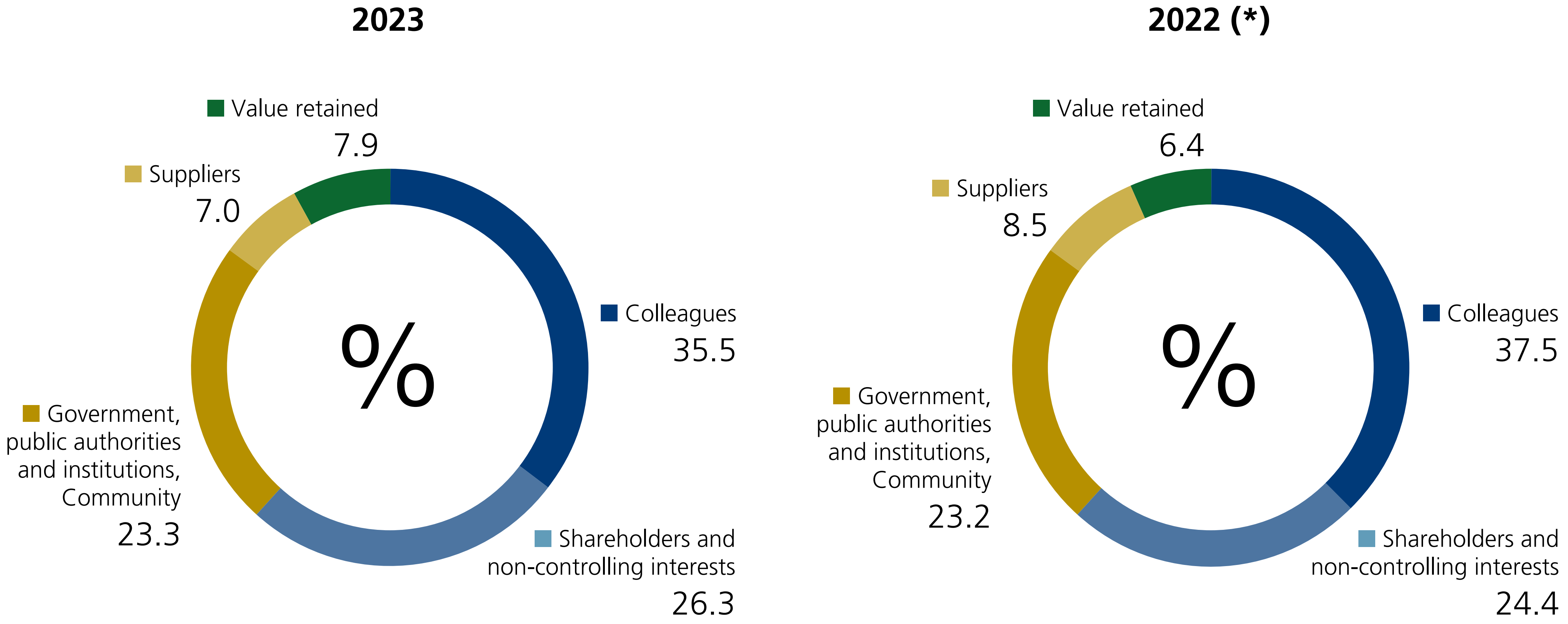
(€m)

	2023	2022 (*)	CHANGE	
			AMOUNT	%
Wealth created	**4,574**	**3,684**	**890**	**24**
Value distributed	**(4,213)**	**(3,448)**	**(765)**	**22**
Colleagues	(1,625)	(1,383)	(242)	17
Shareholders and non-controlling interests	(1,202)	(899)	(303)	34
Government, public authorities and institutions, Community	(1,064)	(854)	(210)	25
Suppliers	(322)	(312)	(10)	3
Value retained	**361**	**236**	**125**	**53**

Wealth created

(€m)

Distribution of wealth created



(*) 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, alternative funds (AIF) and private asset management.
- **Life Insurance Assets segment,** which covers unit-linked and traditional managed insurance asset products, as well as pension and protection products;
- **Banking services and non-managed assets segment**, which includes banking services (including current accounts, payment cards, financing) and services for non-managed assets.

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.

Fideuram - Vicenza Office

Segment reporting at 31 December 2023

(€m)

	MANAGED FINANCIAL ASSETS	LIFE INSURANCE ASSETS	BANKING SERVICES AND NON-MANAGED ASSETS	TOTAL FOR FIDEURAM GROUP
Net interest income	-	-	1,267	1,267
Net profit (loss) on financial assets and liabilities at fair value	-	-	54	54
Net fee and commission income	1,310	529	18	1,857
Intermediation margin	**1,310**	**529**	**1,339**	**3,178**
Net operating expenses	(391)	(94)	(426)	(911)
Other	(34)	(13)	(43)	(90)
Gross income (loss)	**885**	**422**	**870**	**2,177**
Average client assets	**134,489**	**68,011**	**138,453**	**340,953**
Client assets	**140,115**	**69,560**	**150,167**	**359,842**
Net inflows	**184**	**(2,197)**	**14,138**	**12,125**
Key indicators				
Cost / Income Ratio	30%	18%	32%	29%
Net fee and commission income / Average client assets	1.0%	0.8%	-	0.5%
Gross income (loss) / Average client assets	0.7%	0.6%	0.6%	0.6%

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€140.1 bn

Managed financial assets
(39% of total client assets)

MANAGED FINANCIAL ASSETS SEGMENT

The Managed Financial Assets Segment covers the Group's asset management and mutual fund business, which totalled €140.1bn at 31 December 2023 (39% of total client assets), up €8bn on 31 December 2022. Net inflows were positive at €184m and recorded a sharp decrease from the previous year (-€1.1bn). This was mainly attributable to the Group's Personal Financial Advisers directing new inflows from customers towards liquid instruments and the bond market. The segment's contribution to gross income (loss) totalled €885m, down €53m from the previous year, principally due to the reduction net fee and commission income and increase in provisions. 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%.

Managed financial assets

(€m)

	31.12.2023	31.12.2022 (*)	CHANGE	
			AMOUNT	%
Net interest income	-	-	-	-
Net profit (loss) on financial assets and liabilities at fair value	-	-	-	-
Net fee and commission income	1,310	1,332	(22)	-2
Intermediation margin	**1,310**	**1,332**	**(22)**	**-2**
Net operating expenses	(391)	(402)	11	-3
Other	(34)	8	(42)	n.s.
Gross income (loss)	**885**	**938**	**(53)**	**-6**
Average client assets	**134,489**	**138,468**	**(3,979)**	**-3**
Client assets	**140,115**	**132,072**	**8,043**	**6**
Net inflows	**184**	**1,259**	**(1,075)**	**-85**
Key indicators				
Cost / Income Ratio	30%	30%		
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.

The financial context in 2023 was affected by the persisting geopolitical tensions and by the monetary policy measures implemented by the main central banks to deal with the surge in inflation on a global scale after the pandemic. In this scenario, all the main asset classes appreciated. On the investment side, there has been a strong return of interest in non-managed assets, with Treasury bonds among the main catalysts. The development of the range of products and services to support the Group's service models was guided by a focus on new investment opportunities, also in light of the changed market context.

For the **managed assets** component, numerous solutions have been proposed both through high-quality bond portfolios in the credit spectrum, and through diversified portfolios, with the equity component comprising progressive entry mechanisms. In a search for stand-out solutions for Private and HNWI customers, even outside traditional markets, new investment opportunities have been proposed on the private markets. By developing the offering, the process of valuing sustainability factors also continued, with a significant expansion of solutions characterized by investment policies integrated with ESG factors.

For the **mutual funds** managed by the Group's asset management companies, the main innovations dedicated to the Intesa Sanpaolo Private Banking Network are described below:

- Fideuram Asset Management (Ireland) dac introduced five new sub-funds of the Willerfunds Private Suite across the bond, equity and multi-asset segments. In line with the Sicav's philosophy, the new funds have also been developed with a careful approach to sustainability issues. These are:
  - Willerfunds Private Suite - Man AHL Multi-Asset Target Climate Change with management delegated to Man Asset Management (Ireland) Limited (Article 9 SFDR).
  - Willerfunds Private Suite - JPM Europe Equity with management delegated to JP Morgan Asset Management (UK) Limited (Article 8 SFDR).
  - Willerfunds - Private Suite - Franklin Emerging Corporate Bond with management delegated to Franklin Templeton Investment Management Limited (Article 8 SFDR).
  - Willerfunds - Private Suite - T. Rowe Price Equity US Research with management delegated to T. Rowe Price Associates Inc. (Article 8 SFDR).
  - Willerfunds - Private Suite - Invesco Euro Corporate Bond with management delegated to Invesco Asset Management Limited (Article 8 SFDR).
- Fideuram Asset Management SGR has exclusively created two new funds under Italian law: Target Bond 2028 with window placement and Target Yield with open placement, which envisages a first phase until the end of 2028 in which the portfolio is invested in corporate issues characterized by an initial average residual life of 5 years, progressively decreasing with the aim of optimising the overall return at the end of the period. In the second phase, starting from 2029, the portfolio will be invested in financial instruments (monetary and/or bonds), with an investment grade creditworthiness and average duration of less than 3 years.

- Eurizon Capital SGR has proposed two new editions of Eurizon Diversified Income (Editions 3 and 4), the Italian window fund which invests over a 5-year time horizon in the European bond market, both in traditional instruments and in structured credit, with the aim of distributing a coupon flow every year.
- Epsilon SGR has placed window funds with capital protection and a 2-year maturity: Epsilon Difesa 100 Riserva - Edition 3, dedicated to natural persons and Epsilon Imprese Difesa 100 Riserva - Edition 5, dedicated to individual businesses, companies, associations, foundations, as well as secular and religious congregations and bodies and Non-Profit Organisations. Both funds are classified under Article 8 of the SFDR.

Fideuram Asset Management SGR has created portfolios for Fideuram Direct. These are diversified by risk profile with underlying funds and ETFs to support the Direct Advisory activity.

Furthermore, the Group has started the placement of the new Luxembourg-based sub-funds Eurizon Fund - Global Equity Infrastructure and Eurizon Fund - Flexible Allocation managed by Eurizon Capital S.A., as well as the placement of Asteria Funds of Asteria Investment Managers, a Swiss asset management company owned by Fideuram.
Finally, the usual activity for the **products of third-party asset managers** continued for the entire Group with:

- the updating and maintenance of products already distributed;
- the inclusion of new partners including Man Group, a global asset manager, leader with various boutiques specializing in particular areas and strategies and Algebris Investments, a global asset management company, traditionally specialized in the financial sector. The placement of Vontobel 2 SICAV solutions also began for the Fideuram Network;
- Franklin Responsible Income 2028, a placement window sub-fund of the Franklin Templeton Global Funds Plc Sicav, was placed for the Intesa Sanpaolo Private Banking Network.

In the context of **alternative investment funds**, the first part of the year was characterized by the release of a new platform for access to investments on private markets for professional customers.
The project was therefore launched to offer individual strategies managed by leading international operators in the sector on a more continuous basis, accessing opportunities traditionally reserved for institutional operators. Two sub-funds were placed in 2023:

- EQT X (NO. 1) EUR - iCapital Lux Access Fund, a fund that allows access to the management excellence of EQT Fund Management S.à r.l., a leading asset manager specialised in private equity with investments mainly in the Healthcare and Tech sectors (Article 8 SFDR).
- Tages Helios Net Zero - iCapital Lux Access Fund, which gives access to the third programme of Tages Capital SGR, an independent manager specialized in renewables and energy transition (Article 9 SFDR).

The placement of FAI Progetto Italia II, the second alternative PIR created by Fideuram Asset Management SGR in collaboration with Eurizon Capital Real Asset SGR, began in October. This non-reserved closed-end type fund allows investors to invest in selected Italian companies and benefit from the tax incentives provided for by legislation on Alternative PIRs.

With regard to **individual asset management**, the main changes affected the entire scope of investment services in the range. In particular, the main actions taken by Fideuram Asset Management SGR include:

- for services dedicated to the Fideuram, Sanpaolo Invest and IW Private Investments Networks:
  - for Fogli Fideuram, the creation of various placement window lines, both on credit with a "Target Date" logic (Target Euro Bond 2028) and on equities with a progressive entry logic (Equity Strat. 50 Step-in Dyn. Plus, Equity Strategies Step-in 36+, Equity Strategies 70 Step-in Dyn., Equity Strategies 100 Step-in Dyn., Equity 100 Mix Step-in Dyn.); the introduction of lines with a capital protection at maturity logic (Bond Italia 2026, Protection 2028) and, in the first half of the year, the creation of three lines in the catalogue for specific asset classes (Foglio Subordinated Bond, Foglio Net Zero Transition, Foglio Small Cap).
  - for Fideuram Omnia, a new system of customised lines was reviewed and released, with actions aimed at streamlining the process of defining and activating the specific management line along with the introduction of the possibility of structuring solutions intended for HNWI clients. Considering the market context, the "Idea Multi Credit" line was released in the second half of the year. Lastly, the placements of window lines with step-in Dynamic structure on the Active Beta 100 line also continued.
- for services dedicated to the Intesa Sanpaolo Private Banking Network:
  - on the single Wealth Collection multi-line management contract, the creation of six new management lines, three belonging to the Linee Private Group (Private Bond 2027, Private Bond Euro and Private Multi Maturity), two to the Linee Pure & Temi Group (the bond line Credito Subordinato and the equity line Dividend Aristocrats) and the new line of the Linee Mix GP Accumulo 30 Group, for the construction of a balanced portfolio with progressive investment in the equity component, starting from a conservative strategy.

During 2023, in addition to usual maintenance activities, Eurizon Capital SGR also made some evolutionary refinements to the range for the Intesa Sanpaolo Private Banking Network, enriching the GP Investimento Private lines with three new lines.

€69.6 bn

Life insurance assets
(19% of total client assets)

LIFE INSURANCE ASSETS SEGMENT

This area comprises assets relating to the life insurance and pension funds segment, which at 31 December 2023 totalled €69.6bn (19% of total client assets), up €1.6bn compared to 31 December 2022. Net inflows, negative by €2.2bn, showed a reduction of €3.1bn compared to 2022 due to the aforementioned activity of directing customer savings flows towards bond market instruments. The contribution to gross profit amounted to €422m, down €40m 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 0.6%.

Life insurance assets

(€m)

	31.12.2023	31.12.2022 (*)	CHANGE	
			AMOUNT	%
Net interest income	-	-	-	-
Net profit (loss) on financial assets and liabilities at fair value	-	-	-	-
Net fee and commission income	529	557	(28)	-5
Intermediation margin	**529**	**557**	**(28)**	**-5**
Net operating expenses	(94)	(98)	4	-4
Other	(13)	3	(16)	n.s.
Gross income (loss)	**422**	**462**	**(40)**	**-9**
Average client assets	**68,011**	**69,899**	**(1,888)**	**-3**
Client assets	**69,560**	**67,984**	**1,576**	**2**
Net inflows	**(2,197)**	**875**	**(3,072)**	**n.s.**
Key indicators				
Cost / Income Ratio	18%	18%		
Net fee and commission income / Average client assets	0.8%	0.8%		
Gross income (loss) / Average client assets	0.6%	0.7%		

n.s.: not significant
(*) Figures restated on a consistent basis to take account of changes in the scope of consolidation.

In the area of **insurance products** designed for the Fideuram, Sanpaolo Invest and IW Private Investments Networks, 2023 was characterised by the launch of new insurance solutions, concomitant restyling actions and expansion of the offer. With reference to the insurance products of the company Fideuram Vita, the range of solutions available in the unit-linked product Fideuram Vita Futura continued to be enhanced with the creation of the new internal fund FV Equity World Step-In 36, which allows progressive entry into the stock market. With reference to traditional products, placement of the new Fideuram Vita - Garanzia e Valore 3 Class I product was started in the second part of the year.

For the Intesa Sanpaolo Private Banking Network, the Progetto Garanzia Private policy was introduced during the year, a Class I insurance investment product of Intesa Sanpaolo Vita with a whole life and single premium, dedicated exclusively to natural persons, which allows investors to invest the premium paid in a newly established Segregated Fund, called "Fondo Base Performance, characterized by the adoption of the Profit Reserve.

Selezione Private Pro Dublin Branch, a unit-linked insurance-based investment product of Intesa Sanpaolo Vita Dublin Branch, was then released.

With reference to products already being placed, the Synthesis multi-class policy of Intesa Sanpaolo Vita was restyled, with an increase from 50% to 70% of the maximum percentage that can be invested in segregated account management. The action also regarded the versions of the policy present in the portfolio and no longer marketed. Finally, the Group continued to offer Private Insurance solutions of primary third-party companies.

€150.2 bn

Non-managed assets
(42% of total client assets)

BANKING SERVICES AND NON-MANAGED ASSETS

The Banking services and Non-managed assets area 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 area also includes non-managed assets, mainly securities and current accounts, which totalled €150.2bn at 31 December 2023 (42% of total client assets), up €23bn compared to 31 December 2022. Net inflows were positive at €14.1bn, up €3.4bn compared to 2022. The contribution of this area to the gross result amounted to €870m, up by €644m compared to the previous year, due to the strong growth in net interest income and rising market interest rates. The ratio of gross income (loss) to client assets was 0.6%.

Banking services and non-managed assets

(€m)

	31.12.2023	31.12.2022 (*)	CHANGE	
			AMOUNT	%
Net interest income	1,267	419	848	n.s.
Net profit (loss) on financial assets and liabilities at fair value	54	60	(6)	-10
Net fee and commission income	18	91	(73)	-80
Intermediation margin	**1,339**	**570**	**769**	**n.s.**
Net operating expenses	(426)	(349)	(77)	22
Other	(43)	5	(48)	n.s.
Gross income (loss)	**870**	**226**	**644**	**n.s.**
Average client assets	**138,453**	**123,335**	**15,118**	**12**
Client assets	**150,167**	**127,123**	**23,044**	**18**
Net inflows	**14,138**	**10,725**	**3,413**	**32**
Key indicators				
Cost / Income Ratio	32%	59%		
Net fee and commission income / Average client assets	-	0.1%		
Gross income (loss) / Average client assets	0.6%	0.2%		

n.s.: not significant
(*) Figures restated on a consistent basis to take account of changes in the scope of consolidation.

For **banking services**, initiatives to support banking and the acquisition of new customers continued during 2023. Commercial initiatives were proposed with liquidity products (cash deposits/savings bonds with subsidised rates), also combined with the subscription of managed asset products. An initiative was also launched for Fideuram Direct using cash deposits, again aimed at new inflows combined with investment in managed assets. A Time Deposit Constraint was also introduced, a new liquidity management product designed for legal entities.

For the Fideuram and IW Private Investments Network, a distribution agreement was finalised with Intesa Sanpaolo Wealth Management for the promotion and distribution to customers, through its branches, of a series of products and services, 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, who invest both directly and through investment vehicles.

Lending development activities continued with the release of new products and in particular with a view to aligning solutions for the Group's customers, the product catalogue of the Fideuram, Sanpaolo Invest and IW Private Investments Networks credit facilities for financial investments was supplemented with credit facilities for financial investments introduced exclusively for individual retail customers and loans with short and medium-term repayments, for natural as well as legal persons. Lastly, as regards the Intesa Sanpaolo Private Banking Network, the pledge on the value of the whole was issued for both natural and legal person customers.

With reference to **non-managed assets**, the offer was designed for customers more sensitive to the issue of capital protection, with the issue of Intesa Sanpaolo Investment Certificates on equity indices and rates, with total protection of the capital at maturity, participation in the performance of the underlyings and sometimes annual digital bonuses. For the Intesa Sanpaolo Private Banking Network, Intesa Sanpaolo also created Investment Certificates for professional customers on individual shares and with conditional capital protection. Credit Linked Certificates issued by Intesa Sanpaolo have also been proposed for professional customers, at Group level.

During the year, the Group's networks exclusively placed two Intesa Sanpaolo bond loans and, with the issuer Intesa Sanpaolo, also made various Private Placements (four certificates and seventeen bonds). Finally, during the year the Group took part in two public offerings (Eni sustainability-linked bonds 2023/2028 and CDP Mixed Rate Bonds 2023-2029) and participated in the placement of the nineteenth issue of the BTP Italia and the first two issues of the BTP Valore.

OPERATIONS OUTSIDE ITALY

Product companies

During 2023, **Fideuram Asset Management (Ireland)**, with reference to ordinary activities, continued to act as manager of collective savings products (Luxembourg and Italian collective investment schemes) and of products established by the Group's insurance companies (pension fund under Italian law and, until 30 November this year, Irish unit- linked policies established by Intesa Sanpaolo Life dac). Assets in the Luxembourg products offered by Fideuram Asset Management (Ireland) totalled €42.3bn at 31 December 2023, up compared to €3.1bn at 31 December 2022. This performance was affected by the positive impact of the markets for €3.7bn and the effect of negative net inflows for -€0.6bn.

Fideuram Asset Management UK, starting from 1 January 2023, took over the activities previously carried out by the London branch of Fideuram Asset Management (Ireland), undertaking the function of delegated manager of collective savings products (Luxembourg collective investment undertakings) established by Fideuram Asset Management (Ireland) and, with sub-management by the latter until 30 November, of products established by Intesa Sanpaolo Life dac (Irish unit-linked policies). Assets in products managed by Fideuram Asset Management UK at 31 December 2023 amounted to €6.7bn.

Fideuram Asset Management (Ireland) dac

Distribution networks

Reyl & Cie 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.

As part of the strategic partnership in asset management between Fideuram and Man Group, announced on 29 June, the stake in Asteria Investment Managers was sold by Reyl to Fideuram at the end of October. At the same time, 51% of the company was sold to Man Group.

Furthermore, on 30 June, the acquisition of Carnegie Fund Services, one of the main representatives of foreign investment funds in Switzerland, was completed; the merger of Carnegie Fund Services into Reyl was registered in the Commercial Register on 22 January 2024 with accounting effect from 1 January 2024. As part of activities to simply the corporate perimeter, the liquidation of Portugal Real Estate Opportunities Manager was finalised in August.

At 31 December 2023, Reyl's consolidated client assets amounted to CHF 16.5bn, of which CHF 13.2bn related to the Wealth Management business line, CHF 2.4bn to the Asset Services business line and CHF 0.9bn to the Asset Management business line.

Intesa Sanpaolo Wealth Management is a credit institution incorporated in Luxembourg with branches in Belgium, which provides private banking services to HNW and UHNW customers. With a total customer base of over €10bn, the company aims to improve support for HNW customers by increasing the offering of additional high-value services for the most sophisticated customers.

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

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

ASSET AND LIABILITY MANAGEMENT

The tables below show the main items of balance sheet compared with the corresponding figures at 31 December 2023.

Consolidated balance sheet

(reclassified - €m)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
ASSETS				
Cash and cash equivalents	5,238	5,873	(635)	-11
Financial assets measured at fair value through profit or loss	719	618	101	16
Financial assets measured at fair value through other comprehensive income	3,360	3,096	264	9
Debt securities measured at amortised cost	19,504	19,916	(412)	-2
Loans to banks	9,482	14,465	(4,983)	-34
Loans to customers	14,371	15,104	(733)	-5
Hedging derivatives	257	317	(60)	-19
Equity investments	247	232	15	6
Property and equipment and intangible assets	1,220	1,227	(7)	-1
Tax assets	215	273	(58)	-21
Other assets	1,802	1,750	52	3
TOTAL ASSETS	**56,415**	**62,871**	**(6,456)**	**-10**

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
LIABILITIES				
Due to banks	3,955	5,419	(1,464)	-27
Due to customers	46,130	50,847	(4,717)	-9
Financial liabilities held for trading	52	21	31	n.s.
Hedging derivatives	362	344	18	5
Tax liabilities	148	177	(29)	-16
Other liabilities	1,962	1,724	238	14
Provisions for risks and charges	590	523	67	13
Share capital, reserves and equity instruments	3,012	2,745	267	10
Interim dividends	(1,200)	-	(1,200)	n.s.
Equity attributable to non-controlling interests	1	1	-	-
Net profit	1,403	1,070	333	31
TOTAL LIABILITIES	**56,415**	**62,871**	**(6,456)**	**-10**

n.s.: not significant

Quarterly consolidated balance sheets

(reclassified - €m)

	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022 (*)
ASSETS								
Cash and cash equivalents	5,238	4,271	4,608	5,758	5,873	5,099	5,461	5,105
Financial assets measured at fair value through profit or loss	719	671	639	655	618	642	537	538
Financial assets measured at fair value through other comprehensive income	3,360	3,369	3,431	3,296	3,096	2,921	3,069	2,899
Debt securities measured at amortised cost	19,504	18,681	19,128	19,333	19,916	20,708	20,419	20,747
Loans to banks	9,482	10,998	10,377	11,939	14,465	20,295	18,465	23,901
Loans to customers	14,371	14,411	14,631	14,793	15,104	14,839	14,607	14,330
Hedging derivatives	257	322	295	287	317	308	218	111
Equity investments	247	245	249	238	232	272	269	276
Property and equipment and intangible assets	1,220	1,189	1,204	1,213	1,227	1,207	1,195	1,090
Tax assets	215	250	248	254	273	266	243	202
Other assets	1,802	1,793	2,010	1,862	1,750	1,711	1,809	1,658
TOTAL ASSETS	**56,415**	**56,200**	**56,820**	**59,628**	**62,871**	**68,268**	**66,292**	**70,857**
LIABILITIES								
Due to banks	3,955	4,560	3,905	5,599	5,419	5,389	3,701	4,972
Due to customers	46,130	44,734	46,022	46,757	50,847	56,585	56,334	59,093
Financial liabilities held for trading	52	33	24	44	21	86	41	30
Hedging derivatives	362	307	339	367	344	391	461	588
Tax liabilities	148	183	131	158	177	184	146	207
Other liabilities	1,962	1,883	2,244	2,008	1,724	1,607	1,810	1,931
Provisions for risks and charges	590	508	514	535	523	506	516	614
Share capital, reserves and equity instruments	3,012	2,928	2,924	3,812	2,745	2,747	2,753	3,268
Interim dividends	(1,200)	-	-	-	-	-	-	-
Equity attributable to non-controlling interests	1	1	1	1	1	2	2	(93)
Net profit	1,403	1,063	716	347	1,070	771	528	247
TOTAL LIABILITIES	**56,415**	**56,200**	**56,820**	**59,628**	**62,871**	**68,268**	**66,292**	**70,857**

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

Cash and cash equivalents

(€m)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
Cash	59	59	-	-
Demand deposits with Central Banks	2,513	1,702	811	48
Current accounts with banks	2,666	4,112	(1,446)	-35
Total	**5,238**	**5,873**	**(635)**	**-11**

Cash and cash equivalents include cash and all items due from banks on demand. At 31 December 2023, the item showed a balance of €5.2bn, down by €635m, compared to year-end 2022, due to the lower liquidity held in bank current accounts (-€1.4bn), partly offset by the increase in demand deposits with Central Banks (+€811m).

Financial assets

(€m)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
Financial assets measured at fair value through profit or loss	719	618	101	16
Financial assets measured at fair value through other comprehensive income	3,360	3,096	264	9
Debt securities measured at amortised cost	19,504	19,916	(412)	-2
Hedging derivatives	257	317	(60)	-19
Total	**23,840**	**23,947**	**(107)**	**-**

€23.8 bn

Financial assets

€414 m

Financial liabilities

The Group's **financial assets**, equal to €23.8bn, showed a slight decline (-€107m) compared to the amount at the end of 2022, attributable to the reduction of debt securities in the portfolio at amortised cost (-€412m) due to the reimbursements that occurred during the year, partly offset by the increase in securities measured at fair value through other comprehensive income (+€264m) and in financial assets measured at fair value through profit or loss (+€101m).

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	1,711	126	1,837
Spain	-	303	303
France	-	170	170
Belgium	-	160	160
United States	7	77	84
Germany	-	82	82
Netherlands	-	64	64
Portugal	-	18	18
Iceland	-	10	10
Luxembourg	-	8	8
Total	**1,718**	**1,018**	**2,736**

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

Financial liabilities

(€m)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
Financial liabilities held for trading	52	21	31	148
Hedging derivatives	362	344	18	5
Total	**414**	**365**	**49**	**13**

Financial liabilities totalled €414m, consisting entirely of derivatives. Compared to 31 December 2022, the item showed an increase of €49m, mainly attributable to the positive changes in the fair value of derivatives in the portfolio.

€9.5 bn

Loans to banks

€14.4 bn

Loans to customers

€4 bn

Due to banks

€46.1 bn

Due to customers

Loans to banks

(€m)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
Due from Central Banks	45	1,488	(1,443)	-97
Term deposits	8,361	12,311	(3,950)	-32
Other	1,076	666	410	62
Total	**9,482**	**14,465**	**(4,983)**	**-34**

Loans to banks, amounting to €9.5bn, decreased by €5bn compared to 31 December 2022, due to the reduction in term deposits with Intesa Sanpaolo (-€4bn) and of receivables from central banks (-€1.4bn), only partly offset by the growth in other loans (+€410m). The performance of the item reflects the context of a progressive increase in interest rates, which led to a reduction in liquidity used on the interbank market to cope with customer outflows towards more profitable forms of investment.

Due to banks

(€m)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
Current accounts	295	174	121	70
Term deposits	1,516	2,220	(704)	-32
Repurchase agreements	1,548	2,588	(1,040)	-40
Debts for leases	105	53	52	98
Other	491	384	107	28
Total	**3,955**	**5,419**	**(1,464)**	**-27**

Due to banks, amounting to €4bn, showed a decrease of €1.5bn compared to 31 December 2022 mainly attributable to the decrease in deposits in repurchase agreements (-€1bn) and term deposits (-€704m). Repurchase agreements include €116m in securities lending transactions with Intesa Sanpaolo (€678m at the end of 2022) and €1bn in liquidity obtained by Intesa Sanpaolo under the TLTRO long-term refinancing programme (€1.6bn at the end of 2022).

The Group continued to be a **net lender on the interbank market**, with net interbank deposits of €8.2bn, in addition to €12.1bn in loans receivable (of which €11.2bn to Intesa Sanpaolo Group companies) and €4bn in loans payable (of which €3.7bn to Intesa Sanpaolo Group companies).

Loans to customers

(€m)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
Current accounts	10,438	10,925	(487)	-4
Loans	1,926	2,029	(103)	-5
Other	1,941	2,049	(108)	-5
Non-performing assets	66	101	(35)	-35
Total	**14,371**	**15,104**	**(733)**	**-5**

Loans to customers totalled €14.4bn and mainly comprised short-term loans (repayable within 12 months or revocable loans without a specified term). The decrease of €733m compared to 31 December 2022 was mainly due to the drop in current account loans (-€487m), mortgages (-€103m), and other loans (-€108m). Net problem loans, representing a minimal amount in the portfolio, totalled €66m with a decrease of €35m on the figure at 31 December 2022. In detail: non-performing loans amounted to €26m, down €4m compared to the balance at the end of 2022; unlikely-to-pay loans totalled €28m, down €33m on 31 December 2022; past due or overdue loans amounted to €12m, up by €2m compared to the end of 2022.

Due to customers

(€m)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
Current accounts	35,399	47,881	(12,482)	-26
Term deposits	10,286	2,474	7,812	n.s.
Repurchase agreements	6	9	(3)	-33
Debts for leases	196	260	(64)	-25
Other	243	223	20	9
Total	**46,130**	**50,847**	**(4,717)**	**-9**

Customer payables, amounting to €46.1bn, decreased by €4.7bn compared to the balance at the end of December 2022. Detailed analysis shows a decrease in current account deposits (-€12.5bn) only partly offset by an increase in deposits at maturity (+€7.8bn). The trend of the item reflects the context of a progressive increase in interest rates, in which private customers have reallocated part of the sums available in current accounts towards more profitable investment products such as fixed-term deposits and issues of government and corporate bonds; a substantial part of the liquidity (approximately €4.8bn) remained within the Group, as it was invested in Intesa Sanpaolo bond issues and certificates.

Property and equipment and intangible assets

(€m)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
Owned real estate	50	58	(8)	-14
Rights of use of leased assets	301	312	(11)	-4
Other property and equipment	23	21	2	10
Property and equipment	**374**	**391**	**(17)**	**-4**
Goodwill	424	409	15	4
Intangible Assets Under Management	292	308	(16)	-5
Other intangible assets	130	119	11	9
Intangible assets	**846**	**836**	**10**	**1**
Total property and equipment and intangible assets	**1,220**	**1,227**	**(7)**	**-1**

€1.2 bn

Property and equipment and intangible assets

Property and equipment and intangible assets, equal to €1.2bn, decreased by €7m compared to 31 December 2022, mainly due to the amortisation of intangible assets (-€16m) and rights of use on leased assets (-€11m). The item includes goodwill of €424m, of which €242m attributable to the acquisition of the Swiss banking group Reyl, €140m attributable to Private classes acquired by Intesa Sanpaolo Private Banking and €42m to the acquisition of Intesa Sanpaolo Wealth Management. Other intangible assets included intangible assets with a finite useful life relating to the valuation of Client Assets linked to the acquisition of the Reyl Group (€95m), the UBI Top Private business unit (€73m), Intesa Sanpaolo Wealth Management (€65m) and IW Private Investments (€59m).

Provisions for risks and charges at 31 December 2023 were up €67m on the figure at the end of 2022, as shown below:

Provisions for risks and charges

(€m)

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
Litigation, securities in default and complaints	79	81	(2)	-2
Personnel expenses	146	138	8	6
Personal Financial Advisers' termination indemnities	263	241	22	9
Network Loyalty Schemes	98	59	39	66
Other	4	4	-	-
Total	**590**	**523**	**67**	**13**

The provision for litigation, disputes, securities in default and complaints was down €2m compared to 31 December 2022, as a result of utilisation during the year. The provision for personnel costs increased by €8m due to higher provisions for staff pension funds. The increase in the provision for contractual indemnities due to Personal Financial Advisers (+€22m) is attributable both to provisions for the year and to the change in the rate curve used for the actuarial estimate of the provision. In fact, at the end of 2023, it was necessary to change the curve used to determine the current value of the liability, as the curve of Italian government bonds, considering the current interest rate scenario, was no longer suitable to represent the value of money over time and was therefore replaced with the zero coupon IRS curve; this change resulted in a greater allocation to the provision for contractual indemnities of Personal Financial Advisers of approximately €12m. The provision for Network loyalty plans increased by €39m, mainly due to the increase in the fair value of the insurance policies stipulated for the benefit of Personal Financial Advisers and, to a lesser extent, due to the aforementioned revision of the interest rate curve, which led to a greater provision of approximately €3m.

€3.2 bn

Shareholders' equity

SHAREHOLDERS' EQUITY

Group shareholders' equity, including net profit for the year, totalled €3.2bn at 31 December 2023, having changed as follows:

Group shareholders' equity

(€m)

Shareholders' equity at 31 December 2022	**3,815**
Dividend distribution	(2,100)
Change in valuation reserves	95
Other changes	2
Net profit	1,403
Shareholders' equity at 31 December 2023	**3,215**

Valuation reserves at 31 December 2023 showed a positive balance of €71m, compared to a negative balance of €24m at 31 December 2022 (+€95m). The change is mainly attributable to the improvement in reserves relating to the hedging of financial flows (+€57m) and financial assets with an impact on comprehensive income (+€30m).

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

(€m)

	31.12.2023	
	SHAREHOLDERS' EQUITY	INCLUDING: NET PROFIT
Parent company's balances	**2,096**	**1,464**
Net profit of subsidiaries consolidated line-by-line	843	843
Valuation reserves of subsidiaries consolidated line-by-line	78	-
Equity instruments of fully consolidated companies	24	-
Effect of consolidation of subsidiaries and associated companies	174	9
Dividend income from Group companies	-	(913)
Consolidated balances	**3,215**	**1,403**

Fideuram S.p.A.'s own funds and main capital ratios at 31 December 2023 are shown below.

Fideuram S.p.A. Capital Ratios

(€m)

	31.12.2023	31.12.2022
CET1	1,786	1,588
Tier 1	1,786	1,588
Own funds	1,786	1,588
Total risk-weighted assets	8,542	9,126
CET1 Ratio	**20.9%**	**17.4%**
Tier 1 Ratio	**20.9%**	**17.4%**
Total Capital Ratio	**20.9%**	**17.4%**

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 2023, this calculation showed a Common Equity Tier 1 Ratio of 18.4% (15.8% at 31 December 2022) and a Total Capital Ratio of 18.6% (16% at 31 December 2022).

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

Customer satisfaction

Accessibility of services for customers with physical disabilities.

WHY TOPICS ARE MATERIAL

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 client and Personal Financial Adviser is central to the relationship of trust that is established; therefore, the Group makes an extensive network of Branches and Offices available 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.

CORPORATE POLICIES

The Group applies in full the "Principles of Safety" governance document, which sets out the rules and conduct necessary to optimise security measures and, consequently, minimise risks to people and property.

n. 263

Bank Branches

n. 402

Personal Financial Advisers' offices

Bank Branches and Personal Financial Advisers' offices of the Group
(no.)

	2023	2022	2021 (*)
Bank branches - Fideuram Network	112	115	120
Bank branches - Intesa Sanpaolo Private Banking Network	145	146	150
- of which High an Ultra Hight Net Worth Individual Branches	*10*	*9*	*10*
Bank branches outside Italy	6	7	9
Total Bank Branches	**263**	**268**	**279**
Personal financial advisers' offices - Fideuram Network	206	204	203
Personal financial advisers' offices - Sanpaolo Invest Network	119	117	114
Personal financial advisers' offices - IW Private Investments Network	65	67	49
- 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	8	7	7
Total Personal Financial Advisers' Offices	**402**	**399**	**377**

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

LOGISTICS STRUCTURE SUPPORTING THE NETWORKS

Our Personal Financial Advisers are supported in their work by a logistics structure consisting of 257 bank branches across Italy (112 in the Fideuram Network and 145 in the Intesa Sanpaolo Private Banking Network) and 6 branches outside Italy (Brussels, Gand, Geneva, Lugano, Zurich and Luxembourg), as well as 402 Personal Financial Advisers' Offices (206 in the Fideuram Network, 119 in the Sanpaolo Invest Network, 65 in the IW Private Investments Network, 4 in the Intesa Sanpaolo Private Banking Network and 8 in the international network).

During 2023, 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 2024 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 Group uses the Fideuram, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Private Banking Networks, located and operating throughout Italy, and abroad, the Network composed of Reyl & Cie and Intesa Sanpaolo Wealth Management, operating in Switzerland, Luxembourg and Belgium.

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 2024 a new structure of the sales areas came into force for the Fideuram and Sanpaolo Invest Networks. The new organization of the Networks, in line with the strategy started in previous years, provides for the enhancement of female talents and the renewal of structures, through the appointment of young managers to replace those who progressively reach the age of retirement.
The renewal of the Network's managerial structures adopted with this reorganization is aimed at achieving business development objectives in terms of dimensional growth and recruitment, for a more effective management of the change process with particular reference to inclusion, innovation and dissemination of a digital culture, in line with the 2022-2025 business plan.

The new structure is linked to the different needs that the reference context requires, in terms of:

- an improvement in the managerial coordination of the more than 5,000 financial advisors of the Networks;
- widespread local coverage for an increasingly more dedicated and adequate quality of service offered to customers;
- achievement of the challenging objectives of growth, innovation and the dissemination of a digital culture;
- a focus on the differentiated and dedicated management of financial advisors, with widespread oversight and an emphasis on training and professional growth.

With this in mind, the reorganisation of the Networks for 2024 envisages an increase in the number of Commercial Areas from 17 to 18 (12 Areas of the Fideuram Network and 6 of the Sanpaolo Invest Network).

For the IW Private Investments Network, with effect from 1 January 2024, the organisational structure of the commercial areas has been redefined, in order to facilitate the penetration and monitoring of the territory and achieve growth objectives, reducing the areas from 8 to 7.

OFFICE REORGANISATION

During 2023 the rationalization and optimization of real estate assets continued, with the dual objective of improving the quality of agencies and curbing costs.
Firstly, the transfer of the Group's headquarters to the new headquarters in Milan, Gioia 22, was completed.
Efficiency improvements have also continued in Italy since the beginning of the year, involving the Fideuram, Sanpaolo Invest and IW Private Investments networks, including numerous transfers to new offices within the same municipality, such as those of Salerno, Empoli, Pistoia, Gallarate, Biella, Avezzano, Novara, Ancona, Seregno, Chiavari, Cecina, La Spezia, Como, Arezzo, Brescia and Jesi, as well as the opening of new agencies in Rome, Milan and Monza.

For the Intesa Sanpaolo Private Banking Network, three new offices were opened in Verona, Milan and Varese in 2023 and the offices in Perugia, Bari, Rivoli and Milan were closed. Finally, the Treviso offices were transferred within the same municipality.

The area structures of the four Networks are shown below.

Area Structure of the Fideuram Network

	1.1.2024	31.12.2023	1.1.2023
AREA	REGIONS	REGIONS	REGIONS
1	Piedmont (provinces of Turin, Biella, Vercelli and Verbania), Valle d'Aosta and Sardinia	Piedmont and Valle d'Aosta	Piedmont and Valle d'Aosta
2	Lombardy (provinces of Como, Varese and Milan)	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)
3	Lombardy (provinces of Sondrio, Lecco, 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, Monza-Brianza and part of the province of Milan)
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)	Lombardy (provinces of Brescia, Cremona, Lodi and Mantua) and Veneto (province of Verona)
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)	Friuli Venezia Giulia, Trentino Alto Adige and Veneto (excluding the province of Verona)
6	Piedmont (provinces of Novara, Alessandria, Asti and Cuneo) and Lombardy (province of Pavia)	Liguria and Lombardy (province of Pavia)	Liguria and Lombardy (province of Pavia)
7	Liguria	Emilia Romagna	Emilia Romagna
8	Emilia Romagna	Tuscany	Tuscany
9	Tuscany	Lazio	Lazio
10	Lazio	Abruzzo, Basilicata, Marche, Molise, Puglia, Sardinia and Umbria	Abruzzo, Basilicata, Marche, Molise, Puglia, Sardinia and Umbria
11	Abruzzo, Basilicata, Molise, Marche, Puglia and Umbria	Calabria, Campania and Sicily	Calabria, Campania and Sicily
12	Campania, Calabria and Sicily		

Area Structure of the Sanpaolo Invest Network

	1.1.2024	31.12.2023	1.1.2023
AREA	REGIONS	REGIONS	REGIONS
1	Lombardy, Piedmont, Valle d'Aosta, Liguria and Veneto (province of Verona)	Lombardy, Piedmont, Valle d'Aosta, Liguria and Veneto (province of Verona)	Lombardy, Piedmont, Valle d'Aosta, Liguria and Veneto (province of Verona)
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, Trentino Alto Adige and Veneto (excluding the province of Verona)
3	Abruzzo, Emilia Romagna, Marche, Molise, Tuscany and Umbria	Abruzzo, Emilia Romagna, Marche, Molise, Tuscany and Umbria	Abruzzo, Emilia Romagna, Marche, Molise, Tuscany and Umbria
4	Lazio	Lazio	Lazio
5	Basilicata and Puglia	Basilicata and Puglia	Basilicata and Puglia
6	Campania, Calabria and Sicily	Campania, Calabria and Sicily	Campania, Calabria and Sicily

Fideuram and Sanpaolo Invest - Genoa Office

Area structure of the IW Private Investments Network

	1.1.2024	31.12.2023	31.12.2022
AREA	REGIONS	REGIONS	REGIONS
1	Emilia Romagna (provinces of Bologna, Rimini, Forlì-Cesena and Modena), Lombardy (provinces of Lodi, Milan, Monza-Brianza, Como and Varese) and Marche	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, Lazio (province of Rieti),	Tuscany, Umbria, Lazio (province of Rieti),	Tuscany
3	Basilicata, Calabria, Campania, Puglia and Sicily	Basilicata, Calabria, Campania, Puglia and Sicily	Basilicata, Calabria, Campania and Puglia
4	Abruzzo, Lazio and Sardinia	Abruzzo, Lazio and Sardinia	Abruzzo, Lazio and Sardinia
5 - Wealth Management	Provinces of Pescara, Rome, Milan, Genoa, Turin, Florence and Monza-Brianza		
6	Emilia Romagna (provinces of Parma and Piacenza), Lombardy (provinces of Bergamo, Brescia, Como, Cremona, Lecco, Varese and Mantua), Friuli Venezia Giulia and Veneto	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	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)
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

31.12.2023		31.12.2022	
AREA	REGIONS	AREA	REGIONS
Centre and Islands area	Abruzzo, Lazio, Marche (excluding the province of Pesaro Urbino), Sardinia and Sicily	Centre and Islands area	Abruzzo, Lazio, Marche (excluding the province of Pesaro Urbino), Sardinia and Sicily
Emilia and Romagna Area	Emilia Romagna, Marche (only the province of Pesaro Urbino)	Emilia and Romagna Area	Emilia Romagna, Marche (only the province of Pesaro Urbino)
Northern Lombardy Area	Lombardy (province of Milan excluding the City of Milan, Bergamo, Como, Lecco, Sondrio and Varese)	Northern Lombardy Area	Lombardy (province of Milan excluding the City of Milan, Bergamo, Como, Lecco, Sondrio and Varese)
Southern Lombardy Area	Lombardy (provinces of Brescia, Cremona, Lodi, Mantua, Monza-Brianza and Pavia)	Southern Lombardy Area	Lombardy (provinces of Brescia, Cremona, Lodi, Mantua, Monza-Brianza and Pavia)
Milan Area	Lombardy (only Milan city)	Milan Area	Lombardy (only Milan city)
North East Area	Veneto, Friuli Venezia Giulia and Trentino Alto Adige	North East Area	Veneto, Friuli Venezia Giulia and Trentino Alto Adige
Southern Piedmont, Liguria, Tuscany and Umbria Area	Piedmont (provinces of Cuneo, Asti and Alba), Liguria, Tuscany and Umbria	Southern Piedmont, Liguria, Tuscany and Umbria Area	Piedmont (provinces of Cuneo, Asti and Alba), Liguria, Tuscany and Umbria
South Area	Campania, Molise, Puglia, Calabria and Basilicata	South Area	Calabria, Campania, Molise, Puglia and Basilicata
Val d'Aosta, Northern Piedmont and Turin Area	Piedmont (provinces of Turin, Biella, Vercelli, Novara, Verbania) and Valle d'Aosta	Valle d’Aosta, Northern Piedmont and Turin Area	Piedmont (provinces of Turin, Biella, Vercelli, Novara, Verbania) and Valle d'Aosta

Area Structure of the International Network (*)

	31.12.2023	31.12.2022
	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 and Intesa Sanpaolo Wealth Management.

ACCESSIBILITY OF SERVICES

To guarantee disabled access to our branches, necessary facilities are installed at new offices, so as to eliminate the architectural barriers, while work to adapt existing branches continues, where possible. 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;
- Riva Caccia 1a, Lugano.

Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest - Bergamo Office

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Fideuram Group – Area Coverage – Logistics Structure and Geographical Distribution of Personal Financial Advisers
(no.)

		BANK BRANCHES			PERSONAL FINANCIAL ADVISERS' OFFICES			PERSONAL FINANCIAL ADVISERS		
		2023	**2022**	**2021 (*)**	**2023**	**2022**	**2021 (*)**	**2023**	**2022**	**2021 (*)**
Italy	Piedmont	37	38	39	50	48	47	880	855	841
	Valle d'Aosta	1	1	1	2	2	2	11	13	12
	Liguria	11	11	12	28	27	26	296	296	319
	Lombardy	58	59	64	60	60	55	1,560	1,538	1,515
	Veneto	27	26	25	28	28	28	535	533	522
	Friuli-Venezia Giulia	6	6	6	10	10	10	126	131	129
	Trentino Alto Adige	4	4	4	7	7	7	43	46	50
	Emilia Romagna	24	24	24	37	37	35	619	610	599
	Tuscany	21	23	25	44	44	43	649	616	603
	Umbria	3	3	4	9	9	8	87	84	92
	Marche	6	6	7	16	16	15	147	150	161
	Lazio	16	16	16	35	34	31	812	817	811
	Abruzzo	4	4	4	13	13	11	97	95	90
	Molise	-	-	-	2	2	2	13	16	14
	Campania	17	17	17	21	21	18	344	363	374
	Basilicata	-	-	-	2	2	2	13	14	14
	Puglia	8	9	8	11	13	12	133	147	142
	Calabria	4	4	4	4	4	4	37	37	37
	Sicily	7	7	7	11	11	11	148	150	145
	Sardinia	3	3	3	4	4	3	43	44	44
	Fideuram Direct	-	-	-	-	-	-	9	-	-
Outside Italy	Reyl Group	3	3	5	8	7	7	50	52	69
	Intesa Sanpaolo Wealth Management (**)	3	4	4	-	-	-	44	41	38
	Total	**263**	**268**	**279**	**402**	**399**	**377**	**6,696**	**6,648**	**6,621**

(*) Figures restated on a consistent basis to take account of changes in the scope of consolidation.
(**) Company formed from the merger by incorporation of Fideuram Bank (Luxembourg) into Compagnie de Banque Privée Quilvest.

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Distribution by 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 2024, and of the Intesa Sanpaolo Private Banking Network are shown below.

Fideuram Network: 12 Areas

AREA 1
Personal Financial Advisers 369
Bank Branches 9
Personal Financial Advisers' offices 23
Client Assets €12.4bn

AREA 3
Personal Financial Advisers 335
Bank Branches 7
Personal Financial Advisers' offices 10
Client Assets €11.9bn

AREA 6
Personal Financial Advisers 207
Bank Branches 6
Personal Financial Advisers' offices 16
Client Assets €7.2bn

AREA 7
Personal Financial Advisers 150
Bank Branches 6
Personal Financial Advisers' offices 9
Client Assets €4.4bn

AREA 8
Personal Financial Advisers 433
Bank Branches 10
Personal Financial Advisers' offices 23
Client Assets €14.3bn

AREA 9
Personal Financial Advisers 419
Bank Branches 13
Personal Financial Advisers' offices 26
Client Assets €12.1bn

Fideuram Direct
Personal Financial Advisers 9
Client Assets €2.6bn

AREA 2
Personal Financial Advisers 375
Bank Branches 9
Personal Financial Advisers' offices 10
Client Assets €14.1bn

AREA 4
Personal Financial Advisers 210
Bank Branches 7
Personal Financial Advisers' offices 8
Client Assets €7.8bn

AREA 5
Personal Financial Advisers 395
Bank Branches 11
Personal Financial Advisers' offices 30
Client Assets €13.1bn

AREA 10
Personal Financial Advisers 371
Bank Branches 10
Personal Financial Advisers' offices 14
Client Assets €12.0bn

AREA 11
Personal Financial Advisers 252
Bank Branches 9
Personal Financial Advisers' offices 21
Client Assets €7.1bn

AREA 12
Personal Financial Advisers 283
Bank Branches 15
Personal Financial Advisers' offices 16
Client Assets €8.6bn

Sanpaolo Invest Network: 6 Areas

AREA 1
Personal Financial Advisers 451
Personal Financial Advisers' offices 41
Client Assets €12.9bn

AREA 3
Personal Financial Advisers 244
Personal Financial Advisers' offices 35
Client Assets €6.2bn

AREA 6
Personal Financial Advisers 111
Personal Financial Advisers' offices 13
Client Assets €2.6bn

AREA 2
Personal Financial Advisers 66
Personal Financial Advisers' offices 10
Client Assets €2.0bn

AREA 4
Personal Financial Advisers 321
Personal Financial Advisers' offices 15
Client Assets €8.3bn

AREA 5
Personal Financial Advisers 32
Personal Financial Advisers' offices 5
Client Assets €0.8bn

IW Private Investments Network: 7 Areas

AREA 1
Personal Financial Advisers 107
Personal Financial Advisers' offices 15
Client Assets €1.7bn

AREA 3
Personal Financial Advisers 66
Personal Financial Advisers' offices 11
Client Assets €0.8bn

AREA 6
Personal Financial Advisers 91
Personal Financial Advisers' offices 8
Client Assets €1.3bn

AREA 2
Personal Financial Advisers 86
Personal Financial Advisers' offices 8
Client Assets €0.9bn

AREA 4
Personal Financial Advisers 89
Personal Financial Advisers' offices 8
Client Assets €1.2bn

AREA 7
Personal Financial Advisers 54
Personal Financial Advisers' offices 9
Client Assets €0.9bn

Area 5
Wealth Banker 25
Wealth Management Unit 6
Client Assets €1.1bn

Intesa Sanpaolo Private Banking Network: 9 Areas

AREA 1
NORTHERN LOMBARDY
Personal Financial Advisers 92
Bank Branches 11
Personal Financial Advisers' offices 1
Client Assets €14.5bn

AREA 2
MUNICIPALITY OF MILAN
Personal Financial Advisers 147
Bank Branches 11
Client Assets €35.2bn

AREA 3
VALLE D'AOSTA, NORTHERN PIEDMONT AND TURIN
Personal Financial Advisers 124
Bank Branches 15
Client Assets €17.0bn

AREA 4
SOUTHERN PIEDMONT, LIGURIA, TUSCANY AND UMBRIA
Personal Financial Advisers 164
Bank Branches 25
Personal Financial Advisers' offices 2
Client Assets €21.1bn

AREA 5
SOUTHERN LOMBARDY
Personal Financial Advisers 95
Bank Branches 13
Personal Financial Advisers' offices 1
Client Assets €13.4bn

AREA 6
NORTH EAST
Personal Financial Advisers 156
Bank Branches 25
Client Assets €20.6bn

AREA 7
EMILIA AND ROMAGNA
Personal Financial Advisers 85
Bank Branches 15
Client Assets €14.3bn

AREA 8
CENTER AND ISLANDS
Personal Financial Advisers 108
Bank Branches 15
Client Assets €11.6bn

AREA 9
SOUTH
Personal Financial Advisers 80
Bank Branches 15
Client Assets €7.6bn

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 **Digitalisation** 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 to use 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.

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	2023	2022	2021
Customers subscribed to Advanced Advisory Services (No.)	61,827	61,788	63,770
Advanced Advisory Service client assets (€m)	48,340	42,071	46,581

ADVISORY SERVICES

MAIN OBJECTIVES FOR 2023	ACTIONS AND RESULTS ACHIEVED
Integration and enhancement of sustainability within the basic and advanced advisory model.	During 2023, 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. Between July and October 2023, the platforms and reporting for Personal Financial Advisers and customers were enriched with new information relating to the sustainability characteristics of the products placed by the Networks and present in customer portfolios, thus integrating with the classification according to the three sustainability factors E - Environmental, S - Social, G - Good Governance, available as from last year. For managed asset products (mutual investment funds, asset management, insurance-based investment products) and ETFs, ESG disclosures include: • the SFDR (Sustainable Finance Disclosure Regulation) category, Article 6, Article 8, Article 9, for products within the scope of Regulation (EU) 2019/2088; • the percentage of eco-sustainable investments as defined by Regulation (EU) 2020/852 (Taxonomy Regulation); • the percentage of sustainable investments under the SFDR; • the management of “Principal Adverse Impacts (PAIs)”, i.e. the main negative effects on sustainability, environmental and social factors, deriving from investment decisions, defined by the SFDR. For non-managed asset products (shares, bonds, certificates), the following ESG information is available: • the alignment, or misalignment, of the individual instrument with respect to the Sustainable Development Goals (SDGs), i.e. the 17 sustainable development, environmental and social goals, defined by the UN with the 2015 Paris Agreement; • limited to bonds, alignment, or misalignment, with an internationally recognised framework (Green Bonds, Social Bonds). In addition, since February 2023 for Intesa Sanpaolo Private Banking, and since July 2023 for the Fideuram, Sanpaolo Invest and IW Private Investments Networks, the MiFID profiling questionnaire has been integrated with a new question aimed at asking customers the minimum percentage of the portfolio they intend to allocate to ESG investments that meet their sustainability preferences and the ESG consistency check has been refined.

MAIN OBJECTIVES FOR 2023	ACTIONS AND RESULTS ACHIEVED
Evolution and enrichment of advanced advisory services.	In July 2023, the roll-out to the Fideuram, Sanpaolo Invest and IW Private Investments Networks of the Robo4Advisor features of BlackRock’s Aladdin platform, dedicated to the rebalancing of Investment projects of clients with Sei and Sei Private Version Advanced Advisory Services contracts, was completed. In April 2023, Intesa Sanpaolo Private Banking’s VIEW Advanced Advisory service was replaced by WE ADD, a new innovative and professional service aimed at preserving and developing the client’s assets over time thanks to a structured process of analysis, proposal and monitoring, and advanced and customizable reporting capable of meeting the increasingly complex and articulated needs and objectives of customers. In October 2023, the Advisory Programme was launched, with the aim of further evolving and enriching the advanced advisory services Sei, WE ADD and Private Advisory, together with the commercial tools to support the operations of Personal Financial Advisers, thanks to the introduction of highly innovative, distinctive and high value-added elements for all customer groups.
New commercial reporting in order to support the activities of the Networks and optimise the level of service to customers.	In 2023, new, comprehensive, clear and easily customisable commercial reporting was made available to the Personal Financial Advisers of the Fideuram, Sanpaolo Invest and IW Private Investments Networks, capable of responding adequately and innovatively to the information needs of customers, thanks to the following added-value elements: • the enrichment of information at an individual product and portfolio level; • the introduction of charts to support portfolio analysis based on different sizes and variables; • the opportunity to choose the time horizon for the analysis and representation of information; • the possibility to specifically select the contents and charts of interest to be displayed in the report; • a clear and modern layout; • the possibility to share the report with the client. In May 2023, a new project was launched that aims to extend the new commercial reporting also to Intesa Sanpaolo Private Banking’s Personal Financial Advisers, so as to increase the level of service offered to customers in alignment and consistently with the Group’s other Networks.

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MAIN OBJECTIVES FOR 2023	ACTIONS AND RESULTS ACHIEVED
Convergence towards a single adequacy assessment model at Intesa Sanpaolo Group level and updating of the service model in line with regulations.	In February 2023, for Intesa Sanpaolo Private Banking, and in July 2023 for the Fideuram, Sanpaolo Invest and IW Private Investments Networks, a new investment adequacy assessment model, unique within the Intesa Sanpaolo Group, came into force with the aim of ensuring efficient management of compliance risk full alignment of the safeguards provided for by the Group's distribution networks. The main innovations of the new model concerned: • reviewing clients' MiFID profiling questionnaires; • raising the maximum VaR thresholds associated with financial profiles; • reviewing rules and adequacy checks; • simplifying the adequacy assessment methodology dedicated to professional clients. In 2023, a multi-function working group comprising the main departments of the Group consolidated the impact of regulations on the Division's business model. With regard to the reporting of costs actually incurred by customers with respect to returns obtained, the statement relating to the costs, charges and incentives of the investment portfolio has been enriched with new information that aims to break down in a more precise and specific way some of the items referring to costs, charges and incentives, to make reading and understanding easier for clients. For the Fideuram, Sanpaolo Invest and IW Private Investments Networks: • since May 2023, the assessment of the adequacy of investment proposals has also considered newly subscribed transactions and transactions being contractualised (additional payment, conversion, liquidation), already signed by the customer but not yet completed ("ongoing transactions") concerning funds placed "à la carte"; • since July 2023, when joining the Fideuram Pension Fund, the proposal of the Advisory Platform, and the related report, have been integrated with the Consistency Questionnaire and the Self-Assessment Questionnaire, previously available on the Operating Platform. All measures relating to the updating and consolidation of the adequacy assessment model and 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 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 and/or investment services;
- financial situation and loss-taking capacity;
- investment objectives.

During 2023, 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 Sei and Sei Private advanced advisory services through the Fideuram, Sanpaolo Invest and IW Private Investments Networks;
- the WE ADD advanced advisory service, which replaced the previous VIEW service from 1 April 2023, and the Private Banking advanced 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 and HNWI Centres of Excellence with 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 Fideuram or IW Private Investments, 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 the protection of customers with the Sei and Sei Private version contracts, a process has been in place since last year, 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 customer must sign a dedicated form, automatically generated by the Platform and pre-compiled with the products and information surveyed by the Personal Financial Adviser, in order to certify the correctness.

In addition, in July 2023, the Sei service and the Sei Private version service were enhanced thanks to the Robo4Advisor features of BlackRock's Aladdin platform, dedicated to the rebalancing of customers' investment projects, in two ways: an "on demand" proposal and quarterly automatic rebalancing.

In 2023, the role of the Private Wealth Management structure in developing and supporting the Private and High Net Worth Individuals client segments was further strengthened, through a proactive approach and a 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 and Luxury, and Philanthropy. During 2023, synergies with Intesa Sanpaolo were further consolidated 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 and Sei Private Version advanced advisory services

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.

WE ADD

WE ADD is the new advanced, paying advisory service offered by Intesa Sanpaolo Private Banking, which since 1 April 2023 has replaced the previous VIEW service and the related Advisory, Real Estate and Asset Protection services.

WE ADD is intended for customers interested in an innovative and professional advisory service, aimed at preserving and developing the client's assets over time and meeting increasingly complex and articulated needs and objectives.

With WE ADD, the method is a fundamental element of the service, and its use makes it possible to build customized investment strategies through a structured process of analysis, proposal and monitoring, with the following characteristics:

- **Advanced analysis of the portfolio and customer needs**:
  - assignment to the client, based on his or her financial profile, of an asset class model portfolio, guaranteeing an optimal asset allocation to be maintained over time;
  - a multidimensional analysis of products and portfolios in terms of asset allocation, currency exposure, product type, risk, diversification, sustainability and returns;
  - an integrated vision of the portfolio and individual financial instruments.

- **Guided construction of the investment proposal**:
  - a selection of recommended portfolios defined by the Advisory structure for each type of product: asset management, policies and non-managed assets (Funds and ETFs);
  - a specific selection of funds and ETFs suggested by the Advisory structure;
  - optimisation of adherence to the asset class model portfolio;
  - advanced comparisons between the current portfolio and the proposed portfolio in terms of asset allocation, currency exposure, adequacy, risk, diversification and sustainability.
- **Constant monitoring of products and the portfolio**
  - periodic verification of the evolution of the client's needs;
  - constant verification of the adherence of the client's portfolio to the asset class model portfolio;
  - monitoring of the portfolio in terms of adequacy, asset allocation, currency exposure, adequacy, diversification, sustainability and returns;
  - advanced alert system.

The professionalism of the Personal Financial Adviser, the client's sole point of contact, is also supported and assisted:

- by the investment strategies defined by the Investment Committee and the Advisory structure;
- by a new innovative, digital platform for the effective provision of the advisory service;
- by an advanced, customisable report of the portfolio analysis and proposal.

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.
This service is dedicated to clients 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 Private Banking Advanced 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.

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 support in the area of succession and generational transition for needs related to personal wealth 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.
- Specialist Lending and Granting of Lines of Credit to support and develop the Group's lending business.
- 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.
- Philanthropy Advisory service to support and coordinate the set-up of philanthropic vehicles (in particular so-called philanthropic funds) and assistance in identifying functional metrics to report on the social impact generated.

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 Fondo Filantropico Italiano ETS. 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.
As part of that service, the Wealth Management Department offers its support to non-profit organisations in structuring a Theory of Change (ToC): models designed to guide the activities of the organisations and measure their consequent social impact.

MAIN IMPROVEMENT OBJECTIVES FOR 2024

ADVISORY SERVICES

The following main objectives will be pursued in 2024:

- the evolution of the advanced advisory service "Sei", thanks to the introduction of highly innovative, distinctive and high added-value elements for all client groups;
- the launch of a training course, dedicated to both managerial positions and Personal Financial Advisers, with the aim of extending the technical and relational skills related to Sei advisory services to a wider number of Personal Financial Advisers, through method, skills and tools, thus supporting the dissemination of advanced advisory services as a distinctive element of Fideuram's service model;
- enrichment of the WE ADD and Private Banking Advisory services thanks to new information content and new features, with the aim of further improving the quality of Intesa Sanpaolo Private Banking advanced advisory services;
- consolidation of the enhancement of sustainability within the basic and advanced advisory services model, through the inclusion of new questions in the MiFID profiling questionnaire, aimed at identifying the client's ESG preferences in greater detail and thanks to the enrichment of the analysis of client portfolios and individual financial instruments based on new ESG indicators and metrics;
- the introduction of an increasingly complete and easily customisable commercial reporting system for Intesa Sanpaolo Private Banking, in order to support the activities of Personal Financial Advisers and optimise the level of service to clients;
- the development of further improvements to the commercial reporting made available to the Personal Financial Advisers of Fideuram, Sanpaolo Invest and IW Private Investments, and extension to the family unit;
- updating of the service model in compliance with the law and regulations, especially in terms of reinforcing adequacy checks and the information provided to customers in relation to the characteristics of the products and services provided.

TOOLS SUPPORTING ADVISORY SERVICES

MAIN OBJECTIVES FOR 2023	ACTIONS AND RESULTS ACHIEVED
ADVISORY PLATFORM Enrichment of new information and metrics on sustainability in the field of investments.	In line with the evolution of the service model, since July 2023, the Advisory Platform and related reporting have included the following new information and features relating to sustainability in the field of investments: • for managed asset products (mutual investment funds, asset management, insurance-based investment products) and ETFs, indication of the percentage of environmentally sustainable investments, the percentage of SFDR sustainable investments and the management of "Principal Adverse Impacts (PAI)"; • for non-managed asset products (shares, bonds, certificates) indication of alignment or misalignment with the United Nations Sustainable Development Goals (SDGs), and, limited to bonds, alignment or misalignment with an internationally recognised framework (Green Bonds, Social Bonds); • representation of the minimum percentage of the portfolio, declared by the client in the MiFID profiling questionnaire, that they intend to allocate to ESG investments that meet their sustainability preferences; • during the proposal phase, refinement of the ESG consistency check, considering the minimum percentage of the portfolio that the client has declared they want to invest in ESG products consistent with their preferences.
Development of new commercial reporting in order to support the activity of the Networks and optimise the level of service to clients.	In 2023, the Advisory Platform was integrated with a new feature that allows Personal Financial Advisers of the Fideuram, Sanpaolo Invest and IW Private Investments Networks to: • analyse the client's products and portfolio based on different dimensions and variables; • choose the time horizon for the analysis and representation of the information; • specifically select the contents and charts of interest; • customise and print a complete, clear and easily customisable report, able to respond adequately and innovatively to the information needs of clients.
Adjustment of operations in line with the evolution of the service model, regulations, strengthening of suitability checks and the product range development plan.	During 2023, a number of actions were adopted to adjust the Advisory Platform to the evolution of the service model, regulations, strengthening of suitability checks and the product range: • considering, in the adequacy assessment, ongoing transactions with à la carte funds; • integrating a new report, useful for ISEE (personal income) purposes, containing the financial data of each individual client; • adaptation of the functionalities and representations for the management of the new single adequacy model, with particular reference to the revision of the MiFID client profiling questionnaires, raising the maximum VaR thresholds associated with financial profiles, the revision of the rules and adequacy checks, and the simplification of the adequacy verification methodology dedicated to professional clients;

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MAIN OBJECTIVES FOR 2023	ACTIONS AND RESULTS ACHIEVED
	• the roll-out to all Personal Financial Advisers of the Robo4Advisor features of BlackRock's Aladdin platform, dedicated to the rebalancing of Investment projects of clients with Sei and Sei Private Version Advanced Advisory Services contracts; • when joining the Fideuram Pension Fund, integration of the proposal of the Advisory Platform and the related report, with the Consistency Questionnaire and the Self-Assessment Questionnaire, previously available on the Operating Platform; • the integration of new information such as the expiry date of the MiFID profiling questionnaire, the date of opening current accounts and the number of the Securities Dossier to which the individual current account belongs; • the management of position keeping and the commercial proposal of new products and services that expanded the offer available to Sales Networks and customers in the year.
FIDEURAM MOBILE SOLUTION The development of a number of evolutionary initiatives to make Personal Financial Advisers' operations increasingly digital.	In 2023, the process of expanding the products and transactions managed within the Operating Platform (FMS PO) continued, enabling transactions to be digitally signed and allowing for a streamlined acquisition process with less operational risks. In order to broaden the scope of transactions and phase out chemical paper, the following operations have been integrated: • the primary administrative market (Public Transactions for the Sale of Shares and SPAC Subscriptions) for both natural and legal persons; • the management of Leveraged Loans; • the after-sales service of the Fideuram Vita Futura insurance-based investment product; • the FAI Progetto Italia II Alternative Investment Fund. In addition, in 2023, technological interventions were carried out to adapt the Operating Platform to regulatory developments, which concerned in particular insurance-based investment products and the Pension Fund.
WELCOME The continuation of activities relating to the acquisition of new clients, the opening of current accounts and the transfer of funds, as well as the expansion of the scope of managed products.	In 2023, activities continued on Welcome to expand the scope of operations and clients in order to make processes digitised in a single, advanced entry point. In February 2023, the digitalisation of the process to request credit facilities and loans for natural persons already holding a current account was launched and the remote signing process was extended to account openings of joint relationships; during the year, the scope of the products managed was expanded. In May 2023, operations relating to the My Key contract for Personal Financial Advisers who are members of the Teams and Supervisors were completed. In July 2023, the onboarding and current account opening process was extended to legal entities, and further releases were made during the year in order to digitize the activities carried out by the Branch. Since November 2023, the user experience of Welcome's signature website has been improved to ensure an optimal use of content on all devices (PCs, smartphones, tablets). Since December 2023, it has been possible to verify the customer's device (smartphone) via Welcome. In addition, during the year, regulatory updates/adjustments were implemented on Welcome, with particular reference to the new profiling questionnaire and the new My Key contract.

MAIN OBJECTIVES FOR 2023	ACTIONS AND RESULTS ACHIEVED
OFF-SITE AND REMOTE OFFERING FOR THE INTESA SANPAOLO PRIVATE BANKING NETWORK 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 2023, the "Digital Transformation" process continued for the Intesa Sanpaolo Private Banking network, expanding the perimeter of clients, digitised products and processes, strengthening the supply channels, especially remote channels, and electronic signature procedures. In particular, the mandate opening and post-sale processes of Asset Management have been digitized and the methods of remote and off-site telephone offerings with FEA or FDR electronic signature have been extended to the Initial Public Offerings of placed products (Certificates, Bonds and Government Bonds). In addition, remote offering has also been extended to delegated commercial clients with a My Key contract. Finally, in order to make operations more effective, an operational simplification has been introduced, allowing both investments and divestments to be carried out simultaneously in a single proposal.
PORTAL FOR PERSONAL FINANCIAL ADVISERS Maintenance of the levels of effectiveness and efficiency acquired as an info-training vehicle at the service of the Networks and updating of contents.	During 2023, 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 Development of different levels of communication strategies and professional products, usable in multiple ways, to disseminate the Group's corporate strategy.	KeyTv has ensured the continuity of communication on corporate and business activities, offering a timely and up-to-date analysis of the markets and coverage of information on events. At the same time, the development and creation of new formats continued, in the KeyTv studios and externally, as well as the production of episodes with Partners, which is constantly increasing. Finally, the number of live broadcasts and social content also increased.

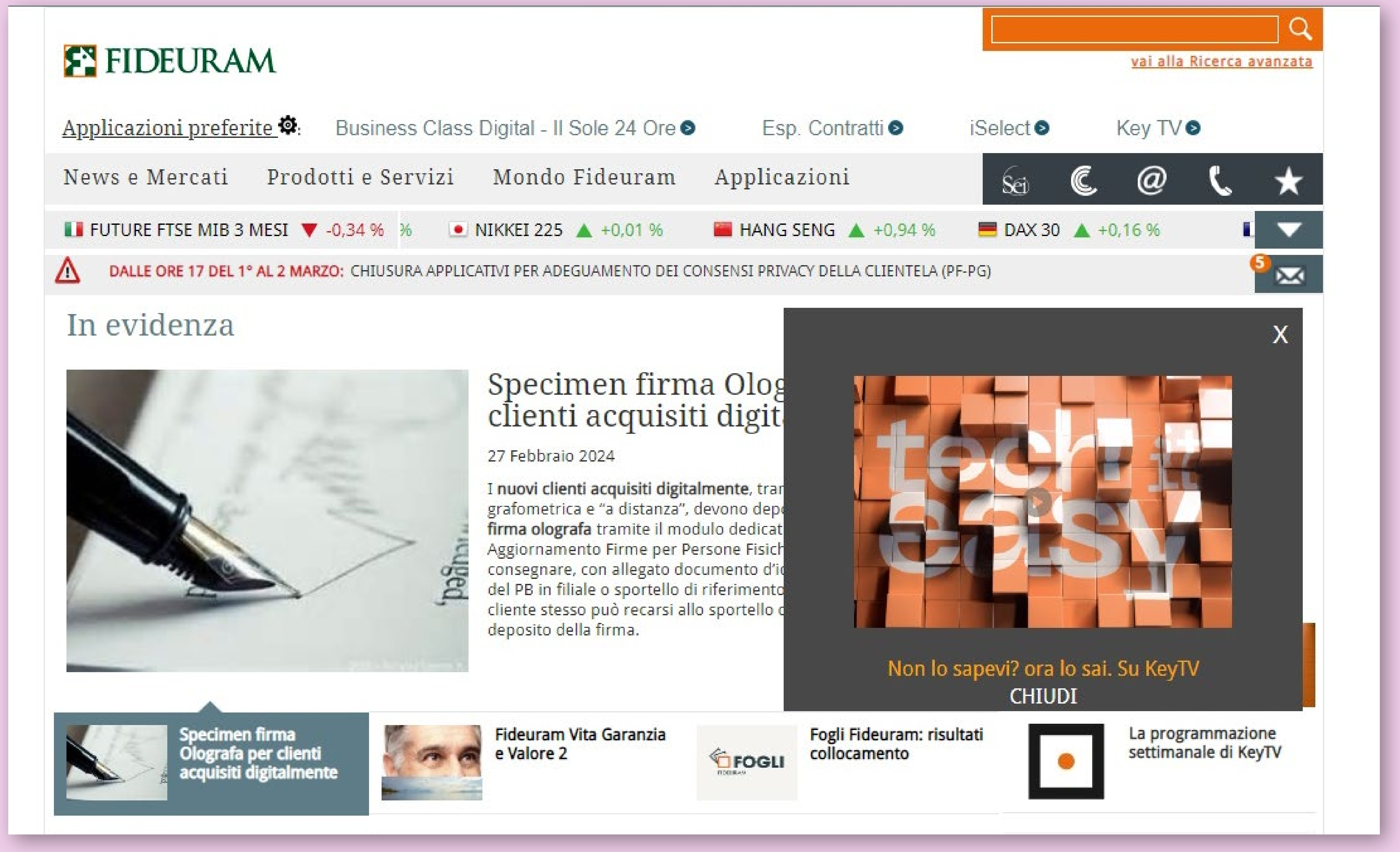
In performing their own activity, the distribution networks use a set of tools that allow them to offer value added advisory services.

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 provides Personal Financial Advisers with customisable, advanced reports, printable on demand and always shareable with the client, with a format enriched over the years with the introduction of new information and new content, supporting the Personal Financial Advisers in the provision of the basic advisory and Sei advanced advisory services. The Advisory Platform made it possible to manage all the operational process stages (position keeping, proposal and monitoring) for the new products that have been added during the year to the range available to the client's Network. 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 banking and by Digital Wealth Management Alfabeto.

THE PERSONAL FINANCIAL ADVISERS PORTAL

The Personal Financial Advisers Portal is the tool for communicating with financial advisors. Considerable attention has been paid to information on new products and services, which are constantly evolving, to respond to changed market conditions, critical issues related to inflation trends and the impact that the global geopolitical situation has had on economies. In addition to the continual updating of the contents of the four existing sections, "news and markets", "products and services", "Fideuram world" and "applications", space has also been given to new important topics such as the information dedicated to the New Adequacy Model and the continual new aspects of services, products and the market.
The Personal Financial Advisers Portal continued to work in synergy with KeyTv, showcasing on the home page the most interesting videos for financial advisors and the weekly scheduling of videos published on KeyTv.



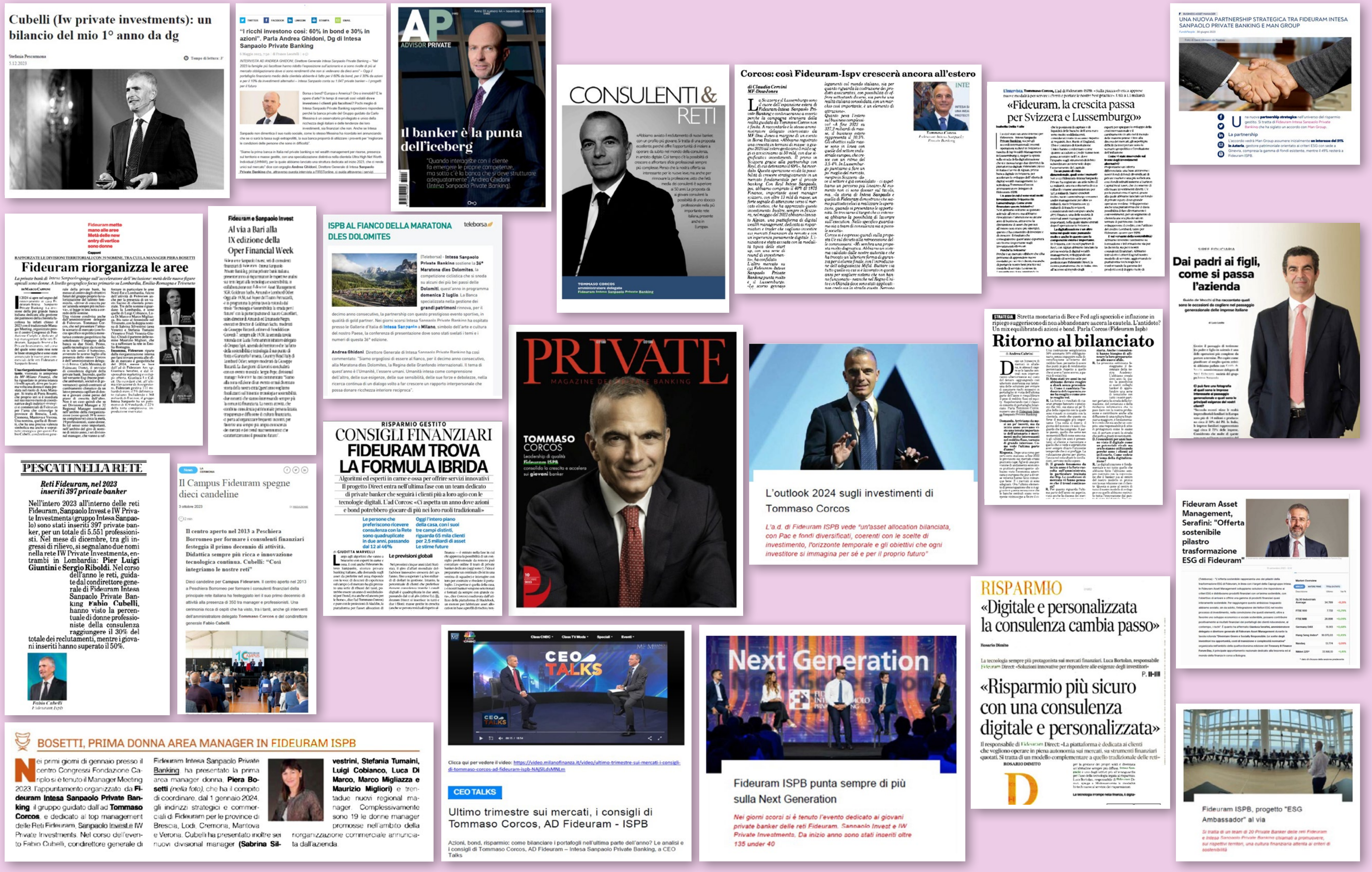
KEYTV

KeyTv, Fideuram's corporate TV, provides constant support for the activities of the Networks of financial advisors and their clients. In addition to the productions that have been consolidated over the years, capturing the requests and needs that have emerged from the Networks, KeyTV has significantly increased the production of social content, innovating the broadcasting of weekly news (KeyTG) and has increased the focus on various issues such as geopolitics, financial scenarios and technological innovation, also increasing the number of live initiatives, thanks to the effectiveness of the tool in interactive and real-time communication with the Networks.
The creation of social content, which can be shared with clients, has continually increased and is an aspect particularly requested and appreciated by the Networks.
KeyTv has produced multiple videos with our SGR partners: this service is greatly appreciated by partners, who have often involved their international portfolio managers.
In keeping with productions of previous years, the KeyTG continued to provide an all-round overview of innovations relevant to the company and the activity of the Networks and management. The "Focus sui Mercati" ("Focus on Markets") format, created in collaboration with Fideuram Asset Management SGR, presented the company's weekly view on the performance of the main markets and monetary policy. The "Mondo Tra Le Ruote" ("World Between the Lines") slot continued to offer reflections on the news published in international newspapers. New formats include "Problem Solving", which suggests answers to problems related to the management of succession and corporate protection in generational transition, while the "Ritratti" ("Portraits") format has been designed to provide useful tools to financial advisors in approaching different types of clients. Closely linked to current events is the format "La Cina da Vicino" ("China Up Close"), exploring the evolution of the Asian giant in terms of investment, culture and society.

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 the most important issues for the Group. The Press Review is published both on the YOUniverse Portal and on the PB Portal. In addition, every day, a Fideuram team supports the top management of the Networks and the Group 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 - Intesa Sanpaolo Private Banking, the Intesa Sanpaolo Group, its competitors, managed assets, private banking and insurance, and the economic and financial scenario. The Intraday Alerts are sent daily via e-mail and mainly report the press agency reports on the current day's most important news and the press releases of Fideuram - Intesa Sanpaolo Private Banking, its subsidiaries, the Intesa Sanpaolo Group and other press releases 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 and IW Private Investments Networks, 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 a single or joint current account, both with new and existing clients, for natural and legal persons;
- sign the My Key contract that regulates the use of online services and of electronic signatures (graphometric signature and remote digital signature) at the same time as opening a current account or separately;
- transfer à la carte funds from other intermediaries;
- manage requests for credit facilities and loans.

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

The transition to paperless documents was supported by 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:

- Graphometric 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: 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: 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. For Intesa 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.
- 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 addition, the new "Telephone Offer" mode was activated in the Private Platform, which fully integrates 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.

Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest - Bologna Office

MAIN IMPROVEMENT OBJECTIVES FOR 2024

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:

- development of tools to support the networks in line with the review and enhancement of the advanced SEI advisory services;
- 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 further enrichment of information on commercial reporting at the level of the individual client and the extension to the family unit;
- initiatives necessary to implement new aspects related t the updating of the service model in compliance with the law and regulations, especially in terms of reinforcing adequacy checks and the information provided to customers in relation to the characteristics of the products and services provided;
- position keeping and commercial proposal management of new products and services that will expand the offer available to the Networks and clients.

Fideuram Mobile Solution

In order to make the operations of Personal Financial Advisers increasingly digital, Fideuram Mobile Solution is planning a process of phasing out chemical paper, as well as developing and expanding the scope of clients and operations and aligning with regulatory developments.

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 Personal Financial Advisers.

KeyTv Communication

KeyTV's mission is to constantly support the activities of the Networks and customers, an objective that goes hand in hand with that of disseminating and multiplying the company's corporate strategy. KeyTV will continue to capture the specific needs of the Networks, consequently aligning its services.

Welcome

In order to make Welcome the only entry point for the acquisition of new clients, the opening of current accounts, the transfer of funds and the management of requests for credit facilities and loans, and in order to expand its scope in terms of operations and clients, the expansion of the client perimeter, the evolution and expansion of functionalities and alignment with regulatory developments have been planned.

Off-site Remote Offering and Remote Offering

With the aim of enabling increasingly complete, integrated and innovative multi-channel operations, the company will continue its "Digital Transformation", strengthening the remote offering with electronic signatures and expanding the scope of its digitalised products and processes.

NETWORK SERVICES

MAIN OBJECTIVES FOR 2023	ACTIONS AND RESULTS ACHIEVED
ONLINE SERVICES OF FIDEURAM, SANPAOLO INVEST AND IW PRIVATE INVESTMENTS AND INTESA SANPAOLO PRIVATE BANKING	
Improvement of the user experience on all digital channels with the utmost attention paid to the security of authentication methods and usability of platforms based on client needs and completion of the transition to the My Key contract of all individual clients, and further strengthening of the security of digital channels in view of the transition to the new digital experience and the new My Key Business contract for legal entities.	During 2023, Fideuram, Sanpaolo Invest and IW Private Investments continued to roll out the My Key Remote Service contract for individual clients, with the revision of the My Key contract in line with Intesa Sanpaolo's developments. The user experience of the Alfabeto Banking APP was improved and the Customer Security Enforcement project and IT developments continued to improve the detailed views of assets, also for joint and delegated customers. Lastly, the visibility of channels on new liquidity and credit products and the alignment of digital channels with ESG developments in the field of investments were further developed. During the year, the My Key contract was revised for Intesa Sanpaolo Private Banking, in line with Intesa Sanpaolo's evolutions, and the user experience of the Intesa Sanpaolo Mobile APP was improved, with the revision of the Internet Banking and App Alerts section, the new disavowal process in the App and the pension provision in the App. The Customer Security Enforcement project continued and the visibility of channels of new liquidity and credit products and the alignment of digital channels with ESG developments in the field of investments were further developed.
WEBSITES Continuous updating and the development of websites in line with the evolving communication needs of the Personal Financial Adviser and Fideuram Direct Networks, and with the Group's strategic choices, paying particular attention to sustainability issues.	During 2023, the Group's websites conveyed and amplified institutional and commercial initiatives and channels to customers. ESG issues were given ample space both on the Fideuram website, in particular with the enhancement of the commitment that led to the formation of a team of ESG Ambassadors, and on all the Group's digital channels. The Fideuram Direct website ran numerous commercial campaigns with the aim of promoting the acquisition of new clients and enhancing the commercial offering, especially in the banking and investment sectors. Two ADV campaigns also supported brand awareness. With the aim of enhancing the Group's identity, the Fideuram website, dedicated to institutional and governance issues, changed its new domain to www.fideuramintesasanpaoloprivatebanking.com and on this occasion the organisation and content, and colours of the home page were reviewed.
The adoption of initiatives in the area of accessibility, to take into account legal developments.	Following the assessments carried out in terms of accessibility, all sites underwent remediation to align their characteristics with the new regulatory requirements.

ONLINE SERVICES

2023 proved to be a year of great innovation and development for the digital channels of Fideuram. Considering the growing use of online services, Fideuram consolidated the tools to support the client 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 customers.

Fideuram Alfabeto offers the following to customers on 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 transactions;
- Alfabeto Patrimonio - dedicated to portfolio analysis and signing of the sales proposals sent by Personal Financial Advisers;
- Alfabeto Trading - dedicated to securities trading;
- 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, the adoption by Fideuram clients (individuals) of the My Key contract continued. This contract regulates the use of digital channels and electronic signatures (graphometric and remote digital signature) available to clients.

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.
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.

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 have been extended to legal entities, in view of the future transition of this customer cluster to more advanced, digital platforms;
- an important element of innovation has been introduced in user security processes for digital channels, namely the dynamic logo, a code uniquely associated with the individual operation and the specific user in the session;
- liquidity and credit products have been made visible on the Bank's digital channels;
- IT developments continued to refine the detailed views of assets, also for joint and delegated clients;
- digital channels have been aligned with ESG developments in the investment sector, improving ESG disclosure on investment products and services, both in representation on digital channels and in trading on these platforms.

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 2023. In particular, the Intesa Sanpaolo Mobile App allows clients to view transactions and carry out banking transactions on accounts and cards. Through this App, the client 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 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 2023, in particular, the following enhancements were released for natural person customers:

- Revising the wording of the My Key contract.
- Improvement of the user experience of the Intesa Sanpaolo Mobile APP with initiatives aimed at making the App itself even more user-friendly and accessible, for example by improving the legibility of details of movements or by supporting the customer further in the search for features and content within the APP itself, with continuous refinement of the search engine.
- Revision of the Alerts section of Internet Banking and the Intesa Sanpaolo Mobile App, to allow the customer to have a copy of all the alerts received, with an indication of the text and the channel used to send each notification. This new setting in the Alerts section also allows customers to distinguish notifications from bank communications, such as temporary outage messages.
- Updating of the disavowal process for incorrect/fraudulent movements in the Intesa Sanpaolo Mobile APP, according to the new disavowal model adopted at branches.
- Development in the Intesa Sanpaolo Mobile App of a customer journey dedicated to the after-sales management of pension products.
- Continuation of the Customer Security Enforcement project, with the extension to legal entities of a series of specific security measures, in view of the future transition of this customer cluster to more advanced digital platforms with the introduction of the dynamic logo, a code uniquely associated with the individual transaction and the specific user in the session.
- Increased visibility of liquidity and credit products on the Bank's digital channels.
- Alignment of digital channels with ESG developments in the investment sector.

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 DIRECT

In 2023, the development of Fideuram Direct, a service model dedicated to savers and traders who want to invest remotely in the financial markets, continued, with the implementation of various projects aimed at enhancing the range of products and digital solutions available. In particular, during the year, new products/services dedicated to Fideuram Direct customers and new tools to support assistance processes on direct channels were gradually released:

- Direct Advisory: the introduction of the new financial advisory service provided remotely by Direct Bankers, i.e. financial advisors registered with the OCF (Body for the supervision and maintenance of the Single Register of Financial Advisors) who provide assistance on managed asset products, through digital solutions that allow customers to make appointments and be guided in the configuration of their investment portfolio. Direct Bankers work in teams, have complementary skills with respect to the different product families and share the results that derive from the management of the customer relationship, which is assisted by all team members. In providing the advisory service and, in particular, in the guided construction of portfolios and risk management, Direct Bankers can count on the dynamic portfolios suggested by Aladdin, BlackRock’s sophisticated Robo4Advisory platform.
- Evolved Trading Evolution: the introduction of new specialist services with expansion of the offering (e.g. Direct Listing of corporate bonds for professional clients, new options expiring weekly) and the adoption of new market standards (e.g. Optiq “phase 1 and 2” for Euronext Italy) and the continuous technological evolution of apps (e.g. upgrade App Trading+) and trading platforms (e.g. relocation of the Quicktrade platform to the Group’s most modern and resilient technological infrastructures, Evolved Trading as a forerunner within the “Private Optimization” project).
- Evolution of services dedicated to “in-self” investors: the introduction of new products, services and initiatives such as the placement of securities on the primary market (e.g. ENI and CDP corporate bond issues) and the launch of the Cash Deposit to remunerate “parked” liquidity, also in combination with investments in managed asset products (e.g. “Più valore ai tuoi investimenti” (More value for your investments) initiative) or the Direct Advisory service (e.g. “Più valore alla tua consulenza” (More value for your advice) initiative).

- Digitalisation of services that can be used remotely: continuous evolution of the Customer Journeys available to customers to receive remote commercial and operational assistance, in full synergy with the Group's solutions (e.g. My Key adoption and transition to the Digital Branch) and with app upgrades (e.g. digitalisation of the Cash Deposit subscription process and signing of the placement contract through the Alfabeto platform) and specialist features (e.g. development of in-app booking and video call features via Welcome+ App and CRM Rembrandt, which allow customers to interact with Direct Bankers or the Premium Customer Support Team).

In parallel with project initiatives, activities were carried out during the year, to:

- support Fideuram Direct's market positioning, through the activation of external communication campaigns to develop awareness and consideration of the Fideuram Direct brand, through printed material and digital channels;

Fideuram - Forlì Office

- consolidate the organisational structure of Banca Diretta's Business Unit, through:
  - the establishment of a new specific unit dedicated to the management of remote relationships of customers assisted by Direct Bankers, called "Remote Advisory";
  - a greater focus on specialist remote advisory services with the creation of teams dedicated to Operational and Commercial Support for customers most active in the banking and "in-self" investment sector, to ensure an exclusive, continuous and qualified relationship.

In this context, at the end of the year, the number of customers with relationships attributable to the Fideuram Direct service model totalled 64 thousand (+6% compared to the previous year), with non-managed assets of €2.6bn.

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

Advanced Trading

- approximately 8.3 thousand advanced trader clients, of whom around 2,200 are operating per month;
- approximately 550 new advanced trader clients, with the contribution of approximately €120m in new assets;
- approximately 3.8m trades in securities under administration and derivative products listed (on average 15,300 per day) on specialist trading platforms with total volumes brokered on cash markets alone equal to €25bn and executed equal to €1.2bn (average ticket €21k);
- approximately €9m in fee and commission income;
- growth in average daily operations in the second half of 2023: +10% compared to the first half of 2023, +16% compared to the second half of 2022.

Direct Advisory

- 6 months after the launch of the new service on the market, eight Direct Bankers are already integrated and fully operational; new additions are planned in the first quarter of 2024;
- 190 clients have already subscribed to the Direct Advisory service and are managed through remote advisory services (about 400 appointments with 70 investment proposals);
- €25m of assets are managed (approximately €130k per capita).

Banking and Customer Care

- Approximately 57 thousand customers with banking relationships (current accounts, custody accounts), of whom approximately 9.5k are "in-self" investors and approximately 1.7 thousand shared with Advanced Trading services;
- approximately 7 thousand new incoming customers reported by the Fideuram Network and around 700 new "in-self" investors, i.e. customers who made investments independently for the first time during the year;
- around 1,200 new banking relationships and 800 new payment cards;
- approximately 113,000 phone calls (of which 82,000 incoming and 31,000 outgoing), 11,000 emails and 55,000 tickets handled by Customer Service, with an SLA of 97% and waiting times of less than 40 seconds.

Development of business relationships

- Presentation and launch of the new Direct Advisory service with the participation of the CEO and Top Management of the Intesa Sanpaolo Group in a dedicated event, organised in July at the new headquarters in Milan, which involved the main national newspapers and experts in the sector;
- the organisation of more than 80 info-training meetings on the topic of trading, with the participation of some 1,200 Personal Financial Advisers from the Fideuram, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Private Banking Networks;
- participation in industry events such as YouFinance and meetings organized nationwide with advanced trader customers;
- about 100 mass communications of a commercial/operational nature (direct mails and/or text messages and/or pop-ups in home banking services);
- over 1,000 monthly outgoing telephone contacts for Campaign Management activities;
- the launch of new 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 sign up to the Direct Advisory service, involving around 13 thousand customers;
  - up/cross selling initiatives: telephone contacts aimed at commercial initiatives take-up, to obtain new assets and customer loyalty (Success Rate of approximately 50%);
  - retention initiatives: telephone contacts aimed at maintaining outgoing assets (Success Rate of approximately 30% for contacts resulting from transfers and the transfer of securities to other intermediaries).

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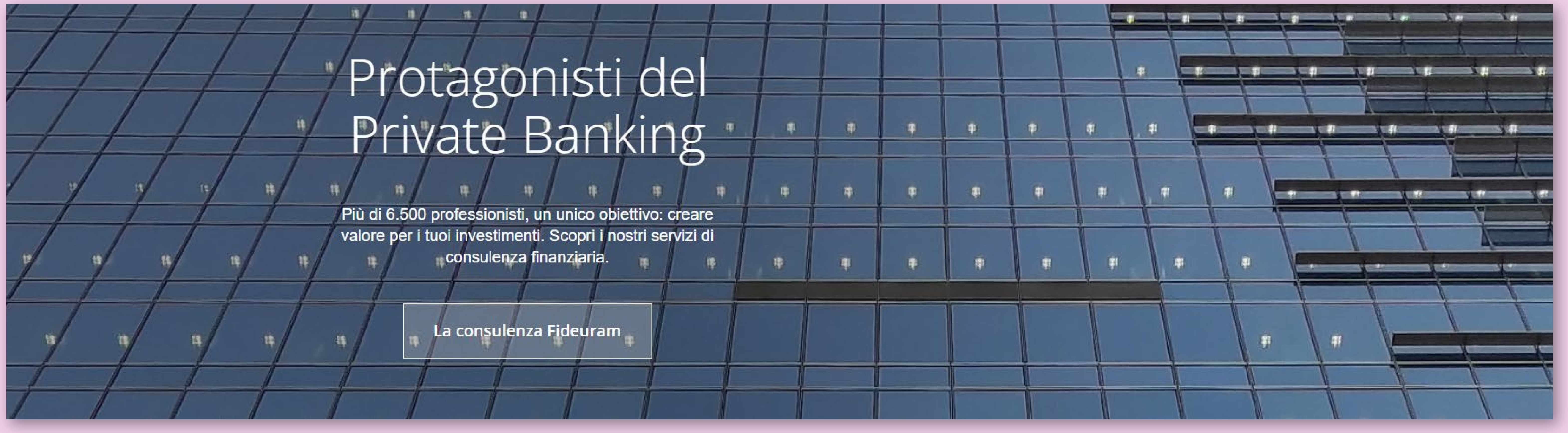
WEBSITES

In 2023, websites were affected by the accessibility project to bring them into line with the compliance objectives set out in the regulatory framework; all sites have been assessed by partners who specialize in these issues. The sites now have a plug-in, a dashboard that allows users to make some customisations in the display of the sites. At the same time, remediation measures were identified and implemented to remedy reported anomalies, which are still being resolved. By 23 September 2023 (the deadline set annually by legislation), all accessibility declarations were also been reviewed and updated.

The sites confirmed their role as channels of communication with existing and potential customers, supporting the Personal Financial Adviser Networks and the direct channel in their commercial action and promoting the Group's institutional initiatives.

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

- support for the information campaign for the transfer of the Milan office to the new headquarters at Gioia 22, which entailed, for Intesa Sanpaolo Private Banking and IW Private Investments, a change of Registered Office and for Fideuram a change of the Permanent-Establishment Secondary Office;
- the promotion of institutional initiatives, such as the partnership with Sky Sport Golf or the sponsorship, alongside Intesa Sanpaolo and continuing on from the previous year, of the 2021-2025 Nitto ATP Finals, which saw the publication of promotional banners and videos both on the Group's website and on commercial websites;



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- participation, through the websites of Personal Financial Advisers and Fideuram Direct, in communication campaigns for the launch of a number of placements on the primary market, including: ENI Obbligazione Sustainability Linked 2023-2028, one BTP Italia and two BTP Valore, extraordinary issues promoted by the Ministry of Economy and Finance, and the Cassa Depositi e Prestiti bond;

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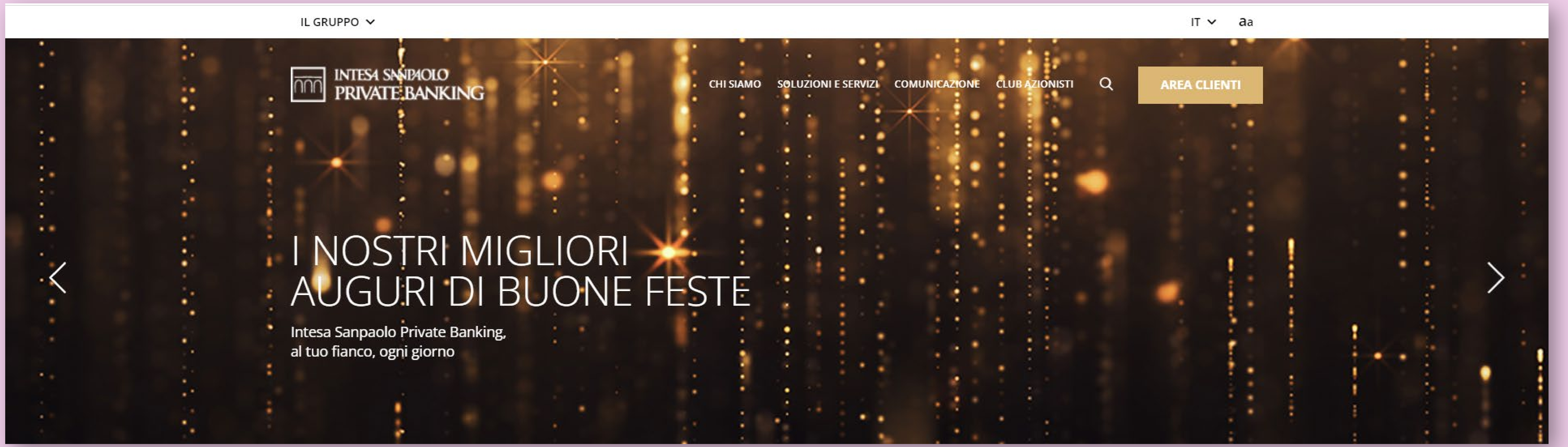
- support for the communication campaign for the adoption, by customers using the online services provided by Fideuram, of the new remote services contract, My Key, already launched during 2022;
- support, through the websites of Fideuram, IW Private Investments, Sanpaolo Invest and Fideuram Direct, for the information campaign on the New Customer Service Model, which led to a rationalisation of the customer service numbers and a further increase in service efficiency;
- in the latter part of the year, the sites helped to distribute festive season wishes, thanks to a digital card in the Hero Carousel of their respective home pages.



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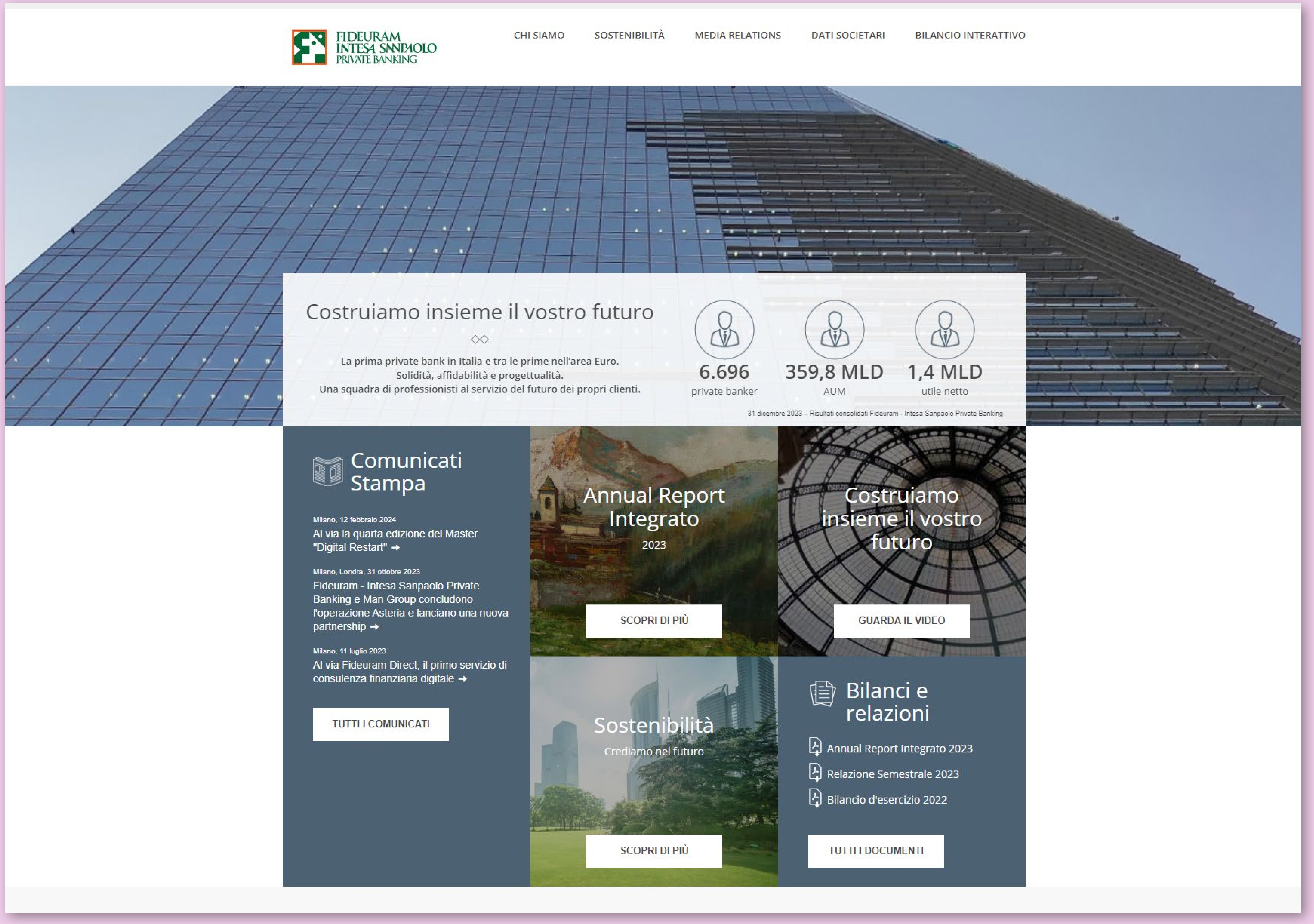
Initiatives concerning the individual sites include:

- **Fideuram website**: with the aim of enhancing the Group's identity, a new domain has been activated for the Fideuram website dedicated to institutional and governance issues. This site, which until November 2023 was a partition of the fideuram.it site, is now at www.fideuramintesasanpaoloprivatebanking.com, more suitable for representing the complex corporate reality that sets apart the Group and the international context in which it operates. On this occasion, the home page was reviewed, with a restyled organisation, contents and colours.
  The contents of the Sustainability Governance section have been enriched to describe the commitment to fostering a new financial culture mindful of sustainability criteria. Thanks to dedicated training courses, in collaboration with prestigious Italian universities and benefiting from the experience of leading international Asset Manager firms, 34 ESG Ambassadors have been identified among our Personal Financial Advisers, called on to promote a culture of sustainability in their respective areas.



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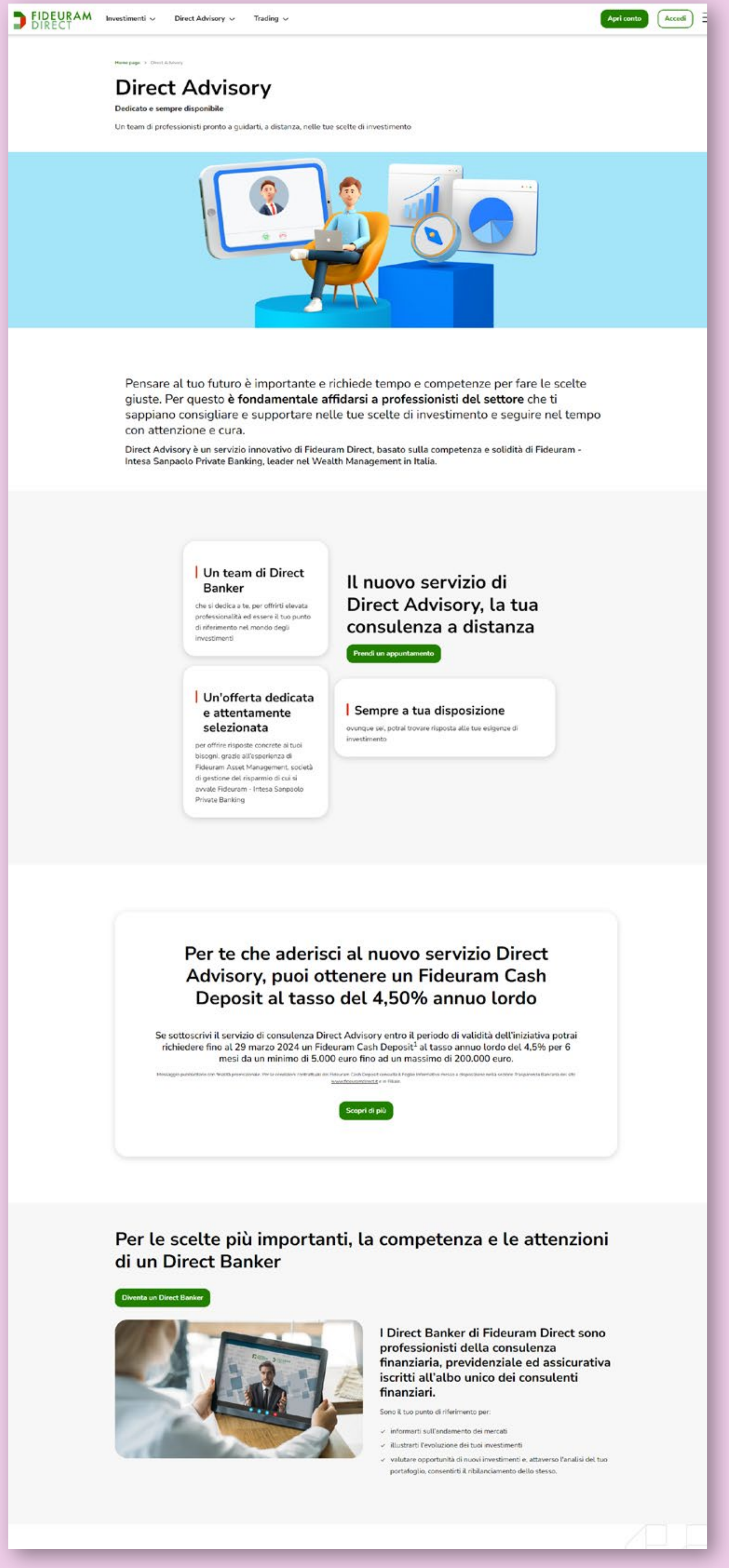
- **Fideuram Direct website** Fideuram Direct's website offers customers, who want a digital and remote experience, a gateway to Fideuram's expertise and solutions. The site has therefore supported the evolution of the direct channel service model with the creation of a new section of the main menu dedicated to Direct Advisory services and has given visibility to the commercial initiatives implemented during the year with the creation of dedicated pages and conveying information to customers and prospects through its home page, such as the initiative to eliminate the fee on the Direct Start Account and "Più valore ai tuoi investimenti" ("More value for your investments"), the initiatives "Presenta un amico in Fideuram Direct" ("Refer a friend to Fideuram Direct"), "Più valore alla tua consulenza ("More value for your advice") and, in the case of transferring your investments to Fideuram Direct, the "4% per i tuoi risparmi" ("4% for your savings") initiative. The site also promoted the two advertising campaigns, with the creation of dedicated landing pages and references to the campaigns on the home page.



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- **Intesa Sanpaolo Private Banking Website**: the main new feature was the launch in May of WE ADD, the new advanced advisory service, accompanied by a hero carousel on the home page and on a landing page dedicated to the service. WE ADD offers customers in the private segment a service that delivers:
  - Method: a distinctive method for building professional investment strategies.
  - Expertise: a single service that combines the knowledge of our experts, an innovative platform and the professionalism of Personal Financial Advisers.
  - Vision: a global view of all assets, analysed in their complexity, as well as an advanced monitoring and reporting system.

  As far as the other sections of the site are concerned, during 2023 the contents of the product catalogue were updated, with particular reference to the digital payments section, and a new regulatory page of the footer dedicated to dormant relationships was created, also containing the archive of relationships falling into this category from 2017 to the present.

  Moreover, 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 2024

NETWORK SERVICES

Online Services

Intesa Sanpaolo Private Banking and Fideuram are continuing to consolidate experience on customers' digital channels, building on initiatives already launched in 2023:

- for individuals, further improving the user experience on all digital channels, with the utmost attention to the security of authentication methods and the usability of platforms based on customer needs and offering new digital features, with a particular focus on reviewing the user experience of both the banking and investment worlds;
- for legal entities, launching activities necessary for the adoption of the new digital experience offered by the new digital Internet Banking platforms and apps and the new My Key Business contract.

Websites

Websites will continue to operate as important channels of communication with current and prospective customers, and will be subject to continuous updates and upgrades, in accordance with the development of communication requirements of the Personal Financial Adviser Networks and Fideuram Direct, and the Group's strategic choices.

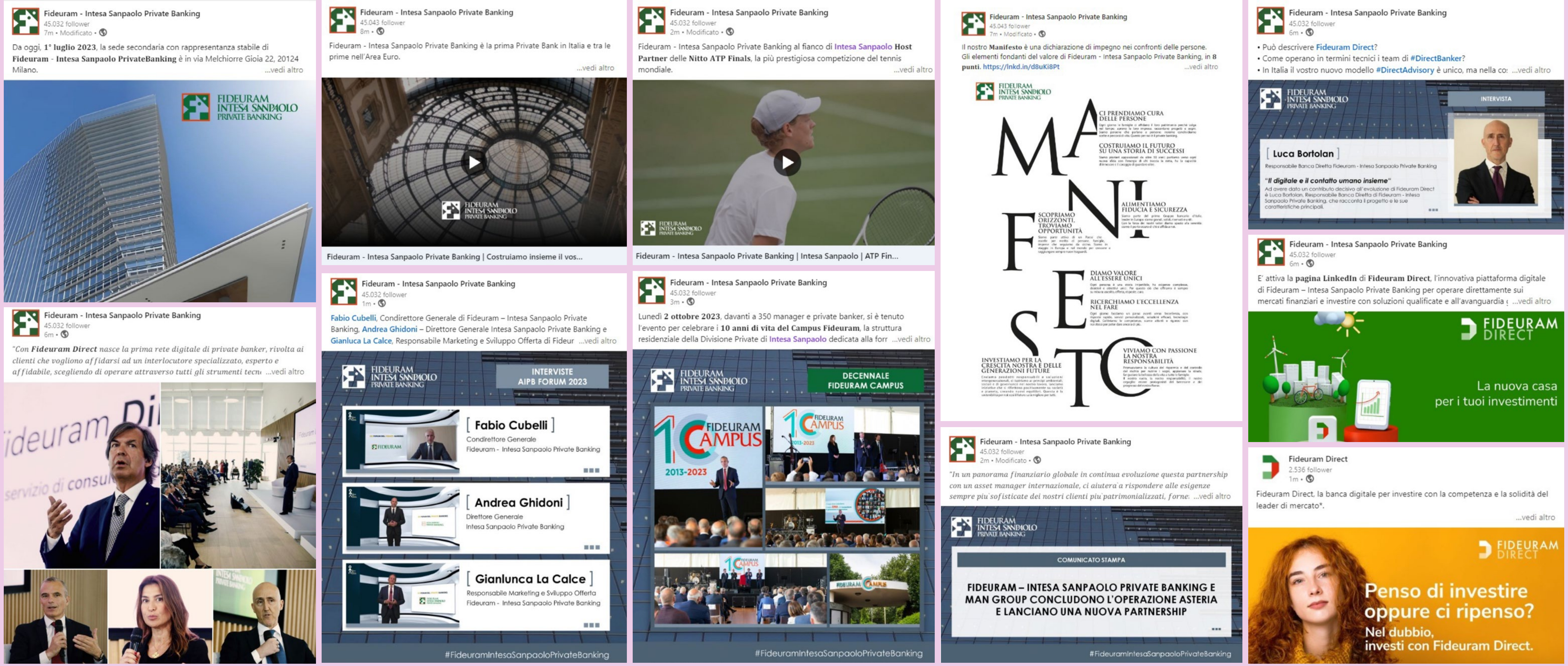
The activation of promotional and communication initiatives with a view to awareness and acquisition is planned to continue on the Fideuram Direct website.

A long-term project is being evaluated to update the technological infrastructure for sites that are not yet managed on the Intesa Sanpaolo Group's target systems. On this occasion, a restyling of the visuals and contents is planned.

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

SOCIAL MEDIA

In 2023, the Group's LinkedIn profile consolidated and further developed its editorial commitment, with the aim of increasing brand awareness and strengthening management's image, supporting core business and a sense of belonging.
The form of the institutional approach has been consolidated, with the use of a distinctive coordinated image, as well as the substance, thanks to new content relating to the interventions of the company's top management and the brand.
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, investments were made with the activation of recruiting campaigns for the Fideuram, Sanpaolo Invest and IW Private Investments Networks.
In the second half of the year, the presence on LinkedIn was integrated with the opening of the new Fideuram Direct profile, driven by a commercial and institutional approach. Significant investments have also been channelled into the profile, with the activation of campaigns focused on awareness, consideration and the recruiting of Direct Bankers.
LinkedIn is confirmed as the leading professional network in the sector, a fundamental tool for the Group's communication on social media.



BELOW-THE-LINE COMMUNICATIONS

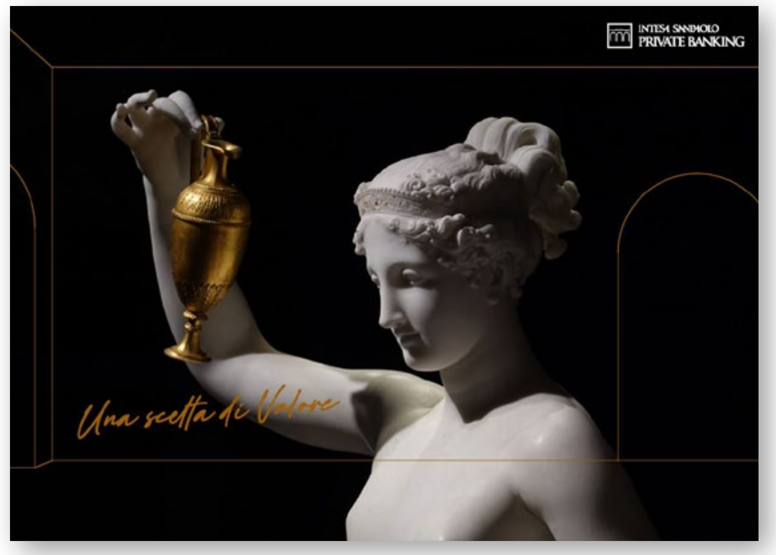
In 2023, below-the-line communication activities were developed following one from the year before, with the creation and updating of printed and digital media developed according to a new way of context-related communication.
Specifically, as regards institutional communication, the "Invitation to Fideuram" folder were kept, revising the layout and updating the in-depth information sheets on the Group's figures, products and services, as well as the landing page accessed by QR code, links or banners for social networks.

For communications relating to services, the paper and digital media dedicated to the Advisory Services model reserved for High Net Worth clients, the Fideuram Private Wealth Management leaflet and the services offered to professionals, Fideuram for Professionals (folder, service and dedicated product information sheets) were updated.
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 brochures, DEM (Direct e-mail marketing), landing pages with product data sheets and financial education videos that explain the method behind PACs, banners for social media that link to the landing page.
The landing page dedicated to Fideuram Vita Futura, a new generation insurance investment platform that combines insurance coverage, financial solutions and optional services, and the Omnia and Fideuram One product brochures were also updated.

To support the evolution of the product range, a new digital brochure was developed for the launch of FAI Progetto Italia II, the Italian non-reserved closed-end Alternative Investment Fund (AIF), with a Master-Feeder structure, dedicated to investing in unlisted Italian companies and created in partnership with Eurizon Capital Real Asset SGR S.p.A..

A new corporate video was created for the Group, to illustrate the values and business model that set it apart.

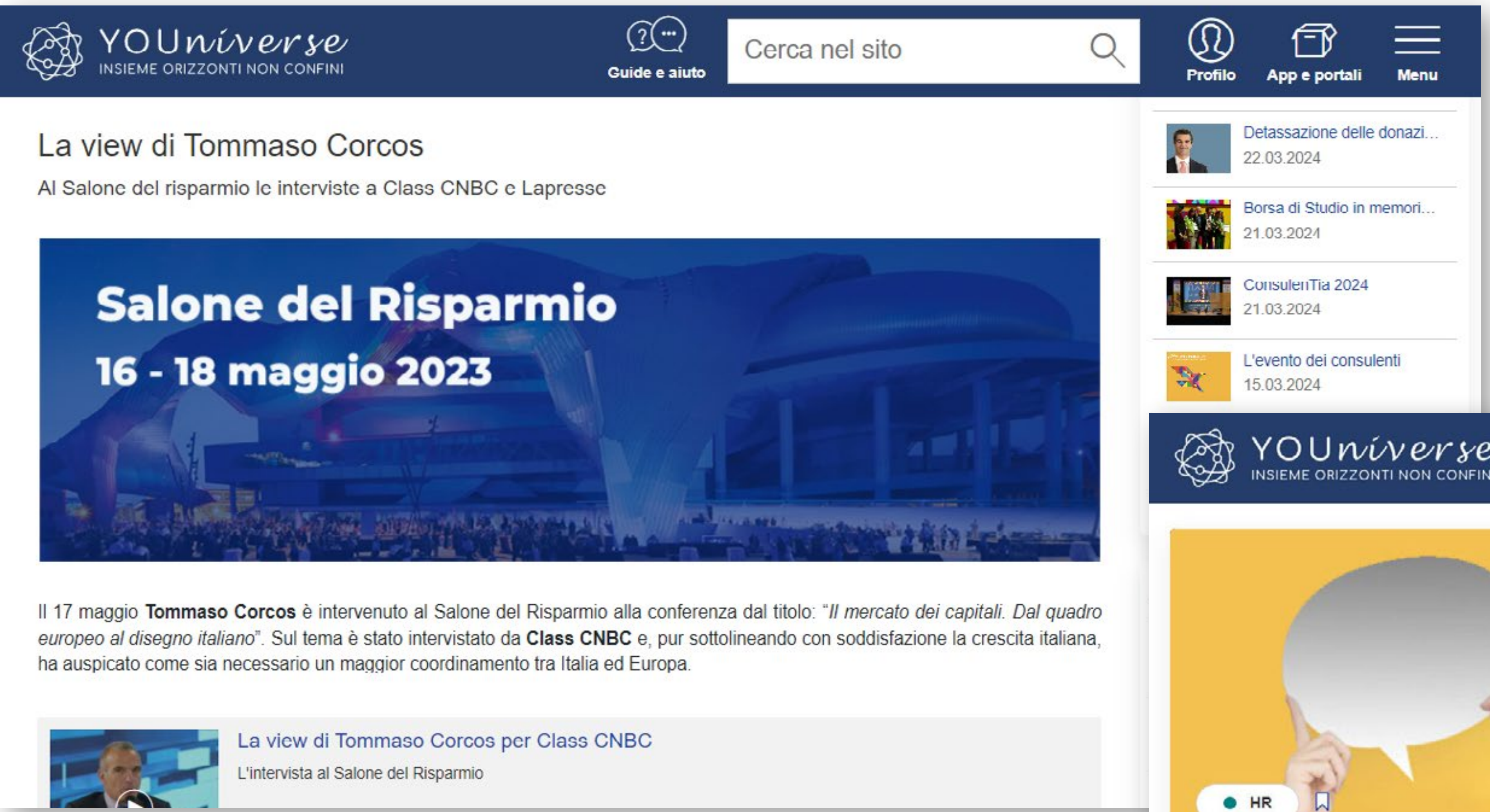
During 2023, Intesa Sanpaolo Private Banking pursued the objective of offering customers increasingly clear, transparent and complete information on the services and products offered and on all activities to disseminate and consolidate brand identity, with a greater use of online channels.
All-round work was carried out on institutional material and product documentation, aimed at describing the range of the Bank's services. The brochure "A Choice of Value" was updated, featuring a format in line with the identity of the private bank, also creating the english version and a video, with the same content and graphic concept.
For the WE ADD advanced advisory service, the brochure was created with a specially designed logo and dedicated images. The graphic format, logo and image were also used for the hero on the public website and for the privacy notice to customers through DEM.
The graphic format was also used for the creation of the brochure on the bank's advisory services.
For face-to-face events, and for hospitality activities that the Bank offers to primary customers, institutional roll-ups and panels positioned in areas with high visibility were used; ad hoc panels were created for the AC Milan and Inter sky boxes in continuity with the claims and images of the institutional brochure.



INTERNAL COMMUNICATION

In 2023, internal communication initiatives were aimed at consolidating the sense of belonging in the corporate community, promoting and disseminating knowledge, corporate identity and values.
Particular attention was paid to the promotion of knowledge sharing, especially in the digital sphere: to this end, a new service, the digital library, was launched, thanks to which employees have free access to an extensive catalogue of e-books from major publishing houses. The project aims to stimulate knowledge and make reading easily accessible to all people of the Group.

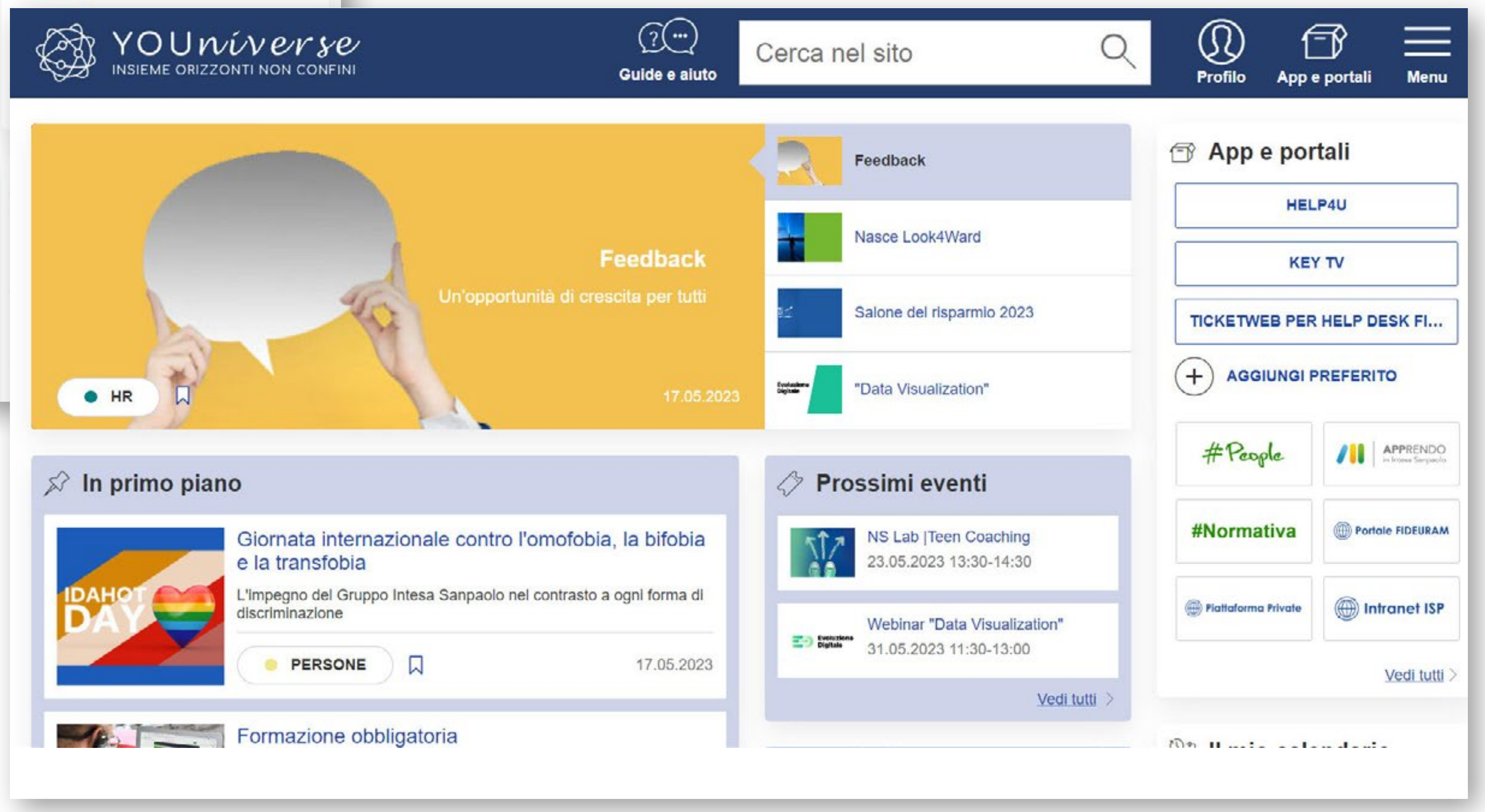
During the year, the initiatives already launched in previous years continued, including meetings between the Group's resources and top management, information columns on strategic projects, the creation of content on inclusion issues and the implementation of ESG initiatives, with the aim of disseminating a culture of sustainability and strengthening the concrete commitment to acting in the area, through the reforestation activities already launched over the years with the Birthtree project.



GROUP INTERNAL COMMUNICATION

During 2023, the various internal communication channels promoted the Group's knowledge of the Private world, the strategic choices and the goals achieved, thanks to the innovations adopted, in relation to the needs of its customers:

- Group Intranet: a dedicated section provided an updated overview of the organisation, projects and results of Fideuram and its subsidiaries.
- Intranet News: timely updates were dedicated to the relevant issues, such as the messages from Top Management, the results obtained and the awards received, positioning in the Private sector and the initiatives having an impact. These include the creation of the first Centre in Milan reserved for UHNW customers, the partnership with miart and the focus on Art advisory, participation in Consulentia 2023 and the Salone del Risparmio, sponsorships for the Dolomites Marathon and the Italian Golf Open, celebrations for the tenth anniversary of the Fideuram Campus and for the 50th anniversary of Siref Fiduciaria, as well as storytelling of individual choices, based on values of solidarity and sporting commitment. Particular mention should be made of the strengthening of the Fideuram Group, thanks to the creation of Intesa Sanpaolo Wealth Management in Luxembourg, strategic partnerships in Asset Management and the development of Fideuram Direct, with Direct Advisory, the first digital financial advisory service.
- Web TV: clips were published to introduce Intesa Sanpaolo people to specific aspects of the Group, such as "Consulentia 2023 Fideuram - Intesa Sanpaolo Private Banking sui giovani talenti" ("Consulentia 2023 Fideuram - Intesa Sanpaolo Private Banking on young talents"), "A miart Intesa Sanpaolo è di casa" ("A miart Intesa Sanpaolo is at home") and "Fideuram - ISPB porta Generazione Z al Salone del Risparmio 2023" ("Fideuram - ISPB brings Generation Z to the Salone del Risparmio 2023"), as well as top management speaking at the press conference "Fideuram Direct lancia Direct Advisory" ("Fideuram Direct launches Direct Advisory").
- Mosaico: an interview with the Chief Executive Officer and General Manager of Fideuram entitled "Nuovi traguardi per il Private Banking di Intesa Sanpaolo" ("New goals for Intesa Sanpaolo's Private Banking") was published in the online in-house journal, followed by articles on Direct Advisory, the 10 years of Campus Fideuram, the successes of a newly hired marathon runner, the 50th anniversary of Siref Fiduciaria, the charity initiative of a manager passionate about painting.
- Ascolto: Fideuram's people participated in the Intesa Sanpaolo Group's 2023 Climate Analysis, with good levels of redemption and satisfaction. At the end of the October meeting on Diversity, Equity and Inclusion, the feedback from the participants was extremely positive.




lunedì 27 marzo 2023

Nuovi traguardi per il Private Banking di Intesa Sanpaolo

Fideuram – Intesa Sanpaolo Private Banking si conferma una realtà solida dalle ottime prospettive, come ci spiega Tommaso Corcos, AD e DG della società

Tommaso Corcos

Partiamo dai numeri della Divisione Private Banking nel 2022. Cosa ci dicono della vostra realtà e dell'industria del risparmio?

Il 2022 si è chiuso con un **utile netto consolidato pari a 1,1 miliardi di euro**, una **raccolta netta di 12,9 miliardi e masse amministrate** a **327,2 miliardi**, senz'altro in linea con le nostre positive performance precedenti.
La nostra compagine di professionisti conta **6.648 private banker**, con un portafoglio medio pro-capite pari a circa 49 milioni di euro.
Del resto, Fideuram-Intesa Sanpaolo Private Banking è **leader in Italia** nella

FIDEURAM INTESA SANPAOLO PRIVATE BANKING

Fideuram - Intesa Sanpaolo Private Banking – parte del Gruppo Intesa Sanpaolo e controllata al 100% da Intesa Sanpaolo S.p.A. - è la Divisione che riunisce le **società del mondo della consulenza finanziaria, patrimoniale e dei servizi fiduciari del Gruppo**.

È la **prima Private Bank in Italia** e tra le prime in Europa, con una propria presenza di asset management internazionale, competenze sia sui mercati liquidi sia sui mercati privati a supporto dei circa **6.600 private banker** e dei loro clienti.

Si impegna ogni giorno per proteggere e valorizzare il patrimonio delle famiglie e degli imprenditori, svolgendo un ruolo determinante per la crescita del Paese e la costruzione di un futuro sostenibile.
Responsabile della **Divisione Private Banking** è **Tommaso Corcos**, amministratore delegato e direttore generale di Fideuram - Intesa Sanpaolo Private Banking. Presidente, **Paolo Molesini**.

La **Divisione comprende**: **Fideuram, Intesa Sanpaolo Private Banking, Sanpaolo Invest, IW Private Invesments SIM,**

ORGANISATION AND INFORMATION SYSTEMS

ORGANISATION

The Organisation Department is responsible for directing the development of the organisational mode 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 2023 are illustrated as follows.

REGULATORY PROJECTS

- Regulatory developments in investment services and activities, Product Governance and Supervisory Reporting.
- Regulatory developments in the insurance sector.
- Regulatory compliance in the projects developed in synergy with Intesa Sanpaolo (for example: "Stanca Law", Instant Payments, Alignments with Bank of Italy Circular 285, DORA (Digital Operational Resilience Act, Redemptions).
- ENIF – Evolution of the Group's anti-money laundering model.
- Data Governance.

CORPORATE PROJECTS

- Completion of the integration of Fideuram Bank (Luxemburg) and Compagnie de Banque Privée Quilvest with the creation of the new company Intesa Sanpaolo Wealth Management and the sale of the stake in UBI Trustee.
- The start of operations of a new company in the United Kingdom (FAM UK), to carry out the activities managed by the London branch of Fideuram Asset Management (Ireland).
- Rationalisation of the corporate perimeter of Reyl & CIE through the sale of Asteria and the acquisition and subsequent integration by incorporation at the beginning of 2024 of Carnegie Fund Services.

MANAGEMENT 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 advisory tools for company regulations.
- ESG programme to define the Group's strategic ESG positioning.
- Convergence and adoption of the contract for Intesa Sanpaolo's "My Key" online services and related developments.
- Convergence and alignment of application systems for the purpose of collecting different privacy consents.
- Definition of a New Commission System for financial advisors.
- Centralisation of physical security in Intesa Sanpaolo.

COMMERCIAL PROJECTS

- Changes in 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 and product offering dedicated to the High Net Worth Individuals and Ultra High Net Worth Individuals segments.
- Continuation of the evolution of procedures and processes in the credit sector, in line with the group's target and functional to the development of the credit business.
- Continuation of evolutionary activities for the implementation of the Fideuram customer onboarding platform "Welcome Persone Giuridiche e Persone Fisiche" ("Welcome Legal Persons and Individuals").
- 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.
- Oversight of the evolution of the Product Plan.
- Evolution of platforms for the provision of customer advisory services.
- Evolution of the customer service model.
- Adoption of Advanced Analytics in CRM.

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.

Intesa Sanpaolo Private Banking - Sassari Office

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 context 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 approach to the management of cyber risks, in order to increase the level of cyber readiness of the entire Group through:

- "soft" aspects that include cultural, process and training/exercise issues at all levels of the organisation; specific awareness initiatives, that are regularly undertaken to further raise awareness among all Group personnel. In 2023, initiatives on the topic of phishing took place, including: the publication of news on the Group's intranet, the sending of information to staff, the inclusion of an alert message when logging on to company computers, the activation of ethical phishing campaigns. In addition, a warning message has been added to all emails coming from outside the Group;
- "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.

2023 saw the continuation of activities aimed at achieving the objectives of the Cyber Plan, with a 2022-2025 horizon. The chief goal of this plan is to enable the Group to face the coming years as a leader, continuing to generate value for all stakeholders and at the same time building the bank of the future: which is profitable, innovative and sustainable.

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

- protecting customers, from the rise in and sophistication of fraud and attacks, consolidating their digital trust;
- protecting the Bank, evolving its protection and recovery capacity from new attacks on the digital infrastructures used by the Bank and third Parties;
- ensuring compliance with cyber legislation, transforming internal controls and processes to guarantee conformity at all times to legislation and laws;
- Implementing the cyber strategy and enabling digital trust from an ESG perspective, guaranteeing customers, even those who are not "digital ready", secure access to digital services from an ESG perspective, security and resilience of services and cyber training on the entire value chain, evolving the governance model, fostering the growth of controls and strategic skills.

In this context, with particular reference to the critical events detected during 2023, the correct guidance and management thereof meant that no significant impacts occurred with Group companies.

The adaptation of the 40th update of Bank of Italy Circular 285 ("Supervisory provisions for banks"), which implements EBA Guidelines on ICT and security risk management, made it necessary to update primary internal regulations, including the alignment of related corporate governance documents.

Following the entry into force of DORA (Digital Operational Resilience Act), the Fideuram Group launched a dedicated project, to align the Fideuram Group with the new legislation within the deadlines established by law.

The function is also engaged, on an ongoing basis, in the operational coordination of the activities assigned to the Contact Person for the Sector Business Continuity Plan, interfacing with the Intesa Sanpaolo Group Business Continuity Unit and with Group subsidiaries. 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. In 2023, a cyber incident simulation took place, with activation of the escalation process and the convening of the Crisis Committee. Extensive communication of this event was given on the company's information channels.

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. The 2023 projects can be represented as follows:

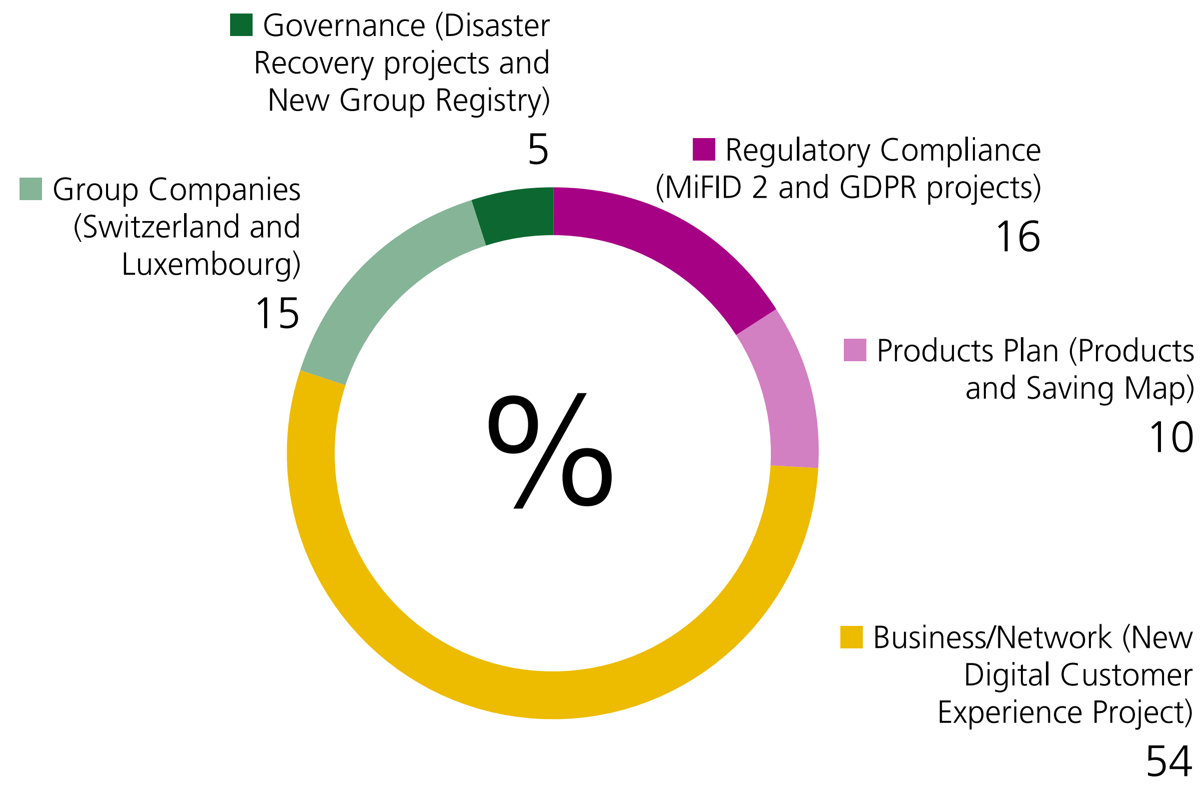
During the year, the information systems developed multiple and complex projects that involved the various areas of the Group.

Within the 7 project macro-areas, the main projects are outlined below:

- **Convergence**: expansion of the NDCE/Alfabeto business, Fonditalia 2.0 functions, with the development of a new multi sub-fund product, new remuneration of the networks focused on commercial reporting and the commissioning system, re-engineering of the document platform, roll-out of the We ADD service, enrichment of Robo4Advisor and extension of the Digital Branch.
- **Corporate integration**: the merger between Fideuram Bank (Luxembourg) and Compagnie de Banque Privée Quilvest included the alignment of the ESG model with the Group's requirements, the completion of updates to activities relating to MiFID controls and the implementation of a new Client Relationship Management (CRM) system.
- **Direct Channels**: activities to adapt websites and apps to the Stanca Law, to improve the ranking of the group's App in the Forrester benchmark, the development of Fideuram Direct platforms, the digitalisation of commercial processes through the extension of the Welcome perimeter and dematerialisation of the sales processes of Intesa Sanpaolo Private Banking.
- **Marketing and Product Plan**: the integration of new platforms for the placement of the Private Equity – iCapital Alternative Funds of Intesa Sanpaolo Private Banking, launch of new SICAVs and advanced functionalities, new lines of Asset Management and ISP Vita Group insurance policies. The creation of a new tool called Marketing One to support Personal Financial Advisers whose goal is to improve commercial effectiveness towards the customer, through ad hoc communication tools, in-depth analysis with the possibility of customising material available according to the cluster to which they belong.
- **Next Way Of Working**: activities to develop remote workstations following the transfer to the new headquarters in Milan, Gioia 22, migration of e-mail to the cloud, migration to Teams Only and OneDrive Cloud.
- **Regulations**: alignment of the reporting of financial instruments within the scope of the SFTR (Securities Financing Transaction Regulation), adoption of the Group Profiling and Adequacy model and simultaneous integration with the Group's adequacy assessment engine, project to collect information on the sustainability characteristics of investments integrated with additional analysis and reporting tools, with information enrichment for Personal Financial Advisers and customers.
- **Other Projects**: new Fideuram Portfolio Reporting with the creation of new reporting for the Personal Financial Advisers of the Fideuram, Sanpaolo Invest and IW Private Investments Networks.

During the year, around 100 projects were successfully completed for a total budget of approximately €71m.

Investments in information systems



BUSINESS OPERATIONAL SUPPORT

In 2023, a project was launched aimed at further exploring the context of the Business Operational Support Area, in order to identify potential levers for the evolution of the organizational and operational model to ensure increasing levels of quality and customer and network satisfaction. With a view to a maximum seamless flow and interaction between the Fideuram and Intesa Sanpaolo Private Banking Networks in managing operations, and further specialisation of the structures/units from an end-to-end process and customer life cycle perspective, the Business Operational Support structure was renewed with the aim of focusing operations on specialisation processes.

In addition, specific oversight was also set up for the transformation and continuous digitalisation of processes over time. This will make it possible to respond more quickly to changing market conditions, while fully managing operational risk. This transformation is supported by recent technological developments in robotics, office automation and generative artificial intelligence.

In the review of the processes, the priority activities to improve the efficiency of tools supporting operations were mapped, which were followed up by the Information Systems.

The structures overseeing the activities were able to manage the increased levels of operations, also in 2023, resulting from the growth of the business and networks. This was possible mainly thanks to the high levels of automation and digitalisation achieved over time, as well as the further activities implemented during the year and aimed at operational excellence.

For the Intesa Sanpaolo Private Banking Network, the Business Operational Support structure actively participated in the issue of the 2022 Statement on Costs, Charges and Incentives, verifying the data provided by third-party companies for the products placed. For institutional clients, the core for the management of this particular type was defined, relieving the Network of documentation collection and AML management activities.

In addition, as is customary, the structure participated in various projects and, through the Functional Testing structure, ensured the testing of applications being developed and/or restyled, including Alfabeto, the new customer service model, the new MiFID adequacy model, Fideuram Vita Futura, the iCapital Platform and Welcome (Legal Entities and Financing).

In 2023, operational activities were also managed for the redemption of UCITS and insurance policies as required by Article 1 of the 2023 Budget Law (Law no. 197 of 29/12/2022) for all Networks and Siref Fiduciaria. More than 97,000 redemptions were processed for UCITS (approximately 10% ISINs that can be redeemed), over 900 for asset management, over 2,000 for ETFs/listed funds, 55 for insurance policies and 21 for share revaluations.

ICT ARCHITECTURES AND GOVERNANCE

In 2023, 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:

- activities to monitor the architectural evolution continued, with rationalisation and convergence with Group standards, through the oversight of long-term convergence projects (H4U and Documentum), the formalisation of standards to be adopted on new developments, and migration of existing platforms;
- oversight of the convergence towards the Group's application development model (DevOps methodology) took place;
- the application of the standard Automated Change solution was extended;
- 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.

For ICT incidents, detected and recorded in the incident register, in cases of a greater severity, the unit coordinated the escalation to all areas involved.
In addition, as part of the coordination and control model for Intesa Sanpaolo, IT Global Governance information flows were managed and, in particular, the centralised management of asset inventory on the Intesa Sanpaolo platform was launched.

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 Intesa Sanpaolo.

The Fideuram Technologies department deals with the desktop management of workstations, offers a second-level technological help desk service, and manages and monitors the connectivity and telephony services of all agencies and branches. It also monitors the levels of service offered by Intesa Sanpaolo both in terms of patch management and problem resolution. During the year, Tecnologie Fideuram implemented convergence actions for the Intesa Sanpaolo model, in relation to projects such as the activation of "Stampe Sicure" ("Secure Printing") at the Rome and Milan offices and the migration to the new Intune Mobile Device Management platform for the management of corporate mobile devices out of a total of approximately 11 thousand devices.

In addition, it completed important project activities, such as:

- the transfer to the headquarters in Milan Gioia 22 with the activation of remote workstations for financial operators;
- the activation of OneDrive Cloud for the Personal Financial Advisers Network;
- the evolution of the Collaboration tool from Skype to Teams for all Personal Financial Advisers;
- upgrading to the new Ivanti VPN on all PCs;
- the enhancement of the connectivity of agencies and branches with the activation of the SDWAN protocol;
- the roll-out of the technological renewal on 4 thousand PCs of Personal Financial Advisers;
- the activation of Windows Hello on the PCs of Intesa Sanpaolo Private Banking headquarters and network users;
- indoor coverage of branches (enhancement of the 4G signal in branches and agencies).

In the governance area, Investments and Operational Costs Oversight continued the monitoring of demand management and IT capital budget governance processes for all Group companies.

These actions guaranteed Fideuram's governance also 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 periodically provide the Group Value Assurance Committees with quantitative and qualitative evidence of high-impact projects and, on a quarterly basis, evidence of Intesa Sanpaolo's Governance for Global Governance, with particular regard to economics, suppliers and the leverage provided for all Group companies.

In a scenario of increasing complexity and a strong focus on costs, thanks to the careful and timely management of the budget and attention paid to recurring expenses deriving from software license and application management fees, 2023 final figures were in line with the budget forecasts and initiatives not initially foreseen in the budgeting phase could also be financed. In this context, the revision and standardisation of the technical annexes of the application management contracts continued, in order to incorporate some requirements such as compliance with ICT operating rules.

The ICT demand management processes and the rules on the management of project initiatives that define the governance framework were further adapted, as they are essential to ensure compliance, efficiency and effectiveness of demand management in keeping with the indications of the Audit Department.

In particular, two main approaches were taken:

- standardising the management of requirements, addressing the points expressed by the Audit Department, while at the same time optimising the process;
- increasing the productivity of projects to meet the challenges of the new Business Plan, through a better quality of requirements and a focus on the management of change requests.

With regard to the tools to support demand management and budgeting, in line with provisions of regulations, features were developed to manage mandatory cybersecurity by design and privacy by design processes. For each project initiative, it was possible to indicate whether the initiative was at-risk for data governance purposes, and to have an IT governance dashboard regarding the evaluation of development actions for the following points: Cloud ready, use of cross-standard components and standard application architecture. In addition, the dashboards created in Power BI are being consolidated to monitor the main economic and contractual indicators in a timely and effective manner.

Investments and Operational costs Oversight continued to provide technical secretarial support within the Operations and Business Transformation Area for cross-cutting activities concerning relations with internal and external control bodies, and represented the main interface with Intesa Sanpaolo's Governance units for all issues concerning the capital budget, costs and opportunities for economic efficiency through all possible synergies.

On the outsourcing side, thanks to the exchange with numerous players involved, outsourcing coordination of Fideuram was consolidated. In line with forecasts, greater efficiency was achieved in the operating process, which made it possible to finalise, in a timely manner, outsourcing practices, both for services managed directly by Fideuram and for those centralised at Intesa Sanpaolo.

NETWORK AND CUSTOMER ASSISTANCE

In the Contact Center structure dedicated to requests for assistance from Personal Financial Adviser Networks, contact volumes decreased compared to the previous year, as a result of the stabilization actions carried out for tools supporting the Networks.
The assistance service continues to be widely used by Personal Financial Advisers and the periodic survey of perceived quality confirmed a very good overall satisfaction.
The Network Support Service was the subject of a maturity assessment aimed at identifying areas for further improvement in terms of service efficiency and quality.

A series of initiatives aimed at the evolution of the channels offered to the Networks were selected and activated, including a "red carpet" service reserved for top financial advisors (managerial structure and PWA), as well as proactive extra caring services aimed at anticipating any reporting by the financial advisor, and the first phase of trialling the self-ticketing channel was launched, enabling financial advisors to independently monitor the opening and processing of a report sent. During the year, several assistance meetings were held in the area, organised on the basis of specific requests from the managerial structures; this activity involved 26 senior resources of the assistance structure and involved 176 network professionals. The meetings will continue in 2024 with the aim of maintaining engagement between the sales and service networks, with the implementation of other planned efficiency initiatives.

AML COMPETENCE CENTER

In line with the strategies adopted by various international market players, the Group is an active part of the ENIF (Enabling Integrated Financial Crime Fight) Programme, sponsored by Intesa Sanpaolo's Anti Financial Crime Department, which provides for the revision of the Anti-Money Laundering model and tools, with the establishment of a centralised Competence Center.

The companies involved are Fideuram, Intesa Sanpaolo Private Banking, IW Private Investments and Fideuram Asset Management SGR.

The evolution of the target operating model, in line with Intesa Sanpaolo's Anti Financial Crime Structure, envisages the transition to a centralised model with activities carried out by dedicated resources located in the competence centre specialised in the know-your-customer area.
The main benefits of the programme are:

- Transition to an international market benchmark model.
- Increased specialisation of resources dedicated to the purpose.
- A focus on AML risk monitoring.
- More time for business activities for Networks.

In view of the programme's long-term horizon, it was agreed to bring forward the implementation of the target operating model in the fourth quarter of 2023, while maintaining the current application tools. Therefore the "AML Competence Center" was set up in November 2023, reporting directly to the Head of Operations and Business Transformation, consisting of two offices by areas of competence and specialization: "AML Management of Individuals" and "AML Onboarding and Management of Specialties". The activities in the scope are, for Fideuram, Fideuram Asset Management SGR and IW Private Investments:

- enhanced checks during on-boarding or subsequent reporting (Workflow);
- periodic or event-based review (RAV and EDR);
- control of Negative News Screens (NNS);

In 2024, the Group will continue the programme with the extension of the Intesa Sanpaolo Private Banking perimeter, the adoption of the ENIF target instruments, the review of the high and medium-low risk bands and the expansion of the EDR perimeter.

Finally, in 2023 the structure complied with all the quantitative parameters being measured, agreed with the Anti Financial Crime Department, for RAF (Risk Appetite Framework) purposes.

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

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

Labour standards
Remuneration policies
Health and safety policies
Freedom of association and collective bargaining
Working conditions
Professional/personal life balance
Job satisfaction
Inclusiveness policies

WHY TOPICS ARE MATERIAL

Professionalism among employees in the Group ensures quality and excellence in the services provided to customers.

Special focus is given during the recruitment phase to younger Personal Financial Advisers, for whom 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.

CORPORATE POLICIES

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 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

	2023	2022	2021
Fideuram Network - No. of customers per Personal Financial Adviser	197:1	193:1	176:1
Sanpaolo Invest Network - No. of customers per Personal Financial Adviser	149:1	145:1	140:1
IW Private Investments Network - No. of customers per Personal Financial Adviser	113:1	108:1	221:1
Intesa Sanpaolo Private Banking Network - No. of customers per Personal Financial Adviser	45:1	45:1	46:1
Foreign Network - No. of customers per Personal Financial Adviser	80:1	90:1	80:1
Ratio of Client Assets to Personal Financial Advisers (€m)	54	49	53

Clients of Banca Diretta were included under Fideuram, as from 2022. Prior to this date, they were included under IW Private Investments.

MAIN OBJECTIVES FOR 2023

Strong attention paid to the quality of new hires in the Networks with the aim of increasing the average portfolio of recruits, with a simultaneous commitment to continue the incisive action of generational change through numerous and effective projects, to encourage the entry of young people in the profession. Further attention paid to the enhancement of female talent.

ACTIONS AND RESULTS ACHIEVED

The incisive contribution of recruitment to the growth of the Networks was also confirmed in 2023, thanks to the 397 Personal Financial Advisers included since the beginning of the year in the Fideuram, Sanpaolo Invest and IW Private Investments Networks.
More than 50% of the new entries are young profiles who participate in initiatives dedicated to the so-called Next Generation, while females make up around 31% of the new entries.
The enhancement of services made available to Network Managers for recruitment activities was consolidated, through the activation of a dedicated Portal and a digital communication and recruiting campaign focused on the LinkedIn platform.

SIZE OF NETWORKS

The Group's Networks (Fideuram, Sanpaolo Invest, IW Private Investments, Intesa Sanpaolo Private Banking Networks and the international network) totalled 6,696 Personal Financial Advisers at 31 December 2023, compared with 6,648 at the end of 2022, as shown below:

Group Personal Financial Advisers
(No.)

	BEGINNING OF PERIOD 1.1.2023	IN	OUT	NET	END OF PERIOD 31.12.2023
Fideuram Network	3,746	264	202	62	3,808
Sanpaolo Invest Network	1,205	88	68	20	1,225
IW Private Investments Network	557	45	84	(39)	518
Intesa Sanpaolo Private Banking Network	1,047	57	53	4	1,051
Foreign Network	93	13	12	1	94
Total	**6,648**	**467**	**419**	**48**	**6,696**

Fideuram Network Personal Financial Advisers
(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2023 - 31.12.2023	3,746	264	202	62	3,808
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

Sanpaolo Invest Network Personal Financial Advisers
(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2023 - 31.12.2023	1,205	88	68	20	1,225
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

IW Private Investments Network Personal Financial Advisers
(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2023 - 31.12.2023	557	45	84	(39)	518
1.1.2022 - 31.12.2022	629	16	88	(72)	557
1.1.2021 - 31.12.2021	698	39	108	(69)	629

Intesa Sanpaolo Private Banking Network Personal Financial Advisers (*)
(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2023 - 31.12.2023	1,047	57	53	4	1,051
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

(*) At the end of 2023, the Intesa Sanpaolo Private Banking Network numbered 935 Personal Financial Advisers who are salaried employees registered in Italy's Unified Register of Financial Advisors and 116 freelance professionals on agency contracts.

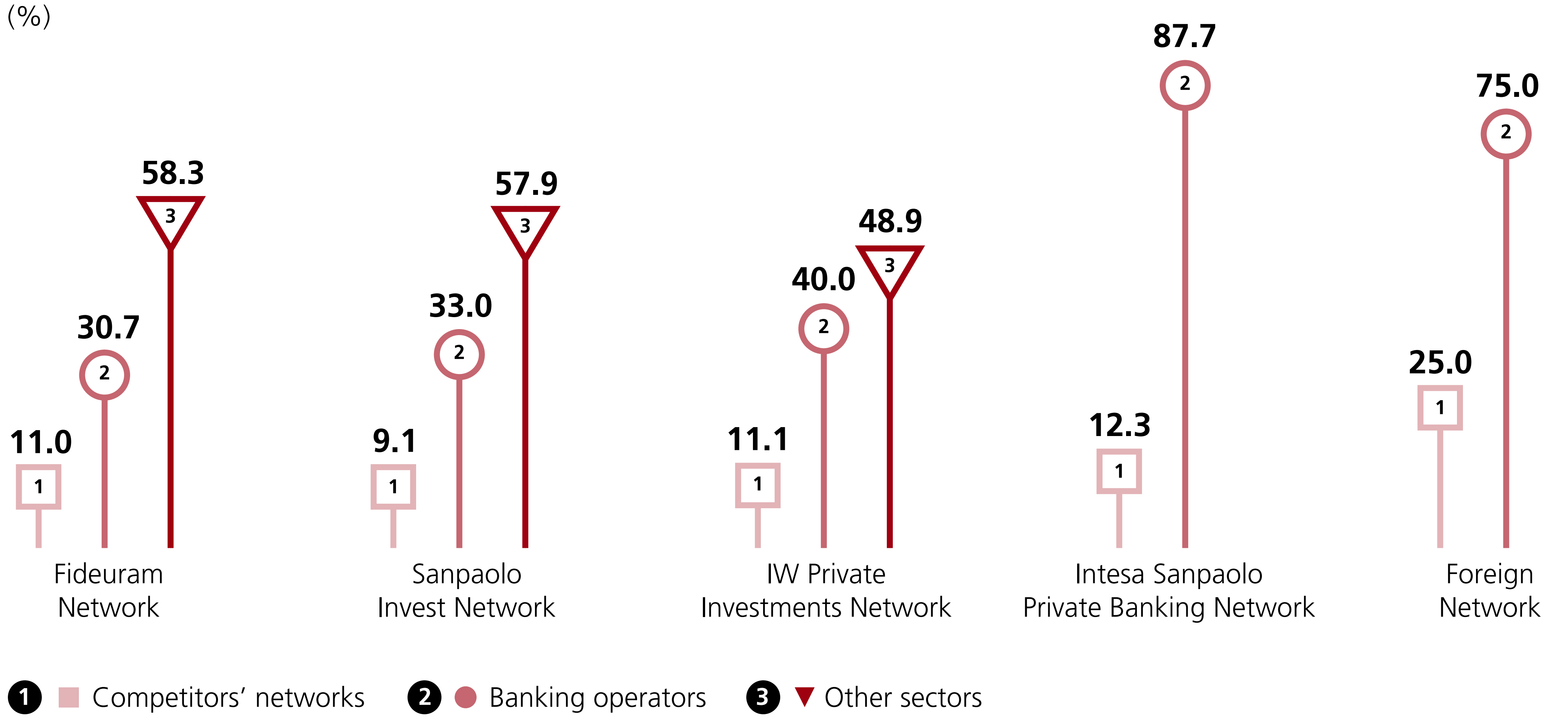
Foreign Network Personal Financial Advisers (**)
(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2023 - 31.12.2023	93	13	12	1	94
1.1.2022 - 31.12.2022	107	21	35	(14)	93
1.1.2021 - 31.12.2021	122	7	22	(15)	107

(**) The foreign network includes the Personal Financial Advisers of the Reyl Group and Intesa Sanpaolo Wealth Management.

In 2023, recruitment activities led to the inclusion of 467 new professionals within the Group, 14% of whom came from competing networks, compared to 464 in 2022, with a simultaneous increase in the total contribution in terms of net inflows, confirming the quality of the selection. During the year, 419 Personal Financial Advisers left the Group; of these, only 30% joined networks of competing companies. The recruitment programmes were conducted with the greatest rigour and professionalism by the managements of the Network, 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 innovative projects, the excellent training courses provided through the Fideuram Campus and the tools to support advisory activities are all elements with great appeal for the Group's networks.

Origin of professionals joining the Fideuram Network, 2023
(%)



TURNOVER BY AGE AND GENDER, 2023

Fideuram Network

GENDER	JOINING NUMBER	JOINING %	LEAVING NUMBER	LEAVING %
Men	180	6.0	168	5.6
Women	84	10.4	34	4.2
Total	**264**	**6.9**	**202**	**5.3**

AGE	JOINING NUMBER	JOINING %	LEAVING NUMBER	LEAVING %
Under 30	84	50.0	14	8.3
30 to 50	142	11.0	35	2.7
over 50	38	1.6	153	6.5
Total	**264**	**6.9**	**202**	**5.3**

Sanpaolo Invest Network

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	59	6.3	48	5.1
Women	29	10.1	20	7.0
Total	**88**	**7.2**	**68**	**5.6**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	23	41.1	5	8.9
30 to 50	51	15.2	14	4.2
over 50	14	1.7	49	5.9
Total	**88**	**7.2**	**68**	**5.6**

Intesa Sanpaolo Private Banking Network

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	33	4.6	38	5.3
Women	24	7.1	15	4.5
Total	**57**	**5.4**	**53**	**5.0**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	7	63.6	1	9.1
30 to 50	30	8.1	10	2.7
over 50	20	3.0	42	6.3
Total	**57**	**5.4**	**53**	**5.0**

IW Private Investments Network

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	35	7.9	73	16.4
Women	10	13.5	11	14.9
Total	**45**	**8.7**	**84**	**16.2**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	12	75.0	2	12.5
30 to 50	15	13.3	11	9.7
over 50	18	4.6	71	18.3
Total	**45**	**8.7**	**84**	**16.2**

Foreign network (*)

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	11	14.3	8	10.4
Women	2	13.3	3	20.0
Total	**13**	**14.1**	**11**	**12.0**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	-	-	-	-
30 to 50	5	12.8	3	7.7
over 50	8	15.1	8	15.1
Total	**13**	**14.1**	**11**	**12.0**

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

ORGANISATIONAL STRUCTURE

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

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

GROUP MANAGEMENT AND DEVELOPMENT

Management and guidance of Personal Financial Advisers under supervision.

NETWORK QUALITY DEVELOPMENT

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

VOLUME GROWTH

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

BUSINESS GROWTH

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

PROFESSIONAL DEVELOPMENT

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

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 Client 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.

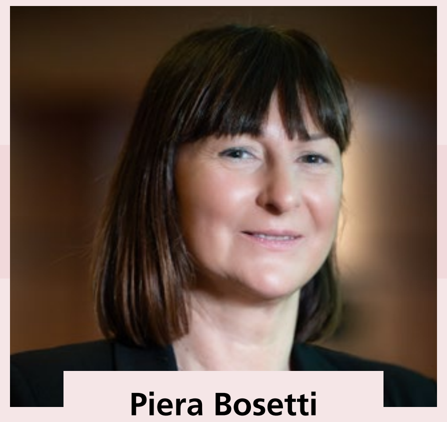
MANAGER AREA - FIDEURAM, SANPAOLO INVEST AND IW PRIVATE INVESTMENT NETWORKS

Fabio Cubelli
Fideuram Business Coordination Area

Flavio Vanin
Fideuram Area 1

Loris Ventura
Fideuram Area 2

Roberto Palmieri
Fideuram Area 3



Piera Bosetti
Fideuram Area 4

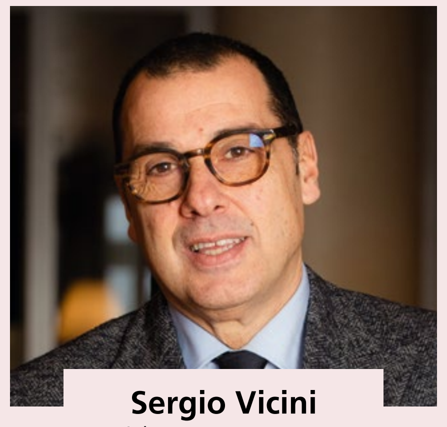
Giuseppe Michieli
Fideuram Area 5
Area 2 Sanpaolo Invest

Vladimiro Bolis
Fideuram Area 6

Alessandro Ferrari
Fideuram Area 7

Marco Avondoglio
Fideuram Area 8

Fabio Landi
Fideuram Area 9



Sergio Vicini
Fideuram Area 10

Giuseppe Baiamonte
Fideuram Area 11
Sanpaolo Invest Area 5

Giuseppe Magliulo
Fideuram Area 12
Sanpaolo Invest Area 6

Giorgio Botta
Sanpaolo Invest Area 1

Claudio Regoli
Sanpaolo Invest Area 3

Claudio Natali
Sanpaolo Invest Area 4

Massimo Giacomelli
Business Coordination Area Manager
IW Private Investments

Antonio Notarandrea
IW Private Investments Area 1

Angelo Russo
IW Private Investments Area 2

Raffaele Buonomo
IW Private Investments Area 3

Alberino Palozzi
IW Private Investments Area 4

Andrea Di Salle
IW Private Investments Area 5

Marco Gheda
IW Private Investments Area 6

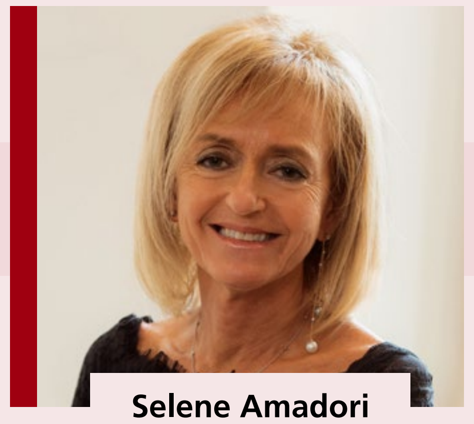
The main responsibilities and duties of each individual management position in the **Intesa Sanpaolo Private Banking Network** are summarised below:

POSITION	RESPONSIBILITIES
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 and HNWI Centers, supporting their actions. Ensure strong brand affirmation.
EXECUTIVE MANAGER	Contribute to the achievement of economic and business objectives in their area, through monitoring and coordinating the work of the Private Centres included in the perimeter, supporting their actions where necessary. Contribute to ensuring the quality of the service offered to customers.
PRIVATE CENTRE DIRECTOR	Represent the Bank in their area and ensure achievement of economic, business and risk management objectives of the Private Centre. Manage the Private Centre, 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.
EXECUTIVE MANAGER HNWI	Represents the Bank in the area of responsibility, and ensures the achievement of the economic, commercial and risk control objectives of the HNWI Centre in line with the strategies for monitoring and developing the segment defined by the Wealth Management structure. Manage the HNWI Centre, 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, fostering the actions required to develop existing customers and acquire new customers.
EXECUTIVE MANAGER UHNWI	Ensure the achievement of the economic and commercial objectives of the UHNWI segment in line with the monitoring and development strategies defined by the Bank's competent structures. Manage the UHNWI Centre, implementing business policies and coordinating the personnel reporting to them. Ensure high quality in service provision and in long-term customer relations, fostering the actions required to develop existing customers and acquire new customers.

POSITION	RESPONSIBILITIES
GLOBAL RELATIONSHIP MANAGER	Manage, develop and acquire HNWI customers, ensuring provision of outstanding service and interfacing with competent structures of the Bank and Group departments to satisfy the most complex customer needs. Manage their team, implementing business policies and coordinating the personnel reporting to them.
GLOBAL WEALTH MANAGER	Strategically develop the relationship with customers by ensuring an excellent level of service and the satisfaction of the complex needs expressed by customers in the UHNWI segment, in collaboration with the Team and coordinating interaction with the competent structures of the Bank and the Group.
TEAM LEADER	Ensure Team management, promoting the growth of the assets/clients of the assigned Personal Financial Advisers, guaranteeing a high quality of service.

PRIVATE AREA MANAGERS - INTESA SANPAOLO PRIVATE BANKING

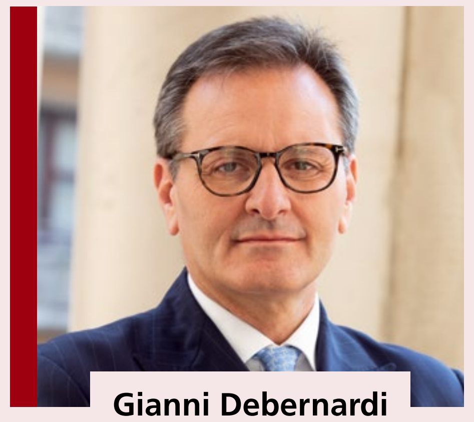
Andrea Ghidoni
General Manager



Selene Amadori
South Lombardy Area

Silvia Bussotto
Central Area

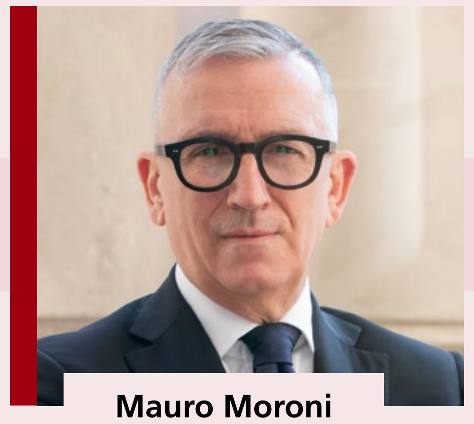
Cristiano Clagluna
Southern Piedmont, Liguria, Tuscany Area



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

Federica Spada
Emilia and Romagna Area

The following tables show the 2023 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	58	28
Divisional Manager	26	2	28	57	24
Regional Manager	101	18	119	53	15
Group Manager	241	39	280	50	13
Personal Financial Advisers	2,622	748	3,370	52	14
Total	**3,001**	**807**	**3,808**	**52**	**14**

Sanpaolo Invest Network

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
Area Manager	3	-	3	59	25
Divisional Manager	9	1	10	60	21
Regional Manager	30	4	34	55	14
Group Manager	116	17	133	53	18
Personal Financial Advisers	780	265	1,045	52	13
Total	**938**	**287**	**1,225**	**52**	**14**

IW Private Investments Network

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
Area Manager	8	-	8	55	12
Divisional Manager	24	-	24	59	16
Regional Manager	39	4	43	59	12
Personal Financial Advisers	373	70	443	55	12
Total	**444**	**74**	**518**	**56**	**12**

Intesa Sanpaolo Private Banking Network

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
UHNWI Executive Manager	1	-	1	44	15
HNWI Executive Manager	7	1	8	54	29
Private Centre Director	66	16	82	56	30
Global Wealth Manager	2	-	2	48	17
Global Relationship Manager	19	8	27	54	26
Team Leader	77	29	106	53	27
Executive Personal Financial Advisers	71	34	105	52	24
Personal Financial Advisers	380	222	602	50	20
Associate Personal Financial Advisers	1	1	2	30	2
Freelancers on agency contracts	91	25	116	61	28
Total	**715**	**336**	**1.051**	**52**	**23**

Foreign network (*)

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
Manager / Area Manager	37	7	44	52	9
Personal Financial Advisers	40	8	48	49	8
Total	**77**	**15**	**92**	**51**	**8**

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

15 years

Average length of service

7,408

agreements signed since the launch of Team

TEAM

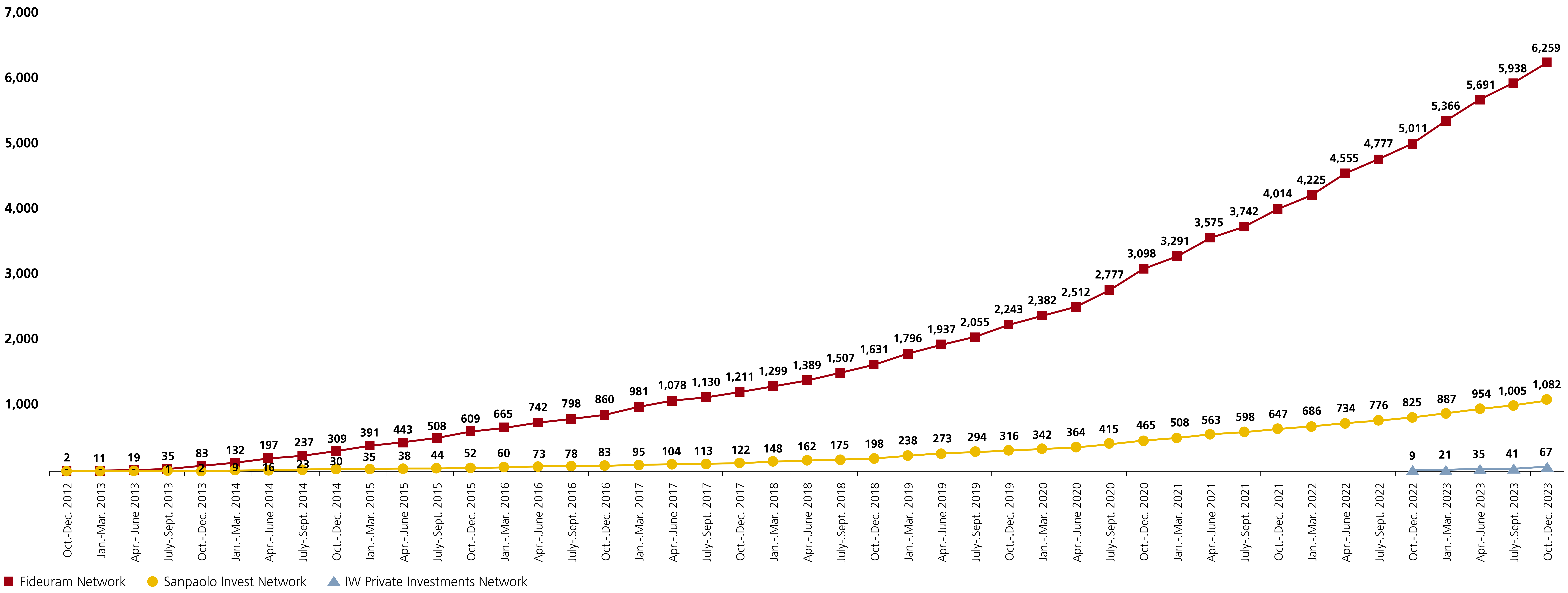
Team is an agreement between several Personal Financial Advisers - a "Team Leader" and one or more "Team Partners" - who decide to work together to increase and support their customers, each contributing their professional expertise and experience.

Ten years on from its launch, 2,458 Personal Financial Advisers are working together in a team (about 46% of the Personal Financial Advisers of the Fideuram, Sanpaolo Invest and IW Private Investments Networks), jointly managing a total of around €31.5bn assets for over 194 thousand customers.

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

Number of agreements

(No.)



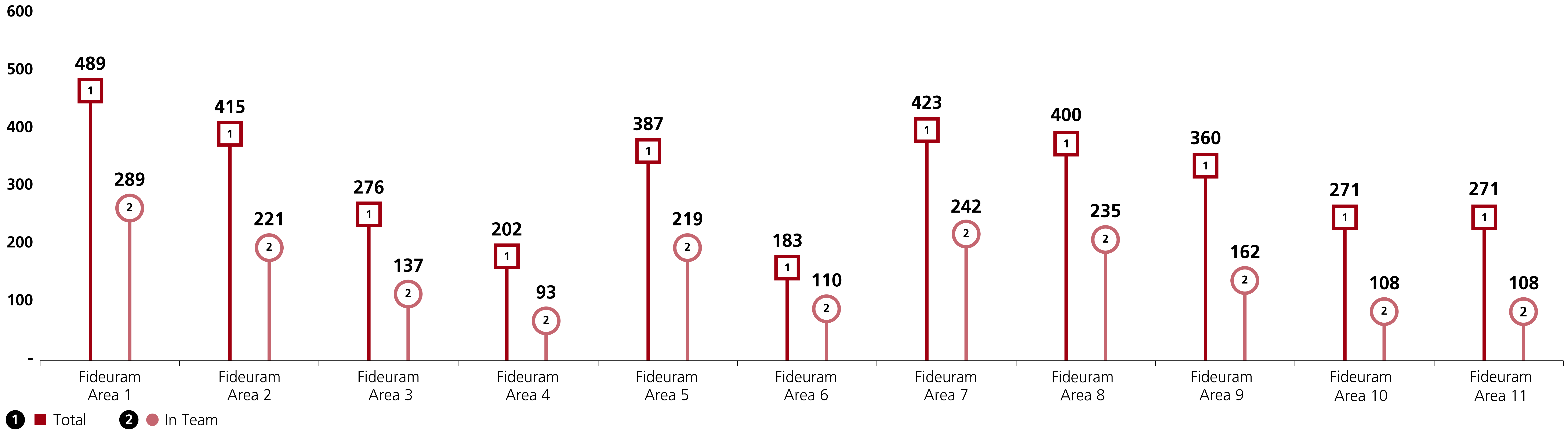
2,481
Team Leader positions

2,723
Team Partner positions

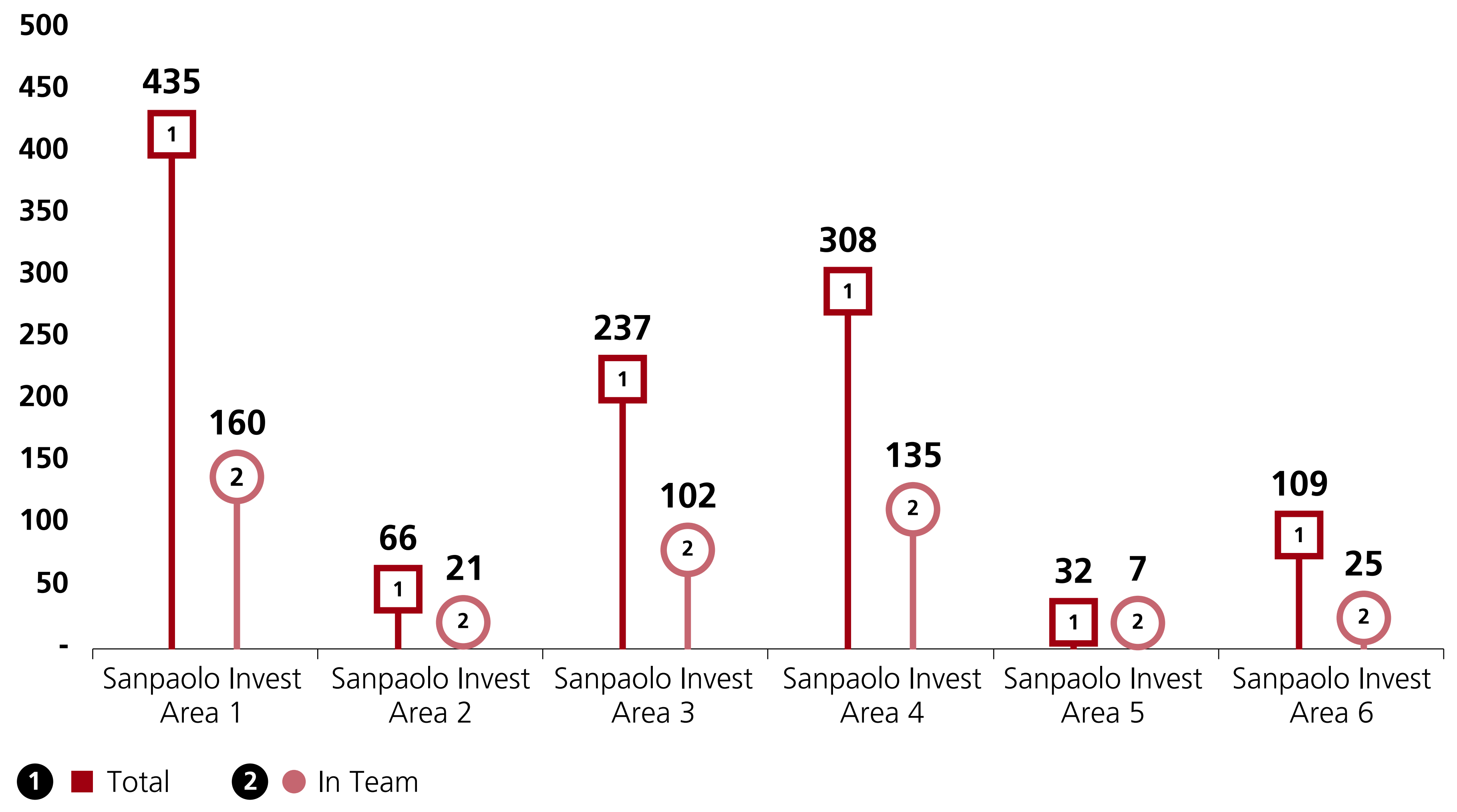
involving
2,458
Personal Financial Advisers

Multiple agreements can be signed between Team Leaders and Team Partners

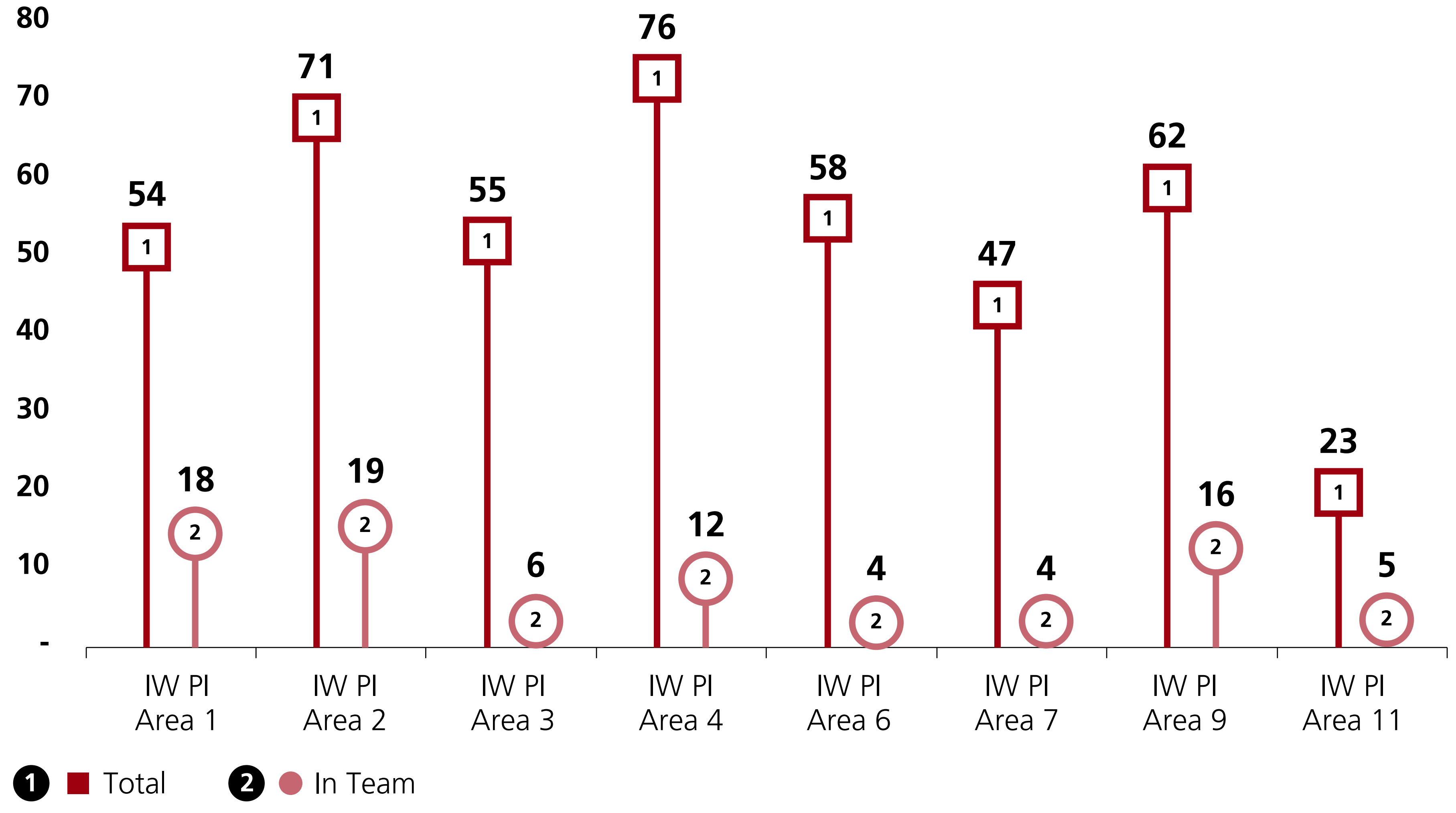
Fideuram Network (*)
No. Personal Financial Advisers



Sanpaolo Invest Network (*)
No. Personal Financial Advisers



IW Private Investments Network (*)
No. Personal Financial Advisers



(*) 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 Advisors 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 and 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 2023, there were over 116 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 represents the part of remuneration that has an incentive value.

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 2023

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.

AMBASSADOR

In May, at the Auditorium of Milan, the second appointment of the Ambassador event was held, an initiative organized to celebrate financial advisors who have achieved the status of Network "Ambassador". The event was attended by over 500 guests, including top management, Network managers and Ambassadors. The day was hosted by Nicola Savino, a well-known radio and television presenter, who interviewed special guests including scientist Mario Rasetti, professor emeritus of Theoretical Physics at the Polytechnic of Turin and president of the scientific committee of CENTAI (Advanced Research Center for Artificial Intelligence), who spoke, analysing the challenges and unknowns related to artificial intelligence. In the afternoon there was a speech by Linus, radio host and artistic director of Radio Deejay.

DIGITAL SPECIALIST EVENT

On 12 June, the "Digital Ambassadors" of Fideuram, Sanpaolo Invest and IW Private Investments from all over Italy met at the Fondazione Cariplo in Milan. More than 270 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 consultants with the best "Digital Index" being awarded. During the day, two guests spoke: Salvatore Aranzulla, founder of "Aranzulla.it", one of the thirty most visited sites in Italy, and Uljan Sharka, CEO of iGenius, who talked about artificial intelligence.

NEXT GENERATION EVENT

The event was held on 10 July at the Talent Garden in Milan; aimed at new generations, the event brought together 400 young financial advisors, from all over Italy, to share goals and future scenarios. The day's agenda embraced various moments: speeches by the bank's top management, a round table with the presence of partner asset management companies and "Talk to me", a dialogue with the involvement of young Personal Financial Advisers. During the day, the best young consultants of the year were awarded. The guest of the day was Bebe Vio, Paralympic fencing champion.

TENTH ANNIVERSARY OF CAMPUS, 2 OCTOBER

To celebrate the first ten years of the Fideuram Campus, Fideuram's training hub, which sees the participation of over 12,000 consultants from all over Italy every year for a total of about 600 days of training, more than 320 guests were invited to the Campus, including top management, network managers and "Gold Partner" asset management companies. It was a celebratory day, with various guests, including Fabio Capello, former footballer and coach. The day ended with a musical moment hosted by Paolo Belli, singer-songwriter and television presenter.

SENIORITY EVENTS

These are events dedicated to financial advisors who during 2022 and 2023 reached the important milestone of 25, 30, 40 and 50 years with the Fideuram and Sanpaolo Invest Networks. More than 300 consultants were awarded by top management and network managers. In October, 6 meetings were organized, with consultants and managers from all over Italy, at the event space of the new skyscraper in Milan, Gioia 22. The guest of the meetings was Diego Dominguez, ex rugby champion.

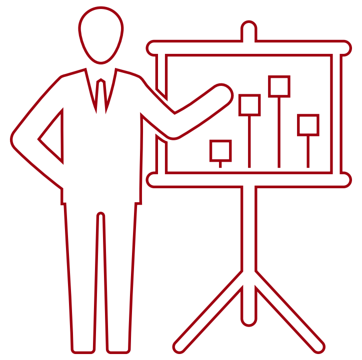
MAIN IMPROVEMENT OBJECTIVES FOR 2024

The objective for 2024 is to constantly improve the quality of recruitment in terms of the excellence of selected professional profiles, in line with the economic objectives of the strategic plan. Attention on generational change and empowering female talent will continue, as well as some projects of particular strategic importance such as the Fideuram Direct initiative, with specific recruiting campaigns steered towards this activity.

NETWORK TRAINING

547,194

Training hours



MAIN OBJECTIVES FOR 2023	ACTIONS AND RESULTS ACHIEVED
Fideuram and Sanpaolo Invest Networks	
ESG training Continuing ESG training.	3,494 Personal Financial Advisers completed the ESG path, while 1,042 Personal Financial Advisers began the path and will complete it by the first half of 2024.
Continuation of Asset Advisor Certification.	184 certified Personal Financial Advisers in 2023, in addition to the 1,100 certified in previous years.
New contributions from Partners to promote the Fideuram Academy.	4 new courses on geopolitical and ecological transaction issues were made available.

MAIN OBJECTIVES FOR 2023	ACTIONS AND RESULTS ACHIEVED
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.	The on-boarding phase of the Network was successfully completed. All the set goals were achieved, including the dissemination of the Advanced Advisory Services model. The initiatives and training programmes were effectively harmonized with the guidelines and procedures established by the Group, ensuring a seamless and consistent integration. In certain circumstances, the Network was involved by taking full advantage of synergies within the existing training offer.
Intesa Sanpaolo Private Banking Network	
Supporting the evolution of investment and credit services, accompanying changes and business innovations with adequate and effective training initiatives.	During the year, in support of the important evolution of the Intesa Sanpaolo Private Banking advisory platform and credit-related projects, many training initiatives were designed with a breadth of content, variety of formats and timeliness with respect to the changes taking place.
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.	The initiative dedicated to the integration of future young Personal Financial Advisers was enhanced with an important institutional Welcome course, during which the entire Z Private Generation project was presented, which includes both training and management steps.
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.	The ESG Advisor course, which allows participants to access the exam to obtain EFPA certification, continued. ESG issues were the constant subject of info-training initiatives organized in partnership with investment houses. Finally, as part of mandatory professional training for those providing investment services, more than 25% of the training hours covered ESG topics.
Addressing the issues of planning and monitoring commercial action, focusing on the continual improvement of service quality and effectiveness in customer relationship management.	An ambitious training course entitled Business Evolution was designed and held, dedicated to all the managerial roles of the Network. The cornerstone of the programme was to support managers' ability to handle people and situations by networking more internally, acting on best practices and adopting Intesa Sanpaolo Private Banking's distinctive method of commercial coordination.
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.	As part of mandatory training, the production of training content aimed at continuously enhancing, raising awareness and updating necessary regulatory knowledge continued. The Network is constantly encouraged to reflect on professionalism and transparency, themes also included in the various initiatives designed specifically for the different roles.

TRAINING PROGRAMMES AND INITIATIVES FOR THE FIDEURAM AND SANPAOLO INVEST NETWORKS

ESG Training

During 2023, the ESG Training initiative dedicated to all financial advisors continued.

The training, designed and undertaken with some of Italy's leading universities (the Cattolica University, Milan, the University of Turin, University of Udine, University of Bologna, La Sapienza University, Rome, Partenope of Naples and Ca' Foscari of Venice), has a 4-module structure for a total of 24 hours (classroom and distance learning).

In 2023, the course was completed by around 2,000 financial advisors, in addition to the 1,400 of the previous year. The total number of hours provided on ESG was 73,000, taking into account the financial advisors who started the course in 2023, but will finish it in 2024.

Attending the entire course allows participants to take the EFPA examination for ESG Advisor Certification. In 2023, 595 financial advisors obtained this certification; of these, about half took the exam at foreign universities.

Vocational training

Training for the development of professional skills continued in 2023, comprising four progressively modulated paths, according to the seniority of each Personal Financial Adviser:

- high-level specialization (Top Consultants & PWAs) on Alternative Markets and Protection of Financial Relationships in the Family and Tax Efficiency (9,200 hours delivered);
- advanced training (Professional & Executive Advisors) on Investing in Private Markets: fundamental financial and regulatory aspects and Financial Statements Analysis (22,000 hours delivered);
- Fideuram course (Junior & Senior Consultants) on the Strategic Aspects of Corporate Finance (12,900 hours delivered);
- initial training for consultants joining the Network in the previous 12 months and for Next Generation financial advisors, dedicated to young people who are entering the profession for the first time. For the latter, the structure of the 2-year course comprises 16 training modules and 10 business development modules (60,000 hours delivered).

To complete the four training courses, a further 23,000 hours of training were provided, both in Webinar mode and in person at the Fideuram Campus or at local offices on the following thematic areas:

- anti-money laundering;
- rules of conduct and code of ethics (lasting 4 hours for the entire Network).

In 2023, the Asset Advisor Certification process continued in cooperation with the Cattolica University, Milan, which involved 184 financial advisors and maintenance also began for the 1,100 financial advisors already certified in previous years.
In 2023, approximately 125,000 hours of e-learning training on continual professional development and regulatory developments were taken up by all consultants.
A part of the online training was taken up by advisors through the Fideuram Academy, with courses developed and shared with Partners to gain further insight into up-to-date and topical issues in the financial sector.
The total number of hours delivered during 2023 was approximately 422,500, divided into 217,000 classroom hours, 21,000 web-based hours and 184,500 online hours.

Application training

In 2023, Fideuram continued its approach towards the digitalisation of processes, including through timely training of the Networks of Financial Advisors on digital applications.
The training offer was provided to Personal Financial Advisers, Managers and Digital Specialists through 165 sessions, held both in the classroom (on the Campuses and in the area), and through Webinars and in-depth meetings and support.

Training on Fideuram applications for newly hired resources was provided both during usual courses dedicated to Personal Financial Advisers during the Welcome Days, and during meetings for the new Next Generation Manager Groups.
Numerous training sessions were also held in the year, at the request of the Network Divisional Managers, to consolidate the knowledge of Personal Financial Advisers on the Sei Advanced Advisory Service on the Advisory Platform application, in order to strengthen the awareness of financial advisors of the potential offered by the service.
As always, particular attention was paid to the info-training of Digital Specialists: classroom sessions, webinars and thematic discussions enabled these fundamental positions for the Networks to be constantly aligned with the digital innovations characterising the year.

In particular, detailed training covered topics such as: the New Adequacy Model, New Portfolio Reporting, the digitalisation of credit openings and current accounts for legal entities, updates on Alfabeto Clienti and the My Key contract, the new Robo4Advisory Service.

Support to Digital Specialists was also provided through careful monitoring of the mailbox dedicated to them, with the management of more than 1,700 e-mails and 400 WhatsApp messages.

As regards supporting training material, in addition to the usual production of tutorials on applications and digital news made available to Personal Financial Advisers and Digital Specialists in the dedicated sections on the Portal, planning begun for the production of short-term thematic video tutorials (entitled "Tech it Easy"), recorded at the Key TV studios, with the aim of consolidating the digital knowledge of Personal Financial Advisers through usable and effective media.
Also in 2023, the commitment of the Fideuram structures in charge of training on application tools was highly appreciated by Managers, Personal Financial Advisers and Digital Specialists, aware of the proximity and support of head office, essential for them to be able to deal with the fast and significant digitalisation process and its impact on the management of operations and customers.

TRAINING PROGRAMMES AND INITIATIVES FOR THE INTESA SANPAOLO PRIVATE BANKING NETWORK

In 2023, considerable effort was paid to the production and effective inclusion in the calendar of all training topics useful for promoting the attainment of the professional development objectives of the Intesa Sanpaolo Private Banking Network. The training touched on both operational aspects (such as updates on platforms and applications) and behavioural and professionalizing issues. The initiatives listed below always involve non-employee financial advisors, who are included in the Network from time to time:

- **Evolution of Intesa Sanpaolo Private Banking's advisory platform with the new advanced WE ADD service**
  The new WE ADD service has been developed, which leverages greater levels of flexibility and delegation to the Personal Financial Adviser in relation to portfolio analysis and the preparation of investment proposals. Greater guidance and significant simplification are at the basis of the new service's functionality.
  To support this important change, a training course was designed and implemented in several stages, accompanied by a dedicated communication plan that gave considerable visibility to the training content of the

WE ADD project, both digital and live. The programme included:

- live training: remote classroom sessions involving the entire population of Personal Financial Advisers and non-employee financial advisors;
- digital training through tutorials, videos illustrating the information flows and functionalities of the new service;
- digital training through infographics, checklists, instructional videos and other training tools that remain accessible at any time and are particularly useful in supporting new financial advisors in the provision of the service over time.

- **Intesa Sanpaolo Private Banking Business Evolution: the business method for Network managers**

Changes in the scenario and market context involve the entire financial sector indiscriminately, also impacting the traditional areas of action of Personal Financial Advisers' Networks. Continual professional development for business dynamics is therefore always an important topic, as it is strategic both for the maintenance and development of the business. The Business Evolution course, by actively involving all 250 people with managerial roles in the Network, achieved the goal of renewing the business method of Intesa Sanpaolo Private Banking in a shared way, bringing together a wide range of best practices. The training, which began in June, will end in 2024 with a resumed training event to complete the experience and give the Network concrete work output.

- **ESG training and professional development**

The Network has been involved in both elective and compulsory initiatives, the latter integrated into existing professional development programmes.
In fact, 25% of the contents of compulsory vocational training are designed for ESG areas and use represents a gateway to the incentive system. In addition, the ESG Advisor course was renewed again, with take-up from 100% of Network personnel. The course consists of an intense in-depth study of the ESG context and regulations in the financial sector, also useful for sector certification. The course modules are as follows:

- evolutions and development factors of sustainable finance;
- a sustainable approach to investing: ESG data analysis and investment strategies;
- the new world of sustainable investment products;
- evidence, market trends and regulatory impacts related to the integration of ESG factors into investments;
- the impact of ESG factors on the analysis and valuation of securities and assignment of ratings.

Finally, participation in info-training initiatives with business partners ensured constant, robust updates, also on sustainability issues.

- **UHNWI Development**

Teamwork requires excellent communication and interpersonal skills. Elements such as building trust, coordination, collaboration, information sharing, and the ability to promote everyone's contribution are key to an excellent customer service.
For this reason, the establishment at the beginning of the year of the new Private centre of excellence dedicated to Ultra High Net Worth Individual customers was accompanied by a Team Coaching initiative in several sessions, entirely in-person, tailored to the population involved and preceded by a moment of guided individual reflection.

- **Private Market: update for Personal Financial Advisers and Team Leaders**

The "Private Capital Specialist" course designed the previous year for Network Managers was extended to Personal Financial Advisers and Team Leaders, with appropriate adaptations. The course consolidated the understanding of specific aspects of 'private capital' such as savings opportunity for customers and knowledge of the characteristics of the main financing instruments, typical for an unlisted company.

- **Credit: the new application for granting credit for legal entities**

More than 300 people from the Network participated in the training dedicated to the new application for granting credit for legal entities (ONE) already in use at Intesa Sanpaolo. Participants were selected from among those who most frequently enter online practices. In addition, the 7 Credit Development Coordinators of the Intesa Sanpaolo Private Banking Network participated in on-the-job training at Group Business Branches.
This training was preceded by a Communication Plan inviting the1,200 plus colleagues of the Network to take up the digital training content on the subject already available on the Learning platform. In this way, the entire population concerned was reached by at least one awareness-raising initiative in advance of the release of the application at the end of November 2023.

- **Z Private Generation Programme**

The "Z Private Generation" programme continued in 2023, which this year involved over 60 Assistant colleagues destined to be Personal Financial Advisers. The programme 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. The activity was enhanced by an important institutional day along with the Welcome session. The other initiatives of the programme are: three live sessions with head office experts, registration for the OCF exam preparation course, six days of on-the-job training at head office and registration for the ESG Advisor course.

- **Product-specific training**

It was important to produce product-specific training content, created in a digital format, made available prior to the start of the placement and in any case always accessible for use even at a later time.

Other initiatives

- **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 employees, however, regardless of context and expertise, always have a language practice portal available on the Group's training platform that includes English, French, Spanish, German, Portuguese and Italian.

- **Regulation and compliance**

Mandatory training activities, mainly promoted through distance learning (Apprendo platform and remote classrooms) and in-person sessions for some Health and Safety courses, covered the following areas:

- Administrative liability of entities (Model 231).
- Information Security and Business Continuity.
- Protection of Privacy.
- Anti-Money Laundering, Countering the Financing of International Terrorism and Embargoes.
- Investment services, insurance and pension intermediation.

- Taxation.
- Anti-corruption.
- Related and associated parties.
- Code of Ethics and Social Responsibility.
- ESG.
- Market abuse.
- Payment systems.
- Occupational health and safety.
- Transparency and fairness in customer relations.

TRAINING INITIATIVES AND COURSES FOR THE IW PRIVATE INVESTMENTS NETWORK

During 2023, the process of developing and implementing the training programme took shape through a carefully planned and structured approach for two interdependent teaching plans:

- the first, focused on modular and specialised training courses, carefully designed on the basis of a targeted segmentation of Personal Financial Advisers, made it possible to create a training experience tailored to the specific needs and characteristics of each group;
- the second, represented by a series of transversal training initiatives, designed to transcend the barriers of the different clusters, ensured that the entire Network had a standardised, and well-calibrated training path.

This process took place in a context in which the objectives, clearly outlined and agreed, fit into the broader context of the Training Programme promoted by Fideuram.
The training courses designed for specific segments of Personal Financial Advisers focused intensively on increasing and strengthening commercial skills. The process was characterized by an accurate classification of Personal Financial Advisers into distinct groups, organized according to defined criteria, such as age and volume of assets managed, resulting in the identification of three clusters. The segmentation enabled a precise and targeted adaptation of the training content, significantly improving its effectiveness and relevance. The training modules were distinguished by a decidedly pragmatic approach, integrating theoretical principles with practical sessions entailing direct application and trials in the field. The programmes took place at the Fideuram Campus, involving the entire Network at the Group's renowned academic institution. As for content, the training proposal focused on the following specific areas:

- Cluster I: Development of the Sei Advanced Advisory Services Model;
- Cluster II: Customer Portfolio Development and Management;
- Cluster III: Consolidation and Enhancement of Professional Expertise.

For the path focused on the first cluster, the participation of the entire managerial structure was planned, in order to ensure effective involvement, uniformity in access to information and concrete support for the entire Network of Personal Financial Advisers.

The training programmes, intended to involve the entire Network across the board, were delivered both directly at the local offices of IW Private Investments and through distance learning methodologies. The launch of a project dedicated to achieving ESG Certification played a prominent role, as part of the continuity with initiatives previously promoted by Fideuram. The initiative, structured through a series of training modules with both in-person and remote learning, was carried out thanks to the collaboration of a university consortium coordinated by the Cattolica University, Milan. The project, which started in 2023, will end in 2024 due to its organizational complexity. In addition, two training initiatives were implemented dedicated to sector regulations: the first, called "Rules of Conduct and Code of Ethics", which involved all the Personal Financial Advisers of the Network in classroom sessions. The second initiative, "Mandatory AML Training", was aimed at Personal Financial Advisers who had not participated in the 2022 course.

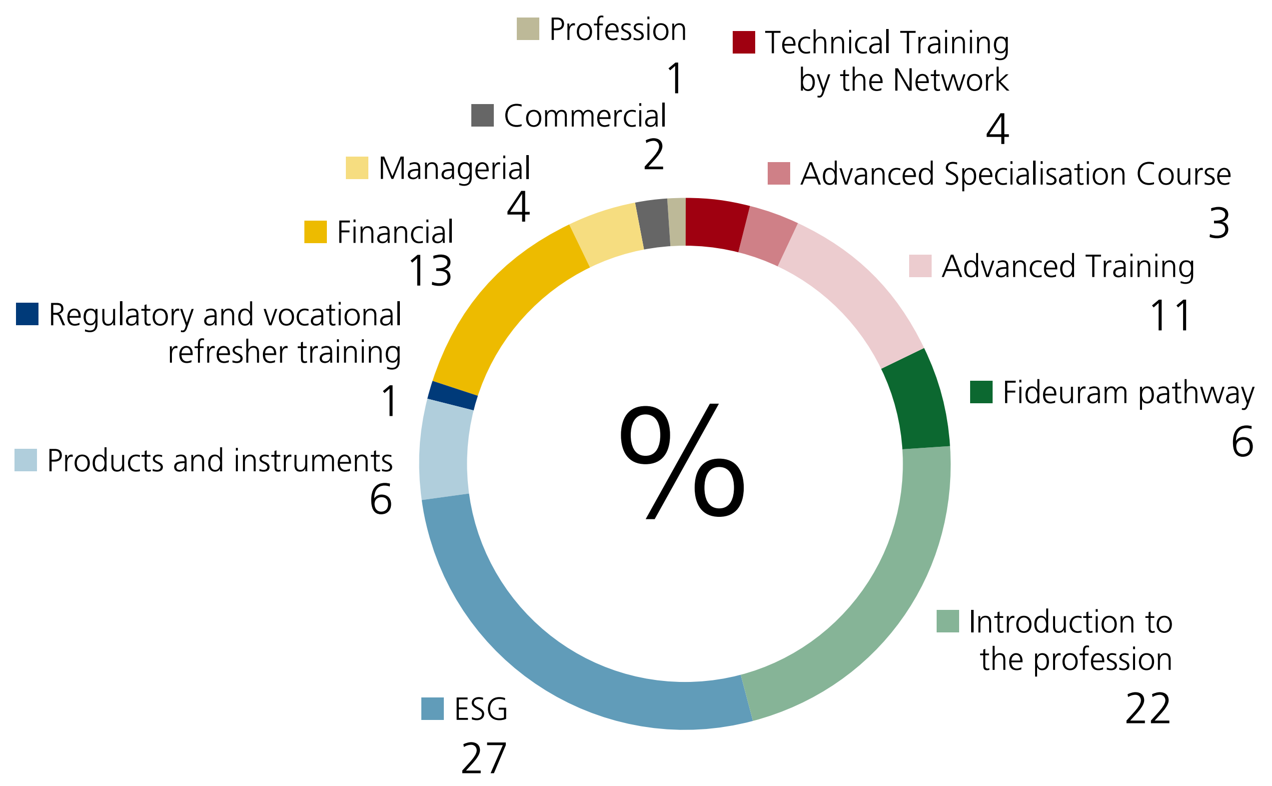
The training, which stands out for its transversal approach, also includes courses accessible and usable by the Network on the Campus online platform, which are a fundamental part of the educational programme, offering participants the opportunity to acquire and maintain training credits in compliance with MIFID II and IVASS regulations.

In addition, during the year, a series of specific on-demand training events were launched, mainly at local level, designed to respond to targeted training needs. Besides commercial support activities, instrumental to the launch of the Advanced Advisory Services model, an initiative designed for a group of talented young Personal Financial Advisers hosted at Fideuram campuses on two separate occasions stands out. The same group was subsequently integrated into Fideuram's prestigious training programme, "Next Generation". To conclude, targeted educational activities were organized, dedicated exclusively to the group of Digital Specialists. These professionals in the digital sector, with their high level of specialisation, work in synergy with Management and their primary objective is to provide widespread information and training support throughout the territory, assisting colleagues in their functions. At the same time, a series of structured meetings was promoted to encourage constructive dialogue and direct interaction between Management and the main Opinion Leaders of the Network. These moments of engagement have been designed with the intention of actively listening and exchanging views, contributing significantly to the strategic alignment and synergistic growth of the organization.

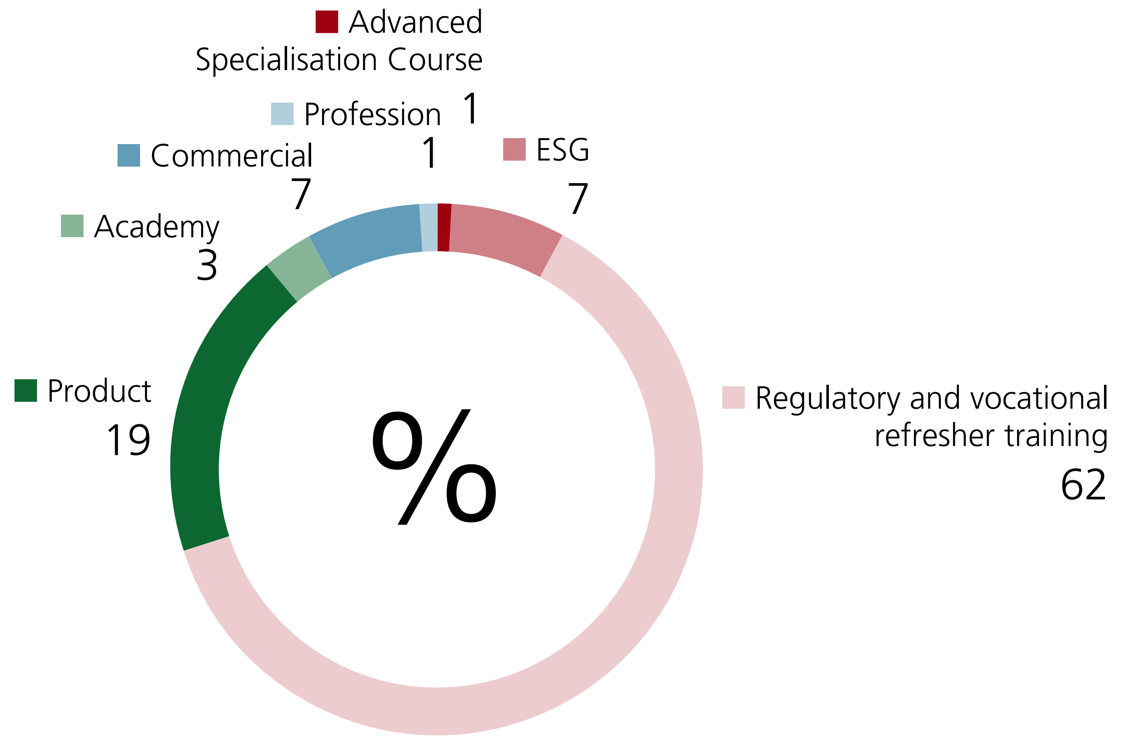
During 2023, a total of over 26,400 hours of training were provided, distributed between classroom sessions and webinars. In addition, the online Campus Platform provided 11,000 hours of training content. On average, each Personal Financial Adviser in the Network benefited from 7 training days during the year.

Group training hours in 2023, analysed by Training Area (%)

Class-based training



Online training



MAIN IMPROVEMENT OBJECTIVES FOR 2024

Fideuram and Sanpaolo Invest Networks Training

Storytelling & Sustainability
During 2024, a storytelling initiative will be undertaken, as a communication tool enabling financial advisors to relate in an innovative and effective way, to convey values, motivational levers, the corporate mission and strategic approaches to the client, in an empathetic and meaningful way.

Artificial Intelligence and innovation in the Asset Allocation process
The new frontiers of management, reclassification and reformulation of information will be explored with financial advisors to support professional growth and improve the quality of service to customers.
The evolution of Asset Management, and of the process of the financial education of savers, is driving an increasing awareness of customer needs and seizing market opportunities.

Next Generation
We will continue along the Next Generation path, with the aim of creating the financial advisors of the future, increasingly capable of responding effectively to the needs of customers and ensuring investment protection.

Wealth Management Adviser Certification
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 already certified.

Academy Fideuram (Partners)
New contributions from partners are planned to enhance the Academy.
The courses dedicated to further exploring the topics of financial and insurance planning, tax optimization and economic-financial scenarios will also continue. Finally, through areas of development, topics related to Advanced Advisory Services will also be resumed for the Fideuram and Sanpaolo Invest Networks.

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.
The process of Network digitalisation will continue through the introduction and development of Artificial Intelligence to support the Personal Financial Adviser in creating content and communication strategies useful for the relationship with the customer.

IW Private Investments Network Training

Finalization of 2023 Initiatives
During the first half of 2024, several initiatives launched in 2023 are expected to be successfully concluded. These include the Modular Paths focused on the development of the Advanced Advisory Services model, as well as the ESG Certification path.

Asset Certification
During 2024, the prestigious Asset Certification Path organized by Fideuram in collaboration with the Cattolica University, Milan will be launched. The course will involve a selected group of Personal Financial Advisers. Participants will have the unique advantage of following an intensive, high-quality programme, aiming to complete the course and obtain certification by the first half of 2025.

Business Pathway (MyGDI) and Lending Specialist
At the same time as the initiatives undertaken by Fideuram, paths specifically designed to enhance the commercial dynamics in the companies and entrepreneurs segment will be launched. At the same time, a key role in each Area will be defined: an interface (a suitably trained Personal Financial Adviser), who will liaise with Management and provide expertise in Lending operations.

Intesa Sanpaolo Private Banking Network Training

The 2024 Training Plan will partly focus on the guidelines set in previous years, and partly on new areas, aiming to:

- support the development of advisory platforms and credit services;
- continue a further exploration of sustainability-related knowledge and skills in the provision of investment services;
- enhance the action to support the generational renewal of the Network;
- complete the Business Evolution path, releasing management and monitoring follow-up to the Commercial Coordination functions;
- maintain 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 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 2023.

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 4,185 at 31 December 2022 to 4,188 at 31 December 2023.

The breakdown of employees by gender shows that female employees accounted for 44% of total Group staff while male employees accounted for 56%. Group personnel working in Italy accounted for 84% of total employees, while those working outside Italy accounted for 16%.

	2023	2022	2021
Private Banking	**3,852**	**3,862**	**3,834**
Fideuram - Intesa Sanpaolo Private Banking	1,697	1,690	1,616
Intesa Sanpaolo Private Banking	1,521	1,537	1,550
IW Private Investments SIM	30	33	42
Intesa Sanpaolo Wealth management	216	210	196
Reyl Group	388	392	430
Asset Management	**248**	**236**	**232**
Fideuram Asset Management (Ireland)	61	56	53
Fideuram Asset Management UK	13	10	10
Fideuram Asset Management SGR	174	170	169
Fiduciary and treasury services	**88**	**87**	**85**
Siref Fiduciaria	88	87	85
Total	**4,188**	**4,185**	**4,151**

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

In 2023, the Fideuram Group welcomed the employees of Carnegie Fund Services into its fold; Asteria Investment Managers exited the Group (with Fideuram retaining a 49% stake) following its partnership with Man Group; Ubi Trustee also exited, and Fideuram Asset Management UK Ltd commenced operations.

The detailed figures in the following tables have not been restated for 2021.

Fideuram Group employees

	2023	2022	2021
Directors	139	141	134
Executive Management	2,351	2,341	2,288
Professional Areas	1,675	1,674	1,551
Temporary work agency and project work contracts	23	29	40
Total	**4,188**	**4,185**	**4,013**

Man

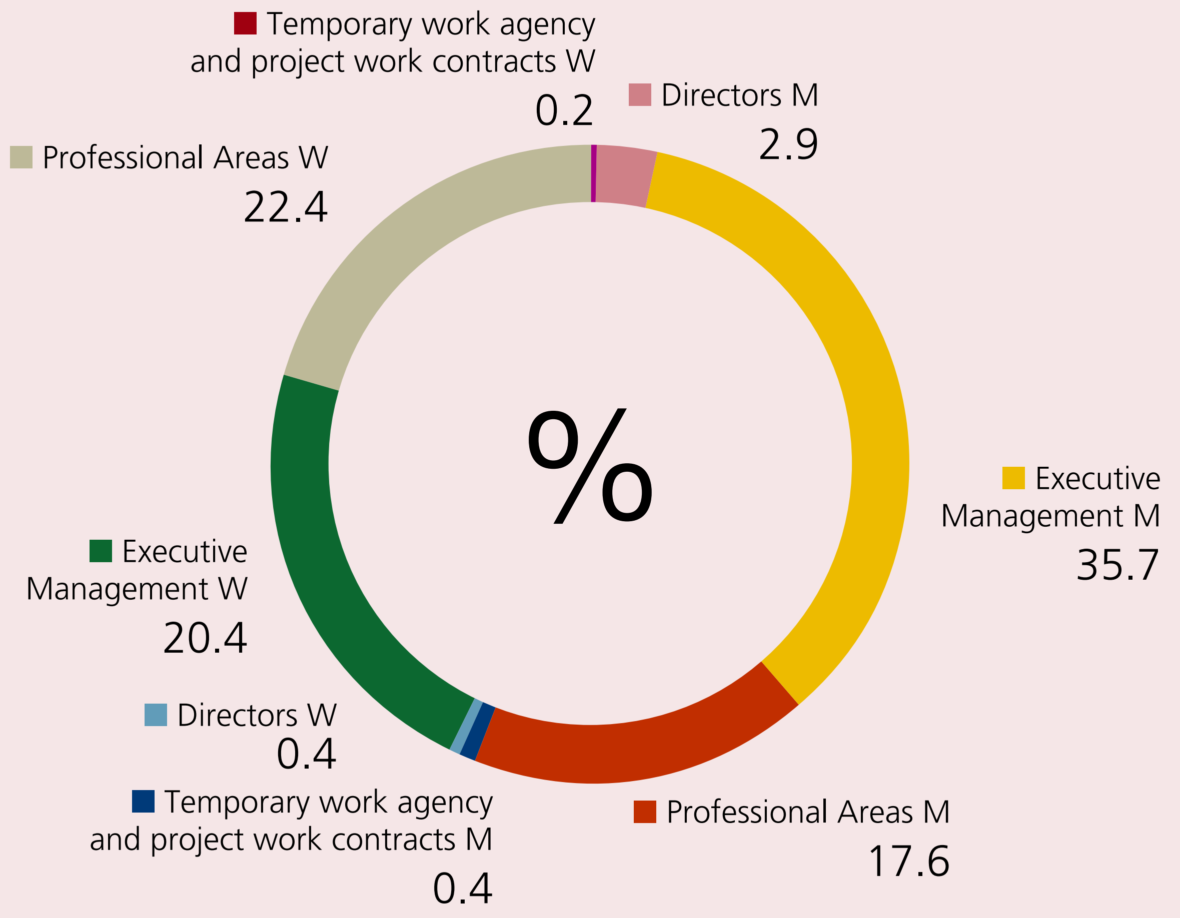
	2023		2022		2021	
	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY
Directors	85	35	85	38	89	34
Executive Management	1,315	181	1,315	191	1,315	161
Professional Areas	504	231	515	216	485	168
Temporary work agency and project work contracts	15	-	12	-	16	2
Total	**1,919**	**447**	**1,927**	**445**	**1,905**	**365**

Women

	2023		2022		2021	
	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY
Directors	17	2	15	3	10	1
Executive Management	798	57	776	59	760	52
Professional Areas	768	172	785	158	767	131
Temporary work agency and project work contracts	8	-	14	3	20	2
Total	**1,591**	**231**	**1,590**	**223**	**1,557**	**186**

EMPLOYEES BY CATEGORY AND GENDER (%)

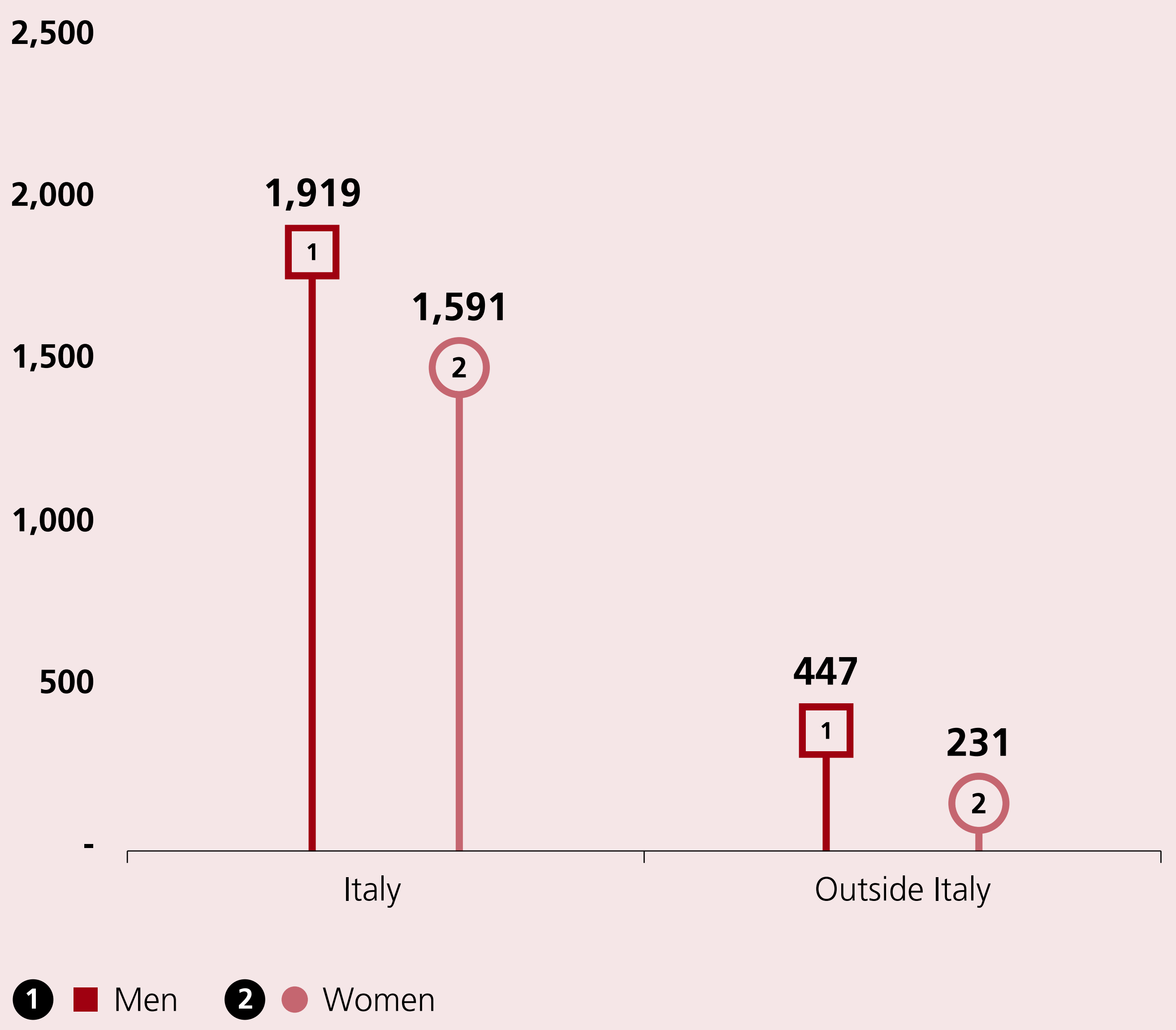
4,188
Employees



EMPLOYEES BY GEOGRAPHICAL AREA AND GENDER

56% Men

44% Women



EMPLOYEES BY CATEGORY AND GENDER

3% Directors
56% Executive Management
41% Professional Area

Staff contracts

99.2% of Group staff were employed on open-ended contracts.

	MEN			WOMEN			TOTAL		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Open-ended	2,345	2,357	2,237	1,811	1,793	1,710	4,156	4,150	3,947
Fixed-term	6	2	8	3	3	8	9	5	16
Apprenticeship contracts	-	1	7	-	-	3	-	1	10
Temporary work agency and project work contracts	15	12	18	8	17	22	23	29	40
Total	**2,366**	**2,372**	**2,270**	**1,822**	**1,813**	**1,743**	**4,188**	**4,185**	**4,013**

	ITALY			OUTSIDE ITALY			TOTAL		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Open-ended	3,486	3,490	3,416	670	660	531	4,156	4,150	3,947
Fixed-term	1	1	-	8	4	16	9	5	16
Apprenticeship contracts	-	-	10	-	1	-	-	1	10
Temporary work agency and project work contracts	23	26	36	-	3	4	23	29	40
Total	**3,510**	**3,517**	**3,462**	**678**	**668**	**551**	**4,188**	**4,185**	**4,013**

Full Time/Part Time Split

A total of 334 employees, amounting to approximately 8% of all staff, were on part-time contracts; women accounted for 79% of them.

	MEN			WOMEN			TOTAL		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Full-time staff	2,296	2,313	2,225	1,558	1,531	1,477	3,854	3,844	3,702
Part-time staff	70	59	45	264	282	266	334	341	311
Total	**2,366**	**2,372**	**2,270**	**1,822**	**1,813**	**1,743**	**4,188**	**4,185**	**4,013**

	ITALY			OUTSIDE ITALY			TOTAL		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Full-time staff	3,226	3,232	3,197	628	612	505	3,854	3,844	3,702
Part-time staff	284	285	265	50	56	46	334	341	311
Total	**3,510**	**3,517**	**3,462**	**678**	**668**	**551**	**4,188**	**4,185**	**4,013**

Personnel by age group

Personnel aged 50 or under accounted for 52% of all staff at the end of 2023. 48% 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		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Under 30	-	-	-	5	1	-	150	146	139	12	19	19	167	166	158
30 to 50	27	26	33	900	952	1,009	1,072	1,093	1,046	11	10	21	2,010	2,081	2,109
Over 50	112	115	101	1,446	1,388	1,279	453	435	366	-	-	-	2,011	1,938	1,746
Total	**139**	**141**	**134**	**2,351**	**2,341**	**2,288**	**1,675**	**1,674**	**1,551**	**23**	**29**	**40**	**4,188**	**4,185**	**4,013**

Average age of personnel

	2023	2022	2021
Men	49	49	48
Women	48	47	47
Directors	55	55	54
Executive Management	52	52	51
Professional Areas	43	43	43

48 years

Average age of personnel

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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 43.4% of all employees. 24.9% of employees had between 10 and 20 years' service, the remaining 31.7% had under 10 years' service.

	DIRECTORS			EXECUTIVE MANAGEMENT			PROFESSIONAL AREAS			TEMPORARY WORK AGENCY AND PROJECT WORK CONTRACTS			TOTAL		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Up to 5 years	22	24	28	256	295	304	577	564	511	23	29	40	878	912	883
5 to 10 years	15	15	9	204	143	107	229	185	153	-	-	-	448	343	269
10 to 15 years	14	18	15	199	242	266	250	327	342	-	-	-	463	587	623
15 to 20 years	30	30	32	350	326	336	199	179	162	-	-	-	579	535	530
20 to 25 years	28	24	20	465	453	375	180	171	135	-	-	-	673	648	530
Over 25	30	30	30	877	882	900	240	248	248	-	-	-	1,147	1,160	1,178
Total	**139**	**141**	**134**	**2,351**	**2,341**	**2,288**	**1,675**	**1,674**	**1,551**	**23**	**29**	**40**	**4,188**	**4,185**	**4,013**

Average length of service of personnel

	2023	2022	2021
Men	18	18	18
Women	18	18	18
Directors	18	17	17
Executive Management	22	21	21
Professional Areas	13	13	13

18 years

Average length of service

Education

56.8% of staff have a university degree and/or postgraduate qualification.

	MEN			WOMEN			TOTAL		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Degree, Masters or Diploma	1,374	1,337	1,240	1,006	979	924	2,380	2,316	2,164
Secondary School	923	953	933	761	765	751	1,684	1,718	1,684
Other	69	82	97	55	69	68	124	151	165
Total	**2,366**	**2,372**	**2,270**	**1,822**	**1,813**	**1,743**	**4,188**	**4,185**	**4,013**

TURNOVER

During 2023, there were 298 incoming personnel; Of these, 56% were men and 44% women.
A total of 295 employees left their posts, 26 as a result of transfers within the Intesa Sanpaolo Group and 269 due to termination of service. 58% of those leaving were men and 42% women.
Effective from 2023, the calculation of turnover has been determined with reference to individual geographic area, gender, and age bands. Consequently, the data for 2022 and 2021 have been restated.

Turnover by geographical area

	2023				2022				2021			
	JOINING		LEAVING		JOINING		LEAVING		JOINING		LEAVING	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Italy	163	4.6	173	4.9	259	7.5	126	3.6	822	29.2	181	6.4
Outside Italy	135	20.2	122	18.3	238	43.2	206	37.4	349	113.7	100	32.6
Total	**298**	**7.1**	**295**	**7.0**	**497**	**12.4**	**332**	**8.3**	**1,171**	**37.5**	**281**	**9.0**

Turnover by age and gender

	2023				2022				2021			
	JOINING		LEAVING		JOINING		LEAVING		JOINING		LEAVING	
GENDER	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Men	166	7.0	172	7.3	292	12.9	194	8.5	730	42.6	174	10.2
Women	132	7.3	123	6.8	205	11.8	138	7.9	441	31.3	107	7.6
Total	**298**	**7.1**	**295**	**7.0**	**497**	**12.4**	**332**	**8.3**	**1,171**	**37.5**	**281**	**9.0**

	2023				2022				2021			
	JOINING		LEAVING		JOINING		LEAVING		JOINING		LEAVING	
AGE	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Under 30	70	42.2	27	16.3	79	50.0	49	31.0	117	167.1	8	11.4
30 to 50	181	8.7	127	6.1	290	13.8	144	6.8	680	41.4	123	7.5
Over 50	47	2.4	141	7.3	128	7.3	139	8.0	374	26.5	150	10.6
Total	**298**	**7.1**	**295**	**7.0**	**497**	**12.4**	**332**	**8.3**	**1,171**	**37.5**	**281**	**9.0**

Positive turnover (joined in 2023/staff at beginning of year) was 7.1%, while negative turnover (left in 2023/staff at beginning of year) was 7%. The overall turnover rate (incoming + outgoing / average headcount) was 14%.
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

	2023					2022					2021 (*)				
	MEN	%	WOMEN	%	TOTAL	MEN	%	WOMEN	%	TOTAL	MEN	%	WOMEN	%	TOTAL
Promotions to Director	6	3.8	2	1.0	8	3	1.9	2	1.0	5	5	4.9	1	1.3	6
Promotions within Executive Management	80	51.3	70	34.7	150	60	39.0	56	26.6	116	62	61.4	39	50.6	101
Promotions to Executive Management	24	15.4	40	19.9	64	20	13.0	26	12.4	46	15	14.9	13	16.9	28
Promotions within Professional Areas	46	29.5	89	44.4	135	71	46.1	126	60.0	197	19	18.8	24	31.2	43
Total	**156**	**100**	**201**	**100**	**357**	**154**	**100**	**210**	**100**	**364**	**101**	**100**	**77**	**100**	**178**

(*) The 2021 figures are shown net of the Reyl Group.

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 3% of employees);
- agreement for executive managers and professional area personnel employed by credit, financial and operating institutions (approximately 97% of employees).

The term "local minimum wage" refers to the minimum wage established by collective bargaining agreements (where applicable) or by the prevailing legislation in the individual countries where the Fideuram Group operates. In Italy, where the majority of employees are based, the minimum wages applied to new hires are always in line with those provided for by the sector-specific collective bargaining agreements for the different categories of personnel.
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.

RELATIONSHIPS WITH TRADE UNION ORGANISATIONS

In 2023, 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 (CCNL) 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. In 2023, a package of measures was introduced, alongside the already existing remote working regulations, to facilitate the reconciliation of work and personal life and have favourable impacts on the environment and mobility of people.

The package establishes "New Flexible Work", which expands the opportunities provided by the CCNL and provides for the possibility of voluntarily working from home for up to 120 days per year, without monthly limits, planned and authorised in advance, with the need to return to a company location after 30 continuous working days; it also introduces the possibility of using a short working week: nine hours over four days with a reduction in working time from 37.5 to 36 hours, on a voluntary basis and with equal pay, according to the technical-operational needs of the company.

Second-level collective bargaining also fosters 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.
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 45% of staff were members of a trade union.

Employees spent the equivalent of 5,321 working days on trade union activities in 2023.

Disciplinary actions

	2023	**2022**	**2021 (*)**
Written warning and verbal or written reprimand	15	8	10
Reduction in pay	-	-	-
Suspension from service without pay (from 1 to 10 days)	6	5	9
Dismissal for cause or justified reason	18	1	1
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 222, broken down as follows:

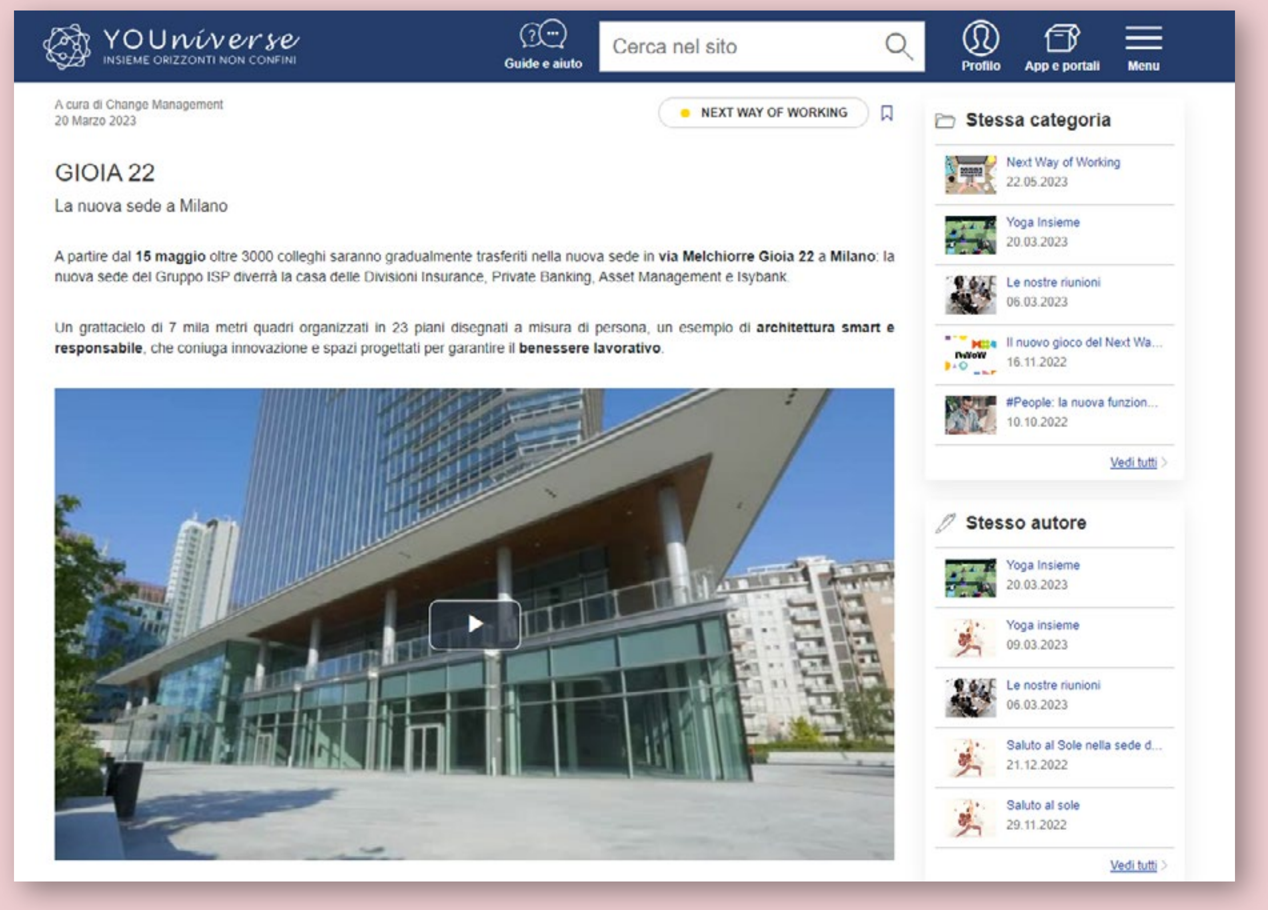
	2023	2022	2021
Disabled	182	175	179
Other	40	43	43
Total	**222**	**218**	**222**

Law no. 68/1999 only applies to the Group's Italian companies.

Approximately 4,000 days of leave were granted in the year to employees with serious illnesses or to care for family members with serious diseases.

New WoW

In May and June 2023, approximately 1,050 people of the Group were transferred from the Milan office at Via Montebello 18 to the new skyscraper at Via Melchiorre Gioia 22 (called "Gioia 22"). A welcoming process was put in place to allow an effective integration at the new premises, which were structurally different from the previous location, in terms of space functionality, logistics and services. Having adopted the New WoW in advance made it easier. For the immediate following months, the staff of the Group were supported in their initial needs (locker allocation, booking meeting rooms and parking spaces). In September, 6 Wellness BallsTM were allocated to each floor for the people to contribute to a better posture.



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.

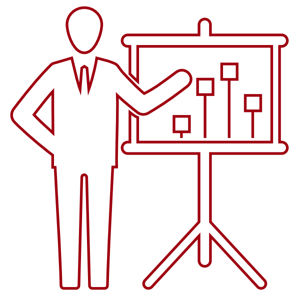
The Library was created with the aim of contributing to expanding knowledge and skills within our community, and at the same time increasing individual well-being and providing a tool that promotes the importance of reading.
The service allows staff to choose two eBooks a month, free of charge, from 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. In addition, 2,200 audio books have been included in the catalogue.
In the YOUniverse portal and on the Library's home page, the suggested book of the month and recent publications are highlighted from time to time, so personnel are always informed of the resources available.

CAPSULA

Since 12 February 2024, Capsula, a station dedicated to the self-assessment of vital parameters and lifestyle, has been operative on the first floor of the Gioia 22 Building. Capsula allows individuals to assess their well-being by measuring 30 parameters in just 7 minutes in a totally anonymous and autonomous way. The initiative stems from a collaboration between the Insurance Division, specifically Intesa Sanpaolo RBM, and Deloitte's Health and Biotech Accelerator. The installation of Capsula at the Gioia 22 head office is part of the broader commitment to promote the dissemination of a correct culture of protection and prevention in the field of health because, as the claim for Capsula says, "knowing yourself helps you protect yourself".

EMPOWERING HUMAN RESOURCES

2023 training for the Group's staff was developed with the aim of accompanying some of the guidelines contained in the Business Plan with concrete actions. The concepts of the Person, Digitalisation and Counselling support were therefore the key reference points for the design and implementation of main training initiatives.



191,374

Training hours

For managerial staff, initiatives to promote distinctive managerial identities and styles were completed, activated from scratch or continued.
Consistent with Group guidelines, training was mainly delivered remotely, favouring face-to-face formats for initiatives that can best benefit from them, such as Team Building and Team Coaching.
In 2023, the contribution from the many internal trainers was still important, taking on this role with considerable commitment and professionalism, dedicating a significant amount of time in planning, content production and, for online lecturers, remote classroom delivery.

The most important initiatives carried out during the year are outlined below.

DIGITAL EVOLUTION

The three-year Evoluzione Digitale training programme ended in November. Launched at the beginning of 2021, 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 adoption of agile working methods consistent with the digital mindset.

The formats chosen during the programme were:

- Leadership Programme: meetings for head office and network managers on the hot topics of digital transformation in finance and society.
- Masterclasses: 12.5 hours for people with roles in which digital design is particularly important, also in relation to business development.
- Webinars: two-hour thematic monographic meetings.
- Digital ABC: the diffusion of a uniform cultural digital base, with the production of 25 micro-learning sessions, which are always available.
- Make it Happen: training in several stages, giving participants the opportunity to translate the ideas and stimuli that emerged in the teaching cycle into potential new projects.

In 2023, the strategy was to verticalise content, seeking a maximum correlation between the new key topics and professional fields, without foregoing the more general work of disseminating a digital culture. Thanks to the Webinars being opened up to the entire population interested and the constant engagement of Digital Specialists, all those who wished to delve deeper into the topic at hand were able to freely enrol in these initiatives, without pre-established filters. Furthermore, on the topic of entrepreneurship - a key competence area for the Group - a course was designed that involved all managers and, in parallel, a large part of the professional population.
The aim was to translate acquired knowledge into an actual drive towards transformation.

SOFT SKILLS INITIATIVES

Soft skills initiatives include:

- Leadership School: in the first half of the year, the training course dedicated to all those in a managerial role was completed. 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. At the end of the course, developed in gamification mode, the winning team was awarded a prize.
- Managerial Coaching: 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.
- Team Building: during the year, more than 200 people were involved in various in-person Team Building initiatives, designed and organised to suit the target audience.
- Collaboration & Communication Skills Lab: a course was held dedicated to enhancing the effectiveness of team communication, to generate a positive impact also in digital mode. Attention to communication methods, listening and empathy were the keywords of the initiative.
- Diversity & Inclusion: this theme is at the heart of Intesa Sanpaolo's initiatives, which the Group continues to steadfastly support, to promote the highest level of sensitivity and commitment internally. For example, the Group participated in the 'Different culture and shared values' initiative dedicated to the Legal professional family and the 'Inclusive Leadership' initiative dedicated to new managers.
- Fostering of female talent: an area which the Group also focussed on in 2023, taking part in initiatives promoted by Intesa Sanpaolo, also in partnership with prestigious external institutions, aimed at managers and figures on the rise:
  - valore D.
  - 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.
- Digital Talks: 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:

- 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.
- Initiatives for Fideuram Direct: several initiatives involved colleagues from the new Direct Bank, touching on commercial empowerment as well as customer caring, and more operational areas of risk and control.
- Professional development for assistants of Intesa Sanpaolo Private Banking Private Centres: aimed at strengthening the capacity to oversee business and professional development, through the following initiatives:
  - 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;
  - pledges and collateral in Private Banking.
- Z Private Generation: a plan aimed at developing role, commercial and regulatory knowledge and at acquiring a solid organisational awareness for new Network colleagues.
- 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 in 2023, to provide them with knowledge on policies, development processes and operational tools useful for effectively supporting management roles.
- Specialisation courses: promoted both by Intesa Sanpaolo and directly by the Group, reserved for figures engaged in activities of particular professional complexity or that benefit from specialist training. This refers to participation in Executive Master's courses and high-level training by category and type 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.
- Enrolment in external courses: external courses are also organised from time to time to supplement training, in order to meet individual technical and specialist needs.

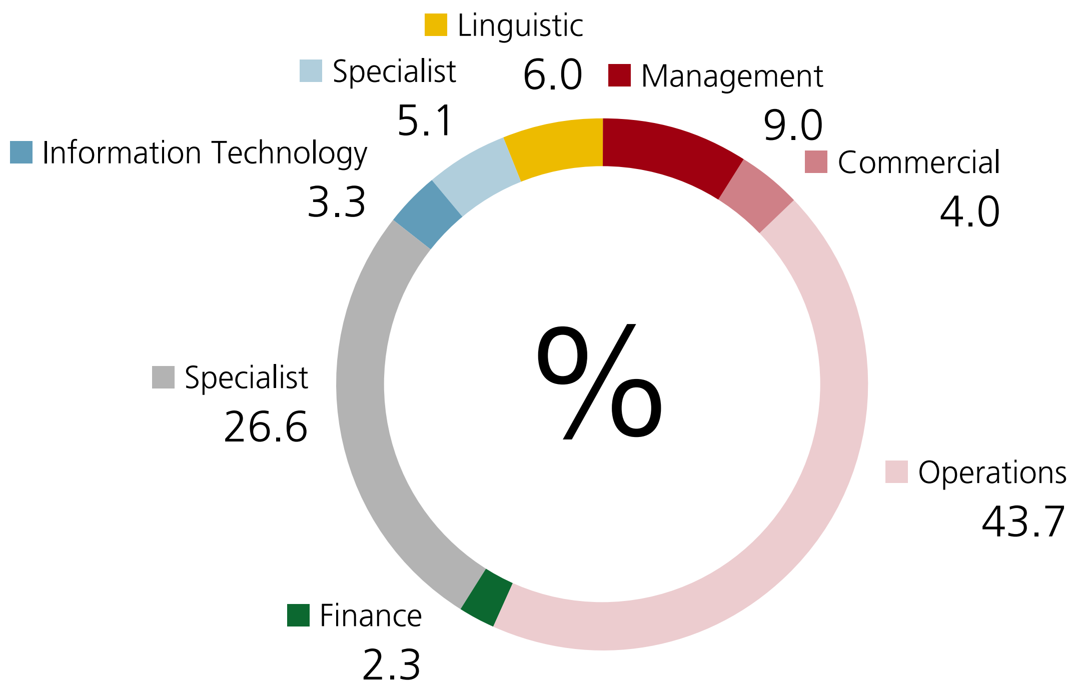
COMPLIANCE INITIATIVES (mandatory training)

Mandatory training activities, mainly promoted through distance learning (Apprendo platform and remote classrooms) and in-person sessions for some Health and Safety courses, covered the following areas:

- Administrative liability of entities (Model 231).
- Information Security and Business Continuity.
- Protection of Privacy.
- Anti-Money Laundering, Countering the Financing of International Terrorism and Embargoes.
- Investment services, insurance and pension intermediation.
- Taxation.
- Anti-corruption.
- Related and associated parties.
- Code of Ethics and Social Responsibility.
- ESG.
- Market abuse.
- Payment systems.
- Occupational health and safety.
- Transparency and fairness in customer relations.

The Group contributes at all times to the production of training for the Apprendo learning platform, through the participation of its own resources. Contributors are identified on the basis of their knowledge and skills required for the construction and validation of training content.

Training by subject matter



Training by type of delivery

	2023	2022	2021 (*)
Class-based training	37,854	43,752	24,199
Distance learning	153,520	144,331	142,101
Total hours of training delivered	**191,374**	**188,083**	**166,300**
Participants (No.)	4,093	4,055	3,599
Average hours per participant (No.)	47	46	46

(*) The 2021 figures are shown net of the Reyl Group.

Training by category and gender

(average hours per person)

	2023	2022	2021 (*)
Directors			
Men	45	44	46
Women	61	75	15
Executive Management			
Men	53	51	56
Women	51	49	49
Professional Areas			
Men	40	41	36
Women	38	39	37

(*) The 2021 figures are shown net of the Reyl Group.

Health and safety training

	2023	2022	2021 (*)
Training hours (No.)	4,358	6,965	12,109
Participants (No.)	2,114	1,103	1,778

(*) The 2021 figures are shown net of the Reyl Group.

Dedicated corruption prevention training

	2023		2022		2021 (*)	
	NO.	%	NO.	%	NO.	%
Directors	107	77.0	17	12.1	31	23.1
Executive Management	2,224	94.6	135	5.8	429	18.8
Professional Areas	1,543	92.1	160	9.9	357	23.0
Training hours (No.)	2,010		317		801	
Participants (No.)	3,874		312		817	

(*) The 2021 figures are shown net of the Reyl Group.

Anti-corruption policies and procedures are communicated and made available to all employees of the Group's Italian companies and to 11% of the personnel of foreign companies upon hire. These policies and procedures remain accessible to all staff through the company's intranet portals.

Training on Italian Legislative Decree no. 231/2001

	2023	2022	2021 (*)
Training hours (No.)	12,275	12,021	16,483
Participants (No.)	3,531	3,339	3,252

(*) The 2021 figures are shown net of the Reyl Group.

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, designed to increase the motivation and loyalty of resources, 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;
- access to sports and cultural initiatives.

During 2023, the possibility of subscribing, through the Group Health Fund, to a voluntary extension of Long Term Care was renewed. This scheme provides cover for other members of the family unit, with particular regard to adult children and to further improve own and spouses' protection. In addition, the 2022/2023 two-year prevention plan continued, 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 pension savings managed through the Defined Contribution Pension Fund was further strengthened, with the introduction of a company contribution of €120 to the supplementary pension position opened for dependent children until their 24th birthday, effective from 2023. 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. Facilities and economic contributions are also provided, such as benefits for families with disabled children, and the possibility to access activities organised by the Intesa Sanpaolo Workers' Association in order to increasingly promote the participation, training and aggregation of members, with cultural, artistic, tourist and sporting initiatives with numerous services dedicated to people throughout the Group.
These benefits are the same for full-time and part-time employees.

Parental leave

	2023	2022	2021 (*)
Number of employees who took parental leave	51	56	46
Men	-	5	-
Women	51	51	46
Number of employees who returned at end of leave	46	43	32
Men	-	5	-
Women	46	38	32
Number of employees who returned and were still employees of the bank for the next 12 months	43	30	30
Men	5	-	8
Women	38	30	22
Parental leave return rate	48	46	33
Men	-	5	-
Women	48	41	33
Retention rate of returned employees who were still employees[1]	96%	93%	97%
Men	-	100%	-
Women	96%	93%	97%
Retention rate of returned employees from maternity leave who were still employees[2]	100%	94%	91%
Men	1%	-	73%
Women	100%	94%	100%

(*) 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 31.12.2023 out of the number of employees who returned from compulsory maternity leave in the year 2022.

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 have set up a supplementary pension plan for their 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.

With regard to safety and personal protection measures related to the Covid-19 pandemic, with the support of Coordinating Company-Appointed Doctors, the precautionary approach maintained, despite the state of emergency ending in March 2022, was basically stopped.

Therefore, as of 1 March 2023, internal provisions on social distancing were suspended, with the result that the minimum distance of one metre for all activities in the presence of people was no longer applied; ordinary maximum capacities were resumed, according to the configuration of spaces, and plexiglass screens, where present, were removed.
Furthermore, the importance of responsible individual behaviour was reiterated, and in particular the recommendation to use FFP2 protective equipment in more crowded contexts and vulnerable conditions, as well as proper hand and workstation sanitisation, and room ventilation.
As of 1 September 2023, following changes in the law, the requirement for home isolation in the event of a positive Covid test was abolished, replaced by the recommendation of a series of generally valid precautions to prevent the transmission of respiratory infections (for symptomatic persons, stay at home until the end of the symptoms; the correct use of FFP2 masks in workplaces and in company break and catering areas; social distancing; hand sanitisation). As a result, the obligation to report positive cases to Occupational Medicine via the company's reporting tool no longer applies.
Finally, a greater attention was still paid to workers in vulnerable situations with the extension of working from home status for those in special situations, in line with provisions gradually made in legislation.

CERTIFICATION OF THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

In 2023, 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 2023, at Fideuram Group level, a total of 43 inspections were conducted in the workplace to assess health and safety risks.

During the year, 896 working days were lost due to work-related accidents involving 37 employees. Of these events, only 15 occurred in the workplace, for the most part due to falls/slips, while the remaining 22 were 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. No occupational diseases were recognised in 2023.

In 2023, 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 2023, two inspections conducted by these bodies had been recorded in the specific IT procedure.

Occupational Health and Safety: Accidents

	2023					2022					2021				
	ITALY		OUTSIDE ITALY		TOTAL	ITALY		OUTSIDE ITALY		TOTAL	ITALY		OUTSIDE ITALY		TOTAL
	MEN	WOMEN	MEN	WOMEN		MEN	WOMEN	MEN	WOMEN		MEN	WOMEN	MEN	WOMEN	
Number of workplace accidents that can be reported	4	8	1	2	15	7	6	3	2	18	4	4	-	-	8
Rate of workplace accidents that can be reported (*)	0.25	0.61	0.27	1.05	2.18	0.44	0.46	0.82	1.09	2.80	0.25	0.31	-	-	0.56
Number of workplace accidents with grave consequences	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-
Rate of workplace accidents with grave consequences	-	-	-	-	-	0.06	-	-	-	0.06	-	-	-	-	-
Number of deaths due to workplace accidents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rate of deaths due to workplace accidents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of hours worked	3,166,350	2,625,150	737,550	381,150	6,910,200	3,179,550	2,623,500	734,250	367,950	6,905,250	3,143,250	2,569,050	602,250	306,900	6,621,450

(*) 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.

MATERIAL TOPICS

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.

WHY TOPICS ARE MATERIAL

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.

CORPORATE POLICIES

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.

	2023	2022	2021
Fideuram and Sanpaolo Invest Networks - The average length of customer relationship (years)	11.9	12.5	13.2
IW Private Investments Network - The average length of customer relationship (years)	10.4	10.1	11.2
Intesa Sanpaolo Private Banking Network - The average length of customer relationship (years)	16.5	16.2	15.4
Customer requests (No.) (*)	3,797	6,479	4,430
Client Assets of in-house ESG products (€m) (**)	60.4	46.4	3.4

(*) The requests include complaints and their possible recurrence, appeals to Alternative Dispute Resolution bodies and requests for clarification, made following customer complaints to the Supervisory Authorities.

(**) CA of managed asset products classified as Article 8 and Article 9 under the SFDR.

CUSTOMERS

MAIN OBJECTIVES FOR 2023	ACTIONS AND RESULTS ACHIEVED
Strengthening 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 a year of strong geopolitical tensions, which were also reflected in investor prospects, the Group maintained its adherence to the principles of sustainability, working to offer, in the new economic and financial context, investment solutions consistent with its vision and able to accompany customers towards medium and long-term objectives. Also during 2023, the component of constructed/selected products characterized by sustainability characteristics grew. At 31 December 2023, the number of products pursuant to Articles 8 and 9 of the SFDR amounted to 240 (+43 compared to 31 December 2022).
Seeking 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.	The 2023 product plan encompassed many new aspects both in the field of managed and non-managed asset solutions. In particular, management lines and funds were proposed, mainly with a predefined time horizon, with a focus on the segments of government securities and high-quality credit. In addition, a focus was placed on global equities through solutions with progressive entry mechanisms. With regard to non-managed assets, numerous issues were proposed on the primary market, both for bonds and certificates.
Allowing wider access to alternative investments and private markets, including by expanding the available financial structures and the adopting new business models.	In 2023, the structural offer on private markets was enriched with new proposals structured by customer segment. In particular, the offer of multi-strategy funds of the Fideuram Alternative Investments platform aimed at Private customers continued and the iCapital platform was released, which allows High Net customers to be offered access to programmes based on specific strategies of the main operators in the sector.
Enabling new ways to access credit for both natural and legal persons.	Fideuram's offering of credit products was enhanced with both short and medium-long term repayment loans. These solutions are intended both for individuals and for businesses, professionals, organisations and associations.
Constantly enhancing the information given to customers on the features of products and services, with particular reference to sustainability information and metrics for investments.	In 2023, 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' preferences for sustainability. In addition to the continual professional development of financial advisors, main training initiatives include: • Marketing One, a digital library created to offer consultants and customers adjustable content according to topics of interest. The first line of support was dedicated to ESG; • the establishment of ESG Ambassadors, consultants called on to promote, in their respective areas, the culture of sustainability with a dual purpose: disseminating ESG issues and sustainable behaviour and listening to the needs of customers and other Personal Financial Advisers.

MAIN OBJECTIVES FOR 2023	ACTIONS AND RESULTS ACHIEVED
Organising local events dedicated to current and potential customers aimed at development and financial education.	During 2023, more than 200 in-person events were held, to give continuity to activities to promote financial culture and customer loyalty. These events were designed to provide information on topics of particular relevance 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 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.

AVERAGE LENGTH OF CUSTOMER RELATIONSHIP

FIDEURAM AND SANPAOLO INVEST NETWORKS	IW PRIVATE INVESTMENTS NETWORK	INTESA SANPAOLO PRIVATE BANKING NETWORK
12 YEARS	10 YEARS	17 YEARS

CLIENT RETENTION RATE

95%

NEW CLIENT RATE

8%

CUSTOMER PROFILE

Fideuram and Sanpaolo Invest Networks

	2023	2022 (*)	2021
No. of customers (thousands)	933	899	806
Client Assets (€m)	162,652	143,379	150,571

(*) 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

	2023	2022 (*)	2021
No. of customers (thousands)	58	60	139
Client Assets (€m)	7,966	7,887	12,702

(*) This 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

	2023	2022 (*)	2021
No. of households (thousands)	48	47	49
Client Assets (€m)	155,084	141,436	149,983

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, 35% with the IW Private Investments Network and 27% with the Intesa Sanpaolo Private Banking Network) and in the over-67 age group (29% of customers with the Fideuram and Sanpaolo Invest Networks, 26% with the IW Private Investments Network and 54% with the Intesa Sanpaolo Private Banking Network), segments of the population that combine high income with substantial assets and property.

Fideuram and Sanpaolo Invest Networks (*)

No. of customers (thousands)

	2023	%	2022	%	2021	%
Up to 32 years	95	11	88	10	79	9
33-42 years	100	11	95	11	81	10
43-52 years	147	16	150	17	131	18
53-67 years	298	33	287	33	257	33
Over 67 years	266	29	254	29	235	30
Total	**906**	**100**	**874**	**100**	**783**	**100**

(*) The figures do not include legal persons.

IW Private Investments Network (*)

No. of customers (thousands)

	2023	%	2022	%	2021	%
Up to 32 years	5	9	5	9	8	6
33-42 years	6	10	6	10	22	16
43-52 years	11	20	12	20	39	28
53-67 years	20	35	21	36	44	32
Over 67 years	15	26	15	25	24	18
Total	**57**	**100**	**59**	**100**	**137**	**100**

(*) The figures do not include legal persons.

Intesa Sanpaolo Private Banking Network

No. of households (thousands)

	2023	%	2022	%	2021	%
Up to 32 years	6	13	6	13	7	14
33-42 years	1	2	1	2	1	2
43-52 years	2	4	2	4	3	6
53-67 years	13	27	13	28	13	27
Over 67 years	26	54	25	53	25	51
Total	**48**	**100**	**47**	**100**	**49**	**100**

DISTRIBUTION OF CUSTOMERS BY LENGTH OF RELATIONSHIP

The average length of relationship, in 2023, was 12 years for the Fideuram and Sanpaolo Invest Networks, 17 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.

Fideuram and Sanpaolo Invest Networks

No. of customers (thousands)

	2023	%	2022	%	2021	%
0-1 years	158	17	162	18	101	12
2-4 years	152	16	134	15	134	17
5-7 years	122	13	114	13	107	13
8-10 years	97	10	93	10	86	11
11-20 years	203	22	174	19	170	21
Over 20	202	22	222	25	208	26
Total	**933**	**100**	**899**	**100**	**806**	**100**

IW Private Investments network

No. of customers (thousands)

	2023	%	2022	%	2021	%
0-1 years	10	18	11	18	10	7
2-4 years	9	15	9	15	13	9
5-7 years	8	13	8	13	13	9
8-10 years	6	11	7	12	24	18
11-20 years	22	38	23	39	74	53
Over 20	3	5	2	3	5	4
Total	**58**	**100**	**60**	**100**	**139**	**100**

Intesa Sanpaolo Private Banking Network

No. of households (thousands)

	2023	%	2022	%	2021	%
0-1 years	1	2	1	2	1	2
2-4 years	5	10	4	8	5	10
5-7 years	5	10	6	13	6	12
8-10 years	5	10	5	11	5	10
11-20 years	15	32	17	36	18	37
Over 20	17	36	14	30	14	29
Total	**48**	**100**	**47**	**100**	**49**	**100**

DISTRIBUTION OF CUSTOMERS BY GEOGRAPHICAL AREA

As in previous years, the majority of our customers in 2023 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, 92% with the Intesa Sanpaolo Private Banking Network and 83% with the IW Private Investments Network).

Fideuram and Sanpaolo Invest Networks

No. of customers (thousands)

	2023	%	2022	%	2021	%
North-East	200	21	192	21	175	22
North-West	361	39	347	39	309	38
Central Italy	260	28	250	28	225	28
South	77	8	75	8	65	8
Islands	35	4	35	4	32	4
Total	**933**	**100**	**899**	**100**	**806**	**100**

IW Private Investments network

No. of customers (thousands)

	2023	%	2022	%	2021	%
North-East	4	7	4	6	16	12
North-West	23	40	24	40	59	42
Central Italy	21	36	21	35	40	29
South	9	16	10	17	20	14
Islands	1	1	1	2	4	3
Total	**58**	**100**	**60**	**100**	**139**	**100**

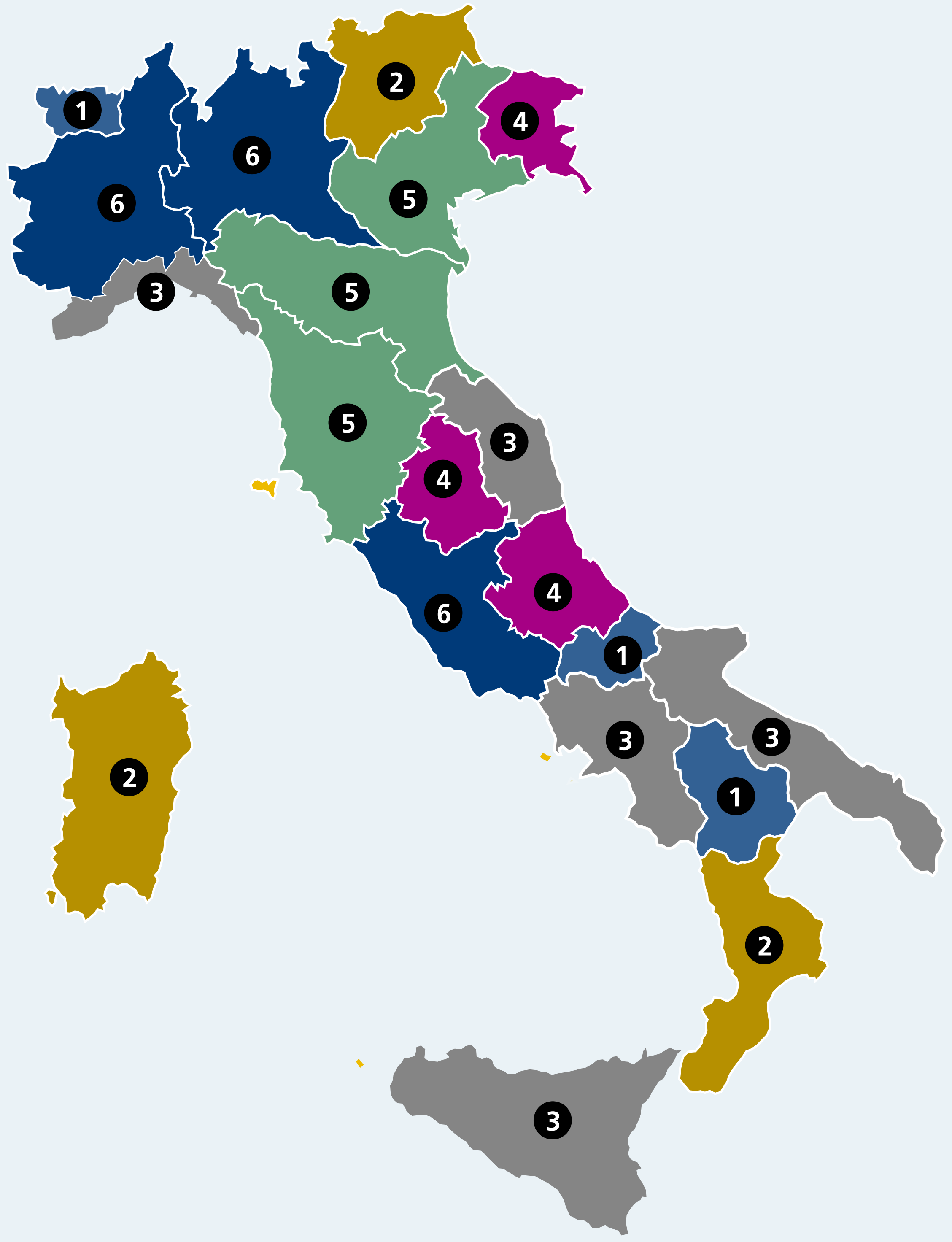
Intesa Sanpaolo Private Banking Network

No. of households (thousands)

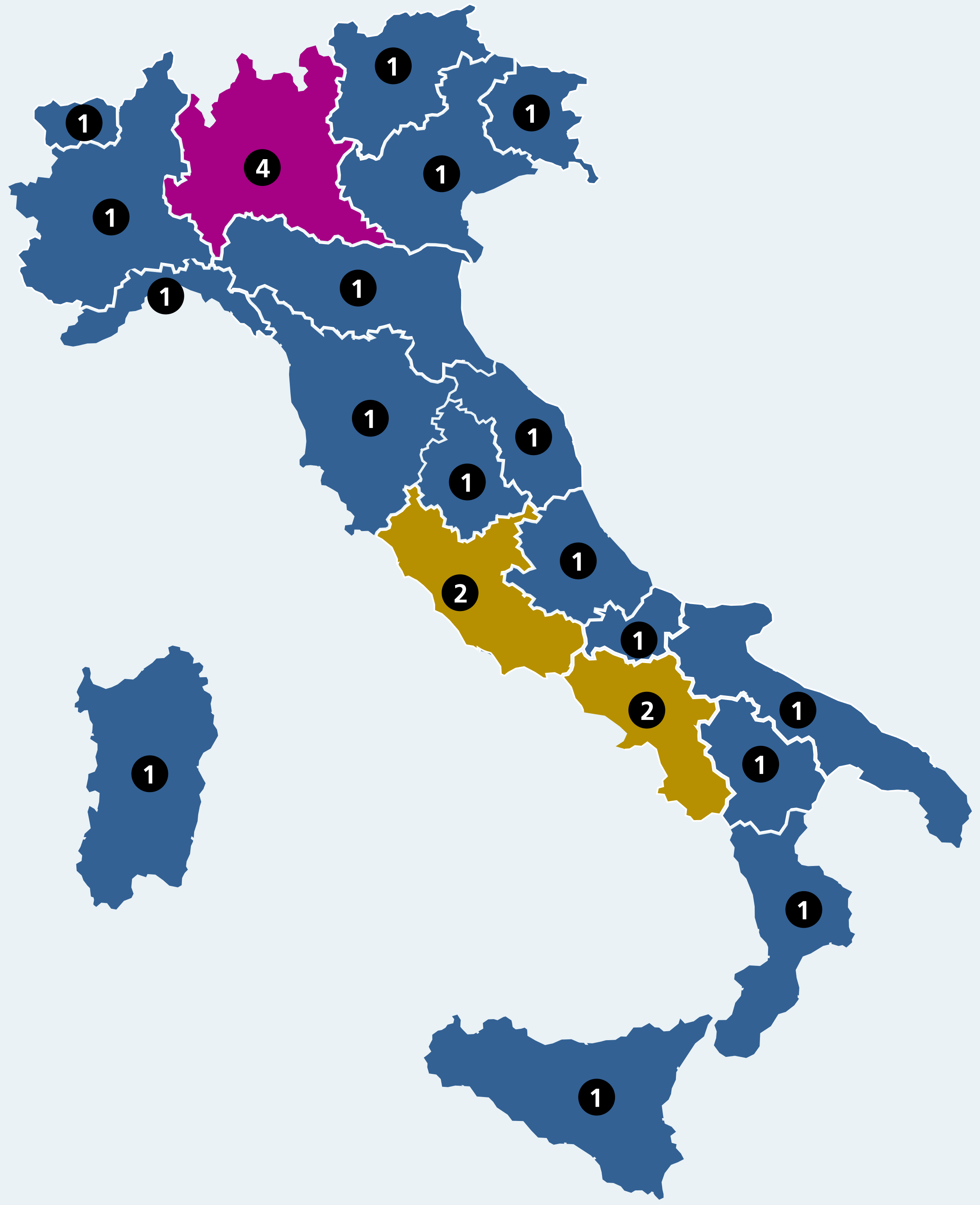
	2023	%	2022	%	2021	%
North-East	10	21	10	21	10	21
North-West	26	54	25	53	27	55
Central Italy	8	17	8	17	8	16
South	3	6	3	7	3	6
Islands	1	2	1	2	1	2
Total	**48**	**100**	**47**	**100**	**49**	**100**

GEOGRAPHICAL DISTRIBUTION OF CUSTOMERS

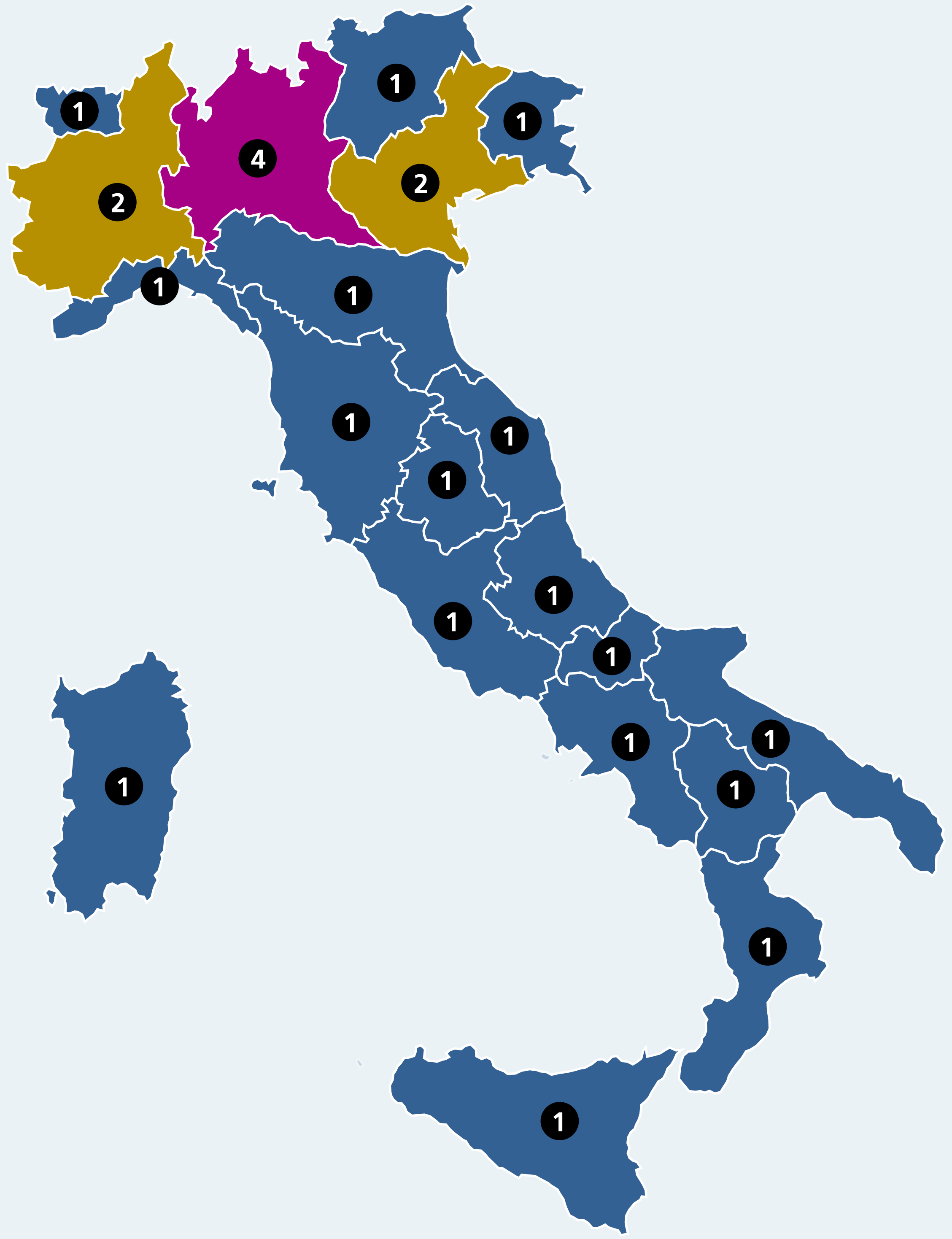
Fideuram and Sanpaolo Invest Network



IW Private Investments Network



Intesa Sanpaolo Private Banking Network



No. of Customers

1 0 - 5,000 | 2 5,000 - 10,000 | 3 10,000 - 20,000 | 4 20,000 - 50,000 | 5 50,000 - 100,000 | 6 100,000 - 150,000

EXTERNAL COMMUNICATIONS

Media relations have always played a prime role in external communications. Again in 2023, our community of stakeholders was again kept informed of the most important developments regarding the Group, the Networks and subsidiaries through dedicated articles, interviews, press releases, editorials and other contributions published in leading national and sector 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 Group's pioneering role in the provision of financial advisory and private banking services in Italy, as well as in the technological support we provide to our sales Networks.

The main topics covered this year include:

- the 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 activities business, the strengthening of international business both in Switzerland, with the strategic partnership with Reyl, and in Luxembourg, where Intesa Sanpaolo Wealth Management has been operating since 1 January 2023, established from the merger by incorporation of Fideuram Bank (Luxembourg) into Compagnie de Banque Privée Quilvest;
- socially and environmentally sustainable investments (ESG investments, the Net Zero Asset Managers Initiative (NZAMI) with target-setting);
- innovation, technology and platforms as business enablers, with the aim of contributing to the definition of the logic of the financial advisory service;
- updates on our range of products and services;
- investment in private markets;
- the private market, the business model and customer segmentation, with a focus on Wealth Management, Wealth Planning with Charity and Philanthropy Advisory, Real Estate Advisory and Art Advisory services and customer segmentation with the opening of the first centre dedicated to Ultra High Net Individual clients;
- the change of the private model with the entry of new generations;
- participation in special events that reward the best professionals in various roles, Top 50, Top 30, female talent;
- Digital Restart, the continuation of the digital Reskilling scheme for unemployed people over 40;
- the launch of Fideuram Direct with Direct Advisory, a new remote financial advisory service with which the Group aims to capture the changing needs of customers who are increasingly attentive to operating remotely. The Media campaign created ad hoc for Fideuram Direct was also launched;
- rewards given to the Group and to our Networks;
- the inauguration of new offices and a focus on the Networks, the importance of financial advice, the role of the Personal Financial Adviser and the ongoing relationship with the customer, the methods of contacting the customer and with the Networks;
- Network events such as Next Generation dedicated to young Personal Financial Advisers from the Fideuram, Sanpaolo Invest and IW Private Investments Networks. For Intesa Sanpaolo Private Banking, the Z Private Generation initiative;
- monthly recruitment data from the Fideuram, Sanpaolo Invest and IW Private Investments Networks and a focus on some Personal Financial Advisers;

Fideuram - Padua Office

- professional development of our financial advisors, dedicated training courses, courses delivered through the Fideuram Campus and Focus on Young People, as well as the Ten-Year Anniversary of the Fideuram Campus;
- financial education for customers and dedicated in-depth thematic events;
- a focus on important sponsorships such as Miart, DS Automobiles Open d'Italia, Maratona dles Dolomites and the with Sky Sport for the next 3 years with the new Sky Sport Golf channel;
- a focus on strategic partnerships such as with Man Group;
- 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;
- the social media activity (LinkedIn) dedicated to issues of particular importance to the Group.

In 2023, 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 TVs, 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 Fideuram Media Relations personnel.

ADVERTISING

Fideuram Direct
In November, a communication campaign began to strengthen the reputation and knowledge of the Fideuram Direct brand and services. The main channels for the campaign were the media, Addressable TV, social channels, digital advertising and the press, which guaranteed the highest levels of target coverage.
The communication campaign focused on the Lombardy and Lazio areas, on the cities of Milan and Rome.

Intesa Sanpaolo Private Banking
The targeted use of advertising pages dedicated to Art Advisory services and to the offices in Milan, Naples, Turin and Vicenza of Gallerie d'Italia "Un Museo. Quattro sedi" continued.

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CHIEF EXECUTIVE OFFICER'S STATEMENT
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2. EXTERNAL CONTEXT AND STRATEGIES
3. PERFORMANCE
4. GOVERNANCE
5. CONSOLIDATED FINANCIAL STATEMENTS
6. INDEPENDENT AUDITORS' REPORT
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8. GLOSSARY
9. CONTACT US

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.

Events were organised, 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.

In particular, eleven in-person events on ESG issues were organized in 2023, in collaboration with some of our partner SGRs: six events, in collaboration with BlackRock, focused on the impacts, prospects and opportunities related to sustainable investments, with a focus on the profound evolution that the automotive sector is experiencing today; five events, in collaboration with Raiffeisen, in prestigious theatres with shows entitled "Non c'è più tempo! Finanza sostenibile, la soluzione efficace!", ("There's no more time! Sustainable finance, the effective solution!"), focused on climate change and the analysis of possible solutions, which also involve choices about savings.

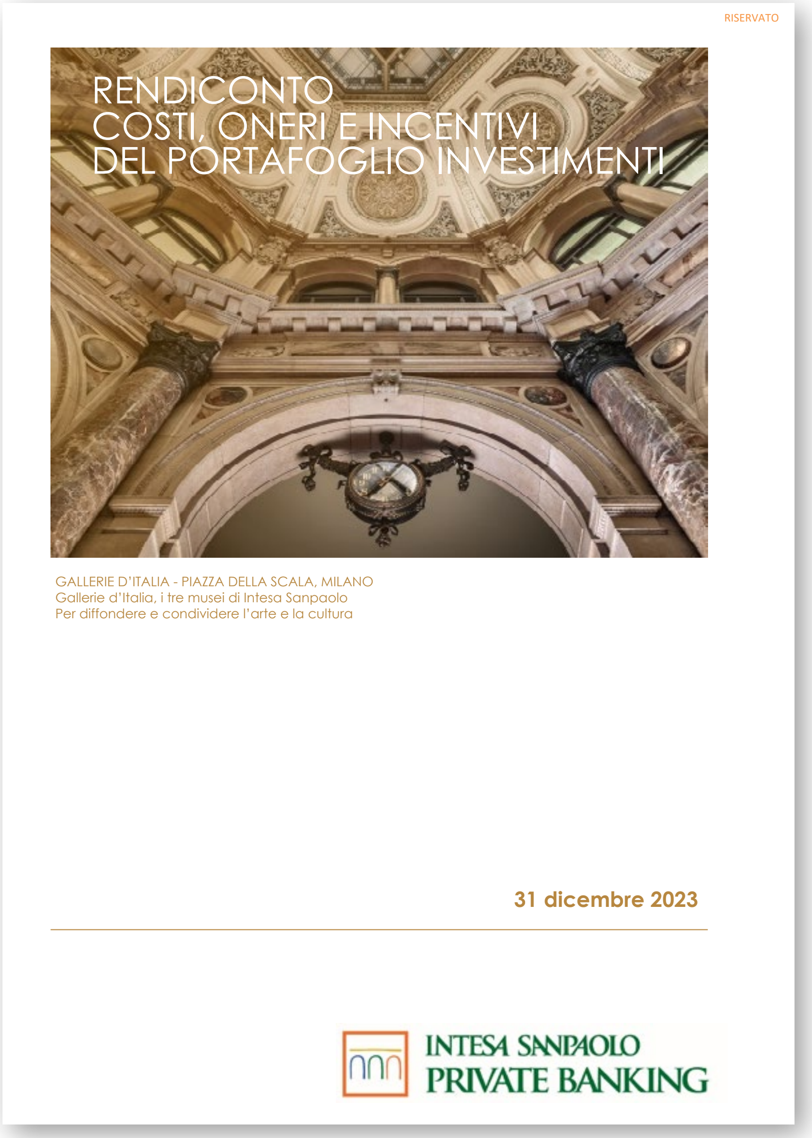
In addition, the production of social content, started in recent years, has been constantly increasing, giving financial advisors the opportunity to share with customers some materials produced specifically by the internal TV channel, KeyTV.

For Intesa Sanpaolo Private Banking, the Private Top publication reserved for customers who have subscribed to the Private Top service continues. The monthly newsletter featuring financial content, including contributions from the Intesa Sanpaolo's Research Department, contains quarterly inserts: the one from Nomisma on the real estate market trends, also published on the bank's public website, and the one from Eikonos Arte on the art market, published on the company's intranet dedicated to Art Advisory services.

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. An attachment to the June current account report that illustrates how the Bank supports main events dedicated to Art, Culture and Sport, was produced. This was accompanied by the preparation of ad hoc mailing on the main regulatory changes, on advisory services, online services and products. 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.

For Fideuram Direct, an intense communication plan was organised during 2023, for the creation of constant, accurate and complete content dedicated to the customer.
Mainly information and commercial texts were created, with expressive approaches in line with the target audience.

External communication dedicated to customers included the creation of e-mails, the drafting of SMS messages and outbound telephone activity that required the drafting of texts created ad hoc to interpret needs emerging from time to time.



GROUP AWARDS

MILANO FINANZA BANKING AWARDS

Fideuram Direct wins one of the MF Banking Awards 2023.

Fideuram - Intesa Sanpaolo Private Banking, received an important award for Fideuram Direct, the digital platform for remote investments in financial markets, in the "Innovation Award - Value proposition for private customers" category, dedicated to banks with the highest rate of innovation offered in services and products. This recognition is the result of a process of analysis and selection of the Banks' products, services and projects with a view to innovation and sustainability. Luca Bortolan, Head of Fideuram Direct, collected the award.

PRIVATE BANKING AWARDS 2023

At the eighth edition of the Private Banking Awards, organized by BFC media and associated with the monthly magazine PRIVATE, Tommaso Corcos was awarded the "CEO of the Year" award for "consolidating its leadership in Italy, international development, investments in people and digital innovation," while Fideuram - Intesa Sanpaolo Private Banking received the award in the ESG category, collected by Anna Bagella, Head of Offering Development, for "embracing ESG values as fundamental to its way of being and acting, directing capital flows towards sustainable investments for balanced development."

BANCA FINANZA

Fideuram - Intesa Sanpaolo Private Banking came first in the ranking of the magazine Banca Finanza, according to indices of solidity, profitability and productivity, in the "Superranking Large Banks" category.
The award was received by Gianni Debernardi, Head of the Private Area of Intesa Sanpaolo Private Banking in the presence of the local authorities and guest of honour, the president of ABI Antonio Patuelli.

CHARITY DINNER MF INVESTMENT MANAGER & ADVISOR AWARDS 2023

As part of the MF Investment Manager & Advisor Awards 2023, the award ceremony for companies and leading figures in asset management and advisory services for Italians, the "Fideuram - Intesa Sanpaolo Private Banking #1 award for managed and non-managed assets" was made, collected by Sebastiano Serrao, Head of Investment Products and Services.

EUROMONEY GLOBAL PRIVATE BANKING AWARDS 2023

In the Euromoney Global Private Banking Awards 2023 Survey, based on replies provided during 2022 by management and specialists in Private Banking and Wealth Management, Fideuram - Intesa Sanpaolo Private Banking appeared to be Italy's Best Private Bank - Domestic.

BLUERATING AWARDS 2023

In October, the seventh edition of the Bluerating Awards took place. Awards were made in the following categories: "Top Entry Advisers" Alessandro Rinaldi, and in the corporate awards category for Fideuram - Intesa Sanpaolo Private Banking "Digital Offering" for revolutionizing advisory services through digital channels through the development of Direct Advisory on the Fideuram Direct platform.

CITYWIRE PRIVATE BANKING AWARDS 2023

For the second year running, as part of the Citywire Private Banking Awards 2023, Intesa Sanpaolo Private Banking was awarded "Best Private Bank of the Year". The General Manager Andrea Ghidoni received the award. In addition, Federica Spada, Area Manager of Emilia-Romagna, was also awarded, winner in the "Veteran of the Year" category.

CITYWIRE ITALIA CONSULENZA FINANZIARIA AWARDS

The award ceremony for the winners of the second edition of the Citywire Italia Consulenza Finanziaria Awards was held on March 9, 2023, at Palazzo Parigi in Milan. Fideuram - Intesa Sanpaolo Private Banking received three prestigious awards: Network Manager of the Year: Fabio Cubelli; Network with the Greatest Increase in Assets in the Year; Network with the Largest Average Portfolio per Personal Financial Adviser. The awards were received by Fabio Cubelli - Co-General Manager of Fideuram - Intesa Sanpaolo Private Banking, Stefano Gallizioli - Head of Financial Advisors Network Coordination and Barbara Calza - Head of Network Development and Training.

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CITYWIRE SELECTOR AWARDS 2023

Every year the Citywire Selector Awards are given to the best Italian and European fund selectors. Through Citywire Selector 100, the editorial team selects the most influential fund selectors in the main European markets and those that are leaving their mark in smaller but equally important areas of the continent. Now in its sixth edition, the list is designed to highlight the breadth of talent currently operating in the pan-European fund selection community.
At the top is Luca Anzola, Head of Multimanager and Alternative Investments at Fideuram Asset Management SGR, who also won the award as "most influential Fund Selector in Italy and Europe" in 2023.

CONTENT IS KING 2023

The "Content is King" competition is now in its sixth edition,

thanks to which Assogestioni awards conferences during Il Salone del Risparmio, of which Fideuram - Intesa Sanpaolo Private Banking is Main Partner - that have stood out and achieved the best quantitative and qualitative results.
The 'Content is King' ranking has come to involve 70 conferences and is based on the Conference Performance Index (CPix), a proprietary system for the mathematical measurement of the quality of events.
In 2023, for the first time, the conference entitled "The generation that is changing the world. How to connect generations" organized by Fideuram Asset Management SGR won the award for the best conference on innovation and digitalisation.

WEALTHBRIEFING

Reyl & Cie received two awards from WealthBriefing, the first as "Best Domestic Private Bank" during the tenth edition of WealthBriefing Swiss, and the second as "Best European HNW Team", during the 2023 edition of the WealthBriefing European Awards.

During the Private Banking & Wealth Management London Awards, Reyl also received two awards from Private Banker International: "Outstanding Private Bank Western European Region" and "Outstanding Private Bank for Philanthropy Proposition".
Lastly, Reyl was elected "Outstanding Boutique Private Bank in Switzerland" during the Private Banker International ceremony.

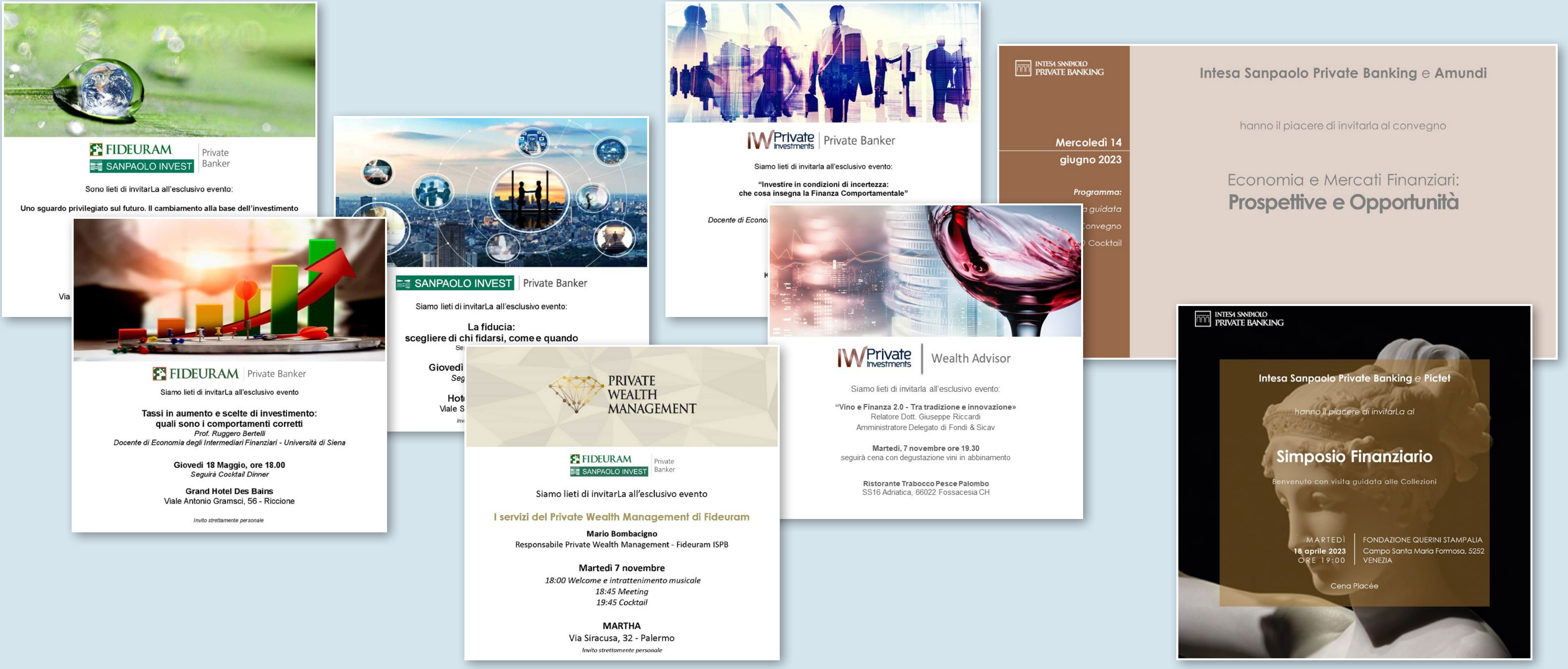
OSCAR DI BILANCIO

Oscar di Bilancio 2023
59° EDIZIONE

At the 59th edition of the Bilancio Awards, the prestigious recognition granted by FERPI (Italian Public Relations Federation), Borsa Italiana and Bocconi University to the most virtuous companies in their reporting activities, Fideuram - Intesa Sanpaolo Private Banking was awarded in the "Financial Institutions" category. The jury's citation reads as follows: "Fideuram - Intesa Sanpaolo Private Banking presents an outstanding integrated report characterized by clarity, completeness, and effective communication. The reporting structure is also well-designed and articulated. The financial and economic information is comprehensive, as is the ESG information, which pervades the entire document and testifies to a widespread culture of ESG factors. In this regard, highly appreciated aspects are the constant interaction with stakeholders, including for the definition of the Group's growth strategy, the description of open work sites on ESG issues and the punctual improvement objectives, after a clear overview of the sustainability context, in which the numerous institutional initiatives by the United Nations and the European Union are reported. The reading, already engaging in itself, is guided by the presence of numerous attachments for further study and the rich final glossary. The report, also aesthetically pleasing, is one of the best practices existing in the Italian panorama. As specified in the report, the interactive web-based format with multimedia insights is available, a testament to the Group's effort to enrich corporate communication forms".

CUSTOMER EVENTS

During 2023, the Group organized and managed numerous events on the national territory dedicated to current and potential customers; these events, aimed at improving the business relationship, continuing to deepen prospects and opportunities in global financial markets with particular attention to ESG issues, involved internal speakers, colleagues from the Private Wealth Management structure, experts from Fideuram Asset Management SGR and external speakers, university professors, professionals, journalists and third-party partner companies.

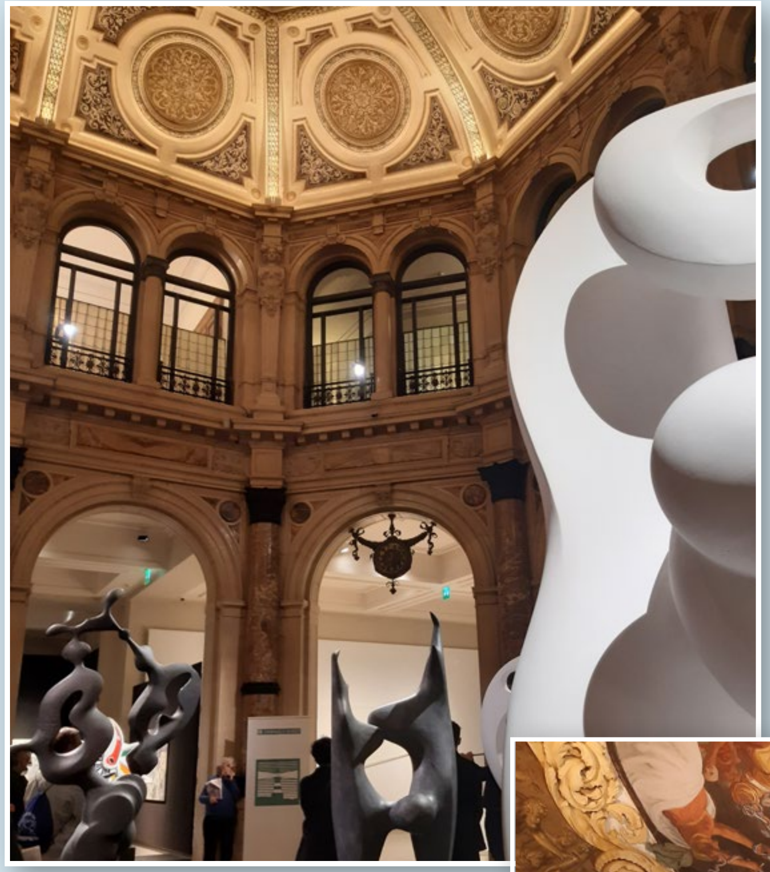


ARENA DI VERONA - OPERA FESTIVAL

The 100th Opera Festival 2023 at the Arena di Verona presented the most successful works in the historic amphitheatre and replicas over the 100 editions. Giuseppe Verdi's "Aida" headlined the Arena Opera Season. 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 Bra, held exclusively for guests of the Bank.

GALLERIE D'ITALIA

Some exclusive events with guided tours for customers and guests (Milan, Turin, Vicenza, Naples) were organized at the four museums of the Gallerie d'Italia.



SUSTAINABILITY

In 2023, eleven face-to-face events were organized on ESG issues, dedicated to Network customers, in collaboration with some partner SGRs. Specifically:

- six events in collaboration with BlackRock, set in locations in keeping with automotive and innovation themes. The initiatives concerned the impacts, prospects and opportunities related to sustainable investments, with a focus on the profound evolution that the automotive sector is experiencing today. There were around 600 participants, including customers and Personal Financial Advisers;
- five events, in collaboration with Raiffeisen, in prestigious theatres with shows entitled "Non c'è più tempo! Finanza sostenibile, la soluzione efficace!", ("There's no more time! Sustainable finance, the effective solution!"), with a focus on climate change and the analysis of possible solutions, which also involve choices about savings. The events were based on the screening of six videos, made on six continents, including Antarctica, documenting the climate changes now recognized by almost the entire scientific community. There were around 2,500 participants, including customers and Personal Financial Advisers.

FINANCIAL EDUCATION AND BEHAVIOURAL FINANCE

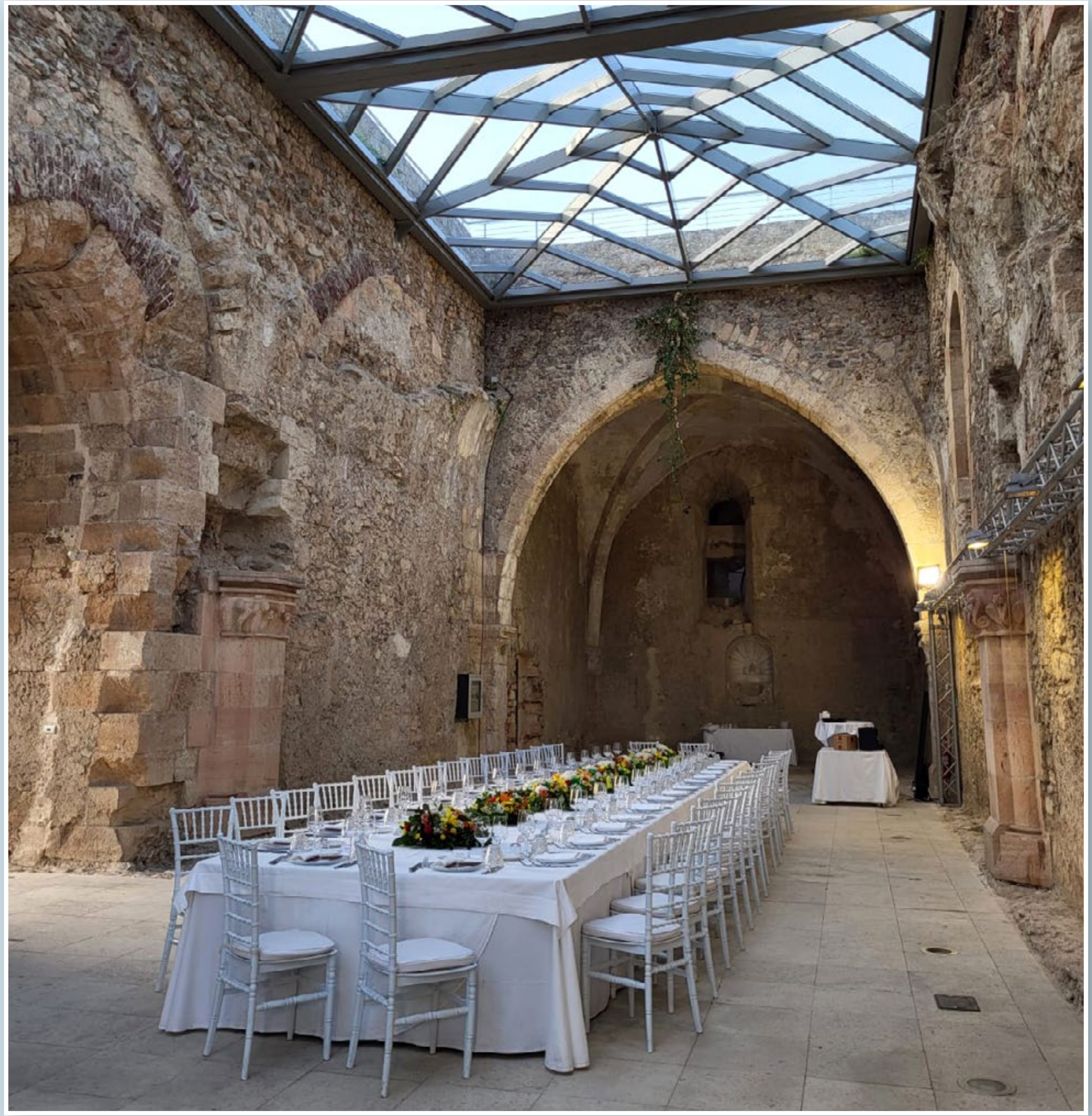
56 meetings were organized, with more than 6,000 participants, in collaboration with university professors, including Ruggero Bertelli, Professor of Economics of Financial Intermediaries at the University of Siena, Sergio Sorgi, Sociologist and founder of Progetica, and Carlo Alberto Carnevale Maffè, Professor of business strategy at SDA Bocconi. Some of the meetings looked at the influence of emotion on investment choices and the importance of having a method to manage it, both in the personal and professional life; in other events, the attention was on the current historical economic context, underlining the importance of the changes taking place, with a focus on inflation and technological innovation, to seize opportunities.

FINANCIAL CONFERENCES

Numerous meetings were held throughout the country, entitled "Economy and Financial Markets: Perspectives and opportunities". These involved more than 1,400 participants and were staged 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

Over twenty financial symposiums were also held in conjunction with third-party partners and involved around 700 guests. These financial 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.



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CLUB TALKS

Since 2022, Intesa Sanpaolo Private Banking has offered its customers a number 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 Talks, saw the creation of several webinars, organized in interactive mode and involved more than 1,800 participants. Authoritative experts addressed current topics, ranging from the war between Russia and Ukraine to sustainable mobility and others.

KEY INVESTMENT OPPORTUNITIES

Virtual meetings were held for a limited audience of customers to report and further explore initiatives and investment opportunities identified by Intesa Sanpaolo Private Banking, including SPACs, IPOs, etc.

GEOPOLITICS ENERGY AND THE FUTURE

Seventeen events took place, with more than 1,800 participants, dedicated to sustainability, geopolitics and new challenges for energy security. Fabrizio Crespi, Professor at the Catholic University of Cagliari, spoke on investment strategies for sustainable finance, while Aldo Pigoli, member of the Faculty of ASERI, the Higher School of Training in Economics and International Relations, and Dario Fabbri, Geopolitical analyst, director of the monthly geopolitical magazine Domino and director of the related geopolitical school, spoke on geopolitical issues; on the theme of energy, guests were able to listen to the speech by Domenicantonio De Giorgio, Professor at the Catholic University of Milan.

NEW CAPITAL RISKS FOR ENTREPRENEURS AND PROFESSIONALS

These twelve meetings involved more than 1,200 participants. They were organized in collaboration with Alessandro Gallo, strategic consultant expert in wealth planning and administrator of Value & Strategies; the meetings focused on the topic of new financial risks, and were dedicated to entrepreneurs and professionals.

THE EXCLUSIVE SERVICES OF WEALTH MANAGEMENT

22 events were held together with Fideuram's Private Wealth Management, with associated firms and entrepreneurs taking part, and more than 2,300 participants. These meetings talked about the generational transition of Italian companies, the phases of the life cycle of SMEs and their open international dimension, the technological, demographic and environmental changes taking place, and the methods and tools to meet planning and investment needs.

FINANCIAL WORKSHOPS

Another 39 meetings, with a total of more than 4,000 guests, were attended by professionals from third-party partner houses, moderated by a journalist. The meetings discussed main changes taking place in the socio-economic context: digital disruption, artificial intelligence and big data and the impact of technology in every sector. Many events also covered topics related to promoting an ESG culture: what sustainability means when we talk about our investments, how each of us is the protagonist with our own behaviour, the combination of technology and sustainability, the speed at which changes are taking place and how to include sustainability in portfolios without sacrificing performance.

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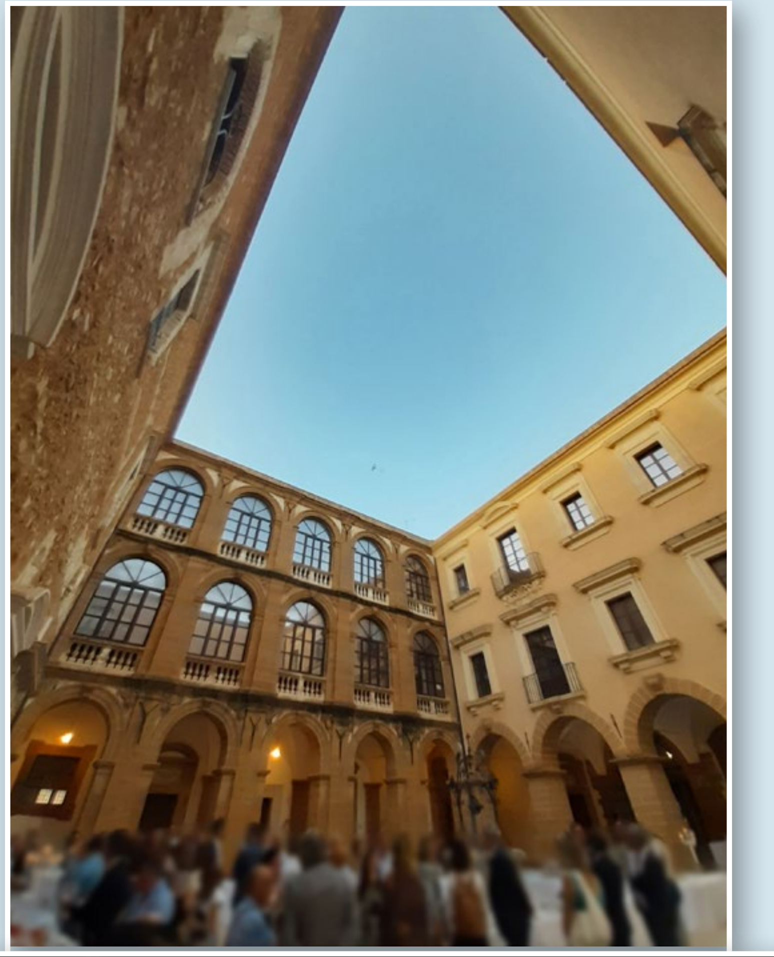
RELATIONAL EVENTS

68 relational events were held, with more than 11,000 participants. The meetings organized with Giuseppe Riccardi, CEO of Fondi&Sicav, continued on the theme "Wine and Finance" through an entertaining parallelism proposing financial education using a social tool such as wine as a key to understanding important choices in the financial field, highlighting the fundamental role of time and the guidance of the consultant who, like the sommelier, helps to make informed decisions.



There were also several events with Giuseppe Bergomi, world champion soccer player, interviewed by Giuseppe Riccardi, with the aim of understanding how to apply the sound principles of sport to the world of finance and investments, bringing out the importance of determination, method, team value and trust. Several evenings took place, with the involvement of the actor Marco Falaguasta who, through a fun and merciless satire of our society, highlighted the importance of skills and trust in professionals.

These exclusive and private evenings took place in some of the most beautiful theatres in Italy, including the Teatro Verdi in Salerno, the Petruzzelli Theatre in Bari, and the Sistina and the Quirino Theatres in Rome. At the Teatro Duse in Bologna, an evening was held dedicated to art, presented by Marco Goldin, art historian, curator and narrator, who guided more than 900 guests through masterpieces of world-famous painters from the 19th and 20th centuries.

HOSPITALITY

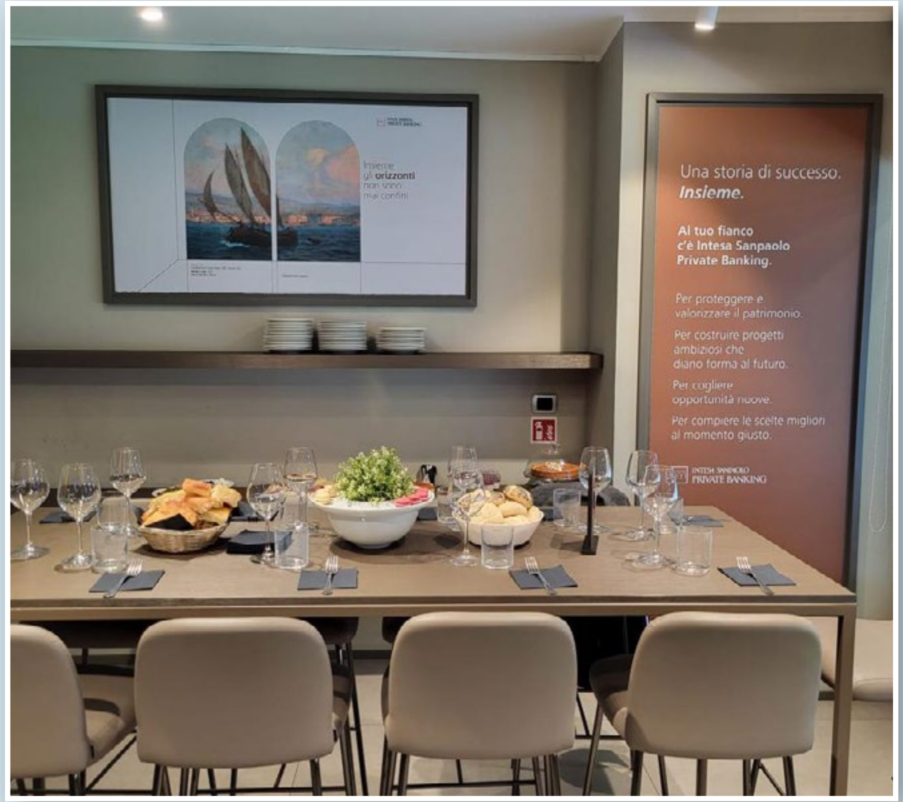
Intesa Sanpaolo Private Banking offers customers the opportunity to participate in exclusive sporting and cultural events, inviting them to reserved hospitality areas at sports venues, prestigious theatres and museums in Italy.

Football: Serie A clubs Atalanta, Bologna, Inter, Juventus, Lazio, Milan, Monza, Napoli, Roma and Torino.

Basketball: Olimpia Milano - EA7 Emporio Armani, Pallacanestro Cantù, Varese - Openjobmetis.

Tennis: Nitto ATP Finals - Turin.

Theatres: Milan - Teatro alla Scala, Bari - Teatro Petruzzelli, Naples - Teatro San Carlo, Venice - Teatro alla Fenice, Vicenza - Opera Festival.



SPORT

NITTO ATP FINALS

For the second year running, the Nitto ATP Finals were held in Turin from 12 to 19 November 2023 at the PalaAlpitour indoor court. It was the final event of the ATP Tour 2023, 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 in the event and, together with the Fideuram Group, was present with dedicated hospitality areas.

80th ITALIAN OPEN

For the sixth year in a row, Fideuram was partner of the Italian Golf Open in its 80th edition, held at the prestigious Marco Simone Golf & Country Club course from 4 to 7 September 2023. During the four days of the tournament, Fideuram welcomed its guests to a dedicated hospitality area, on the green of the 18th hole. The initiative involved around 250 people, including customers and prospects. The 80th edition stood out from previous ones for welcoming the most important professionals on the world golf scene taking advantage of the upcoming Ryder Cup, which was held in 2023 at the Marco Simone Golf & Country Club.
In parallel with the Open project, other activities took part for 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 held in Italy in September 2023, with the aim of spreading knowledge of golf in the area to a broader target audience, such as children and families.

RYDER CUP

For the first time in Italy at the prestigious Marco Simone Golf & Country Club course, in Rome, the historic Europe-US challenge was held: the Ryder Cup, from 28 September to 1 October 2023. During the four days of the tournament, Fideuram welcomed its guests to a dedicated Lounge, on the green at the 10th hole.

756 thousand

contacts with customers

CUSTOMER ASSISTANCE SERVICE

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 Alfabeto website.

The volume of contacts with customers has stabilized and decreased compared to the previous year, as a result of the completion of the My Key contracting phase and the full dissemination of the Alfabeto platform, which replaced the previous platform (Fideuram Online).

During 2023, the customer service model underwent an important evolution, thanks to the collaboration started with the Digital Branch of Intesa Sanpaolo. Customer service hours have been extended to 24 hours and telephone devices have been activated in the banking sector (for the operations such as transfers, tax payments, card recharging, utility payments, etc. to be made over the telephone)

The level of service, understood as the percentage of calls processed compared to those received, with the support of the Digital Branch, has reached very high levels of efficiency and greater responsiveness and flexibility in the sizing of the team dedicated to Fideuram Group customers, taking into account seasonal volumes or special unscheduled events.

CUSTOMER FEEDBACK

In 2023, a total of 3,797 customer requests were received, addressed mainly to the Group's Italian companies, decreasing considerably compared to 2022 (-41%). In particular, 3,476 complaints and reiterations were received, 127 appeals to out-of-court resolution Bodies and 194 statements to the Supervisory Authorities.

As part of the requests received from customers, 34 refer to misconduct by Personal Financial Advisers (-68% compared to 2022).
During 2023, the outcomes of 3,545 complaints and reiterations were defined, of which 1,399 were accepted and, of these, 220 involved disbursements.

Response times[1], except for complaints relating to unlawful conduct, continued to be below the maximum times specified by the relevant legislation, with an average of 20 days for banking service complaints (60 days legal maximum), and 27 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)" (94 compared to 99 in 2022) and an increase in terms of those submitted to the "Financial Disputes Arbitration Body (Arbitro per le Controversie Finanziarie)" (33 compared to 42 in 2022).

Breakdown of complaints, statements and appeals by type

(No.)

	2023	2022	2021
Loans	64	72	66
Payment systems	785	1,281	1,251
Organizational systems, website, other	881	1,806	837
Insurance products	129	73	77
Current accounts and securities custody account	806	1,688	1,367
Investments	1,132	1,559	832
Total	**3,797**	**6,479**	**4,430**

During the year, 7 privacy complaints were received, down from the 9 received in the previous year and 3 compound interest claims.

1. The average times refer only to Fideuram, Intesa Sanpaolo Private Banking and IW Private Investments companies.

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 2024

Customers

The Group aims for 2024 to:

- continue integrating ESG issues into products and services;
- seek new investment solutions in traditional markets able to accompany customers in the changing economic and financial environment;
- continue building the alternative investment offer;
- continue the evolution of forms of access to credit;
- 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

The Group wants to continue its activities in 2024 of organizing local events dedicated to current and potential customers aimed at financial development and education.

SUPPLIERS

In 2023, the Group maintained commercial relations with socially and environmentally aware suppliers, placing the utmost attention on ecosustainable procurement.

PROFILE OF SUPPLIERS

In 2023, the Group had business dealings with 1,052 suppliers, for a total value of approximately €211m. The territorial distribution of suppliers is concentrated almost entirely in Italy (96%).

	2023	2022	2021
Suppliers' turnover (€m)	211	230	228
Number of suppliers	1,052	1,289	1,515

The figures refer to the Italian companies recorded on the corporate information system INTESAP.

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.

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.

The Group pays particular attention to the procurement process with suppliers that guarantee the best balance between price and quality of service and can 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.

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 2023, 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 photocopying 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.

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 and 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.

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 €549k in 2023 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 various initiatives within the scope of Health Care and Scientific Research:

- **ASD Sportland**. Support for the Association in the organization of a tennis tournament at Avignana in favour of projects for Parkinson's patients.
- **Azienda Ospedaliera di Modena Ospedale di Baggiovara**. Contribution to support the organization of a charity dinner with the aim of raising funds for the new operating unit of the Baggiovara Hospital.
- **European Center for Bioethics**. Support for the organization of the "Symposia" event, promoted within first and second grade secondary schools in the Valle d'Aosta. The initiative aims to further knowledge of the phenomenon of early alcohol intake or abuse in young people, the promotion of correct lifestyles as well as the identification and prevention of risky behaviour.
- **Fondazione Giovanni Ascoli**. Contribution for children and adolescents, suffering from oncological/haematological diseases, the most qualified medical assistance and psychological support at the oncological/haematology department unit of the Del Ponte Hospital in Varese.
- **Fondazione Luigi Donato per Monasterio**. The Foundation, promoted by entrepreneurs and voluntary associations, supports the activities and initiatives of the Fondazione Toscana "Gabriele Monasterio", a specialized public body of the Italian national health service, with particular attention to continuing to ensure the best technological and structural standards and the most advanced skills, developing research and innovation activities, strengthening tools and laboratories, further improving the quality of care and hospitality for patients.
- **University of Padova**. Support for the "MUTANS" project. The activity is carried out by a group of students from the degree courses in Biotechnology, Biology, Engineering and Medicine at the University of Padova. The project was created with the aim of enriching academic training through experience of application projects in the field of Life Sciences and in particular Synthetic Biology.

ART AND CULTURAL EVENTS

The Fideuram Group has supported various initiatives in the field of art and culture:

- **Associazione Accademia Pliniana**. Support for this Association aimed at organizing a photographic exhibition at the Palazzo del Broletto in Como called "Stupor Naturae".
- **Associazione Giubileo 2025 No'hma in cammino**. This Association will organize national and international conferences and events at the main European abbeys, during the period of celebrations of the Jubilee of the Catholic Church for 2025. In particular, the Association will organize a cultural and spiritual journey to the most important abbeys in Europe starting in 2023 from Canterbury, touching eight countries and twelve abbeys.
- **Associazione Musicale Duomo**. Support for the Association that organizes music events, mainly classical, in the form of individual shows or festivals. In particular, each year, the Association organizes the San Maurizio in Musica festival, which is held at the Church of San Maurizio al Monastero Maggiore in Milan, known as the "Little Sistine Chapel of Milan".
- **Associazione Società del Quartetto di Vicenza**. A non-profit association that has been organizing and promoting concert seasons, music festivals and individual concert events for over a century. The history of the association dates back to 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.

SOCIAL INITIATIVES

The Fideuram Group has supported various initiatives in the social field:

- **Congregazione delle suore del Preziosissimo Sangue**. Contribution to this religious congregation for the establishment of an innovative and inclusive music school.
- **Fondazione Academy ETS**. The Foundation promotes training at an intercompany level, aiming to combine personal growth and training, talent and professionalism, and enrichment of technical and specialized skills in the province of Novara.
- **Fondazione ARIA**. Contribution to the activities of this Foundation, which has been playing a primary role in the contemporary arts sector in Abruzzo for years, organizing the festival: "Stills of Peace and Everyday Life", celebrating tolerance and non-violence as universal principles that must inspire new generations towards a future of peace.
- **Unione agricoltori Biella e Vercelli**. Support for this Farmers' Union, for the organisation of a public conference at the Archbishop's Seminary of Vercelli to discuss and debate the so-called "Farm to Work" plan.
- **Made in Carcere e RI.fo'**. With Christmas 2023, Fideuram renewed its commitment to the social fabric and the community. In keeping with the values of ethics and sustainability that have always set the Group apart, a collaboration was chosen with two outstanding organisations: Made in Carcere and RI.fo'. Made in Carcere promotes the professional retraining of women, men and minors in prison, offering them the opportunity to acquire technical and professional skills that can be used in the world of work. Ri.fò, on the other hand, deals with the circular economy and social inclusion, giving new life to waste materials and creating job opportunities for vulnerable people. From the meeting of these two organisations with Fideuram, a collaboration began, that led to the creation of Christmas gifts for the community of employees and financial advisors. The choice to collaborate with Made in Carcere and Ri.fò represents a concrete example of how it is possible to combine ethics with the economy, creating value for society. At a complex historical moment, such as the present, Fideuram's Christmas gifts were intended to be a message of hope and closeness to all people in difficulty.

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 2023, Fideuram - Intesa Sanpaolo Private Banking sponsored the following events:

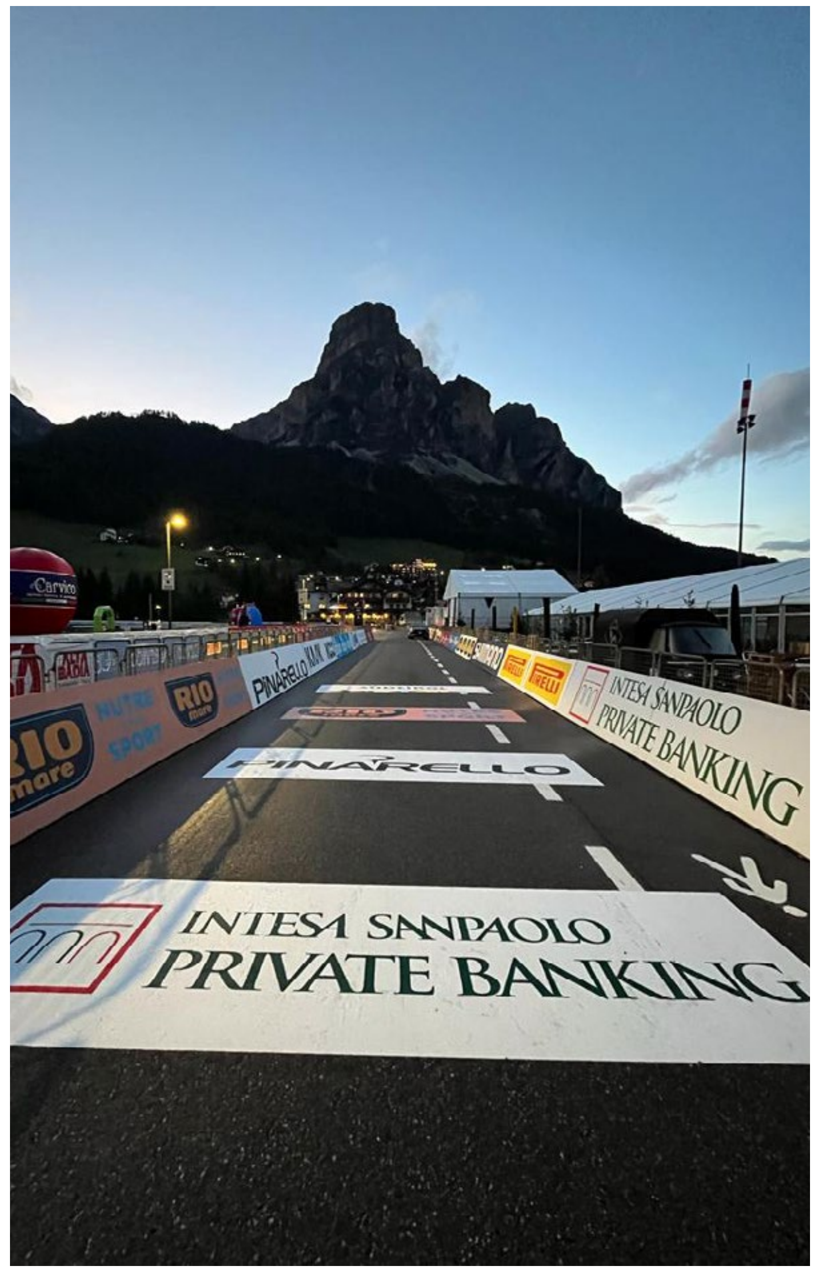
- **80th Italian Golf Open**, an event with a significant international profile. For the sixth year in a row, Fideuram was partner of the event, which took place at the prestigious Marco Simone Golf & Country Club course from 4 to 7 May 2023. This year, too, Fideuram welcomed its guests during the four 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 13th edition, last year's theme was: "In search of new equilibria: investing in global scenarios." The event was held in Milan from 16 to 18 May 2023.

- **Consulentia**, an event for Financial Advisors, organised by Anasf and now in its tenth edition. The event was held in Rome from 12 to 13 October at the Villa Vittoria Congress Centre. As in previous editions, Fideuram was present as a partner, with its own dedicated stand.

- **Efpa Italia Meeting**, of which Fideuram - Intesa Sanpaolo Private Banking was a partner and present with a dedicated exhibition stand. The event, now in its 14th edition, was held in Florence, from 12 to 13 October, at the Villa Vittoria Congress Centre, and brought together more than 800 asset management professionals from all over Italy.

During 2023, Intesa Sanpaolo Private Banking sponsored the following initiatives:



- **36th Maratona des Dolomites** (Dolomites Marathon), the most prestigious amateur cycling marathon race in the world, which has been running in the Dolomites since 1987. Registration takes place by drawing lots for around 8,000 participants from over 32,000 applications. Since 2013, Intesa Sanpaolo Private Banking has been a Gold Partner of the Dolomites Marathon and reserve a small number of bibs for its customers and assists its guests for the duration of the event, providing them with hotel hospitality and also personalized assistance by former professional cyclists.

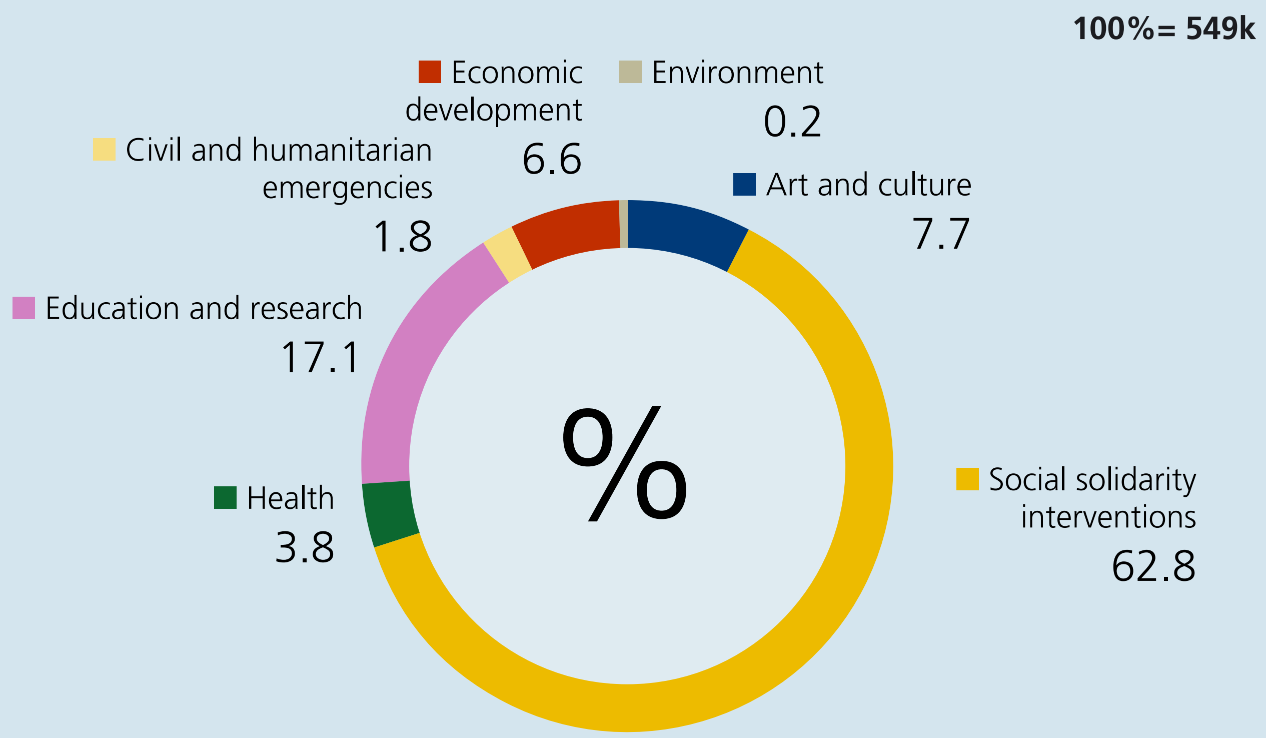
- **miart**, the contemporary and modern art fair now in its twenty-seventh edition, held in Milan from 14 to 16 April: the fair is a space for the mutual interaction of art and design, with a wide range of the major international galleries on show to the general public, this year with the theme "Crescendo". 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 of the main galleries were organised; the stand was the hub for conferences and debates open to the public with speakers from the world of criticism and journalism. The constant daily presence and availability of Intesa Sanpaolo Private Banking's Art Advisors at the event meant that specialist advice could be provided to customers and visitors.

- **Olimpia Basket Milano, EA7 Emporio Armani** (2023-2024 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.
- The **Intesa Sanpaolo Private Banking Financial Golf Trophy circuit**, held from June to October, divided into 4 semi-invitational competitions held at the following golf clubs: Albenza, Castelconturbia, Bogogno and Carimate. In addition, a TOP competition was organized at the Villa D'Este Golf Club. The entire event was attended by more than 350 golfers, including customers and prospects.

- **16th Shipbrokers and Shipagents Dinner** event in which Intesa Sanpaolo Private Banking plays the role of "Silver Sponsor", held at the Jean Nouvel Pavilion of the Genova Fair. The event is part of the Genova Shipping Week: the initiative, organized by Assagents (Association of Maritime Agents and Brokers of Genova), brings together port, maritime and logistics operators from all over the world.

In 2023, the Group's total contributions to local organisations via donations and sponsorships (€549k) were made entirely in cash. The graph shows the Group's donations to the community by field of activity:

Group contributions by sector, 2023



Our donations, calculated following the guidelines of the London Benchmarking Group (LBG), are classified by objective as follows:

- 36.6% "local investments", which include long-term strategic partnerships;
- 56.6% "donations", which meet specific needs and requests made by associations and non-profit entities;
- 6.8% for commercial initiatives, to support events that promote the brand and business of the Fideuram 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 asset products) with the aim of offering a complete range of opportunities.

The pre-contractual information and periodic reporting on the sustainability characteristics of financial products have been enriched according to the schemes indicated by technical reporting standards (RTS), in order to give savers clear and complete visibility at the product level, also with regard to alignment with the taxonomy, sustainable investments and the consideration or otherwise of the Principle Advers Impacts (PAI) as required by Regulation (EU) 2019/2088 (SFDR).

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 2023, the ESG-classified household product assets that were compliant with Articles 8 and 9 of the SFDR amounted to €60.4bn. Newly included products were heavily geared towards solutions that met the ESG criteria adopted. The new aspects covered all the different product families.

INVESTMENT FUNDS

In 2023, Fideuram Asset Management (Ireland) created a new sector pursuant to Article 9 of the SFDR as part of the Willerfunds Private Suite, the platform dedicated to Intesa Sanpaolo Private Banking. Willerfunds Private Suite Man AHL Multi-Asset Target Climate Change, the sub-fund, managed by Man Asset Management (Ireland), is characterized by a flexible global multi-asset strategy with the objective of generating positive returns in a manner consistent with environmental, social and governance (ESG) principles. The strategy portfolio is invested in a diversified manner in terms of geographical markets, types of issuers (corporate and government) and economic sectors. Management benefits from Man Group's sophisticated data science platform and its centralized team specialized in responsible investments for the collection and analysis of ESG data. The product has a sustainable investment objective that takes the form of mitigating the risk of climate change. In addition, in December, the placement of Asteria Funds, a Luxembourg umbrella fund with only sub-funds classified pursuant to Article 9 of the SFDR, was launched. The fund is managed by Asteria Investment Managers, a Swiss asset management company owned by Fideuram, specialized in impact investing strategies. The asset manager invests in companies whose development model is focused on impactful issues such as global pollution, food security and poverty, with a view to actively improving people's lives.

FIDEURAM MULTIBRAND

Fideuram Multibrand, the platform for the direct distribution of funds in open logic, was further strengthened in 2023 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, around 76% 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

During 2023, Fideuram Asset Management SGR, in collaboration with ECRA SGR, created the new FAI Progetto Italia II programme. The programme is a balanced investment strategy with a focus on sustainability and the country's infrastructure development classified pursuant to Article 8 of the SFDR. The fund allows for the establishment of alternative PIRs, giving the opportunity to benefit from related tax advantages.

ASSET MANAGEMENT

Fideuram Asset Management SGR continues its strong commitment to sustainability issues. This extends to its individual asset management service aimed at Fideuram Group customers. During 2023, in addition to the renewed commitment to the selection of additional ESG funds intended to enrich the investment universe of asset management services available to managers, Fideuram Asset Management SGR created a series of new management lines pursuant to Article 8 of the SFDR for Fogli Fideuram and Fideuram Omnia, the two solutions aimed at customers of the Fideuram, Sanpaolo Invest and IW Private Investments Networks.

As part of the Fogli Fideuram platform, in addition to the lines dedicated to a progressive entry on stock markets with dynamic step-in mechanisms for investing in equity lines (Foglio Equity Strategies 100, Foglio Equity 100 Mix), the Foglio Net Zero Transition line in funds and ETFs was created, which aims to give exposure to companies that participate the most in the transition to a world with zero emissions.

With reference to existing lines, the investible universe of Il Mio Foglio ESG, the asset management line within the Personal Banking family was expanded; this line 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.

For Fideuram Omnia, three new editions of the Active Beta 100 step-in Dynamic line were created, the Ego Valore Etico 15, 25 and 40 lines, characterized by certification of adherence to the Catholic principles of the Italian Episcopal Conference following a periodic analysis of the portfolio, and the Idea Multi Credit bond line.

INSURANCE PRODUCTS

The issue of sustainability has become increasingly important over the last few years also for the Group's insurance 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 2023, 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.

In the Group's offering, there are different solutions classified as Article 8 of the SFDR, both unit-linked, such as Fideuram Vita Futura and Selezione Private Pro Dublin branch, of the Irish branch of Intesa Vita, and multi-branch solutions such as Fideuram Vita Sintonia and Intesa Vita's Synthesis, Synthesis HNWI and Synthesis Business policies. All policies are characterised by internal and external fund selections strongly geared to the ESG dimension.

Intesa Sanpaolo Private Banking - Mantua Office

NON-MANAGED ASSETS

For the non-managed assets component, sustainable investment opportunities are being sought, both in bonds and certificates issued by Intesa Sanpaolo and in the bond issues of third-party issuers. Placements have been proposed on the primary market able to respond to a target of customers interested in investing with an approach in line with interests in the environmental, social and good governance fields.

MAIN IMPROVEMENT OBJECTIVES FOR 2024

The objectives previously set in line with the guidelines provided by the Intesa Group's 2022-2025 industrial plan have been confirmed for 2024 as well.

Investment Funds and Asset Management
Further expand the ESG offering to enrich the investment universe available to managers and clients.

Insurance Products
Continue the process of expanding the investment universe of insurance products with instruments that respond to sustainability and responsibility criteria, as well as with the selection of products made in a sustainable manner.

Managed Savings
Proposals, compatible with market trends, for new issues of Intesa Sanpaolo and third parties made taking into account ESG criteria.

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), the 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), the Italian Association of Finanical Markets (ASSOSIM) and the Italian Fiduciary Services Association (Assofiduciaria).

CORPORATE EVENTS

SALONE DEL RISPARMIO

In 2023, the Salone del Risparmio, now in its 13th edition, was organized at the new site of MiCo Milan, from 16 to 18 May, under the title"Il risparmio oltre la crisi: Accompagnare l'investitore verso scelte consapevoli" ("Saving beyond the crisis: Accompanying the investor to make informed choices"). Organized by the trade association Assogestioni, the symbolic event of the asset management industry saw the participation of Fideuram - Intesa Sanpaolo Private Banking as Main Partner. During the opening morning of the event, Fideuram Asset Management SGR organized the conference entitled "La generazione che sta cambiando il mondo. How to connect generations" opened by a speech by Gianluca Serafini - Chief Executive Officer and General Manager of Fideuram Asset Management SGR. The conference, which involved around a thousand people and was broadcast in live streaming, was an opportunity to present for the first time in Italy the research entitled "How to win Gen Z customers", thanks to the intervention of Lucia Uribe, Oliver Wyman's partner, and to talk with Fjona Cakalli, reporter, content creator and presenter, as well as with some young people from the Z Generation.

CONSULENTIA

This sector event organized by Anasf, now in its tenth edition, was held in Rome, from 14 to 16 March. As in previous years, Fideuram - Intesa Sanpaolo Private Banking was a partner of the event, present with a dedicated stand.
On the third day, the Round Table of Networks was held, with the participation of Fabio Cubelli, Co-Director General of Fideuram, moderated by the journalist Dario Donato of Mediaset TGCOM24. The event was attended by more than three thousand visitors in the three days.

EFPA

Fideuram - Intesa Sanpaolo Private Banking was a partner of the EFPA Italia Meeting, a recurring annual event for professionals in the financial sector and an important moment of training and debate. The event, now in its 14th edition, was held in Florence, from 12 to 13 October, at the Villa Vittoria Congress Centre, and brought together more than 800 asset management professionals from all over Italy. EFA certified conferences and seminars were organised, in the presence of the main players in the financial industry and asset management operators. The Group was present at the event with a dedicated exhibition stand.

ASSOCIAZIONE ITALIANA PRIVATE BANKING (AIPB)

The 19th Private Banking Forum was held on 28 November, in person at the Italian Stock Exchange, with an accompanying digital format. This year's edition was entitled "Un patto tra le generazioni: "l'agenda del Private Banking" ("A pact between generations: the Private Banking agenda"). 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 2023 Forum have been published on AIPB's website. During the 19th edition of the Private Banking Forum moderated by Fabio Tavelli, Sky journalist, the president of AIPB, Andrea Ragaini and other important speakers from international and Italian universities, as well as the healthcare industry and other leading areas, took part.

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 Governance of ESG topics Dissemination of an 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 not 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 product companies, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland), 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 reduce net emissions, the Group's product companies 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.

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%.

BIRTHTREE

The initiative was launched in 2022 in cooperation with the company ZeroCO², with the aim of actively contributing to environmental protection through reforestation projects in areas of the planet most affected by the deforestation problem such as Guatemala and the Peruvian Amazon.

With Birthtree, every colleague in the Division is given a tree on their birthday. Each donated tree contributes to the creation of the Fideuram - Intesa Sanpaolo Private Banking forest.

In these two years, 7,500 trees have been planted, 49,000 m² of land reforested and local communities supported. In fact, thanks to the project, tools and resources have been donated to resist deforestation: not only trees but also training to help in the process of regenerating natural environments and combating monocultures.

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 2023, consumption and emissions continued to decline thanks to the deployment of the actions set out in the Own Emission Plan for continued energy efficiency improvement and an increase in renewable energy procurement.
The reduced consumption of thermal and electrical energy in 2023 still 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.

(t CO_2eq,) (*)

	2023	2022	2021
SCOPE1 EMISSIONS			
Direct emissions: total	2,030	2,697	3,115
SCOPE2 EMISSIONS			
Total indirect emissions Market	609	177	339
Total potential indirect emissions Location	5,532	5,721	6,387
SCOPE3 EMISSIONS	**2,978**	**2,678**	**2,676**
Total business travel emissions	880	803	581
Total paper emissions	167	151	170
Total waste emissions	14	16	10
Total Office Machine Emissions	224	495	607
Total Internet Banking Emissions	7	6	-
Total Energy Carrier Emissions	1,167	742	888
Total Transport Values Emissions	519	465	421

(*) $CO_2eq = CO_2$*GWP + CH_4*GWP + N_2O*GWP where GWP = GWP-100years from IPCC AR6 WGI 2021

The figures for 2022 have been restated to account for changes in the scope of consolidation and the inclusion of total Internet Banking issues in Scope3. The figures for 2021 have not been restated.

Sources: Internal processing from 2023 publications with data referring to 2021 from ABI Lab (Guidelines on the Bank's adoption of GRI Environmental Standards), ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale - Higher Institute for Environmental Protection and Research), UNFCCC (United Nations Framework Convention on Climate Change), IEA (International Energy Agency), AIB (Association of Issuing Bodies), EPA (United States Environmental Protection Agency), IPCC (Intergovernmental Panel on Climate Change).

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:

- Scope1 direct emissions, namely those produced by sources belonging to the Group and referring to the use of fuels for heating and from company vehicles;
- Scope2 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).
- Scope3 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 Scope3 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 2023, electric power consumption totalled 66,048 GJ, natural gas (methane) consumption 29,176 GJ and fuel oil consumption 4,011 GJ. The percentage of total energy supplied from renewable sources came to around 65.4%. The percentage of electricity procured from sustainable sources was equal to 99.8%, in line with Group targets.

		2023	2022	2021
TOTAL ENERGY CONSUMPTION				
Total energy consumption	GJ	100,796	109,647	124,295
- of which supplied from renewable sources	*GJ*	*65,966*	*76,509*	*78,658*

		2023	2022	2021
ELECTRIC POWER CONSUMPTION				
Total electric power consumption	GJ	66,084	76,547	79,573

		2023	2022	2021
NATURAL GAS CONSUMPTION				
Natural gas consumption (methane)	GJ	29,176	30,531	42,027

		2023	2022	2021
FUEL OIL CONSUMPTION				
Fuel Oil consumption	GJ	4,011	2,218	2,696

PAPER

In 2023, Group companies consumed a total of 187 tonnes of paper. 86% of the paper used is environmentally friendly (69% from 100% recycled paper and 17% from ecological paper certified from sustainably-managed sources) with a per capita consumption of 34 kg.
During 2023, 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.

		2023	2022	2021
Total paper consumption	tons	187	216	239
Pro-capita paper consumption	kg/ employees	34	38	46

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*".

Since the end of last year, the Fideuram Group has been using only reams of 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 118,642 m3 in 2023, with per-capita water consumption of around 21 m^3, which is down on the previous year.

		2023	2022	2021
Total water consumption	m^3	118,642	124,104	127,948
Pro-capita water consumption	m^3/ employees	21	22	25

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 2023, the Group generated 147 tonnes of waste (26 kg per employee), including 142 tonnes of non-hazardous special waste and 5 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.

		2023	2022	2021
Total waste	tons	147	199	191
Total waste pro-capita	kg/employees	26	35	37
Total special waste (non-hazardous)	tons	142	190	186
Total hazardous waste	tons	5	9	5

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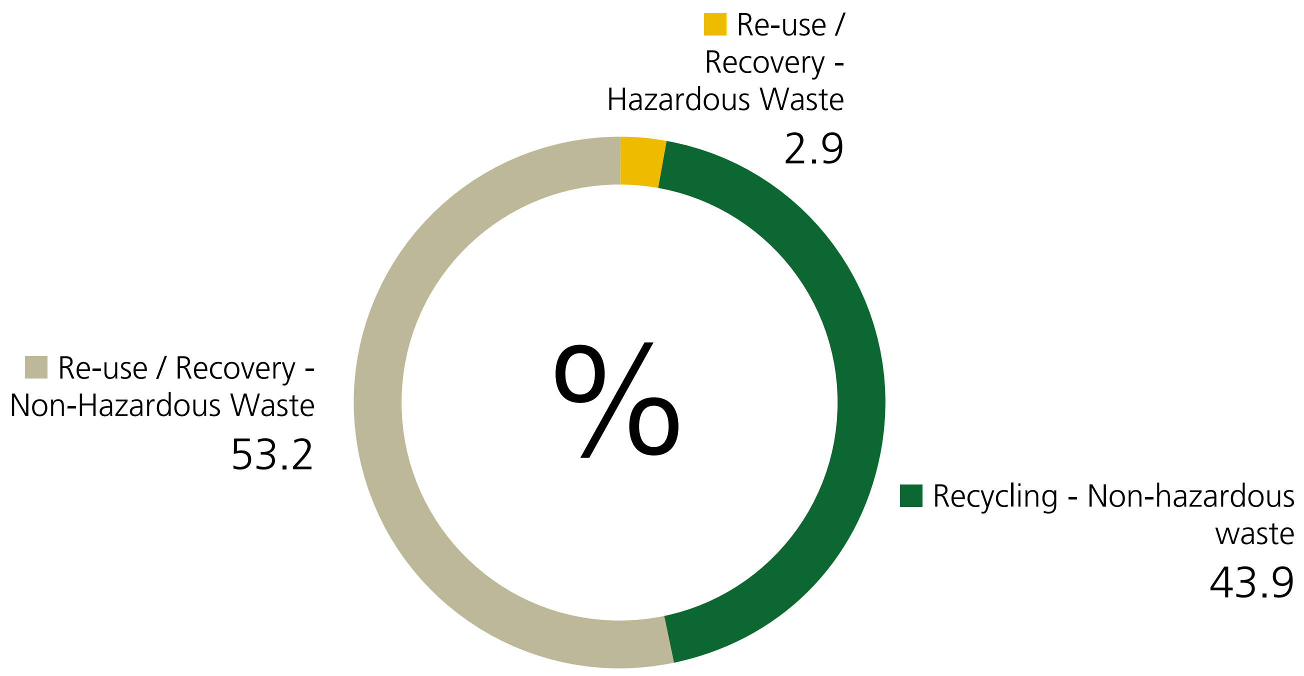
Waste management, including collection, transport, recovery and disposal at sites outside the organisation, is carried out by third parties in compliance with the provisions of the reference standards and current legislation. Only 6.1% of the waste generated was directed to disposal (69.5% of which was sent to landfill), while 93.9% was processed for reuse, recovered or recycled.

Fideuram and Sanpaolo Invest - Lecce Office

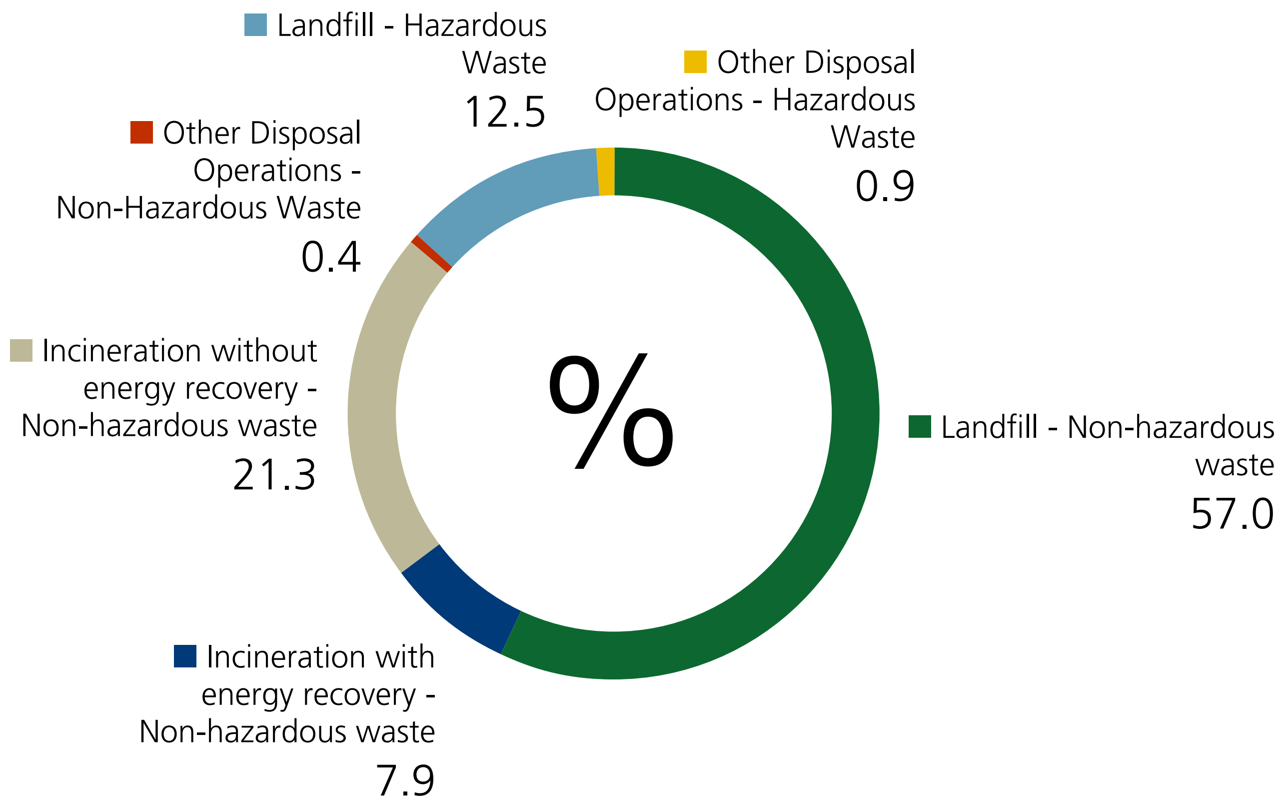
The following table provides the breakdown waste directed to or diverted from disposal:

(tons)	2023	2022
Paper and cardboard	57	74
Cartridges, tapes and films	2	2
Office machinery	74	82
Cathode ray tube monitors, plasma, LCD	4	7
Other types	1	17
Total waste diverted from disposal	**138**	**182**
Cartridges, tapes and films	1	1
Office machinery	7	8
Cathode ray tube monitors, plasma, LCD	1	3
Other types	-	5
Total waste for disposal	**9**	**17**
Total waste	**147**	**199**

Forms of disposal of waste diverted from disposal



Forms of disposal of waste directed to disposal



3.9 Events after 31 December 2023 and outlook

Fideuram and IW Private Investments - Milan Office

There were no significant events after the reporting period requiring any changes to be made to the consolidated financial statements at 31 December 2023.

On 26 February 2024, the Board of Directors of Fideuram, following the opinion of the Related Parties Committee, approved the subscription by Fideuram of a capital increase in Alpian SA up to a maximum amount of CHF40m, as well as the exercise by the bank of the anti-dilution option in the company's capital for a maximum amount of CHF 3m. As a result of these operations, which will be completed following the receipt of the necessary supervisory authorisations, Fideuram will acquire control of Alpian, gaining a stake in the company's capital of approximately 52%, in addition to the stake held indirectly through Reyl & Cie, for a total share of approximately 60%.

The Board of Directors, again subject to the favourable opinion of the Related Parties Committee, approved the subscription of a capital increase of CHF2.45m in favour of Asteria Investment Managers SA, a company owned 49% by Fideuram and 51% by Man Group Holdings Limited. The operation will make it possible to support the development of the company in line with the objectives of the partnership launched in October 2023 between Fideuram and Man, and at the same time confirm to the local Supervisory Authority the willingness of shareholders to support the development of Asteria.

In 2024, a number of regulatory updates to Prudential Supervision will come into force, which are likely to have a significant impact on the capital solvency ratios of Intesa Sanpaolo Private Banking and Fideuram, which require specific funding interventions.

In summary, the regulatory changes concern:

a) IRRBB - SOT (Interest rate risks for banking book Supervisory Outlier Tests): the Commission Delegated Regulation, with the definition of the new RTS requirements, which is still in the approval phase, is expected to enter into force in the first quarter of 2024. This Regulation sets new and more stringent requirements in terms of interest rate risk of the banking book, defining the obligation for banks to maintain a minimum level of Tier 1 Capital, such as to fully cover the risk deriving from fluctuations in interest rates on the value of interest-bearing assets and interest-bearing liabilities. Introduced by the EBA in 2023, following the revision of the interest rate risk framework, the new regulation aims to ensure that banks manage risk effectively and safeguard their solvency.

b) Daisy Chain: the regulation, introduced from 1 January 2024 on the basis of Regulation (EU) 2022/2036, requires banks belonging to Banking Groups, other than the Parent Company, to deduct from their own funds the value of controlling shareholdings in banks in the European Union. The application of this regulation to Fideuram was communicated by the Single Resolution Board in December 2023.

c) MREL (Minimum Requirement for own funds and Eligible Liabilities - bonds and/or senior eligible loans) introduced to ensure the proper functioning of the bail-in: currently set at 8% + CBR (Combined Buffer Requirement),[1] for both Fideuram and Intesa Sanpaolo Private Banking; this requirement, only for Fideuram, will be raised to 16% + CBR as of 30 June 2024.

To ensure compliance with the new regulatory requirements:

- on 27 February 2024, Intesa Sanpaolo approved a capital payment of €1bn and the disbursement of a €1.25bn eligible MREL subordinated loan to Fideuram;
- on the same date, Fideuram approved a capital payment of €1.25bn to Intesa Sanpaolo Private Banking.

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 2024 with an excellent result. Please refer to the approval of the first quarter results for a detailed analysis of the current year's profitability.

1. The CBR is composed of the Capital Conservation Buffer, equal to 2.5% of risk-weighted assets (RWA), and the Countercyclical Capital Buffer that can be activated by the Bank of Italy in periods of economic stress for a value that cannot exceed 2.5% of risk-weighted assets, except in specific cases.

4. Governance

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.**

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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) Management of risks related to climate change (physical and transition 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.
The 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 its stakeholders and based on the principles of the Code of Ethical Conduct and on the values that have always set apart Fideuram's culture and tradition.

The Fideuram Group has defined its own Purpose with the identification of the 5 values in which it recognizes itself:

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 main 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 the 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.

Continue on next page >>

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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.

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.

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.

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<< Continued from previous page

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.

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 capital of IW Bank. Intesa Sanpaolo Private Banking incorporated UBI's "Top Private Banking" business unit.

2022

The merger by incorporation of Intesa Sanpaolo Private Bank (Suisse) Morval into Reyl & Cie was finalised.

Following the partial demerger of the banking business branch of IW Bank in favour of Fideuram and the partial demerger of Fideuram in favour of Intesa Sanpaolo of a compendium substantially made up of performing loans, IW Bank was reconfigured as a SIM, taking on the name of IW Private Investments SIM S.p.A..

The acquisition by Fideuram Bank (Luxembourg) of Compagnie de Banque Privée Quilvest was finalised.

Sanpaolo Invest SIM was merged by incorporation into Fideuram.

Net profit	**€1,070** m
Client Assets	**€327,179** m
Personal Financial Advisers	**6,648** no.

2023

Net profit	**€1,403** m
Client Assets	**€359,842** m
Personal Financial Advisers	**6,696** no.

With effect from 1 January 2023, Fideuram Bank (Luxembourg) was merged by incorporation into Compagnie de Banque Privée Quilvest, with the renaming of the merged company as Intesa Sanpaolo Wealth Management.

On 30 June 2023, the purchase by Reyl & Cie of Carnegie Fund Services, a consolidated and recognized player in the Swiss fund representation and distribution market, was completed.

With effect from 31 October 2023, the acquisition of 100% of Asteria by Fideuram was completed, followed, on the same date and with the same effectiveness, by the sale of 51% of Asteria's capital to MAN GROUP HOLDINGS LIMITED, with which a strategic partnership was launched.

The rationalization of the corporate structure of the Private Banking Division continued with the sale, completed in November 2023, of 100% of UBI Trustee by Intesa Sanpaolo Wealth Management to Fiduciaire Jean-Marc Faber Sarl.

Fideuram has increased its direct stake in Reyl & Cie, reaching a direct holding of 41% of the Company's capital, in addition to an indirect stake of 30%.

Fideuram Direct, the digital platform for savers and traders who want to invest remotely in the financial markets, has been strengthened with Direct Advisory, the new remote advisory service for managing investments, which features a team of Direct Bankers.

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 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 Association 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 Association also provide that, from the first complete renewal of the Board of Directors after 1 January 2022, Article 13 of the Articles of Association 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
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
FEDERICO TRUTALLI

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 Articles of Association 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 members.

The Private Banking Division within the Group Intesa Sanpaolo 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 CA 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 10 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;

Intesa Sanpaolo Private Banking - Turin San Carlo HNWI Office

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.

11
Meetings in 2023
96% average attendance at meetings

Chairman

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.
- Vice Chairman of Assoreti (*)
- Chairman of the Fondazione Querini Stampalia

(*) Paolo Molesini was President of Assoreti until 17 April 2023. Subsequently, he took on the role of Vice President of the Association.

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.

Chief Executive Officer and General Manager

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.

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.

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

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.

The Joint General Manager - Operational and Financial Coordination Area, 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 - Fideuram Business Coordination Area

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.
- Board Member of SIREF Fiduciaria S.p.A.

The Joint General Manager - Fideuram Business Coordination Area, 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.

Chief Financial Officer

CHIEF FINANCIAL OFFICER

Domenico Sfalanga

Appointed by the Board of Directors
on **2 November 2015**

The Chief Financial Officer of the Bank, 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 Intesa Sanpaolo'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 Private Banking Division, the Bank and its subsidiaries in order to measure performance and fulfil mandatory and regulatory obligations.

The Chief Financial Officer is the Responsible Officer for the preparation of accounting documents ("Responsible Officer") in accordance with "Intesa Sanpaolo's Financial and Administrative Governance Guidelines" and the "Financial and Administrative Governance Regulations of Fideuram - Intesa Sanpaolo Private Banking".

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 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 2023 included two 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 Intesa Sanpaolo will continue into 2024 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 also 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", last endorsed by the Fideuram's Board of Directors on 20 June 2023 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, sale and storage of unconventional weapons, and carefully assesses exposure to companies/issuers active in the production or marketing of weapons, fossil coal, oil and unconventional gas, 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.

With reference to the management policies of financial products and investment services provided to customers, the Group undertakes the following:

- 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 Intesa Sanpaolo'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 Annual Integrated 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 2023, the Management Committee met twice 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	73%	2	-	X	-
Deputy Chairman	Federico Visconti	16/04/2021	100%	-	-	X	-
MD/GM	Tommaso Corcos	16/04/2021	100%	2	X	-	-
Director	Giorgio Barba Navaretti	16/04/2021	91%	-	-	X	X
Director	Giovanni Battista Bisogni	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	91%	1	-	X	-
Director	Marcello Naldini	16/04/2021	100%	3	-	X	-

Composition by gender

10% Women | 90% Men

Composition by age group

10% 30 to 50 | 90% Over 50

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 Intesa Sanpaolo 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 Intesa Sanpaolo and the Supervisory regulations regarding remuneration and bonus policies and practices.
Fideuram adopts Group performance evaluation systems differentiated by population cluster.

For Professionals the evaluation system adopted is UpPER that, with a 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.

For the Risk Takers and Middle Management, the evaluation systems adopted are in turn differentiated based on the job titling system adopted by the Group linked to the responsibilities and contribution of the role, as well as the function to which they belong. In particular, for Risk Takers and Middle Management with the title of "Senior Director" or "Head of" in some specific business functions, the evaluation system adopted is Managers' Performance Accountability, which provides objective, measurable qualitative and quantitative KPIs, identified consistently with the objectives of the Business Plan. For the remaining management with the title of "Head of" the system adopted is aHead which provides KPIs defined in line with the levers used by managers and managerial indicators connected to the Group's Leadership Model.
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 Intesa Sanpaolo for the entire Banking Group.

In particular, for the Group's Risk Takers and Middle Management there is an annual Incentive System linked to the Managers' Performance Accountability/aHead evaluation system (according to the clustering specified above) for which a bonus is determined based on the achievement of the objectives according to the rules established in the remuneration policies of Intesa Sanpaolo.

This system places ESG at the heart of performance by setting specific KPIs for the Intesa Sanpaolo's CEO and to approximately 3,000 managers (in Italy and abroad), including top managers and managers of Fideuram, which underline the Group's commitment to sustainability and ESG.

Incentive initiatives dedicated to business segments with high profitability and relevance within the strategy defined at a Business Plan level are also envisaged.

In addition to these tools, in order to enhance the commitment and involvement of all the Group's people in achieving the economic, capital and sustainability objectives of the 2022-2025 Business Plan, the Group has confirmed the use of long-term Incentive Systems aligned with the time horizon of the Plan itself and differentiated by purpose, tools and population cluster. Specifically, two new long-term incentive plans aimed at the entire population have been launched:

- the Performance Share Plan (PSP) intended for Management (including the Managing Director and CEO, the remaining Group o Top Risk Takers and the other Group Risk Takers) and based on actions recognized over time upon the achievement of performance objectives;
- the LECOIP 3.0 Long-Term Incentive Plan intended for Professionals in the Italian perimeter and based on Certificates with Intesa Sanpaolo shares as the underlying.

In these Plans, albeit according to different mechanisms depending on the population each plan is for, the ESG perspective is included as illustrated in the remuneration policies of Intesa Sanpaolo.

In conjunction with the launch of Intesa Sanpaolo's 2022-2025 Business Plan, a 2022-2025 Long-Term Incentive Plan was also launched for non-employee Financial Advisors of the Fideuram, Sanpaolo Invest and IW Private Investments Networks.

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 Intesa Sanpaolo'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 Private Banking 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 Private Banking 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 15 December 2023), 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. 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 2023.

AUDIT

The Audit Department reports directly to the Board of Directors:

BOARD OF DIRECTORS

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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 Intesa Sanpaolo Wealth Management, also 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: IW Private Investments, Fideuram Asset Management SGR, Siref Fiduciaria, Fideuram Asset Management (Ireland), Intesa Sanpaolo Wealth Management, 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 by 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.

During 2023, a check was carried out on the harmonization of AML risk profiles and the classification of Politically Exposed Persons (PEPs) at Group level. These persons are considered to be at a higher risk of money laundering because they are more exposed to corruption, extortion or abuse of office and for these reasons they must be subjected to enhanced due diligence. Analyses aimed at verifying the adequacy of the regulatory framework, the sharing of information on PEPs for customers shared between different companies, and the correlation links of PEP subjects were conducted.

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. It should be noted that in 2023 the Fideuram Group received a whistleblowing report.

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, including the corrective initiatives connected to the 2021 Consob audit, as well as the strengthening of controls with particular reference to Environmental, Social and Governance issues (so-called "ESG factors"), the release of the New Adequacy Model and the risk governance processes associated 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 reference to controls on the Networks - carried out quarterly on the basis of the potential risk rankings guided by the synthetic conformity indicator (ICF) which is populated by specific indicators aimed at intercepting relevant conduct and/or phenomena – an activity is underway for refinement and enrichment, following the changes introduced, from July 2023, regarding the Adequacy Model. The consolidation of activities to identify and report suspicious transactions carried out by customers and on own account by the Bank also continued. Finally, as part of the business initiatives of the 2022-2025 Business Plan aimed at the development of International Private Banking, the consolidation of oversight in Switzerland and Luxembourg continued.

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 – updated for the Bank in December 2023 – 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 Mod-

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el 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 (valid until May 2025). 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, adopted by the subsidiaries, govern anti-money laundering, combating terrorism financing and embargo management activities, and identify the reference principles and the model for the 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. During the year, alongside the ordinary activities of anti-money laundering and combating the financing of terrorism (AML/CFT), and the management of embargoes (FS), also including the publication of specific training courses for each regulatory area, as provided for by the Anti-Financial Crime training plan approved by the Boards of Directors of the Bank and its subsidiaries, the following are noted in particular:

- the activities of the ENIF Programme, aimed at the overall review of the governance and operational model regarding financial crime of the domestic entities of the Private Banking Division, which has as central elements the adoption of an organizational model based on specialized competence centres and a target platform at Group level, identified for the AML/CFT component in NetReveal, as well as the continuation of initiatives to strengthen controls in the FS area, with the selection and adoption of the new Group target platform;
- support for 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;
- as part of initiatives aimed at resolving the findings of the Supervisory Authorities and the internal control functions and aligning with the new regulations, the activities envisaged by the remediation plan defined following the audit conducted by the Bank of Italy on Fideuram-Intesa Sanpaolo Private Banking.

Fideuram and Sanpaolo Invest - Trento HNWI Office

CHIEF RISK OFFICER

Reports directly to the CEO and General Manager:

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 units, one dedicated to the Bank's regulatory risks, in turn comprising "Financial and Credit Risks" and Operational and ICT Risks", one dedicated to investment portfolio risks undertaken by customers either directly or through financial advisers, and one 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 (FPP). 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 (called the Risks Dashboard, or TdR) on compliance with the limits assigned by the RAF and Internal Policies;
- a report on the audits carried out, the resultant findings, any weaknesses identified and the interventions proposed for eliminating them (called the CRO Criticalities Dashboard);
- information, for the aspects under its responsibility, regarding the completeness, adequacy, functionality and reliability of the internal control system and the Work Plan in which the main risks to which the Bank is exposed are identified and assessed, and the related management actions are planned (SCII Report);
- a report on the investment services offered to customers, in compliance with the joint Consob - Bank of Italy Regulation (Report prepared pursuant to Consob resolution no. 17297 of 28 April 2010 as amended).

Furthermore, the CRO's tasks include analysing and monitoring the Division's exposure to reputational and ESG risk, identifying the appropriate areas of intervention and updating the Climate/ESG Materiality Assessment of the Division, in line with the indications of the Parent Company and in agreement with the other competent structures, in addition to overseeing the ESG risk of investment services and managing its modelling at the product and portfolio level of the Division's customers, in collaboration with the competent functions of the Chief Risk Officer Governance Area of the Parent Company.

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

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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 carried out in 2023 were conducted on the processes assessed as having the greatest potential risk and concerned the main administrative and accounting processes, with particular attention to compliance and the correct application of the Group's Accounting Rules as part of the processes of the formation and evaluation of the balance sheet and income statement items (with a view to a three-year audit cycle). In addition, the audits addressed some aspects of managing commission fees with the Personal Financial Adviser Network, as well as the control of outsourcers and some business support processes, in particular the credit process, and 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

The "Operational Audit" structure, located within the Operational and Financial Coordination Area, guarantees the coordination of operational controls carried out on the Financial Advisor Networks, on the Intesa Sanpaolo Private Banking Network and on Fideuram Direct's Advanced Trading services. The new structure is divided into:

- Fideuram and Financial Advisor Networks Operational Audit;
- Intesa Sanpaolo Private Banking Operational Audit;
- Trading and Finance Operational Audit.

Fideuram and Financial Advisor Networks Operational Audit

In 2023, the activity to strengthen the controls implemented by the Fideuram Operational Audit and Financial Consultant Networks structure, already started last year, both in relation to the development plans defined in previous years and in response to further needs identified by audits carried out by the second level (Compliance) and third level (Audit) control structures, saw the introduction of 20 new controls in the areas of AML, investment services and banking/operations services.
On-site audits at Fideuram bank branches, already started in 2022, also become fully operational.

The unit's business development plan will continue into 2024, with new audits already planned.

With regard to the activity performed during 2023, the Fideuram Operational Audit Unit and Financial Adviser Networks selectively analysed over 25,300 anti-money laundering, banking services and investment services cases. Additionally, controls were carried out for the quantitative detection of the investigated phenomena and the related analysis for about 430 observations.
With regard to investment services, the positions of about 1,100 financial advisors belonging to the Fideuram, Sanpaolo Invest Networks and IW Private Investments were evaluated.
The controls were carried out both remotely and during the approximately 30 on-site audits conducted during the year.

Intesa Sanpaolo Private Banking Operational Audit

The Intesa Audit Unit provides services for the controls and other activities undertaken at Intesa Sanpaolo Private Banking.

As part of operational monitoring activities, the Unit, in addition to monitoring the timely fulfilment of line controls by the Network, directly carries out checks on its operations through remote controls and on-site audits, steered by a rating system which make it possible to assign summary risk assessments of individual Private Centres, allowing the Operational Audit Unit to plan on-site audits of the distribution network from a "risk driven" perspective.
During 2023, in implementing the Action Plan following the Audit report drawn up for the standardization of audit activities within the Division and the requests of the Compliance and Anti-Money Laundering Functions, 12 controls were activated and 1 was deactivated, bringing the overall number of audits from 98 at the beginning of the year to 109 at the end of 2023.
With regards to on-site audits, 23 Private Centres were audited and approximately 70,100 files relating to the 109 audits performed were processed both remotely and on-site.

Trading and Finance Operational Audit

The Operational Unit maintains and updates the audit system for customers that subscribe to the advanced trading services offered by Fideuram Direct, Scalper and Derivatives in particular, and the monitoring of customer positions, closing 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 advisory and decision-making body set up in 2022, whose tasks include overseeing that the operational instructions issued to the Fideuram Direct and Operational Audit business units with regard to trading are duly executed. In 2023, it did not detect any critical issues in this regard. For 2024, the unit plans to continue activities to develop the control and monitoring, started during 2023, as a consequence of the updates to the margining model adopted by the main listed derivative markets.

4.8 Management of confidential 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 - Naples Alvino Branch

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 2023 reporting period, the Fideuram Shareholders' Meeting was held on three occasions in an ordinary session, and specifically:

- on 18 April, for the approval of the financial statements and for the appointment of the Board of Statutory Auditors, its Chair and the determination of related compensation for the three-year period 2023-2025;
- on 4 May, for the approval of the 2023 remuneration and incentive policies of the Intesa Sanpaolo Group, of the 2023 remuneration and incentive policies of Fideuram - Intesa Sanpaolo Private Banking, of the 2023 Annual Incentive System of the Intesa Sanpaolo Group based on financial instruments, of the Incentive Plan for 2023 for the Financial Advisors of the Fideuram and Sanpaolo Invest Networks, for the authorization to purchase and dispose of ordinary Intesa Sanpaolo shares to service the incentive plans and to examine the information on compensation paid in the financial year 2022, as well as ex-ante information regarding the criteria for determining the compensation to be granted in the event of early termination of the employment relationship or early termination of office and ex-post regarding the amounts possibly granted in the event of early termination of the employment relationship or early termination of office;
- on 22 September, in an extraordinary session, for the approval of the Fideuram Remote Advisory remuneration and incentive system.

3
Meetings
in 2023

4.10 Board of Statutory Auditors

Fideuram and Sanpaolo Invest - Alessandria Branch

The Board of Statutory Auditors of the Bank, appointed by the Ordinary Shareholders' Meeting on 18 April 2023, also performs the duties of a Supervisory Board pursuant to Italian Legislative Decree 231/2001.

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. In particular, also considering 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, 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. The Board of Statutory Auditors is also called upon to examine the proposals formulated by the independent auditors to obtain the related audit engagement. 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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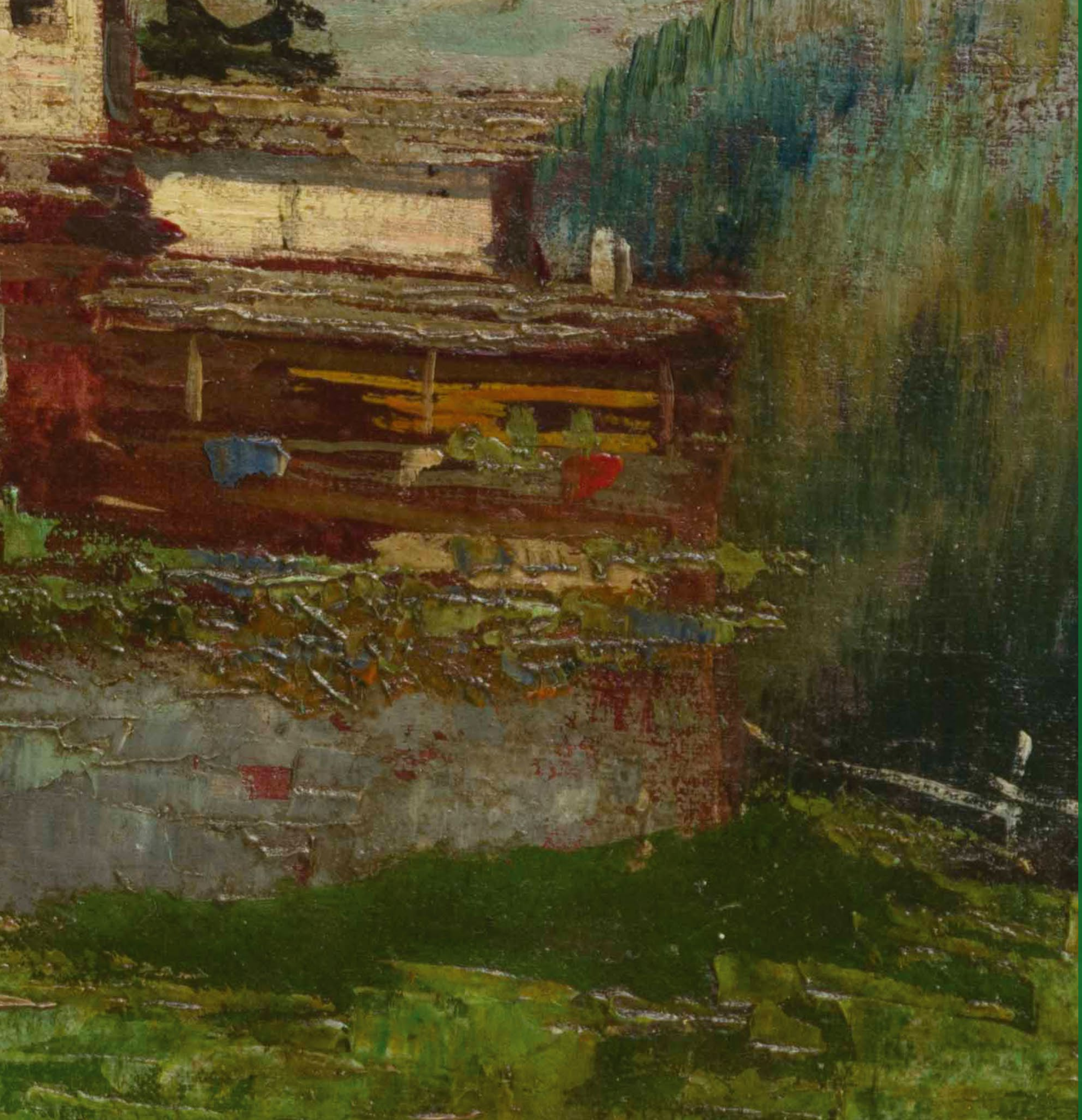
Meetings in 2023

The Board of Directors
27 February 2024



5. Consolidated financial statements

Consolidated balance sheet

(€m)

	31.12.2023	31.12.2022
ASSETS		
10. Cash and cash equivalents	5,238	5,873
20. Financial assets measured at fair value through profit or loss	719	618
a) financial assets held for trading	46	25
b) financial assets measured at fair value	-	-
c) other financial assets mandatorily measured at fair value	673	593
30. Financial assets measured at fair value through other comprehensive income	3,360	3,096
40. Financial assets measured at amortised cost	43,357	49,485
a) loans and advances to banks	27,268	32,754
b) loans and advances to customers	16,089	16,731
50. Hedging derivatives	257	317
60. Adjustments to financial assets subject to macro-hedging (+/-)	(45)	(58)
70. Equity investments	247	232
80. Reinsurers' share of technical reserves	-	-
a) insurance contracts issued which constitute assets	-	-
b) reinsurance disposals which constitute assets	-	-
90. Property and equipment	374	391
100. Intangible assets	846	836
of which: goodwill	424	409
110. Tax assets	215	273
a) current	26	31
b) deferred	189	242
120. Non-current assets held for sale and discontinued operations	-	-
130. Other assets	1,847	1,808
TOTAL ASSETS	**56,415**	**62,871**

(€m)

	31.12.2023	31.12.2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
10. Financial liabilities measured at amortised cost	50,085	56,266
a) due to banks	3,955	5,419
b) due to customers	46,130	50,847
c) debt on issue	-	-
20. Financial liabilities held for trading	52	21
30. Financial liabilities measured at fair value	-	-
40. Hedging derivatives	362	344
50. Adjustments to financial liabilities subject to macro-hedging (+/-)	(21)	(37)
60. Tax liabilities	148	177
a) current	53	61
b) deferred	95	116
70. Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80. Other liabilities	1,949	1,723
90. Provision for employment termination indemnities	34	38
100. Provisions for risks and charges:	590	523
a) commitments and guarantees	4	3
b) pensions and other commitments	18	10
c) other provisions for risks and charges	568	510
110. Insurance liabilities	-	-
a) insurance contracts issued which constitute liabilities	-	-
b) reinsurance disposals which constitute liabilities	-	-
120. Valuation reserves	71	(24)
130. Redeemable shares	-	-
140. Equity instruments	24	24
150. Reserves	2,411	2,242
155. Interim dividends (-)	(1,200)	-
160. Share premium reserve	206	206
170. Share capital	300	300
180. Treasury shares (-)	-	(3)
190. Equity attributable to non-controlling interests (+/-)	1	1
200. Net profit (loss) for the year (+/-)	1,403	1,070
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**56,415**	**62,871**

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated income statement

(€m)

	2023	2022
10. Interest income and similar income	1,756	521
of which: interest income calculated with the effective interest method	*1,764*	*581*
20. Interest expense and similar expense	(490)	(114)
30. Net interest income	**1,266**	**407**
40. Fee and commission income	3,036	3,068
50. Fee and commission expense	(1,138)	(1,049)
60. Net fee and commission income	**1,898**	**2,019**
70. Dividends and similar income	7	2
80. Net profit (loss) on trading activities	44	50
90. Net profit (loss) on hedging derivatives	(5)	4
100. Net profit (loss) on sale or repurchase of:	(11)	1
a) financial assets measured at amortised cost	-	-
b) financial assets measured at fair value through other comprehensive income	(11)	1
c) financial liabilities	-	-
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	68	(71)
a) financial assets and liabilities measured at fair value	-	-
b) other financial assets mandatorily measured at fair value	68	(71)
120. Total net interest and trading income	**3,267**	**2,412**
130. Net impairment for credit risk related to:	(34)	(10)
a) financial assets measured at amortised cost	(34)	(10)
b) financial assets measured at fair value through other comprehensive income	-	-
140. Gains/losses on contractual changes without cancellation	-	-
150. Operating income	**3,233**	**2,402**
160. Insurance service result	-	-
a) insurance revenues from insurance contracts issued	-	-
b) costs for insurance services from insurance contracts issued	-	-
c) insurance revenues from reinsurance disposals	-	-
d) costs for insurance services from reinsurance disposals	-	-
170. Other income/expense from insurance activities	-	-
a) net costs/revenues of a financial nature relating to insurance contracts issued	-	-
b) net revenues/costs of a financial nature relating to reinsurance disposals	-	-
180. Operating income from financing and insurance activities	**3,233**	**2,402**
190. Administrative expenses:	(1,304)	(1,213)
a) personnel expenses	(562)	(518)
b) other administrative expenses	(742)	(695)
200. Net provisions for risks and charges	(91)	50
a) commitments and guarantees	(1)	(1)
b) other net provisions	(90)	51
210. Depreciation of property and equipment	(63)	(57)
220. Amortisation of intangible assets	(55)	(53)
230. Other income/expense	352	350
240. Operating expenses	**(1,161)**	**(923)**
250. Profit (loss) on equity investments	(14)	16
260. Net fair value gains (losses) on property and equipment and intangible assets	-	-
270. Goodwill impairment	-	-
280. Gain (loss) on disposal of investments	11	-
290. Profit (loss) before tax from continuing operations	**2,069**	**1,495**
300. Income taxes for the year on continuing operations	(664)	(428)
310. Profit (loss) after tax from continuing operations	**1,405**	**1,067**
320. Profit (loss) after tax from discontinued operations	-	-
330. Net profit (loss) for the year	**1,405**	**1,067**
340. Net profit (loss) for the year attributable to non-controlling interests	(2)	3
350. Parent company interest in net profit (loss) for the year	**1,403**	**1,070**

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated statement of comprehensive income

(€m)

	2023	2022
10. Net profit (Loss) for the year	**1,405**	**1,067**
Other comprehensive income after tax not transferred to the income statement	**(2)**	**29**
20. Equity instruments measured at fair value through other comprehensive income	3	(3)
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	1	-
60. Intangible assets	-	-
70. Defined-benefit plans	(6)	32
80. Non-current assets held for sale and discontinued operations	-	-
90. Valuation reserves related to investments carried at equity	-	-
100. Net finance income or expense arising from insurance contracts issued	-	-
Other comprehensive income after tax that may be transferred to the income statement	**97**	**(115)**
110. Hedging of net investments in foreign operations	(16)	(10)
120. Exchange rate differences	31	21
130. Cash flow hedges	57	(54)
140. Hedging instruments (undesignated elements)	-	-
150. Financial assets (other than equity instruments) measured at fair value through other comprehensive income	27	(55)
160. Non-current assets held for sale and discontinued operations	-	-
170. Valuation reserves related to investments carried at equity	(2)	(17)
180. Net finance income or expense arising from insurance contracts issued	-	-
190. Net finance income or expense arising from reinsurance cessions	-	-
200. Total other comprehensive income after tax	**95**	**(86)**
210. Total comprehensive income (Item 10+200)	**1,500**	**981**
220. Total comprehensive income attributable to non-controlling interests	2	(3)
230. Total comprehensive income attributable to parent company	1,498	984

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Statement of changes in consolidated shareholders’ equity

(€m)

	BALANCE AT 31.12.2022	CHANGE IN OPENING BALANCES	BALANCE AT 1.1.2023	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE YEAR											SHAREHOLDERS' EQUITY AT 31.12.2023	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY AT 31.12.2023	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS AT 31.12.2023
							TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY												
				RESERVES	DIVIDENDS AND OTHER	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	INTERIM DIVIDENDS	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	DERIVATIVES BASED ON TREASURY SHARES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	TOTAL COMPREHENSIVE INCOME 2023				
Share capital:	**300**	**-**	**300**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300**	**300**	**-**
- ordinary shares	300	-	300	-	-	-	-	-	-	-	-	-	-	-	-	300	300	-
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**206**	**-**	**206**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**206**	**206**	**-**
Reserves:	**2,246**	**-**	**2,246**	**167**	**-**	**-**	**(3)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,410**	**2,411**	**(1)**
- From net income	1,897	-	1,897	167	-	(2)	-	-	-	-	-	-	-	-	-	2,062	2,063	(1)
- Other	349	-	349	-	-	2	(3)	-	-	-	-	-	-	-	-	348	348	-
Valuation reserves	**(24)**	**-**	**(24)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**95**	**71**	**71**	**-**
Equity instruments	**24**	**-**	**24**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24**	**24**	**-**
Interim dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,200)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,200)**	**(1,200)**	**-**
Treasury shares	**(3)**	**-**	**(3)**	**-**	**-**	**-**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the year	**1,067**	**-**	**1,067**	**(167)**	**(900)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,405**	**1,405**	**1,403**	**2**
Shareholders' equity	**3,816**	**-**	**3,816**	**-**	**(900)**	**-**	**-**	**-**	**(1,200)**	**-**	**-**	**-**	**-**	**-**	**1,500**	**3,216**	**3,215**	**1**
Equity attributable to owners of the parent company	**3,815**	**-**	**3,815**	**-**	**(900)**	**2**	**-**	**-**	**(1,200)**	**-**	**-**	**-**	**-**	**-**	**1,498**	**3,215**		
Equity attributable to non-controlling interests	**1**	**-**	**1**	**-**	**-**	**(2)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**1**		

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Statement of changes in consolidated shareholders' equity

(€m)	BALANCE AT 31.12.2021	CHANGE IN OPENING BALANCES	BALANCE AT 1.1.2022	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE YEAR									SHAREHOLDERS' EQUITY AT 31.12.2022	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY AT 31.12.2022	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS AT 31.12.2022
							TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY										
				RESERVES	DIVIDENDS AND OTHER	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	DERIVATIVES BASED ON TREASURY SHARES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	TOTAL COMPREHENSIVE INCOME 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
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Statement of cash flows
(Indirect method)

(€m)

	2023	2022
A. OPERATING ACTIVITIES		
1. Operations	**2,126**	**1,413**
- profit (loss) for the year (+/-)	1,403	1,070
- net profit (loss) on financial assets held for trading and on other assets/liabilities measured at fair value through profit or loss (-/+)	(111)	21
- net profit (loss) on hedging activities (-/+)	5	(4)
- net impairment for credit risk (+/-)	34	10
- net depreciation and amortisation (+/-)	118	110
- net provisions for risks and charges and other expense/income (+/-)	92	(49)
- net insurance and reinsurance income or expense (-/+)	-	-
- unpaid taxes and tax credits (+/-)	664	428
- net impairment of discontinued operations net of tax effect (-/+)	-	-
- other adjustments (+/-)	(79)	(173)
2. Cash from/used in financing activities	**6,053**	**5,018**
- financial assets held for trading	4	18
- financial assets measured at fair value	-	-
- other assets mandatorily measured at fair value	(14)	(126)
- financial assets measured at fair value through other comprehensive income	(234)	(29)
- financial assets measured at amortised cost	6,128	6,102
- other assets	169	(947)
3. Cash from/used in financial liabilities (*)	**(6,655)**	**(3,486)**
- financial liabilities measured at amortised cost	(6,181)	(4,040)
- financial liabilities held for trading	51	15
- financial liabilities measured at fair value	-	-
- other liabilities	(525)	539
4. Cash from/used in insurance contracts issued and reinsurance cessions	**-**	**-**
- insurance contracts issued that represent liabilities/assets (+/-)	-	-
- reinsurance cessions that represent assets/liabilities (+/-)	-	-
Net cash from/used in operating activities	**1,524**	**2,945**
B. INVESTING ACTIVITIES		
1. Cash from	**25**	**-**
- disposal of equity investments	-	-
- dividend income from equity investments	-	-
- sale of property and equipment	17	-
- sale of intangible assets	-	-
- sale of subsidiaries and company divisions	8	-
2. Cash used in	(84)	(278)
- acquisition of equity investments	(34)	(18)
- acquisition of property and equipment	(4)	(25)
- purchase of intangible assets	(34)	(49)
- acquisition of subsidiaries and company divisions	(12)	(186)
Net cash from/used in operating activities	**(59)**	**(278)**
C. FUNDING ACTIVITIES	**-**	
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	-	-
- distribution of dividends and other	(2,100)	(501)
- sale/purchase of control of others	-	-
Net cash from/used in funding activities	**(2,100)**	**(501)**
NET CASH GENERATED/USED IN THE YEAR	**(635)**	**2,166**

Reconciliation

Cash and cash equivalents at the beginning of the year	5,873	3,707
Total net cash generated/used in the year	(635)	2,166
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at the end of the year	5,238	5,873

(*) In relation to the disclosure prescribed in paragraph 44B of IAS7, we note that the changes in liabilities resulting from financing activities totalled -€6,655m (generated liquidity) and reflect the net amount of -€6,181m in cash flows, -€73m in changes in fair value, and -€401m in other changes.

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

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 2023, 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 2023 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, the eighth update of 17 November 2022 was taken into account.

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.
- 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.
- Regulation (EU) 2023/2468: Amendments to IAS12 Income Taxes - International Tax Reform - Standard Rules (Pillar II).

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) 1491/2022 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, which only indirectly affects the Group because of the associated company Fideuram Vita in which Fideuram holds a 19.99% equity investment, also led to the adoption of IFRS9 for insurance companies and provides for the introduction of new capital figures and different ways of recognising the profitability of insurance products. The changes introduced by the new standard, as from 1 January 2023, did not have a significant impact on consolidated shareholders' equity (-€15m).

Regulation no. 2468/2023 provides for some changes to IAS12 - Income Taxes with reference to the implementation of the international tax reform. The amendments introduced a mandatory temporary exception to the accounting of deferred taxes determined by the implementation of the Pillar Two rules of the OECD (also called "Pillar Two Model Rules"), as well as forecasts regarding supplementary information to be provided, by the companies concerned, in interim situations and in the financial statements. By the end of 2021, more than 135 countries, representing over 90% of global GDP, had reached an agreement on international tax reform that introduces a global minimum tax for large multinational companies. In detail, these countries have endorsed the OECD document "Inclusive Framework on Base Erosion and Profit Shifting", which introduces a two-pillar model, to address tax issues deriving from the digitalisation of the economy.

In Europe, the Directive to implement the minimum tax component of the OECD reform was approved by the European Commission on 12 December 2022. After the reservations of some member countries had been overcome, a unanimous agreement was reached in the EU for the adoption of the proposal for a Community Directive aimed at achieving a minimum level of effective taxation of 15% for multinational groups with total revenues exceeding €750m per year. Council Directive (E/U) 2523/2022 was published in the Official Journal of the European Union on 22 December 2022 and, after being transposed in national laws, has been applicable since the 2024 tax period. Legislative Decree no. 209 of 27 December 2023 "Implementation of the tax reform in the field of international taxation" transposes the provisions of the EU Directive in Italy.
With the publication of the amendments to IAS12, approved by the European Commission, the IASB intended to respond to stakeholders' doubts about the potential implications deriving from the application of the pillar two for the accounting of taxes pursuant to IAS12, given the imminent entry into force of the new tax provisions. As specified in IAS12.4A "Scope", the amendments apply to income taxes determined by current tax legislation or substantially in force to implement the pillar two rules published by the OECD. Specifically, the amendments introduced:

(i) a mandatory exception to the accounting of deferred taxes related to pillar two income taxes; and

(ii) targeted supplementary information for interested companies. Specifically:

a. disclosure must be provided indicating that the exception to the recognition of deferred tax assets and liabilities related to pillar two income taxes has been applied;

b. tax expense (income) related to pillar two income taxes must be indicated separately;

c. in periods when pillar two legislation is in force or substantially in force but has not yet become effective, entities must provide known or reasonably estimable information that helps users of the financial statements to understand their exposure to pillar two income taxes determined by such legislation. In order to meet the reporting objective, the entity must provide both qualitative and quantitative information on its exposure to pillar two income taxes at the end of the reporting period. This information should not reflect all the specific provisions of pillar two legislation and may be provided in the form of an indicative range. For information that is not known or is not reasonably estimable, the entity must instead publish a statement in this regard and information on the progress made in evaluating its exposure.

The exception to the accounting of deferred taxes is immediately applicable and with retroactive effect under IAS8 and the disclosure requirements must apply for annual periods beginning on or after 1 January 2023.
With effect from 1 January 2024, the Intesa Sanpaolo Group, as a multinational group that has exceeded the revenue threshold of €750m for at least two of the four previous years, falls within the scope of application of pillar two income taxes provided for by Directive 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union.
Since the Directive was not effective in any of the countries in which the Group operates at the end of the reporting period, no current taxes have been recognised.
Given the new aspects and complexity underlying the determination of the level of effective taxation, pillar two legislation provides, during initial application, for the possibility to apply a simplified regime (so-called country-by-country reporting transitory safe harbours) based mainly on accounting information available for each relevant jurisdiction which, if at least one of the three tests required by the legislation is passed, entails the reduction of compliance costs and the elimination of taxes from pillar two.
Taking into account known or reasonably estimable information, the Group's exposure to pillar two income taxes at the end of the financial year, even taking into account country-by-country reporting transitory safe harbours, is assessed as not significant.
This is because, on the basis of known or reasonably estimable information:

- most of the Group's entities are located in jurisdictions where it is expected to be able to satisfy at least one of the three tests required by country-by-country reporting transitory safe harbours, thus meeting the conditions for the elimination of pillar two taxes;
- the remaining Group entities are located in jurisdictions where it is expected that they will not be able to satisfy any of the three tests required by country-by-country reporting transitory safe harbours. However, the exposure is not significant because the effective tax level of these jurisdictions is close to the minimum of 15%, the profits in these jurisdictions are small compared to the Group's total profits or they are permanent establishments to which it is possible to allocate the taxes paid by the parent company in Italy.

The Group is organizing itself and preparing for the obligations related to pillar two legislation through the preparation of adequate systems and procedures aimed at:

- identifying, locating and characterising, even continuously, for the purposes of pillar two legislation, all the companies in the Group;
- determining the simplified tests for each relevant jurisdiction in order to enjoy the related benefits in terms of reducing the compliance obligations and eliminating pillar two taxes, and carrying out complete and detailed calculations of the relevant quantities as required by pillar two legislation for any jurisdictions that do not pass any of the above tests.

Article 26 of Decree-Law no. 104 of 10 August 2023, converted with amendments by Law no. 136 of 9 October 2023, established for the year 2023 an extraordinary levy on the interest margin of banks operating in Italy. The measure requires the tax to be determined at an amount equal to 40% of the interest margin for the 2023 financial year, provided that it has increased by at least 10% compared to 2021. In any case, the amount of tax cannot exceed 0.26% of the total amount of exposure to risk on an individual basis, determined at the end of the 2022 reporting period. As an alternative to paying the tax, banks may allocate an amount of no less than two and a half times the tax to a non-distributable reserve that can be counted among elements of class 1 primary capital. This alternative method, preferred by the Group, provides that when proposing to allocate the operating result to the Shareholders' Meeting, Fideuram and Intesa Sanpaolo Private Banking will indicate that they have set aside a total amount of €75.9m in the reserve, determined considering the multiple of 2.5 at the limit indicated above.
With reference to the accounting impacts associated with the application of the regulation in question, the tax falls within the scope of IFRIC 21 "Levies", as it is applied to the net interest margin (or, upon reaching a certain threshold required by law, on risk-weighted activities), which was considered not assimilable to "taxable income" pursuant to IAS12. IFRIC 21 requires the recognition in the income statement of the expense related to the tax when the so-called "obligating event" that triggers the liability occurs, or the specific activity/action that involves the payment of the tax. Specifically, the existence of an "obligating event" is positively determined by reaching an amount of net interest income above the threshold identified by law. It should be added that the law, as stated, provides for the option for subjects that potentially bear the burden, not to regulate the tax and to establish, instead, the specific unavailable reserve that, as mentioned above, will be proposed to the Shareholders' Meeting. In view of the above, no obligation to pay the tax has been determined and therefore no effect on the income statement has been recognised, as the possible loss of resources for the payment of the tax is not to be considered likely.

The following are the amendments to the accounting principles already in force, together with the relevant European Commission's endorsement regulations, which will be mandatory as of January 1, 2024. The Group has not availed itself of early application of these amendments:

- Regulation No. 2579/2023: Amendments to IFRS16 Leases - Lease Liability in a Sale and Leaseback Transaction;
- Regulation No. 2822/2023: Amendments to IAS1 Presentation of Financial Statements - Classification of Liabilities as Current and Non-current and Non-current Liabilities with Covenants.

The amendments introduced to the principles do not have a significant impact on the Group.

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 (excluding paragraph 2.4);
- Chapter 3. Performance (paragraphs 3.1 to 3.4, 3.7, 3.8.1 and 3.9);
- Chapter 4. Governance (paragraph 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.

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. For further information on the impacts deriving from changes to the regulatory framework expected in 2024, please refer to section 4 - subsequent events.

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 amounts of the consolidated financial statements and the notes, unless otherwise specified, are stated in millions of euros. The financial statements and the notes, besides amounts for the reporting period, also present corresponding comparative data referred to 31 December 2022.

Moreover, in relation to the changes in the scope of consolidation that took place in 2023 – 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 2023 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 2023 compared to those of the corresponding comparison periods of 2022 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 2022, the changes in the scope of consolidation that took place in the period, 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 2023 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: Euro 117,497,424	Milan	Milan	1	Fideuram	100.000%	
2. Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. Share capital: Euro 25,870,000	Milan	Milan	1	Fideuram	99.517%	
3. Siref Fiduciaria S.p.A. Share capital: Euro 2,600,000	Milan	Milan	1	Fideuram	100.000%	
4. IW Private Investments SIM S.p.A. Share capital: Euro 29,100,000	Milan	Milan	1	Fideuram	100.000%	
5. Fideuram Asset Management (Ireland) dac Share capital: Euro 1,000,000	Dublin	Dublin	1	Fideuram	100.000%	
6. RB Participations S.A. Share capital: CHF 100,000	Geneva	Geneva	1	Fideuram	100.000%	
7. REYL & Cie S.A. Share capital: CHF 31,500,001	Geneva	Geneva	1	Fideuram RB Participations	41.000% 30.000%	
8. Intesa Sanpaolo Wealth Management S.A. Share capital: Euro 123,813,000	Luxembourg	Luxembourg	1	Fideuram	100.000%	
9. Intesa Sanpaolo Private Argentina S.A. Share capital: ARS 13,404,506	Buenos Aires	Buenos Aires	1	REYL & Cie Fideuram	95.033% 4.967%	
10. Morval Bank & Trust Cayman Ltd in liquidation Share capital: USD 7,850,000	George Town	George Town	1	REYL & Cie	100.000%	
11. REYL Overseas A.G. Share capital: CHF 2,000,000	Zurich	Zurich	1	REYL & Cie	100.000%	
12. Gap ManCo Sàrl Share capital: Euro 12,500	Luxembourg	Luxembourg	1	REYL & Cie	100.000%	
13. REYL Singapore Holding PTE Ltd Share capital: SGD 1,201	Singapore	Singapore	1	REYL & Cie	75.000%	
14. REYL Singapore PTE Ltd Share capital: SGD 500,000	Singapore	Singapore	1	REYL & Cie REYL Singapore Holding PTE	76.000% 24.000%	
15. REYL & Co. (Holdings) Ltd Share capital: GBP 3,700,000	London	London	1	REYL & Cie	100.000%	
16. REYL & Co. (UK) LLP Share capital: GBP 3,800,000	London	London	1	REYL & Co, (Holdings)	100.000%	
17. REYL & Cie (Malta) Holding Ltd Share capital: Euro 930,000	Valletta	Valletta	1	REYL & Cie	100.000%	
18. REYL & Cie (Malta) Ltd Share capital: Euro 930,000	Valletta	Valletta	1	REYL & Cie (Malta) Holding	100.000%	
19. REYL Finance (MEA) Ltd Share capital: USD 2,875,000	Dubai	Dubai	1	REYL & Cie	100.000%	
20. Iberia Distressed Assets Manager SARL Share capital: Euro 12,500	Luxembourg	Luxembourg	1	REYL Finance (MEA)	100.000%	
21. REYL Private Office Sàrl Share capital: Euro 50,000	Luxembourg	Luxembourg	1	REYL & Cie	100.000%	
22. IIF SME Manager Ltd in liquidation Share capital: USD 1,000	George Town	George Town	1	REYL & Cie	100.000%	
23. Carnegie Fund Services S.A. Share capital: Euro 435,000	Geneva	Geneva	1	REYL & Cie	100.000%	
24. CBP Quilvest PE Fund SARL Share capital: USD 20,000	Luxembourg	Luxembourg	1	Intesa Sanpaolo Wealth Management	100.000%	
25. 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 2023, 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 2022, the line-by-line consolidation has changed as follows:

- the entry of Reyl Finance (MEA) following the overcoming of the materiality limits which previously allowed its consolidation at equity;
- the exit of Fideuram Bank (Luxembourg) following the merger by incorporation into Compagnie de Banque Privée Quilvest with the concurrent renaming to Intesa Sanpaolo Wealth Management;
- the exit of Asteria Investment Managers S.A. as a result of the sale of 51% of the shares to Man Group.

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.

Associate companies 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. (the Insurance company in which Fideuram holds 19.99% of share capital), Alpian S.A. (a Swiss bank in which Fideuram and Reyl hold 28.13% and 13.49% of share capital, respectively) and Asteria Investment Managers S.A. (a Swiss management company in which Fideuram holds 49% of the capital) and 1875 Finance Holding AG (a Swiss finance company in which Reyl & Cie hold 40% of the capital) are considered associated companies.

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	VOTING RIGHTS OF NON-CONTROLLING INTERESTS % (*)	DIVIDENDS DISTRIBUTED TO NON-CONTROLLING INTERESTS
1. REYL & Cie S.A.	29%	29%	-
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.	2,639	558	1,980	57	2,331	231	68	149	(116)	7	6	-	6	6	12

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 2023.

On 26 February 2024, the Board of Directors of Fideuram, following the opinion of the Related Parties Committee, approved the subscription by Fideuram of a capital increase in Alpian S.A. up to a maximum amount of CHF 40m, as well as the exercise by the bank of the anti-dilution option in the company's capital for a maximum amount of CHF 3m. As a result of these operations, which will be completed following the receipt of the necessary supervisory authorisations, Fideuram will acquire control of Alpian, gaining a stake in the company's capital of approximately 52%, in addition to the stake held indirectly through Reyl & Cie, for a total share of approximately 60%.

The Board of Directors, again subject to the favourable opinion of the Related Parties Committee, approved the subscription of a capital increase of CHF 2.45m in favour of Asteria Investment Managers S.A., a company owned 49% by Fideuram and 51% by Man Group Holdings Limited. The operation will make it possible to support the development of the company in line with the objectives of the partnership launched in October 2023 between Fideuram and Man, and at the same time confirm to the local Supervisory Authority the willingness of shareholders to support the development of Asteria.

In 2024, a number of regulatory updates to Prudential Supervision will come into force, which are likely to have a significant impact on the capital solvency ratios of Intesa Sanpaolo Private Banking and Fideuram, which require specific funding interventions.

In summary, the regulatory changes concern:

a) IRRBB - SOT (Interest rate risks for banking book Supervisory Outlier Tests): the Commission Delegated Regulation, with the definition of the new RTS requirements, which is still in the approval phase, is expected to enter into force in the first quarter of 2024. This Regulation sets new and more stringent requirements in terms of interest rate risk of the banking book, defining the obligation for banks to maintain a minimum level of Tier 1 Capital, such as to fully cover the risk deriving from fluctuations in interest rates on the value of interest-bearing assets and interest-bearing liabilities. Introduced by the EBA in 2023, following the revision of the interest rate risk framework, the new regulation aims to ensure that banks manage risk effectively and safeguard their solvency.

b) Daisy Chain: the regulation, introduced from 1 January 2024 on the basis of Regulation (EU) 2022/2036, requires banks belonging to Banking Groups, other than the parent company, to deduct from their own funds the value of controlling shareholdings in banks in the European Union. The application of this regulation to Fideuram was communicated by the Single Resolution Board in December 2023.

c) MREL (Minimum Requirement for own funds and Eligible Liabilities - bonds and/or senior eligible loans) introduced to ensure the proper functioning of the bail-in: currently set at 8% + CBR (Combined Buffer Requirement)[1], for both Fideuram and Intesa Sanpaolo Private Banking; this requirement, only for Fideuram, will be raised to 16% + CBR as of 30 June 2024.

To ensure compliance with the new regulatory requirements:

- on 27 February 2024, Intesa Sanpaolo approved a capital payment of €1bn and the disbursement of a €1.25bn eligible MREL subordinated loan to Fideuram;
- on the same date, Fideuram approved a capital payment of €1.25bn to Intesa Sanpaolo Private Banking.

SECTION 5 - OTHER ASPECTS

Risks, uncertainties and impacts of the military conflict in Ukraine

To prepare these financial statements in accordance with IFRS, management must apply estimates and assumptions which influence the value of the assets, liabilities, income and expenses recognised during the period. The military conflict in Ukraine and geopolitical tensions have caused volatility and uncertainty in the financial sector and in the markets, which is also reflected in determining 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.
The guidance provided by regulators invites intermediaries to adopt a flexible approach and to use their expert judgment when making decisions in exceptional and unexpected settings.
The current context, both from a macroeconomic and from a geopolitical point of view, is therefore characterized by elements of uncertainty that were taken into account when drafting 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.
For the purposes of these 2023 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.
Moreover, 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. Receivables

1. Il The CBR is composed of the Capital Conservation Buffer, equal to 2.5% of risk-weighted assets (RWA), and the Countercyclical Capital Buffer that can be activated by the Bank of Italy in periods of economic stress for a value that cannot exceed 2.5% of risk-weighted assets, except in specific cases.

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 €3m, with a negligible impact on the portfolio at the Group level.

System intervention in favour of Eurovita customers

On 30 June 2023, an agreement was reached between five leading Italian insurance companies (including Intesa Sanpaolo Vita), twenty-five distribution banks (including Fideuram, Intesa Sanpaolo Private Banking and IW Private Investments) and some of the main Italian banking institutions (including Intesa Sanpaolo), for a system operation aimed at protecting the underwriters of policies of Eurovita, an insurance company that - in view of the sudden increase in interest rates and the structure of commitments to the insured - had registered a progressive deterioration in solvency indicators and subsequently been the recipient of a measure establishing its Extraordinary Administration and the dissolution of its bodies with administrative and control functions. In this context, with the intention of avoiding a further aggravation of the company's capital and financial imbalance, all surrender requests submitted by Eurovita customers were suspended until the end of October 2023 and a structured system-level comparison was promoted aimed at identifying a rescue scheme, with the primary objective of ensuring the full protection of the rights of the insured and restoring the ordinary course of existing insurance relationships. In brief, the agreements between the parties provided - on the one hand - for the sale, for a symbolic amount, of the business unit consisting of nearly all of Eurovita's assets in favour of a newly established company called Cronos Vita, whose capital is held by the companies Intesa Sanpaolo Vita, Generali Italia, Poste Vita and UnipolSai each with a 22.5% stake, and by Allianz for the remaining 10%, in the face of a dedicated capital increase and - on the other - the granting of credit facilities in favour of Cronos Vita by the financial institutions currently distributing Eurovita policies, to meet the potential surrenders of Class I and V policies placed by each institution. It should be noted that Cronos Vita is configured as a bridging vehicle: at the conclusion of the transaction, approximately within 18-24 months at the most, the insurance portfolio of Eurovita will be taken over by the five, aforementioned insurance groups. Lastly, the agreements signed set out a specific fee framework, supplementing the existing distribution agreements, which the distributing banks will pay to Cronos Vita against the latter's servicing activities, with the aim of allowing them to preserve and reactivate the business relationships with customers who have signed up for the policies.

Following the agreements reached at the end of June, on 17 October, Cronos Vita obtained authorization from IVASS to carry out the insurance business. On 31 October 2023, following IVASS's authorisation to transfer the company assets from Eurovita to Cronos Vita and the signing of final binding agreements, the transfer of the unit was finalized together with the simultaneous increase in capital subscribed by the Companies for €213m, which represents the second and final tranche of a total capital increase of €220m, of which the appropriateness from an economic and financial point of view was supported by a specific opinion issued by an expert independent. On the basis of the agreements signed and the analysis of the commitments made, there is no evidence of costs for the Group. As part of the scheme represented, the overall involvement of the Fideuram Group involves the disbursement of loans up to a maximum of €205m and the payment of commission over a period of eight years starting from the date when surrenders are resumed.

Public disbursements

In 2023 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.

Audit

The Consolidated Financial Statements of the Fideuram Group are audited by EY S.p.A.. The table below provides detailed information on the remuneration that the Group paid to EY network firms in the 2023 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)

	2023	
	FIDEURAM NETWORK	OTHER GROUP COMPANIES
Independent statutory audit (*)	0.6	1.1
Attestation services	0.2	0.8
Total	**0.8**	**1.9**

(*) 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 €1.5m in 2023.

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 2023.

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).

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 ninety 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

The item includes interests held in associated companies.

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 finite useful 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.

The Italian companies of the Fideuram Group join the institute of the national tax consolidation of Intesa Sanpaolo. 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. Lease liabilities 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. Lease liabilities 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 plan" for employee severance payments accruing starting from 1 January 2007 (the date of entry into force of the supplementary pension reform referred to in Legislative Decree no. 252/2005) both in the case of the employee opting for the supplementary pension provision and in the case of the employee opting for payment into the Treasury fund at INPS. For these shares, the amount recognised under personnel costs is determined on the basis of the contributions due without the application of 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.

Irrevocable payment commitments to the Single Resolution Fund

Starting in 2016, banks from all the countries of the Euro Area joined the Single Resolution Mechanism (SRM) under which the Single Resolution Fund (SRF) was established with the purpose of having sufficient resources available to use in the event of banking crises. The initial amount of the fund required by law, to be reached over a period of 8 years (2016-2023), is equal to at least 1% of the amount of protected deposits with all authorised entities in the Banking Union. The contribution, determined annually by the Single Resolution Board (SRB) and communicated to the individual member banks, can be paid in cash and, partially, also through the signing of irrevocable payment commitments (IPC), not exceeding 30% of the total contribution and fully covered by the collateral of low-risk activities. The use of irrevocable commitments is at the discretion of individual banks. The Group opted for the use of IPCs – against which off-balance sheet commitments were recognised – paying, against them, cash collateral of the same amount as a deposit, remunerated according to the contractually established conditions and applied uniformly to all European banks that use the mechanism provided for IPCs.

The accounting treatment applied to IPCs is based on the regulatory provisions of Regulation 81/2015 in force and more precisely:

- IPCs can be recalled only in the event of a resolution by the Fund to restore the established share of the commitments out of the total available funds, which, following the payment of the recalled contribution, gives rise to the return of the amount paid as collateral;
- the irrevocable payment commitments of an institution that no longer falls within the scope of the European banking system are cancelled and the guarantees covering those commitments are returned. Therefore, based on regulatory provisions, the guarantees are not paid out as non-repayable funds.

The off-balance sheet commitment – which, for prudential purposes, is fully deducted from CET1 on the basis of the provisions dictated by the ECB as part of the SREP measure – is assessed at each closing of the balance sheet and/or whenever there are elements that may make its enforcement considered likely. In this regard, the Group has activated specific monitoring, carried out with the support of a leading research firm, in order to verify the absence of critical indicators in the member banks that could make the intervention of the SRF and therefore the recall of the IPC seem possible. Based on the analyses carried out, it is considered that the risk of recalling the IPCs at 31 December 2023 is remote. It should also be noted that since its establishment in 2016, the Single Resolution Fund has never recalled the IPCs subscribed by banks, as no interventions have been carried out, that involved the use of resources obtained.

Finally, it should be noted that for the contribution paid in 2023 by the Group, irrevocable payment commitments (IPCs) were signed for approximately €4m, in addition to the €11m subscribed in the period 2016-2022, for a total amount of IPCs equal to €15m, against which the Group established a cash collateral deposit recognised under financial assets measured at amortised cost.

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;
- calculating the prepaid expenses regarding the Personal Financial Adviser Network bonuses and incentives linked to specified inflow targets. For this purpose, an accounting model based on probabilistic actuarial criteria is used that allows the costs incurred to be correlated to expected revenues, taking into account the period of permanence of client investments;
- quantification of staff provisions and provisions for risks and charges. At the end of 2023, to determine the Provision for contractual indemnities due to Personal Financial Advisers and the Provision for Network Loyalty Plans, there was a need to change the curve used to determine the present value of the liability, moving from the curve of Italian government bonds to the IRS zero coupon curve, as the curve used previously, in view of the current interest rate scenario, was no longer suitable to represent the value of money over time. Pursuant to IAS8 section 36, it should be noted that this change resulted in a higher provision for the year of €15m (of which €12m related to the Provision for contractual indemnities due to Personal Financial Advisers).

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 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.
In the event that such evidence exists (so-called "evidence of impairment"), the financial assets in question are considered impaired and flow into stage 3. For these exposures, represented by financial assets classified - in accordance with the provisions of Circular no. 262/2005 of the Bank of Italy - under the categories of doubtful loans, probable defaults and exposures more than ninety days past due, impairment losses equal to the expected losses relating to their entire residual life must be recognised.

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:

- where these indicators exist, the financial asset flows into stage 2. The valuation in this case, even in the absence of evident impairment, requires the recognition of impairment losses equal to the expected losses over the entire residual life 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

	31.12.2023			31.12.2022		
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	92	618	9	67	542	9
a) financial assets held for trading	-	46	-	-	25	-
b) financial assets measured at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	92	572	9	67	517	9
2. Financial assets measured at fair value through other comprehensive income	3,354	6	-	3,093	3	-
3. Hedging derivatives	-	257	-	-	317	-
4. Property and equipment	-	-	51	-	-	59
5. Intangible assets	-	-	-	-	-	-
Total	**3,446**	**881**	**60**	**3,160**	**862**	**68**
1. Financial liabilities held for trading	-	52	-	-	21	-
2. Financial liabilities measured at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	362	-	-	344	-
Total	**-**	**414**	**-**	**-**	**365**	**-**

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	**9**	**-**	**-**	**9**	**-**	**-**	**59**	**-**
2. Increases	**-**	**-**	**-**	**-**	**-**	**-**	**3**	**-**
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Profits recognised under:	-	-	-	-	-	-	2	-
2.2.1. Income statement	-	-	-	-	-	-	-	-
- including capital gains	-	-	-	-	-	-	-	-
2.2.2. Shareholders' equity	-	X	X	X	-	-	2	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	1	-
3. Decreases	**-**	**-**	**-**	**-**	**-**	**-**	**11**	**-**
3.1. Sales	-	-	-	-	-	-	9	-
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**	**-**	**-**	**51**	**-**

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

	31.12.2023				31.12.2022			
ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets measured at amortised cost	43,357	244	25,170	17,753	49,485	265	28,503	20,231
2. Investment property and equipment	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**43,357**	**244**	**25,170**	**17,753**	**49,485**	**265**	**28,503**	**20,231**
1. Financial liabilities measured at amortised cost	50,085	-	43,985	6,061	56,266	-	51,481	4,772
2. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**50,085**	**-**	**43,985**	**6,061**	**56,266**	**-**	**51,481**	**4,772**

PART B – NOTES TO THE CONSOLIDATED BALANCE SHEET

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS - ITEM 10

1.1 Cash and cash equivalents: analysis

	31.12.2023	31.12.2022
a) Cash	59	59
b) Current accounts and sight deposits with central banks	2,513	1,702
c) Current accounts and sight deposits with banks	2,666	4,112
Total	**5,238**	**5,873**

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 20

2.1 Financial assets held for trading: analysis

	31.12.2023			31.12.2022		
	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	-	46	-	-	25	-
1.1 Held for trading	-	46	-	-	25	-
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	**-**	**46**	**-**	**-**	**25**	**-**
Total (A+B)	**-**	**46**	**-**	**-**	**25**	**-**

2.2 Financial assets held for trading: analysis by debtor/issuer/counterparty

	31.12.2023	31.12.2022
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	46	25
Total B	**46**	**25**
Total (A+B)	**46**	**25**

2.5 Other financial assets mandatorily measured at fair value: analysis

	31.12.2023			31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**-**	**560**	**-**	**-**	**506**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities (*)	-	560	-	-	506	-
2. Equities	**88**	**-**	**-**	**65**	**-**	**-**
3. Units in mutual funds	**4**	**11**	**9**	**2**	**11**	**9**
4. Loans	**-**	**1**	**-**	**-**	**-**	**-**
4.1 Repurchase agreement	-	-	-	-	-	-
4.2 Other	-	1	-	-	-	-
Total	**92**	**572**	**9**	**67**	**517**	**9**

(*) 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

	31.12.2023	31.12.2022
1. Equities	**88**	**65**
of which: banks	88	65
of which: other financial institutions	-	-
of which: non-financial companies	-	-
2. Debt securities	**560**	**506**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	560	506
of which: insurance companies	560	506
e) Non-financial companies	-	-
3. Units in mutual funds	**24**	**22**
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	**673**	**593**

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

	31.12.2023			31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**3,351**	**-**	**-**	**3,090**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	3,351	-	-	3,090	-	-
2. Equities	**3**	**6**	**-**	**3**	**3**	**-**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,354**	**6**	**-**	**3,093**	**3**	**-**

3.2 Financial assets measured at fair value through other comprehensive income: analysis by debtor/issuer

	31.12.2023	31.12.2022
1. Debt securities	**3,351**	**3,090**
a) Central Banks	-	-
b) Public entities	1,041	746
c) Banks	1,137	1,091
d) Other financial institutions	339	501
of which: insurance companies	10	25
e) Non-financial companies	834	752
2. Equities	**9**	**6**
a) Banks	-	-
b) Other issuers:	9	6
- Other financial institutions	9	6
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	**3,360**	**3,096**

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	3,303	70	49	-	-	(1)	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2023	**3,303**	**70**	**49**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**
Total 31.12.2022	**3,063**	**160**	**28**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**

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SECTION 4 - FINANCIAL ASSETS MEASURED AT AMORTISED COST - ITEM 40

4.1. Financial assets measured at amortised cost - Loans and advances to banks: analysis

	31.12.2023						31.12.2022					
	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	**45**	**-**	**-**	**-**	**45**	**-**	**1,488**	**-**	**-**	**-**	**1,488**	**-**
1. Term deposits	-	-	-	X	X	X	1,440	-	-	X	X	X
2. Statutory reserve	45	-	-	X	X	X	48	-	-	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	**27,223**	**-**	**-**	**-**	**21,607**	**5,498**	**31,266**	**-**	**-**	**-**	**24,158**	**6,814**
1. Loans	9,437	-	-	-	3,937	5,498	12,977	-	-	-	6,198	6,814
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Term deposits	8,361	-	-	X	X	X	12,311	-	-	X	X	X
1.3 Other loans:	1,076	-	-	X	X	X	666	-	-	X	X	X
- Repurchase agreement assets	199	-	-	X	X	X	-	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	877	-	-	X	X	X	666	-	-	X	X	X
2. Debt securities	17,786	-	-	-	17,670	-	18,289	-	-	-	17,960	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	17,786	-	-	-	17,670	-	18,289	-	-	-	17,960	-
Total	**27,268**	**-**	**-**	**-**	**21,652**	**5,498**	**32,754**	**-**	**-**	**-**	**25,646**	**6,814**

Fair value - level 3 includes repos and deposits with a maturity of more than one year.
The sub-item “other loans” includes operating receivables, for total fees and commissions collectible of €103m.

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4.2 Financial assets measured at amortised cost - Loans and advances to customers: analysis

	31.12.2023						31.12.2022					
	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	**14,304**	**66**	**1**	**-**	**2,114**	**12,255**	**15,002**	**101**	**1**	**-**	**1,599**	**13,417**
1. Current accounts	10,437	25	1	X	X	X	10,924	22	1	X	X	X
2. Repurchase agreement assets	-	-	-	X	X	X	-	-	-	X	X	X
3. Loans	1,926	33	-	X	X	X	2,029	42	-	X	X	X
4. Credit cards, personal loans and loans with repayments deducted directly from wages	263	1	-	X	X	X	256	1	-	X	X	X
5. Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other transactions	1,678	7	-	X	X	X	1,793	36	-	X	X	X
2. Debt securities	**1,718**	**-**	**-**	**244**	**1,404**	**-**	**1,627**	**-**	**-**	**265**	**1,258**	**-**
1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2. Other debt securities	1,718	-	-	244	1,404	-	1,627	-	-	265	1,258	-
Total	**16,022**	**66**	**1**	**244**	**3,518**	**12,255**	**16,629**	**101**	**1**	**265**	**2,857**	**13,417**

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 €384m.

4.3 Financial assets measured at amortised cost - Loans and advances to customers: analysis by debtor/issuer

	31.12.2023			31.12.2022		
	FIRST AND SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	FIRST AND SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED
1. Debt securities	**1,718**	**-**	**-**	**1,627**	**-**	**-**
a) Public entities	1,718	-	-	1,627	-	-
b) Other financial institutions	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
2. Loans to:	**14,304**	**66**	**1**	**15,002**	**101**	**1**
a) Public entities	15	-	-	-	-	-
b) Other financial institutions	2,257	36	-	1,215	12	-
of which: insurance companies	207	-	-	173	-	-
c) Non-financial companies	2,812	11	-	2,827	8	-
d) Households	9,220	19	1	10,960	81	1
Total	**16,022**	**66**	**1**	**16,629**	**101**	**1**

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	
Debt Securities	18,043	17,786	1,471	-	-	(2)	(8)	-	-	-
Loans	21,574	9,017	2,237	124	5	(8)	(17)	(58)	(4)	-
Total 31.12.2023	**39,617**	**26,803**	**3,708**	**124**	**5**	**(10)**	**(25)**	**(58)**	**(4)**	**-**
Total 31.12.2022	**46,175**	**30,875**	**3,242**	**129**	**5**	**(13)**	**(21)**	**(28)**	**(4)**	**-**

SECTION 5 - HEDGING DERIVATIVES - ITEM 50

5.1 Hedging derivatives: analysis by type of hedge and level

	31.12.2023				31.12.2022			
	FAIR VALUE			NOMINAL VALUE	FAIR VALUE			NOMINAL VALUE
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**-**	**257**	**-**	**6,102**	**-**	**317**	**-**	**2,503**
1) Fair value	-	170	-	2,007	-	317	-	2,475
2) Financial flows	-	87	-	4,095	-	-	-	-
3) Investments outside Italy	-	-	-	-	-	-	-	28
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Financial flows	-	-	-	-	-	-	-	-
Total	**-**	**257**	**-**	**6,102**	**-**	**317**	**-**	**2,503**

5.2 Hedging derivatives: analysis by portfolio hedged and type of hedging

	FAIR VALUE							FINANCIAL FLOWS		INVESTMENTS OUTSIDE ITALY
	MICRO-HEDGING						MACRO HEDGING	MICROHEDGING	MACROHEDGING	
	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	124	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	-	X	-	-	X	X	X	87	X	X
3. Portfolio	X	X	X	X	X	X	45	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**124**	**-**	**-**	**-**	**-**	**-**	**45**	**87**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	1	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**
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

	31.12.2023	31.12.2022
1. Positive adjustment	**-**	**-**
1.1 of specific portfolios:	-	-
a) financial assets measured at amortised cost	-	-
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 total	-	-
2. Negative adjustment	**(45)**	**(58)**
2.1 of specific portfolios:	(45)	(58)
a) financial assets measured at amortised cost	(45)	(58)
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 total	-	-
Total	**(45)**	**(58)**

SECTION 7 - EQUITY INVESTMENTS - ITEM 70

7.1 Equity investments: information on equity relationships

COMPANY	REGISTERED OFFICE	OPERATIONAL HEAD OFFICE	TYPE OF RELATIONSHIP	FAIR VALUE		% VOTES
				ASSOCIATE COMPANY	% OWNED	
B. Companies subject to significant influence						
1. Asteria Investment Managers S.A.	Geneva	Geneva	2	Fideuram - Intesa Sanpaolo Private Banking	49.00	
2. Alpian S.A.	Geneva	Geneva	2	Fideuram - Intesa Sanpaolo Private Banking Reyl & Cie	28.13 13.49	
3. 1875 Finance Holding AG	Sarnen	Sarnen	2	Reyl & Cie	40.00	
4. Fideuram Vita S.p.A.	Rome	Rome	2	Fideuram - Intesa Sanpaolo Private Banking	19.99	
5. 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.	161		-
2. Alpian S.A.	38		-
3. 1875 Finance Holding AG	23		-
4. Asteria Investment Managers S.A.	6		-

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
Morval Bank & Trust Cayman Ltd in liquidation	5
Carnegie Fund Services S.A.	5
Fideuram Asset Management UK Limited	4
Reyl Singapore PTE Ltd	3
Reyl & Co (Holdings) Ltd	1
Reyl Overseas S.A.	1

7.3 Significant equity investments: accounting information

	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	38,551	890	38,279	332	1,309	X	X	155	109	-	109	5	114
2. Alpian S.A.	X	54	19	38	3	1	X	X	(24)	(24)	-	(24)	-	(24)
3. 1875 Finance Holding AG	X	23	-	10	-	31	X	X	3	2	-	2	-	2
4. Asteria Investment Managers S.A.	X	5	3	-	3	4	X	X	(4)	(3)	-	(3)	-	(3)

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.	830	166	-	(5)	161
2. Alpian S.A.	32	14	24	-	38
3. 1875 Finance Holding AG	13	4	19	-	23
4. Asteria Investment Managers S.A.	5	2	-	4	6

7.5 Equity investments: changes in the year

	31.12.2023	31.12.2022
A. Opening balance	**232**	**238**
B. Increases	**66**	**64**
B.1 Purchases	38	19
B.2 Write-backs	-	-
B.3 Revaluations	22	21
B.4 Other increases	6	24
C. Decreases	**51**	**70**
C.1 Sales	3	2
C.2 Value adjustments	25	-
C.3 Write-downs	11	5
C.4 Other decreases	12	63
D. Closing balance	**247**	**232**
E. Total revaluations	**-**	**-**
F. Total adjustments	**25**	**-**

The item purchases refers to capital increases in Alpian and the purchase of Carnegie Fund Services. The item sales refers to the sale of 51% of Asteria. Revaluations and Impairments include the profits and losses, respectively, of companies accounted for at equity. Other upward changes mainly include reclassifications from other portfolios.

7.6 Significant judgements and assumptions made in determining joint control or significant influence

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.

7.10 Other information

Investments in companies subject to significant influence have been tested for impairment in order to verify whether there is evidence to believe that the carrying amount of the assets is not fully recoverable. In the presence of impairment indicators, the recoverable value is determined, represented by the greater of the fair value net of costs to sell and the value in use, and if the recoverable value is lower than the carrying amount, the impairment is recognised. Following these valuations, impairment of €25m was recognised for the investment in Alpian S.A..

SECTION 9 - PROPERTY AND EQUIPMENT - ITEM 90

9.1 Property and equipment used in operations: analysis of assets measured at cost

	31.12.2023	31.12.2022
1. Owned assets	**22**	**20**
a) land	-	-
b) buildings	-	-
c) furniture	15	13
d) electronic equipment	6	6
e) other	1	1
2. Assets purchased under financial leasing agreements	**301**	**312**
a) land	-	-
b) buildings	300	312
c) furniture	-	-
d) electronic equipment	1	-
e) other	-	-
Total	**323**	**332**
of which: obtained through execution of received guarantees	-	-

9.3 Property and equipment used in operations: analysis of revalued assets

	31.12.2023			31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Owned assets	**-**	**-**	**51**	**-**	**-**	**50**
a) land (*)	-	-	21	-	-	22
b) buildings (*)	-	-	29	-	-	27
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	**-**	**-**	**51**	**-**	**-**	**50**
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

	31.12.2023			31.12.2022		
	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**	**530**	**61**	**56**	**45**	**714**
A.1 Total net adjustments	-	(191)	(47)	(50)	(44)	(332)
A.2 Net opening balance	**22**	**339**	**14**	**6**	**1**	**382**
B. Increases	**-**	**107**	**4**	**5**	**-**	**116**
B.1 Purchases	-	80	3	2	-	85
B.2 Expenditures for capitalised improvements	-	-	-	1	-	1
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value recognised in	-	2	-	-	-	2
a) shareholders' equity	-	2	-	-	-	2
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	1	-	-	-	1
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other increases	-	24	1	2	-	27
C. Decreases	**1**	**117**	**2**	**4**	**-**	**124**
C.1 Sales	-	13	-	-	-	13
C.2 Amortisation	-	57	2	4	-	63
C.3 Impairment recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Decreases in fair value recognised in	1	-	-	-	-	1
a) shareholders' equity	1	-	-	-	-	1
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Transfer to:	-	-	-	-	-	-
a) investment property and equipment	-	-	X	X	X	-
b) non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.7 Other decreases	-	47	-	-	-	47
D. Net closing balance	**21**	**329**	**16**	**7**	**1**	**374**
D.1 Total net adjustments	-	248	49	54	44	395
D.2 Gross closing balance	**21**	**577**	**65**	**61**	**45**	**769**
E. Valuation at cost (*)	12	9	1	-	-	22

(*) 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 20%

9.6 of which: assets purchased under financial leasing agreements: changes in the year

	LAND	ELECTRONIC EQUIPMENT	OTHER	TOTAL
A. Gross opening balance	**498**	**-**	**1**	**499**
A.1 Total net adjustments	(186)	-	(1)	(187)
A.2 Net opening balance	**312**	**-**	**-**	**312**
B. Increases	**103**	**2**	**-**	**105**
B.1 Purchases	80	-	-	80
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	23	2	-	25
C. Decreases	**115**	**1**	**-**	**116**
C.1 Sales	13	-	-	13
C.2 Amortisation	54	1	-	55
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	48	-	-	48
D. Net closing balance	**300**	**1**	**-**	**301**
D.1 Total net adjustments	241	1	1	243
D.2 Gross closing balance	**541**	**2**	**1**	**544**
E. Valuation at cost (*)	-	-	-	-

9.7 Tangible assets held for investment purposes: changes in the year

	TOTAL	
	LAND	BUILDINGS
A. Initial balances	**-**	**9**
B. Increases	**-**	**-**
B.1 Purchases	-	-
B.2 Expenditures for capitalised improvements	-	-
B.3 Positive changes in fair value	-	-
B.4 Write-backs	-	-
B.5 Positive exchange rate differences	-	-
B.6 Transfers from properties for functional use	-	-
B.7 Other increases	-	-
C. Decreases	**-**	**9**
C.1 Sales	-	9
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	**-**	**-**
E. Measurement at fair value	-	-

SECTION 10 - INTANGIBLE ASSETS - ITEM 100

10.1 Intangible assets: analysis by type of asset

	31.12.2023		31.12.2022	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**424**	**X**	**409**
A.1.1 Group interests	X	424	X	409
A.1.2 Third party interests	X	-	X	-
A.2 Other intangible assets	**422**	**-**	**427**	**-**
of which: software	130	-	119	-
A.2.1 Assets valued at cost:	422	-	427	-
a) Internally generated intangible assets	98	-	86	-
b) Other assets (*)	324	-	341	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	**422**	**424**	**427**	**409**

(*) Other intangible assets also include €292m 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 (€73m), IW Private Investments (€59m), Reyl & Cie (€95m) and Intesa Sanpaolo Wealth Management (€65m).

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	**409**	**111**	**-**	**521**	**-**	**1,041**
A.1 Total net adjustments	-	(25)	-	(180)	-	(205)
A.2 Net opening balance	**409**	**86**	**-**	**341**	**-**	**836**
B. Increases	**15**	**35**	**-**	**16**	**-**	**66**
B.1 Purchases	-	35	-	11	-	46
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	15	-	-	5	-	20
B.6 Other increases	-	-	-	-	-	-
C. Decreases	**-**	**23**	**-**	**33**	**-**	**56**
C.1 Sales	-	-	-	-	-	-
C.2 Value adjustments	-	22	-	33	-	55
- Depreciation and amortisation	X	22	-	33	-	55
- 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	-	1	-	-	-	1
C.6 Other decreases	-	-	-	-	-	-
D. Net closing balance	**424**	**98**	**-**	**324**	**-**	**846**
D.1 Total net adjustments	-	47	-	213	-	260
E. Gross closing balance	**424**	**145**	**-**	**537**	**-**	**1,106**
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 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 Assets Under Management relationships.
At 31 December 2023, certain goodwill and intangible assets resulting from business combinations and relating to:

- €242m for goodwill related to the acquisition of the Swiss banking group Reyl in the first half 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 relative to the acquisition of Intesa Sanpaolo Wealth Management on 30 June 2022;
- €292m for 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 (€73m), Reyl Group (€95m), IW Private Investments (€59m) and Intesa Sanpaolo Wealth Management (€65m).

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, under IAS36, for the purpose of determining the value i use of intangible assets subject to impairment testing, reference must be made to the cash flows related to the intangible asset in its current condition (at the date of the impairment test), without distinction between the cash flows referring to the asset originally recognised when applying IFRS3 and those relating to the assets outstanding at the time of the impairment test. This concept can also be replicated for the determination, for the purpose of the impairment test of goodwill, of the value in use of the CGU, whose cash flows must 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 recognised when applying 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; from analyses of potential impairment indicators, there was no evidence that led to the need to proceed with impairment testing. The goodwill, on the other hand, must be subject to an annual impairment test regardless of whether or not impairment indicators are present.

Impairment test on goodwill

The 2023 consolidated financial statements include goodwill of €424m, of which €242m relates to the acquisition of the Swiss banking group Reyl in 2021 and €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 Intesa Sanpaolo Wealth Management.
As regards the goodwill relating to Reyl Group and Intesa Sanpaolo Wealth Management, for the purposes of determining the recoverable value at 31 December 2023 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 Intesa Sanpaolo Wealth Management 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 Intesa Sanpaolo Wealth Management 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 2024-2028, 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 at 2028, 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 Intesa Sanpaolo Wealth Management are as follows:

- 5.63% for the Reyl Group's cash flow;
- 4.57% for the Reyl Group's terminal value;
- 7.32% for Intesa Sanpaolo Wealth Management's cash flows;
- 4.39% for Intesa Sanpaolo Wealth Management's terminal value.

The values in use of the Reyl Group and Intesa Sanpaolo Wealth Management to which the goodwill was allocated at 31 December 2023 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. Even in this case, the test would be passed.

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 Intesa Sanpaolo Wealth Management. 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
CGU luxembourgish	4.12%	-23 bps	9.63%	89 bps
Reyl Group	2.32%	-13 bps	8.05%	103 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 €189m and consist of €169m for taxes recognised with a balancing entry in profit or loss and €20m 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 hedges on foreign investments 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 €95m and include €79m 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 actuarial gains and exchange differences measured at fair value through other comprehensive income.

11.3 Changes in deferred tax assets (balancing entry in income statement)

	31.12.2023	31.12.2022
1. Opening balance	**185**	**165**
2. Increases	**32**	**77**
2.1 Deferred tax liabilities recognised in the year	29	72
a) from prior years	4	1
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	25	71
2.2 New taxes or increases in tax rates	-	2
2.3 Other increases	3	2
2.4 Business combination transactions	-	1
3. Decreases	**48**	**57**
3.1 Deferred tax liabilities reversed in the year	39	39
a) reversals	35	35
b) write-downs for uncollectibility	1	-
c) changes in accounting policies	-	-
d) other	3	4
3.2 Reduction in tax rates	-	1
3.3 Other decreases	9	17
a) conversion to tax credits in accordance with Italian law no. 214/2011	-	-
b) other	9	17
4. Closing balance	**169**	**185**

11.4 Changes in deferred tax assets pursuant to law no. 214/2011

	31.12.2023	31.12.2022
1. Opening balance	**35**	**37**
2. Increases	**-**	**1**
3. Decreases	**6**	**3**
3.1 Reversals	6	3
3.2 Conversion to tax credits	-	-
a) from operating losses	-	-
b) from tax losses	-	-
3.3 Other decreases	-	-
4. Closing balance	**29**	**35**

11.5 Changes in deferred tax liabilities (balancing entry in income statement)

	31.12.2023	31.12.2022
1. Opening balance	**100**	**132**
2. Increases	**15**	**45**
2.1 Deferred tax liabilities recognised in the year	14	29
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	14	29
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1	16
3. Decreases	**36**	**77**
3.1 Deferred tax liabilities reversed in the year	4	30
a) reversals	1	28
b) due to changes in accounting policies	-	-
c) other	3	2
3.2 Reductions in tax rates	-	-
3.3 Other decreases	32	47
4. Closing balance	**79**	**100**

11.6 Changes in deferred tax assets (balancing entry in shareholders' equity)

	31.12.2023	31.12.2022
1. Opening balance	**57**	**15**
2. Increases	**3**	**44**
2.1 Deferred tax liabilities recognised in the year	3	44
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	3	44
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**40**	**2**
3.1 Deferred tax liabilities reversed in the year	40	2
a) reversals	6	1
b) write-downs for uncollectibility	-	-
c) due to changes in accounting policies	-	-
d) other	34	1
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**20**	**57**

11.7 Changes in deferred tax liabilities (balancing entry in shareholders' equity)

	31.12.2023	31.12.2022
1. Opening balance	**16**	**22**
2. Increases	**3**	**1**
2.1 Deferred tax liabilities recognised in the year	3	1
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	3	1
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**3**	**7**
3.1 Deferred tax liabilities reversed in the year	3	7
a) reversals	3	-
b) due to changes in accounting policies	-	-
c) other	-	7
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**16**	**16**

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 at 31 December 2023 (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 at 31 December 2023 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

	31.12.2023	31.12.2022
Prepaid expenses relating to Network incentives (*)	604	524
Due from tax authorities (**)	493	545
Due from Personal Financial Advisers (***)	388	390
Loans and advances to customers for stamp duty	166	148
Clearing accounts and other receivables	103	84
Other accrued income and prepaid expenses	22	35
Leasehold improvements	19	16
Due from Intesa Sanpaolo under Italy's tax consolidation regime	10	10
Other receivables	42	56
Total	**1,847**	**1,808**

(*) The item refers to the prepaid expenses regarding the bonuses for meeting net inflow targets, linked to the duration of contractual relationships with customers.

(**) The item includes €316m for prepayments of the stamp duty on non-managed financial products in accordance with Article 13, paragraph 2-ter, of the table of rates annexed to Italian Presidential Decree no. 642/72.

(***) 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: analysis

	31.12.2023				31.12.2022			
	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	**3,955**	**X**	**X**	**X**	**5,419**	**X**	**X**	**X**
2.1 Current accounts and demand deposits	295	X	X	X	174	X	X	X
2.2 Term deposits	1,516	X	X	X	2,220	X	X	X
2.3 Loans	1,856	X	X	X	2,864	X	X	X
2.3.1 Repurchase agreement liabilities (*)	1,548	X	X	X	2,588	X	X	X
2.3.2 Other	308	X	X	X	276	X	X	X
2.4 Debts from commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Debt for leases	105	X	X	X	53	X	X	X
2.6 Other debts	183	X	X	X	108	X	X	X
Total	**3,955**	**-**	**998**	**2,918**	**5,419**	**-**	**2,265**	**3,141**

(*) The item mainly includes repurchase agreements with Intesa Sanpaolo.
Fair Value – level 3 includes lease liabilities, deposits and repurchase agreements maturing in more than one year.

1.2 Financial liabilities measured at amortised cost: Due to customers: analysis

	31.12.2023				31.12.2022			
	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	35,399	X	X	X	47,881	X	X	X
2. Term deposits	10,286	X	X	X	2,474	X	X	X
3. Loans	6	X	X	X	9	X	X	X
3.1 Repurchase agreement liabilities	6	X	X	X	9	X	X	X
3.2 Other	-	X	X	X	-	X	X	X
4. Debts from commitments to repurchase own equity instruments	128	X	X	X	138	X	X	X
5. Debt for leases	196	X	X	X	260	X	X	X
6. Other debts	115	X	X	X	85	X	X	X
Total	**46,130**	**-**	**42,987**	**3,143**	**50,847**	**-**	**49,216**	**1,631**

Fair Value - level 3 mainly includes term deposits maturing in more than one year and lease liabilities..

1.6 Lease liabilities

Analysis of lease liabilities by remaining contractual term

	NOT LATER THAN ONE YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	31.12.2023
Debts to banks for leases	25	75	5	105
Debts to customers for leases	34	115	47	196

The cash outflows during the period to cover lease liabilities totalled €60m.

SECTION 2 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

2.1 Financial liabilities held for trading: analysis

	31.12.2023					31.12.2022				
	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	-	-	52	-	-	-	-	21	-	-
1.1 Held for trading	X	-	52	-	X	X	-	21	-	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**	**-**	**52**	**-**	**X**	**X**	**-**	**21**	**-**	**X**
Total (A+B)	**X**	**-**	**52**	**-**	**X**	**X**	**-**	**21**	**-**	**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 40

4.1 Hedging derivatives: analysis by type of hedge and level

	31.12.2023				31.12.2022			
	FAIR VALUE			NOMINAL VALUE	FAIR VALUE			NOMINAL VALUE
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**-**	**362**	**-**	**4,199**	**-**	**344**	**-**	**3,866**
1) Fair value	-	322	-	2,811	-	262	-	2,407
2) Financial flows	-	30	-	1,080	-	82	-	1,280
3) Investments outside Italy	-	10	-	308	-	-	-	179
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Financial flows	-	-	-	-	-	-	-	-
Total	**-**	**362**	**-**	**4,199**	**-**	**344**	**-**	**3,866**

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	17	-	13	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	260	X	-	-	X	X	X	40	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	10
Total assets	**277**	**-**	**13**	**-**	**-**	**-**	**-**	**40**	**-**	**10**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	22	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**22**	**-**	**-**	**-**
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

	31.12.2023	31.12.2022
1. Positive adjustment of financial liabilities	-	-
2. Negative adjustment of financial liabilities	(21)	(37)
Total	**(21)**	**(37)**

SECTION 6 - TAX LIABILITIES - ITEM 60

Please see section 11 of the assets.

SECTION 8 - OTHER LIABILITIES - ITEM 80

8.1 Other liabilities: analysis

	31.12.2023	31.12.2022
Due to Personal Financial Advisers	740	667
Due to Intesa Sanpaolo under Italy's consolidation regime	390	303
Due to suppliers	217	198
Due to tax authorities	207	125
Clearing accounts and other payables	139	218
Due under past Loyalty Schemes	61	57
Payroll and social security payables	46	32
Due to pension and social security institutions	25	22
Amounts to be collected by customers	8	13
Other debts	116	88
Total	**1,949**	**1,723**

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

	31.12.2023	31.12.2022
A. Opening balance	**38**	**47**
B. Increases	**4**	**4**
B.1 Provisions for the year	1	1
B.2 Other increases	3	3
C. Decreases	**8**	**13**
C.1 Indemnities paid	4	4
C.2 Other decreases	4	9
D. Closing balance	**34**	**38**

The main actuarial criteria and benchmark rates used to determine the provision for employment termination indemnities were as follows:
- Discount rate: 3.24%
- Anticipated rate of increase in remuneration: 2.77%
- Annual inflation rate: 2.10%

SECTION 10 - PROVISIONS FOR RISKS AND CHARGES - ITEM 100

10.1 Provisions for risks and losses: analysis

	31.12.2023	31.12.2022
1. Provisions for credit risk associated with commitments and financial guarantees issued	4	3
2. Provisions for other commitments and guarantees issued	-	-
3. Company pension funds	18	10
4. Other provisions for risks and charges	568	510
4.1 Lawsuits and tax disputes	79	81
4.2 Personnel expenses	128	128
4.3 Other	361	301
Total	**590**	**523**

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	**-**	**10**	**510**	**520**
B. Increases	**-**	**16**	**175**	**191**
B.1 Provisions for the year	-	6	151	157
B.2 Changes due to the passage of time	-	-	8	8
B.3 Changes due to fluctuations in the discount rate	-	-	15	15
B.4 Other increases	-	10	1	11
C. Decreases	**-**	**8**	**117**	**125**
C.1 Utilisation in the year	-	8	89	97
C.2 Changes due to fluctuations in the discount rate	-	-	-	-
C.3 Other decreases	-	-	28	28
D. Closing balance	**-**	**18**	**568**	**586**

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	3	-	-	4
Financial guarantees issued	-	-	-	-	-
Total	**1**	**3**	**-**	**-**	**4**

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 €18m is for the Reyl & Cie (€17m) and 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 (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 benchmark rates used to determine the provision for employment termination indemnities were as follows:

- discount rate: 1.50%;

- 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 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 contractual indemnities due to Personal Financial Advisers: 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	PROVISION FOR CONTRACTUAL INDEMNITIES DUE TO PERSONAL FINANCIAL ADVISERS	NETWORK LOYALTY SCHEMES	OTHER	TOTAL
A. Opening balance	**81**	**128**	**241**	**59**	**1**	**510**
B. Increases	**9**	**65**	**55**	**46**	**-**	**175**
B.1 Provisions for the year	9	64	36	42	-	151
B.2 Changes due to the passage of time	-	-	7	1	-	8
B.3 Changes due to fluctuations in the discount rate	-	-	12	3	-	15
B.4 Other increases	-	1	-	-	-	1
C. Decreases	**11**	**65**	**33**	**7**	**1**	**117**
C.1 Utilisation in the year	6	58	18	7	-	89
C.2 Changes due to fluctuations in the discount rate	-	-	-	-	-	-
C.3 Other decreases	5	7	15	-	1	28
D. Closing balance	**79**	**128**	**263**	**98**	**-**	**568**

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 2023, the share capital totalled €300,000,000 divided into 1,500,000,000 ordinary shares with no par value.
The Group did not hold any treasury shares at 31 December 2023.

13.2 Share capital - Parent Company's number of shares: annual changes

	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

	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 €2,411m 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 positive €71m, and include:

- the valuation reserve of financial assets measured at fair value through other comprehensive income, negative by €9m;
- the revaluation reserve related to recalculation of the value of property used in operations totalling €15m;
- the valuation reserve for foreign investment hedges, which was negative by €26m;
- the valuation reserve for cash flow hedges, which was positive by €1m;
- the foreign exchange difference valuation reserve, which was positive at €81m;
- the valuation reserve for actuarial gains and losses on defined benefit plans, which was positive at €13m;
- 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 €10m.

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 31.12.2023	**1**
Total 31.12.2022	**1**

OTHER INFORMATION

1. Commitments and financial guarantees issued

	NOMINAL VALUE OF COMMITMENTS AND FINANCIAL GUARANTEES ISSUED				31.12.2023	31.12.2022
	FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED		
1. Commitments to grant finance	**7,271**	**895**	**7**	**-**	**8,173**	**7,410**
a) Central Banks	-	-	-	-	-	-
b) Public entities	-	-	-	-	-	-
c) Banks	980	-	-	-	980	679
d) Other financial institutions	341	248	-	-	589	372
e) Non-financial companies	1,321	401	3	-	1,725	1,532
f) Households	4,629	246	4	-	4,879	4,827
2. Financial guarantees issued	**606**	**65**	**-**	**-**	**671**	**683**
a) Central Banks	-	-	-	-	-	-
b) Public entities	-	-	-	-	-	-
c) Banks	286	-	-	-	286	301
d) Other financial institutions	26	7	-	-	33	34
e) Non-financial companies	86	47	-	-	133	117
f) Households	208	11	-	-	219	231

3. Assets pledged as security for own liabilities and commitments

	31.12.2023	31.12.2022
1. Financial assets measured at fair value through profit or loss	-	-
2. Financial assets measured at fair value through other comprehensive income	597	462
3. Financial assets measured at amortised cost	1,284	1,862
4. Property and equipment	-	-
of which: property and equipment constituting inventory	-	-

5. Administration and trading on behalf of third parties

	31.12.2023
1. Execution of customer instructions	**1,691**
a) purchases	925
1. settled	925
2. not settled	-
b) sales	766
1. settled	766
2. not settled	-
2. Portfolio management	**119,074**
a) individual	69,421
b) collective	49,653
3. Custody and administration of securities	
a) third-party securities held on deposit: connected with activities as depositary bank (excluding portfolio management)	-
1. securities issued by companies included in the consolidation	-
2. other securities	-
b) third-party securities held on deposit (excluding portfolio management): other	77,810
1. securities issued by companies included in the consolidation	-
2. other securities	77,810
c) third-party securities deposited with third parties	64,430
d) portfolio securities deposited with third parties	22,981
4. Other transactions	**177,021**

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 31.12.2023	NET AMOUNT AT 31.12.2022
				FINANCIAL INSTRUMENTS	CASH DEPOSITS HELD AS COLLATERAL		
1. Derivatives	296	1	295	255	34	6	1
2. Repurchase agreement	199	-	199	199	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31.12.2023	**495**	**1**	**494**	**454**	**34**	**6**	**X**
Total 31.12.2022	**336**	**2**	**334**	**-**	**3**	**X**	**331**

7. Financial liabilities 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 31.12.2023	NET AMOUNT AT 31.12.2022
				FINANCIAL INSTRUMENTS	CASH DEPOSITS HELD AS COLLATERAL		
1. Derivatives	380	2	378	258	108	12	1
2. Repurchase agreement	1,442	-	1,442	1,442	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-
Total 31.12.2023	**1,822**	**2**	**1,820**	**1,700**	**108**	**12**	**X**
Total 31.12.2022	**2,275**	**4**	**2,271**	**1,921**	**78**	**X**	**272**

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 recognised in balance sheet liabilities and the repurchase agreements recognised in Due from banks subject to netting agreements.

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, Intesa Sanpaolo Private Banking and Intesa Sanpaolo Wealth Management 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.

SECTION 1 - INTEREST - ITEMS 10 AND 20

1.1 Interest income and similar income: analysis

	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	2023	2022
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	55	-	X	55	24
3. Financial assets measured at amortised cost	733	976	-	1,709	557
3.1 Loans and advances to banks	663	444	X	1,107	320
3.2 Loans and advances to customers	70	532	X	602	237
4. Hedging derivatives	X	X	(9)	(9)	(72)
5. Other assets	X	X	1	1	-
6. Financial liabilities	X	X	X	-	12
Total	**788**	**976**	**(8)**	**1,756**	**521**
of which: interest income on impaired financial assets	-	2	-	2	2
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

	2023	2022
On financial assets denominated in foreign currencies	60	23

1.3 Interest expense and similar expense: analysis

	DEBTS	SECURITIES	OTHER TRANSACTIONS	2023	2022
1. Financial liabilities measured at amortised cost	476	-	-	476	80
1.1 Due to Central Banks	-	X	X	-	-
1.2 Due to banks	113	X	X	113	28
1.3 Due to customers	363	X	X	363	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	2	2	-
5. Hedging derivatives	X	X	12	12	3
6. Financial assets	X	X	X	-	31
Total	**476**	**-**	**14**	**490**	**114**
of which: interest expense on debts for leases	5	X	X	5	4

1.4 Interest expense and similar expense: other information

1.4.1 Interest expenses on liabilities denominated in foreign currencies

	2023	2022
On liabilities denominated in foreign currencies	16	6

1.5 Hedging gains and losses

	2023	2022
A. Hedging gains	267	56
B. Hedging losses	288	131
C. Net gains / losses (A-B)	**(21)**	**(75)**

SECTION 2 - FEE AND COMMISSION INCOME AND EXPENSE - ITEMS 40 AND 50

2.1 Fee and commission income: analysis

	2023	2022
a) Financial instruments	**932**	**939**
1. Securities placement	122	170
1.1 On a firm and/or irrevocable commitment basis	-	-
1.2 Without irrevocable commitment	122	170
2. Receiving and transmitting orders and executing orders on behalf of customers	85	57
2.1 Receiving and transmitting orders for one or more financial instruments	72	55
2.2 Executing orders on behalf of customers	13	2
3. Other fees and commissions related to financial instrument activities	725	712
of which: proprietary trading	-	-
of which: individual portfolio management	725	712
b) Corporate Finance	**5**	**9**
1. Advice on mergers and acquisitions	5	9
2. Treasury services	-	-
3. Other fees and commission related to corporate finance services	-	-
c) Investment advisory activities	**113**	**113**
d) Clearing and settlement	**-**	**-**
e) Collective portfolio management	**642**	**657**
f) Custody and administration	**61**	**36**
1. Depository bank	2	1
2. Other fees and commission related to custody and administration activities	59	35
g) Central administrative services for collective portfolio management	**-**	**-**
h) Trust activity	**10**	**14**
i) Payment Services	**33**	**33**
1. Current accounts	9	9
2. Credit Cards	16	17
3. Debit cards and other payment cards	1	1
4. Bank transfers and other payment orders	4	3
5. Other fees and commission related to payment services	3	3
j) Distribution of third-party services	**1,203**	**1,235**
1. Collective portfolio management	521	539
2. Insurance products	667	678
3. Other products	15	18
of which: individual portfolio management	10	10
k) Structured finance	**3**	**2**
l) Servicing activities for securitisation transactions	**-**	**-**
m) Commitments to grant finance	**-**	**-**
n) Financial guarantees issued	**3**	**3**
of which: credit derivatives	-	-
o) Financing transactions	**2**	**3**
of which: for factoring transactions	-	-
p) Currency trading	**2**	**3**
q) Commodities	**-**	**-**
r) Other fees and commission income	**27**	**21**
of which: for management activities of multilateral trading systems	-	-
of which: for management activities of organised trading systems	-	-
Total	**3,036**	**3,068**

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

	2023	2022
a) Financial instruments	**26**	**25**
of which: trading in financial instruments	26	25
of which: placement of financial instruments	-	-
of which: individual portfolio management	-	-
- Proprietary	-	-
- Delegated to third parties	-	-
b) Clearing and Settlement	**-**	**-**
c) Collective portfolio management	**49**	**43**
1. Proprietary	7	8
2. Delegated to third parties	42	35
d) Custody and administration	**26**	**24**
e) Collection and payment services	**22**	**20**
of which: credit cards, debit cards and other payment cards	14	13
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	**977**	**904**
j) Currency trading	**-**	**1**
k) Other fees and commission expenses	**30**	**24**
Total	**1,138**	**1,049**

SECTION 3 - DIVIDENDS AND SIMILAR INCOME - ITEM 70

3.1 Dividends and similar income: analysis

	2023		2022	
	DIVIDENDS	SIMILAR INCOME	DIVIDENDS	SIMILAR INCOME
A. Financial assets held for trading	-	-	-	-
B. Financial assets mandatorily measured at fair value	7	-	2	-
C. Financial assets measured at fair value through other comprehensive income	-	-	-	-
D. Equity investments	-	-	-	-
Total	**7**	**-**	**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 PROFIT (LOSS)
1. Financial assets held for trading	**-**	**1**	**-**	**-**	**1**
1.1 Debt securities	-	1	-	-	1
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**	**26**
3. Derivatives	**-**	**-**	**-**	**(3)**	**17**
3.1 Financial derivatives:	-	-	-	(3)	17
- Debt derivatives and interest rate derivatives	-	-	-	(3)	(3)
- Equity derivatives and index derivatives	-	-	-	-	-
- Currencies and gold	X	X	X	X	20
- Other	-	-		-	-
3.2 Credit derivatives	-	-	-	-	-
of which: natural hedges connected with fair value option	X	X	X	X	-
Total	**-**	**1**	**-**	**(3)**	**44**

SECTION 5 - NET PROFIT (LOSS) ON HEDGING DERIVATIVES - ITEM 90

5.1 Net profit (loss) on hedging derivatives: analysis

	2023	2022
A. Profit on:		
A.1 Fair value hedge derivatives	781	801
A.2 Hedged financial assets (fair value)	3	-
A.3 Hedged financial liabilities (fair value)	32	33
A.4 Financial derivatives hedging financial flows	-	-
A.5 Assets and liabilities denominated in foreign currencies	-	10
Total profit on hedging derivatives (A)	**816**	**844**
B. Loss on:		
B.1 Fair value hedge derivatives	(47)	(43)
B.2 Hedged financial assets (fair value)	(774)	(797)
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)	**(821)**	**(840)**
C. Net profit (loss) on hedging derivatives (A-B)	**(5)**	**4**
of which: net profit (loss) of hedges on net positions	-	-

SECTION 6 - NET PROFIT (LOSS) ON SALES/REPURCHASES - ITEM 100

6.1 Net profit (loss) on sales/repurchases: analysis

	2023			2022		
	PROFITS	LOSSES	NET PROFIT (LOSS)	PROFITS	LOSSES	NET PROFIT (LOSS)
Financial assets						
1. Financial assets measured at amortised cost	3	(3)	-	-	-	-
1.1 Loans and advances to banks	-	(3)	(3)	-	-	-
1.2 Loans and advances to customers	3	-	3	-	-	-
2. Financial assets measured at fair value through other comprehensive income	2	(13)	(11)	5	(4)	1
2.1 Debt securities	2	(13)	(11)	5	(4)	1
2.2 Loans	-	-	-	-	-	-
Total assets	**5**	**(16)**	**(11)**	**5**	**(4)**	**1**
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 PROFIT (LOSS)
1. Financial assets	**68**	**3**	**(3)**	**-**	**68**
1.1 Debt securities (*)	49	-	-	-	49
1.2 Equities	15	3	-	-	18
1.3 Units in mutual funds	4	-	(3)	-	1
1.4 Loans	-	-	-	-	-
2. Financial assets: exchange rate differences	**X**	**X**	**X**	**X**	**-**
Total	**68**	**3**	**(3)**	**-**	**68**

(*) The gains 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				2023	2022
	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	**(2)**	**-**	**-**	**-**	**-**	**-**	**4**	**-**	**-**	**-**	**2**	**6**
- Loans	(2)	-	-	-	-	-	3	-	-	-	1	5
- Debt securities	-	-	-	-	-	-	1	-	-	-	1	1
B. Loans and advances to customers	**(4)**	**(11)**	**-**	**(39)**	**-**	**-**	**5**	**6**	**7**	**-**	**(36)**	**(16)**
- Loans	(4)	(11)	-	(39)	-	-	5	3	7	-	(39)	(16)
- Debt securities	-	-	-	-	-	-	-	3	-	-	3	-
Total	**(6)**	**(11)**	**-**	**(39)**	**-**	**-**	**9**	**6**	**7**	**-**	**(34)**	**(10)**

SECTION 12 - ADMINISTRATIVE EXPENSES - ITEM 190

12.1 Personnel expenses: analysis

	2023	2022
1) Employees	**554**	**512**
a) Wages and salaries	398	368
b) Social security contributions	86	81
c) Termination indemnities	5	4
d) Pension costs	5	2
e) Provision for employee termination indemnities	1	1
f) Provision for retirement benefits and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Payments to external supplementary pension funds:	26	27
- defined contribution	20	19
- defined benefit	6	8
h) Costs arising from payment agreement based on own equity instruments	-	-
i) Other employee benefits	33	29
2) Other staff	**4**	**2**
3) Directors and auditors	**4**	**4**
4) Retired staff	**-**	**-**
Total	**562**	**518**

12.2 Average number of employees by category

	2023	2022
Employees:	**4,009**	**3,970**
a) Directors	138	137
b) Executive Management	2,280	2,280
c) Other employees	1,591	1,553
Other staff	**33**	**32**

12.4 Other employee benefits

This item mainly comprised the provisions accrued for seniority bonuses, the company contributions to the Health Fund, cafeteria contributions and provisions for indemnities relating to Personal Financial Advisers.

12.5 Other administrative expenses: analysis

	2023	2022
IT costs	**53**	**46**
Maintenance costs for IT services and electronic equipment	51	43
Telephone, broadcasting and data transmission costs	2	3
Property management costs	**24**	**17**
Property rent and building charges	7	3
Security	1	1
Cleaning	4	3
Building maintenance	3	4
Power	8	3
Miscellaneous building costs	1	3
General operating expenses	**33**	**33**
Printed material, stationery, consumables and publications	2	3
Transport and other related services (including counting of valuables)	3	3
Search and information services	24	23
Postage and telegraphic expenses	4	4
Professional and insurance costs	**33**	**33**
Professional advice	19	18
Legal advice and court fees	6	7
Bank and customer insurance premiums	8	8
Promotional and advertising expenses	**8**	**7**
Services by third parties	**20**	**24**
Expenses for outsourcing within the Group	**131**	**123**
Costs related to banking system	**46**	**53**
Indirect personnel expenses	**10**	**8**
Other expenses	**13**	**17**
Indirect taxes	**375**	**338**
Recovery of sundry expenses	**(4)**	**(4)**
Total other administrative expenses	**742**	**695**

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

	2023		
	PROVISIONS	REALLOCATIONS	TOTAL
Commitments to grant finance	(3)	2	(1)
Financial guarantees issued	-	-	-

13.3 Net provisions to other provisions for risks and charges: analysis

	2023		
	PROVISIONS	REALLOCATIONS	TOTAL
Lawsuits and tax disputes	(9)	5	(4)
Termination of Personal Financial Adviser agency agreements	(55)	15	(40)
Costs relating to the Personal Financial Adviser Networks' Loyalty Schemes	(46)	-	(46)
Total	**(110)**	**20**	**(90)**

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	(63)	-	-	(63)
- Owned	(8)	-	-	(8)
- Rights of use acquired under lease	(55)	-	-	(55)
2. Investment property and equipment	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired under lease	-	-	-	-
3. Inventories	X	-	-	-
Total	**(63)**	**-**	**-**	**(63)**

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	(33)	-	-	(33)
A.1 Owned	(55)	-	-	(55)
- Generated internally	(22)	-	-	(22)
- Other	(33)	-	-	(33)
A.2 Rights of use acquired under lease	-	-	-	-
Total	**(55)**	**-**	**-**	**(55)**

SECTION 16 - OTHER INCOME (EXPENSE) - ITEM 230

16.1 Other expense: analysis

	NET PROFIT (LOSS)
Charges related to Personal Financial Advisors	16
Depreciation of leasehold improvements	5
Consolidation charges	5
Other expenses	6
Total 2023	**32**
Total 2022	**15**

16.2 Other expense: analysis

	NET PROFIT (LOSS)
Recovery of indirect taxes	368
Income on leases	2
Other income	14
Total 2023	**384**
Total 2022	**365**

SECTION 17 - PROFIT (LOSS) ON EQUITY INVESTMENTS - ITEM 250

17.1 Profit (loss) on equity investments: analysis

	2023	2022
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	22	21
1. Revaluations	22	21
2. Profit on sales	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Expenses	(36)	(5)
1. Write-downs	(11)	(5)
2. Impairment	(25)	-
3. Losses from sales	-	-
4. Other	-	-
Net profit (loss)	**(14)**	**16**
Total	**(14)**	**16**

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

	2023	2022
A. Properties	**8**	**-**
- Gains on disposal	8	-
- Losses on disposal	-	-
B. Other assets	**3**	**-**
- Gains on disposal	3	-
- Losses on disposal	-	-
Net Profit (loss)	**11**	**-**

The item includes the profit from the sale of a property owned and the capital gain realized with the sale of 51% of the shareholding in Asteria.

SECTION 21 - INCOME TAXES FOR THE YEAR ON CONTINUING OPERATIONS - ITEM 300

21.1 Income taxes for the year on continuing operations: analysis

	2023	2022
1. Current taxes (-)	(644)	(473)
2. Changes to current taxes for prior years (+/-)	-	10
3. Reduction in current taxes (+)	-	-
3.bis Reduction in current taxes due to tax credit pursuant to Italian Law No. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	(10)	34
5. Change in deferred tax liabilities (+/-)	(10)	1
6. Taxes for the year (-)	**(664)**	**(428)**

21.2 Reconciliation of theoretical tax burden and actual financial statement tax burden

	2023
Taxable income	**2,069**
Standard tax rate applicable	33%
Theoretical tax burden	683
Tax impact with respect to:	
Different tax rates applying to foreign subsidiaries	(55)
IRAP regional business tax and minor effects	36
Actual tax burden	**664**

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"

EQUITY INVESTMENTS IN CONSOLIDATED COMPANIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS	2023
1. REYL & Cie S.A.	(2)
2. Asteria Investment Managers S.A.	1
3. Intesa Sanpaolo Private Argentina S.A.	1
4. REYL Singapore Holding PTE Ltd	(1)
Other equity investments	**(1)**
Total 2023	**(2)**
Total 2022	**3**

SECTION 25 - EARNINGS PER SHARE

Earnings per share

	2023		2022	
	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)	1,403	-	1,070	-
Basic earnings per share (€)	0.936	-	0.713	-
Diluted earnings per share (€)	0.936	-	0.713	-

PART D - CONSOLIDATE COMPREHENSIVE INCOME

COMPONENTS OF CONSOLIDATED COMPREHENSIVE INCOME

		2023	2022
10.	**Net Profit (Loss) for the year**	**1,405**	**1,067**
	Other comprehensive income not transferred to the income statement	**(2)**	**29**
20.	Equity instruments measured at fair value through other comprehensive income	4	(3)
	a) changes in fair value	4	(3)
	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	1	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	(6)	41
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Valuation reserves related to investments carried at equity	-	-
100.	Revenues or costs of a financial nature relating to insurance contracts issued	(1)	(9)
	Other comprehensive income that may be transferred to the income statement	**97**	**(115)**
120.	Hedging of net investments in foreign operations:	(16)	(10)
	a) changes in fair value	-	-
	b) transfers to income statement	-	-
	c) other changes	(16)	(10)
130.	Exchange rate differences:	35	21
	a) changes in value	-	-
	b) transfers to income statement	-	-
	c) other changes	35	21
140.	Cash flow hedges:	57	(82)
	a) changes in fair value	57	(82)
	b) transfers to income statement	-	-
	c) other changes	-	-
	of which: result of net positions	-	-
150.	Hedging instruments (undesignated elements):	-	-
	a) changes in value	-	-
	b) transfers to income statement	-	-
	c) other changes	-	-
160.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income:	33	(84)
	a) changes in fair value	38	(70)
	b) transfers to income statement	(1)	(10)
	- adjustments for credit risk	-	-
	- income/losses on disposal	(1)	(10)
	c) other changes	(4)	(4)
170.	Non-current assets held for sale and discontinued operations:	-	-
	a) changes in fair value	-	-
	b) transfers to income statement	-	-
	c) other changes	-	-
180.	Valuation reserves related to investments carried at equity:	(2)	(25)
	a) changes in fair value	-	(23)
	b) transfers to income statement	-	(1)
	- adjustments for impairment losses	-	(1)
	- income/losses on disposal	-	-
	c) other changes	(2)	(1)
190.	Revenues or costs of a financial nature relating to insurance contracts issued	-	-
	a) changes in fair value	-	-
	b) transfer to the income statement	-	-
	c) other changes	-	-
200.	Revenues or costs of a financial nature relating to reinsurance disposals	-	-
	a) changes in fair value	-	-
	b) transfer to the income statement	-	-
	c) other changes	-	-
210.	Income tax on comprehensive income transferred to the income statement	(10)	65
220.	**Total other comprehensive income**	**95**	**(86)**
230.	**Total comprehensive income (Item 10+220)**	**1,500**	**981**
240.	Total comprehensive income attributable to non-controlling interests	2	(3)
250.	Total comprehensive income attributable to parent company	1,498	984

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 various Regulations implementing 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	26	28	12	74	43,217	43,357
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	3,351	3,351
3. Financial assets measured at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	561	561
5. Financial assets held for sale	-	-	-	-	-	-
Total 31.12.2023	**26**	**28**	**12**	**74**	**47,129**	**47,269**
Total 31.12.2022	**30**	**62**	**10**	**89**	**52,890**	**53,081**

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	128	(62)	66	-	43,326	(35)	43,291	43,357
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	3,352	(1)	3,351	3,351
3. Financial assets measured at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	561	561
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31.12.2023	**128**	**(62)**	**66**	**-**	**46,678**	**(36)**	**47,203**	**47,269**
Total 31.12.2022	**134**	**(32)**	**102**	**-**	**52,508**	**(35)**	**52,979**	**53,081**

ASSET CLASS/QUALITY	ASSETS WITH CLEARLY LOW CREDIT QUALITY		OTHER ASSETS
	ACCRUED LOSSES	NET EXPOSURE	NET EXPOSURE
1. Financial assets held for trading	-	-	47
2. Hedging derivatives	-	-	257
Total 31.12.2023	**-**	**-**	**304**
Total 31.12.2022	**-**	**-**	**342**

B. DISCLOSURES ON STRUCTURED ENTITIES (OTHER THAN SECURITISATION VEHICLES)

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)
UCITS	Other financial assets mandatorily measured at fair value	24		-	24	24	-

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 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. Total credit exposures to Russian and Belarusian counterparties amount to approximately €3m, with a negligible impact on the portfolio at 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.

In line with the Intesa Sanpaolo Group framework, authorities and powers of resolution are determined based on the approach linked to the calculation of weighted assets (RWA). 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 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 2023, net impairment of loans to customer amounted to €39m, whereas loans to banks recorded net recoveries of €1m.

2.4 Credit risk mitigation techniques

In order to mitigate the credit risk of loans and advances to customers, collateral, and in particular pledges on securities, Units in mutual funds and managed assets, are usually obtained, as protection. 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 there is an appropriate rating (by leading rating agencies).

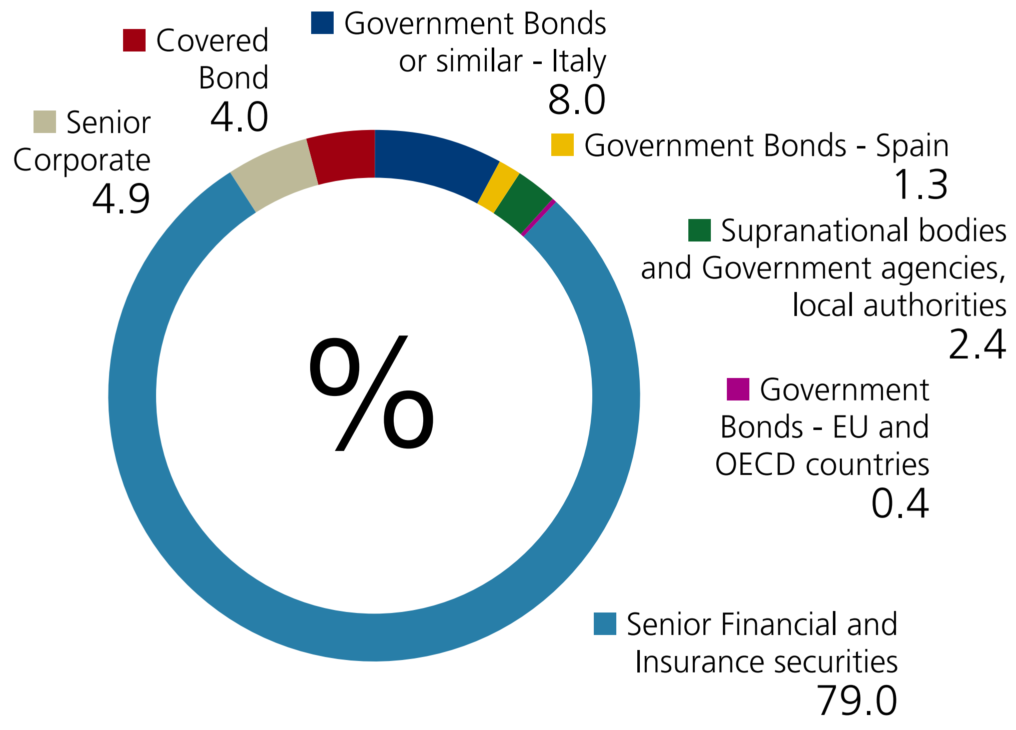
The value of the financial instruments obtained as collateral is discounted differentially in relation to the type of product and technical form concerned, as a precautionary measure when calculating the credit limit to be granted, with a view to protecting the Group against any fluctuations in market 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.

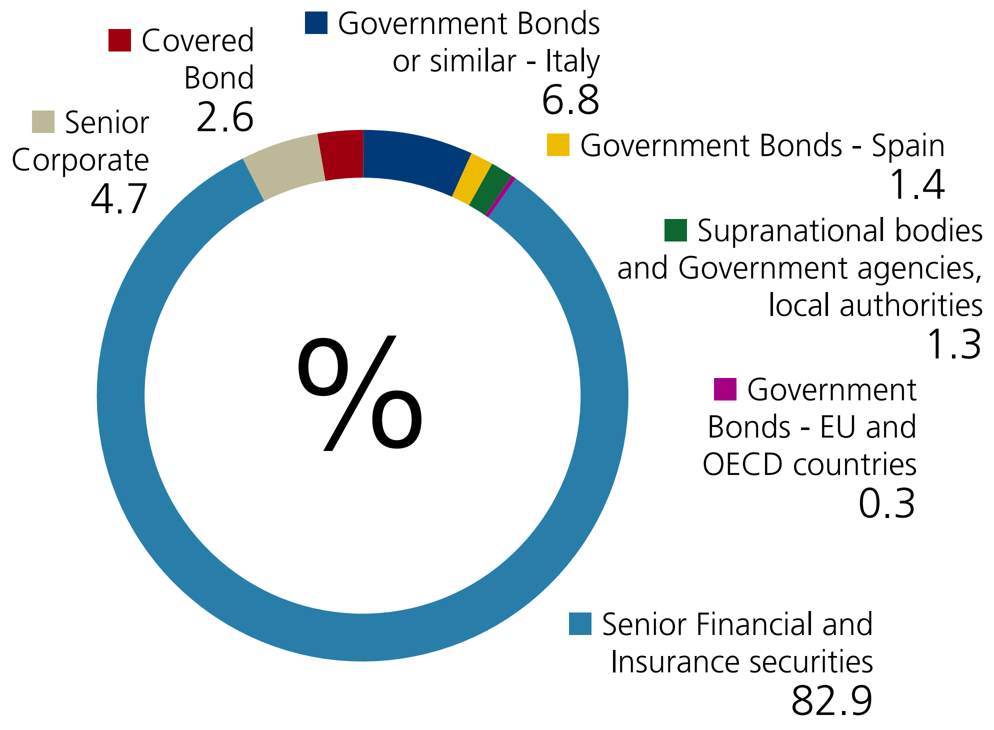
At 31 December 2023, the Group portfolio was broken down as follows by product type and rating.

Analysis by product type

31.12.2023

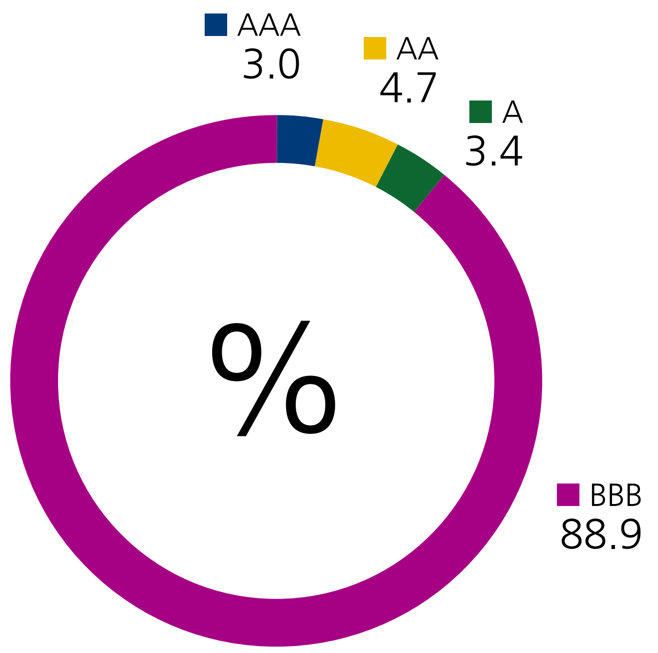


31.12.2022

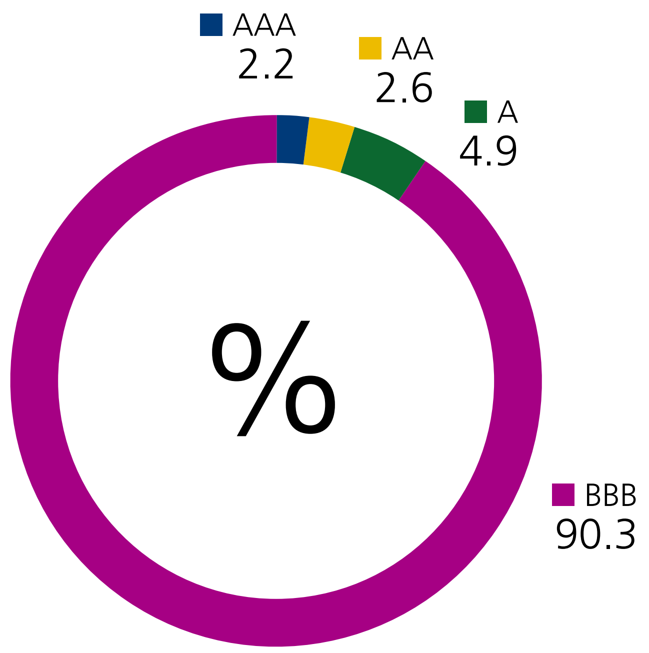


Analysis by rating class

31.12.2023



31.12.2022



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 (0.16% 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.

At 31 December 2023, there were POCI positions amounting to approximately €1m in the portfolio of the Group.

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

	31.12.2023		31.12.2022		CHANGE
	NET EXPOSURE	%	NET EXPOSURE	%	NET EXPOSURE
Doubtful loans	26	-	30	-	(4)
Unlikely to pay	28	-	61	-	(33)
Past due loans or overdue loans	12	-	10	-	2
Non-performing assets	**66**	**-**	**101**	**-**	**(35)**
Purchased or originated credit-impaired financial assets	1	-	1	-	-
Performing loans	14,304	89	15,002	90	(698)
Debt instruments	1,718	11	1,627	10	91
Loans and advances to customers	**16,089**	**100**	**16,731**	**100**	**(642)**

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	41	13	5	5	9	1	-	39	26	-	-	1
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 31.12.2023	**41**	**13**	**5**	**5**	**9**	**1**	**-**	**39**	**26**	**-**	**-**	**1**
Total 31.12.2022	**49**	**10**	**7**	**6**	**12**	**4**	**1**	**1**	**100**	**-**	**-**	**1**

A.1.2 Prudential consolidation - Financial assets, commitments to grant funds and financial guarantees issued: changes in comprehensive adjustments and comprehensive provisions

	TOTAL NET ADJUSTMENTS																							TOTAL PROVISIONS ON COMMITMENTS TO GRANT FUNDS AND FINANCIAL GUARANTEES ISSUED				TOTAL
	ASSETS FALLING IN FIRST STAGE						ASSETS FALLING IN SECOND STAGE						ASSETS FALLING IN THIRD STAGE						PURCHASED OR ORIGINATED NON PERFORMING FINANCIAL ASSETS									
	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	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	
Opening balance	**1**	**13**	**1**	**-**	**15**	**-**	**-**	**21**	**-**	**-**	**21**	**-**	**-**	**28**	**-**	**-**	**28**	**-**	**4**	**-**	**-**	**4**	**-**	**1**	**1**	**-**	**-**	**70**
Increases in purchased or originated financial assets	-	8	-	-	8	-	-	-	-	-	-	-	-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	8
Cancellations other than write-offs	-	(1)	-	-	(1)	-	-	(1)	-	-	(1)	-	-	(2)	-	-	(2)	-	-	-	-	-	-	-	-	-	-	(4)
Net impairment for credit risk	(1)	(10)	-	-	(11)	-	-	3	-	-	3	-	-	31	-	-	31	-	-	-	-	-	-	-	2	-	-	25
Contractual changes without cancellation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	-	(1)	-	-	-	-	-	-	-	-	-	-	(1)
Other changes	-	-	-	-	-	-	-	2	-	-	2	-	-	2	-	-	2	-	-	-	-	-	-	-	-	-	-	4
Closing balance	**-**	**10**	**1**	**-**	**11**	**-**	**-**	**25**	**-**	**-**	**25**	**-**	**-**	**58**	**-**	**-**	**58**	**-**	**4**	**-**	**-**	**4**	**-**	**1**	**3**	**-**	**-**	**102**
Recoveries from collection on financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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	1,051	515	5	3	14	3
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	499	235	-	6	3	2
Total 31.12.2023	**1,550**	**750**	**5**	**9**	**17**	**5**
Total 31.12.2022	**856**	**474**	**8**	**10**	**100**	**2**

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	**5,180**	**5,179**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,180**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	5,180	5,179	1	X	-	-	-	-	X	-	5,180	-
A.2 Other	**28,410**	**28,380**	**30**	**-**	**-**	**(4)**	**(4)**	**-**	**-**	**-**	**28,406**	**-**
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	28,410	28,380	30	X	-	(4)	(4)	-	X	-	28,406	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total A	**33,590**	**33,559**	**31**	**-**	**-**	**(4)**	**(4)**	**-**	**-**	**-**	**33,586**	**-**
B. Off-balance-sheet exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	1,787	1,266	-	X	-	-	-	-	X	-	1,787	-
Total B	**1,787**	**1,266**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,787**	**-**
Total (A+B)	**35,377**	**34,825**	**31**	**-**	**-**	**(4)**	**(4)**	**-**	**-**	**-**	**35,373**	**-**

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	74	X	-	71	3	(48)	X	-	(45)	(3)	26	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	39	X	-	38	1	(11)	X	-	(10)	(1)	28	-
- of which: forborne exposures	2	X	-	2	-	(2)	X	-	(2)	-	-	-
c) Non-performing past due exposures	15	X	-	15	-	(3)	X	-	(3)	-	12	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	74	59	15	X	-	-	-	-	X	-	74	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	18,755	14,482	3,713	X	1	(32)	(7)	(25)	X	-	18,723	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total A	**18,957**	**14,541**	**3,728**	**124**	**5**	**(94)**	**(7)**	**(25)**	**(58)**	**(4)**	**18,863**	**-**
B. Off-balance-sheet exposures												
a) Non-performing	7	X	-	7	-	-	X	-	-	-	7	-
b) Performing	7,578	6,612	961	X	-	(4)	(1)	(3)	X	-	7,574	-
Total B	**7,585**	**6,612**	**961**	**7**	**-**	**(4)**	**(1)**	**(3)**	**-**	**-**	**7,581**	**-**
Total (A+B)	**26,542**	**21,153**	**4,689**	**131**	**5**	**(98)**	**(8)**	**(28)**	**(58)**	**(4)**	**26,444**	**-**

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	**46**	**75**	**13**
- of which: loans disposed of but not written off	-	-	-
B. Increases	**30**	**19**	**46**
B.1 Transfers from performing exposures	-	7	44
B.2 Transfers from impaired financial assets that are purchased or originated	-	-	-
B.3 Transfers from other categories of non-performing exposures	6	7	-
B.4 Contractual changes without cancellation	-	-	-
B.5 Other increases	24	5	2
C. Decreases	**(2)**	**(55)**	**(44)**
C.1 Transfers to performing exposures	-	(30)	(22)
C.2 Write-off	-	(1)	-
C.3 Collections	(2)	(18)	(14)
C.4 Disposals	-	-	-
C.5 Losses on sales	-	-	-
C.6 Transfers to other categories of non-performing exposures	-	(6)	(8)
C.7 Contractual changes without cancellation	-	-	-
C.8 Other decreases	-	-	-
D. Gross exposure at end of period	**74**	**39**	**15**
- 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	**3**	**-**
- 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	**-**	**-**
C.1 Transfers to non-forborne performing exposures	X	-
C.2 Transfers to forborne performing exposures	-	X
C.3 Transfers to forborne exposures	X	-
C.4 Write-off	-	-
C.5 Collections	-	-
C.6 Disposals	-	-
C.7 Losses on sales	-	-
C.8 Other decreases	-	-
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/QUALITY	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	**16**	**-**	**13**	**2**	**3**	**-**
- of which: loans disposed of but not written off	-	-	-	-	-	-
B. Increases	**33**	**-**	**6**	**-**	**3**	**-**
B.1 Adjustments to impaired financial assets that are purchased or originated	-	X	-	X	-	X
B.2 Other adjustments	28	-	4	-	3	-
B.3 Losses on sales	-	-	-	-	-	-
B.4 Transfers from other categories of non-performing exposures	3	-	2	-	-	-
B.5 Contractual changes without cancellation	-	-	-	-	-	-
B.6 Other increases	2	-	-	-	-	-
C. Decreases	**(1)**	**-**	**(8)**	**-**	**(3)**	**-**
C.1 Write-backs from year-end valuations	(1)	-	(1)	-	(1)	-
C.2 Write-backs following collections	-	-	(4)	-	-	-
C.3 Profit on sales	-	-	-	-	-	-
C.4 Write-off	-	-	-	-	-	-
C.5 Transfers to other categories of non-performing exposures	-	-	(3)	-	(2)	-
C.6 Contractual changes without cancellation	-	-	-	-	-	-
C.7 Other decreases	-	-	-	-	-	-
D. Total adjustments at end of period	**48**	**-**	**11**	**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						NOT RATING	TOTAL
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASE 5	CLASS 6		
A. Financial assets measured at amortised cost	**-**	**1,599**	**26,740**	**-**	**-**	**-**	**15,115**	**43,454**
- First stage	-	130	26,738	-	-	-	12,749	39,617
- Second stage	-	1,469	2	-	-	-	2,238	3,709
- Third stage	-	-	-	-	-	-	124	124
- Impaired financial assets that are purchased or originated	-	-	-	-	-	-	4	4
B. Financial assets measured at fair value through other comprehensive income	**796**	**1,256**	**976**	**156**	**-**	**-**	**168**	**3,352**
- First stage	791	1,221	967	156	-	-	168	3,303
- Second stage	5	35	9	-	-	-	-	49
- 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)	**796**	**2,855**	**27,716**	**156**	**-**	**-**	**15,283**	**46,806**
D. Commitments to grant funds and financial guarantees issued								
- First stage	-	-	1,267	-	-	-	6,610	7,877
- Second stage	-	-	3	-	-	-	957	960
- Third stage	-	-	-	-	-	-	7	7
- Impaired financial assets that are purchased or originated	-	-	-	-	-	-	-	-
Total (D)	**-**	**-**	**1,270**	**-**	**-**	**-**	**7,574**	**8,844**
Total (A+B+C+D)	**796**	**2,855**	**28,986**	**156**	**-**	**-**	**22,857**	**55,650**

		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				PERSONAL GUARANTEES									TOTAL
							CREDIT DERIVATIVES					ENDORSEMENT CREDIT				
								OTHER DERIVATIVES								
			BUILDINGS - MORTGAGES	BUILDINGS - FINANCIAL LEASING	SECURITIES	OTHER COLLATERAL	CREDIT LINKED NOTES	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES	PUBLIC ENTITIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES	
1. Cash exposure of secured loans	**610**	**610**	**-**	**-**	**595**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**595**
1.1 fully secured	610	610	-	-	595	-	-	-	-	-	-	-	-	-	-	595
- including impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 partially secured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- including impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Off-balance-sheet exposures of secured loans	**9**	**9**	**-**	**-**	**-**	**9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4**
2.1 fully secured	5	5	-	-	-	5	-	-	-	-	-	-	-	-	-	-
- including impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 partially secured	4	4	-	-	-	4	-	-	-	-	-	-	-	-	-	4
- including impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.3.2 Prudential consolidation - On and off-balance sheet guaranteed exposure of loans and advances to customers

	GROSS EXPOSURE	NET EXPOSURE	COLLATERAL				PERSONAL GUARANTEES									TOTAL
							CREDIT DERIVATIVES					ENDORSEMENT CREDIT				
								OTHER DERIVATIVES								
			BUILDINGS - MORTGAGES	BUILDINGS - FINANCIAL LEASING	SECURITIES	OTHER COLLATERAL	CREDIT LINKED NOTES	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES	PUBLIC ENTITIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES	
1. Cash exposure of secured loans	**13,749**	**13,682**	**1,516**	**-**	**10,226**	**1,228**	**-**	**-**	**-**	**-**	**-**	**-**	**363**	**-**	**28**	**13,361**
1.1 fully secured	12,572	12,547	1,395	-	9,959	1,167	-	-	-	-	-	-	6	-	21	12,548
- including impaired	39	32	21	-	11	1	-	-	-	-	-	-	-	-	-	33
1.2 partially secured	1,177	1,135	121	-	267	61	-	-	-	-	-	-	357	-	7	813
- including impaired	63	23	13	-	5	-	-	-	-	-	-	-	-	-	-	18
2. Off-balance-sheet exposures of secured loans	**6,458**	**6,455**	**-**	**-**	**5,411**	**820**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**-**	**161**	**6,394**
2.1 fully secured	6,208	6,205	-	-	5,246	799	-	-	-	-	-	-	-	-	159	6,204
- including impaired	4	4	-	-	3	1	-	-	-	-	-	-	-	-	-	4
2.2 partially secured	250	250	-	-	165	21	-	-	-	-	-	-	2	-	2	190
- including impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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	-	-	-	-	-	-	24	(39)	2	(9)
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	22	(5)	6	(6)
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	(2)
A.3 Non-performing past due exposures	-	-	-	-	-	-	2	(1)	10	(2)
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	2,774	(8)	3,157	(6)	797	-	3,644	(13)	9,222	(5)
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
Total A	**2,774**	**(8)**	**3,157**	**(6)**	**797**	**-**	**3,692**	**(58)**	**9,240**	**(22)**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	3	-	4	-
B.2 Performing exposures	-	-	628	-	152	-	1,852	(2)	5,094	(2)
Total B	**-**	**-**	**628**	**-**	**152**	**-**	**1,855**	**(2)**	**5,098**	**(2)**
Total (A+B) 31.12.2023	**2,774**	**(8)**	**3,785**	**(6)**	**949**	**-**	**5,547**	**(60)**	**14,338**	**(24)**
Total (A+B) 31.12.2022	**2,420**	**(11)**	**2,742**	**(1)**	**703**	**-**	**5,104**	**(12)**	**16,072**	**(40)**

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	(7)	15	(9)	7	(32)	-	-	-	-
A.2 Unlikely to pay	12	(9)	16	(2)	-	-	-	-	-	-
A.3 Non-performing past due exposures	12	(3)	-	-	-	-	-	-	-	-
A.4 Performing exposures	14,628	(28)	3,418	(1)	423	(1)	118	(2)	210	-
Total A	**14,656**	**(47)**	**3,449**	**(12)**	**430**	**(33)**	**118**	**(2)**	**210**	**-**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	7	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	7,483	(4)	70	-	9	-	4	-	8	-
Total B	**7,490**	**(4)**	**70**	**-**	**9**	**-**	**4**	**-**	**8**	**-**
Total (A+B) 31.12.2023	**22,146**	**(51)**	**3,519**	**(12)**	**439**	**(33)**	**122**	**(2)**	**218**	**-**
Total (A+B) 31.12.2022	**22,199**	**(49)**	**3,136**	**(5)**	**634**	**(9)**	**171**	**(1)**	**198**	**-**

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	2	(1)	-	(1)	1	(2)	1	(3)
A.2 Unlikely to pay	6	(4)	2	(2)	2	(1)	2	(2)
A.3 Non-performing past due exposures	4	(2)	1	-	1	-	6	(1)
A.4 Performing exposures	5,709	(8)	2,293	(4)	5,057	(12)	1,569	(4)
Total A	**5,721**	**(15)**	**2,296**	**(7)**	**5,061**	**(15)**	**1,578**	**(10)**
B. Off-balance-sheet exposures								
B.1 Non-performing exposures	3	-	2	-	1	-	1	-
B.2 Performing exposures	3,473	(1)	1,663	(1)	1,472	(1)	875	(1)
Total B	**3,476**	**(1)**	**1,665**	**(1)**	**1,473**	**(1)**	**876**	**(1)**
Total (A+B) 31.12.2023	**9,197**	**(16)**	**3,961**	**(8)**	**6,534**	**(16)**	**2,454**	**(11)**
Total (A+B) 31.12.2022	**9,067**	**(12)**	**4,066**	**(8)**	**6,503**	**(20)**	**2,563**	**(9)**

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	29,294	(4)	3,677	-	167	-	399	-	49	-
Total A	**29,294**	**(4)**	**3,677**	**-**	**167**	**-**	**399**	**-**	**49**	**-**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	1,538	-	13	-	-	-	-	-	-	-
Total B	**1,538**	**-**	**13**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31.12.2023	**30,832**	**(4)**	**3,690**	**-**	**167**	**-**	**399**	**-**	**49**	**-**
Total (A+B) 31.12.2022	**36,134**	**(6)**	**4,310**	**-**	**137**	**-**	**319**	**-**	**68**	**-**

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	29,131	(4)	72	-	91	-	-	-
Total A	**29,131**	**(4)**	**72**	**-**	**91**	**-**	**-**	**-**
B. Off-balance-sheet exposures								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	1,538	-	-	-	-	-	-	-
Total B	**1,538**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31.12.2023	**30,669**	**(4)**	**72**	**-**	**91**	**-**	**-**	**-**
Total (A+B) 31.12.2022	**35,954**	**(6)**	**131**	**-**	**49**	**-**	**-**	**-**

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 €468m 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 2023, two contracts were active, 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	**597**	**-**	**597**	**-**	**(580)**	**-**	**(580)**
1. Debt securities	597	-	597	-	(580)	-	(580)
2. Equities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	**1,003**	**-**	**1,003**	**-**	**(822)**	**-**	**(822)**
1. Debt securities	1,003	-	1,003	-	(822)	-	(822)
2. Loans	-	-	-	-	-	-	-
Total 31.12.2023	**1,600**	**-**	**1,600**	**-**	**(1,402)**	**-**	**(1,402)**
Total 31.12.2022	**2,016**	**-**	**2,016**	**-**	**(1,841)**	**-**	**(1,841)**

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	
			31.12.2023	31.12.2022
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	**597**	**-**	**597**	**458**
1. Debt securities	597	-	597	458
2. Equities	-	-	-	-
3. Loans	-	-	-	-
E. Financial assets measured at amortised cost (fair value)	**969**	**-**	**969**	**1,464**
1. Debt securities	969	-	969	1,464
2. Loans	-	-	-	-
Total financial assets	**1,566**	**-**	**1,566**	**1,922**
Total associated financial liabilities	**(1,402)**	**-**	**(1,402)**	**(1,841)**
Net value at 31.12.2023	**164**	**-**	**164**	**X**
Net value at 31.12.2022	**81**		**X**	**81**

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.

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 €50bn at 31 December 2023.

QUANTITATIVE INFORMATION

Banking Book

	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
Financial assets measured at fair value through other comprehensive income	3,360	3,096	264	9
Debt securities classified as loans to banks	17,786	18,289	(503)	-3
Debt securities classified as loans to customers	1,718	1,627	91	6
Hedging derivatives	257	317	(60)	-19
Total securities and derivatives	***23,121***	***23,329***	***(208)***	***-1***
Sight deposit current accounts with banks	2,666	4,112	(1,446)	-35
Loans to banks	9,482	14,465	(4,983)	-34
Loans to customers	14,371	15,104	(733)	-5
Total loans	***26,519***	***33,681***	***(7,162)***	***-21***
Total banking book	**49,640**	**57,010**	**(7,370)**	**-13**

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 -€66.4m at the end of December 2023, up compared to the end of 2022 (-€80.1m); this value has been constantly decreasing over the year, in view of the repositioning interventions necessary from 2024 to comply with the new, more stringent regulatory limits (SOT).
Shift Sensitivity of the value for a +100 basis point rate shock stood at -€27.7m (relating to both the HTC and HTCS portfolio) at the close of December 2023, down from the figure at the close of 2022 figure (-€8.2m); this change is attributable to the effects of two Private Placements carried out in the month of December.

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.

At the end of December 2023, the Value at Risk calculated for a one-day time horizon, in light of the rate, credit spread and volatility components, was equal to €2.2m, as a result of a constant downward trend of volatility on markets in the last part of the year.

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

VOICES	CURRENCIES					
	US DOLLAR	STERLING	YEN	CANADIAN DOLLAR	SWISS FRANC	OTHER CURRENCIES
A. Financial assets	**1,240**	**88**	**14**	**3**	**1,060**	**93**
A.1 Debt securities	190	-	-	-	-	-
A.2 Equities	4	-	-	-	-	-
A.3 Loans to banks	655	6	5	2	64	36
A.4 Loans to customers	320	82	7	-	599	28
A.5 Other financial assets	71	-	2	1	397	29
B. Other assets	**1**	**-**	**-**	**-**	**1**	**-**
C. Financial liabilities	**1,416**	**308**	**55**	**4**	**675**	**82**
C.1 Due to banks	162	-	2	-	413	3
C.2 Due to customers	1,240	308	53	4	223	79
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	14	-	-	-	39	-
D. Other liabilities	**18**	**-**	**-**	**-**	**-**	**-**
E. Financial derivatives	**1,866**	**129**	**203**	**-**	**573**	**8**
- Options						
+ Long positions	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-
- Other derivatives						
+ Long positions	289	43	77	-	101	5
+ Short positions	1,577	86	126	-	472	3
Total assets	**1,530**	**131**	**91**	**3**	**1,162**	**98**
Total liabilities	**3,011**	**394**	**181**	**4**	**1,147**	**85**
Balance (+/-)	**(1,481)**	**(263)**	**(90)**	**(1)**	**15**	**13**

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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	31.12.2023				31.12.2022			
	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**	**423**	**-**	**-**	**99**	**29**
a) Options	-	-	99	402	-	-	99	29
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	21	-	-	-	-
3. Currencies and gold	**-**	**3,627**	**1,384**	**4**	**-**	**6,451**	**1,156**	**1**
a) Options	-	-	-	4	-	-	-	1
b) Swap	-	588	-	-	-	705	-	-
c) Forward	-	3,039	1,384	-	-	5,746	1,156	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**3,627**	**1,483**	**427**	**-**	**6,451**	**1,255**	**31**

A.2 Financial trading derivatives: gross positive and negative fair value - distribution by product

TYPES OF DERIVATIVES	31.12.2023				31.12.2022			
	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	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	4	-	-	-	1
e) Forward	-	41	1	-	-	22	2	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**41**	**1**	**4**	**-**	**22**	**2**	**1**
2. Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	-	-	-	-	-	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swaps	-	4	-	1	-	-	-	1
e) Forward	-	18	28	-	-	17	2	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	1	-	-	-	1	-	-
Total	**-**	**23**	**28**	**1**	**-**	**18**	**2**	**1**

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	-	1,384	-
- positive fair value	X	-	1	-
- negative fair value	X	-	28	-
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	-	3,003	388	236
- positive fair value	-	33	7	1
- negative fair value	-	15	2	6
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	4,103	908	-	5,011
A.4 Commodity derivatives	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2023	**4,103**	**1,006**	**-**	**5,110**
Total 31.12.2022	**3,718**	**3,987**	**1**	**7,706**

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.

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 under assets. 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 2023, the overall size of the existing ten hedges was about €277m 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 €5.2bn by means of 22 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 4 deals with a notional total size of €299m in CHF equivalent; the total historic book value of equity investments is approximately €318m.
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	31.12.2023				31.12.2022			
	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	**-**	**9,925**	**-**	**-**	**-**	**6,092**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	9,925	-	-	-	6,092	-	-
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	**-**	**376**	**-**	**-**	**-**	**277**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	68	-	-	-	70	-	-
c) Forward	-	308	-	-	-	207	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**10,301**	**-**	**-**	**-**	**6,369**	**-**	**-**

A.2 Financial hedging derivatives: gross positive and negative fair value - distribution by product

TYPES OF DERIVATIVES	POSITIVE AND NEGATIVE FAIR VALUE								CHANGE IN VALUE USED TO DETERMINE INEFFECTIVENESS OF HEDGE	
	31.12.2023				31.12.2022				31.12.2023 TOTAL	31.12.2022 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. Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swap	-	257	-	-	-	317	-	-	-	-
c) Cross currency swap	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**257**	**-**	**-**	**-**	**317**	**-**	**-**	**-**	**-**
2. Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swap	-	339	-	-	-	329	-	-	-	-
c) Cross currency swap	-	13	-	-	-	15	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forward	-	10	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**362**	**-**	**-**	**-**	**344**	**-**	**-**	**-**	**-**

A.3 OTC financial hedging derivatives: notional values, gross positive and negative fair value by counterparty

UNDERLYING ASSETS	CENTRAL COUNTERPARTIE	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	-	9,925	-	-
- positive fair value	-	257	-	-
- negative fair value	-	339	-	-
2. Equity derivatives and index derivatives				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3. Currencies and gold				
- notional values	-	376	-	-
- positive fair value	-	-	-	-
- negative fair value	-	23	-	-
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 value

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	1,823	5,779	2,323	9,925
A.2 Equity derivatives and index derivatives	-	-	-	-
A.3 Currency and gold derivatives	376	-	-	376
A.4 Commodity derivatives	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2023	**2,199**	**5,779**	**2,323**	**10,301**
Total 31.12.2022	**348**	**3,224**	**2,797**	**6,369**

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 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.

With regard to liquidity risk, also in 2023 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 2023, the Liquidity Coverage Ratio (LCR) of the Group, measured in accordance with Delegated Regulation (EU) 2015/61, stood at 213.9% (131.9% at December 2022). Liquidity reserves, including High-Quality Liquid Assets (HQLA) and other eligible components, amounted to approximately €5.2bn. Again at the end of the year, the Group's NSFR stood at 131%. 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	**13,478**	**4,535**	**195**	**565**	**1,490**	**2,233**	**2,323**	**18,463**	**7,232**	**431**
A.1 Government securities	4	-	-	-	2	212	96	723	1,576	-
A.2 Other debt securities	1	-	20	69	619	729	1,045	14,096	4,819	-
A.3 Units in mutual funds	13	-	-	-	-	-	-	-	-	-
A.4 Loans	13,460	4,535	175	496	869	1,292	1,182	3,644	837	431
- Banks	2,730	4,525	-	451	701	1,106	888	2,612	132	431
- Customers	10,730	10	175	45	168	186	294	1,032	705	-
Cash liabilities	**34,592**	**433**	**1,308**	**1,333**	**2,996**	**5,069**	**1,072**	**447**	**384**	**-**
B.1 Deposits and current accounts	34,300	280	1,308	1,133	2,491	4,548	1,038	111	1	-
- Banks	191	22	-	-	513	516	1	5	1	-
- Customers	34,109	258	1,308	1,133	1,978	4,032	1,037	106	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	292	153	-	200	505	521	34	336	383	-
Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	155	68	129	1,580	-	106	38	-	-
- Short positions	-	218	-	-	1,406	-	53	37	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	-	1	1	10	49	84	116	-	-	-
- Short positions	-	-	2	9	62	72	123	-	-	-
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	54	-	-	4	9	14	19	54	20	-
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	**1,265**	**86**	**72**	**12**	**314**	**587**	**10**	**99**	**-**	**16**
A.1 Government securities	-	-	-	-	82	14	-	27	-	-
A.2 Other debt securities	-	-	70	-	-	-	-	-	-	-
A.3 Units in mutual funds	11	-	-	-	-	-	-	-	-	-
A.4 Loans	1,254	86	2	12	232	573	10	72	-	16
- Banks	1,017	84	-	-	-	-	-	72	-	16
- Customers	237	2	2	12	232	573	10	-	-	-
Cash liabilities	**1,476**	**139**	**148**	**238**	**165**	**132**	**148**	**129**	**-**	**-**
B.1 Deposits and current accounts	1,476	139	148	238	165	132	148	129	-	-
- Banks	167	23	60	163	60	-	85	124	-	-
- Customers	1,309	116	88	75	105	132	63	5	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	426	1	-	1,381	-	54	38	-	-
- Short positions	-	363	70	133	1,560	-	108	38	-	-
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.

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, ICT and security risks some time ago, establishing rules and organisational processes for measuring, managing and monitoring operational risk.

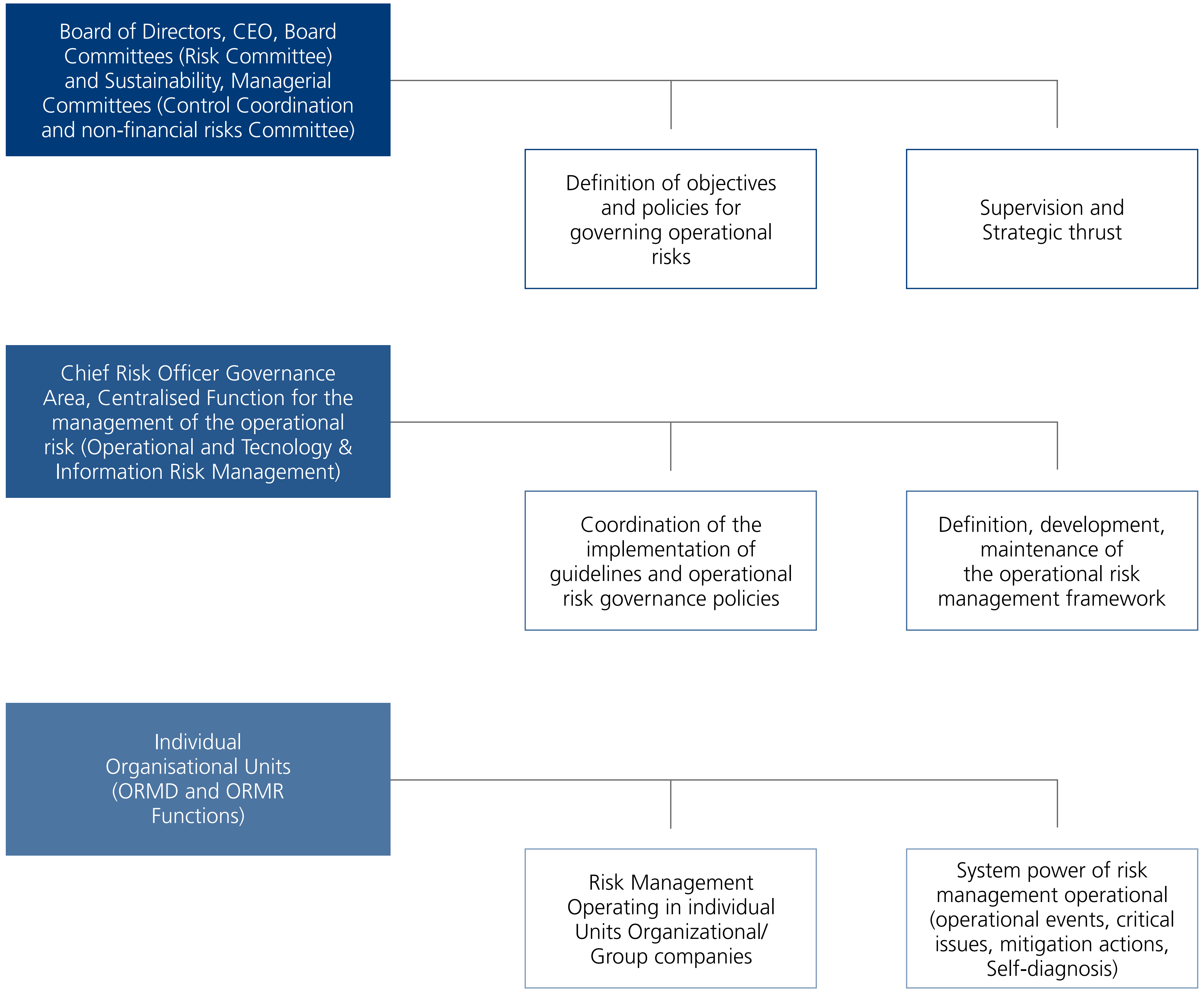
The Group calculates its capital requirement using the Advanced Measurement Approach (AMA) in partial use with the standardised approach (TSA) and basic indicator approach (BIA) to meet its supervisory requirements.

Governance Model

An effective and efficient operational, ICT and security 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 Intesa Sanpaolo, and Group banks and companies with direct responsibility in the Operational, ICT and Security Risk Management process.

The operational, ICT and security 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, ICT and security 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 centralized operational, ICT and security risk management function, represented by the Operational, IT & Cyber Risk management structure, which is responsible for designing, implementing and supervising the methodological and organizational framework, as well as for 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, ICT and Security 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, ICt and security risk governance process, a structured training program is active for people actively involved in the process itself.

ICT and security 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 its business, image, customers and employees.

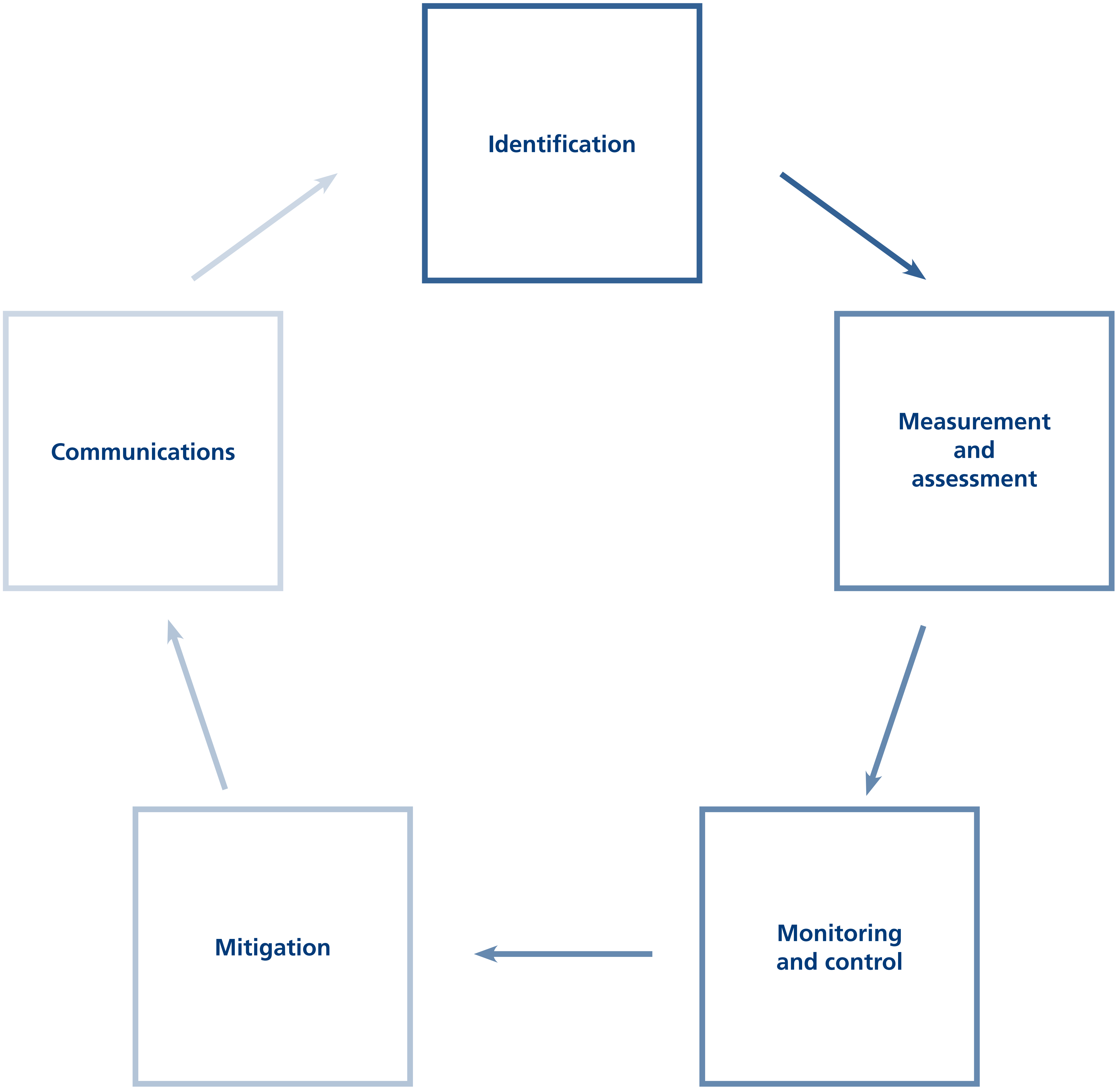
Therefore, the Group has implemented a system of principles and rules designed to identify and measure the ICT and security risk to which corporate assets are exposed, assess the existing safeguards and identify the adequate procedures for handling such risks, as compatible with the operational, ICt and security risk management process.

Consistently with the methodological framework defined for the governance of operational risks and, the ICT and security risk governance management model is developed in view of integration and coordination of the specific skills of the units involved.

ICT and security risk means the risk of incurring losses due to the violation of confidentiality, the lack of integrity of systems and data, the inadequacy or unavailability of systems and data, or the inability to replace information technology (IT) within reasonable times and cost limits in the event of a change in the requirements of the external environment or activity (agility); security risk also means the risk deriving from inadequate or incorrect internal processes or from external events, including cyberattacks or from an inadequate level of physical security. In the integrated representation of business risks, this type of risk is considered for prudential purposes (ICAAP) according to specific aspects, including operational, reputational, and strategic risks.

Group operational, ICT and security risk management process

The Intesa Sanpaolo Group's operational, ICT and security risk management process is divided 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 Group 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, ICT and security risks.

It calls for:

- at least annually, carrying out the process of assessing exposure to operational, ICT and security risk (Self-Diagnosis);
- the execution of preventive analyses of operational, ICT and security 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, ICT and security 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, ICT and security 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, ICT and security 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, ICT and security 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, ICT and security 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, ICT and security risks. It consists of the Operational Risk Assessment and ICT and Security Risk Assessment, which in turn consist of the following:

- Assessment of the Operational Context (AOC): an activity through which relevant risk factors are identified and [1]the relative level of supervision is evaluated, also through second level controls;
- 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

1 The applicability and significance of the Risk Factors related to ICT and security 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.

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, estimates deriving from Scenario Analysis) and qualitative estimates (Evaluation of the Operating 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 historic 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 Russia-Ukraine conflict

As far as operational risks are concerned, the impacts related to the Russia-Ukraine conflict concern certain actions adopted to ensure the Group's operational continuity, in particular the extra costs incurred for the Business Continuity sector. This information is used for the purpose of monitoring exposure to operational risk, including the risk related to the Risk Appetite Framework.

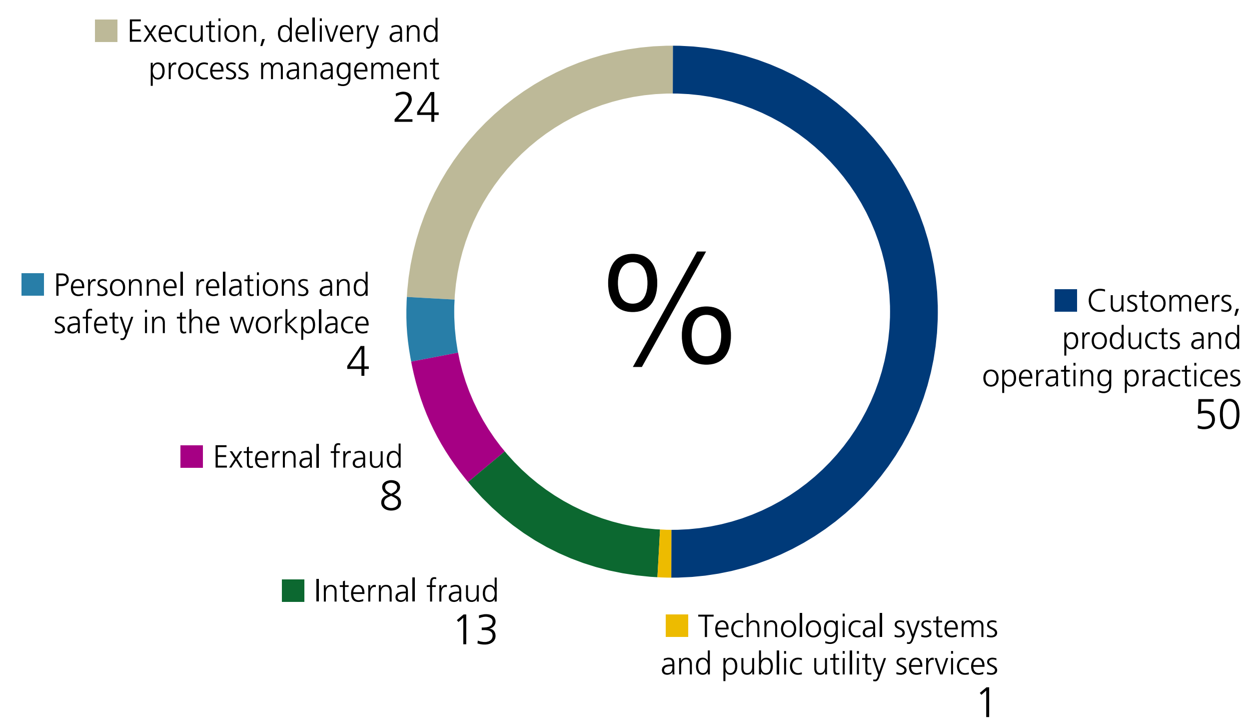
QUANTITATIVE INFORMATION

The total capital absorption of the Fideuram Group amounted to €296m at 31 December 2023, up from 31 December 2022 (€276m).

With reference to sources of operational risk, a chart is provided below relating to the impact of the losses recognised during the financial year based on the type of event. The losses that most characterized the risk profile during the financial year relate to the adjustment of losses of previous events, carried out according to the evolution of the underlying disputes and associated with errors in the execution of the operation (Execution, delivery and management of processes), disputes relating to information and/or management of the relationship with the customer (customers, products and operating practices) and to internal wrongdoings by former Personal Financial Advisers.

To protect against these phenomena, the Group has already defined and is still promoting the most appropriate consolidation measures aimed at preventing and mitigating risk.

Breakdown of operational losses, 2023



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 2023, these provisions totalled €79m. 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 2023, 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.
Fideuram has an insurance policy for the disloyalty of financial advisors, which covers claims resulting from wrongdoings committed by financial advisors of Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking and IW Private Investments of an amount exceeding €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).

An inspection performed by the Audit Department exposed major irregularities committed by a former 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 reports showing untrue increases in value. On 28 June 2019, the Company terminated with just cause the agency agreement it had with the Personal Financial Adviser and reported the facts of the case to the Public Prosecutor of Parma and to the Supervisory Authority for Personal Financial Advisers, which first suspended and then expelled the Personal Financial Adviser from the Single Register of Financial Advisers in December 2019. After the crime was committed, the Company received a total of 279 claims for compensation (including claims, mediation, and lawsuits), for a total of about €62.9m, 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, 14 compensation claims are pending for a petitum of approximately €7m following the settlement of 265 positions.
A total of €8.6m has been recovered from the wrongfully credited customers (and already returned to the damaged customers), with approximately €1m in seizures currently pending.
As part of the criminal proceedings against the former Personal Financial Adviser for fraud, embezzlement and multi-aggravated theft by fraudulent means and abuse of work, at the preliminary hearing in November 2023, Fideuram appeared as plaintiff together with other inured parties (customers), who requested Fideuram to be summoned for civil liability.
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 as reported by 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 withdrawal from the 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.
In light of the risks associated with the above-mentioned offence, provisions have been made, mostly for the damages ascertained in relation to compensation claims and pending cases.
The above-mentioned provisions do not take into account the cover provided by the appropriate insurance policy under which the Company has already paid a first advance of €744k.

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 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), the payment o bank cheques, errors in the execution of orders, disruptions related to cards and other payment services, grievances related to the management of succession practices), and/or miscellaneous complaints raised for various reasons not falling within any other category, and which consist in claims for compensation or restitution.

In July 2023, Unicredit S.p.A. summoned Fideuram to appear before the Court of Turin to obtain compensation for an alleged loss of approximately €23m plus interest and revaluation, allegedly sustained as a result of acts of alleged unfair competition adopted by Fideuram in connection with the resignation from Unicredit in the period 2022 - 2023 of some Personal Financial Advisers, then hired by Fideuram, as well as due to unlawful claims made by the aforesaid Personal Financial Advisers pending their switch to the defendant, of which Fideuram would also be liable.
Fideuram appeared in court, fully contesting the adverse claims and requesting the applications to be thrown out, due to their being unfounded in fact and in law, stating, among other things, how the situations referred to in court are usual in the sector, characterized by the strong competitiveness and mobility of financial advisors and since Fideuram itself is not immune from this phenomenon.
As regards the claim for compensation, the amount was fully contested both concerning the assumptions and the quantification, since it was calculated with inappropriate methods based on a distorted representation of the profitability of the assets managed by the parties in question.
After the first hearing in January 2024, the case was adjourned to April 2024 for subsequent investigations.

In October 2022, Fideuram was summoned to appear before the Court of Naples with a request to: (i) ascertain the alleged invalidity of a framework agreement for the current account and for the provision of investment services signed at the time by the plaintiff with Fideuram, of the consequent invalidity of all investment transactions carried out and of the bank's alleged contractual and non-contractual liability, and consequently, (ii) order the bank to pay compensation for the alleged damages suffered for a total of approximately €29m.
The bank appeared in court, contesting the legitimacy and admissibility of the questions proposed in fact and in law and confirming the correctness and compliance of its operations with applicable legislation, even when profiling and informing the customer. The first hearing has been adjourned to April 2024.

The Public Prosecutor's Office of Milan has initiated criminal proceedings pursuant to Legislative Decree 231/2001 against Reyl & Cie for the alleged crime of money laundering, allegedly committed by one of its former employees (fired in 2020) and ordered the seizure of assets owned by Reyl itself for approximately €1.1m. The proceedings also involve the Swiss bank Cramer & Cie. The disputed facts refer to events that occurred in 2018, before Reyl & Cie joined the Group, which took place in May 2021. Based on the accusation, the former employee, together with his brother, an employee of Banca Cramer & Cie and an external consultant, adopted practices aimed at encouraging tax evasion by Italian customers through the transfer of accounts from Switzerland to branches located in the Bahamas, in order to allow the customers themselves to withdraw money from these accounts without the possibility of being traced by the Italian authorities. As part of the criminal proceedings pursuant to Legislative Decree 231/01, pending in Italy, at the end of June 2023, notice of the conclusion of the preliminary investigations was issued, and, therefore, it was possible to access the full content of the documents of the investigation. An analysis of the above-mentioned notice and the documentation acquired, did not identify any new elements or claims in addition to information obtained during the seizure order, and the information that the Public Prosecutor's Office of Milan did not submit a ban preventing Reyl & Cie from carrying out operations in Italy, unlike Banca Cramer & Cie, was confirmed.
Although it is possible for Reyl to submit an application to revoke or reduce the seizure, also taking into account the fact that it is the Swiss company itself that reported the suspicious transaction to the Authorities, it should be noted that the aforesaid Public Prosecutor's Office rejected a similar initiative undertaken by Banca Cramer.
Any consequential damage (for possible sanctions and/or confiscations) could be covered by the various guarantees provided by the seller, for which a reservation claim has been made within the terms set out in the Reyl acquisition agreement.

5) Tax disputes

After inspections carried out at Fideuram 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.

Intesa Sanpaolo Private Banking has had pending IRES and IRAP disputes for some time relating to the deduction (which took place in the years 2011 and following) of accumulated amortisation of goodwill, resulting from the contributions of the private business units of Intesa Sanpaolo and Cassa dei Risparmi di Forlì e della Romagna in 2009, Banca di Trento e Bolzano and Cassa di Risparmio di Firenze in 2010, Cassa di Risparmio Pistoia e Lucchesia and Cassa di Risparmio dell'Umbria in 2013, released from the conferee pursuant to Article 15, paragraph 10 of Legislative Decree no. 185 of 29 November 2008.
The bank resorted to dispute settlement as indicated in Law no. 197 of 29 December 2022 (the "2023 Budget"), the so-called "tax holiday", with respect to 5 of the 7 pending disputes. In fact, for these years, taking into account the payments already made on a provisional basis and the discount, recognized by the Revenue Agency, from the cost of settling the substitute tax of 16% paid at the time, the limited outlay deriving from the settlement was judged positively compared to the continuation of lengthy litigation.
As for the cases still pending, relating to the years 2012 and 2016, also based on the opinion issued by the consultant, the liability risk is assessed as possible, since the legitimacy of the redemption of goodwill generated ex novo by the transferee - adopted at the time or also existing with other companies in the Group and not challenged - was explicitly admitted by the Agency with Circular no. 8/E of 2010 and is consistent with the provisions of Article 15, paragraph 10, of Decree-Law no. 185/2008.

It should be noted that during December 2023, certain Regional Directorates of the Revenue Agency notified Intesa Sanpaolo and some companies in the Group, of requests for clarification regarding the tax treatment adopted in relation to the shareholder payments made by Intesa Sanpaolo in 2017 to cover the costs (IT integration, incentive for employees leaving the company, etc.) of the subsidiaries, for the integration of Banca Popolare di Vicenza and Veneto Banca ("Banche Venete"). In this regard, it should be noted that for the acquisition of the Banche Venete, Intesa Sanpaolo had received a public contribution and that, in carrying out the management and coordination of its subsidiaries, it was responsible for safeguarding them from the impact that would have caused the above-mentioned charges being incurred. The tax treatment adopted by the Group's companies - with exemption from IRES taxation of the shareholder contribution received - was in line with the response provided by the Revenue Agency to a specific request submitted by Intesa Sanpaolo.

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 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), Regulation (EU) 575/2013 (Capital Requirements Regulation - CRR) of 26 June 2013 and in Regulation (EU) 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.
Please also refer to the section on subsequent events, for further details on the impacts deriving from changes in regulatory legislation, expected in 2024.

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 2023, Fideuram - Intesa Sanpaolo Private Banking's share capital was €300,000,000 divided into 1,500,000,000 ordinary shares with no par value.
The Group did not hold any treasury shares at 31 December 2023.

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	2,410	-	-	-	2,410
3.5 (interim dividends)	(1,200)				(1,200)
4. Equity instruments	24	-	-	-	24
5. (Treasury shares)	-	-	-	-	-
6. Valuation reserves:	71	-	-	-	71
- Equity instruments measured at fair value through other comprehensive income	3	-	-	-	3
- 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	(12)	-	-	-	(12)
- Property and equipment	15	-	-	-	15
- Intangible assets	-	-	-	-	-
- Hedging of net investments in foreign operations	(26)	-	-	-	(26)
- Cash flow hedges	1	-	-	-	1
- Hedging instruments (undesignated elements)	-	-	-	-	-
- Exchange rate differences	81	-	-	-	81
- 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	13	-	-	-	13
- Valuation reserves related to investments carried at equity	(10)	-	-	-	(10)
- Net finance income or expense arising from insurance contracts issued	-	-	-	-	-
- Net finance income or expense arising from reinsurance cessions	-	-	-	-	-
- Special revaluation laws	6	-	-	-	6
7. Net profit (loss) for the year (+/-) for the Group and non-controlling interests	1,405	-	-	-	1,405
Total	**3,216**	**-**	**-**	**-**	**3,216**

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	10	(22)	-	-	-	-	-	-	10	(22)
2. Equities	3	-	-	-	-	-	-	-	3	-
3. Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2023	**13**	**(22)**	**-**	**-**	**-**	**-**	**-**	**-**	**13**	**(22)**
Total 31.12.2022	**9**	**(48)**	**-**	**-**	**-**	**-**	**-**	**-**	**9**	**(48)**

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	**(40)**	**1**	**-**
2. Increases	**36**	**3**	**-**
2.1 Increases in fair value	29	3	-
2.2 Impairment for credit risk	-	-	-
2.3 Transfers to income statement of negative reserves from realisation	7	-	-
2.4 Transfers to other components of shareholders' equity (equity securities)	-	-	-
2.5 Other increases	-	-	-
3. Decreases	**(8)**	**(1)**	**-**
3.1 Decreases in fair value	(7)	(1)	-
3.2 Reversal of impairment for credit risk	-	-	-
3.3 Transfers to income statement from positive reserves: from realisation	(1)	-	-
3.4 Transfers to other components of shareholders' equity (equity securities)	-	-	-
3.5 Other decreases	-	-	-
4. Closing balance	**(12)**	**3**	**-**

B.4 Valuation reserves for defined-benefit plans: changes in the year

During the period, the reserves in question recorded a negative change of €6m, and therefore at 31 December 2023 there was a positive reserve for defined benefit plans of €13m.

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. Carnegie Fund Services S.A.	30-Jun-23	4	100%	5	-	-

(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 2023.
(D) Profit/loss for the full reporting period 2023.
(E) Profit/Loss recorded following the acquisition date and included in the Group's consolidated results.

The acquisition of Carnegie Fund Services S.A

As part of the strategic plan to strengthen the Group's Swiss hub, on 30 June 2023, the subsidiary Reyl & Cie purchased 100% of Carnegie Fund Services S.A., a Swiss company that carries out Asset Services (financial and administrative services for mutual investment funds) and representative services ("FRS"). Founded in 2003, Carnegie is a company with 13 employees and annual revenues of approximately CHF3.5m, deriving from relationships with about 750 funds. The objective of the transaction is the creation of one of the major players in the asset services market, aimed at increasing the profitability of the Swiss hub. The company's purchase price was CHF4.3m.

In addition to the business combination related to the acquisition of Carnegie, accounted for on the basis of the accounting standard IFRS3, in 2023, the merger by incorporation of Fideuram Bank (Luxembourg) into Compagnie de Banque Privée Quilvest also took place, with the simultaneous renaming of the company resulting from the merger into Intesa Sanpaolo Wealth Management. This extraordinary intra-group transaction, excluded from the scope of application of IFRS3, was recognised in keeping with accounting values, without recognising the economic effects, in application of the Group's accounting policies.

SECTION 2 - TRANSACTIONS COMPLETED AFTER THE YEAR

2.1 Business combination transactions

After the end of 2023, no business combination transactions were realised during the year as governed by IFRS3.

After the end of the financial year, a single extraordinary intra-group transaction was carried out, with no effect on the consolidated financial statements, which concerned the merger by incorporation of Carnegie Fund Services into Reyl & Cie.

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 Article 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 and following 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;
- disclosure 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 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 Article 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 consent of Intesa Sanpaolo 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 Related Parties 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)	31.12.2023
Short-term benefits	20
Post-employment benefits	4
Other long-term benefits	2
Employment termination indemnity	1
Payment in shares	6
Total	**33**

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 2023 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 Group's reorganisation process, the following corporate transactions were carried out in 2023:

- subject to the approval of the Related Parties Committee and the Board of Directors of Intesa Sanpaolo, the Board of Directors of Fideuram on 2 February 2023 approved the subscription by Fideuram of the capital increase proposed by Alpian for a maximum amount of CHF 17m. After the closing of the transaction, Alpian's corporate structure changed and the shareholding directly held by Fideuram increased from 14.91% to 23.66% and, also adding the share held indirectly through the subsidiary Reyl & Cie (reduced from 12.93% to 11.33%), it reached 34.99%. Subsequently, with the approval of the Related Parties Committee and the Board of Directors of Intesa Sanpaolo, the Board of Directors of Fideuram on 22 September 2023, with the favourable opinion of the related Parties Committee, approved the subscription by Fideuram of a new capital increase proposed by Alpian, for a maximum amount of approximately CHF10.9m. In parallel, on 26 September 2023, the Board of Directors of Reyl & Cie also approved the subscription by the Swiss bank of the additional capital increase proposed by Alpian for a maximum amount of approximately CHF5.3m. Following the completion of the transaction, Alpian's corporate structure changed again and Fideuram's direct shareholding in the company increased from 23.66% to 28.13% and reached 41.62%, including the share held indirectly through its subsidiary Reyl & Cie, which increased from 11.33% to 13.49%;
- on 4 May 2023, the Board of Fideuram, after approval by Intesa Sanpaolo, resolved, under its responsibility, on the recapitalisation of Asteria Obviam by Reyl & Cie for a total amount of up to CHF 7.8m. A similar decision was taken, under its responsibility, by the Board of Directors of Reyl & Cie and by the Bodies of Asteria Obviam, which also decided to cancel the previous share capital (CHF11.2m) of Asteria Obviam. As a result of publication in the Geneva Commercial Register on 7 July 2023, the elimination of the capital of Asteria Obviam was completed, along with the concurrent capital increase for a total amount of CHF7.3m;
- subject to the issue of authorizations by the competent Supervisory Authorities, the Board of Directors of Fideuram on 23 May 2023 approved:
  - the acquisition by Fideuram of 100% of Asteria Obviam;
  - the sale by Fideuram of 51% of Asteria Obviam to Man Group Holdings Limited.

- on 31 October 2023, the acquisition of 100% of Asteria by Fideuram was completed and, subsequently, but on the same date and with equal effectiveness, the sale of 51% of Asteria's capital from Fideuram to Man Group Holdings Limited, with which Fideuram has launched a strategic partnership, was finalised.

Fideuram's Board of Directors meeting of 20 June 2023 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, IW Private Investments SIM, Fideuram Asset Management (Ireland), Intesa Sanpaolo Wealth Management, Reyl & Cie and Fideuram Asset Management UK.

Overall, the service contracts in place between Intesa Sanpaolo and the companies of the Fideuram Group will entail, subject to year-end adjustments, the payment of a consideration estimated for 2023 at approximately €120.5m, also up on the final balance at the end of 2022 for the services provided by Intesa Sanpaolo.

Creditor and debtor balances, income and expenses at 31 December 2023 against companies belonging to the Intesa Sanpaolo Group are summarised in the following tables:

Assets 31.12.2023

(€m)	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Cash and cash equivalents	2,390	46
Debt and equity securities	18,504	79
Loans and advances to banks	8,812	93
Loans and advances to customers	205	1
Financial derivatives	269	89
Property and equipment	110	29
Other assets	17	1

Liabilities 31.12.2023

(€m)	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Due to banks	3,711	94
Due to customers	396	1
Financial derivatives	279	67
Other liabilities	543	28
Guarantees and commitments	1,263	14

Income statement 2023

(€m)	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Interest income	1,029	59
Interest expense	(127)	26
Fee and commission income	907	30
Fee and commission expense	(46)	4
Net profit (loss) on the financial assets	(150)	n.s.
Administrative expenses	(156)	12
Depreciation of property and equipment	(16)	26

n.s.: not significant

Relationships with companies in the Intesa Sanpaolo Group

	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS	INCOME	EXPENSES
Parent Company					
Intesa Sanpaolo S.p.A.	29,319	4,492	1,263	1,156	482
Companies controlled by the Parent Company					
Eurizon Capital S.A.	1	-	-	1	-
Eurizon Capital SGR. S.p.A.	33	-	-	142	3
Fideuram Vita S.p.A.	681	407	-	512	39
Intesa Sanpaolo Assicura S.p.A.	-	-	-	-	2
Intesa Sanpaolo Bank Ireland PLC	-	13	-	-	-
Intesa Sanpaolo Bank Luxembourg S.A.	216	1	-	7	1
Intesa Sanpaolo Harbourmaster III S.A.	5	5	-	-	1
Intesa Sanpaolo Holding International S.A.	3	-	-	-	1
Intesa Sanpaolo Rent foryou S.p.A.	-	-	-	-	1
Intesa Sanpaolo Servitia S.A.	-	-	-	-	2
Intesa Sanpaolo Vita S.p.A.	49	10	-	157	2
RBM Assicurazione Salute S.p.A.	-	1	-	-	-

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 2023 the Fideuram Group had a total of €88m 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 sustainability over time have been met of the results achieved.

1.2 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. Participation in the PSP was offered until 31 December2023 to newly hired managers and in the case of promotions to recognize career advances.
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 Intesa Sanpaolo Shareholders' Assembly 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 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 2022	**30,766,873**	**2.2740**
- Shares acquired in the year	9,170,009	2.4754
- Shares allocated in the year	6,571,454	2.4331
Intesa Sanpaolo Shares at 31 December 2023	**33,365,428**	**2.6435**

2.2 Long-term general equity instruments: LECOIP 3.0

	LECOIP 2.0 PLAN												
	FREE SHARES AT JUNE 2022		MATCHING SHARES AT JUNE 2022		DISCOUNTED SHARES AT JUNE 202		SELL TO COVER SHARES AT JUNE 2022 (A)		TOTAL NUMBER OF SHARES ALLOCATED AT JULY 2022	NUMBER OF LECOIP CERTIFICATES AT 31.12.2021	CHANGES IN THE YEAR (C)	NUMBER OF LECOIP CERTIFICATES AT 31.12.2023	AVERAGE FAIR VALUE AT 31.12.2023
	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	5,006,487	(118,223)	4,888,264	5.5940

(A) Shares allocated to cover the employee's tax disbursement.
(B) Fair value of subscription discount.
(C) Number of Certificates to which Intesa Sanpaolo employees will become entitled in the event of failing to comply with the length of service condition and other accrual conditions.

The income statement effects of the Lecoip Plan totalled €10m in 2023.

2.3 Long-term equity instruments: Performance Share Plan (PSP)

	PERFORMANCE SHARE PLAN (PSP)			
	NUMBER OF PERFORMANCE SHARE AS OF DECEMBER 2022	CHANGES DURING THE YEAR (A)	NUMBER OF PERFORMANCE SHARE AS OF 31.12.2023	UNIT FAIR VALUE
Total Beneficiaries (all management, other of the group's senior risk takers and other group risk takers - Italy and abroad)	10,357,404	(227,343)	10,130,061	1.0304

(A) Number of Performance Shares granted to newly hired or appointed Managers from the start of the Plan to 31 December 2023, net of Performance Shares that will not be granted to employees due to non-compliance with their length of service or other accrual conditions.

The income statement effects of the PSP totalled €3m in 2023.

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.
The number of lease contracts at 31 December 2023 totalled 680, of which 669 for real estate leases, with the rights-of-use worth a total of €301m.
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.
Lease agreements other than those relating to real estate are of no significant amount compared to the total of leased assets.
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 lease liabilities (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 lease liabilities 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 expenses by asset class

PROPERTY AND EQUIPMENT USED IN OPERATIONS	2023	2022
a) buildings	54	52
b) furniture	-	-
c) electronic equipment	1	-
d) other	-	-
Total	**55**	**52**

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, 2023, 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, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, 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
Measurement of intangible assets with an indefinite useful life originating from business combination transactions ("business combinations")	
As at December 31, 2023 the carrying value of intangible assets with an indefinite useful life originating from business combinations carried out in previous years is equal to euro 424 million. These assets are included in item 100. Intangible assets, of which "goodwill", of the balance sheet. The relative composition and movements are illustrated in tables 10.1 and 10.2, as well as in paragraph 10.3 "Other information", reported in Part B, section 10, of the consolidated notes to the financial statements. Information on the methods for evaluating assets with an indefinite useful life and preparing the impairment test is provided in Part A - Accounting policies, in Part B - Notes to the consolidated balance sheet, in Part C - Notes to the consolidated income statement. The directors carry out the assessment of the recoverable amount of assets with an indefinite useful life, with a frequency of at least annually (so-called impairment test). This evaluation, pursuant to the international accounting standard IAS 36, is based on the comparison between the carrying amount recorded in the consolidated financial statements and the higher of the fair value less costs of disposal and the value in use of each cash generating unit ("CGU") to which these intangible assets are allocated. The estimate of the recoverable amount of each CGU by the directors was carried out through an impairment process based on complex methodologies using information, parameters and assumptions characterized by a high degree of subjectivity such as, for example, the average multipliers and the sample of companies considered for the purposes of determining the fair value, as well as expected cash flows, nominal growth rates and the cost of capital considered for determining the value in use.	In relation to this aspect, our audit procedures, which have been performed also with the support of our specialists in business valuations, included, amongst others: • the understanding of the methods for determining the recoverable amount adopted by the directors as part of the impairment process and the related key controls; • the analysis of the consistency of the valuation methodologies adopted with the provisions of the international accounting standard IAS 36, taking into account market practices and the distinctive characteristics of each CGU; • the analysis of the accuracy and correctness of the mathematical calculations underlying the valuation models used; • the examination of the variances between the historical results and the forecast data and the underlying reasons in order to verify the reasonableness of the assumptions adopted by the directors; • the analysis of the reasonableness of the assumptions and parameters used by the directors for the preparation of the impairment test and the prospective business plans considered therein, also in light of the uncertainties connected to the macroeconomic scenario, as well as the related sensitivity analyses; • the examination of the adequacy of the disclosures provided in the notes to the financial statements.

The elements described above determine a high level of complexity and subjectivity in the estimation process.

For the reasons set out above, we considered the recoverability of the carrying value of intangible assets with an indefinite useful life originating from business combinations as a key audit matter for the audit of the Group's consolidated financial statements as at December 31, 2023.

Key Audit Matter	Audit Response
Measurement of provisions for risks and charges for disputes and costs related to Personal Financial Advisers' contractual indemnities and loyalty schemes	
The consolidated financial statements as at December 31, 2023 include provisions for risks and charges equal to euro 590 million. Of these, euro 79 million relate to ongoing legal and tax disputes, euro 263 million relate to contractual indemnities due to Personal Financial Advisers and euro 98 million relate to loyalty schemes for the Group's Personal Financial Advisers networks. The disclosure relating to the measurement of provisions for risks and charges is provided by the directors in Part A – Accounting policies, 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 of the notes to the consolidated financial statements. The measurement of provisions for risks and charges accrued for ongoing legal and tax disputes and for Personal Financial Advisers' contractual indemnities and loyalty schemes is performed by the directors, also with the support of their own consultants, through the use of estimates of the risk of loss in disputes, the expected disbursement and the timing for its settlement and the use of actuarial criteria to estimate the contractual indemnities due to Personal Financial Advisers and the costs associated with the loyalty schemes, which take into account the indemnities actually matured , the probability of payment of the related charges and the average permanency and composition of the Personal Financial Advisers' networks. Due to the complexity and subjectivity of the estimates performed, we considered that the measurement of provisions for risks and charges as a key audit matter.	In relation to this aspect, our audit procedures, which have been performed also with the support of our information technology, legal, tax and actuarial specialists, 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 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 and tax consultants, of their assessment of the evolution of ongoing disputes and the possibility of adverse judgment; • the analysis of the reasonableness of the assumptions used by the directors to measure the possibility of loss for ongoing disputes and the estimate of provisions for risks and charges; • the analysis of the reasonableness of the assumptions, actuarial assumptions and methodologies used by the directors related to the estimate of charges for contractual indemnities and loyalty schemes for Personal Financial Advisers, as well as the analysis of the reports prepared by the external actuary appointed by the Company; • 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; • 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 with the regulations issued for implementing 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 the 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, appointed 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, 2023, 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, 2023 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, 2023 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 18, 2024

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
7.2 Overview tables of GRI indicators
7.3 Overview table of SASB indicators
7.4 Basis of preparation of the restated financial statements
7.5 Basis of preparation of the reclassified financial statements
7.6 Value Added Statement
7.7 Tax management disclosure

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 NINE 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.

Confirmation of relevance and priority

In 2023, an analysis of the materiality matrix was conducted, in cooperation with top management, to assess the need for any updates. The analysis showed that the topics identified in last year's matrix remain firmly relevant to the Fideuram Group and its stakeholders. Similarly, their prioritisation did not change significantly. Therefore, the materiality matrix has been deemed valid also in 2023 and faithfully represents the material topics on which the Group will continue to focus its efforts.
This confirmation reinforces the soundness of the approach used, which is based on a timely and constant analysis of stakeholders' expectations and interests.

With the aim of maintaining the principles of conciseness and connectivity of the Integrated Annual Report, the 'in accordance with' approach was retained. 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.

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). In the new standards, materiality analysis is derived from the due diligence process, which focuses on the concept of positive or negative, actual or potential impacts of the company. 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.

The key reporting concepts of the GRI standards 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 Scope1, Scope2 and Scope3 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 and Fideuram Asset Management (Ireland) joined the Net-Zero Asset Managers Initiative in October 2021, committing to zero CO2 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.
Furthermore, the concept of "dynamic materiality" recognises that the financial materiality of an ESG impact can evolve over time.

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 is centralised within the Consolidated Financial Statements and Supervisory structure and is carried out by sending specific requests to the various functions.

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 2023 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 integrates different perspectives 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. Potentially relevant ESG topics were assessed according to three different focuses:

- 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:

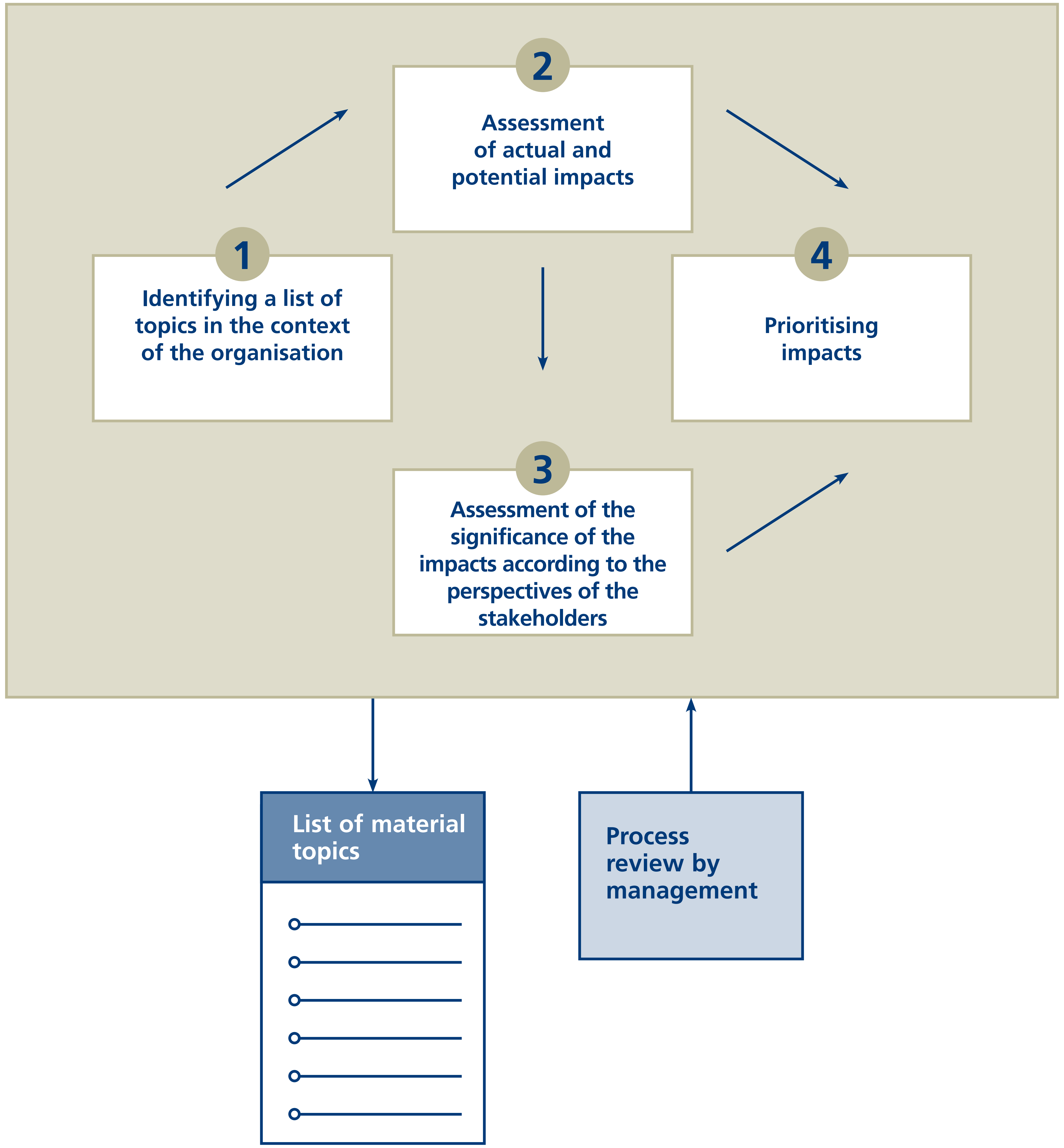
1. **A list of issues connected with the entity was identified** in line with the Group's strategic objectives, with a focus on ESG topics. This was achieved by studying topics relevant to the banking sector, by reading internal documentation (minutes of the corporate bodies, Code of Ethics), through 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.



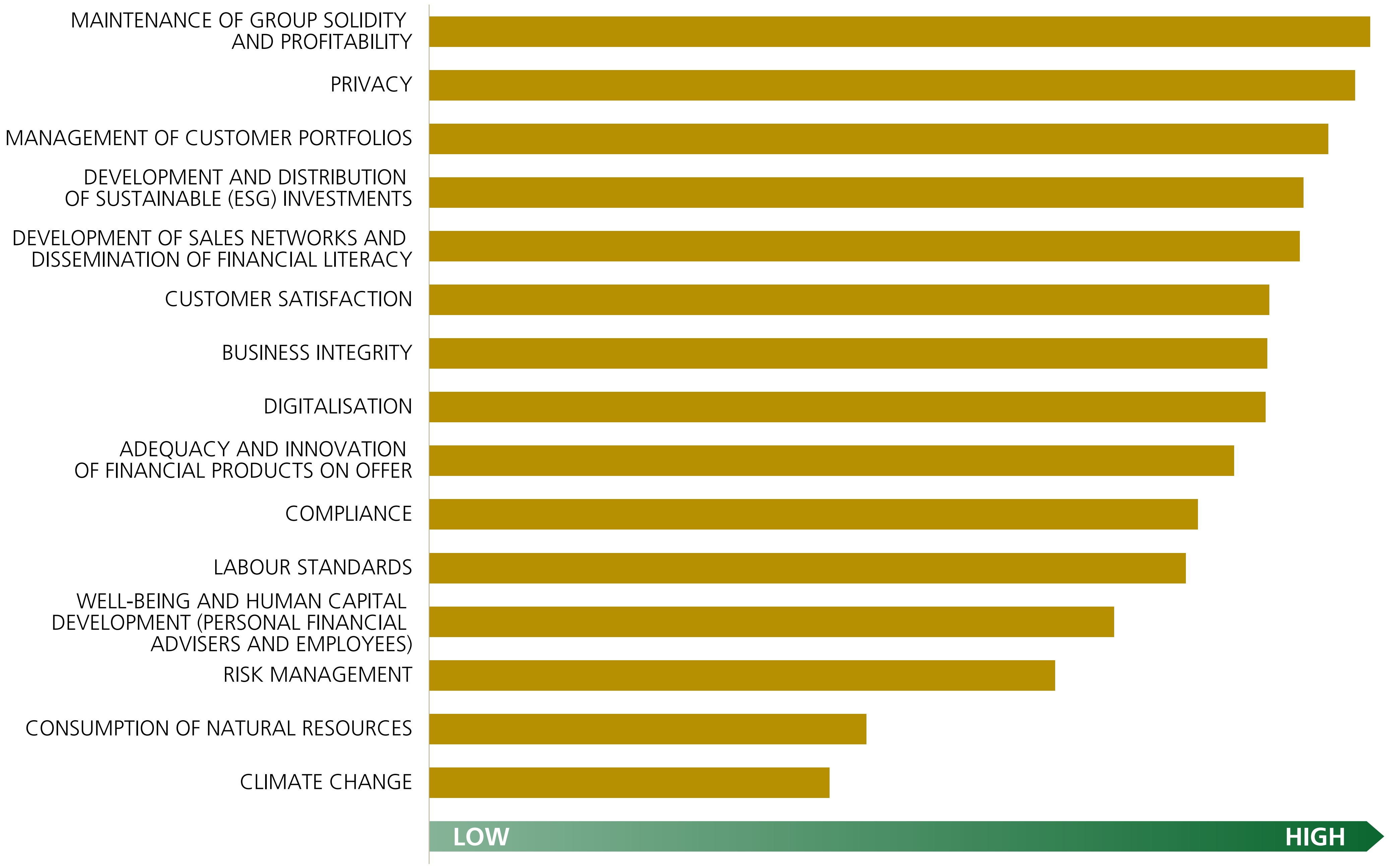
Materiality Analysis Process

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).

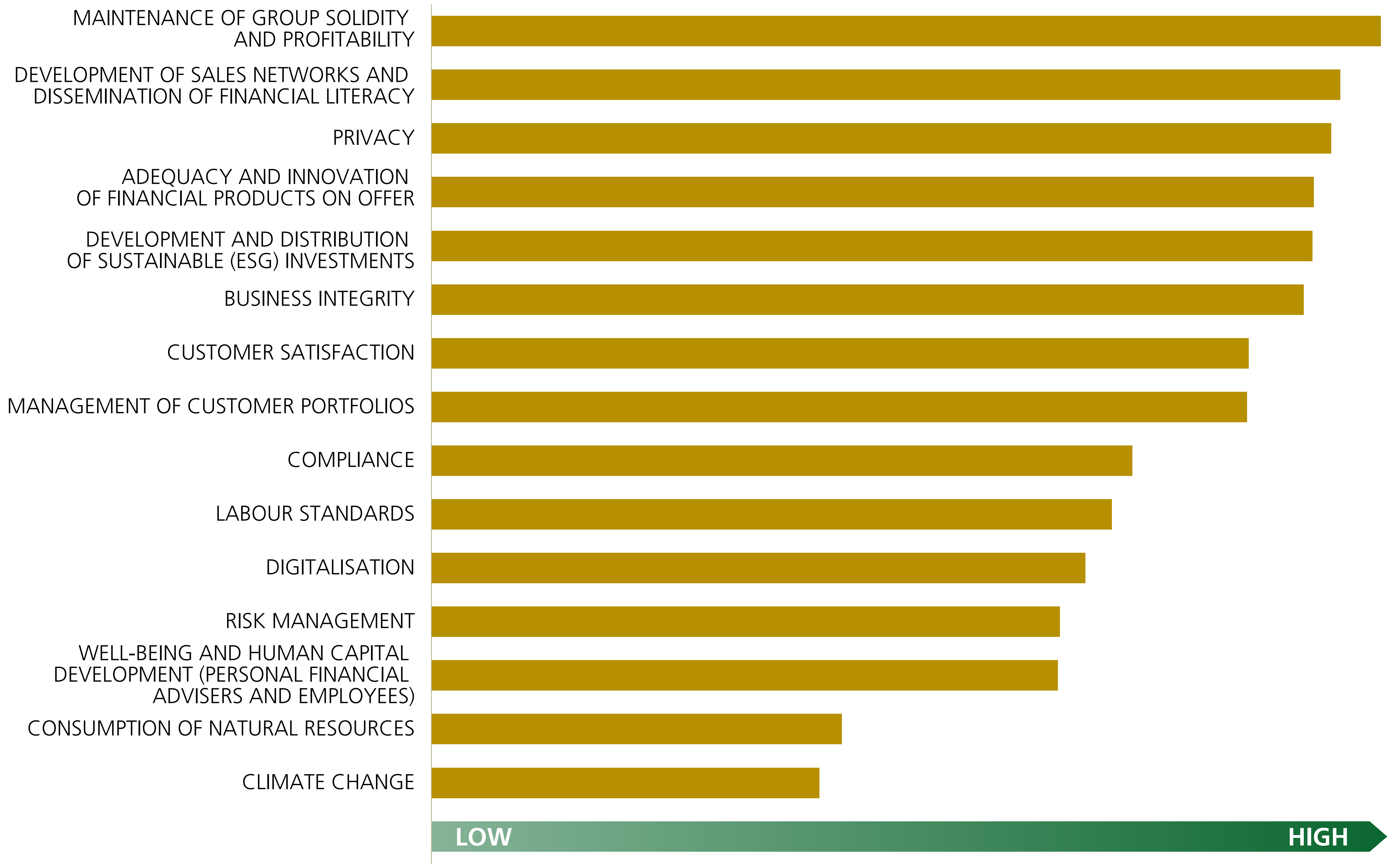
Prioritisation of issues based on an internal impact analysis

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 advisory 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).



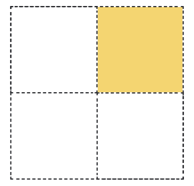
The materiality analysis below has not changed from last year's findings and highlights the positioning of topics with respect to the level of priority for the Group and the relevance attributed by stakeholders.
The environment in which the Fideuram Group operates is constantly evolving and nowhere is that more true than in ESG issues. Therefore, the analysis continuously engaged 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:

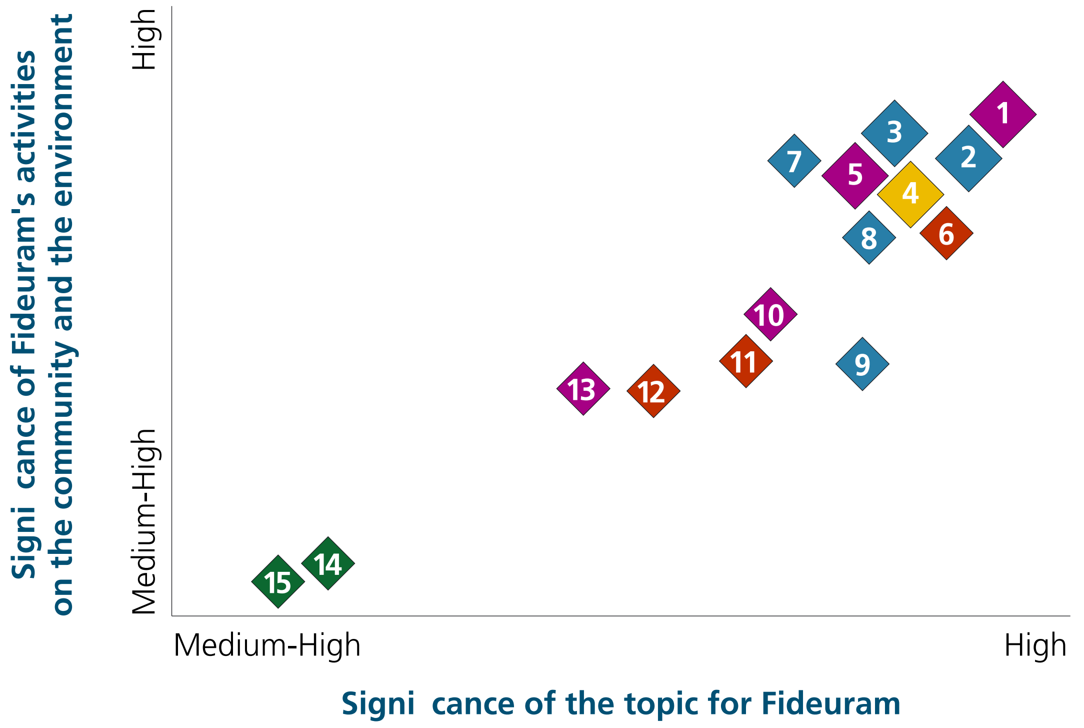
- issues that may impact the business;
- issues that may be influenced by Group policies.

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 b 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.



MATERIAL TOPIC (HIGH RELEVANCE)

1 = Maintenance of Group solidity and profitability
2 = Privacy
3 = Development of sales networks and dissemination of financial literacy
4 = Sustainable Products (ESG)
5 = Business Integrity
6 = Management of customer portfolios
7 = Adequacy and innovation of financial products on offer
8 = Customer satisfactionn
9 = Digitalisation
10 = Compliance
11 = Labour standards
12 = Well-being and development of human capital
13 = Risk management
14 = Consumption of natural resources
15 = Climate Change

STAKEHOLDER

Customers
Environment
Collaborators
Communities and Institutions
Shareholders

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 8 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 Assets Under Management 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

Continued overleaf >>

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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 - Cybersecurity - Direct Bank 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 01.01.2023 to 31.12.2023
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 Group - Intesa Sanpaolo Private Banking) Group structure Back Cover Ownership structure				
	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 2023. The Group at a glance				
	2-4 Changes in reporting	Since there was no change in the scope of consolidation, no data has been re-exposed unless otherwise specified.				
	2-5 External assurance	The Group has obtained a limited assurance engagement for Non-Financial Disclosure relating to the year ending 31 December 2023, 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 advisory services", 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 "Information on tax management methods".				

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GRI STANDARD / OTHER RESOURCES	DISCLOSURE	PARAGRAPH	OMISSIONS			GRI SECTOR STANDARD REF. NO.
			OMITTED DISCLOSURE	MOTIVATION	EXPLANATION	
GRI 2: General information 2021	2-6 Activities, value chain and other business relationships	Areas of activity Business Model Advanced Advisory Services Suppliers In 2023, there were no significant changes compared to the previous year.				
	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	The Group's strategy Organizational structure Methodological note on non-financial reporting				
	2-13 Delegation of responsibility for impact management	Methodological note on non-financial reporting Governance Sustainability Governance Currently, there is no formalised delegation process with regard to social and environmental issues. 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 Methodological note on non-financial reporting - Materiality analysis				
	2-15 Conflicts of interest	Company administration Internal control system Part H - Related parties				
	2-16 Communication of critical issues	Governance - Whistleblowing On the public website, in the section on Company Data, there is a freely available link to the Whistleblowing reporting systems.				
	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	Governance - Remuneration policies Part H - Transactions with related parties				
	2-20 Process for determining remuneration	Governance - Remuneration policies				

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GRI STANDARD / OTHER RESOURCES	DISCLOSURE	PARAGRAPH	OMISSIONS			GRI SECTOR STANDARD REF. NO.
			OMITTED DISCLOSURE	MOTIVATION	EXPLANATION	
GRI 2: General information 2021	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 The Group's values and history Organisational structure Regulations implementing the Group's anti-corruption guidelines. On the public website, in the 'Company Data' section, there are the following freely available documents relating to the Group's Code of Ethics and Internal Code of Conduct.				
	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 service Customer feedback Governance				
	2-27 Compliance with laws and regulations	Customer feedback Governance In 2023, the Group received 6 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				
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 The distribution of value Contribution to the territory by topic Statement of determination and distribution of economic value				
	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						

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GRI STANDARD / OTHER RESOURCES	DISCLOSURE	PARAGRAPH	OMISSIONS			GRI SECTOR STANDARD REF. NO.
			OMITTED DISCLOSURE	MOTIVATION	EXPLANATION	
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 2023, 2 complaints were received in relation to human rights, the code of ethics and discriminatory practices.				
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				
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	Over the last three years, 2 legal actions were brought against the Group in relation to unfair competition; no legal action for antitrust and monopolistic practices.				
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. No loans were made to political parties and movements in 2023.				
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 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, antimoney 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	Over the last three years, 2 legal actions were brought against the Group in relation to unfair competition; no legal action for antitrust and monopolistic practices.				
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. No loans were made to political parties and movements in 2023.				
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				
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				

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GRI STANDARD / OTHER RESOURCES	DISCLOSURE	PARAGRAPH	OMISSIONS			GRI SECTOR STANDARD REF. NO.
			OMITTED DISCLOSURE	MOTIVATION	EXPLANATION	
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 & Safety Data and information relating to accidents of non-employee workers are not monitored as the current applicable Italian legislation on the matter does not provide for the obligation to collect the aforementioned type of data.				
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	Over the last three years, 2 legal actions were brought against the Group in relation to unfair competition; no legal action for antitrust and monopolistic practices.				
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 (Scope1) of greenhouse gases (GHG)	Atmospheric emissions				
	305-2 Indirect emissions (Scope2) of greenhouse gases (GHG)	Atmospheric emissions				
	305-3 Other indirect emissions (Scope3) 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				

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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 AUM 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 Advisors 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 AUM	Commitment to sustainable development
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 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 are not subject to audit by the statutory auditor or to any other form of assurance.

7.4 Basis of preparation of the restated financial statements

The comparative analysis of the economic figures for 2023 compared to the corresponding figures for 2022 is affected by the impacts of the acquisition of Intesa Sanpaolo Wealth Management which took place on 30 June 2022.

In order to allow for a comparison on a homogeneous basis and to adequately represent the effects deriving from the aforementioned transaction, in preparing the restated statement of financial statement, appropriate adjustments were made to the historical data to retroactively reflect the changes that occurred during 2022, without however changing the profit (loss) for the period compared to the official statement of financial position published in the previous period. In particular, the income statement has been restated so as to include in the consolidated profit (loss) for 2022 the full contribution of this transaction for the portion prior to acquisition by the Group. The net effects of the adjustments were recognised in the non-controlling interests in the restated statement of profit or loss.

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

Reconciliation between the published consolidated income statement 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. Minority interest profit (loss) for the year	3	(2)	1
350. Parent company interest in net profit (loss) for the year	**1,070**	**-**	**1,070**

(*) Figures relating to the contribution of Intesa Sanpaolo Wealth Management.

7.5 Basis of preparation of the reclassified financial statements

The balance sheet and income statement at and for the period ended 31 December 2023 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 statement of profit or loss 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.
- Expenses relating to some incentive systems for employees of the distribution networks, financed on the basis of deterministic quantification criteria with fee revenues generated by the networks, have been recognised under fee and commission expense;
- Net provisions for risks and charges relating to credit risk on commitments and guarantees issued have been reclassified among net impairment of loans.
- Net impairment on debt securities have been reclassified among "Net provisions for risks and charges and net impairment of other assets".
- Non-recurring income and expenses have been reclassified as a separate item in the line "Net non-recurring income (expenses)".
- Integration and voluntary redundancy expenses have been reclassified, net of tax effect, in a separate item designated "Integration and voluntary redundancy expenses (net of tax)".
- The effects of purchase price allocation have been recognised in a specific item, net of the tax effect, designated "Effects of purchase price allocation (net of tax)".
- The expenses incurred for maintaining the stability of the banking system (consisting of the contributions to the Deposit Guarantee Scheme and to the Single Resolution Fund) have been reclassified in a separate item, net of tax, designated "Expenses regarding the banking system (net of tax)".

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

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

(€m)

RECLASSIFIED BALANCE SHEET ITEMS – ASSETS	CONSOLIDATED BALANCE SHEET ITEMS – ASSETS	31.12.2023	31.12.2022
Cash and cash equivalents		5,238	5,873
	Item 10. Cash and cash equivalents	*5,238*	*5,873*
Financial assets measured at fair value through profit or loss		719	618
	Item 20. Financial assets measured at fair value through profit or loss	*719*	*618*
Financial assets measured at fair value through other comprehensive income		3,360	3,096
	Item 30. Financial assets measured at fair value through other comprehensive income	*3,360*	*3,096*
Debt securities measured at amortised cost		19,504	19,916
	Item 40. a) (partial) Financial assets measured at amortised cost - Loans and advances to banks - securities	*17,786*	*18,289*
	Item 40. b) (partial) Financial assets measured at amortised cost - Loans and advances to customers - securities	*1,718*	*1,627*
Loans to banks		9,482	14,465
	Item 40. a) Financial assets measured at amortised cost - Loans and advances to banks	*27,268*	*32,754*
	Item 40. a) (partial) Financial assets measured at amortised cost - Loans and advances to banks - securities	*(17,786)*	*(18,289)*
Loans to customers		14,371	15,104
	Item 40. b) Financial assets measured at amortised cost - Loans and advances to customers	*16,089*	*16,731*
	Item 40. b) (partial) Financial assets measured at amortised cost - Loans and advances to customers - securities	*(1,718)*	*(1,627)*
Hedging derivatives		257	317
	Item 50. Hedging derivatives	*257*	*317*
Equity investments		247	232
	Item 70. Equity investments	*247*	*232*
Property and equipment and intangible assets		1,220	1,227
	Item 90. Property and equipment	*374*	*391*
	Item 100. Intangible assets	*846*	*836*
Tax assets		215	273
	Item 110. Tax assets	*215*	*273*
Other assets		1,802	1,750
	Item 60. Adjustments to financial assets subject to macro-hedging (+/-)	*(45)*	*(58)*
	Item 130. Other assets	*1,847*	*1,808*
Total assets	**Total assets**	**56,415**	**62,871**

RECLASSIFIED BALANCE SHEET ITEMS – LIABILITIES	RESTATED CONSOLIDATED BALANCE SHEET ITEMS – LIABILITIES	31.12.2023	31.12.2022
Due to banks		3,955	5,419
	Item 10. a) Financial liabilities measured at amortised cost - due to banks	*3,955*	*5,419*
Due to customers		46,130	50,847
	Item 10. b) Financial liabilities measured at amortised cost - due to customers	*46,130*	*50,847*
Financial liabilities held for trading		52	21
	Item 20. Financial liabilities held for trading	*52*	*21*
Hedging derivatives		362	344
	Item 40. Hedging derivatives	*362*	*344*
Tax liabilities		148	177
	Item 60. Tax liabilities	*148*	*177*
Other liabilities		1,962	1,724
	Item 50. Adjustments to financial liabilities subject to macro-hedging (+/-)	*(21)*	*(37)*
	Item 80. Other liabilities	*1,949*	*1,723*
	Item 90. Provision for employment termination indemnities	*34*	*38*
Provisions for risks and charges		590	523
	Item 100. Provisions for risks and charges	*590*	*523*
Equity, reserves and equity instruments		3,012	2,745
	Items 120, 140, 150, 160, 170, 180 Equity attributable to owners of the parent company	*3,012*	*2,745*
Interim dividends		(1,200)	-
	Item 155. Interim dividends (-)	*(1,200)*	*-*
Equity attributable to non-controlling interests		1	1
	Item 190. Equity attributable to non-controlling interests (+/-)	*1*	*1*
Net profit		1,403	1,070
	Item 200. Net profit (loss) for the year	*1,403*	*1,070*
Total liabilities	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**56,415**	**62,871**

Reconciliation of the restated consolidated statement of profit or loss and reclassified consolidated statement of profit or loss

(€m)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT ITEMS	RESTATED CONSOLIDATED INCOME STATEMENT ITEMS	2023	2022
Net interest income		1,267	419
	Item 30. Net interest income	*1,266*	*409*
	- Item 30. (partial) Interest margin PPA IW Private Investments and Fideuram	*10*	*10*
	- Item 190. a) (partial) Time value return severance indemnities and other personnel provisions	*(1)*	*-*
	- Item 200. b) (partial) Time value return provisions for risks and charges	*(8)*	*-*
Net profit (loss) on financial assets and liabilities		54	60
	Item 70. Dividends and similar income	*7*	*2*
	Item 80. Net profit (loss) on trading activities	*44*	*56*
	Item 90. Net profit (loss) on hedging derivatives	*(5)*	*4*
	Item 100. Gains (losses) on disposal or repurchase of financial assets	*(11)*	*1*
	Item 110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	*68*	*(71)*
	- Item 110. (partial) Component of the return on insurance policies for the Networks	*(49)*	*68*
Net fee and commission income		1,857	1,980
	Item 60. Net fee and commission income	*1,898*	*2,037*
	- Item 60 (partial) Soft commission	*(1)*	*(1)*
	- Item 110. (partial) Component of the return on insurance policies for the Networks	*4*	*(9)*
	- Item 190. a) (partial) Component of staff expenses relating to fee and commission income	*(36)*	*(39)*
	- Item 190. b) (partial) Component of administrative expenses relating to fee and commission income	*(8)*	*(8)*
Net interest and trading income		**3,178**	**2,459**
Profit on equity investments and other income (expense)		6	17
	Item 230. Other income/expense	*352*	*353*
	Item 250. Profit (loss) on equity investments	*(14)*	*16*
	- Item 230. (partial) Recovery of indirect taxes	*(368)*	*(333)*
	- Item 230. (partial) Component of the returns on insurance policies for the Networks	*13*	*(19)*
	- Item 230. b) (partial) Integration expenses	*1*	*-*
	- Item 250. (partial) Capital gain on revaluation at fair value of equity investments	*(3)*	*-*
	- Item 250. (partial) Impairment of equity investments	*25*	*-*
Net operating income		**3,184**	**2,476**
Personnel expenses		(518)	(484)
	Item 190. a) Personnel expenses	*(562)*	*(534)*
	- Item 190. a) (partial) Time value return severance indemnities and other personnel provisions	*1*	*-*
	- Item 190. a) (partial) Component of staff expenses relating to fee and commission income	*36*	*39*
	- Item 190. a) (partial) Integration expenses	*7*	*10*
	- Item 190. a) (partial) Charges related to extraordinary disbursement in favour of personnel	*-*	*1*
Other administrative expenses		(304)	(284)
	Item 190. b) Other administrative expenses	*(742)*	*(702)*
	- Item 60 (partial) Soft commission	*1*	*1*
	- Item 190. b) (partial) Integration expenses	*15*	*23*
	- Item 190. b) (partial) Costs related to banking system	*46*	*53*
	- Item 190. b) (partial) Component of administrative expenses relating to fee and commission income	*8*	*8*
	- Item 230. (partial) Recovery of indirect taxes	*368*	*333*
Depreciation and amortisation		(89)	(81)
	Item 210. Depreciation of property and equipment	*(63)*	*(59)*
	Item 220. Amortisation of intangible assets	*(55)*	*(53)*
	- Item 220. b) (partial) Integration expenses	*8*	*13*
	- Item 220. (partial) Intangible amortisation Client Assets PPA Reyl, IW Private Investments, UBI Top Private Branch and Intesa Sanpaolo Wealth Management	*21*	*18*
Net operating expenses		**(911)**	**(849)**
Net operating income (expenses)		**2,273**	**1,627**

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RECLASSIFIED CONSOLIDATED INCOME STATEMENT ITEMS	RESTATED CONSOLIDATED INCOME STATEMENT ITEMS	2023	2022
Net impairment of loans		(38)	(12)
	Item 130. Net impairment for credit risk	*(34)*	*(10)*
	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	*(3)*	*(1)*
Net provisions for risks and charges and net impairment of other assets		(72)	12
	Item 200. b) Net provisions for risks and charges	*(90)*	*51*
	- Item 200. b) (partial) Time value return provisions for risks and charges	*8*	*-*
	- Item 110. (partial) Component of the return on insurance policies for the Networks	*32*	*(40)*
	- Item 130. a) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at amortised cost - Debt securities	*3*	*1*
	- Item 250. (partial) Impairment of equity investments	*(25)*	*-*
Net non-recurring income (expenses)		14	(1)
	Item 280. Profit (loss) on disposal of investments	*11*	*-*
	- Item 190. a) (partial) Charges related to extraordinary disbursement in favour of personnel	*-*	*(1)*
	- Item 250. (partial) Capital gain on revaluation at fair value of equity investments	*3*	*-*
Gross income (loss)		**2,177**	**1,626**
Income taxes for the year on continuing operations		(695)	(464)
	Item 300. Income taxes for the year on continuing operations	*(664)*	*(430)*
	- Item 300. (partial) Tax impact on integration costs	*(8)*	*(10)*
	- Item 300. (partial) Tax impact on costs related to the banking system	*(15)*	*(17)*
	- Item 300. (partial) Tax impact on PPA Reyl, IW Private Investments, UBI Top Private Branch, Fideuram and Intesa Sanpaolo Wealth Management	*(8)*	*(7)*
Integration and voluntary redundancy expenses (net of tax)		(23)	(36)
	- Item 190. a) (partial) Integration expenses	*(7)*	*(10)*
	- Item 190. b) (partial) Integration expenses	*(15)*	*(23)*
	- Item 220. b) (partial) Integration expenses	*(8)*	*(13)*
	- Item 230. (partial) Integration expenses	*(1)*	*-*
	- Item 300. (partial) Tax impact on integration costs	*8*	*10*
Effects of purchase price allocation (net of tax)		(23)	(21)
	- Item 30. (partial) Interest margin IW Private Investments and Fideuram	*(10)*	*(10)*
	- Item 220. (partial) Intangible amortisation Client Assets PPA Reyl, IW Private Investments, UBI Top Private Branch and Intesa Sanpaolo Wealth Management	*(21)*	*(18)*
	- Item 300. (partial) Tax impact on PPA Reyl, IW Private Investments, UBI Top Private Branch, Fideuram and CBP Quilvest	*8*	*7*
Expenses regarding the banking system (net of tax)		(31)	(36)
	- Item 190. b) (partial) Costs related to banking system	*(46)*	*(53)*
	- Item 300. (partial) Tax impact on costs related to the banking system	*15*	*17*
Net profit (loss) attributable to non-controlling interests		(2)	1
	Item 340. Minority interest profit (loss) for the year	*(2)*	*1*
Net profit	**Item 350. Parent company interest in net profit (loss) for the year**	**1,403**	**1,070**

7.6 Value Added Statement

The Group's Value Added Statement shown below has been prepared using the income statement figures from the 2023 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	2023	2022
10.	Interest and similar income	1,756	526
20.	Interest expense and similar charges	(490)	(117)
40.	Fee and commission income	3,036	3,089
50.	Fee and commission expense (not including expense for Personal Financial Advisers Network)	(161)	(149)
70.	Dividends and similar income	7	3
80.	Net profit (loss) on trading activities	44	56
90.	Net profit (loss) on hedging derivatives	(5)	4
100.	Net profit (loss) on sale or repurchase of:	(11)	1
	a) financial assets measured at amortised cost	-	-
	b) financial assets measured at fair value through other comprehensive income	(11)	1
	c) financial liabilities	-	-
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	68	(71)
	a) financial assets and liabilities measured at fair value	-	-
	b) financial assets mandatorily measured at fair value	68	(71)
130.	Net impairment for credit risk related to:	(33)	(10)
	a) financial assets measured at amortised cost	(33)	(10)
	b) financial assets measured at fair value through other comprehensive income	-	-
140.	Gains/losses on contractual changes without cancellation	-	-
160.	Net insurance premiums	-	-
170.	Other income/expense from insurance activities	-	-
230.	Other income/expense	352	352
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	11	-
320.	Profit (Loss) after tax from discontinued operations	-	-
A.	**Total Wealth created**	**4,574**	**3,684**
190.b	Other administrative expenses (net of indirect taxes, gifts/donations and charges for termination provisions and deposit guarantees)	(322)	(312)
	Value distributed to suppliers	**(322)**	**(312)**
190.a	Personnel expenses (including Personal Financial Advisers Network)	(1,625)	(1,383)
	Value distributed to employees and Personal Financial Advisers	**(1,625)**	**(1,383)**
340.	Profit (Loss) for the year attributable to non-controlling interests	(2)	1
	Value distributed to third parties	**(2)**	**1**
	Profit distributed to shareholders	(1,200)	(900)
	Value distributed to shareholders	**(1,200)**	**(900)**
190.b	Other administrative expenses: indirect taxes	(375)	(337)
190.b	Other administrative expenses: charges for termination provisions and deposit guarantees	(45)	(53)
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 period)	(644)	(464)
	Value distributed to Central and Branch Administration	**(1,064)**	**(854)**
190.b/220	Other administrative expenses /Other income (expense): donations and gifts	-	-
	Value distributed to community and environment	**-**	**-**
B.	**Total Value distributed**	**(4,213)**	**(3,448)**
C.	**Total Value retained**	**361**	**236**

7.7 Tax management disclosure

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:

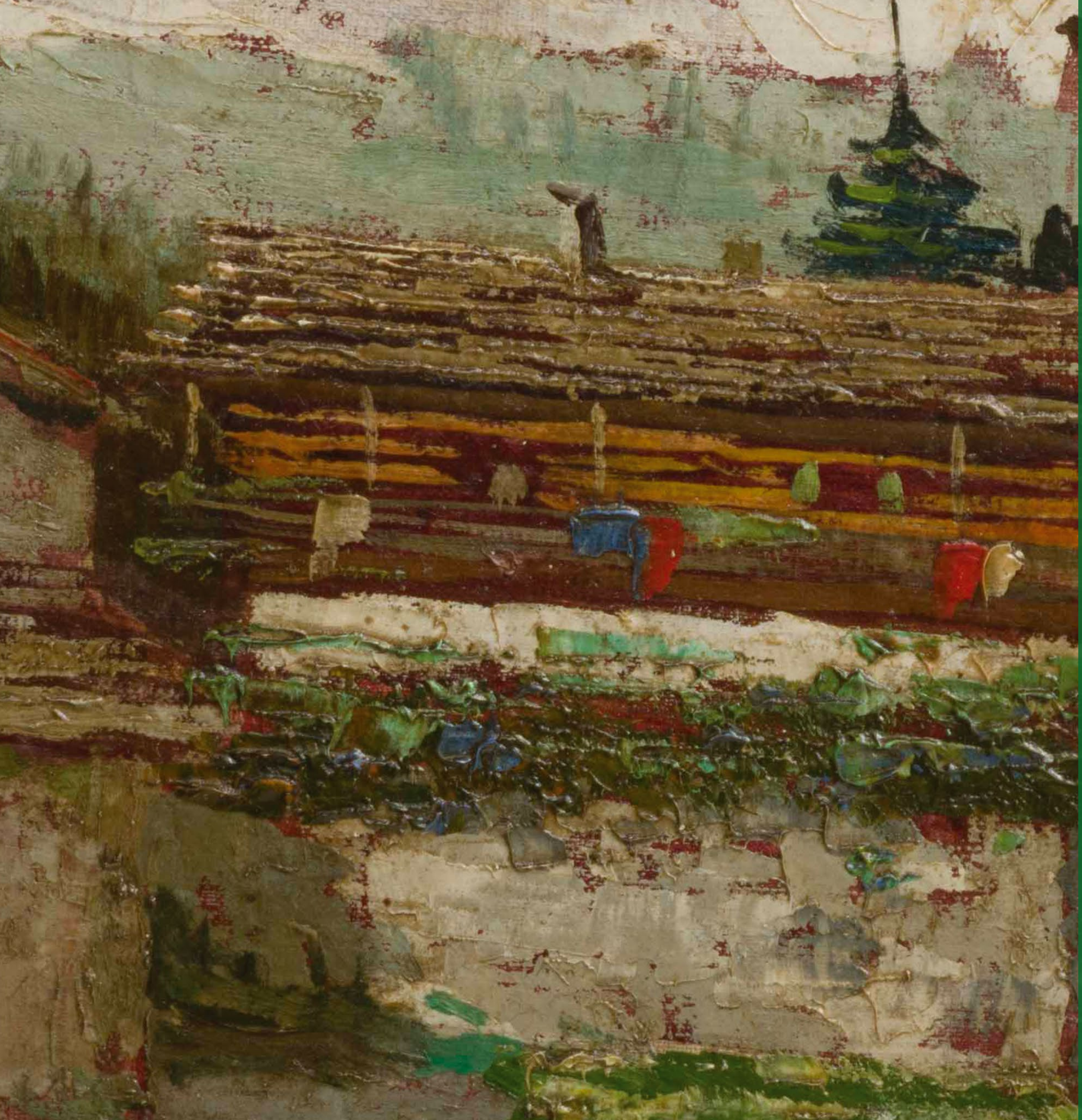
- Corporate responsibility - the Group's tax management actions are guided by the values of honesty and integrity, in full awareness that tax revenues are one of the key drivers behind economic and social development in the countries where it operates.
- Legality - the Group's conduct is geared towards 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	3,517	1,757	887	1,257	399	350	104
International	668	655	(188)	238	30	41	46
Total	**4,185**	**2,412**	**700**	**1,495**	**428**	**391**	**150**

The figures shown are for the 2022 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.

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 advisory 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: the portion of a bank's holdings, and securities holdings in particular, that is not held for trading purposes.

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 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 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.

Basel 2: 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 3: 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.

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.

CET1 Ratio, Common Equity Tier 1 ratio: comprised of Common Equity Tier 1 capital (CET1) plus additional Tier 1 capital (AT1).

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 Regulation (EU) 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.

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.

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.

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.

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 entities 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 and investment 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 Committee (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. IIRC merged with SASB in June 2021, creating the Value Reporting 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.

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 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: 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 risk: the risk of losses on balance-sheet and off balance-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.

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 Banker: 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).

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.

Scope1 emissions: greenhouse gas emissions generated by the head office of an enterprise and by the vehicles owned by that same enterprise.

Scope2 emissions: greenhouse gas emissions deriving from the consumption of electricity, heating and air conditioning that the company purchases from outsourcers.

Scope3 emissions: indirect emissions produced by the activity of an organisation (excluding the emissions already counted in Scope2). 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 gestione del risparmio (SGR - 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.

Società di intermediazione mobiliare (SIM - stockbrokers): 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.

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 ten-year 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.

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.

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.

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 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.

Tier 1 ratio: ratio of the bank's Tier 1 capital to its total risk-weighted assets (RWA).

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: 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.

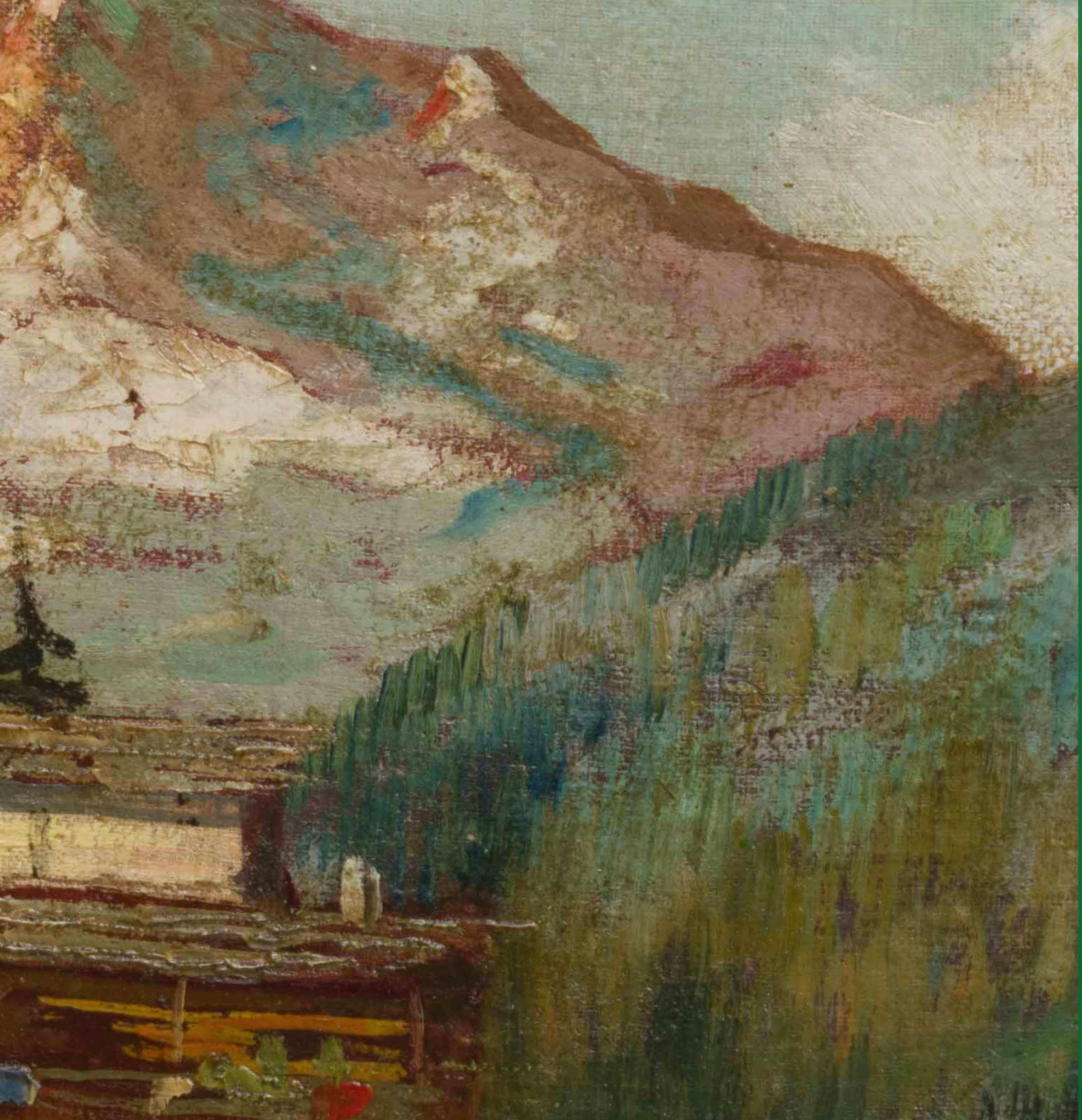
Value Reporting Foundation (VRF): in June 2021, the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) merged into the Value Reporting Foundation, with the aim of providing investors and companies with a comprehensive framework for corporate reporting 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.



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(updated at 31 December 2023)

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«Panta Rhei, the aphorism attributed to Heraclitus, captures my artistic ethos - that everything flows and changes, nothing stands still and that all things are in a state of flux - perfectly».

Alfredo Pini was born in Mirandola in 1958. Despite graduating with a diploma from vocational business school, in 1985, he devoted himself entirely to his true passion in life: painting. He moved to Ferrara, where he opened the Lacerba art gallery, visited the studios of various artists and enrolled in a number of painting courses. This led him to connect with a number of prominent contemporary artists, including Primo Conti, Bruno Cassinari, Mario Schifano, Bruno Ceccobelli, Concetto Pozzati and Omar Galliani.

In 1987, he began exhibiting work and enrolled in the DAMS (Drama, Art and Music Studies) degree programme at the University of Bologna, whose teachers included Renato Barilli, Umberto Eco and Alfredo De Paz.

Through his work as a painter, he established increasingly close collaborative ties with various galleries in cities in Italy, Spain and the United States, where he continues to present his works in solo and group exhibitions today.

Pini is a figurative artist whose style is characterised by rapid and expressive brush-strokes that capture the movement and vitality of the subjects he depicts.

While this piece from the Intesa Sanpaolo collection retains the artist's signature pulsating energy, it shows him adopting a slower and more reflective approach. Featuring stunning mountains with patches of snow in the background and a light blue sky populated with white clouds, which - much like the cerulean blue vein-like stream coursing down the mountainside - provides a subtle hint that spring is imminent, this landscape painting depicts a natural setting that, while imposing, is not oppressive.

Enlivened by small touches of colour provided by the cloths hung out to dry in the open air and the bell tower of the small church flanked by soaring green conifers, the small village in the middle of the composition is painted with heart-felt affection. Here, a quiet rural community reliant on hard work and household tasks lives and breathes.

A lone figure, portrayed from behind, ascends a white path cutting through the middle of a grassy expanse caressed by the wind and sun.

In this painting, there is a sense of a memory evoking a simple, tranquil and almost meditative life created by brush-strokes that, in contrast to the excitable and synthetic ones of the artist's best-known works, are vibrant yet robust. The "flux" captured in this work is not that synonymous with the hectic, breakneck pace of the modern cities that Alfredo Pini often depicts on his canvases, but rather a slow and natural one that conveys the passing of the seasons and our ancient relationship with planet Earth.

Cover:

Alfredo Pini
(Mirandola, 1958)
Landscape, 20th century
oil on canvas, 49 x 68 cm

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In this publication, the use of colour and colour contrasts take into account the reading needs of visually impaired and colorblind people.

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